



## An Introduction to the Voluntary Sector

### What is the voluntary sector?

There is no one watertight definition of the voluntary sector. It is a term used to describe those organisations that focus on wider public benefit as opposed to statutory service delivery or profit. They are also known as Third Sector or not for profit organisations. The term Civil Society is currently gaining traction.

The voluntary sector has many dimensions. Registered charities are probably the largest single category, and include some of the best known voluntary organisations in the UK but the sector also includes small informal community groups, for example a number of local residents getting together to clear litter from public spaces; not-for-profit community business or community interest companies and credit unions. Most voluntary organisations of any size will also have a paid staff of permanent employees.

The term voluntary sector normally applies solely to organisations such as these. However there are many other opportunities for volunteers to get involved, such as public sector organisations like schools who will have voluntary boards of governors, Parent Teacher Associations etc., and hospitals who may have patients' associations, hospital radio stations etc. all run by volunteers. Some statutory organisations make considerable use of volunteers, for example the magistracy, where non-stipendiary Justices of the Peace are unpaid, and Youth Offending Services which recruit unpaid community representatives to help administer Referral Orders.

### The dimensions of the voluntary sector

Because voluntary sector organisations are heterogeneous and range from small informal groups to significant enterprises with multi-million pound incomes, there is no really reliable way of calculating the size of the sector overall. However there are over 180,000 registered charities in England and Wales, with an income in excess of £52bn, so it is fair to assume that the actual total including all other voluntary activities would be considerably larger than this.

### Who are the stakeholders?

Organisations within the voluntary sector have complex stakeholder profiles. The primary stakeholders are those who benefit from the services offered - effectively the "raison d'être" of the organisation. Management, employees and volunteers facilitate the delivery of these services, and critical to the whole operation are those who donate the money that allows it to happen. None of these stakeholder groups can be taken for granted, and each must feel that its individual needs are being met. The sector puts more of an emphasis on staff and volunteer opinions than the private sector normally does, and they are generally considered key stakeholders in an organisation.

Some people from private sector backgrounds find the consultative nature of voluntary organisations frustrating. A common remark is that "it takes ages for anything to happen because so many people have to be involved." This is a fact of life: different, but not necessarily wrong. Voluntary sector organisations tend to be more collaborative in nature which results in more people becoming involved in decision making, which can make it feel like a long drawn out process. In private companies individuals can often make significant



decisions based on little more than gut feel. When you are dealing with donors' money, your donors need to know that you are taking every possible step to ensure it is spent wisely. Increasingly, voluntary organisations are expected to account for every penny they spend and to be able to demonstrate tangible outcomes. Public sector organisations are also more likely to be restricted by defined protocols and practices – this is because they are funded from the public purse, usually taxation revenues, and as a result are publicly accountable for their activities.

One point in favour of the voluntary sector is that those who work within it are highly motivated by the goals of the organisation. Few employees look on it as a means to an end, or are just “biding their time.” Generally speaking, they will be completely committed to doing the very best they can, often working long hours without complaint or recompense.

#### What does the voluntary sector look like?

Once again there are no hard and fast rules about the structure of the sector but generally speaking voluntary sector organisations operate at two levels. The first involves those organisations that actually deliver to the front line beneficiaries – an example might be a local youth club. At a second level, there is a Federation of Youth Clubs which acts as an umbrella organisation for the movement as a whole, and which may fulfil many roles such as providing leadership, offering back up in legal and financial matters, setting standards and monitoring performance, and in some cases undertaking lobbying activities on behalf of their members. These organisations are often known as “second tier” or “volunteering infrastructure organisations. Volunteer Centres fall into this category, as does Reach.

#### Governance

The management and governance of most voluntary sector organisations will mirror those in the public and private sector, with a Board of Trustees who act as the directors and/or governors of the organisation. Trustees will usually have responsibilities laid down in both a legally binding Trust deed and in law, but will be normally be unremunerated, apart from the reimbursement of out-of-pocket expenses. Reporting to the Trustees (who in some cases are known as governors or directors) will be an executive management team or committee generally comprising members of the organisation's paid staff who will be charged with delivering the strategy set by the trustees. . In smaller organisations without paid staff the trustees often undertake operational work too, and the challenge is to keep these two different functions separate even though they may be carried out by the same person. Trustees are responsible for setting the strategic direction of an organisation and ensuring that it executes its legal and statutory responsibilities. Reach has developed a specialist service to help organisations find effective trustees.

Registered charities and companies are bound by the rules set by the Charities Commission or equivalent, and those established under company law. In addition many public sector organisations are bound by the Nolan Principles of public life.

#### How volunteers can make a difference

Many volunteers use the opportunity to make a difference to a cause with which they have a strong personal sympathy, in some cases even creating new organisations of their own. Many medical charities, for example the Anthony Nolan Bone Marrow Register and the Samantha Dixon Brain Tumour Research Fund are named in permanent tribute following the

loss of a loved one. Others can offer volunteers the chance to learn more about and contribute something tangible to a cause which they believe in, for example Friends of the Earth, the Royal Society for the Protection of Birds or Save the Children.

Volunteers can be used to take pressure off staff at times of particular stress, to undertake specific projects or activities that the organisation could not otherwise achieve, or to provide skills or experience that might be considered a luxury under normal operating conditions but which can nonetheless have a significant impact on the achievement of an organisation's goals. Typical volunteer roles might be to implement a new website and to train staff members in its use, to undertake a strategic review of an organisation's activities, maybe with a specific disciplinary emphasis such as marketing, to research potential funding opportunities, or to mentor a senior member of staff.

Some of the most important roles that volunteers undertake involve becoming Trustees and helping to shape, guide and monitor the activities of their organisation.

### Definitions

The voluntary sector is not immune from confusing terminology and additionally has certain specific terms which may not be familiar to new volunteers. Here are some of the more common ones:

**“Credit Unions”** are co-operative financial services providers which exist to cater for the needs of their members but unlike building societies or banks they do not exist to make profits. They are strongly local and members must live in the credit union's postcode.

**“Grant making trusts”** are organisations set up to raise and/or disburse the funds at their disposal, often to organisations active in a particular area or activity.

**“Housing Associations”** are not-for-profit organisations established to promote and/or provide affordable housing.

**“Non-governmental organisation”** or **NGO** is a term more widely used outside the UK to describe voluntary organisations.

**“Not for profit”** means what it says on the tin – an organisation that exists for a reason other than making a profit.

**“Quango”** is an acronym of “Quasi Autonomous Non-Governmental Organisation” and refers to an organisation set up by the government but which is ostensibly independent, for example the British Museum and NHS Health Trusts. As a general rule quangos cannot be considered voluntary organisations.

**“Social enterprise”** or **“community interest company”** – generally refers to a commercial activity of some description which exists to make money, but whose profits are used for the wider public good. These can also include schemes to create employment or to train or up-skill people whose circumstances make conventional employment difficult, e.g. people with a particular disability, in poor areas of developing countries, or the long-term unemployed.



**“Registered charity”** is a specific term applied to an organisation that has satisfied the requirements of the relevant charity commissioners and which comply with their rules and codes of conduct.

**“The Third Sector”** is used to describe organisations that are neither public nor private. Most voluntary organisations will come into this category.