



UNIT SWH.103
**THE VOLUNTARY
SECTOR**

Preface

The voluntary sector is an increasingly important player on both the national and international scenes. In this block, we will be attempting to define the voluntary sector and its role in housing and social welfare. We will explore the contribution of the voluntary sector to the “social economy; identify some of the issues affecting the structure and management of voluntary sector organisations in the current climate; examine the implications of the “contract culture” for the future of voluntary organisations.

Outcomes

After completing this block, you should be able to:

- define voluntary organisations and identify a range whose work includes the provision of a housing-related service;
- review and evaluate the work of one such organisation operating in the local area and discuss advantages and disadvantages of such provision.

Further Reading

Adirondack (1998) *Just About Managing*, LVSC.

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A. Definitions and Structures

1. What is the voluntary sector?

The voluntary sector has been described as “a loose and baggy monster” (Kendall and Knapp (1995), ‘A Loose and Baggy Monster’, in Davis Smith, Rochester and Hedley *An Introduction to the Voluntary Sector*, Routledge.). Certainly it is difficult to define something that is so diverse in structure and function. The voluntary sector can include anything from your local badger group to an international organisation such as Save the Children. Its activities may range from a few people who have come together on a voluntary basis to save a local wood, to major campaigning such as that carried out by Greenpeace, to a large business enterprise providing care or housing services.

Range of Functions:

There is an International Classification of Voluntary Organisations, which defines the functions as follows:

- (a) Culture and recreation.
- (b) Education/research.
- (c) Health.
- (d) Social Services.
- (e) Environment.
- (f) Development and Housing.
- (g) Law, Advocacy, Politics.
- (h) Philanthropic Intermediaries and Voluntarism Promotion.
- (i) International.
- (j) Business, Professions, Unions.

The International Classification gives the “narrow” definition: it excludes those organisations which are not independent: sports; Higher Education institutions; Trades Unions. We can see that most of these are of relevance to a study of the role of the voluntary sector in housing and social welfare.

The sector therefore includes, but is by no means restricted to, those organisations which are registered as charities. Again, although the term “voluntary sector” may imply that its services are provided by volunteers, this may or may not be the case.

Adirondack points out: *“What all these organisations have in common is that they are set up on a non-profit or not-for-profit basis. Despite what this sounds like, they can make a profit but there will be a constitutional limit on how much of the organisation’s profits can be distributed to its members.”* (Adirondack, S. (1998) *Just About Managing*, London Voluntary Service Council www.ncvo-vol.org.uk/main/gateway/almanac.html).

This explains why the voluntary sector is sometimes referred to as the “not-for profit sector”. This clumsy phrase gets over the misunderstanding about the role of volunteers, but raises as many problems as it solves.

Another term sometimes used is “the Third Sector”. The National Council for Voluntary Organisations and the Henley Centre for forecasting have formed a forecasting unit called “Third Sector Foresight”, which seeks to identify present and future trends influencing the sector.

It is also increasingly common, particularly in the field of health and social care, to lump the voluntary sector together with the private (for profit) sector in the so-called “independent sector”. The NHS and Community Care Act did not differentiate between private and voluntary in setting up the quasi-markets in health and social care. The term independent sector, therefore, would cover both a voluntary organisation like Methodist Homes for the Aged and a private company providing residential care. Certainly, the market economy of care has had a major impact on the role and functions of many voluntary sector organisations, as discussed later in this block.

2. History of the Voluntary Sector

The sector could be said to have some of its roots in Victorian philanthropic movements. This is true of some social welfare organisations such as the Family Welfare Association and Barnardo’s. It also applies to some of the longest-established housing associations and trusts (the Peabody Trust in Central London is still referred to by some of its older tenants as “the ladies”).

Another strand in the early history of the voluntary sector is the rise of mutual and self-help organisations. Trade unions would be an example of this, as would building societies and some mutual insurance organisations. It is interesting to note that in the late 20th and early 21st centuries, the building societies had lost virtually all of their original self-help qualities and become purely commercial. Those sections of society who are excluded from access to commercial loans and other financial services may now have access to a local Credit Union, reinventing the self-help wheel.

