



Third Sector Trends in England and Wales 2022:

employees, volunteers, diversity
and investment in people



Community
Foundation

About the author

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The contents of the report express the views of the author and do not necessarily reflect the views or policies of the commissioning partners.

Third Sector Trends Study

Data in this report are drawn from the Third Sector Trends study which was conceived and originally commissioned by Northern Rock Foundation with research conducted by the universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-founder of the research and is now responsible for its legacy.

The Community Foundation and St Chad's College are now collaborating with partners including: Power to Change, Barrow Cadbury Trust and Millfield House Foundation to undertake the Third Sector Trends Study survey in 2022-23

All publications from the Third Sector Trends study are available free to download at this address:

<https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>



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I would like to thank all the participants in the study who took the time to do the survey and to write about their experiences. Many of the people who responded will have been involved in the study for many years now. So my thanks go to them for sticking with it this far and hopefully continuing to take part in 2025.

Help to get people to respond to the survey has come from many local infrastructure organisations, community foundations and grant making trusts across the country by sending invitations to their lists of members or grantees, putting stories in their newsletters or promoting the study via social media. My thanks go to them for helping build the sample.

I am enormously grateful to the organisations which have funded the study in 2022: Community Foundation Tyne & Wear and Northumberland, Power to Change, Barrow Cadbury Trust and Millfield House Foundation.

This is a long running study and it has benefitted enormously from the support of my colleagues Rob Williamson, Mark Pierce and Adam Lopardo at the Community Foundation in Newcastle. Their enthusiasm, advice and assistance are much appreciated.

Executive summary

Third Sector Trends was initiated in 2008 in North East England and Cumbria as a longitudinal study to explore the structure and dynamics of the voluntary, community and social enterprise sector in the context of change. The range of the study has widened over the years to include Yorkshire in 2010, the remainder of North West England in 2016 and the whole of England and Wales in 2019. The longitudinal survey work has been repeated six times so far, and will offer unique opportunities for analysis.

In 2022 the study was supported by Community Foundation Tyne & Wear and Northumberland, Power to Change, Barrow Cadbury Trust and Millfield House Foundation. The study examines how Third Sector organisations, with a wide range of characteristics and working in different local contexts, fare over time. It is the only long-running survey of its kind in the UK.

This is the second report from the Third Sector Trends study of England and Wales in 2022. The first report looked at the structure, purpose, energy and impact of the voluntary, community and social enterprise sector and laid down the foundations for subsequent analysis. This report explores the Third Sector's people resources and will be followed in January 2023 by a third report on financial assets.

Size of the workforce

The Third Sector in England and Wales employs about 1.1 million people. Around 40 per cent of organisations are employers. That constitutes an average of about 3 per cent of employment in English regions and Wales.

The Third Sector does not just rely on employed staff to get work done. It also depends heavily upon regular volunteers. Regular volunteers commit, on average, around 72 hours work per year - or six hours a month.

There are about 4.3 million regular volunteers working for Third Sector organisations (TSOs) in England and Wales. Collectively they contribute 312 million hours of work. If this work had to be paid for by TSOs, it would amount to £3billion at the level of the National Living Wage. And at 80 per cent of average wages, would be nearly £5billion.

	Number of regular volunteers	Number of full-time equivalent regular volunteers	Estimated number of Third Sector employees
North East England	152,100	6,600	37,300
North West England	432,600	18,900	101,300
Yorkshire and Humber	308,700	13,500	66,900
East Midlands of England	294,900	12,900	56,600
West Midlands of England	330,300	14,400	79,000
East of England	443,600	19,400	88,800

Figure 1 continued			
London ¹	966,600	42,200	193,700 (365,400)
South East England	713,400	31,100	169,500
South West England	487,000	21,200	97,700
Wales	206,000	9,000	41,300
England and Wales	4,335,200	189,200	1,103,800

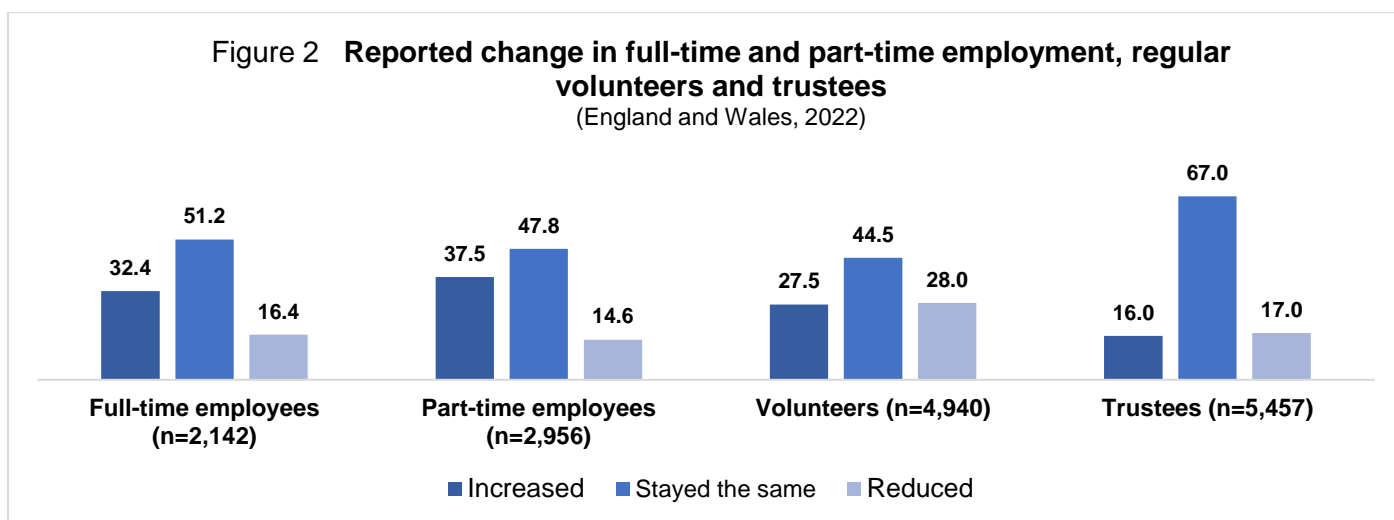
Change in the employee and volunteer labour force

Survey data indicate considerable movement in the composition of the employee and volunteer workforce. But this should not be overstated: in about half of organisations, levels of employment and regular volunteering has remained relatively stable.

Substantially more organisations have increased the number of full-time employees (32%) than those which have had falling numbers (16%). Patterns of part-time employment seem to have changed in a similar way - with 38 per cent of TSOs reporting an increase and 15 per cent a decrease in numbers.

About 28 per cent of organisations state that volunteer numbers have risen and an equal number reporting that numbers have fallen. Overall trustee numbers have remained more stable: nevertheless, 16 per cent of TSOs report an increase and 17 per cent a decrease in the last two years.

Figure 2 Reported change in full-time and part-time employment, regular volunteers and trustees
(England and Wales, 2022)



Recruitment and retention

About a fifth of Third Sector employers report that retaining current staff has become ‘quite a lot harder’, while only 3 per cent feel that it has become ‘quite a lot easier’. In a sector which often prides itself on staff commitment and low turnover, this is clearly a worrying sign of change.

Problems with recruitment are more acute: 43 per cent of employers report difficulties with recruitment while only 4 per cent feel that the situation has eased. Figure 3 shows difficulties with recruitment exist in all regions, but are especially high in North

¹ Third Sector Trends estimates are based on the size and number of employing organisations based in regions. This means that it does not control for the distribution of employees across regional boundaries. Consequently, the figure for London may be as much as twice as high as is actually the case. Data on volunteers are likely to be more accurate in London because most regular volunteers work at a reasonably local level which may dampen the regional distribution effect. Nevertheless, London estimates may be inflated as survey responses from smaller locally-based TSOs in London were relatively low which makes estimates less reliable than is the case in Wales and the English regions.

East England (54%) North West England (48%), West Midlands of England (45%) and in Wales (46%).

The largest organisations are most likely to be experiencing recruitment problems (79 per cent), but almost a third of the smallest employers are also having difficulty (Figure 4).

Figure 3 Percentage of employers experiencing difficulties with retention and recruitment of staff
(employers only n=2,677)



Figure 4 Recruitment problems by size of organisation
(employers only n=3,186)



Reliance on regular volunteers

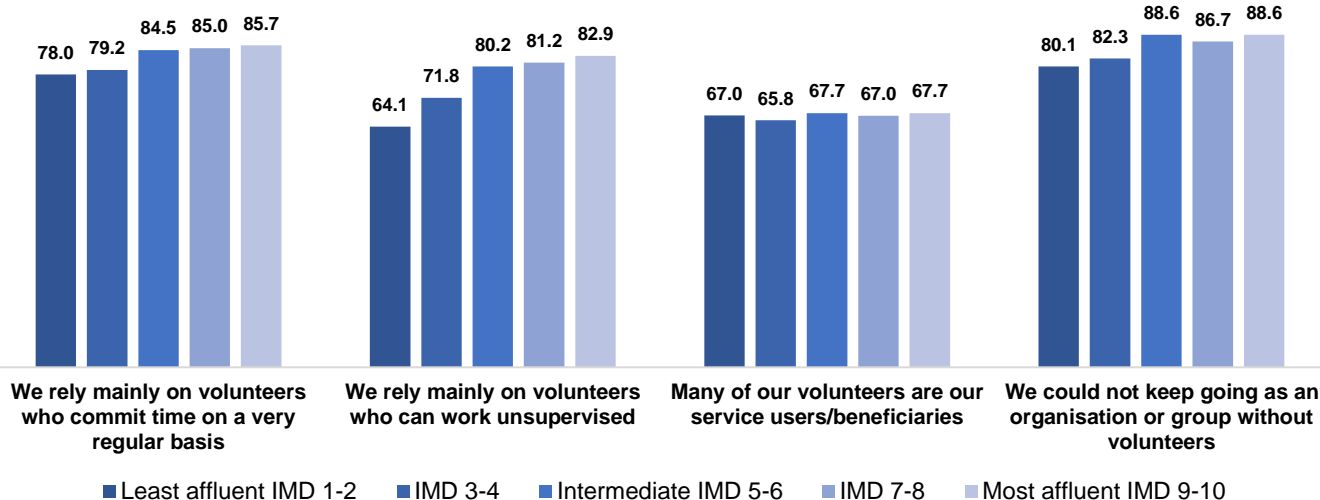
Volunteers produce about one fifth of the 'energy' that the Third Sector injects into its work. And in micro and small organisations, volunteers put in all or most of that energy. 80 per cent of organisations 'agree' or 'strongly agree' that they rely mainly on volunteers who can commit time on a very regular basis.

Over three quarters of TSOs rely on volunteers who can work unsupervised. 85 per cent of organisations state that they could not keep going without regular volunteers. 65 per cent of volunteers are reported to be service users and beneficiaries.

Figure 5 shows that reliance on volunteers is higher in more affluent areas. This is because there are fewer large TSOs employers in these areas. Expectations that

volunteers can work unsupervised are lower in poorer areas (64%) than in the richest areas (83%).

Figure 5 **Reliance on volunteers by area affluence** (England and Wales 2022, n=5,844)

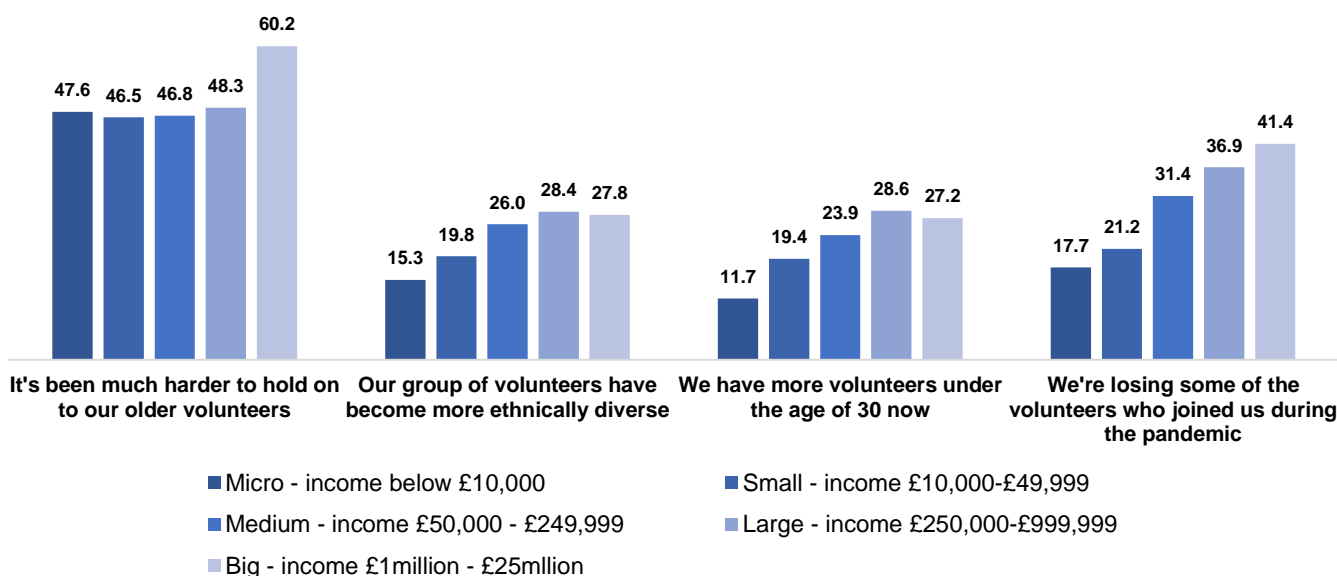


The composition of the volunteer workforce has been changing in the last two years. Almost half of TSOs (48%) state that it has been harder to hold on to older volunteers.

About 22 per cent of organisations report that their volunteer workforce has become more ethnically diverse and 20 per cent state that they now have more volunteers under the age of 30. Over a quarter of organisations (26%) report that they have been losing some of their volunteers who joined them during the Coronavirus pandemic.

Organisational size has a big impact on the extent of change in the composition of the volunteer workforce (see Figure 6). For example, 41 per cent of the biggest organisations are losing volunteers who joined them during the pandemic compared with 18 per cent of the smallest TSOs.

Figure 6 **Change in the composition of the volunteer workforce by size of organisation** (Percentage of TSOs which 'agree' or 'strongly agree' with each statement, England and Wales 2022, n= 5.834)



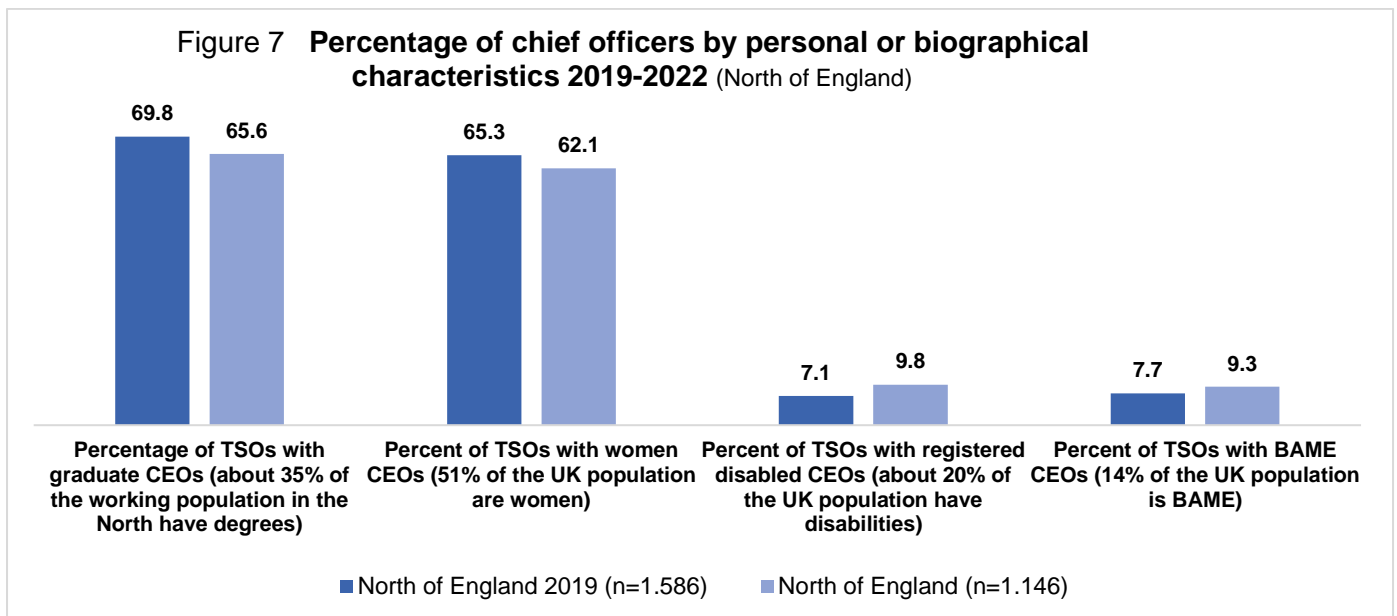
Diversity in sector leadership

In recent years, concerns have been expressed about equal access to leadership opportunities in the Third Sector for all members of the community who feel that they have a contribution to make. Debate has been hampered by a lack of reliable data on diversity and inclusion in Third Sector leadership.

The percentage of chairs of boards of governors or trustees who are graduates (which is a crude proxy indicator of social class) has risen from 64 per cent in 2019 to 70 per cent in 2022 – suggesting further dampening of opportunity for non-graduates.

The percentage of women chairs has increased from 43 to 46 per cent. Chairs with disabilities have increased from 9 to 12 per cent. Black, Asian and other minority ethnic chairs have risen from 6 to 8 per cent. The percentage of retired chairs has also risen slightly from 54 to 58 per cent.

As Figure 7 shows, the percentage of graduate chief officers has fallen slightly from 70 to 66 per cent as have women chief officers from 65 to 62 per cent. The percentage of chief officers with disabilities has risen from 7 to 10 per cent while the proportion of Black, Asian and other ethnic minority group chief officers has risen slightly from 8 to 9 per cent.



Investing in people

The energy that Third Sector organisations can employ to achieve objectives is dependent upon the enthusiasm, skill and commitment of volunteers and employees. Attracting and retaining people to work in organisations may be affected by the quality of the working environment and organisational commitment to training and personal development opportunities.

Overall provision of support for staff and volunteers in the sector is quite limited. Only 45 per cent of organisations have a dedicated training budget; 29 per cent provide digital training. Fewer than 60 per cent offer flexible working and just 53 per cent make provision to support personal development.

But organisational size makes a big difference. Only 16 per cent of micro organisations hold a training budget compared with 91 per cent of the biggest TSOs (see Figure 8). Similar patterns are reported on provision of digital skills, flexible working and personal development.

The extent of investment in people varies depending upon the affluence of areas within which organisations are based. In the least affluent areas, TSOs are much

more likely to invest in all aspects of training and support than in the most affluent areas. This is because the proportion of larger organisations is much higher in poorer areas.

These TSOs are more likely to focus on critical and pernicious personal social needs such as ill-health, low income and limited access to services – often funded by the public sector. Because such work demands a high level of skill and proficiency from employees, TSOs invest more fully in training and staff development.

Relatedly, those organisations which invest more heavily in training and staff development have generally been more successful in increasing income than those which have only partially invested or have not invested in their people (Figure 8).

Figure 8 Percentage of TSOs that make provision for training and support
(England and Wales 2022, n=5,847)

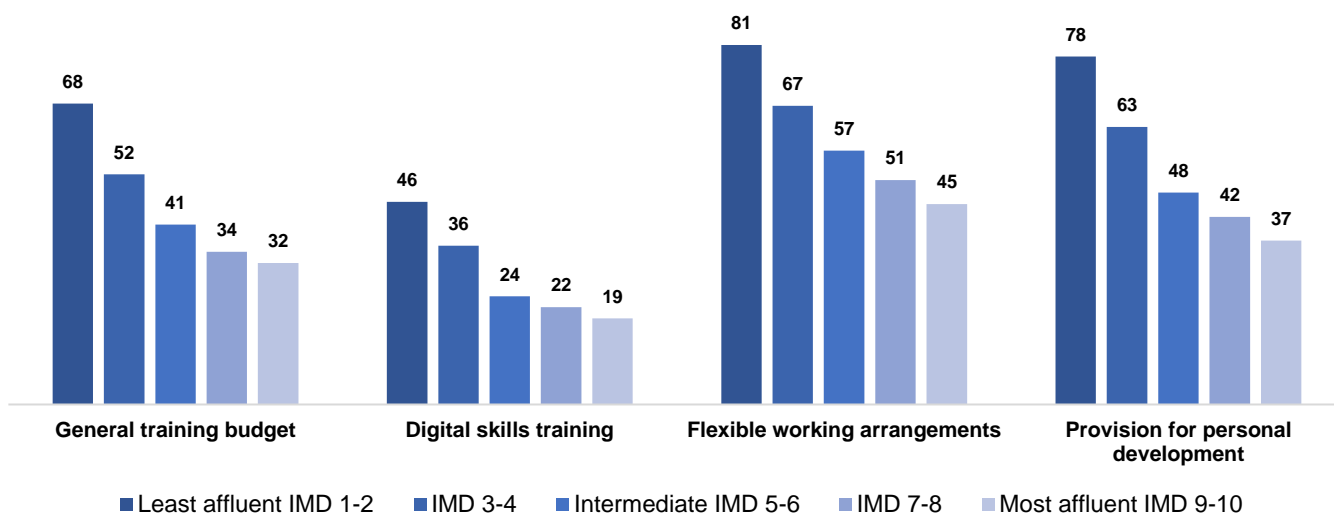
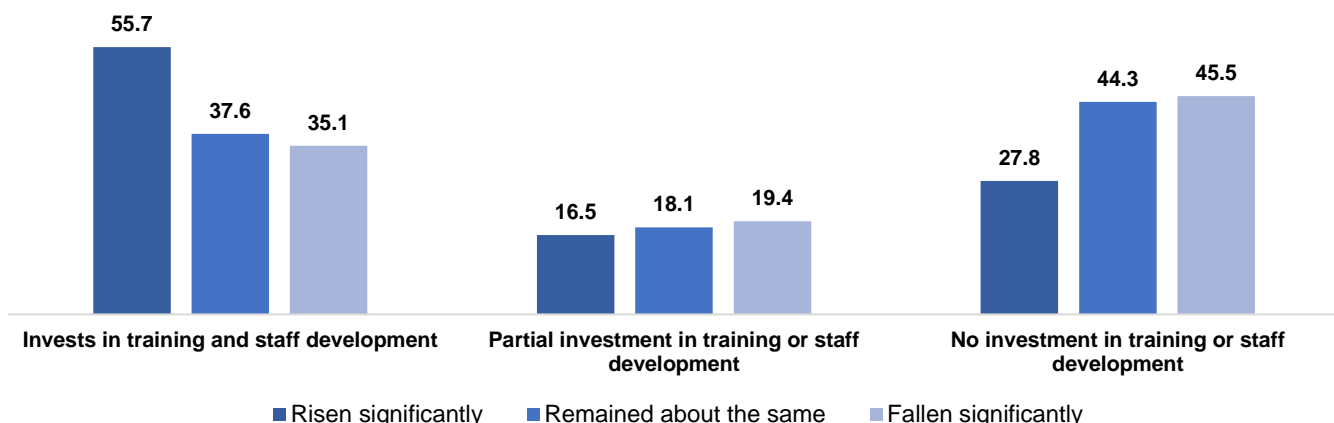


Figure 9 Financial fortunes of TSOs which invest in people
(England and Wales 2022, n=5,885)



Introduction

1.1 The Third Sector Trends study

The Third Sector Trends Study was initiated in 2008 in North East England and Cumbria as a longitudinal study to explore the structure and dynamics of the voluntary, community and social enterprise sector in the context of change.

The field of study has widened over the years to include Yorkshire in 2010, the remainder of North West England in 2016 and across England and Wales in 2019. The longitudinal survey work has been repeated six times so far, which produces unique opportunities for trend analysis.

The study examines how Third Sector organisations (TSOs) with a wide range of characteristics and working in different local contexts fare over time. This is the only long-running study of its kind in the UK and is designed to complement other long-term studies by NCVO and 360Giving.

1.2 Purpose of the report

This is the second report from the Third Sector Trends study of England and Wales in 2022. The first report looked at the structure, purpose, energy and impact of the voluntary, community and social enterprise sector and laid down the foundations for subsequent analysis. This report explores the Third Sector's people resources and will be followed by a third report on financial assets.

The report will be divided into sections which will present findings on the following topics:

- Section 2 will report on recent changes in the composition of the Third Sector workforce, including employees, volunteers and trustees.
- Third Sector organisations' reliance upon regular volunteers and how this has changed will be explored in Section 3.
- An update on equality and diversity in sector leadership will be provided in Section 4
- Section 5 examines Third Sector investment in people through training, flexible working and support for personal development.

These sections on statistical findings will be followed by a brief summary of key conclusions and policy implications together with an outline of the content of subsequent reports which will be released over the next few months.

1.3 Research methods and survey sample ²

Third Sector Trends undertakes large-scale on-line surveys every three years. In 2022, the survey opened on June 6th. When the survey closed on 1st October, 6,070 responses had been received across England and Wales. The majority of responses were collected by sending direct email invitations to listings of charity leaders drawn from the Charity Commission Register (4,809 returns representing a 4.3% response rate from a sample frame of 110,930 charities). This was supplemented by appeals to join the survey by local infrastructure organisations (such as councils for voluntary

² A separate report is available which details the research methodology employed in the Third Sector Trends surveys. This can be accessed here: [Technical paper on research methodologies, October 2022](#).

service), community foundations and charitable trusts and foundations. This produced an additional 1,263 returns.

The large volume of survey respondents provides a strong basis for in-depth analysis of sector dynamics. As a sample survey, however, there are insufficient data to make reliable assessments of sector structure, purpose and impact. Consequently, the study established a database of Third Sector Organisations in England and Wales drawn from the full range of available registers. This data set includes 187,000 organisations.³

Using evidence from the Third Sector Trends registers database, it is possible to show how representative survey data are. As shown in Figure 1.1 there is a close match between the sample data and register data in most English regions and in Wales. The exceptions are North East England and Cumbria, where the study began and where there is a much stronger local commitment to invest in the process. In London, by contrast, the response rate was much lower than other regions.

Survey samples are also compared by size of organisation in Figure 1.2. This shows that while there is a slight over-representation of larger and big TSOs, survey sample structure is broadly representative.

Figure 1.1 Distribution of survey sample and register data

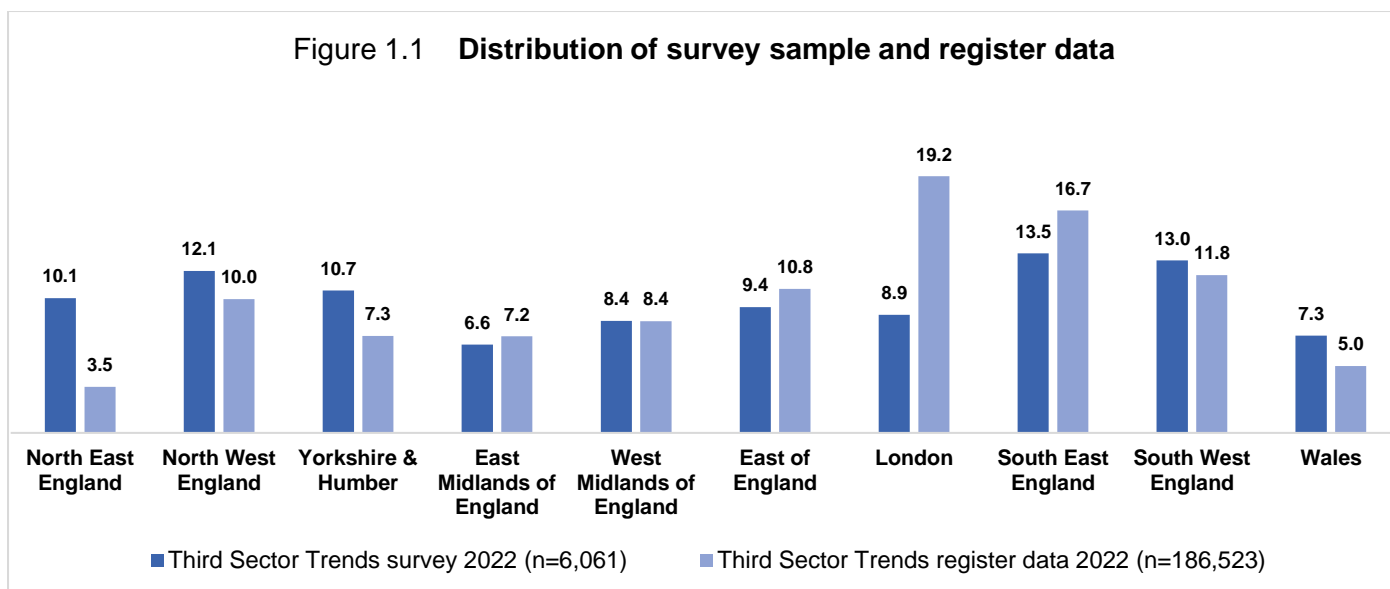
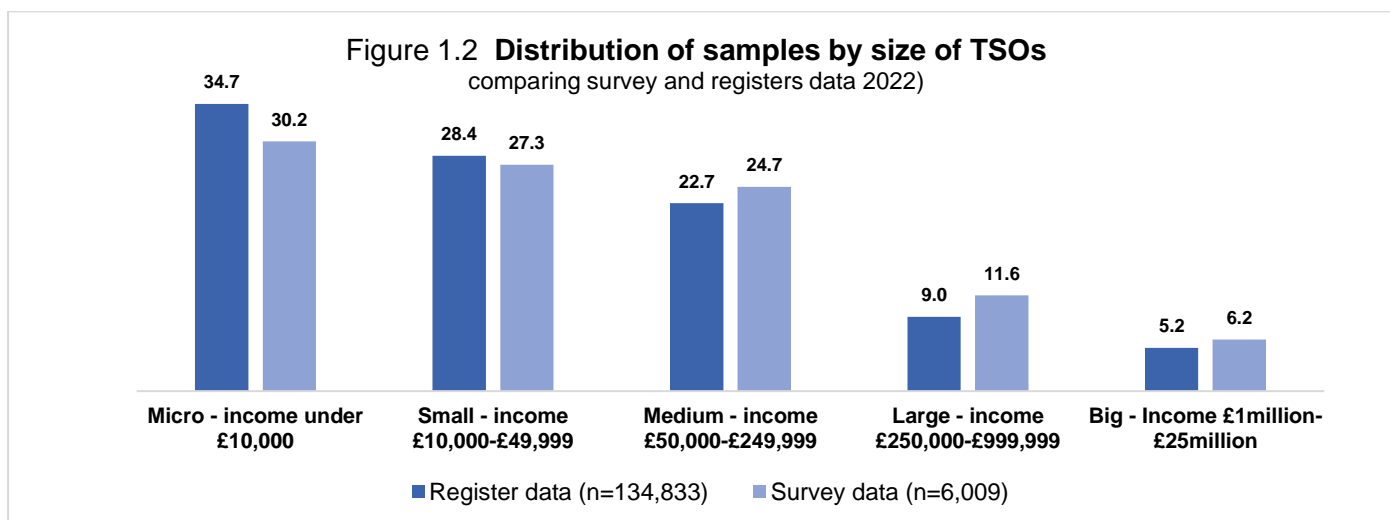


Figure 1.2 Distribution of samples by size of TSOs comparing survey and registers data 2022)



³ Full details on this database and how it was constructed is available in a technical paper on analytical techniques adopted in the Third Sector Trends study which can be found here: [Technical working paper on analytical techniques](#).

Section 2

The Third Sector labour force

2.1 Size of the labour force⁴

The Third Sector in England and Wales employs about 1.1 million people. Around 40 per cent of organisations are employers. That constitutes an average of 3 per cent of employment in English regions and Wales (see Table 2.1).

Third Sector Trends estimates how many employees organisations have - depending upon their size and where they are based. This works well for most areas of the local Third Sector because a majority of organisations work within regional boundaries and explains why TSTS and NCVO estimates for English regions and Wales are similar.

It is hard to determine how many employees there are in London using the TSTS methodology because register and survey data show that the sector is dominated by bigger organisations – nearly half of which work beyond the boundaries of Greater London. It is, therefore, highly unlikely that Third Sector employees constitute nearly 8 per cent of the workforce in the capital as many will be distributed more widely. On balance the evidence suggests that there are about 193,700 London-based employees, constituting about 3.6 per cent of the workforce of the capital.

