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The 19th Annual Voluntary Sector Salary Survey

NCVO's UK Voluntary Sector Almanac 2007 estimates that UK general charities have a paid workforce of 611,000, which is an increase of 128,000 employees (or 26%) in ten years. This equates to 2% of the UK's total workforce. The voluntary sector has an income of £27.7 billion and derives 38.5% of its income from statutory sources. There is an increasing need for accurate, up-to-date information on salaries and benefits in order to ensure that recruitment activities and expenditure on staff costs reflect broader market trends.

This edition of *Inside Research* summarises the main findings from the 19th Annual Voluntary Sector Salary Survey (AVSS). The survey is aimed at HR professionals and policy makers working in the sector and provides detailed information on salary levels, fringe benefits and other employment issues. The full survey which is published by Remuneration Economics, has been produced in association with NCVO.

Key Findings

- Average salaries and earnings in the voluntary sector each increased by 3.7%, a higher rate than the Average Earnings Index (AEI) (3.0%), but below the Retail Price Index (RPI) (4.3%).
- Increases in both earnings and salaries are slightly lower than twelve months ago when both earnings and salaries increased by 4.9%. Furthermore, the growth in the AEI decreased from 5.0% to 3.0% over the same period.
- Average salaries of female employees increased at a very similar rate to those of their male colleagues. Across the board, female salaries continue to lag behind those of their male counterparts (except at Junior/ Trainee staff level).
- Labour turnover has increased to 12%, up from 7.6% in 2006. Resignations accounted for 8.7% of this rate of turnover (from 5.6% last year).
- 62.5% of organisations said that they experienced problems with staff recruitment in 2007: an increase of almost 10 percentage points from last year (52.7%) The main reasons behind these difficulties remain a lack of suitably trained applicants and the salary levels available.
- Given the increase in the rate of resignations it is not surprising to find a rise in the number of organisations reporting problems with staff retention, 57.5% compared to 43.8% a year ago.

Background

The UK Voluntary Sector Workforce Almanac 2007 estimated that the voluntary sector employed 611,000 people in 2005, equivalent to 2% of the UK's workforce (Table 1). This is an increase of nearly 80,000 employees since 2000.

Table 1: UK Private, Public and Voluntary Sector Workforce (headcount, 000s)¹

Sector	1996	2000	2005
Private	18,517	19,864	20,536
Public	6,135	6,193	6,978
Voluntary	483	532	611

Source: Labour Force Survey (LFS)

Part-time employment accounts for 39% of voluntary sector employment (Table 2). The proportion of voluntary sector employees who work part-time is much higher than in the public sector (29%) and private sector (23%).

Table 2: Voluntary Sector Workforce by Employment Status, 1995-2005 (%)

	1996	2000	2005
Full-time	63	61	61
Part-time	37	39	39
Total	100.0	100.0	100.0

Source: Labour Force Survey (LFS)

The number of employees on temporary contracts was far higher in the voluntary sector than in both the public and private sectors. In 2005, an estimated 9% of voluntary sector workers were employed on temporary contracts compared to 8% of public sector and only 4% of private sector workers.

Women continue to account for the majority of the voluntary sector workforce. In 2005, just over two-thirds of voluntary sector employees were female, accounting for an estimated 424,000 employees (69%).

¹ Clark, J. (2007) 'The UK Voluntary Sector Workforce Almanac 2007'.

In April 2004 the Office of National Statistics re-weighted all datasets from 1992 to 2003, which means that the figures are not directly comparable with those released previously.

Survey Methodology

The survey database consists of 170 participant organisations, covering 22,628 employees. Participants range from small local organisations to large national charities. All UK regions and nations are covered by the survey; details can be found in the full report. Fieldwork took place between July and September 2007. Findings relate to the 12-month period ending July 2007.

The survey calculates movement in earnings and salaries based on a constant sample of 11,998 matched individuals. Data is based on figures for matched individuals who are currently performing at the same responsibility level as they were 12 months ago, measured in organisations that took part in both the current and 2006 surveys.

Full Report

The 19th Annual Voluntary Sector Salary Survey is available from Remuneration Economics. Price £360 (*significantly reduced for survey participants*). Contact Tess Roughneen on: tel: 020 82886882, e-mail: tess@celre.co.uk
Web www.celre.co.uk/Charity/index.asp

Movement in Salaries and Earnings

The average earnings increase was less than inflation. In 2007 average earnings increased by 3.7%, compared with a 4.3% increase in RPI (see table 3). Increases in both earnings and salaries are lower than twelve months ago when earnings and salaries both increased by 4.9%, compared to 3.7% this year. Furthermore, the growth in AEI decreased from 5.0% to 3.0% over the year.

