

## Guide:

# An introduction to the voluntary sector

## What is the voluntary sector?

The 'voluntary sector' refers to organisations whose primary purpose is to create social impact rather than profit. It is often called the third sector, civil society or the not-for-profit sector. It is independent from local and national government, and distinct from the private sector.

Charities are the largest single category within the voluntary sector. Others include community benefit societies and co-operatives, not-for-profit community businesses or community interest companies (CICs), credit unions and small informal community groups.

## What do voluntary organisations do?

As a whole, voluntary organisations engage with a huge range of issues – from youth clubs to specialist medical research. Most focus on a particular issue that needs solving, such as climate change or unaffordable housing, or a specific group in society who require support and representation, such as women facing domestic abuse. Other organisations – particularly think tanks and research institutes – may work on a range of issues, but apply a particular philosophical and political filter.

Over 40% of the public say that they, or a close family member, have benefited from using a charity (Charity Commission research 2014).

Voluntary organisations achieve their aims through a wide range of activities, such as providing services or other forms of direct support and advice to the groups they help; for example running a women's shelter or providing legal advice. Some also aim to achieve long-term or systemic change. They may work at a local or national level, or globally.

## How big is the voluntary sector?

There is no reliable way of calculating the size of the voluntary sector as a whole. However, there is plenty of information about specific categories, particularly charities.

There are over 165,000 charities in the UK. Most are quite small: over 80% have an annual income of less than £100,000, and almost half have less than £10,000. Charities of this size tend to be local organisations (for example parent-teacher associations) and many do not have any paid staff.

## What makes the voluntary sector ‘voluntary’?

Voluntary organisations tackle complex issues, but they have very limited income. As a result, very small voluntary organisations often rely exclusively on volunteers, sometimes using [volunteers with specific skills](#). Organisations with paid staff may involve volunteers in particular areas of their work, such as front-line mentoring roles or defined projects. All charities are governed by a board of trustees who are (almost always) unpaid.

Volunteers make an important contribution by helping an organisation support more beneficiaries or undertaking specific projects or activities that it could not otherwise achieve. They may provide skills or experience that an organisation cannot afford to pay for, but which can have a significant impact on enabling it achieve its goals; for example designing an impact report, mentoring staff, researching potential funding opportunities or undertaking a strategic review.

One of the most important roles that volunteers undertake is [being a trustee](#) and helping to shape, guide and monitor the activities of their organisation.

## Why do they exist and for whom?

### What is the purpose of a voluntary organisation?

Voluntary organisations should have a clear vision of the change that they want to make, and how they are going to achieve this. That is why their ‘vision’, ‘mission’ and ‘values’ are important.

The change that an organisation is aiming for is often described in terms of ‘outcomes’ and ‘impact’.

### Who are the stakeholders?

Voluntary organisations have a complex mix of stakeholders:

- Beneficiaries – the people who the organisation was set up to help – are the primary stakeholders.
- Management, employees and volunteers who run the organisation and deliver the services.
- Funders.

- The wider public (for example the local community) might also have a stake.

Balancing the different needs and interests of all these stakeholders is one of the more interesting challenges of the voluntary sector.

## Funding and governance

### How are voluntary organisations funded?

Voluntary organisations get their funding from various sources, including:

- public donations
- grants from trusts, foundations and government
- contracts for delivering public services at local and national level
- trading activities, such as charity shops
- managing an asset, such as property
- investments
- social finance.

### How are voluntary organisations governed?

The management and governance of most voluntary sector organisations mirrors those in the public and private sector, with a [board of trustees](#) who act as the directors and/or governors.

Trustees are normally unpaid, apart from reimbursement of out-of-pocket expenses. They set the overall direction of the organisation and ensure that it complies with both relevant legislation and its own policies. The executive management team are accountable to the trustees.

In smaller organisations without paid staff, the trustees often do operational work too. This poses a challenge, as these two functions need to be kept separate, even when carried out by the same person or people.

Registered charities and companies are bound by the rules set by the [Charity Commission](#) or equivalent, and those established under company law. In addition, many public sector organisations are bound by the [Nolan principles of public life](#).

### Why making decisions takes time

Some people 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 may be different from the private sector, but it is not necessarily wrong.

In private companies, individuals can often make significant decisions based on little more than gut feel. Voluntary sector organisations tend to be more collaborative, which results in more people becoming involved in decision making.

In addition, when you are dealing with donors' money, those donors need to know that you are doing everything necessary to ensure it is spent wisely. Increasingly, voluntary organisations are expected to account for every penny they spend and be able to demonstrate tangible outcomes. This is more like the public sector.

## How is the voluntary sector different from other sectors?

Voluntary sector organisations exist to fulfil a specific social purpose, whereas the primary goal of private sector organisations is to make a profit for shareholders. Some aspects of the way they work can appear similar to other sectors, but there are a few cultural differences which may surprise first-time volunteers.

### They are values-led

The aim of voluntary organisations is to fulfil their mission and work towards the greater good in some specific way, rather than to make a profit. This often means they prioritise things differently than a business would do.

### Consensus is important

Voluntary organisations often need to balance the competing interests of a wide range of stakeholders and will put a premium on ensuring all stakeholders, including staff and volunteers, are in agreement with its goals and plans. This will involve discussion and consideration by large numbers of people with differing viewpoints.

### They operate with fewer resources

Voluntary organisations do not normally have large budgets, and the budgets they do have are rarely flexible. People who donate to charity rightly expect their money to be spent carefully and as originally stated. Voluntary organisations therefore need to be creative and do more with less.

### The pace is different

Things may move more slowly in the voluntary sector than elsewhere. This is because there is an emphasis on collaboration and consensus (see above). Additionally, limited and ring-fenced budgets mean finding resources for new projects takes more time and ingenuity.

### They are independent

A voluntary organisation is run by an independent board who decide on strategy and priorities. There are no private shareholders and it is independent of government or state control (although some organisations are heavily dependent on government contracts).

## About Reach Volunteering

Reach Volunteering connects people, skills and good causes.

We are the leading skills-based volunteering charity in the UK and the single biggest source of trustees in the UK.

We connect charities with the skills and experience they need to make more of a difference. We inspire individuals to use their skills for social good and to make the most of great volunteering and trustee experiences.

[reachvolunteering.org.uk](https://reachvolunteering.org.uk)