3. The Size of the Voluntary Sector

The National Council of Voluntary Organisations has produced a briefing on “the Overall Size and Contribution of the UK Voluntary Sector. This indicates that:

“there are 135,000 active general charities in the UK. The economic weight of the sector is concentrated in a relatively small number of large organisations – 88% of gross income is accounted for by less than 10% of organisations. The overall number of general charities continues to increase at the rate of approximately 3,000 organisations per year.”

The voluntary sector is believed to contribute 4.5 billion to Gross Domestic Product. However, the NCVO points out that it is difficult to place a precise monetary value on the contribution of the voluntary sector. Some methods of calculation attempt, for example, to estimate the economic contribution of volunteer time. However you work the figures out, it is important to recognise the fact that the sector contributes not just to the quality of life but also to the economy of the nation (the “social economy”).

4. Aims Of and For the Voluntary Sector

One of the most important policy documents when considering the role of the voluntary sector is “Getting it Right Together: a Compact Between Government and the Voluntary Sector” (“Getting it Right Together: a Compact Between Government and the Voluntary Sector”, Home Office, 1998 (there are equivalent documents for Scotland, Wales and Northern Ireland.)). This document sets out the government’s principles and guidelines on working with the voluntary sector, although as is pointed out within the text it is not legally binding.

The compact arises out of The Deakin Commission on the Voluntary Sector and on policies developed by the Labour Party while in opposition. The document states that:

“The government and the voluntary and community sector have a number of complementary and shared values.”

The Compact is based on the principle that voluntary activity is “fundamental to the development of a democratic, socially inclusive society”. It is aimed at so-called “voluntary and community organisations” and so is based very much on voluntary activity and community action.

In the Compact the government makes certain undertakings. These include:

- Recognising the independence of the sector, including its right to campaign;
- Addressing issues of fairness in funding;
- Consultation.

In return, those voluntary sector bodies who were involved in drawing up the compact undertook to:

- Maintain high standards of conduct;
- Consult with service users, volunteers, members, and supporters;
- Promote good practices.

An implementation group was set up to oversee the working of the compact. This is chaired by a Home Office Minister. Annual review meetings were also to be held.

Activity 1

In what ways might such a compact be helpful to the voluntary sector?

What problems might it pose?

Comment:*Benefits may include:*

- *Recognition of the importance of the voluntary sector*
- *Possibility of more effective consultation and a voice for the voluntary sector*
- *Provides a definition of good practice*

Problems may include:

- *Will there be equality between all sections of the voluntary sector?*
- *While the compact stresses the importance of local community action, it may be that the bigger, more “business-like” voluntary organisations will be more effectively represented.*
- *Does it endanger the independence of the voluntary sector, for example by acting as a deterrent to campaigns against government policies?*

There is also an expectation that local compacts will be developed between local and/or health authorities and the voluntary sector organisations in their areas. Increasingly, access to funds for regeneration, community safety, and other initiatives, is dependent on demonstrating effective partnerships with the voluntary and community sectors. We will need to examine the effects of this on the structure and values of the voluntary sector.

5. Individual Voluntary Organisations

The aims of individual voluntary organisations vary according to their function and status.

(i) Charities

Moore (Moore, S. (1998) *Social Welfare Alive!*, Stanley Thornes) points out that only about 40% of voluntary organisations in the UK have charitable status. A charitable organisation is one which “benefits the community, but does not engage in political activity. Charities must be registered with the Charity Commissioners, who scrutinise their accounts and are empowered to withdraw charitable status if they engage in political activity”. This definition of a charity creates certain anomalies:

- Eton School has charitable status because it “advances education”, albeit for the elite.
- An organisation such as the Child Poverty Action Group, which campaigns and lobbies in order to challenge poverty, is not entitled to charitable status, even though it is campaigning on behalf of the most disadvantaged members of society.