Table 2.1 The contribution of the Third Sector to overall employment in England and Wales

	Percentage of Third Sector organisations which are employers	Estimated number of Third Sector employees	NCVO Civil Society Almanac estimates ⁵	Percentage of regional employment TSTS estimates
North East England	40.1	37,300	35,300	3.1
North West England	39.4	101,300	82,700	2.9
Yorkshire and Humber	38.7	66,900	72,600	2.6
East Midlands of England	38.2	56,600	58,200	2.4
West Midlands of England	34.6	79,000	70,200	2.8
East of England	36.5	88,800	78,800	2.8
London	46.2	193,700 (365,400)	172,800	3.6 (7.6)
South East England	40.3	169,500	154,000	3.7
South West England	37.3	97,700	104,000	3.5
Wales	33.2	41,300	40,300	2.8
England and Wales	39.6	1,103,800	860,000	3.0 ⁶

⁴ The headline findings in Section 2.1 are taken from the first report from Third Sector Trends in 2022 which is available here: <https://www.stchads.ac.uk/research/research-news/third-sector-trends-2022-first-report-published-on-sector-structure-purpose-energy-and-impact/>

⁵ Third Sector Trends estimates are based on the size and number of employing organisations based in regions. This means that it does not control for the distribution of employees across regional boundaries. Consequently, the figure for London may be as much as twice as high as is actually the case because larger London organisations employ people across the UK or abroad. Otherwise, Third Sector Trends data compare quite closely with NCVO estimates – but tend to be higher because TSTS is not limited to registered charities. NCVO data have been remodelled to produce actual estimates for England and Wales drawn from percentage estimates. See: <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2022/workforce/#/>

⁶ Average regional percentage, excluding London.

The Third Sector does not just rely on employed staff to get work done. It also depends heavily upon regular volunteers. Regular volunteers commit, on average, around 72 hours work per year, or six hours a month.

There are about 4.3 million regular volunteers working for Third Sector organisations in England and Wales. Collectively they contribute 312 million hours of work (see Table 2.2). If this work had to be paid for by TSOs, it would amount to £3 billion at the level of the National Living Wage. And at 80 per cent of average wages, would be nearly £5 billion.

While the cost of paid employees in the Third Sector is much higher at £36 billion, much of that employment is concentrated in medium-sized to the biggest organisations. Micro and small TSOs depend almost entirely upon voluntarily given time.

Table 2.2 The energy regular volunteers inject into social and economic wellbeing

	Number of regular volunteers	Estimated total hours worked (£millions)	Value at National Living Wage (£millions)	Number of full-time equivalent regular volunteers	Value at 80% average regional wage (£millions)
North East England	152,100	11.0	104	6,600	146
North West England	432,600	31.1	296	18,900	446
Yorkshire and Humber	308,700	22.2	211	13,500	310
East Midlands of England	294,900	21.2	202	12,900	293
West Midlands of England	330,300	23.8	226	14,400	346
East of England	443,600	31.9	303	19,400	478
London ⁷	966,600	69.6	661	42,200	1,340
South East England	713,400	51.4	488	31,100	817
South West England	487,000	35.1	333	21,200	494
Wales	206,000	14.8	141	9,000	205
England and Wales	4,335,200	312.1	2,965	189,200	4,875

⁷ Data on volunteers are likely to be more accurate in London than is the case of employees (see Table 2.1) because most volunteers work at a reasonably local level which may dampen the regional distribution effect. As the largest London-based TSOs (with income above £25 million) are excluded from the study, this is also likely to reduce the number of regionally-based regular, occasional or ephemeral volunteers working for such organisations. Nevertheless, the estimates may be inflated to some extent as survey responses from smaller locally-based TSOs in London were relatively low which makes estimates less reliable than is the case in Wales and the English regions.

2.2 Change in the labour force

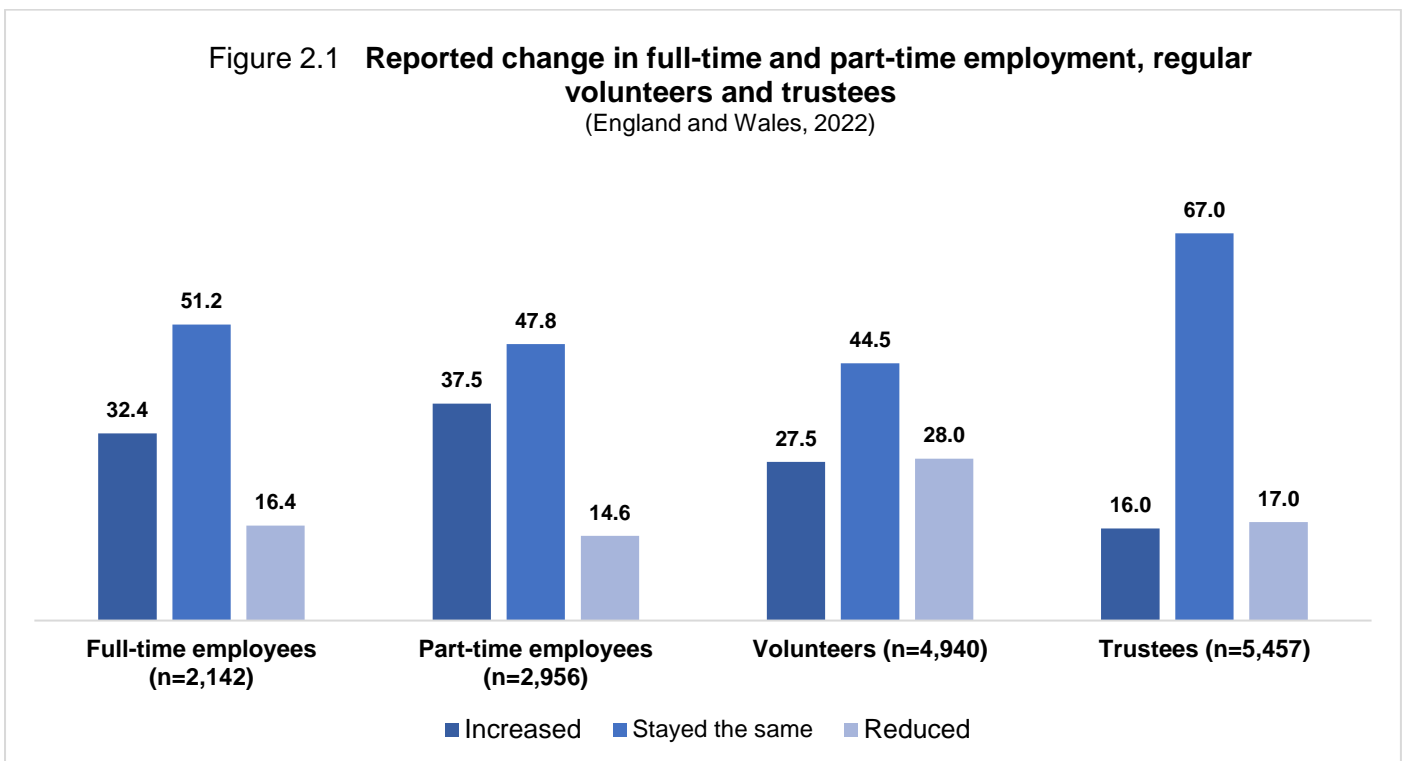
In 2022 the Third Sector Trends surveys did not collect data on change in ‘actual’ numbers of current employees, regular volunteers and trustees to make way for other questions on recruitment and retention.⁸ Instead, respondents were asked to make a general judgement on the extent of change over the last two years.

Reported levels of change in employees, volunteers and trustees are shown in Figure 2.1. The data indicate considerable movement in the composition of the employee and volunteer workforce. But this should not be overstated: in about half of organisations, levels of employment and regular volunteering has remained relatively stable.

Substantially more organisations have increased the number of full-time employees (32%) than those which have had falling numbers (16%). Patterns of part-time employment seem to have changed in a similar way - with 38 per cent of TSOs reporting an increase and 15 per cent a decrease in numbers.

Levels of regular volunteering have changed substantially in individual organisations – with about 28 per cent stating that volunteer numbers have risen and an equal number reporting that numbers have fallen. Trustee numbers, by contrast, seem to have remained more stable with 16 per cent reporting an increase and 17 per cent a decrease.

Figure 2.1 **Reported change in full-time and part-time employment, regular volunteers and trustees**
(England and Wales, 2022)



The percentages presented in Figure 2.1 indicate substantial fluctuation in people resources across the sector. The next step is to determine where change has been the most pronounced.

The size of organisations has an impact upon reported levels of change in numbers of employees, regular volunteers and trustees (see Figure 2.2). Larger organisations

⁸ To collate details of this kind would have required respondents to make more commitment to the survey than most people were likely to give. For more information on the way the Third Sector Survey is constructed, see the recently published research methodology paper: [Third-Sector-Trends-Research-Methods-2022.pdf \(stchads.ac.uk\)](https://stchads.ac.uk/Third-Sector-Trends-Research-Methods-2022.pdf)

are much more likely to report increased numbers of full-time and part-time employees.

Regular volunteer numbers appear to have fallen in both the smallest and largest organisations while numbers have risen marginally in middle-sized organisations. Trustee numbers seem to have fallen the most in micro organisations but appear to have risen to some extent in larger or the biggest TSOs.

Figure 2.2 **Percentage differences in reported levels of change in employees, regular volunteers and trustees in the last two years**
(England and Wales 2022, n=5,799)

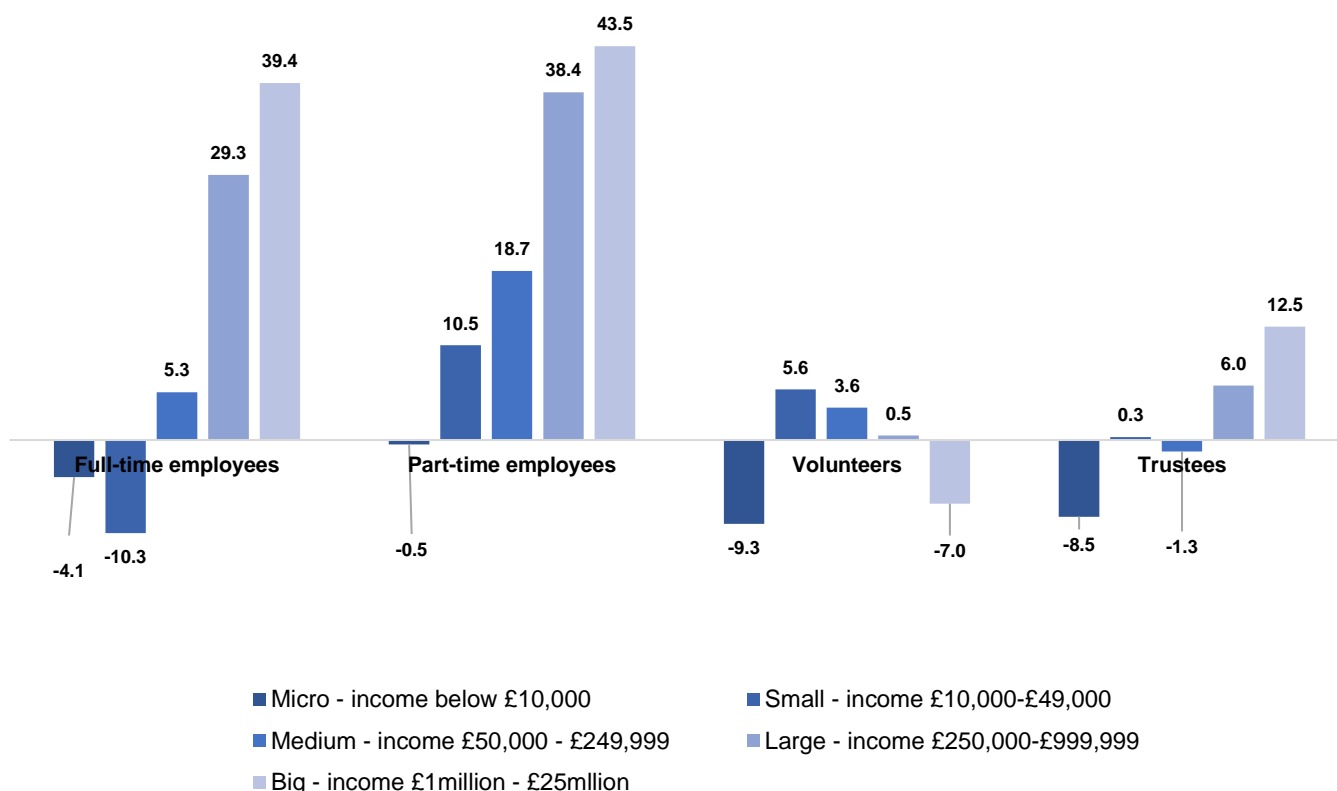


Figure 2.3 shows the percentage difference between TSOs reporting an increase or decrease in numbers of staff, trustees or regular volunteers. Newer organisations are much more likely to have increased numbers of full-time and part-time employees than older organisations. Regular volunteer numbers seem to have increased overall in newer organisations but have declined in older organisations.

In English regions and Wales (see Figure 2.4), the indications are that regular volunteer numbers have fallen more in East of England and South West England than in other areas. Trustee numbers appear to have fallen the most in North East England, East of England and in Wales. The percentage of organisations reporting an increase in employee numbers seem to have increased in all English regions and Wales over the last two years.

Figure 2.3 Percentage change in employee, regular volunteer and trustee numbers by age of organisation
(England and Wales 2022, n=5,894)

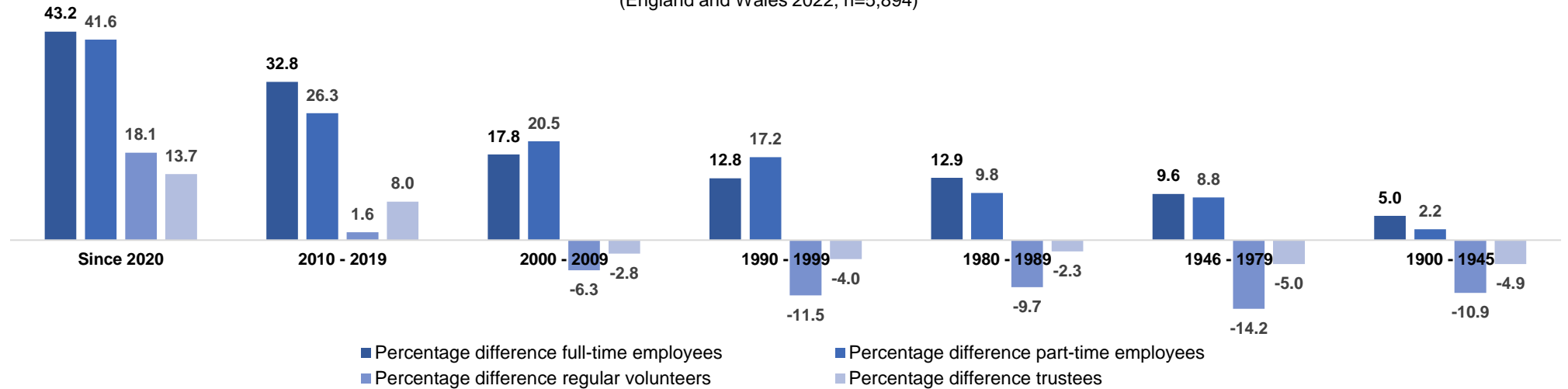
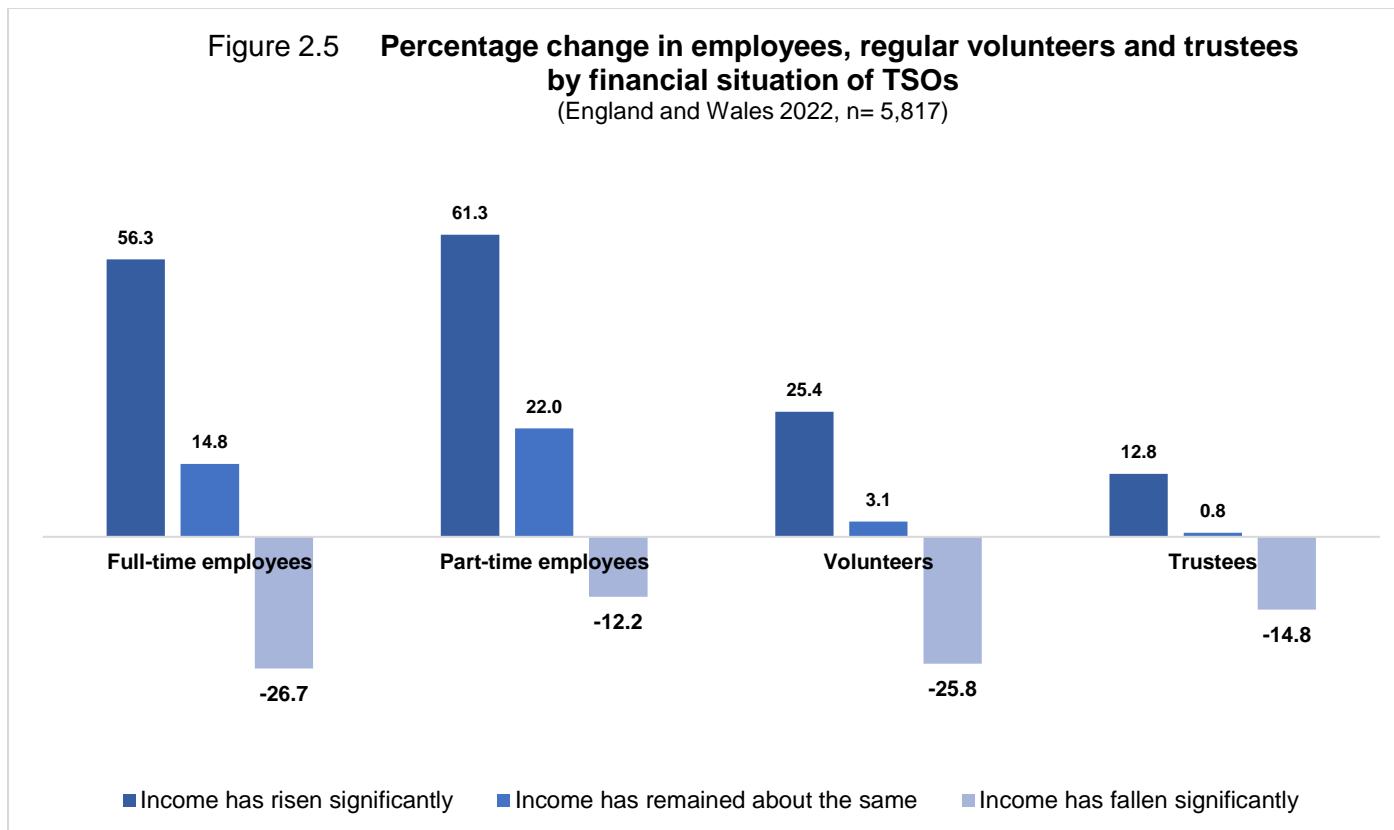


Figure 2.4 Percentage change in employee, regular volunteer and trustee numbers by English region and Wales
(2022, n=5,575)



Finally, Figure 2.5 looks at change in numbers of people working in organisations depending upon TSOs’ financial situation over the last two years. The evidence is clear. Organisations which have experienced substantially rising income are much more likely to have increased numbers of full-time employees (56%) than those organisations with significantly declining income (-28%). A similar pattern is repeated for part-time employees, regular volunteers and trustees – though to a lesser extent.



The findings presented in this section indicate an overall increase in sector employment over the last two years but do not provide concrete evidence of the scale of change.

NCVO’s *UK Civil Society Almanac*, using *Labour Force Survey* data, suggest that employment may have risen by about 4 per cent in 2022.⁹ The NCVO estimate is plausible because other factors in the labour market may have affected the ‘scale’ of change in individual organisations. For example, the size of the sector workforce may be affected by widely reported difficulties in sector recruitment and retention.¹⁰ These factors will be explored further in the next section.

⁹ As NCVO UK Civil Society Almanac reports: “Since the first quarter of 2020, the start of the covid-19 pandemic, the voluntary sector workforce increased by about 12,000 or 4%. In contrast, the public sector grew by 8% while the private sector fell by 3% during the same time.” [NCVO UK Civil Society Almanac 2022: Workforce](#).

¹⁰ See, for example, March Commercial ‘Charities surviving in a retention crisis’, May 2022. Their analysis suggested that of 40,000 charity job postings, applications per vacancy fell to 24 in July 2021, compared with 40 applications before the pandemic. [Charities surviving a retention crisis \(marshcommercial.co.uk\)](#). See also: Russell Hargreaves, , ‘More than half of charities have ‘hard to fill’ vacancies, *Third Sector*, 15th August 2022. [More than half of charities have ‘hard-to-fill’ vacancies | Third Sector](#)

2.3 Recruitment and retention

In recent months, sector press reports indicate a general sense of alarm in the Third Sector about increasing difficulties with employee recruitment and retention.¹¹ Third Sector Trends data are now available to examine the incidence and extent of the problem using representative survey data across England and Wales.

As Figure 2.6 indicates, about 20 per cent of employers report that retaining current staff has become ‘quite a lot harder’, while only 3 per cent feel that it has become ‘quite a lot easier’. In a sector which often prides itself on staff commitment and staff turnover, this is clearly a worrying sign of change.

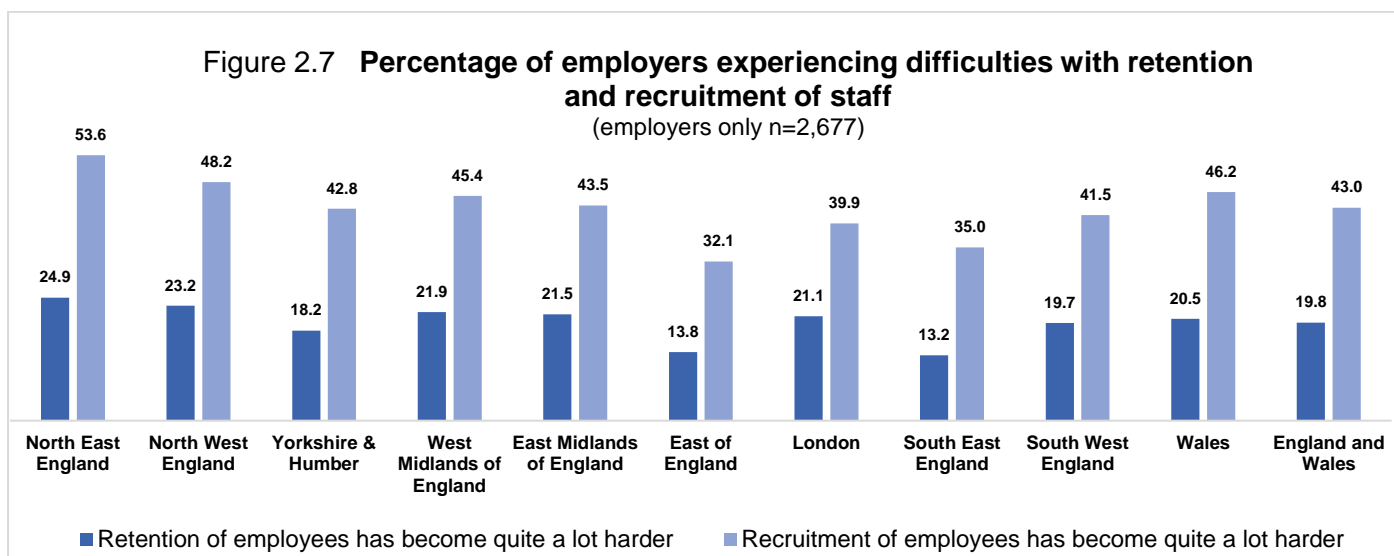
Problems associated with recruitment are much more acute. About 43 per cent of employers report difficulties with recruitment while only 4 per cent feel that the situation has eased. It is unlikely that such issues are experienced equally across the sector – so the following analysis will look at variations by organisational characteristics and where they are located.



Recruitment and retention problems are widely reported across all English regions and in Wales (see Figure 2.7). Employee retention problems appear to be lower in East of England (14%) and South East England (13%) than is the case in London, the North and Midlands of England. In Wales and South West England, problems of staff retention are also high at around 20-21 per cent. This is due to variations in the structure of the sector at regional level – there are many fewer larger employers in these regions than in the North of England, West Midlands or London.

Recruitment problems are widespread. This is especially pronounced in North East England (54%) and may be exacerbated by relatively low average wages in the area. Recruitment problems are also very high in North West England (48%), West Midlands of England (45%) and in Wales (46%).

¹¹ See, for example, Harriet Whitehead ‘Recruitment: why are charities struggling to fill roles, and what can be done?’ *Civil Society Media*, 19th August, 2022: [Recruitment: Why are charities struggling to fill roles, and what can be done? \(civilsociety.co.uk\)](https://www.civilsociety.co.uk/recruitment-why-are-charities-struggling-to-fill-roles-and-what-can-be-done/).

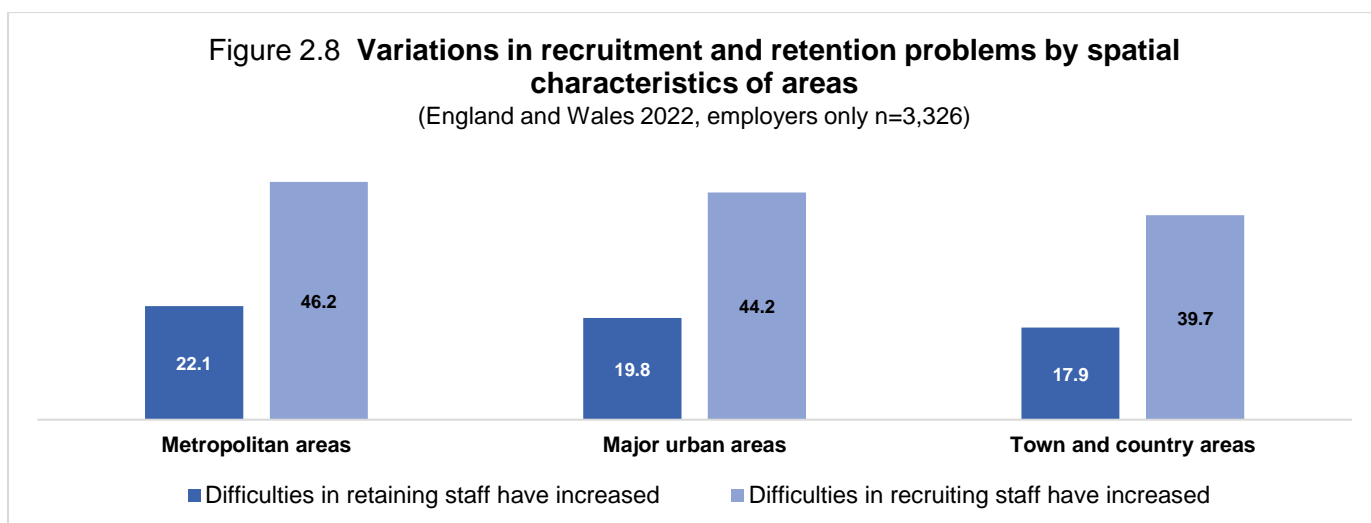


Headline regional variations may be affected to some extent by variations in the structure of the local sector. In densely-populated urban and industrialised regions there are more larger TSOs than in less-urban and less-industrial areas such as South East England, East of England and South West England.

To help interpret national level findings, ‘types of areas’ have been defined.¹²

- **Metropolitan areas:** including Tyne and Wear, West Yorkshire, South Yorkshire, Greater Manchester, Merseyside, West Midlands, Bristol and London.
- **Major urban areas:** includes larger cities (such as Portsmouth, Nottingham, Swansea and Reading) and polycentric urban areas (such as Tees Valley or the Potteries conurbation).
- **Town and Country areas:** includes less urban unitary authorities and counties such as Northumberland, Cornwall and Suffolk).

As Figure 2.8 shows, while differences between ‘metropolitan’, ‘major urban areas’ and ‘town and country’ areas are evident, they are not especially pronounced – indicating that recruitment and retention problems are widespread in all types of areas.



¹² A full explanation of how this variable was constructed is available in the Technical Paper on approaches to analysis, 2022 *ibid*.

The factor that most strongly affects recruitment and retention problems is organisational size (see Figures 2.9 and 2.10). Only 14 per cent of the smallest employers have experienced employee retention problems compared with 53 per cent of the biggest organisations. Problems with recruitment are widespread amongst the smallest employing organisations (31%). But the issue is of much greater concern for the biggest organisations (80%).

Figure 2.9 Retention problems by size of organisations
(employers only n=3,310)

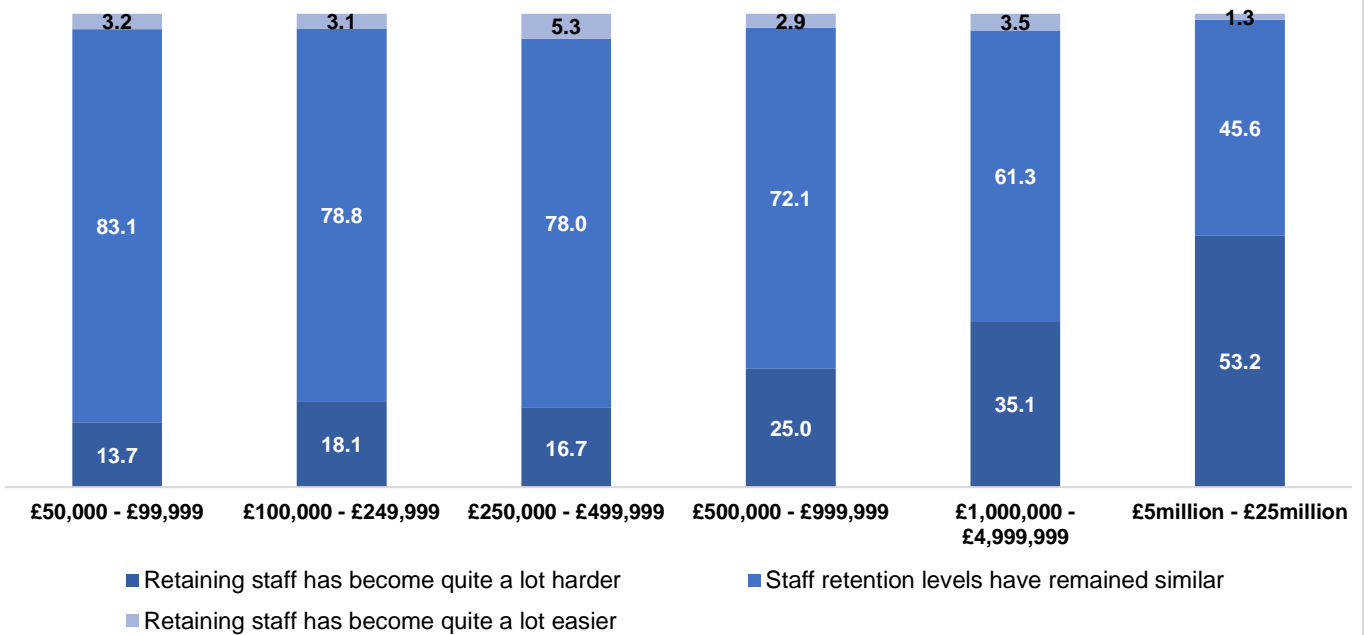
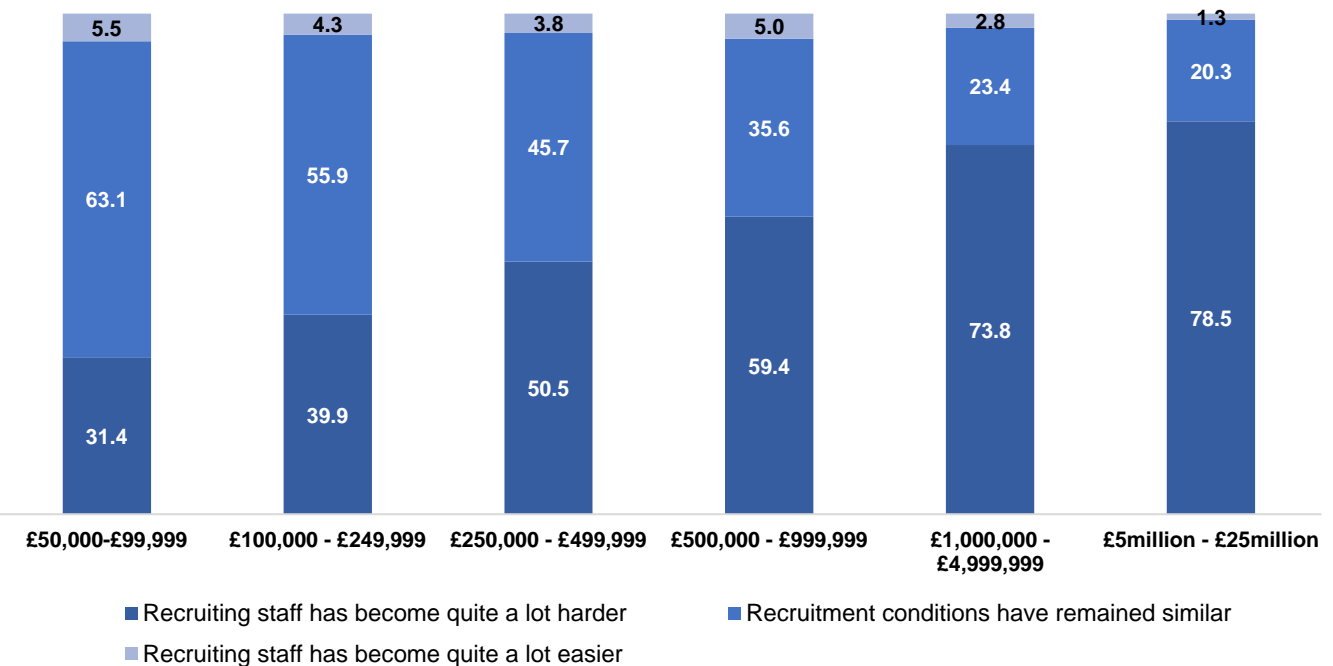


Figure 2.10 Recruitment problems by size of organisation
(employers only n=3,186)



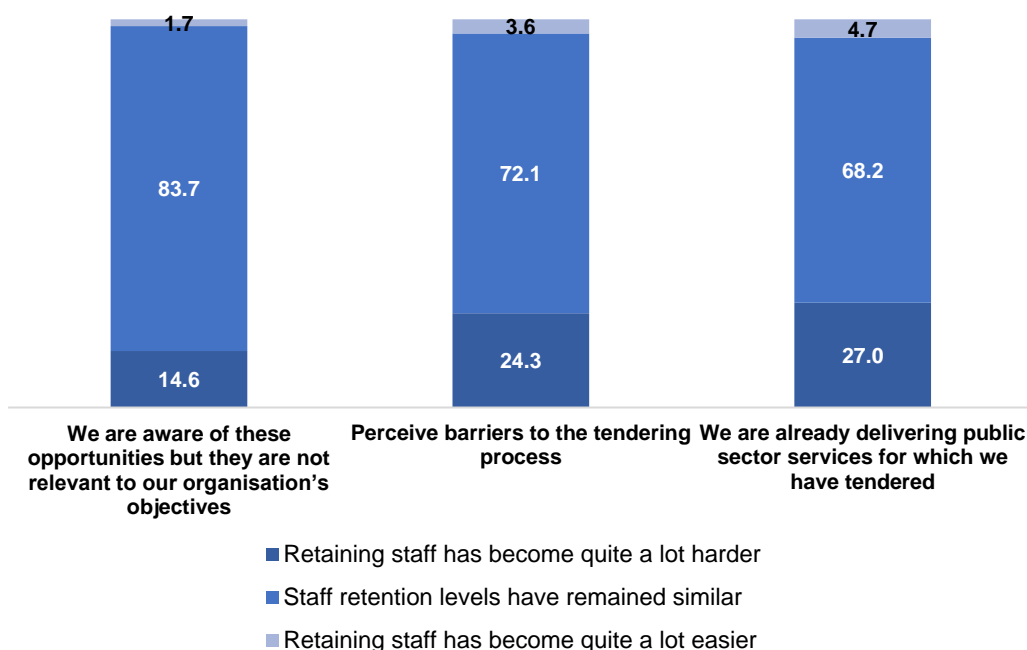
Larger organisations are more likely to be involved in the delivery of public services under contract. It has been widely reported that the value of public service contracts has been squeezed for several years.¹³ So it is interesting to look at how this may have affected recruitment and retention problems.