Table 3: Increase in Earnings, Salaries, Average Earnings Index and Retail Price Index between 2004 and 2007 (%)²

	2004	2005	2006	2007
Average Earnings	4.2	5.2	4.9	3.7
Average Salaries	4.1	5.3	4.9	3.7
Average Earnings Index (AEI)	4.5	4.0	5.0	3.0
Retail Prices Index(RPI)	3.0	2.9	3.3	4.3

² RPI : May 2007. AEI : April 2007 (provisional and unadjusted)

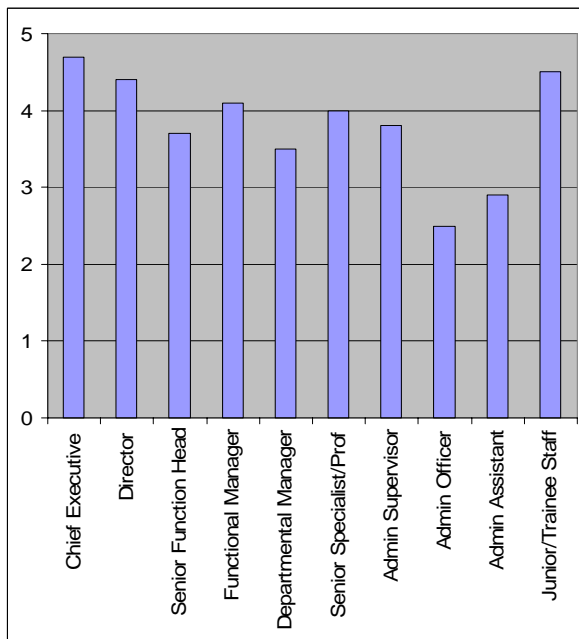
There is some geographical variance in the movement in earnings and salaries (Table 4), with Inner London and the South East showing the highest growth. Outer London also has a slightly higher growth in salaries and earnings compared to the rest of the UK.

Table 4: Increase in Earnings and Salaries, by Area (%)

	Inner London	Outer London	South East	Rest of UK
Average Earnings	4.1	3.7	4.3	3.2
Average Salaries	4.6	3.8	4.2	3.2

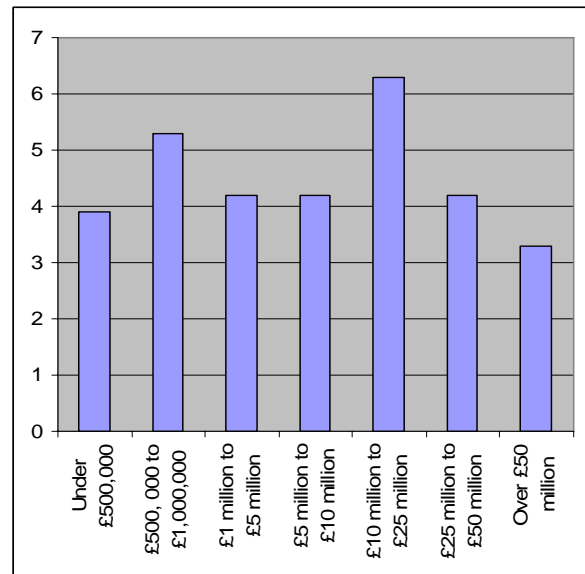
Further variation in earnings can be seen by responsibility level and organisations' income (Charts 1 and 2).

Chart 1: Growth in Earnings, by Responsibility Level (%)



The greatest movement in earnings continues to be at CEO and Director level, with increases of 4.7% and 4.4%. Junior/trainee level staff also saw a higher increase in earnings, of 4.5%. Growth in earnings for the other responsibility levels varied between 4.1% for functional managers and 2.5% for admin officer / senior care. The South East accounted for the largest increase in earnings (4.3%), whilst Outer London experienced the smallest increase in earnings (3.7%). The increases in basic salary by responsibility level were very similar to that described above.

Chart 2: Growth in Earnings, by Income of Organisation (%)



There is no clear correlation between organisations' income and the increase in their staff's earnings. The largest increase was for organisations with an income of between £10million and £25million with the smallest increase being for organisations with incomes over £50 million.

Voluntary Sector Earnings and Salaries: All Organisations

Table 5 shows the average for basic annual salaries and total annual earnings. Total annual earnings obviously offer a better indication of overall remuneration, but it is worth noting that unlike in the private sector, the differences between the two are not large.

Table 5: Average Basic Annual Salary, and Total Annual Earnings (£)

Level of Responsibility	Basic annual salary	Total annual earnings
Chief Executive	67,318	68,547
Director	58,197	59,059
Senior Function Head	46,482	47,471
Functional Head	39,454	40,300
Department Manager	33,021	33,950
Specialist/Professional	27,633	28,305
Admin Supervisor	21,072	21,587
Admin Officer	17,913	18,337
Admin Assistant (19)	15,472	15,837
Junior/Trainee Staff (20)	13,362	13,695

Voluntary sector earnings and salaries: gender

Table 6 illustrates average total earnings for men and women working in the voluntary sector. Worryingly, the average basic salaries for men are higher than for women at all responsibility levels.