Some voluntary organisations (e.g. Oxfam, Amnesty) have therefore opted not to have charitable status so as to be able to continue their campaigning work. Others have separate charitable and campaigning arms, and must satisfy the Charity Commissioners that these arms are completely independent of one another. In 2001 the Charity Commission published a review of the criteria used to identify whether an organisation can have charitable status. Voluntary organisations that undertake urban and rural regeneration are able to obtain charitable status. Urban and rural regeneration is defined as:

- providing financial or other assistance to people who are poor;
- providing housing for those in need and help to improve housing standards generally in those parts of an area of deprivation where poor housing is a problem;
- helping unemployed people to find employment;
- providing education, training and re-training opportunities and work experience, especially for unemployed people;
- providing financial or technical assistance or advice to new businesses or existing businesses where it would lead to training and employment opportunities for unemployed people;
- providing land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people;
- providing, maintaining and improving roads and accessibility to main transport routes, recreational facilities and public amenities;
- preserving buildings in the area that are of historic or architectural importance.

Organisations seek to relieve unemployment through providing support and skills training, grants to businesses to employ people who are currently unemployed or for unemployed people to start a new business. Charitable status is also available to organisations

that seek to promote ‘community capacity building’. Capacity building is defined as providing opportunities for people to learn through experience – opportunities that would not otherwise be available to them – and involving people in collective effort so that they gain confidence in their own abilities and their ability to influence decisions that affect them. These changes to the criteria for charities will mean that many housing and regeneration organisations will be able to gain charitable status. The main benefits of being a registered charity are financial.

(ii) Others

As indicated above, the sector contains many different organisations with different aims and functions. Most voluntary organisations will have some form of constitution and statement of mission or aims.

6. Coordination

There is a coordinating body which seeks to bring together the disparate organisations in the sector and to offer research and development. This is the National Council for Voluntary Organisations (NCVO) (www.ncvo-vol.org.uk/main/gateway/index.html).

At local level, most areas will have a local development agency (LDA). These may have the title of Council for Voluntary Service or Rural Community Council. The role of LDAs is complex. The Chief Executive of Sandwell CVS has described it as being “like the widget in a can of beer”: you can’t see it, you don’t drink it, but it has an effect on the content and quality of the beer.

One of the most prolific researchers in to the role of LDAs is Stephen Osborne of Aston University Business School. His 1999 report on the role of LDAs (Osborne, S (1999) *Promoting local voluntary and community action: the roles of Local Development Agencies*, Joseph Rowntree foundation (a summary can be obtained on the JRF website at www.jrf.org.uk/knowledge/findings/socialpolicy) defines LDAs as organisations “whose prime users are other voluntary organisations. Their role is to support and encourage voluntary activity”. Osborne’s research showed that 90% of voluntary organisations consulted had had some contact with their LDA, and most had positive experiences of this contact. LDAs in the study offered direct support in the form of advice, training, and supporting networks. They also offered what Osborne calls “catalytic” support: this encompasses those activities that come under the heading of “capacity building”, e.g. building the ability of groups and networks to be self-supporting in funding applications. Capacity-building has been one of the criteria on which bids for European funding have been able to be made. For example, a mapping exercise and consultation with voluntary groups in an area was able to attract

EU funding as it aimed to strengthen the voluntary networks in the area and to increase their capacity to develop partnerships.

Osborne's study draws a number of conclusions. These include:

- LDAs are most effective in their “catalytic” work, and weaken this role if they get drawn into direct service provision.
- They should continue to promote both voluntary activity and the image of the voluntary sector.
- When seeking core funding from local authorities, they are often best served by a relationship with the Chief Executive's Department, rather than with service provision departments, whose perspective on community needs may be less holistic.

7. The Structure of Voluntary Organisations

When examining organisational structures in such a diverse sector, there is obviously no simple formula for understanding or devising a structure. However, there are a number of common factors.

Perhaps more than any other sector, the voluntary sector must organise itself in such a way as to reflect the needs and interests of a wide range of stakeholders. These may include:

- Management Committees
- Paid professionals
- Funders
- Partner organisations (often also funders)
- Volunteers
- Service users

The relative influence of these different stakeholders will vary from organisation to organisation.

Activity 2

Think of a voluntary organisation that you know. How many of the elements listed above are to be found within its structure?