As Figure 2.11 indicates, organisations which are actively engaged in bidding for or delivering contracts are more likely to be struggling with staff retention problems (27%) than those organisations which do not want to engage in such work (15%).

Figure 2.12 shows that TSOs which engage with public service delivery contracts are almost twice as likely to report recruitment problems (63%) than organisations which choose not to do this kind of work (33%). But this is partly because organisations which do contracts tend to be larger.

Figure 2.11 **Retention problems for organisations engaged with public service delivery contracts**

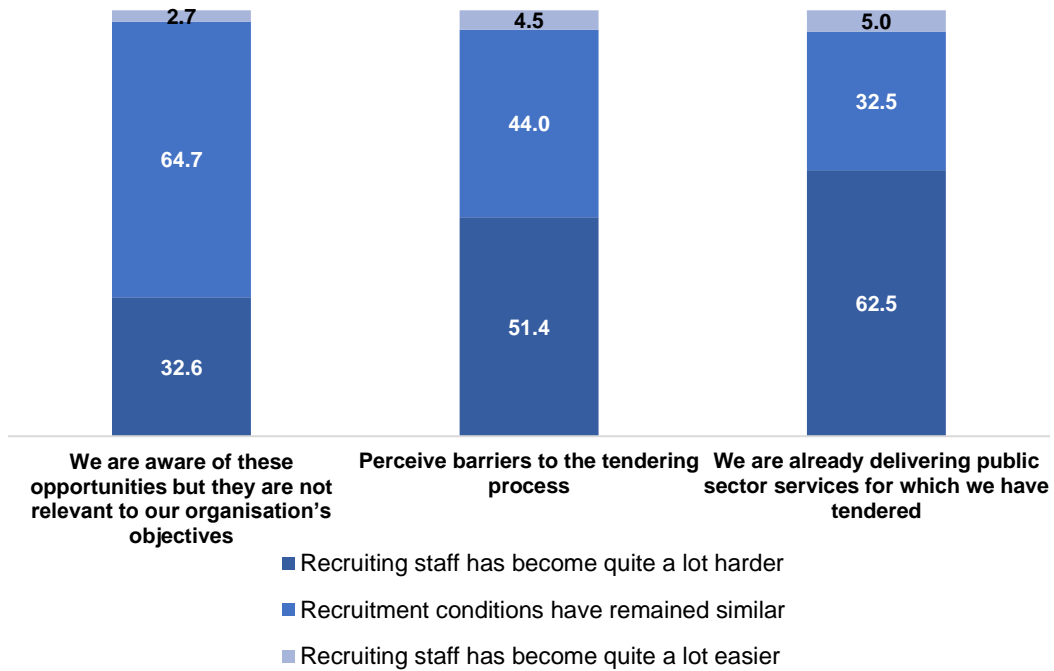
(England and Wales 2022, employers only n=2,362)



¹³ See, for example, Nicola Sykes 'Understanding the ecosystem: charities and public services', *Pro bono Economics*. May 2022 [Understanding the ecosystem: charities and public services | Pro Bono Economics](#), see also: Harriet Whitehead 'Inflation means charities 'cannot go on' subsidising contracts, paper warns' *Civil Society Media*. 8th September 2022: [Inflation means charities 'cannot go on' subsidising contracts, paper warns \(civilsociety.co.uk\)](#)

Figure 2.12 **Recruitment problems for organisations engaged with public service delivery contracts**

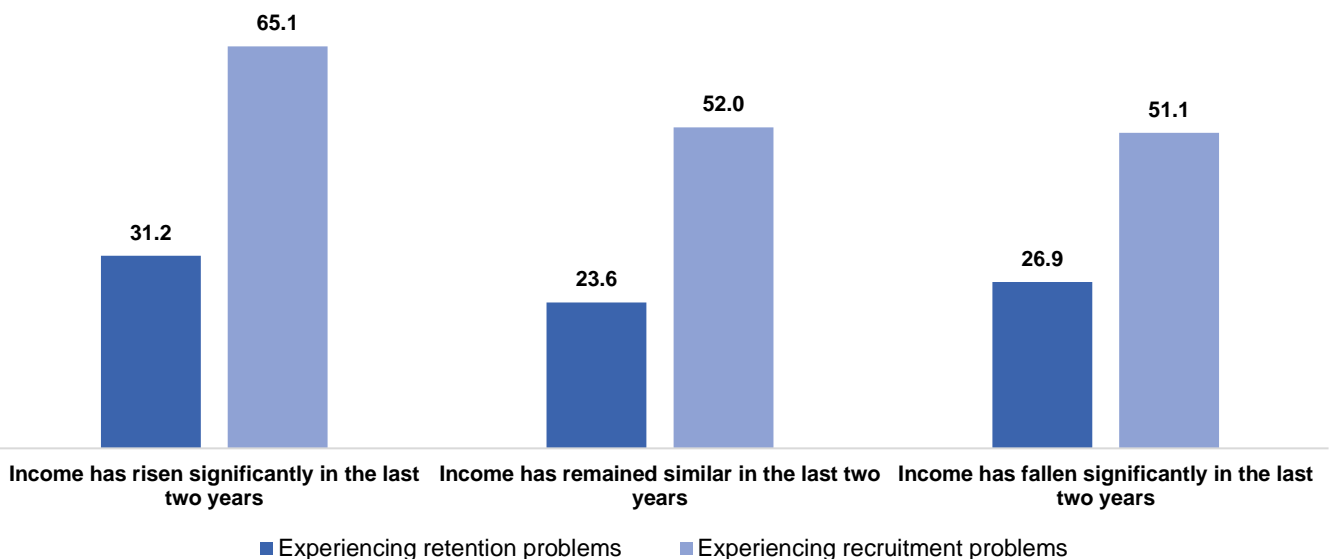
(England and Wales 2022, employers only n=2,283)



The recent financial fortunes of organisations may have had a general impact on the extent of difficulties with recruitment and retention. As shown in Figure 2.13, organisations which have experienced significantly rising income struggled more with recruitment (65%) – but that is probably because they were more likely to be recruiting staff in response to rising income. Retention problems are at more similar levels amongst organisations with either significantly rising income (31%) or falling income (27%).

Figure 2.13 **Reported recruitment and retention problems by recent change in financial situation**

(England and Wales, employers only n=3,321)



Section 3

Regular volunteers

3.1 Reliance on regular volunteers

Volunteers produce about one fifth of the 'energy' that the Third Sector injects into its work. And in a majority of micro and small organisations, volunteers put in all or most of that energy. It is estimated that there are about 4.3 million regular volunteers who support the activity of Third Sector organisations in England and Wales (see Table 2.2). But this only amounts to about half of the total number of people involved at least monthly in some kind of voluntary activity.

National estimates for the number of volunteers in the UK are published annually in NCVO's *UK Civil Society Almanac*.¹⁴ It is reported that 16.3 million people volunteered at least once in the previous year with a group, club or organisation in the UK (down from 19.4 million the previous year). About 9.2 million people volunteered at least once a month (down from 11.9 million in the previous year). These are impressive statistics that show that a culture of volunteering, in one capacity or another, is well established in the UK.

In studies of the Third Sector, it is necessary to be careful about extrapolating too much insight from headline volunteering statistics, and especially so when considering the support volunteers regularly offer to TSOs. The Third Sector Trends Study is interested in levels of 'regular volunteering' because they allow TSOs to be able to plan and practice their work with a clear idea about the volunteering resources they can draw upon (in addition to the work that might be done by paid employees when such staff exist).¹⁵

Regular volunteers are defined in Third Sector Trends as people who provide on average 72 hours of support to a TSO in one year (or an average of six hours per month). Calculations exclude occasional or ephemeral (i.e. 'one-off') volunteering.¹⁶ It is not being insinuated that these forms of volunteering lack value or are of a lesser value than those working directly for TSOs. It is simply a question of calculating the contributions regular volunteers make in the local Third Sector to society.

Figure 3.1 shows that 80 per cent of organisations 'agree' or 'strongly agree' that they rely mainly on volunteers who can commit time on a very regular basis. Reliance on regular volunteers is, to some extent, conditional upon their ability to get on with their work without supervision. Over three quarters of TSOs agree that this is the case. Furthermore, 85 per cent of organisations also agree that they could not keep going without regular volunteers.

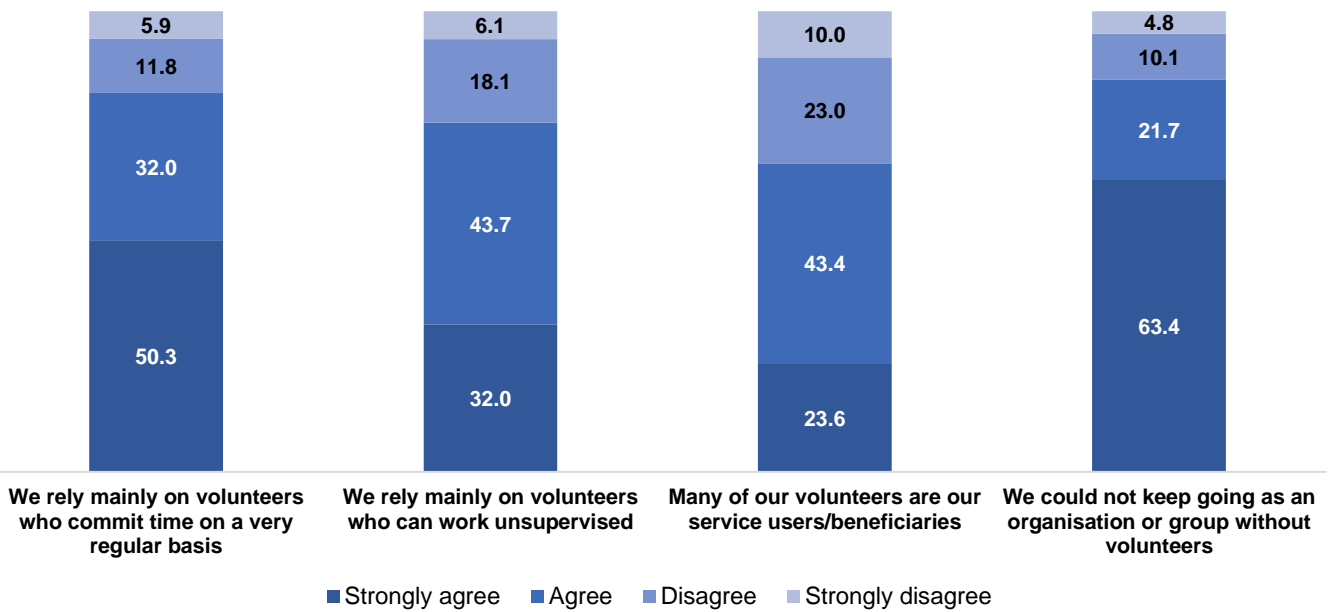
It is apparent that many volunteers do not just offer their time to help others. Instead, over 65 per cent of volunteers are reported to be service users and beneficiaries.

¹⁴ NCVO: [Volunteering overview - Volunteering | UK Civil Society Almanac 2021 | NCVO](#). [Volunteering overview – Volunteering | UK Civil Society Almanac 2022 | NCVO](#).

¹⁵ As TSTS only has data from TSOs, several other kinds of volunteers cannot be included in the analysis including, for example, volunteers giving time to public bodies such as local public libraries or the NHS; volunteering in schools as governors, as members of informal/unregistered parent teacher associations, supporting teachers in the classroom, school trips and sports days, or general school fundraising activities; volunteering for other public bodies such as the police as special constables, the criminal justice system as magistrates, or as reservists in the armed forces and so on; employee supported volunteers or the provision of pro-bono support by employees or professionals; and, volunteers participating in national fundraising appeals (for example, BBC Children in Need or for large national charities such as Save the Children).

¹⁶ Ephemeral or occasional volunteering may include people who help with a fundraising appeal, people who are allocated to volunteer through, for example, employee supported volunteer initiatives or by university student volunteer programmes.

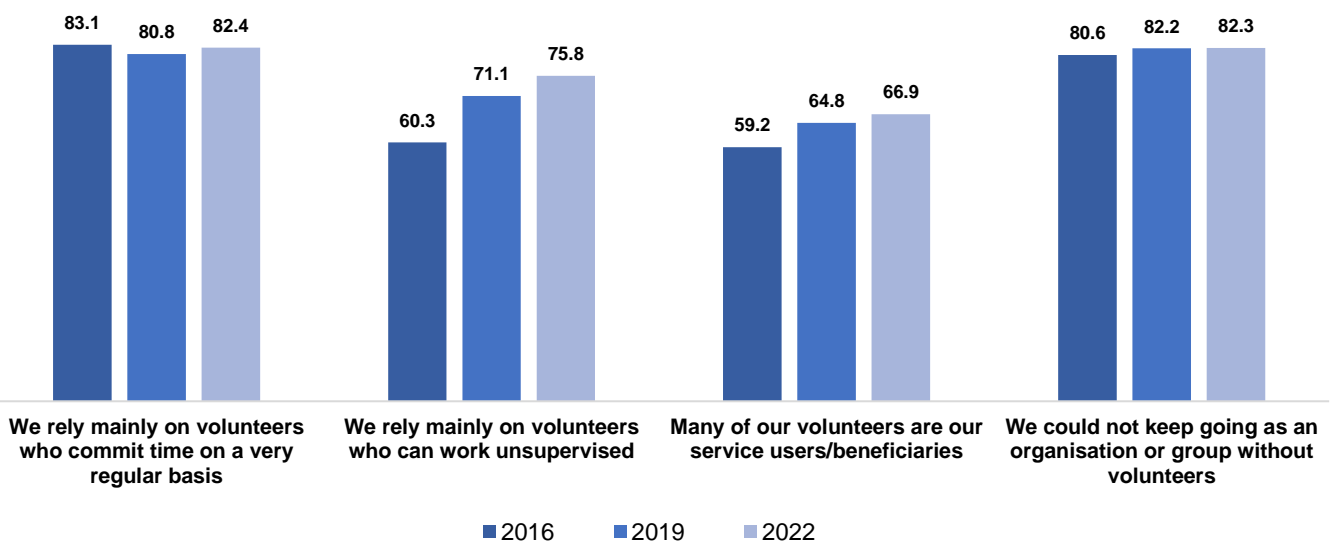
Figure 3.1 **Extent of reliance upon regular volunteers**
(England and Wales, n=5,846)



The extent to which organisations say that they rely upon regular volunteers has steadily increased since 2016 (see Figure 3.2). This is surprising because many research reports over the last two years suggested that levels of volunteer support may have been badly affected by the Coronavirus pandemic.

Certainly, there are indications that some organisations have lost access to some of their regular volunteer support, as shown in Section 2, but the impact on organisations does not, in general terms, seem to have been dramatic.

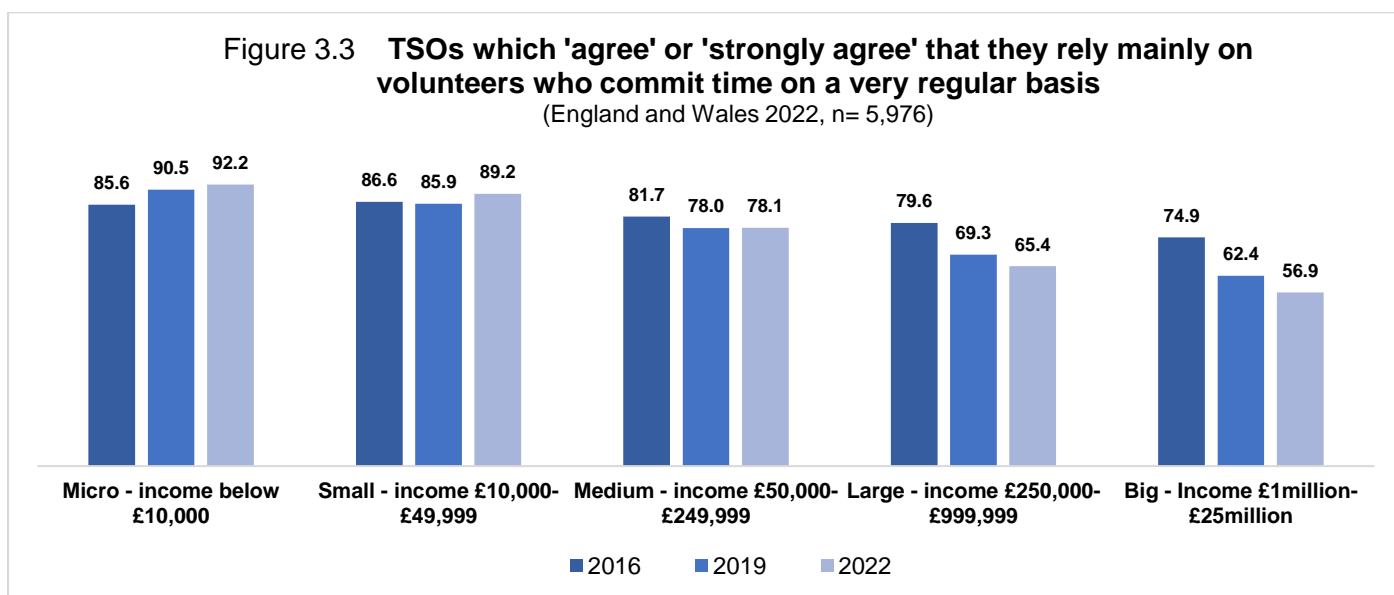
Figure 3.2 **TSOs' reliance on volunteers 2016-2022**
(‘agree’ or ‘strongly agree’, excluding TSOs which do not have volunteers, England and Wales)



3.2 Organisational variations

Organisational reliance on regular volunteers varies according to their size (see Figure 3.3). Over 90 per cent of micro organisations state that they rely on regularised commitment by their volunteers and the indications are that reliance has steadily increased since 2016 (up from 86% to 92% in 2022).

Reliance on regular volunteers has never been as strong in the biggest organisations and it seems to be falling. It seems unlikely that this fall in reliance can be attributed just to the Coronavirus pandemic because the trend is longer term. The proportion of TSOs that rely on regular volunteers has fallen from 75 per cent in 2016 to 57 per cent in 2022. This may reflect a progressive ‘professionalism’ in larger organisations where employees now carry more of the weight of responsibility for getting work done.



In previous rounds of the Third Sector Trends survey, we have looked at the ‘effort bargain’ for organisations taking on volunteers. It was shown that larger organisations were more likely than smaller TSOs to argue that the costs of organising and managing volunteers could often be greater than the value of the contribution they made.

To explore this further, we have continued to ask whether organisations mainly rely upon volunteers who are able to work unsupervised. In 2022, micro organisations were much more likely to say their volunteers can work unsupervised (90%) compared with the biggest organisations (48%).

Smaller TSOs have always tended to rely more heavily than their larger counterparts on regular volunteers ability to work unsupervised - but the indications are that organisations of all sizes have become progressively reliant upon volunteers who can work independently (see Figure 3.4).

Organisational survival is contingent upon support from volunteers in most micro organisations (95%) and many of the biggest TSOs (57%). As shown in Figure 3.5, the extent of reliance has remained fairly similar since 2016.

Figure 3.4 TSOs which 'agree' or 'strongly agree' that they rely mainly on volunteers who can work unsupervised (England and Wales 2022, n=5,914)

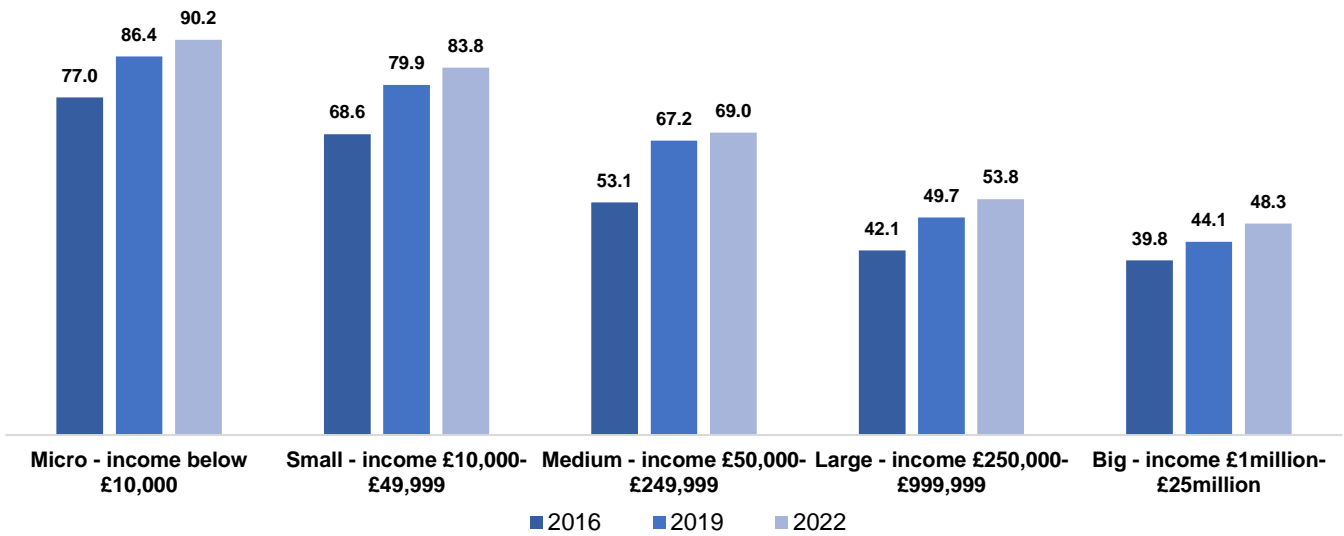
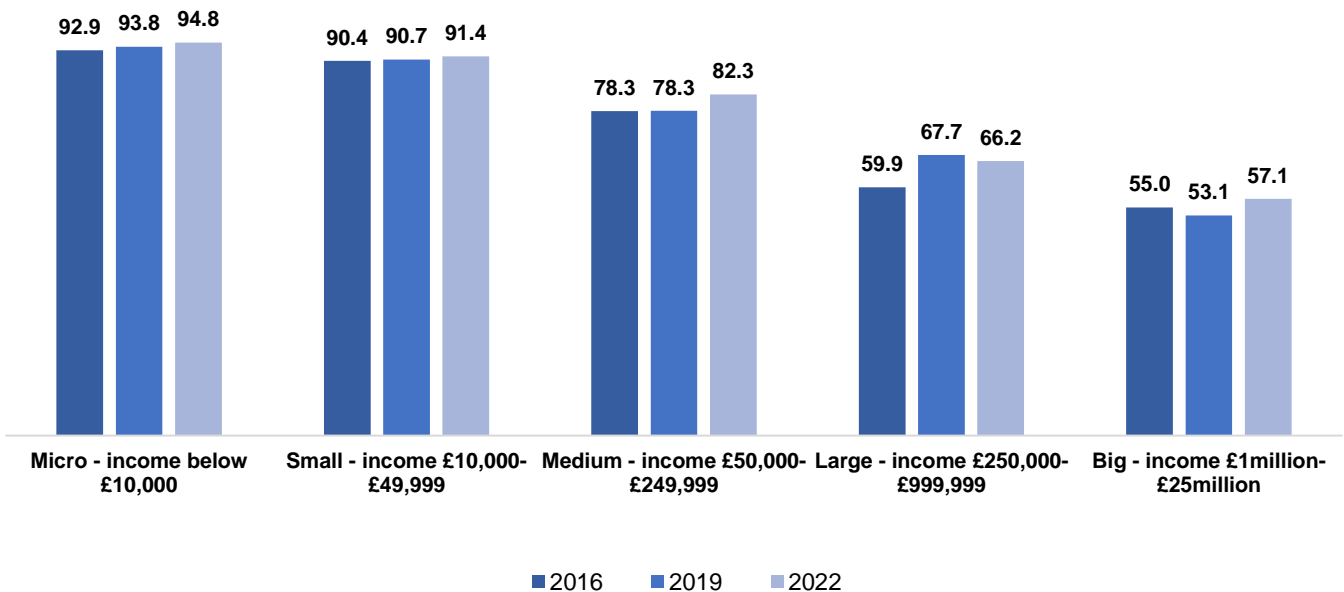


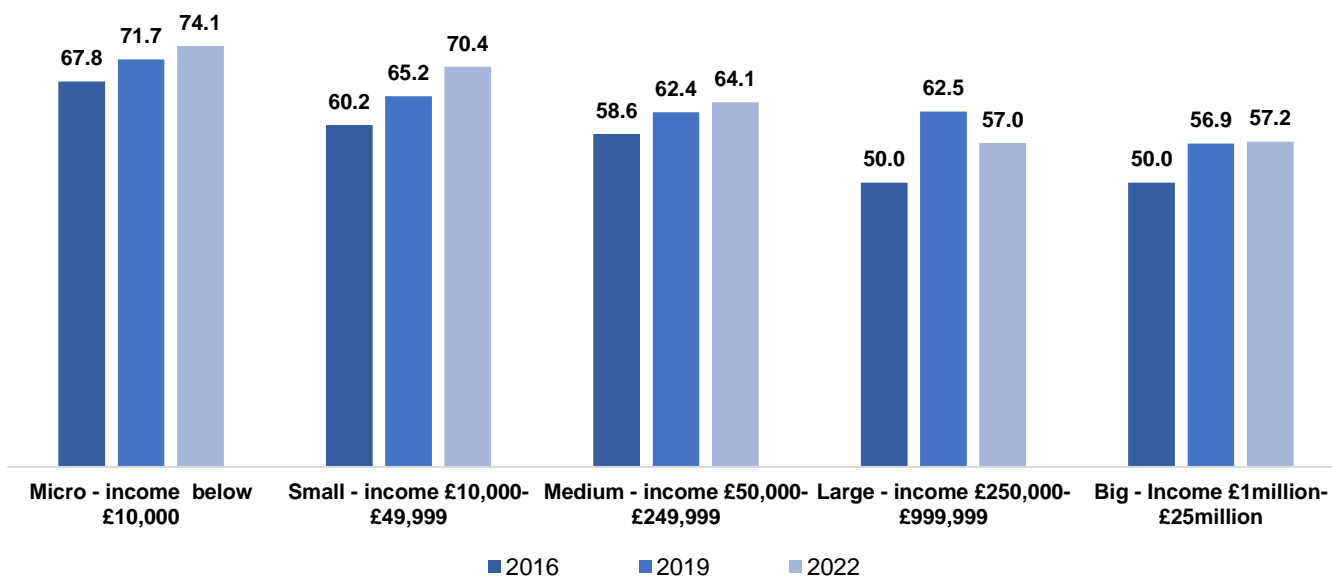
Figure 3.5 Percentage of TSOs which 'agree' or 'strongly agree' that they could not keep going as an organisation without volunteers (England and Wales 2022, n=5,796)



Volunteers provide energy to achieve organisational objectives. But the value of volunteering can be a two-way process because people who volunteer benefit personally from involvement in the organisation. Many regular volunteers are reported to be 'service users' or 'beneficiaries' by TSOs. In 2022, 57 per cent of the biggest organisations, rising to 74 per cent of micro organisations agreed that this was the case (see Figure 3.6).

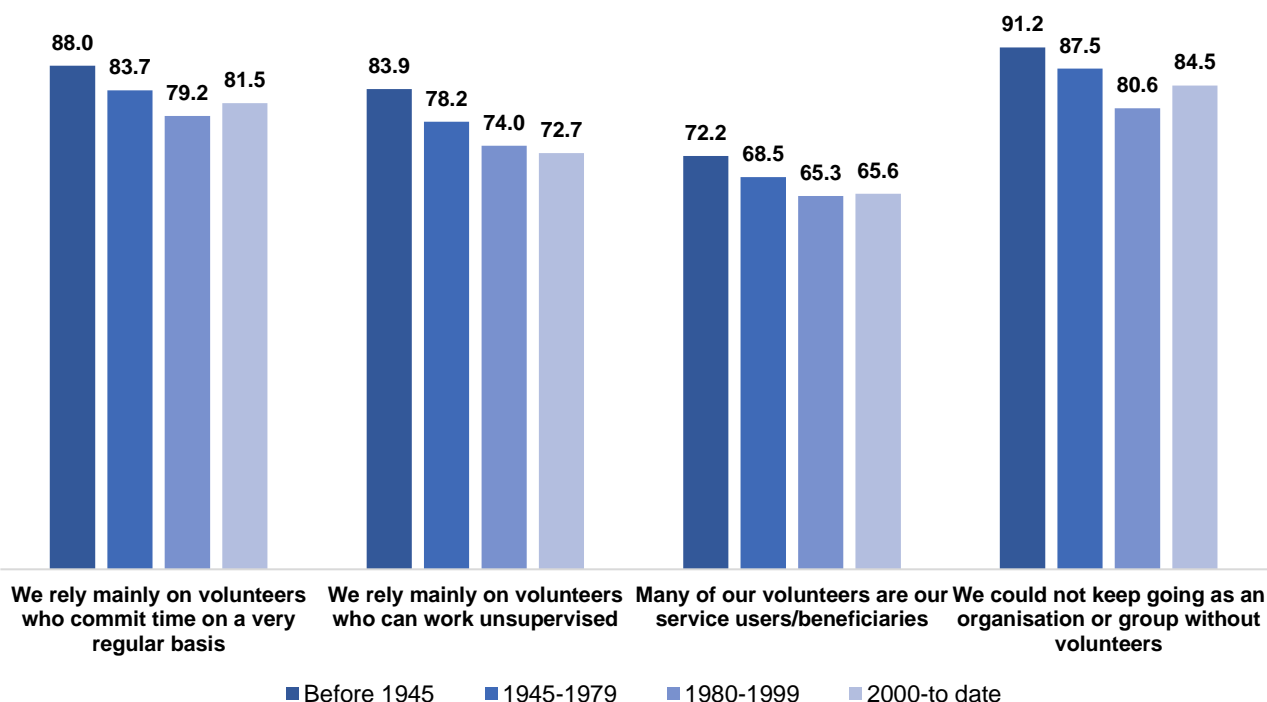
Trend analysis shows that amongst micro, small and medium-sized organisations, the percentage of organisations believing that this is the case has steadily risen since 2016. Only in larger or the biggest organisations has there been a drop-off or levelling-off the percentage of volunteers who are service users or beneficiaries.