Table 6: Average Annual Earnings, by Gender (£)

Level of Responsibility	Men	Women
Chief Executive	68,439	68,367
Director	61,066	56,876
Senior Function Head	49,354	45,519
Functional Head	41,386	39,479
Departmental Manager	34,751	33,022
Specialist/Professional	29,631	27,976
Admin Supervisor	22,401	21,602
Admin Officer	19,054	18,154
Admin Assistant	15,976	15,911
Junior/Trainee Staff	13,894	13,716

Bonus payments

Bonus payments remain relatively rare in the voluntary sector. Only 3.0% of individuals received some sort of bonus payment in the last twelve months, a decrease from the 4.5% reported last year. Perhaps unsurprisingly, the average size of bonuses is correlated with responsibility level. Of those individuals who receive bonuses, Chief Executives receive the largest payments: 7.6% of their basic salary compared with 2.2% for Admin/Assistant staff (Table 7).

Table 7: People Receiving Bonuses and Relative Size of Bonuses

Level of Responsibility	% Receiving Bonus	Bonus as a % of Basic Salary
Chief Executive	14.8	7.6
Director	10.5	6.3
Senior Function Head	4.1	3.3
Functional Head	5.5	3.4
Department Manager	3.1	3.8
Specialist/Professional	2.5	2.9
Admin Supervisor	2.2	2.8
Admin Officer	3.0	2.3
Admin Assistant	3.1	2.2
Junior/Trainee Staff	2.0	2.4

Salary systems

RPI (47.3%) and Remuneration Economics Survey (40.8%) were the most commonly used methods for determining cost of living increases. 23.5% of organisations had recently changed their salary structure, with the most common change to broaden salary bands (9.4%).

Labour turnover

Total labour turnover in 2007 was 12.0%, a large increase on the estimate for 2006 (7.6%). A large proportion of this overall estimate is accounted for by staff resignations (8.7% of all staff), while other causes such as redundancy and retirement are less common (Table 8). Turnover is highest amongst the admin officers / senior care employees (25.1%) level.

Table 8: Labour Turnover, by Category

Category	2006 (%)	2007 (%)
Resigned	5.6	8.7
Redundant	0.8	1.3
Retired	0.3	0.6
Transferred	0.4	0.1
Other Reasons	0.5	1.3
Total	7.6	12.0

Recruitment and Retention

62.5% of participant organisations said that they had experienced recruitment difficulties in the last twelve months. This was almost 10% higher than the previous year of 52.7%. Interestingly, recruitment appears to have become proportionately more difficult for larger organisations with the problems becoming less acute at the Director level (Table 9).

In general, organisations were most likely to have problems recruiting responsibility levels 13-15, with one-third of respondents saying that they had experienced difficulties. The main cause of recruitment problems (reported by 73.8% of respondents) was a lack of suitably trained applicants. Salary levels (i.e. not being able to offer a suitably competitive salary) were also cited as a problem by 50.0% of respondents.

Table 9: Organisations Experiencing Recruitment and Retention Difficulties (%)

Level of Responsibility	Problems with recruitment (%)	Problems with retention (%)
Directors (10-12)	10.3	9.1
Managers (13-15)	33.6	16.7
Other Staff (16-20)	31.7	30.9
Fundraising Staff	28.6	28.2
IT Staff	10.9	10.8
Other Functions	22.0	18.8
Part Time Staff	7.2	7.3
All Staff	62.5	57.5

A similar pattern of difficulty by responsibility level was reported with retention although the number of organisations reporting difficulties was slightly less, 57.5%. The most commonly cited reasons for retention problems were lack of opportunity for career progression (46.6%) and salary levels (45.2%).

Benefits and Employment Conditions

The median minimum number of days annual leave was 25 days. The maximum level showed a slight variation across responsibility levels with Directors receiving a median of 28 days whilst those at levels 16-20 received a maximum of 27 days.

The vast majority of organisations said that they compensated their workers for out of hours / antisocial hours working with 87.6% offering overtime payments or time off in lieu (TOIL).

Union Representation

Just under a quarter of organisations enabled employees to be represented by unions (22.5%).

Pension Arrangements

83.3% of organisations offered some form of pension provision for its staff members.

Nearly all of the organisations running final salary schemes for existing employees also run money purchase schemes for new recruits, with 29.5% of the final salary scheme still open to new members.

Family Friendly Benefits

The number of organisations indicating that they provided one or more family friendly benefits fell sharply from 85.2% to 71.0%. The benefit most frequently offered was compassionate leave, offered to 65.7% of employees in organisations. Flexitime was also widely offered by organisations.

Inside Research and additional salary data

This edition of *Inside Research* has been produced by NCVO in association with Remuneration Economics. All tables and charts (with the exception of Tables 1 and 2) are ©Remuneration Economics. We would like to thank all those organisations that took part in the survey.

The full survey results are available from Remuneration Economics, including average total earnings and average basic salary broken down by region, size of organisation and job function. If you would like to buy a copy of the full report, or are interested in taking part in next year's survey, please contact Tess Roughneen at Remuneration Economics (tel 020 8549 8726 or email: tess@celre.co.uk).

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