Management Committees

Every organisation must have some sort of governing body. In a commercial company, and in some voluntary sector organisations, there is a Board of Directors. Other voluntary organisations may have a management committee which is elected or appointed. Commonly, the management committee would be made up of a combination of members of the organisation, lay members, representatives of funding bodies or partners (e.g. Local Authority). Some organisations have both, reflecting a combination of their national and local structures.

For example, the Leonard Cheshire Foundation, which provides residential care and home support service to people with disabilities, has a national board, but each local group has a local management committee, usually including representatives from the Health Authority and Social Services, user representatives, and lay members drawn from the local community.

Adirondack (Adirondack, S. (1998) *Just About Managing*, London Voluntary Service Council) suggests that management committees are “often seen as irrelevant or even a liability”. This, she argues, can be a fault in the way the structure is set up. Sometimes, a management committee may contain local “worthies” whose perceptions of the needs of service users are perhaps a little outdated. On the other hand as Adirondack points out, a management committee which is made up solely of service users can tend to neglect the long-term development of the organisation.

It is important, therefore, that a voluntary organisation should seek to clarify the roles and expectations of its management committee.

How does the structure of Voluntary Organisations differ from other organisations?

Handy (Handy, C. *Understanding Voluntary Organisations*) argued that the structure of voluntary organisations could not always be understood as a straight hierarchy, in the way we often look at organisational charts with straight up-and-down lines of management and accountability. Instead, he suggested, voluntary organisations looked less like a pyramid and more like a “shamrock”. The three leaves of the shamrock comprise:

1. The professional core: for example, the managers and possibly the management committee.
2. Other employees: for example, care assistants, manual workers.

3. The “contractual fringe”: external contractors brought in as and when necessary for example an individual or company brought in to introduce a new computer system.

With his usual foresight, Handy suggested that many organisations would in future develop in this way. In fact, with the development of the “contract culture” in housing, social welfare, and other aspects of the public sector, Handy’s model is increasingly the order of the day. It could perhaps be developed so that the contractual fringe also incorporates the organisations who purchase, under contract, the services offered by the voluntary organisation.

The shamrock organisation has certain advantages. It can be seen to be more flexible and therefore more capable of responding quickly to changes in need. However, some people may feel that the price of this flexibility is insecurity, and a consequent loss of motivation on the part of some members of the organisation. Voluntary organisations need, therefore, to manage their human resource carefully while acknowledging the insecurity built into the system.

One example of the flexibility required in human resource management can be found in an organisation such as the Save the Children Fund in its UK operations. Many of the projects run by SCF are designed to be self-limiting. They may set up projects with the express aim that the organisation should eventually pass into the ownership and control of local people. Their staff development, therefore, is a matter of preparing staff to move on, because if they have been successful they will have worked themselves out of a job.

Self Test 1

1. *What is the official definition of a charity?*
2. *Why do some organisations in the voluntary sector not have charitable status?*
3. *What is meant by a “compact” between central/local government and the voluntary sector?*

Now turn to the Answers at the end of the Block.

B. Funding the Voluntary Sector

The popular image of the voluntary sector is of charitable fundraising through jumble sales and similar activities. However, the reality is far more complex.

Historically, voluntary sector organisations in housing and social welfare have relied on a wide range of funding sources. These would include:

- Fundraising
- Donations and legacies
- Grants

1. Fundraising

Many voluntary organisations still raise substantial amounts from the traditional fundraising methods such as jumble sales, charity shops, etc..

However, charity fundraising, particularly for the larger organisations, has become increasingly professionalised over the last 10-20 years. As we saw from the information about the size of the sector, voluntary organisations are “big business” in terms of their contribution to the economy. The range of activities and services provided are such that many organisations can no longer sustain their work through traditional fundraising. Professional fundraisers bring business expertise to the work of the sector by developing mechanisms such as business sponsorship, payroll giving schemes etc. One benefit of using professional fundraisers, either as direct employees or by contracting with a specialist fundraising agency, is that the “professional core”, to use Handy’s term, is freed up to concentrate on the core business of the voluntary organisation.