Figure 3.6 Percentage of TSOs which 'agree' or 'strongly agree' that many of our volunteers are service users/beneficiaries
(England and Wales 2022, n=5,796)



The age of organisations has some bearing upon the extent of volunteer reliance (see Figure 3.7). Organisations established before 1945 are more reliant upon volunteers than those which were opened in the last decade of the twentieth century. The most recently established organisations are slightly more reliant on volunteers than those set up between 1990 and 1999 - but are less reliant than the oldest organisations.

Figure 3.7 Percentage of organisations that 'agree' or 'strongly agree' that they rely upon volunteers by age of organisations
(England and Wales 2022 n=5,963)

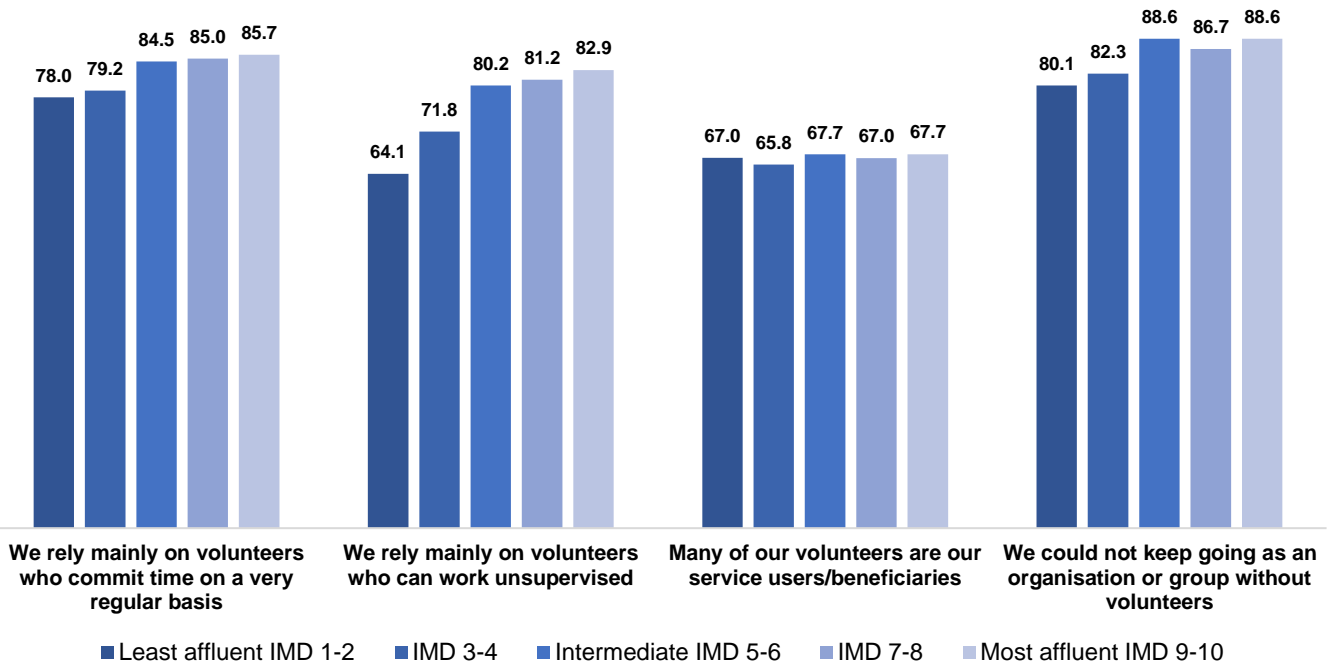


3.3 Area variations

Organisational location has a bearing upon volunteer reliance. Certainly, organisations which are based in the most-affluent areas are more dependent upon regular volunteers than in the least-affluent areas. As shown in Figure 3.8, these differences are especially pronounced when considering the need for volunteers to work without supervision: only 64 per cent of TSOs in the poorest areas do so compared with 83 per cent in the richest areas.

Figure 3.8 Percentage of Third Sector Organisations which 'agree' or 'strongly agree' with statements about reliance upon volunteers by location in more or less affluent areas

(England and Wales 2022, n=5,844)



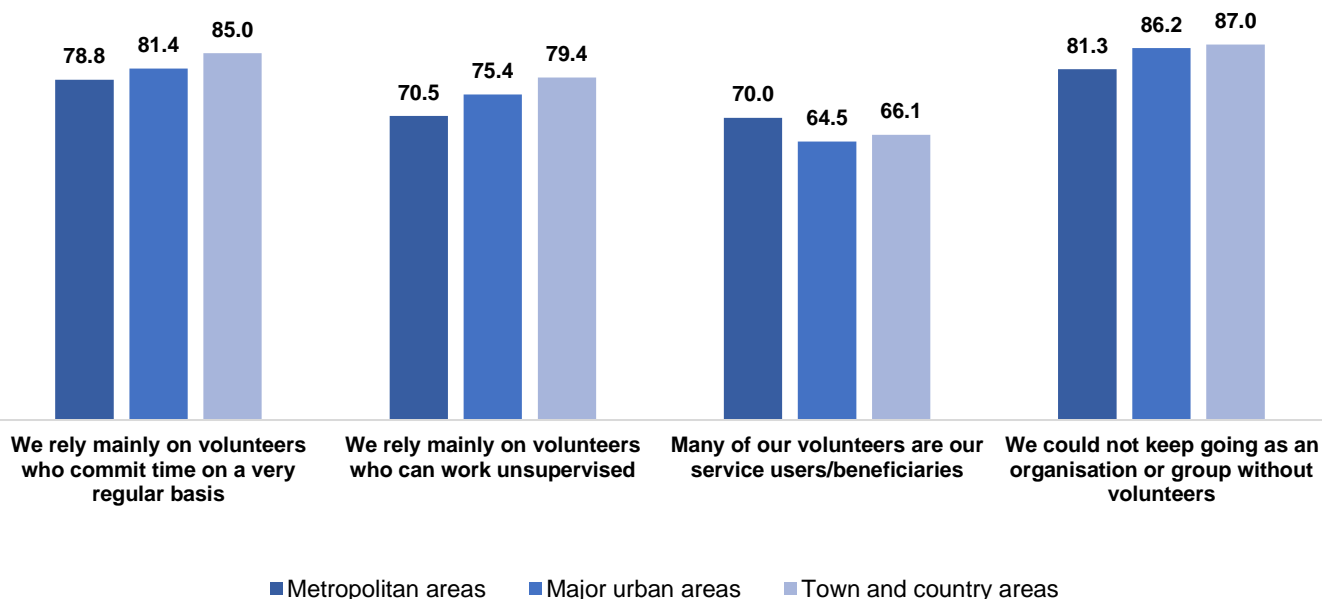
By region, differences in reliance on regular volunteers may be related to levels of affluence or urban characteristics of areas (see Figure 3.10 over page). There appears to be a slightly higher level of reliance on volunteers who can commit on a regular basis in the relatively affluent areas of East of England (86%) and South East England (86%) compared with less-affluent North East of England (76%). Similarly, dependence on volunteers who can work unsupervised is strongest in East of England (82%) and weakest in North East England (67%).

When looking at service users or beneficiaries who regularly volunteer, percentages level off – indicating that in less affluent regions that there may be a higher proportion of volunteers who are ‘service users’. Dependence on volunteers to keep going as an organisation is strongest in more affluent regions (around 87%) and weakest in the industrial northern regions (79% - 83%).

Analysis by urban area characteristics, as shown in Figure 3.9, strengthens the case that metropolitan areas have a slightly lower level of dependence on regular volunteers than in generally more affluent town and country areas.

Figure 3.9 Variations in dependence upon regular volunteers by urban area characteristics

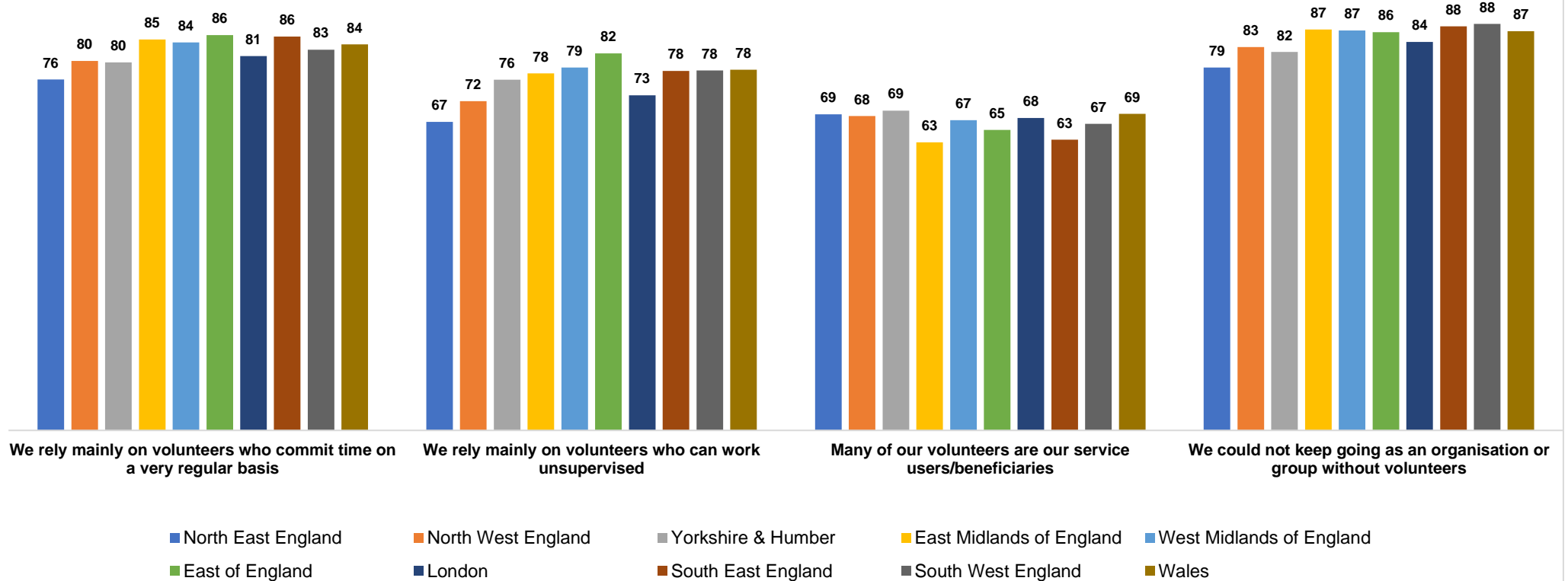
(England and Wales 2022, n=5,944)



Interpreting these findings convincingly depends upon the analysis presented in the first report on sector structure, purpose, energy and impact. That report demonstrated that area affluence has a significant impact on sector characteristics. In the most affluent areas, the sector generally has many more micro and smaller organisations which are run more or less entirely upon voluntarily given time. Fewer of these organisations need to focus upon critical social needs than in richer areas.

In less affluent places, especially in industrial or former industrial areas, larger organisations depend more heavily upon employees to deliver services to meet critical or pernicious local needs. There are fewer smaller, entirely volunteer-led organisations in the poorest areas which is likely to be associated with lower levels of ‘social capital’, ‘cultural capital’ and ‘financial capital’ embedded in the resident population.

Figure 3.10 Percentage of TSOs which 'agree' or 'strongly agree' with each statement of reliance upon volunteers
(2022, n= 5,897)

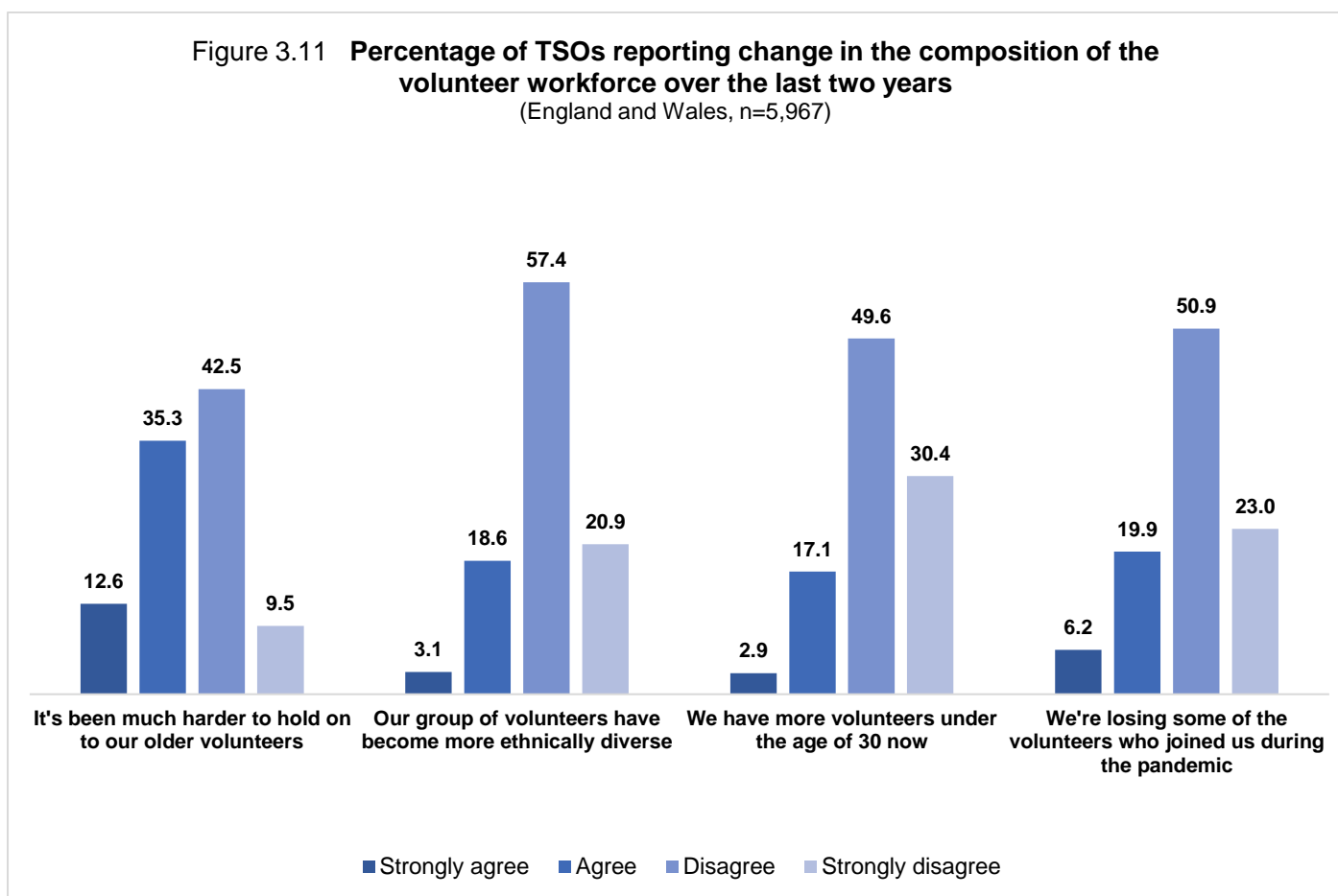


3.4 Composition of the volunteer workforce

The above analysis indicates that there has not been a major shift in the size of the volunteer workforce following the Coronavirus pandemic, but there may have been changes in its composition.

Figure 3.11 indicates that there has been substantial change within the sector. Almost half of TSOs (48%) state that it has been harder to hold on to older volunteers. About 22 per cent of organisations report that their volunteer workforce has become more ethnically diverse and 20 per cent state that they now have more volunteers under the age of 30. Over a quarter of organisations (26%) report that they have been losing some of their volunteers who joined them during the Coronavirus pandemic.

Figure 3.11 Percentage of TSOs reporting change in the composition of the volunteer workforce over the last two years (England and Wales, n=5,967)

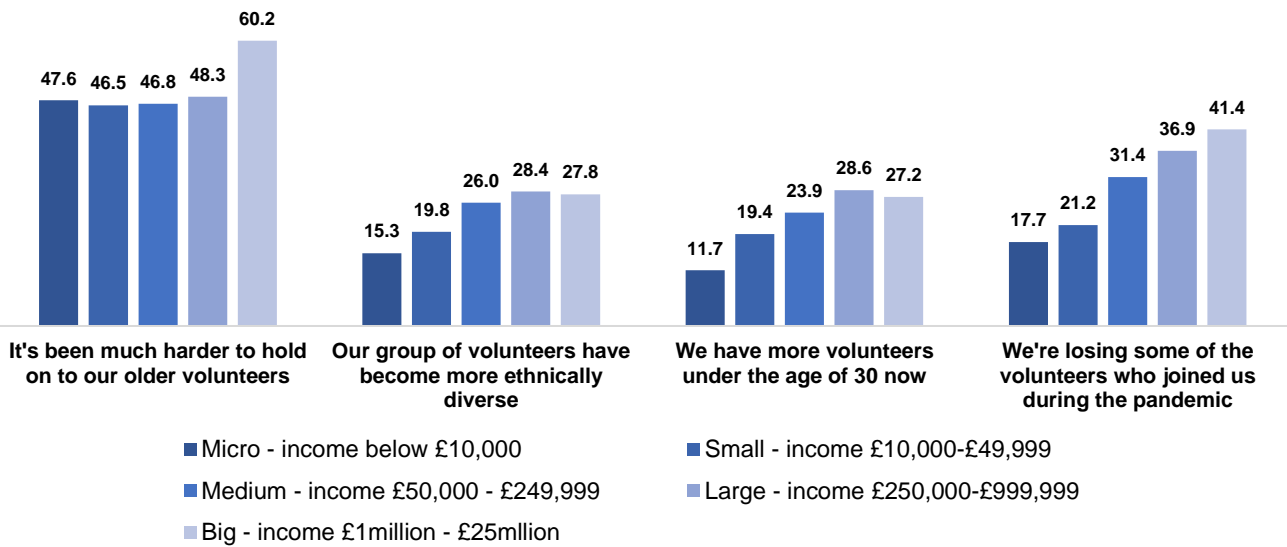


Organisational size has a bearing upon the extent of change in the composition of the volunteer workforce (see Figure 3.12). When considering the loss of older volunteers, the experience of the largest organisations stands out (60% have experienced difficulties compared with around 47-48% of other organisations).

The bigger that organisations are, the more likely that they have recruited more younger and ethnically diverse volunteers. But they are the most likely to report that they have lost some of the volunteers who joined them during the pandemic. Indeed, 41 per cent of the biggest organisations report compared with just 18 per cent of the smallest.

Figure 3.12 Change in the composition of the volunteer workforce by size of organisation

(Percentage of TSOs which 'agree' or 'strongly agree' with each statement, England and Wales 2022, n= 5.834)

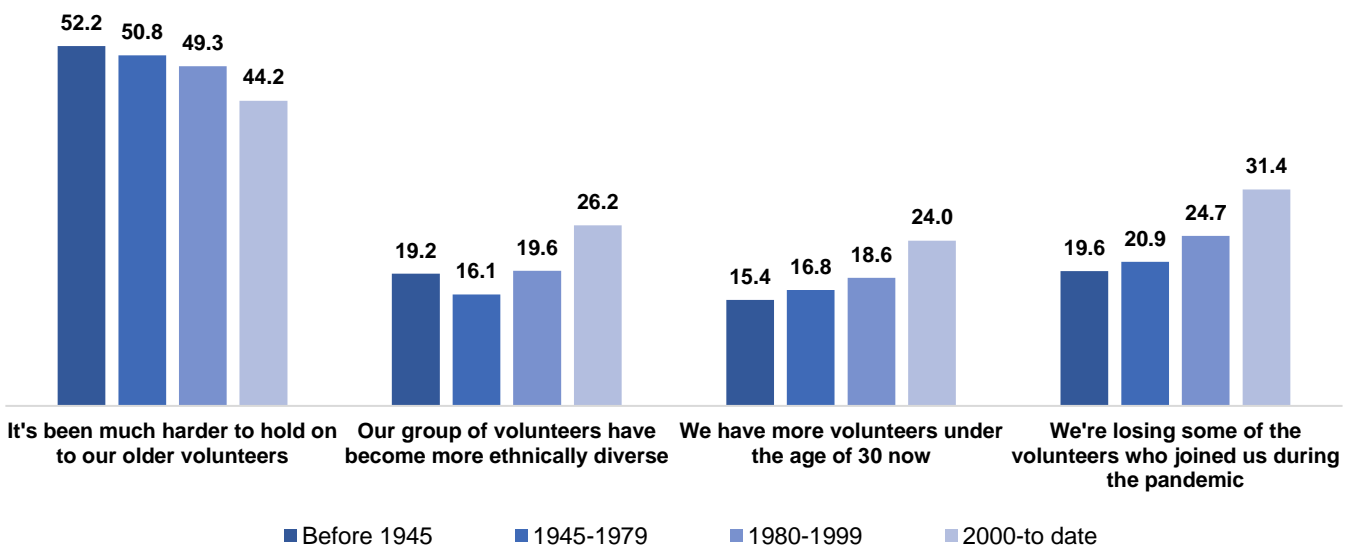


The age of organisations has some bearing on the situation as shown in Figure 3.13. Older organisations seem to have found it harder to retain older volunteers (52%) in comparison with the most recently established TSOs (44%).

Increased ethnic diversity is more common in newly established organisations (26%) as is their ability to attract more younger volunteers (24%). But the most recently established organisations are also more likely to be losing volunteers who joined them during the pandemic (31%) than the oldest TSOs (20%).

Figure 3.13 Change in the composition of the volunteer workforce by age of organisation

(Percentage of TSOs which 'agree' or 'strongly agree' with each statement, England and Wales 2022, n= 5.885)



The characteristics of the area within which TSOs are based affects the composition of the volunteer workforce. As Figure 3.14 shows, holding on to support from older volunteers has become more difficult across the board – although it is a little higher in the poorest areas.

Organisations in the least affluent areas have a more ethnically diverse group of volunteers (35%) than in the most affluent areas (16%). The same pattern is also observed on the recruitment of younger volunteers (28% and 15% respectively). In the poorest areas, TSOs are more likely to have lost volunteers who joined them during the pandemic (37%) than in the richest areas (19%).

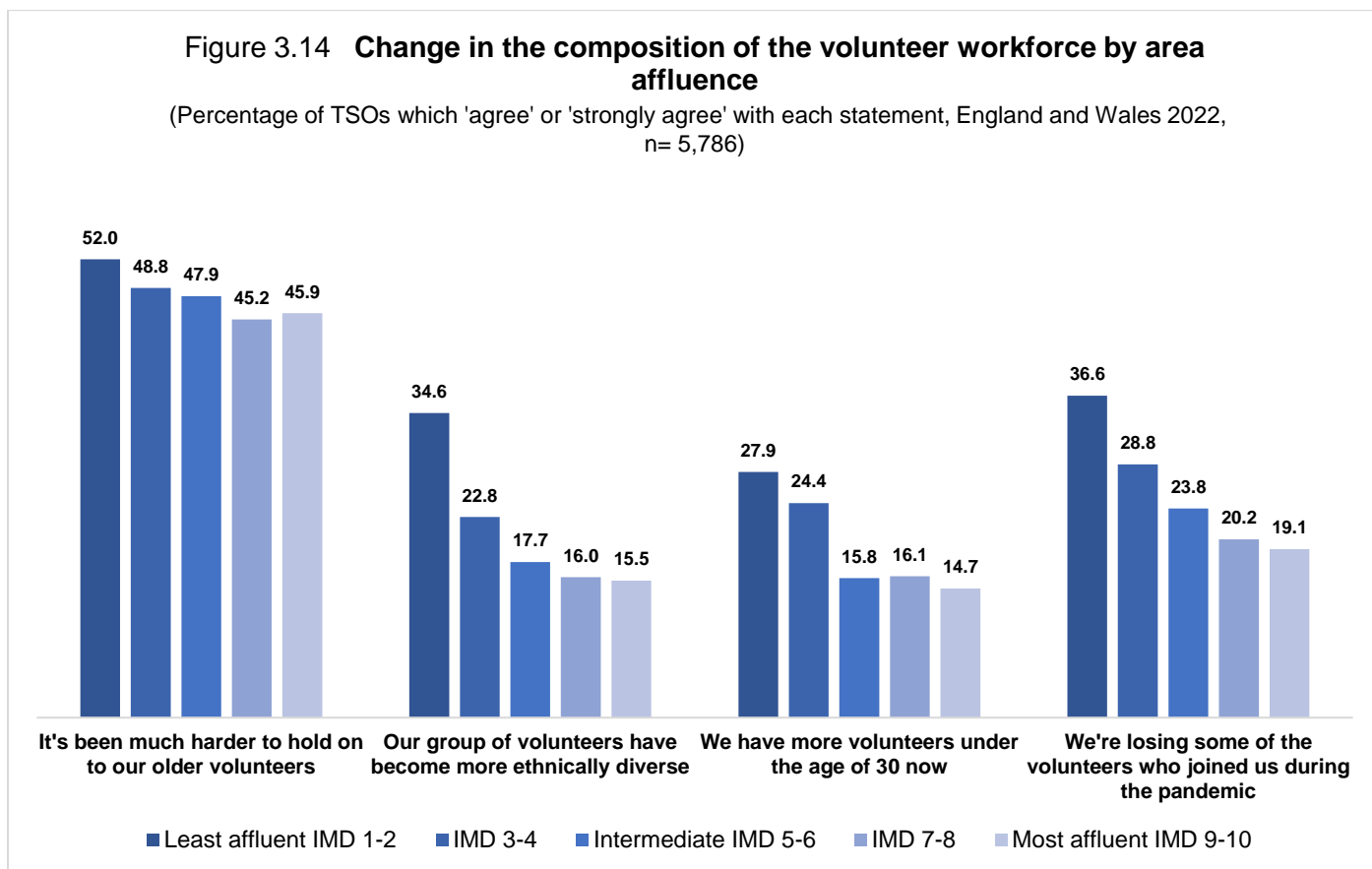
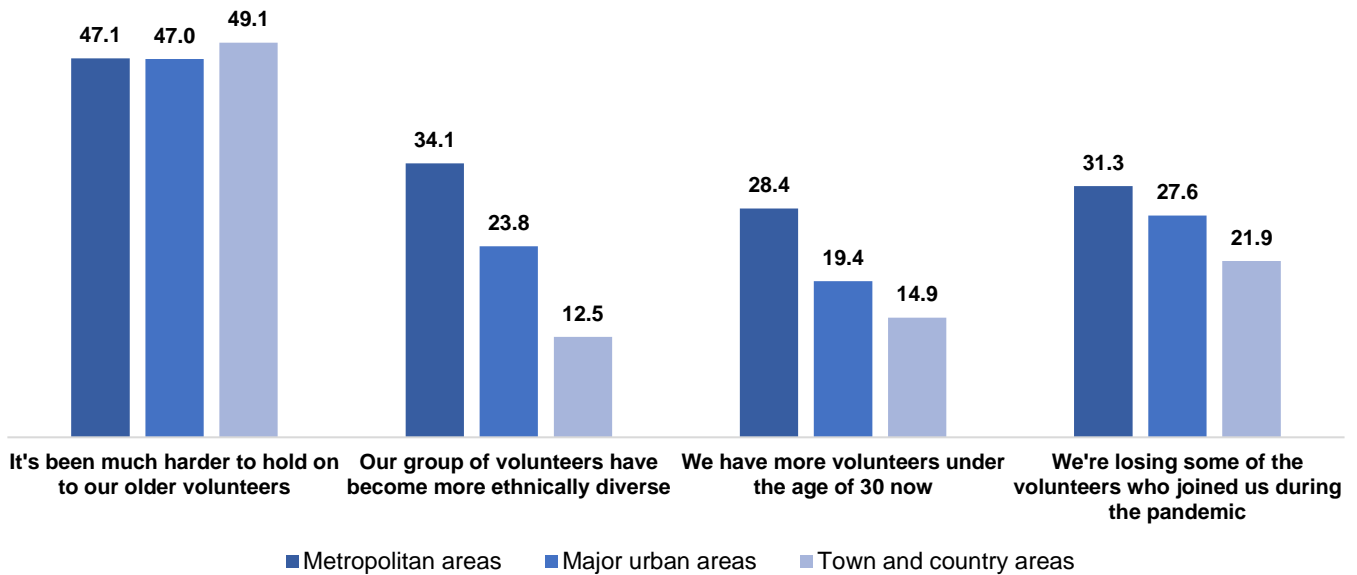


Figure 3.15 reports on TSOs in metropolitan, major urban or town and country areas. Irrespective of the type of area within which TSOs are based, nearly half of organisations have struggled to sustain the support of older volunteers over the last two years.

In metropolitan areas, in the last two years, TSOs have been much more likely to have become more ethnically diverse (34%) and/or to engage more younger people as volunteers (28%) than is the case in town and country areas (13% and 15% respectively). In all types of areas, many organisations have struggled to keep hold of volunteers who joined them during the pandemic: but especially so in metropolitan areas (31%).

Figure 3.15 Change in the composition of the volunteer workforce by the urban characteristics of the local area
 (Percentage of TSOs which 'agree' or 'strongly agree' with each statement, England and Wales 2022, n=5,860)



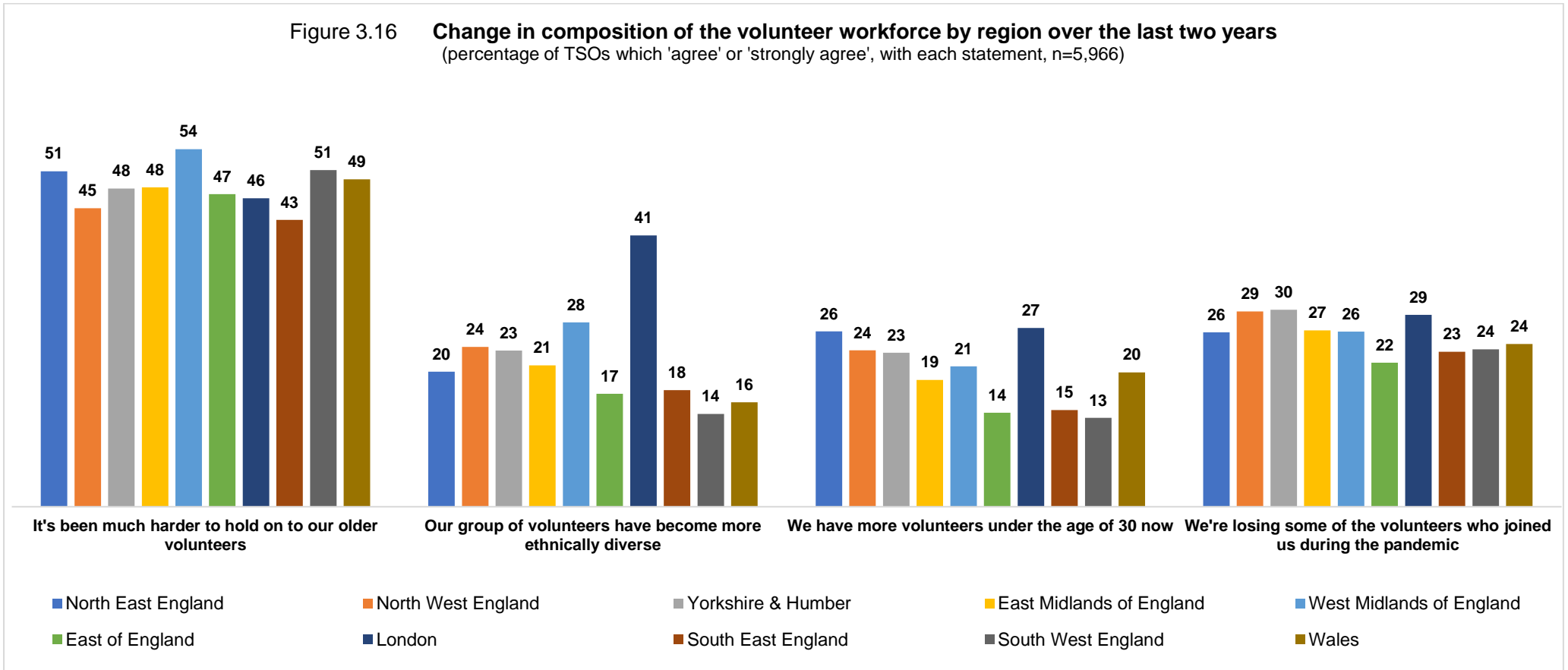
Regional variations are shown in Figure 3.16. It is indicated that in most regions around half of organisations have struggled to hold on to older volunteers – this problem is shown to be slightly more prevalent in the West Midlands of England (54%), North East England (51%), South West England (51%). South East England is least affected in this way (43%).

There are, however, notable variations across regions. In relation to increasing ethnic diversity of the regular volunteer population, it is clear that London has experienced most change (41%) followed by the West Midlands of England (28%). Relatively limited change is noted in East of England, South East England and South West England which may reflect, to some extent, population profiles.

London organisations are most likely to have increased younger volunteers (27%), but this has also been common across the North of England, West Midlands of England and in Wales.

The loss of recently recruited volunteers following the pandemic is common in all regions, but is most pronounced in London, North West England and in Yorkshire and Humber (29-30%).

Figure 3.16 **Change in composition of the volunteer workforce by region over the last two years**
 (percentage of TSOs which 'agree' or 'strongly agree', with each statement, n=5,966)



Section 5

Diversity in sector leadership

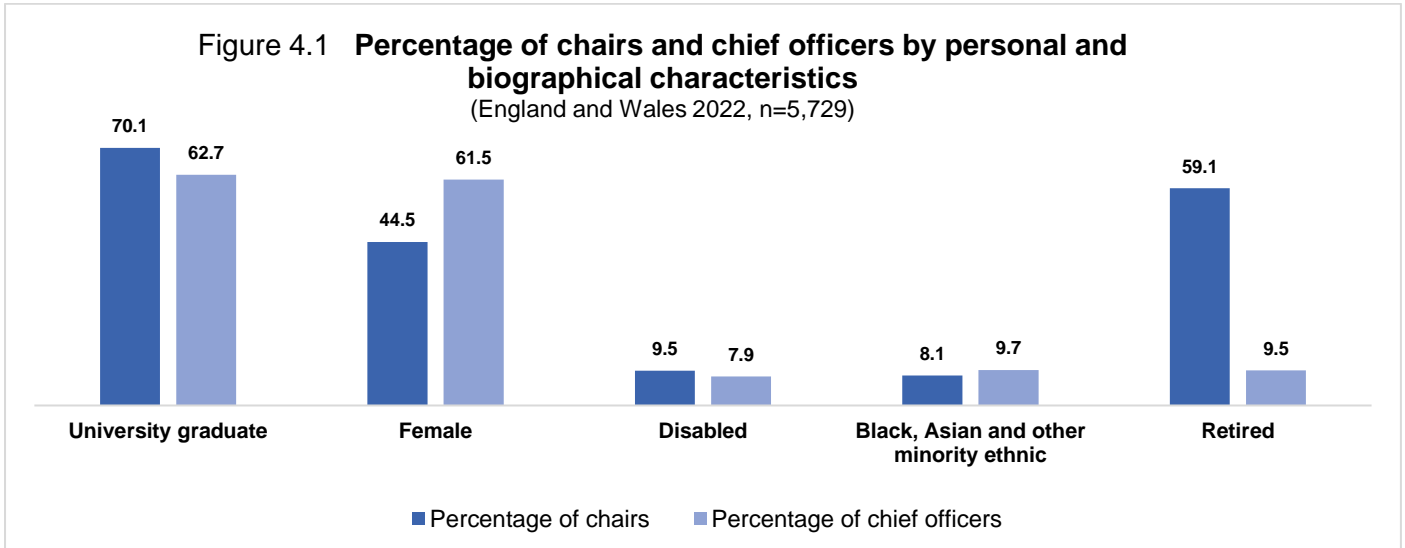
4.1 The need for evidence

In recent years, concerns have been expressed about equal access to leadership opportunities in the Third Sector for all members of the community who feel that they have a contribution to make. Debate has been hampered by a lack of reliable data on diversity and inclusion in Third Sector leadership.¹⁷

To help fill this gap in the knowledge base, in 2019, the Third Sector Trends survey included new questions on diversity in sector leadership to provide baseline data. It is now possible to make comparisons with the situation in 2022 to see if change has occurred.

There are several aspects of diversity and inclusion which need to be addressed. At present, the study has focused on race and ethnicity, social class, gender, disability and age. In 2019 questions were also piloted on sexuality and faith, but the willingness of people to respond was limited which means that there would be too few data available to undertake convincing analysis.¹⁸

Figure 4.1 shows the current situation across England and Wales. University graduates constitute 70 per cent of ‘chairs’ of boards of governors or trustees and 63 per cent of chief officers. A majority of chairs are men (55%) but there are more women chief officers (62%). About 10 per cent of chairs consider themselves to have a disability compared with 8 per cent of chief officers. About 8 per cent of chairs and 10 per cent of chief officers are Black, Asian or from other ethnic minorities. A majority of chairs are retired (59%).

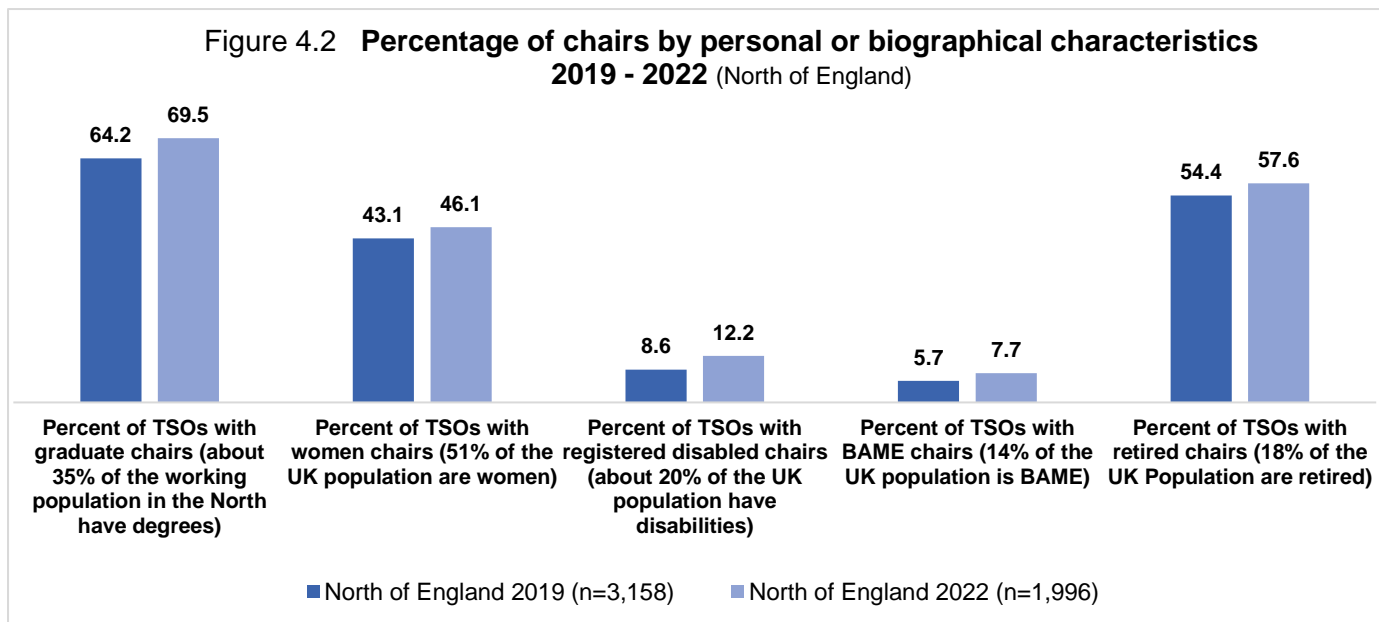


¹⁷ The research and policy literature on equality, diversity and inclusion was reviewed in more depth in *Diversity and inclusion in organisational leadership: evidence from Third Sector Trends 2020* which is available here: [THIRD-SECTOR-TRENDS-BRIEFING-DIVERSITY-AND-INCLUSION-IN-ORGANISATION.pdf \(communityfoundation.org.uk\)](https://www.communityfoundation.org.uk/third-sector-trends-briefing-diversity-and-inclusion-in-organisation.pdf)

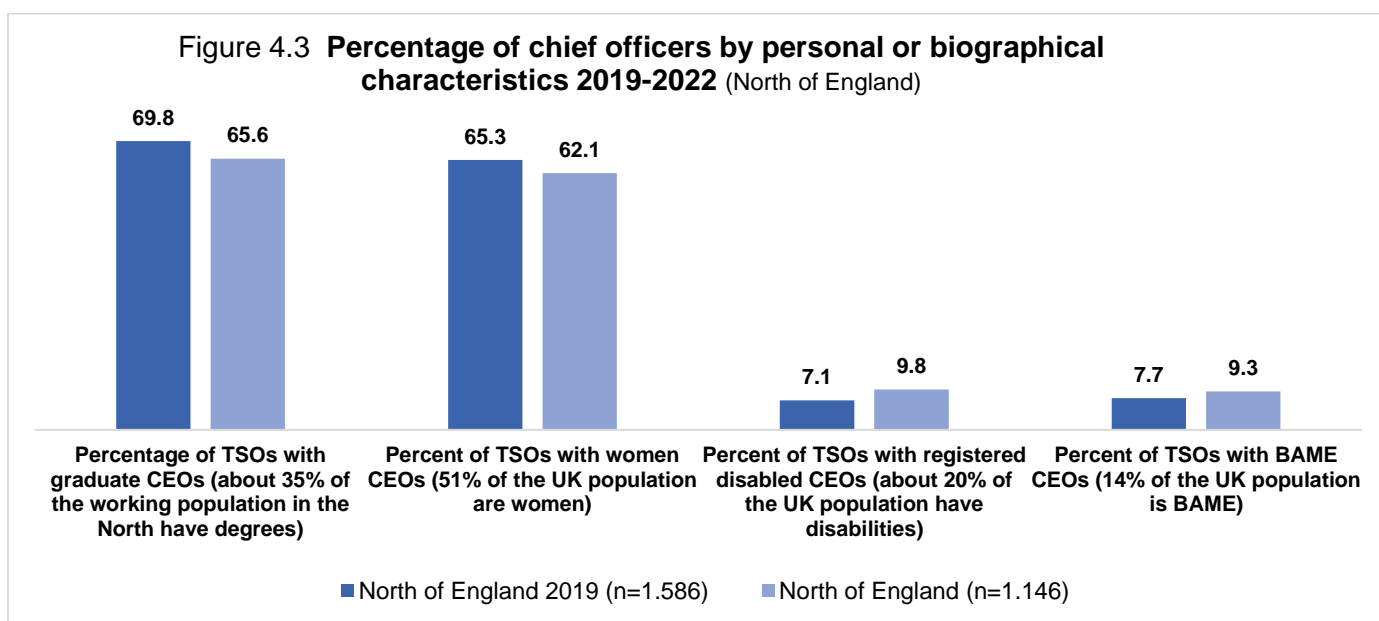
¹⁸ A very small number of respondents to the 2022 survey commented that we had not taken a broader view on gender by using a simplistic male/female categorisation. No comments were received on the issue of faith-based discrimination in leadership. In relation to race and ethnicity, a small number of negative comments were received from respondents who believed that the question was insufficiently specific. And a small minority were vociferous in their opposition to the question even being included.

As shown in Figure 4.2, the percentage of chairs who are graduates (which is a relatively crude proxy indicator of social class or status) has risen from 64 per cent in 2019 to 70 per cent in 2022 – which may represent a further dampening of opportunity for non-graduates.

There are also some signs of improvement in leadership diversity since 2019. The percentage of women chairs has increased from 43 to 46 per cent. Chairs with disabilities have increased from 9 to 12 per cent. Black, Asian and other minority ethnic chairs have risen from 6 to 8 per cent. The percentage of retired chairs has also risen slightly from 54 to 58 per cent.



As Figure 4.3 shows, the percentage of graduate chief officers has fallen slightly from 70 to 66 per cent as have women chief officers from 65 to 62 per cent. The percentage of chief officers with disabilities has risen from 7 to 10 per cent while the proportion of Black, Asian and other ethnic minority group chief officers has risen slightly from 8 to 9 per cent.



4.2 Organisational variations

Across England and Wales, it is apparent that the size of organisations has a bearing upon some aspects of diversity in sector leadership. As shown in Table 4.1, larger organisations are much more likely to have graduate chairs (86%) than the smallest organisations (62%). By contrast, there are more retired chairs in the smallest organisations (69%) but fewer in the largest (50%).

Variations in the proportion of women, disabled or Black, Asian and other minority ethnic group chairs in larger or smaller organisations are less obviously patterned – although people with disabilities are slightly more likely to be chairs in the smallest organisations (11%) compared with the biggest (7%).

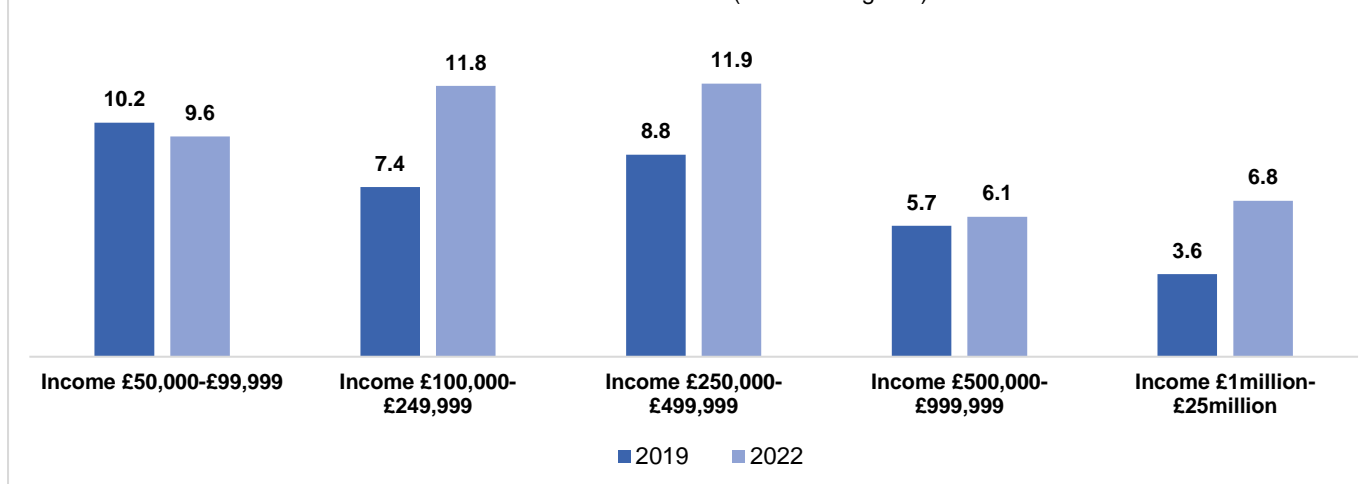
Chief officers are much more likely to be graduates in the biggest organisations (82%) than they are in the smallest organisations (29%). Such differences would be anticipated given the higher levels of responsibility and expectations about educational credentials for senior staff working in more complex formal organisations.

Women are most likely to be chief officers in middle-sized organisations (69%) but women are also in a majority in the biggest TSOs (56%). Only in the smallest organisations do men outnumber women chief officers (60%). Black, Asian and other minority ethnic group chief officers are most common in medium-sized organisations (11%) but are less well represented in the biggest (8%) and smallest organisations (7%).

Percentage chairs	Micro income below £10,000	Small income £10,000- £49,000	Medium income £50,000 - £249,999	Large income £250,000- £999,999	Big income £1million - £25million	All TSOs
University graduate	62.1	65.8	73.6	83.3	85.8	70.0
Female	45.1	44.1	45.4	40.9	44.9	44.4
Disabled	10.6	10.1	9.0	7.9	6.5	9.5
Black, Asian and other minority ethnic	6.2	8.3	10.0	8.4	8.3	8.1
Retired	69.2	62.0	50.1	49.3	49.6	59.1
Average n=	1,687	1,546	1,426	671	359	5,689
Percentage chief officers						
University graduate	28.5	49.6	66.5	76.1	81.8	62.6
Female	40.2	61.5	68.9	61.2	56.4	61.4
Disabled	8.9	7.3	8.5	7.6	6.9	7.9
Black, Asian and other minority ethnic	7.4	9.8	10.8	9.9	7.8	9.7
Average n=	326	668	1,157	649	351	3,151

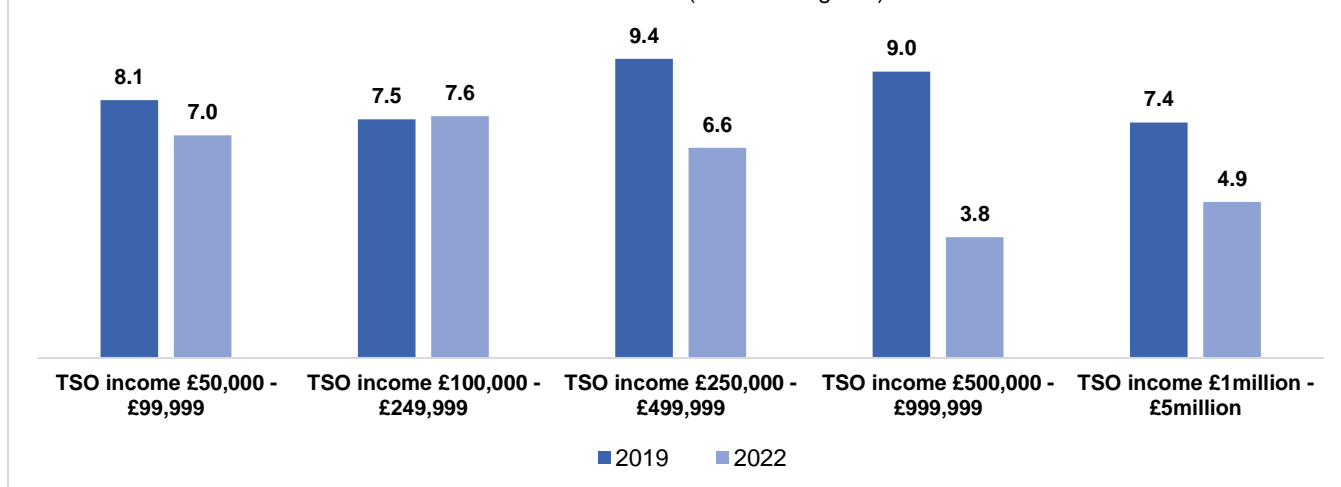
Making comparisons between 2019 and 2022 is only possible in the North of England. Figure 4.4 looks at the proportion of Black, Asian and other minority ethnic group chief officers using more finely tuned definitions of organisational size. These data indicate quite significant improvement in representation except in the smallest organisations where there has been a slight percentage decline.

Figure 4.4 **Percentage of Black, Asian and other minority ethnic group chief officers 2019 - 2022** (North of England)



By contrast, the representation of people with disabilities at chief officer level has generally declined in larger organisations (Figure 4.5). It is not possible to discern from these data whether this is due to resignations or change in patterns of appointment – but it may be that the Coronavirus pandemic has played a part in reducing levels of representation.

Figure 4.5 **Percentage of people with disabilities in chief officer positions 2019 - 2022** (North or England)



Diversity in sector leadership is more common in more recently established organisations as shown in Table 4.2. For example, amongst organisations which have been operating since before 1945, only 35 per cent of chairs are women compared with 50 per cent of the most recently established organisations. Similarly, there are many fewer disabled or Black, Asian and other minority ethnic group chief officers or chairs in longer-established organisations than is the case in those which were set up most recently.

In the oldest organisations, for example, there are only 5 per cent of disabled or Black, Asian and other minority ethnic group chief officers compared with 10 per cent in the most recently established TSOs. Similarly, 67 per cent of the newest organisations have women chief officers compared with just 46 per cent in those which were established before 1945.

Table 4.2 Percentage of chairs and chief officers by age of organisation (England and Wales 2022)					
Percentage chairs	Before 1945	1945-1979	1980-1999	2000-to date	all
University graduate	68.0	64.8	70.5	73.0	70.1
Female	34.8	42.7	43.2	49.8	44.4
Disabled	4.7	7.5	10.3	11.9	9.5
Black, Asian and other minority ethnic	3.6	4.4	7.0	12.5	8.1
Retired	55.6	64.8	63.5	55.0	59.1
N=	928	990	1,462	2,290	5,729
Percentage chief officers					
University graduate	61.4	58.6	63.5	64.3	42.9
Female	46.2	60.3	61.2	67.0	71.4
Disabled	5.0	5.0	6.8	10.6	5.0
Black, Asian and other minority ethnic	5.0	8.1	9.8	11.9	9.7
N=	464	456	892	1,343	3,170

4.3 Area variations

The affluence of the areas within which organisations are located has a bearing upon the extent of diversity in sector leadership. As shown in Figure 4.6, there are higher percentages of women, disabled people and especially members of Black, Asian and other ethnic minority group chairs in less affluent areas. There tend to be fewer retired chairs in less affluent area. By contrast, the percentage of graduate chairs is quite uniform across all areas.

Figure 4.7 presents data on chief officers. There is a slightly higher percentage of graduate and women chief officers in the poorest areas and the relatively few chief officers with disabilities are also more likely to be situated there. In the poorest areas, 16 per cent of chief officers are Black, Asian or from other minority ethnic groups compared with just 5 per cent in the richest areas. This may be partly due to local demographic variations.

Regional variations in the proportions of chairs and chief officers are shown in Figures 4.8 to 4.11 are provided for scrutiny. Of particular note is the very much larger proportion of Black, Asian and other minority ethnic group chairs and chief officers in London.

Figure 4.6 Percentage chairs by area affluence
(England and Wales, average n=5,616)

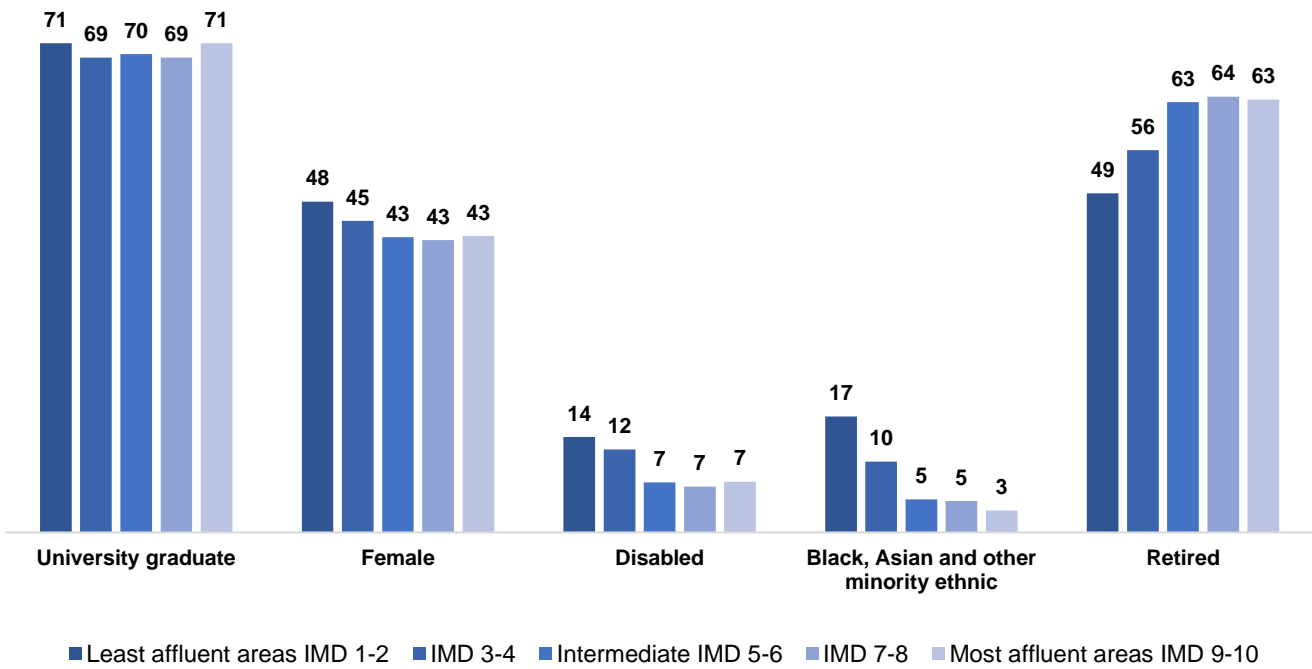


Figure 4.7 Percentage of chief officers by area affluence
(England and Wales, average n=3,115)

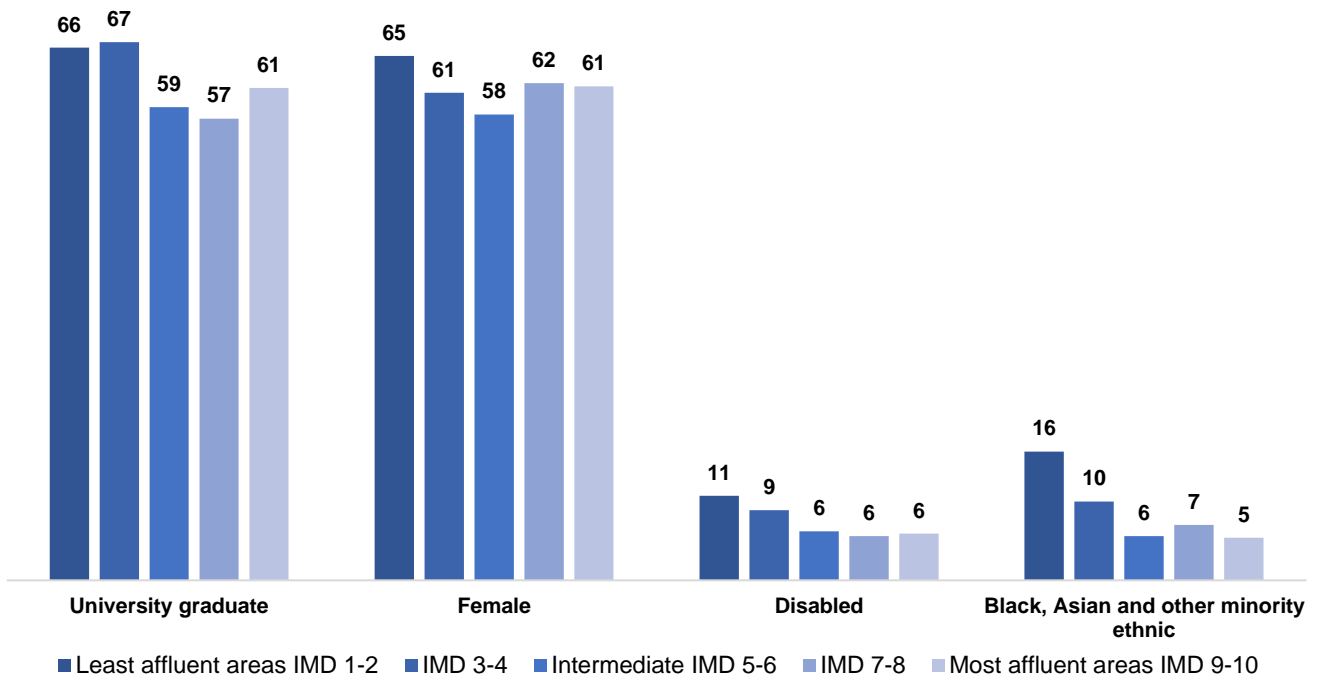


Figure 4.8 **Percentage of graduate chairs and chief officers in English regions and Wales**
 (Chairs average n=5,760, chief officers average n=3,170)



Figure 4.9 **Percentage of women chairs and chief officers in English regions and Wales**
 (Chairs average n=5,760, chief officers average n=3,170)

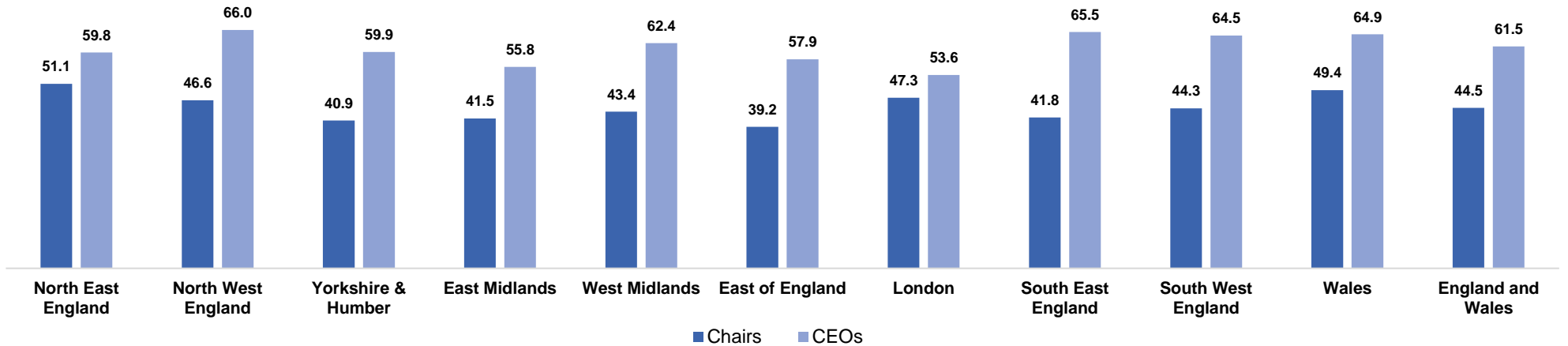


Figure 4.10 Percentage of disabled chairs and chief officers in English regions and Wales

(Chairs average n=5,760, chief officers average n=3,170)



Figure 4.11 Percentage of Black, Asian and other ethnic minority chairs and chief officers in English regions and Wales

(Chairs average n=5,760, chief officers average n=3,170)

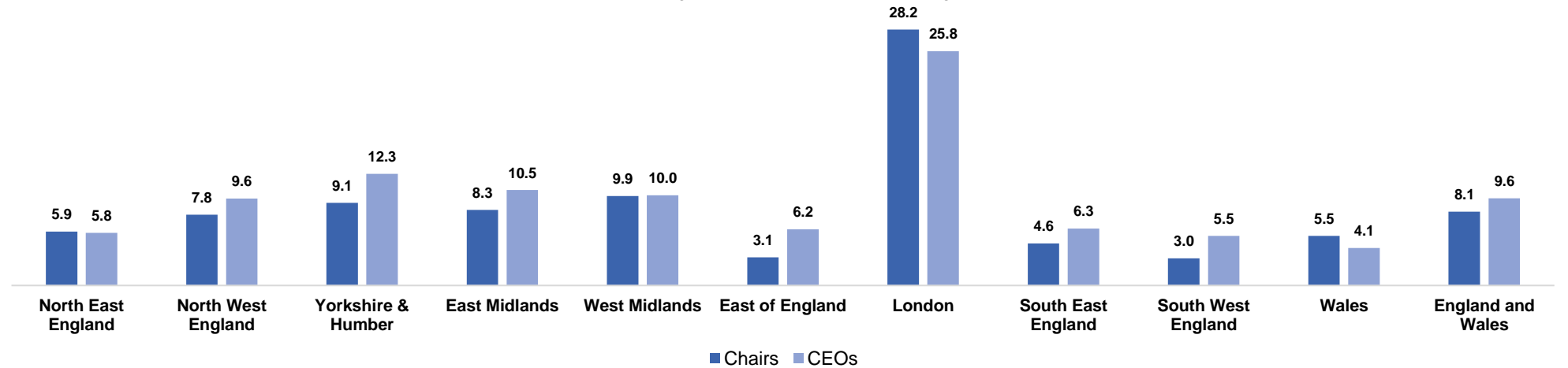
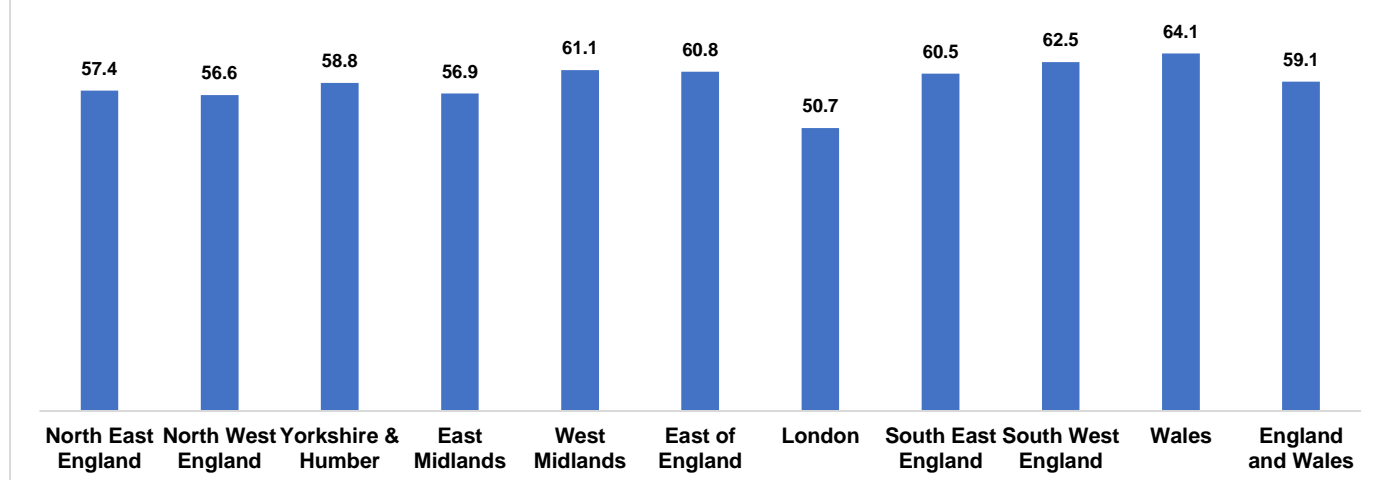


Figure 4.12 **Percentage of retired chairs in English regions and Wales**
(Chairs average n=5,760)



In summary, it is clear that some progress has been made towards increasing diversity in sector leadership since 2019. But this has not been achieved consistently across the sector (see Table 5.3).