2. Donations and Legacies

While the tax regime for charitable giving is less generous in the UK than in the US, there are nonetheless certain schemes which enable charities to receive benefit from the tax system. Covenants are eligible for tax relief. This means that a charity can claim back tax from money donated.

3. Grants

Historically, grants from central government, local government, or grant-making trusts have been a major source of funding for the voluntary sector. A grant is normally given for the overall work

of the organisation or for a specific purpose. Adirondack points out that a grant differs in its legal status from a contract in that it is a one-way transaction. The law would allow a grant donor to take action to recover monies from a recipient who failed to meet the conditions of the grant, but a recipient would have no rights to legal redress if a donor undertook to provide a grant and then failed to do so.

The disadvantage of grants, therefore, has been their uncertainty and the lack of a legal obligation from the donor to the recipient. The advantage, on the other hand, has been that the conditions of grants can sometimes be less restricting than those in a contract, thereby allowing the voluntary organisation greater freedom to operate in a way which fits in with its own value systems rather than those of the donor.

The climate regarding grants has changed dramatically in recent years, for two main reasons:

- The rise of the contract culture
- The creation of new grant-making bodies

4. The Contract Culture

A contract is an agreement (which may be written or oral), which is legally binding on both parties. If I buy a washing machine, I enter into a contract with the supplier where I agree to pay a certain amount of money, in return for which the supplier will undertake to provide and deliver the machine specified. If I don't pay, or if the machine is not delivered or is not fit for its purpose, each party has redress in law.

From the 1980s onwards, there was a developing trend to applying the values and methods of the market to the provision of welfare services. This derived from the belief of successive governments that:

- The welfare state was growing out of control.
- Local authorities had too much power, which they were not using wisely.
- Competition makes services leaner, fitter and more responsive.
- Market mechanisms are more effective than local government in ensuring the accountability of services to their users.

This philosophy was one of the key themes of the NHS and Community Care Act 1990. Local authority Social Services Departments were expected to reduce their role as direct providers of services, and to develop a role as commissioners and enablers of services. The providers were to come from the “independent sector”. The independent sector comprised both voluntary and private organisations. Voluntary organisations were thus expected to compete for contracts to provide services for a range of service users. Contracts usually incorporate a fairly detailed service level agreement specifying what services are to be provided, at what cost and in what time frame. Services may be paid for on the basis of a *block contract* (i.e. a global figure for the whole service) or on a *unit pricing* basis (i.e. where payment is per unit of service, such as payment for each individual placed in a residential setting).

Similar changes were taking place for housing organisations, as the role of local authorities as providers of social housing was reduced. In addition to acting as providers of social housing, many housing associations developed a substantial role in the delivery of social care services, developing residential care as well as a range of sheltered and very sheltered housing schemes in response to the changing needs of service users and the changing political and economic climate. Many of these ventures have been extremely successful, offering a greater range and flexibility of services than the local authority or other providers had been able to do.

The contract culture has had major implications for the management of the voluntary sector. Contracts and competition have meant that there has had to be tighter financial and quality control than may have been the case for some organisations.

Activity 3

What do you think might have been the advantages and disadvantages of the developing contract culture for the voluntary sector?

Comment:

You may have identified some of the following:

Advantages:

- *Greater security of funding*
- *Greater clarity about role and function deriving from detailed service specification*
- *Activities of voluntary sector organisations become more central to the provision of housing and welfare services*
- *An impetus for growth in the sector Greater professionalism in the sector*

Disadvantages:

- *Possible loss of independence*
- *A danger of focusing on those things that are easily quantified and incorporated in to contracts (i.e. direct service provision) and placing correspondingly less emphasis on other services such as advocacy and campaigning*
- *A potential negative impact on the role of volunteers. If services become subject to binding legal agreements, it becomes risky to rely on those services being provided by people out of the goodness of their hearts (Russell and Scott (1997) *The Impact of the Contract Culture on Volunteers*, Joseph Rowntree Foundation).*
- *While some groups have thrived under the contract culture, others have found themselves increasingly marginalised. For example, those groups whose work is mainly campaigning, or whose activities do not neatly fit the categories of purchasers, may lose out. This has impacted particularly on some voluntary organisations whose roots are in minority ethnic communities.*