Older organisations have made considerably less progress than their more recently established counterparts. In more affluent areas, progress appears to have been much less pronounced – although further analysis would be needed to compare the demographic profiles of richer and poorer areas fully to confirm this.

Against national population data, it is apparent that graduates (when used as a crude proxy for social class or status) are heavily over-represented. This may be acceptable in chief officer posts where higher levels of skills and responsibility are expected – but the justification for chairs is opaque. It is interesting to note that, overall, the percentage of graduate chief officers has fallen – this may be related to problems associated with relatively low pay in the Third Sector as highlighted in Section 2.3 on recruitment and retention.

Gender imbalances are also observed. Men continue to be in the majority as chairs (although the gap has narrowed from 57% men to 54%). By contrast the proportion of women chief officers has actually fallen from 65 per cent to 62 per cent. Some progress has been observed in the North of England in the appointment of chairs and chief officers with disabilities – but the findings are not consistent – there has been a substantive decline in chief officers with disabilities in larger organisations.

Black, Asian and other minority ethnic groups remain under-represented in the sector as chairs and chief officers although some progress has been noted in the North of England since 2019. Larger organisations have been more successful in this respect as is the case for TSOs based in less affluent areas.

Retired chairs continue to be in the majority in the Third Sector, and indeed, the proportion has risen from 54 per cent to 58 per cent in the North of England (59% nationally). This finding presents strong evidence to show that the Coronavirus pandemic has not affected participation amongst older people in sector leadership.

Table 4.3 Summary data on progress toward achieving diversity in sector leadership 2019-2022¹⁹						
	<i>Chairs in North of England</i>		<i>Chief officers in North of England</i>		<i>England and Wales 2022</i>	
	2019	2022	2019	2022	Chairs	Chief officers
Percentage graduate leaders (~35% of the working population in the North have degrees. ~42% in the UK)	64.2	69.5	69.8	65.6	70.1	62.7
Percentage women leaders (~51% of the UK population are women)	43.1	46.1	65.3	62.1	44.5	61.5
Percentage of leaders with disabilities (~20% of the UK population have disabilities)	8.6	12.2	7.1	9.8	9.8	7.9
Percentage of Black, Asian and other minority ethnic group leaders (~14% of the UK population is BAME)	5.7	7.7	7.7	9.3	8.1	9.7
Percentage of TSOs with retired chairs (~18% of the UK Population are retired)	54.4	57.6	n/a	n/a	59.1	n/a

¹⁹ The national averages are approximate and provisional while awaiting full results from ONS on 2021 census data.

Section 5

Investing in people

The energy that Third Sector organisations can employ to achieve objectives is dependent upon the enthusiasm, skill and commitment of volunteers and employees. Attracting and retaining people to work in organisations may depend to a large extent upon the quality of the working environment and organisational commitment to training and personal development opportunities. This section scrutinises organisational investment in their people and assesses the impact that investment may have for organisational wellbeing.

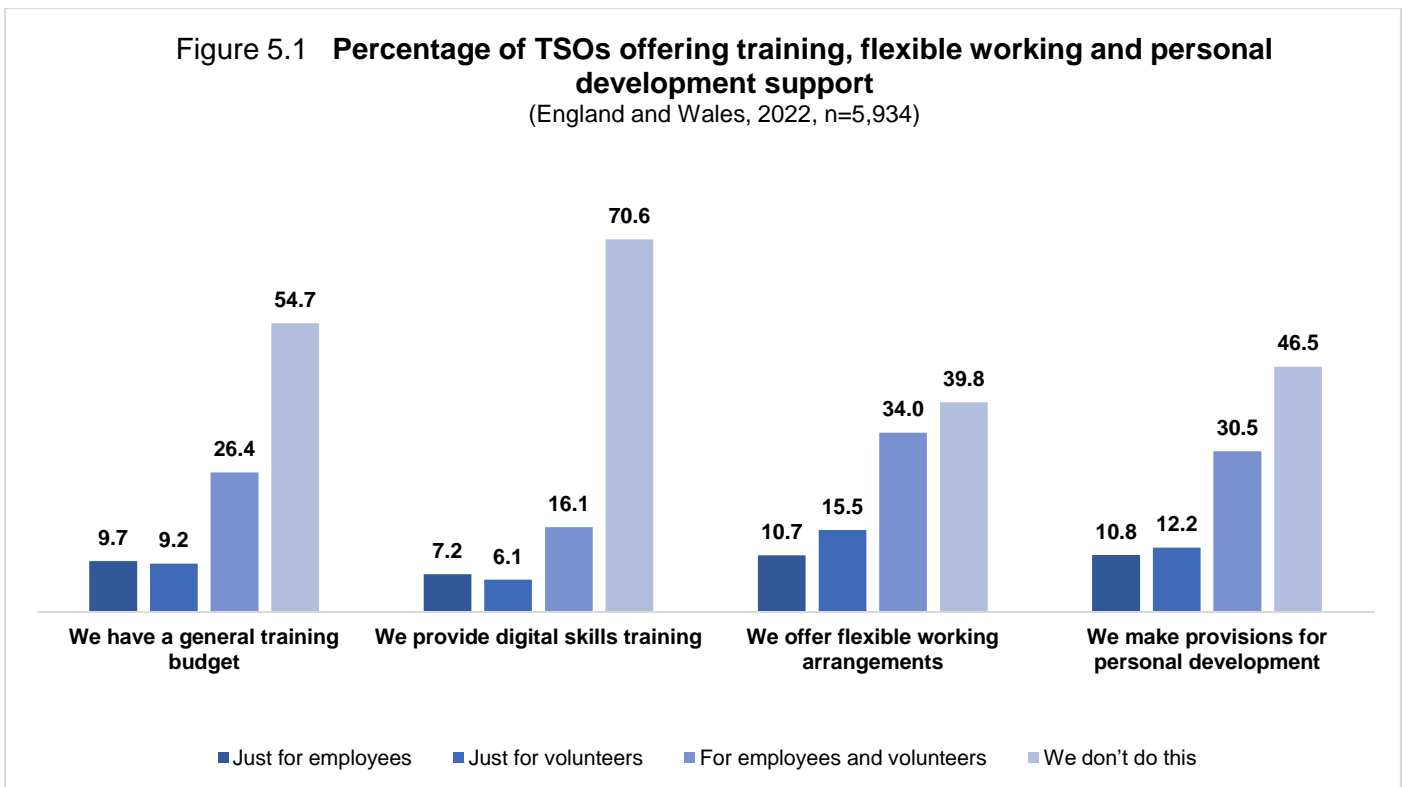
5.1 Training and personal development

In 2022, Third Sector Trends introduced new questions to examine how organisations invest in people. Four aspects of investment were explored: whether organisations have a dedicated training budget; provide digital training, offer flexible working arrangements and provide support for personal development.

As shown in Figure 5.1, provision in the sector as a whole is quite limited. Only 45 per cent of organisations hold a dedicated training budget; 29 per cent provide digital training. Fewer than 60 per cent offer flexible working and just 53 per cent make provision to support personal development.

Amongst organisations which do offer support, most make this available both to volunteers and employees. But quite significant proportions of organisations only cater either for one group or the other.

Figure 5.1 Percentage of TSOs offering training, flexible working and personal development support
(England and Wales, 2022, n=5,934)

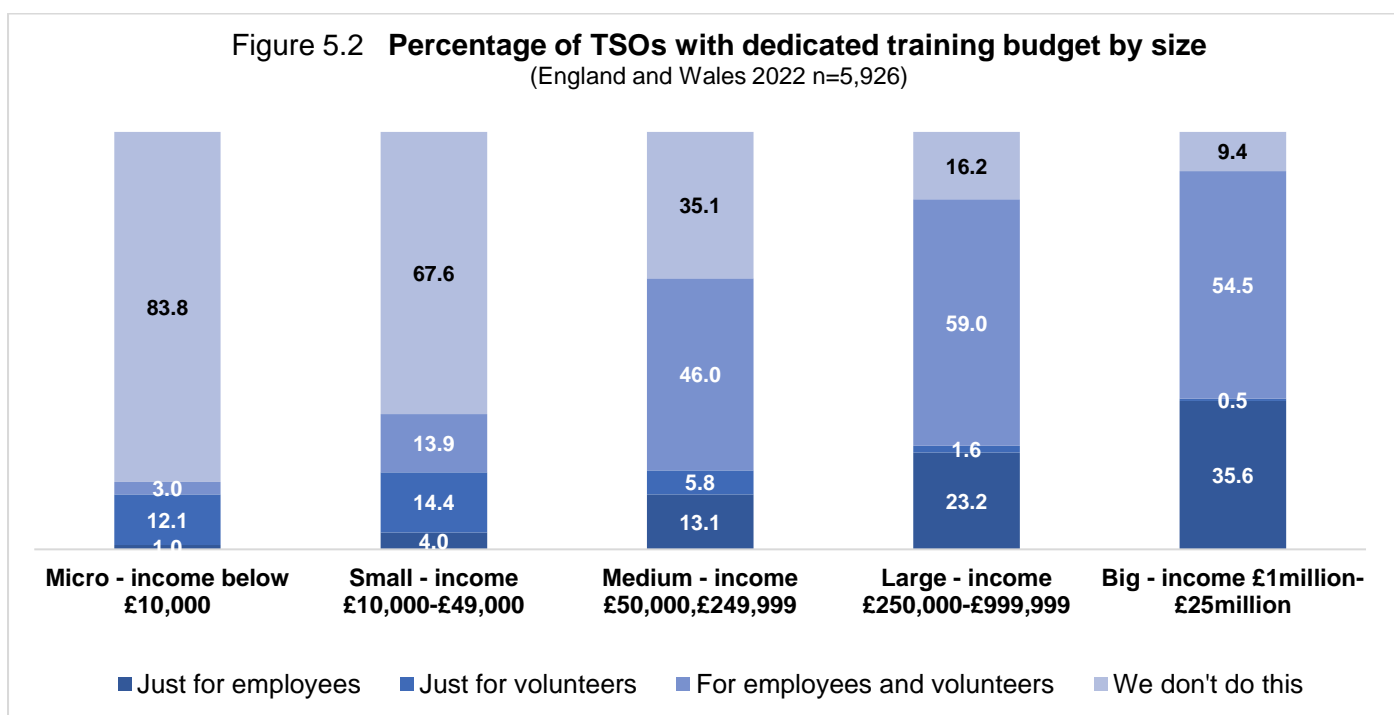


5.2 Organisational variations

An impression is given that support for people in the sector is patchy – but headline statistics can be misleading because organisations of different sizes approach the issue in different ways.

The next four charts demonstrate that as organisations get larger in size, they are more likely to offer support to staff and volunteers. Support is the most comprehensive in the biggest organisations.

As Figure 5.2 shows, only 16 per cent of micro organisations hold a training budget compared with 91 per cent of the biggest TSOs. This is because the smallest organisations focus upon volunteers (few have employees) while many larger organisations tend to provide a training budget only for paid staff (36%).

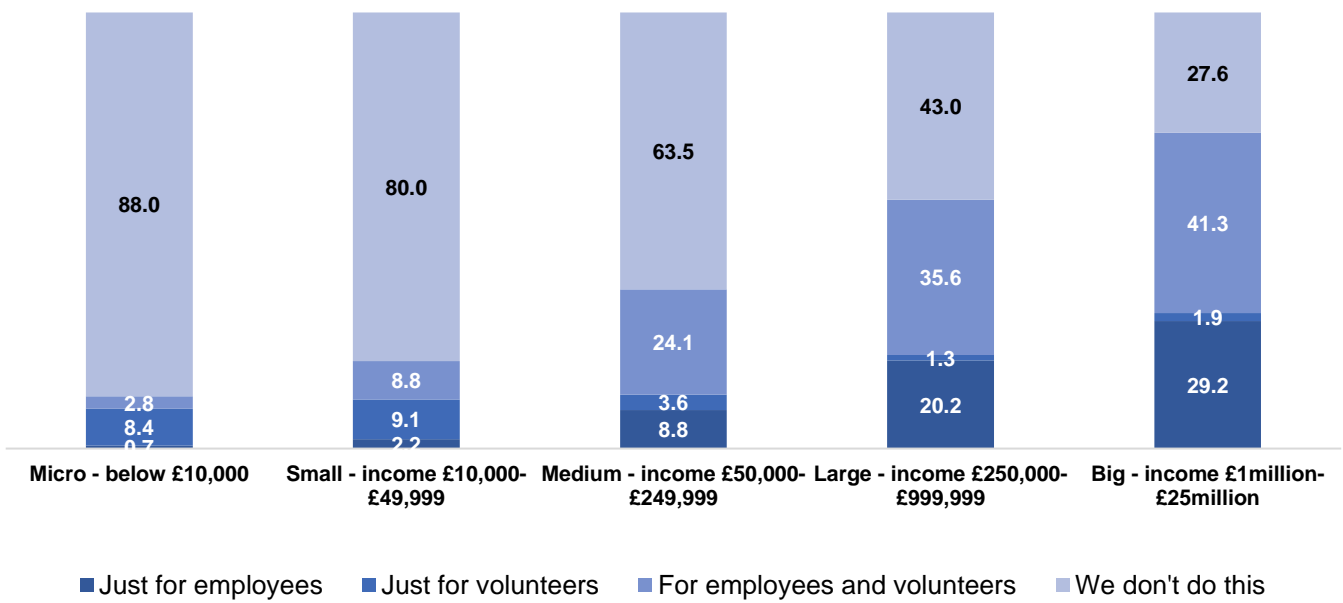


During the pandemic, there was much news coverage in the sector press about organisations embracing digital technologies to sustain service provision.²⁰ It might, therefore, be expected that investment in training staff to use or enhance their digital skills would be high,

The reality is that investment in digital training is quite limited. As may be expected, in very small organisations only about 12 per cent of micro organisations do this (Figure 5.3). In larger organisations there is greater engagement with digital training – but not to the extent that may be expected. Fewer than 46 per cent of medium-sized organisations make provision, and even in the biggest organisations, only 72 per cent do so.

²⁰ See, for example, Daniel Ferrell-Schweppenstedde (2021) 'Charities have embraced digital during this crisis' *Charities Aid Foundation*, [Charities have embraced digital during this crisis \(cafonline.org\)](https://www.cafonline.org); NCVO 'New survey shows how 81% of charities changed how they use digital technology during the pandemic', 23rd August 2021, [New survey shows 81% of charities changed how they use digital technology during the pandemic | NCVO](https://www.ncvo.org.uk); Sam Wait 'Most charities now have a digital strategy, report finds', Civil Society Media, 14th July 2022 [Most charities now have a digital strategy, report finds \(civilsociety.co.uk\)](https://www.civilsociety.co.uk). Most of these reports are based on small scale non-representative and often self-selected responses to surveys. Third Sector Trends will publish its findings on digital usage in forthcoming reports. – but the indications are that take up of digital technology is considerably lower than suggested in the above reports. Data have also been collected on the usage of digital technologies which will be reported upon in subsequent papers on sector finances (for example, the use of digital accountancy software, crowdfunding, etc.) and sector relationships (for example, the use of digital communications through websites, social media, campaigning, etc.).

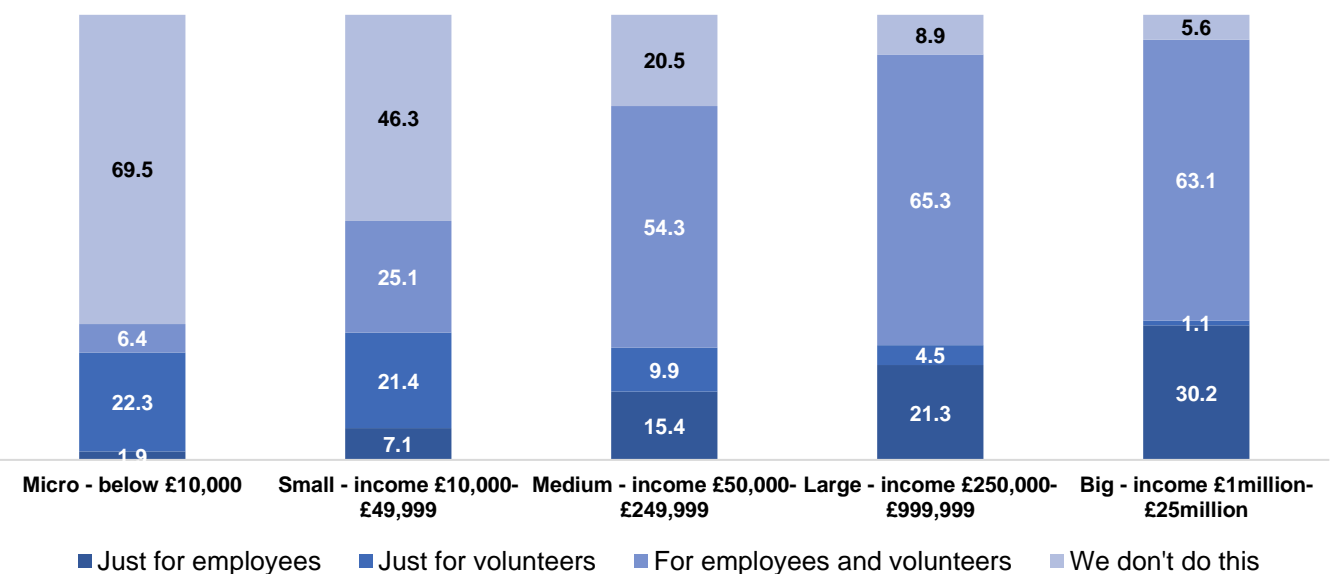
Figure 5.3 Percentage of TSOs which provide digital skills training by size
(England and Wales, n=5,887)



Flexible working became very common in much of the UK labour market during the Coronavirus pandemic as many people were encouraged or obliged to work from home.²¹ So it is not surprising to note from Figure 5.4 that most of the biggest TSOs offer flexible working arrangements to a majority of staff and volunteers: indeed, only 6 per cent of the biggest organisations make no provision.

At the other end of the spectrum, relatively few micro organisations (30%) make specific provision for flexible working. But this may be misleading because, by their nature, many very small organisations are inherently flexible and relatively informal in the way they operate.

Figure 5.4 Percentage of TSOs which offer flexible working arrangements by size
(England and Wales 2022, n=5,923)



²¹ NCVO UK Civil Society Almanac reports that 31% of the voluntary workforce works from home or has a hybrid working pattern mixing home and the workplace. This is higher than in the public sector (16%) and the private sector (25%). [NCVO UK Civil Society Almanac 2022](#)

Personal development support is generally regarded as a vital aspect of organisational investment in its people. The largest organisations in the study have clearly taken this on board. Figure 5.5 shows that 93 per cent of big organisations make provision – with the majority doing this for both staff and volunteers.

It would not be expected that micro and small organisations invest in formal personal development, given the voluntaristic nature of people’s involvement and the limited capacity of the TSOs to deliver such support. It is, though, surprising to see that more than a quarter of medium-sized organisations make no provision.

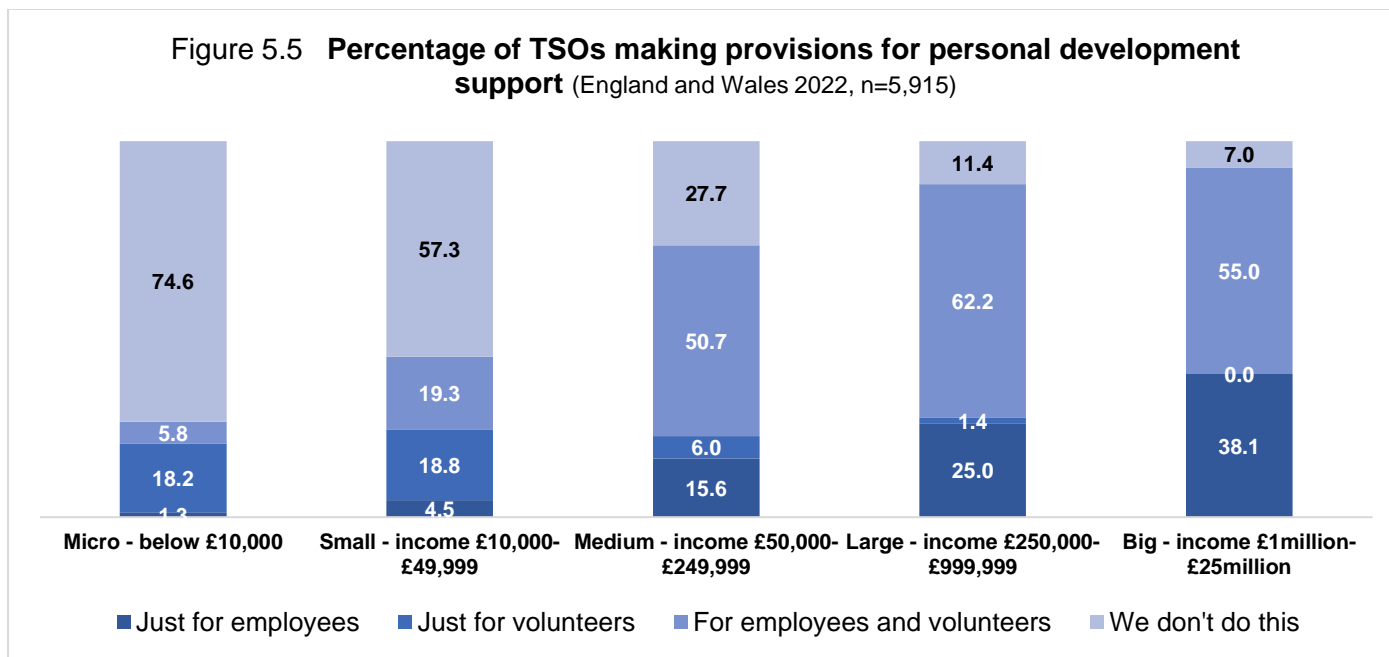
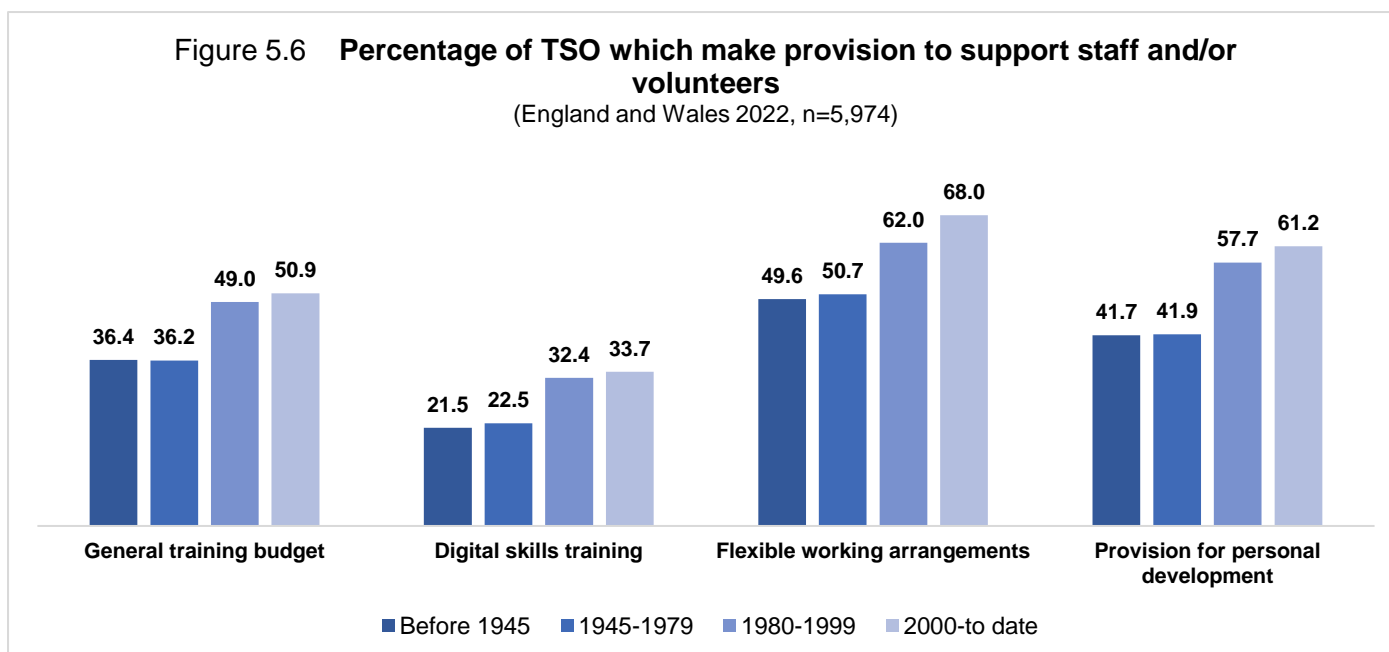


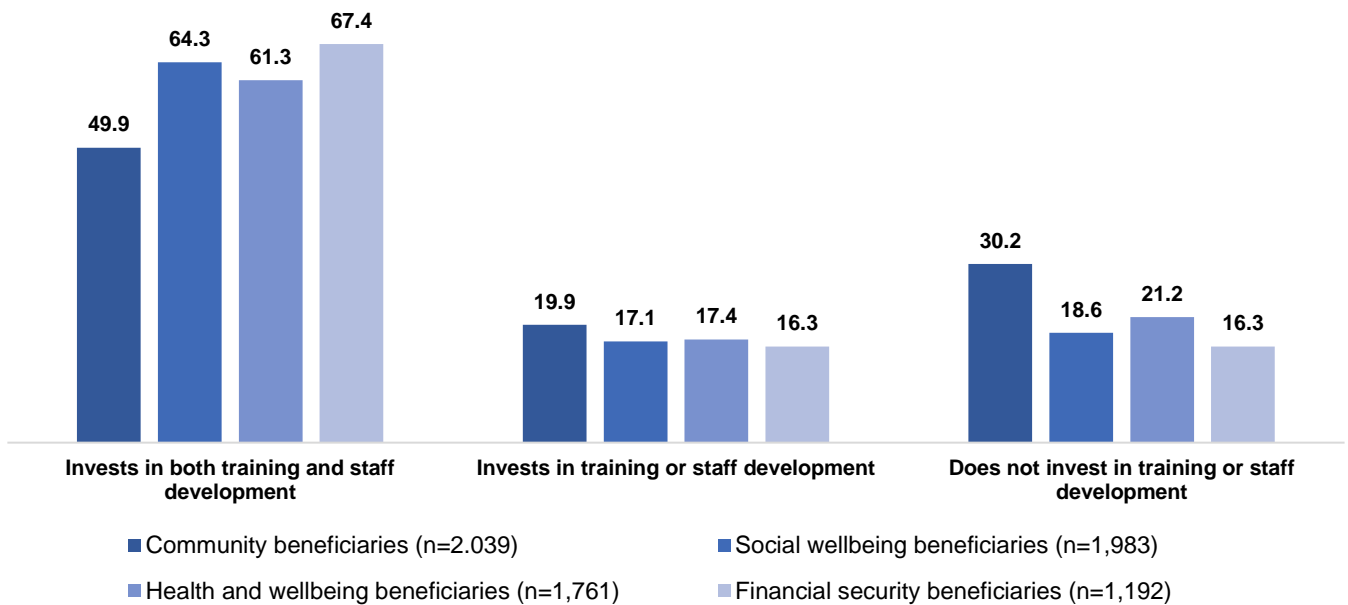
Figure 5.6 provides a simplified picture of training support for employees and/or volunteers by the age of organisations. It is clear that more recently established TSOs are much more likely to offer training, flexible working and personal development support than those organisations which have been long established.



Organisational investment in training and staff development varies according to the beneficiary groups they serve. As Figure 6.7 indicates, organisations which invest most heavily (by providing training and staff development support) are most common in the field of supporting beneficiaries’ financial security (67%) followed by social wellbeing beneficiaries (64%) and health and wellbeing beneficiaries (61%).

Training and personal development support for staff in the field of community benefit is considerably lower (50%). Indeed, 30 per cent of TSOs engaged in supporting the wellbeing of the community do not invest in training or staff development. These headlines findings conceal the detail on what is going on under the surface.

Figure 5.7 Investment in training and staff development by area of beneficiary support (England and Wales, 2022)



Figures 5.8(a) to 5.8 (d) provide a more nuanced picture by showing the percentage of organisations investing in training and personal development support by smaller, medium-sized and larger organisations. This reveals that larger organisations invest in training and staff development at a very similar level, irrespective of the beneficiary cluster group that they serve (between 87% and 90%).

Medium-sized organisations are most likely to invest more heavily in training if they work in the field of social wellbeing (76%) but offer more limited support if working in the community wellbeing (68%). Smaller organisations are much less likely to invest fully in training and staff development support. Only 26 per cent of organisations in the community wellbeing beneficiary cluster do so. Smaller TSOs working with beneficiaries needing support with financial security are the most likely to invest more fully in their people (40%).

Figure 5.8(a) Investment in training and staff development by TSO size: community wellbeing beneficiaries cluster (England and Wales 2022, n=2,018)

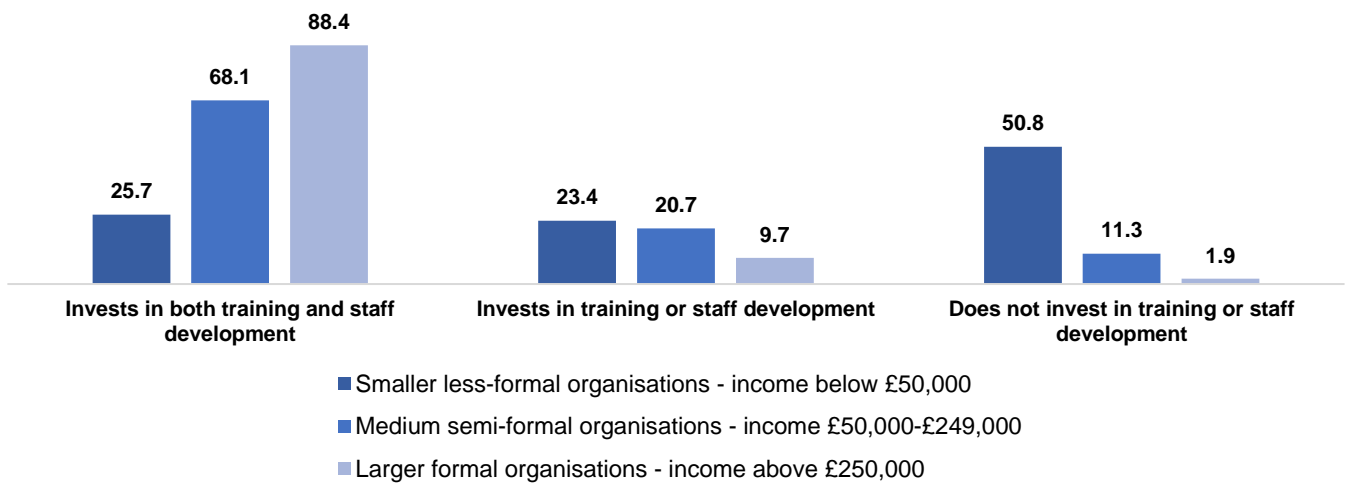


Figure 5.8(b) Investment in training and staff development by TSO size: social wellbeing beneficiaries cluster (England and Wales 2022, n=1,967)

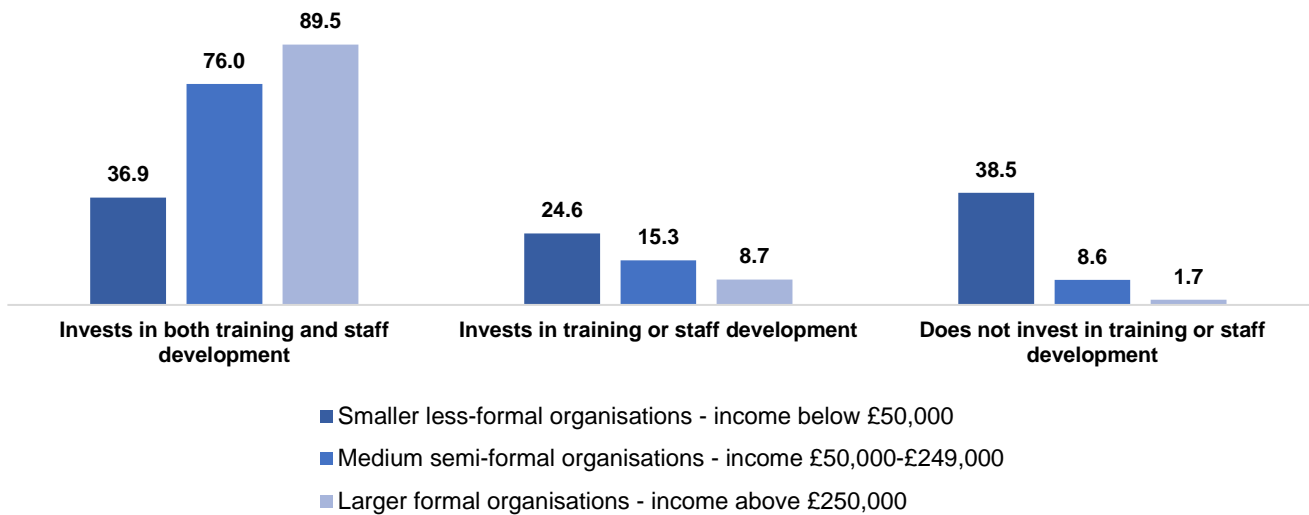


Figure 5.8(c) Investment in training and staff development by TSO size: health and wellbeing beneficiaries cluster (England and Wales 2022, n=1,743)

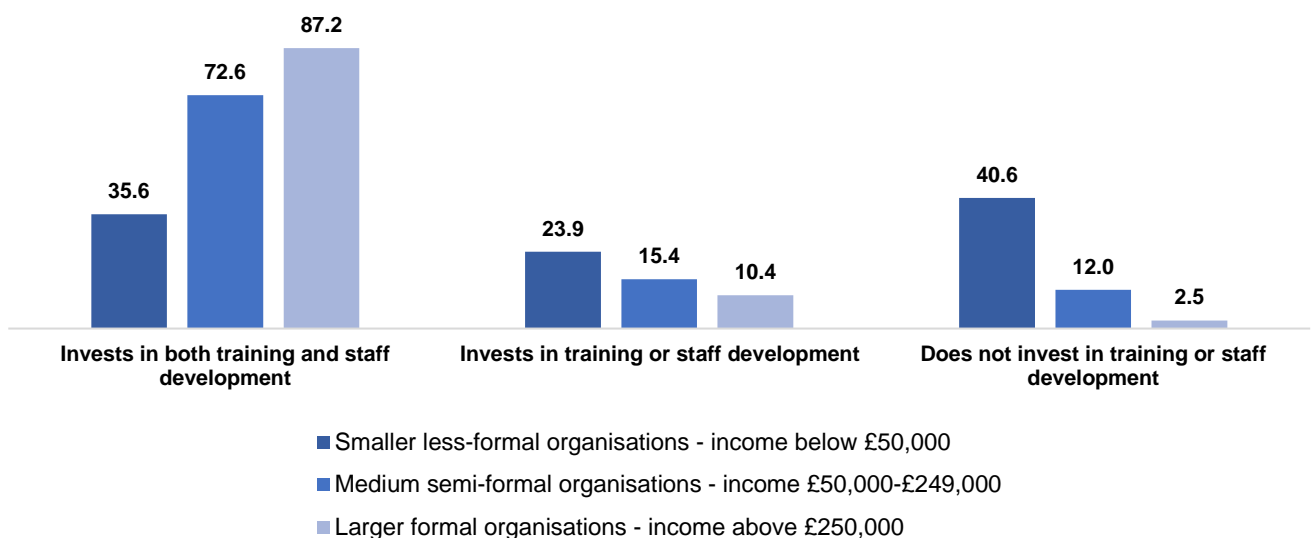
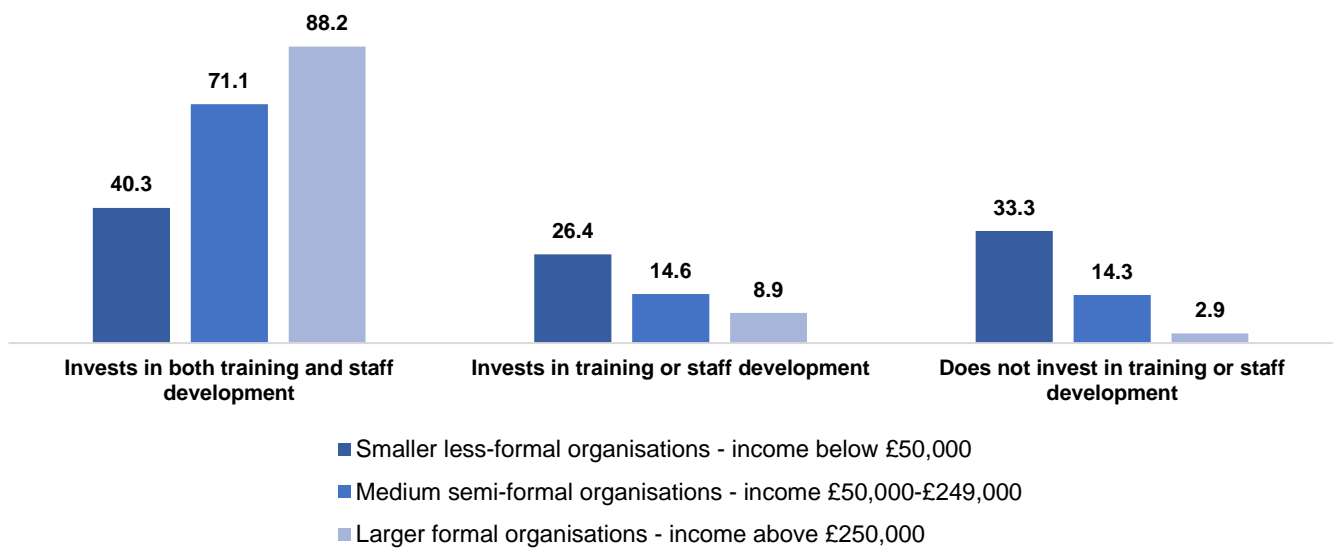


Figure 5.8(d) **Investment in training and staff development by TSO size:**
financial security beneficiaries cluster (England and Wales 2022, n=1,187)



5.3 Area variations

Approaches to investment in people vary according to the type of area within which organisations are located. As Figure 5.9 shows, in the least affluent areas, TSOs are much more likely to invest in all aspects of training and support than in the most affluent areas.

These differences are largely due to the demographics of the sector in richer and poorer areas. In less affluent areas there are many larger more formally organised TSOs which rely more heavily on employees to achieve their objectives than in more affluent areas where organisations tend to be smaller and more informally organised.

Crucially, organisations in poorer areas are more likely to focus on critical and pernicious personal social needs such as ill-health, low income and limited access to services. Often, these activities are funded or contracted by local or national government organisations and the NHS and grants from major trusts and foundations.

Such work may demand higher levels of skill and proficiency from employees together with stronger management oversight and supervision to ensure that labour discipline is sustained to meet desired objectives. Consequently, employers are either obliged or feel the necessity to invest more fully in training and staff development support.

In wealthy areas, more TSOs focus on aspects of investment in personal, community and social wellbeing. Many of these organisations are small and are often run mostly or entirely on a voluntary basis. These organisations tend to work with volunteers who are capable of working unsupervised and can be relied upon to perform tasks on a regularised basis.

People in wealthier areas are richer in social, cultural and financial capital and are more likely to have become members of the 'civic core' where their altruistic contribution to society is valued but also embeds aspects of social status.²² Training

²² For a definition and empirical exploration of the 'civic core' see Mohan, J. and Bulloch, S. (2012) *The idea of the 'civic core': where are the overlaps between charitable giving, volunteering and civic participation in England and Wales*, Birmingham: Third Sector Research Centre Working Papers no. 73. <https://www.birmingham.ac.uk/documents/college-social-sciences/social-policy/tsrc/working-papers/working-paper-73.pdf>

and staff development may still be of importance to many organisations – but overall commitment is lower.

Figure 5.9 Percentage of TSOs that make provision for training and support
(England and Wales 2022, n=5,847)

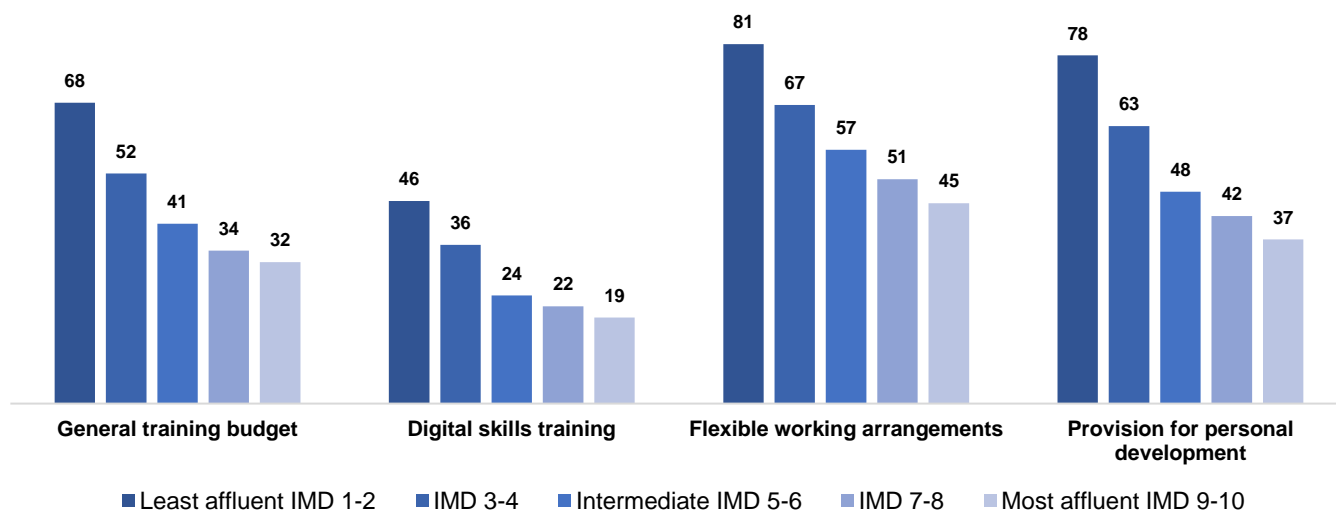


Figure 5.10 presents data on metropolitan, major urban and town and country areas and divides each into corresponding categories of area affluence. The findings are clear. Investment in people is much greater by TSOs which are based in less affluent areas – whether they are in ‘metropolitan’, ‘major urban’ or ‘town and country’ environments (although investment is slightly stronger in more densely populated metropolitan and urban areas where there are concentrations of deprivation. In the most affluent areas, TSOs tend to be smaller and less formal entities which would be less likely to have the capacity, interest or need to make such investments.

The focus on ‘types of areas’ helps to show how sector structure varies at a localised level. Such variations can be watered down when looking at larger geographical areas such as English regions and Wales. As Figure 5.11 shows, there are disparities in the extent of investment in people across the regions which reflect underlying variations by areas of affluence and urban form as shown in Figure 6.10. But to some extent, variations at local level are ‘ironed out’ due to the complex geographical mix of rich and poor areas.

In Yorkshire and Humber, for example, closely focused sub-regional analysis has shown that some areas have ‘chalk and cheese’ characteristics because of dramatic variations in the wealth of the local population.²³

To assist with interpretation of the regional data, the breakdown of the sector by size of organisation in each English region and Wales is presented for the Third Sector Trends survey sample in Figure 5.12. It is shown, for example, that in East of England and South West England there are proportionally fewer larger organisations and a much larger proportion of smaller TSOs. In North East England and North West England by contrast, where there are deeper concentrations of deprivation, there are proportionally more larger TSOs.²⁴

²³ Recent Third Sector Trends analysis at sub-regional level in Yorkshire and Humber can be located here: [The contribution of the VCSE sector to health and wellbeing in Humber, Coast and Vale - St Chad's College Durham \(stchads.ac.uk\)](#) and [The difference the third sector makes - St Chad's College Durham \(stchads.ac.uk\)](#).

²⁴ Regional imbalances in the Third Sector Trends survey data area accentuated to some extent because larger organisations are more likely to respond to survey requests than small organisations. For a more accurate picture of the regional breakdown of organisations by size, register data must be used – these are provided for information in Appendix 1.

Figure 5.10 Percentage of TSOs investing in employees and/or volunteers by urban form and area affluence (England and Wales 2022)

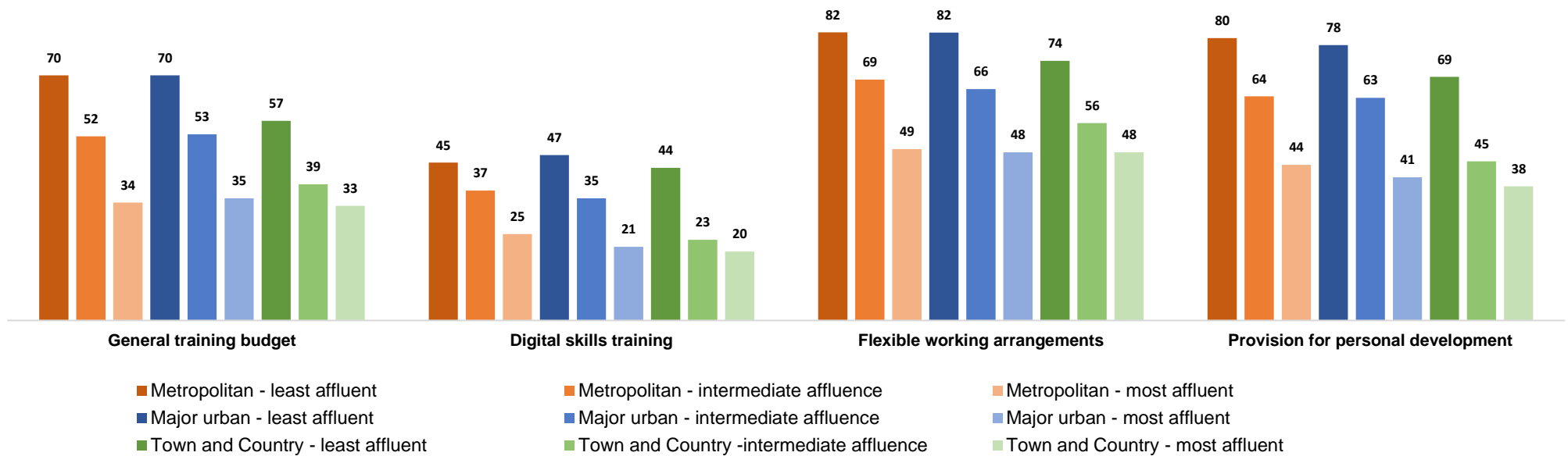


Figure 5.11 Percentage of TSOs investing in employees and/or volunteers by region (England and Wales, 2022)

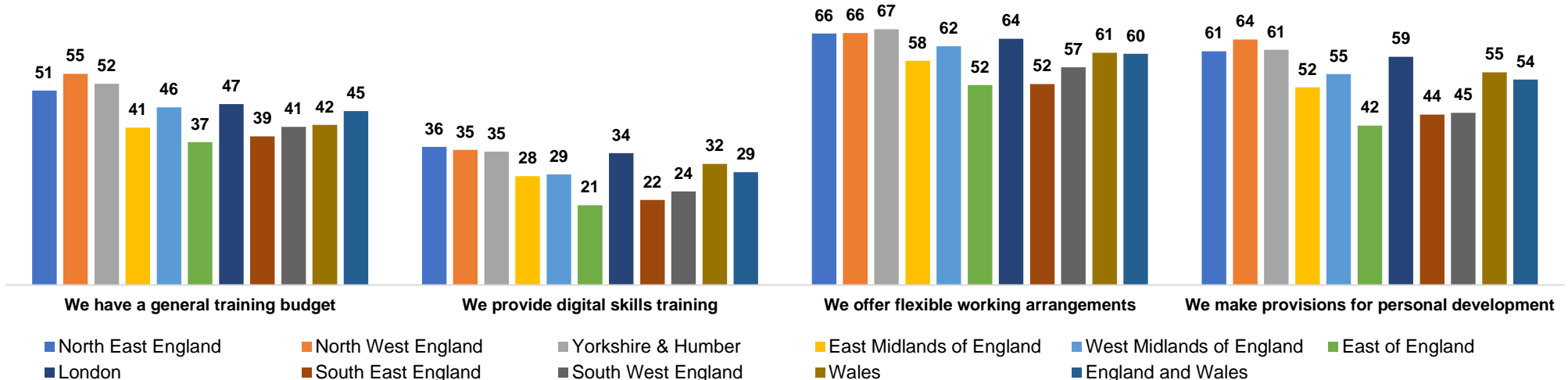
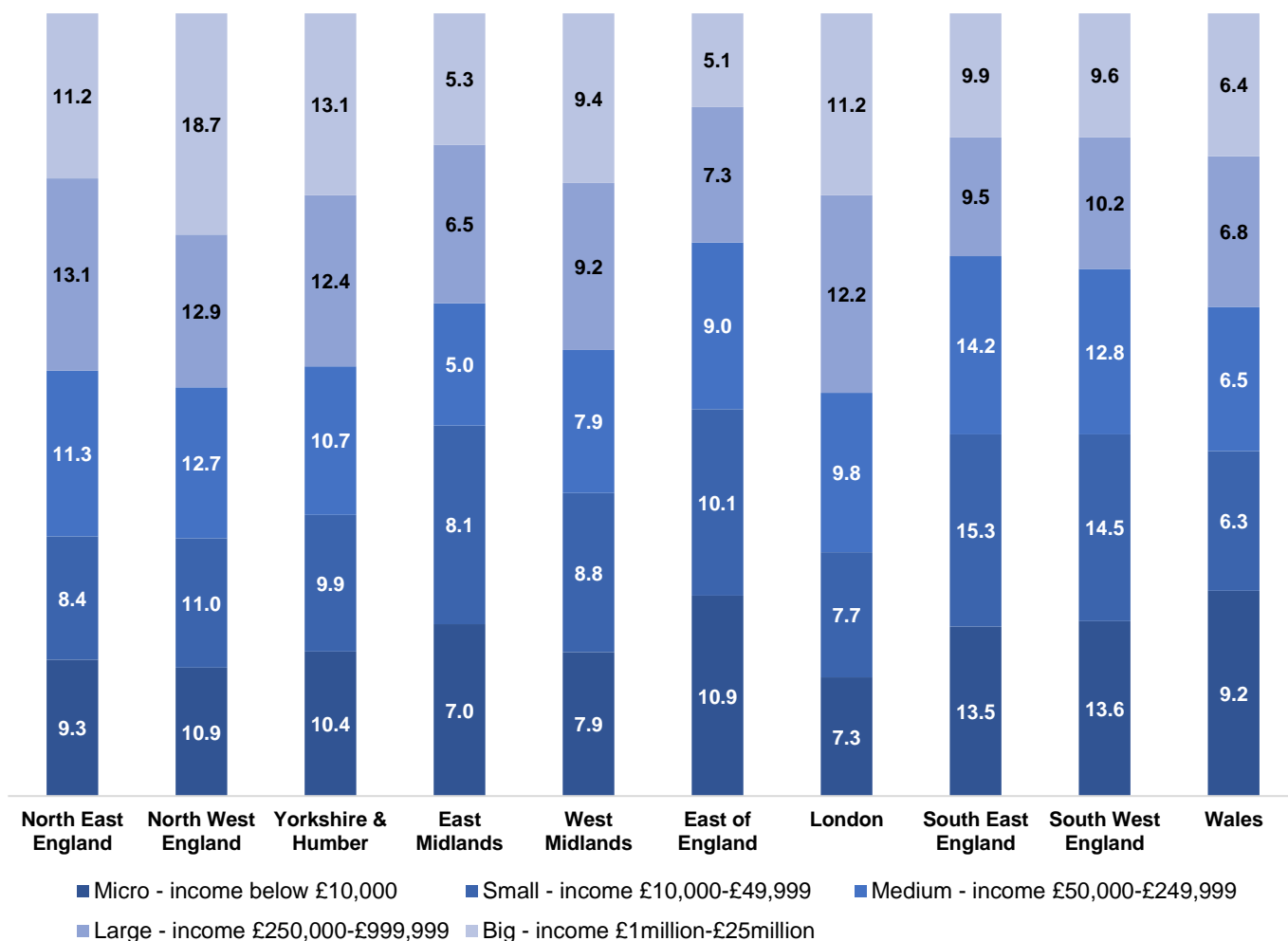


Figure 5.12 Breakdown of Third Sector Trends survey sample by organisational size in English region and Wales 2022



5.4 Organisational wellbeing

As shown in Figure 5.13, organisations which engage in the delivery of public service contracts are more than twice as likely to invest in people than organisations which choose not to engage in such work. It is worth noting that organisations which are ‘ambivalent’ about engaging in public service delivery contracts (because they are concerned about barriers to their involvement) sit somewhere between those which do contracts and those which refuse that option.

Figure 5.13 does not take into account variations in organisational size. Consequently, Figure 5.14 re-presents the data using a slightly simplified approach by comparing levels of investment in training and personal development for organisations which either do or do not engage in contract working. These data are then categorised by size of organisation to make more substantive statements on the extent of investment in people.

- TSOs investing in general training budgets:** 94 per cent of larger TSOs which engage in contracts have a training budget compared with 82 per cent of TSOs which do not do contracts. 87 per cent of medium-sized TSOs which engage in contracts invest in a training budget compared with 63 per cent of non-contracting organisations. Few smaller organisations do contracts, but of those which are involved, 55 per cent have a training budget compared with 23 per cent of those which do not do contracts.

- **TSOs providing digital training:** TSOs involved with contracts, irrespective of size are more likely to invest in digital training than those which do not. Size of organisation makes a big difference in the percentage of organisations which invest in digital training.
- **TSOs offering flexible working conditions:** medium and larger-sized TSOs which engage in contracts are more likely to offer flexible working arrangements than those which do not. Small organisations which are involved in contracts, though few in number, are much more likely to offer flexible working (69%) than non-contracting smaller TSOs (41%).
- **TSOs making provision for personal development:** the same pattern of investment is observed, where contracting organisations are more likely to make provision for personal development than those which do not.

The above analysis shows that organisations involved in the delivery of contracts are more likely to invest in general or digital training, flexible working and personal development, irrespective of their size, than those which do not.

The indications are that medium and larger-sized organisations involved in contracts are more likely to invest in skills and personal development. But the difference between contracting and non-contracting organisations are not pronounced – suggesting that larger, more formal and complex organisations generally invest in their people.

Figure 5.13 Percentage of TSOs which invest in training, flexible working and staff development
(England and Wales 2022, n=5,892)

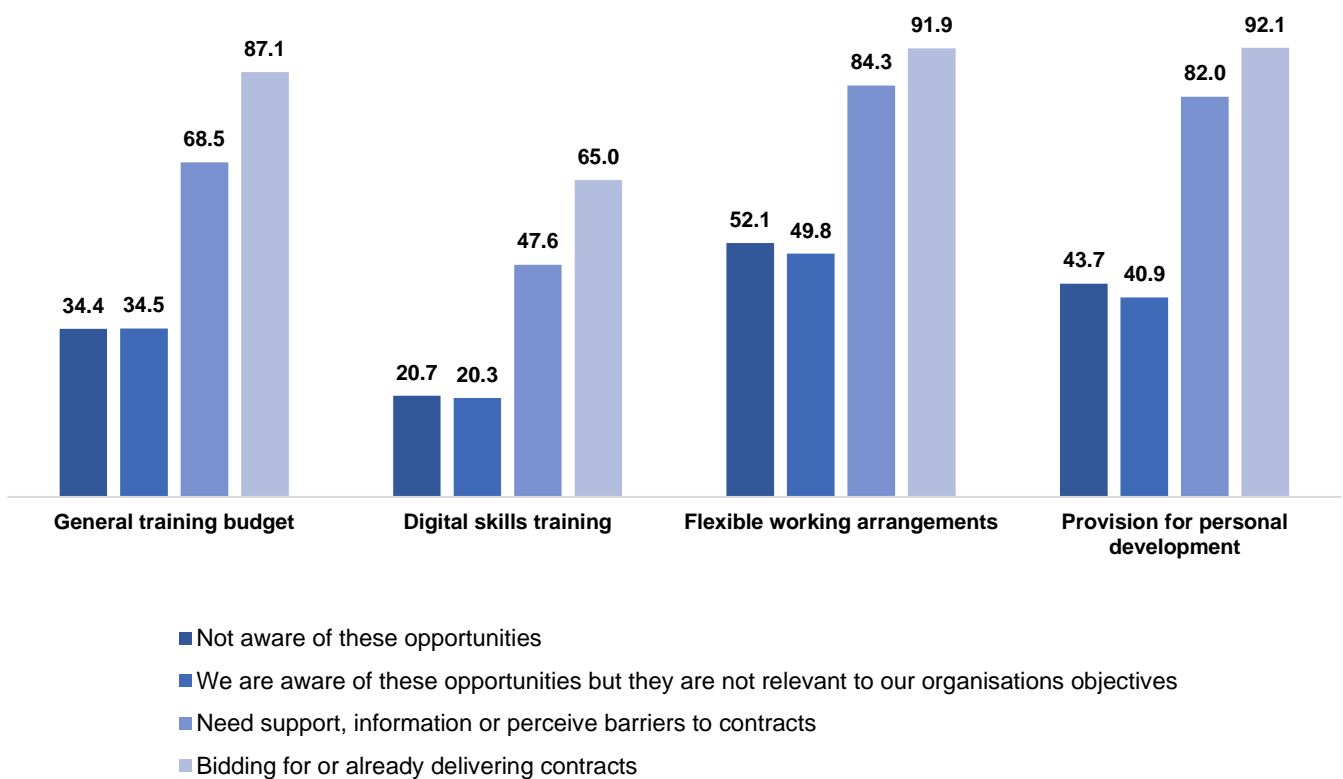
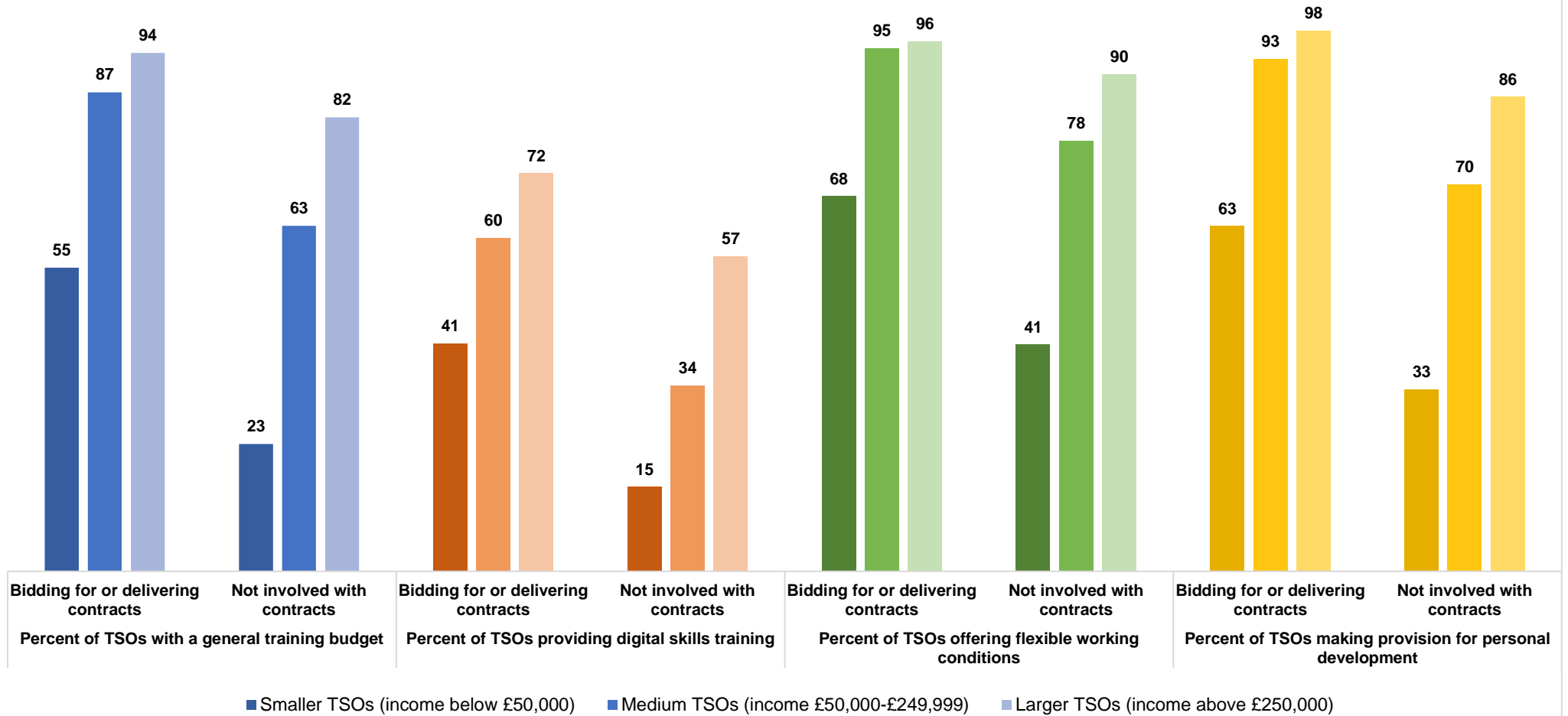


Figure 5.14 Percentage of organisations investing in aspects of training, flexible working or personal development: comparing TSOs which do or do not engage in public service delivery contracts
(England and Wales, 2022, n=5,848, colour bars follow the s



It would be unreasonable to expect that there is a direct and clear-cut relationship between investment in people and organisational ‘success’. There are many other factors which affect organisational wellbeing at financial and interpersonal levels – some of which are within the control of organisational leaders and some which are not. This means that the future outlook of organisations can never be predicted with great confidence.²⁵

Nevertheless, it is worth looking at how TSOs have fared financially over the last two years by comparing those organisations which have invested in their people and those which have not. Two measures can be adopted – the first (shown in Figure 5.15) looks at whether organisations have experienced significantly rising, stable or falling income over the last two years. The second looks at a wider range of factors including: income change in the last two years and ownership of reserves and use of reserves for emergency purposes such as paying rent, salaries or bills (shown in Figure 5.16).

The findings are remarkably similar using both approaches. Organisations which have invested in both training and staff development have generally been more successful in increasing income than those which have only partially invested or not invested in their people.

Figure 5.15 **Financial fortunes of TSOs which invest in people**
(England and Wales 2022, n=5,885)

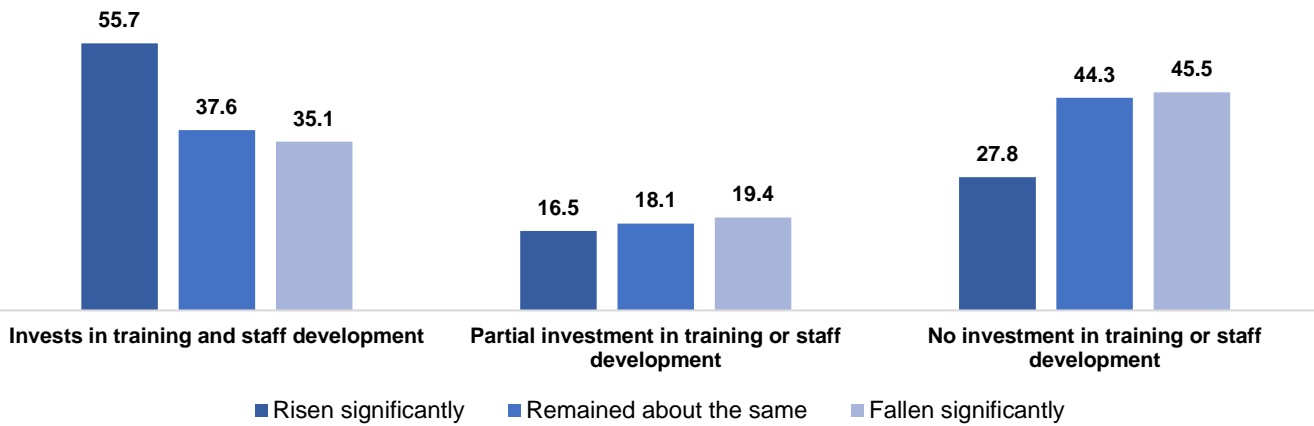
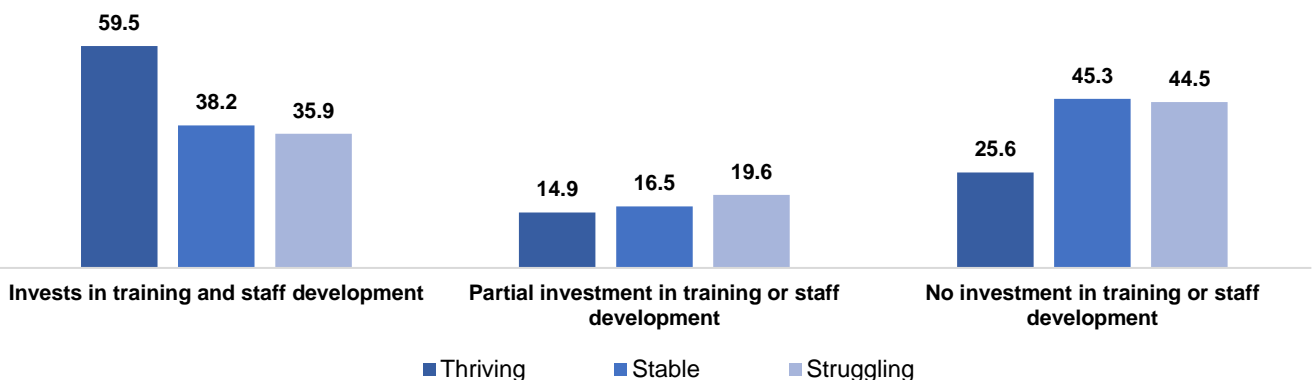


Figure 5.16 **Organisational financial wellbeing of TSOs which invest in people**
(England and Wales 2022, n=3,539)



²⁵ Third Sector Trends research has two elements, the triennial survey and an in depth qualitative study which has run for nearly fifteen years with a representative sample of 50 Third Sector Organisations across North East England and Cumbria. The latest report from that study looks in depth at what factors, both internal and external, which shape organisational wellbeing and future prospects. The report can be located here: [Going the distance: how Third Sector organisations work through turbulent times - St Chad's College Durham \(stchads.ac.uk\)](https://www.stchads.ac.uk/going-the-distance-how-third-sector-organisations-work-through-turbulent-times/)

The above analysis provides a general picture on TSOs' financial wellbeing. But headline data mask underlying differences for organisations with different characteristics. Figures 5.17(a) to 5.17(c) present findings for smaller less-formal organisations, medium-sized semi-formal organisations and larger more-formal organisations.

The link between investment in people and organisational financial wellbeing in smaller organisations is not pronounced. But this would be expected as smaller organisations do not have sufficient scale to invest heavily in people and many may not feel the need to.

Semi-formal medium-sized organisations which have invested in training and staff development seem to have benefitted financially – although the difference is marginal. And certainly, this has not protected many organisations from financial difficulties. Indeed, more medium-sized organisations which have invested in people are struggling financially than those which have not.

Larger more formal organisations clearly benefit from investing in people – but many organisations which have not - are in a stable situation rather than facing significant financial problems.

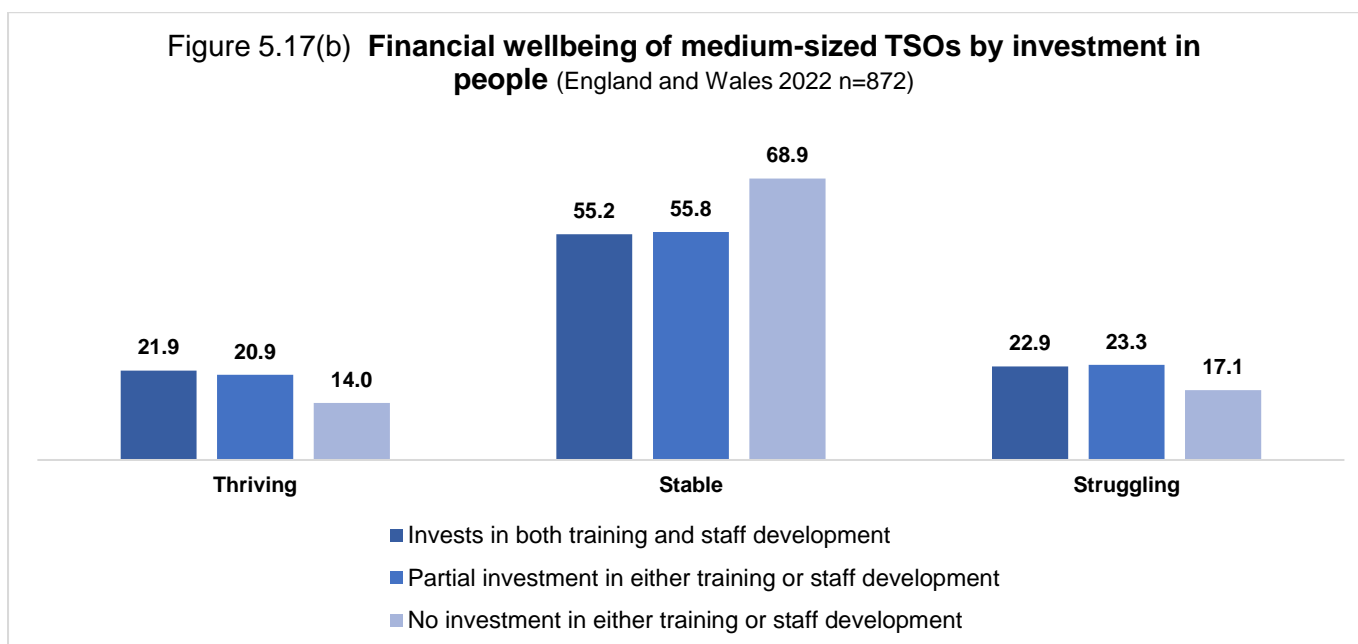
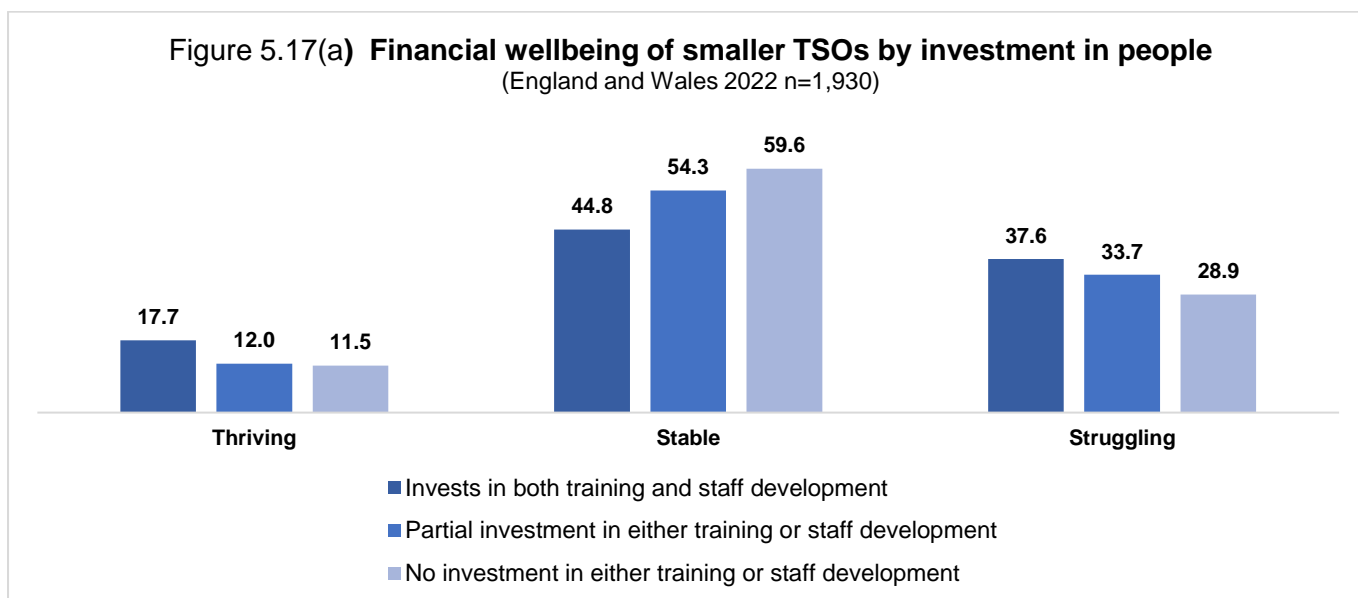
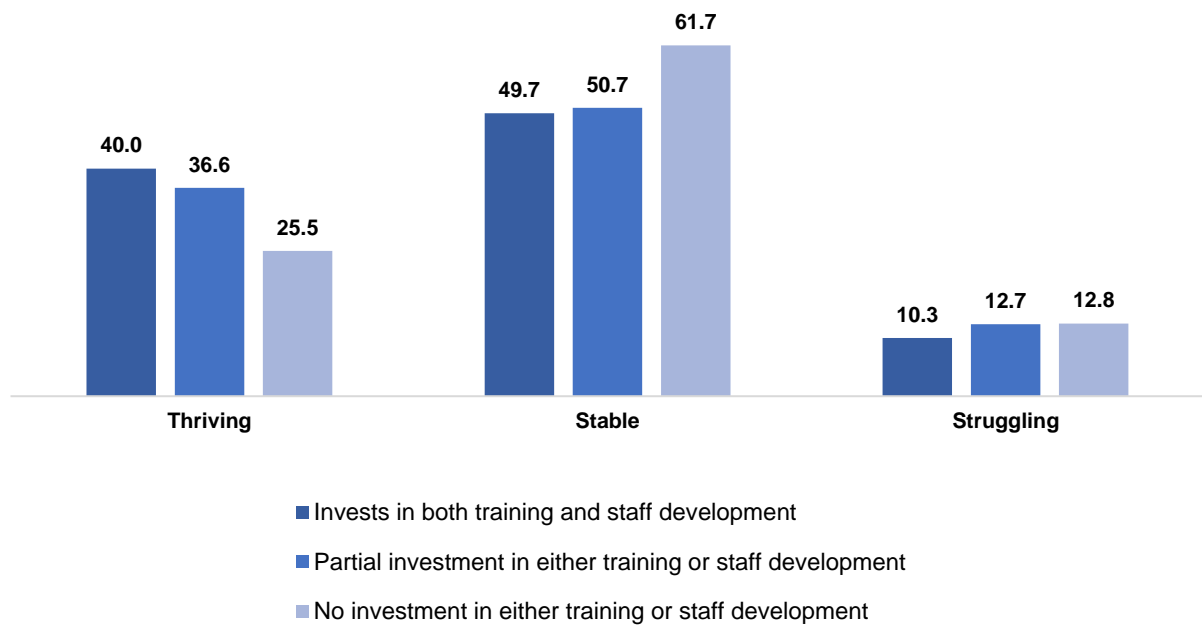


Figure 5.17(c) **Financial wellbeing of larger TSOs by investment in people**
(England and Wales 2022 n=713)



Assessing the value of investing in people in organisations is not straight forward. This is because many of those organisations which actively engage in training and staff development are those organisations which are working in fields where financial stability is more difficult to sustain.²⁶

Paradoxically, those organisations which do invest more in training and staff development are struggling with staff recruitment and retention problems. But this may be because organisations which are eager to develop their capacity and capability are more likely to want to increase the scale of their work and/or move into new areas of activity and therefore need to recruit new staff.

On the other side of the coin, these same organisations which heavily invest in people are more likely to engage in the kinds of work which is highly demanding on staff (such as the delivery of public services under contract or major grant programmes with specified outcomes). This kind of work may well be undertaken by competitors. Consequently, employees may feel less commitment to these Third Sector employers because they have transferrable skills which would enable them to do the same kind of work in the public, private or Third Sector.

²⁶ The data tables to demonstrate this point can be found in Tables A1(a) and (b) in Appendix 1.

Section 6

Summary, implications and next steps

Key findings

This report has demonstrated that the Third Sector in England and Wales is currently facing some serious challenges. These new challenges arise from difficulties in retention and recruitment of volunteers and employees in a competitive labour market and social environment.

There are some indications of change in the extent of diversity in organisational leadership, but it is a mixed picture. In some respects, 'conventional' patterns of leadership have been strengthened – such as a small increase in the number of graduate chairs. But in other respects there are signs of greater opportunity. For example, there has been a small increase in the percentage of Black, Asian and ethnic minority group chief officers.

All industrial sectors need to invest in their people if they are to retain and attract staff successfully and maintain a sustainable, highly motivated and appropriately skilled workforce. In the Third Sector, this report shows that the extent to which organisations invest in people is shaped by their size, purpose and practices. Organisations which invest more heavily in training and staff development may reap a dividend in terms of their financial fortunes – but these same organisations tend to be struggling more with retention and recruitment.

Implications

The findings from this report indicate that employers in the Third Sector²⁷ are facing serious staffing challenges. The research also shows that support from regular volunteers has declined – especially amongst older volunteers and those who joined them during the Coronavirus pandemic. Consequently, this report concludes with some speculative observations on the causes and consequences of recruitment and retention problems which may warrant urgent action from organisational leaders.

The current social and economic climate is very difficult for Third Sector organisations. Many organisations are experiencing rising demand for services accompanied by increased costs associated especially with energy prices but also high levels of inflation. Problems with staff and volunteer recruitment and retention is making it even harder for organisations to plan their work.

The Third Sector has often prided itself on low levels of staff turnover – suggesting that staff commitment and loyalty is highly valued by employers.²⁸ But now that staff retention problems have accelerated it is time to ask whether staff loyalty and commitment has, to some extent, been taken for granted.²⁹

²⁷ Employers constitute about 40 per cent of all TSOs in England and Wales.

²⁸ There is only very limited academic evidence on staff loyalty and commitment in the Third Sector – and that which exists does not show very strong association between organisational values and staff commitment (see, for example, Stride, H. and Higgs, M. (2014) 'An investigation into the relationship between values and commitment: a study of staff in the UK charity sector', *Nonprofit and Voluntary Sector Quarterly*, 43 (3). pp. 455-479. Earlier studies have looked at the impact on staff commitment of charities taking on contracts to deliver public services. Findings indicated that engagement in such work may have reduced commitment substantially (see, Cunningham, I. (2001) 'Sweet charity! Managing employee commitment in the UK voluntary sector', *Employee Relations*, 23(3), pp. 226-240.

²⁹ While the evidence is limited, some studies have indicated that unspoken expectations that charity employees work above contracted hours are common. One survey of 3,700 staff found that 95 per cent of respondents were working over their contracted hours. But 47 per cent also said that they were satisfied with the hours they worked – suggesting strong levels of loyalty and commitment. See: Aimee Meade (2015) 'Almost all charity staff work beyond their contracted hours, survey finds', *The Guardian*

Findings from this report show, for example, that many organisations have under-invested in their employees in such areas as training, by providing a flexible work environment and investing in staff development. Under-investment of this kind can undermine loyalty and commitment when employees are faced with a challenging work environment.

Staff retention can sometimes be secured by offering flexible working arrangements. Third Sector Trends longitudinal qualitative study of 50 organisations has shown that many employees opted to work fewer days after emerging from the Coronavirus pandemic. Part-time contracts (such as a four day working week) seem to have become more common amongst senior managers too.³⁰ But just because employees are contracted to work fewer days, does not always mean that they work fewer hours – and especially so if organisations are under pressure due to rising demand for their services.³¹

When staff leave and vacancies cannot be filled – this can result in managers putting more pressure on those who remain in post to make up the shortfall. Many employees will be willing to go the extra mile in a short-term crisis – as they did during the Coronavirus pandemic.³² But there are limits. And these limits have already been reached in some organisations where industrial action has been threatened against employers.³³

Some managers may feel that the staffing problems they face are, effectively ‘out of their hands’ or ‘control’ because external factors such as the cost-of-living crisis has focused employees’ minds on levels of pay. Furthermore, as demands for services from clients increase, managers may feel that it is justified to ask their staff to put in extra hours – or sometimes to cover on a temporary basis for unfilled positions due to staff recruitment problems.

The fact remains that pay in the Third Sector has tended to be lower than in the public or private sectors for many years³⁴ – and unless this issue is addressed,

(10th June) <https://www.theguardian.com/society-professionals/2015/jun/10/almost-all-charity-staff-work-beyond-their-contracted-hours-survey-finds>. More recent studies have expressed concern about staff burnout – although the strongest explanatory emphasis has been placed on rising ‘service demand’ during the Coronavirus pandemic rather than exploitation of employee commitment (see: for example, Andy Ricketts (2021) ‘Nine in 10 charity workers have felt stress, overwhelm or burnout over the past year’, *Third Sector* (20th January) <https://www.thirdsector.co.uk/nine-10-charity-workers-felt-stress-overwhelm-burnout-past-year-survey-shows/management/article/1705083>. See also:

³⁰ See Chapman, T. (2022) *Going the distance: how third sector organisations work through turbulent times*, Newcastle upon Tyne: Community Foundation Tyne & Wear and Northumberland. <https://www.stchads.ac.uk/uncategorised/going-the-distance-how-third-sector-organisations-work-through-turbulent-times/>. NCVO have used evidence from the Labour Force Survey to demonstrate that 31 per cent of Third Sector employees work at home or hybrid working arrangements (a mix of work at home and separate from home) compared with 16 per cent in the public sector and 25% in the private sector, see: NCVO UK Civil Society Almanac 2022: <https://www.ncvo.org.uk/news-and-insights/news-index/uk-civil-society-almanac-2022/workforce/#/>.

³¹ This is not to argue that four-day weeks cannot be beneficial to staff personally and in terms of employee efficiency and/or productivity without increasing hours of work or reducing pay. See Jasper Jolly (2022) ‘A hundred UK companies sign up for four-day week with no loss of pay’, *The Guardian* (27th November), <https://www.theguardian.com/business/2022/nov/27/a-hundred-uk-companies-sign-up-for-four-day-week-with-no-loss-of-pay>

³² See new evidence in: Rees, J., Macmillan, R., Dayson, C., Damm, C. and Bynner, C. (eds)(2022) *Covid-19 and the voluntary and community sector in the UK*, Bristol, Policy Press. <https://policy.bristoluniversitypress.co.uk/covid-19-and-the-voluntary-and-community-sector-in-the-uk>

³³ See, for example, Sam Wait (2022) ‘Over 500 Shelter workers to strike for two weeks over pay dispute’, *Civil Society Media* (10th November) <https://www.civilsociety.co.uk/news/Over-500-shelter-workers-to-strike-for-two-weeks-over-pay-dispute.html> and Harriet Whitehead (2022) ‘Support service charity faces first strike in 50-year history’, *Civil Society Media* (7th December) <https://www.civilsociety.co.uk/news/support-service-charity-faces-first-strike-in-50-year-history-over-pay-dispute.html>.

³⁴ See, for example, Andy Ricketts (2022) ‘One in seven voluntary sector employees paid less than the living wage, research finds’, *Third Sector*, (23rd June). <https://www.thirdsector.co.uk/one-seven-voluntary-sector-employees-paid-less-living-wage-research-finds/management/article/1790848> and James O’Halloran (2022) *The price of purpose? Pay gaps in the charity sector*, London: Pro Bono Economics. <https://www.probonoeconomics.com/Handlers/Download.ashx?IDMF=06cde62a-a1f7-4c1c-8463-f08dfc142c7b>; see also: Charity Times (2022) ‘Charities may not be able to sustain growing pay gap with businesses’, (20th July) <https://www.charitytimes.com/ct/Charities-not-able-to-sustain-growing-wage-gap-with-businesses-research-warns.php>. Richardson, J. with Mahmoudi, Y. (2021) *Low pay in the third sector*, London: Living Wage Foundation: https://www.livingwage.org.uk/sites/default/files/Low%20pay%20in%20the%20Third%20Sector%20Briefing%20Note_0.pdf

recruitment and retention problems will remain or perhaps intensify in years to come.³⁵ Low pay in the sector cannot easily be justified to employees on the basis that Third Sector organisations do socially beneficial work. After all, many employees in the public and private sector are also engaged in such activities but are generally better paid.

In the last decade, problems associated with low pay have been compounded by downward pressure on the value of contracts to deliver public services or major grant-funded or social investment programmes which specify targeted outcomes. This may explain why it is amongst larger TSOs, which are most likely to deliver such work, where retention and recruitment problems are the most acute.

The eagerness of government departments and other public authorities to reduce costs is explicable – especially during the worst years of austerity policies. And yet, many TSOs remained involved in public service delivery under contracts, even if the acceptance of under-costed work must, ultimately, be subsidised from other sources.³⁶ But the wind may be changing. Recent news stories indicate that some organisations are challenging public bodies about under-costed contracts which they can no longer deliver successfully.³⁷

Across the Third Sector as a whole, issues surrounding pay and working conditions can no longer be brushed under the carpet. This is presenting boards of trustees and senior managers with some very difficult choices such as whether to or not to accept contracts or grants which are insufficiently resourced to get the job done. And for those organisations which are facing rising demand for the services that they offer due to, for example, the cost-of-living crisis – hard choices will have to be made on when to turn people away rather than putting more pressure on their staff or volunteers.

Things are changing. People *are* leaving their jobs and it *is* getting harder to attract new people to take their place. Debates and decisions about how to tackle issues surrounding pay and conditions can be delayed no longer.

³⁵ See: Marsh Commercial (2022) 'Charities surviving a retention crisis' (31st May) <https://www.marshcommercial.co.uk/articles/charities-surviving-a-retention-crisis>.

³⁶ In some circumstances, managers have signed under-costed public service delivery contracts to sustain services in their communities (see: Chapman, T and Gray, T. (2019) *Striking a balance: a study of how community businesses in Bradford, Hartlepool and Middlesbrough build working relationships with the public, private and third sectors*. London: Power to Change. <https://www.powertochange.org.uk/research/striking-balance-study-community-businesses-bradford-hartlepool-middlesborough-build-working-relationships-public-private-third-sector/>). These findings helped to explain why decisions to subsidise contracts was quite a common phenomenon (see for example: Rob Preston (2018) 'More charities subsidising public service contracts, finds CFG research', *Civil Society Media*, 6th January) <https://www.civilsociety.co.uk/news/charities-paying-more-to-subsidise-public-service-contracts.html>. More recent qualitative evidence from Third Sector Trends indicates that managers in larger organisations who are facing recruitment and retention problems are rethinking the consequences of subsidising contracts, (see: Chapman, T. (2022) *Going the distance: how Third Sector organisations work through turbulent times*, Newcastle upon Tyne: Community Foundation Tyne & Wear and Northumberland. <https://www.stchads.ac.uk/wp-content/uploads/2022/10/Going-the-distance-how-third-sector-organisations-work-through-turbulent-times-July-2022.pdf>). The third report from Third Sector Trends 2022 (January 2023) will demonstrate that commitment to public service delivery under contract has declined substantially since 2013 amongst medium-sized TSOs (from 23% to 15%) and larger TSOs (from 52% to 36%). Only the biggest organisations (income above £1million) have increased involvement in contracts (from 61% to 64%).

³⁷ See, for example, Patrick Butler (2022) 'Disabled care home residents evicted in charity's dispute with councils', *The Guardian* (25th November): [Disabled care home residents evicted in charity's dispute with councils | Social care | The Guardian](https://www.theguardian.com/social-care/2022/nov/25/disabled-care-home-residents-evicted-in-charity-s-dispute-with-councils); Harriet Whitehead (2022) 'Inflation means charities "cannot go on" subsidising contracts, paper warns', *Civil Society Media*, (8th September) <https://www.civilsociety.co.uk/news/inflation-means-charities-cannot-go-on-subsidising-contracts-paper-warns.html>.

Next steps

Three more Third Sector Trends reports will be published over the coming months to explore the data in more depth. These reports will also draw on trend analysis from previous rounds of the study.

Finances, assets and organisational wellbeing

The aim of this report is to look at how Third Sector organisations sustain financial viability by drawing on a wide range of income sources including grants, contracts, gifts subscriptions, self-generated trading and in-kind support. Themes for analysis will include:

- Reliance on principal sources of income and how patterns have changed over the last few years.
- The extent to which organisations with different characteristics and operating in varied spatial environments experience income decline, stability or growth.
- An appraisal of the importance of assets and reserves in sustaining organisational wellbeing.
- Explore whether organisations invest in their future development and use digital technologies to improve financial management and security.

Relationships with the public and private sectors

The Third Sector often prides itself on its ability to engage in partnership working with like-minded organisation. This report will look at the extent of and limits to informal and formal collaboration within the Third Sector and with the public and private sector. Themes for analysis will include:

- The extent to which sector relationships have changed following the Coronavirus pandemic.
- Changing relationships with private business will be explored in the context of a general squeeze on organisational finances due to current economic conditions.
- The strength of relationships with the public sector will be examined – together with analysis of organisational interest in public sector service contracts.
- Grant funding from trusts and foundations is a core element of sector finance. The analysis will explore how this has changed since the Coronavirus pandemic.

The impact of the sector in the context of place

The Third Sector is not distributed evenly across England and Wales. This may mean that some areas are better served than others. As a large-scale national study, Third Sector Trends can explore the energy, investment and impact of the local sector on places with different characteristics. Themes for analysis will include:

- The development of a set of categories of 'types of places' in order to explore how sector energy is employed and the impact that it achieves.
- Assess whether the balance of sector activity varies depending upon the extent of critical and pernicious social needs at the local level.
- How the sector invests in the enhancement of community life through investment in social interaction and fostering pride and confidence in localities.
- Examine whether the energy of the Third Sector can be harnessed and directed by public sector bodies to achieve policy objectives.

Appendix 1

Supplementary data

Figure A.1 Structure of the Third Sector by size of organisation in English regions and Wales
 (In rank order by combined percentage of 'large' and 'big' TSOs, Third Sector Trends register dataset, 2022)

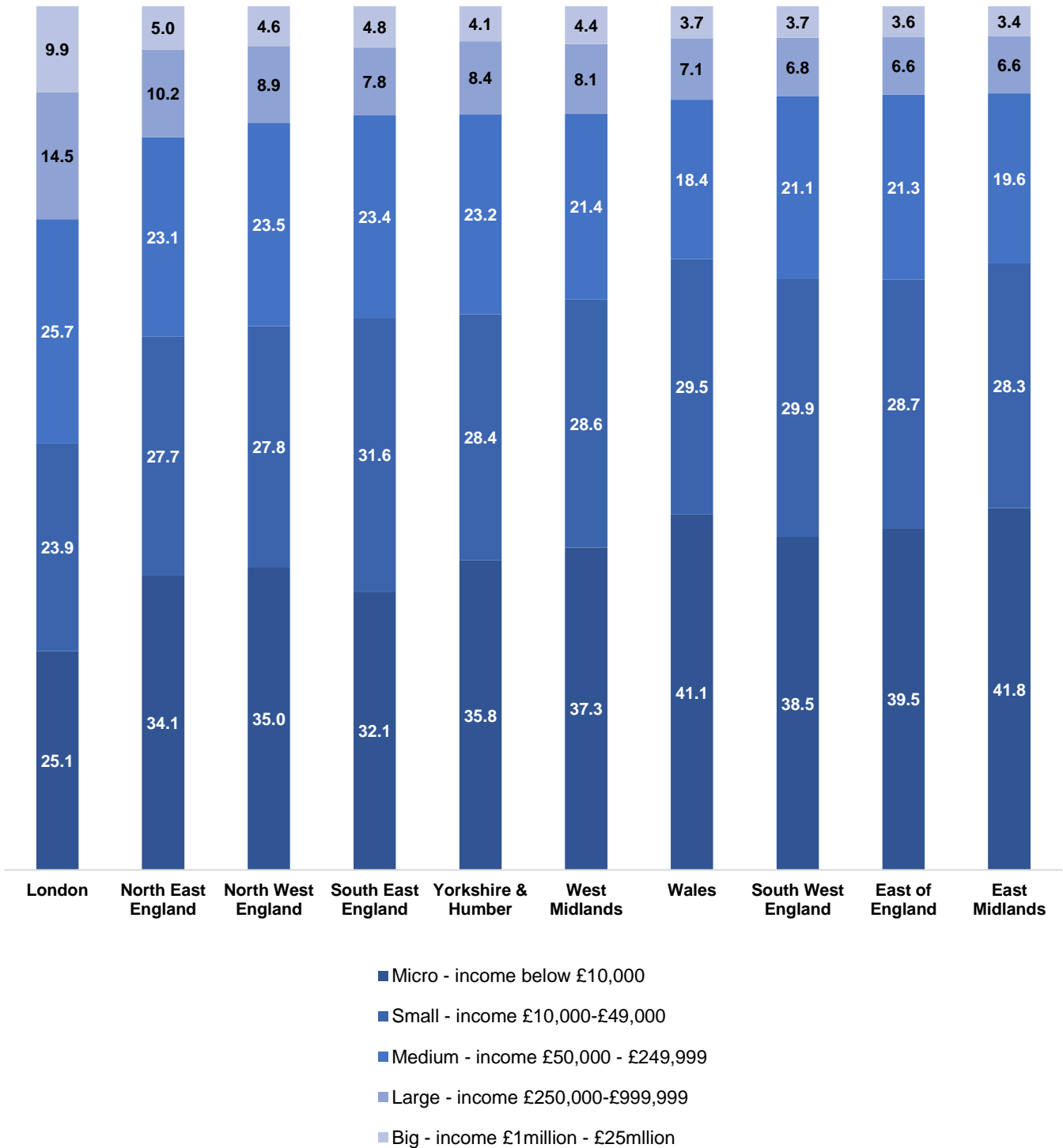


Table A.1(a) Interaction between investment in people and employee retention in the last two years (England and Wales 2022)				
Smaller organisations (income under £50,000)	It has become quite a lot harder	Stayed about the same	It has become quite a lot easier	N=
Invests in training and staff development	22.5	73.8	3.6	624
Partial investment in training or staff development	16.4	81.4	2.2	644
No investment in training or staff development	12.8	86.6	0.5	2,053
Medium-sized organisations (income £50,000- £249,999)				
Invests in training and staff development	17.3	78.8	3.9	848
Partial investment in training or staff development	14.7	82.9	2.4	291
No investment in training or staff development	10.5	88.8	0.7	309
Larger organisations (income above £250,000)				
Invests in training and staff development	27.5	68.4	4.1	874
Partial investment in training or staff development	25.4	71.2	3.4	122
No investment in training or staff development	0.0	100.0	0.0	65
All organisations				
Invests in training and staff development	22.6	73.4	3.9	2,346
Partial investment in training or staff development	17.4	80.1	2.5	1,057
No investment in training or staff development	11.7	87.8	0.5	2,427
All organisations	19.7	77.2	3.1	5,830

Table A.1(b) Interaction between investment in people and employee recruitment in the last two years (England and Wales 2022)				
Smaller organisations (income under £50,000)	It has become quite a lot harder	Stayed about the same	It has become quite a lot easier	N=
Invests in training and staff development	37.7	56.6	5.7	619
Partial investment in training or staff development	36.8	59.6	3.6	632
No investment in training or staff development	22.8	76.0	1.2	2,031
Medium-sized organisations (income £50,000- £249,999)				
Invests in training and staff development	40.7	54.1	5.2	840
Partial investment in training or staff development	31.4	64.0	4.6	286
No investment in training or staff development	14.5	81.7	3.8	300
Larger organisations (income above £250,000)				
Invests in training and staff development	64.3	31.9	3.8	875
Partial investment in training or staff development	47.4	49.1	3.4	121
No investment in training or staff development	16.0	84.0	0.0	63
All organisations				
Invests in training and staff development	50.3	45.1	4.7	2,334
Partial investment in training or staff development	36.7	59.3	4.0	1,039
No investment in training or staff development	20.3	77.9	1.8	2,394
All organisations	42.9	53.1	4.1	5,767



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