5. The Rise of New Grant-making Bodies

Two key agencies have made an impact on voluntary sector funding in the last two decades:

- (i) **The European Union** has made funds available to organisations and partnerships which satisfy their development criteria. For example, for certain types of funding they may have to be in a designated area of economic deprivation. In some cases, European funding has been useful to the voluntary sector in providing funds for development and capacity-building. For example, a Rural Community Council was given monies to undertake research into the nature of the voluntary sector in its area and its development needs; this eventually resulted in a successful proposal to create a Local Development Agency to support and coordinate voluntary action in the area.
- (ii) **The National Lottery Charities Board** has been a significant source of funding since its inception. Usually it expects organisations to provide matching funding from other sources and to have clear business plans. Grants are usually project-based and time-limited.

Some Problems

- If grant-making bodies such as the NLCB provide project-based funding, where does the money come from to support core functions and infrastructure? Put more simply, where do you get the funds to pay for the time consuming business of putting together applications for funding?
- What happens when the time-limited funds come to an end? Without alternative funding, projects may not be sustainable.

6. The Present and Future Situation of the Voluntary Sector

The voluntary sector, like many other areas of public life, is living in a period of rapid change. This offers both risks and opportunities.

Some of the changes result from changes in circumstances. A good example of an area of the voluntary sector which is having to respond rapidly to change is the organisations set up to meet the needs of people with HIV/AIDS.

Organisations such as the Terence Higgins Trust and Body Positive were set up in the 1980s as a response to the growing problem of HIV and its consequences. At that time, HIV appeared to be a condition that affected almost exclusively gay men, and the

medical evidence seemed to indicate that once diagnosed, people had a short life expectancy. The HIV/AIDS voluntary organisations grew from the concerns of the gay community that the issues were not being taken seriously. By both fundraising and lobbying, they were able to obtain funding from the Department of Health and other bodies. Within a fairly short space of time, it became clear that HIV was affecting other groups, particularly IV drug users, and the organisations were able to develop to offer services and support to the whole spectrum of people affected. In addition to their campaigning and awareness-raising functions, these organisations were concerned to provide services and support systems to people who were living with HIV and to those who were terminally ill with AIDS.

At the beginning of the 21st century, however, the landscape has changed significantly. Being HIV positive in an affluent Western country is no longer a death sentence: thanks to advances in combination drug therapy, HIV positive people have a much better chance of living well for many years without developing AIDS. Treatment of people with AIDS-related illnesses has also advanced. The need for terminal care is dramatically reduced. Some specialist services have been absorbed into mainstream health and social care provision. The result of this is that the voluntary organisations which for two decades were at the forefront of flexible responsive approaches to HIV/AIDS have lost some of their focus and much of their funding. Perhaps it is cynical to suggest that HIV/AIDS is no longer “fashionable” in public opinion. Whatever the reasons, the fact remains that Body Positive was wound up in 1999 due to lack of funding, and many of the other organisations are having to review their aims and objectives; some are considering mergers.

Political changes have also had an impact on the state of the voluntary sector. The 1997 Labour government has placed much emphasis on partnerships in its developing social policy. This is reflected in the Compact (see section A4) and could have the effect of raising the status of the voluntary sector. However, the voluntary sector is also having to consider whether partnerships risk diluting the unique contribution of the sector. If the power is unequal, then partnerships may be more apparent than real, as Taylor suggests (Taylor, M (1999) *Partnership between government and voluntary organisations*, Joseph Rowntree Foundation).

Some voluntary organisations may have suffered in the extremely competitive environment of Compulsory Competitive Tendering in the 1980s and 90s. The current Best Value regime may offer more benefits to the sector as the purchasing bodies such as

Social Service Departments are encouraged to examine a whole range of quality criteria in addition to strict cost analysis when considering partnerships or contracts for services.

Tensions will remain between the need for a truly independent, campaigning voluntary sector and the increasing reliance on the sector to provide services that were hitherto provided by statutory bodies as part of the Welfare State.

Self Test 2

1. *What is meant by the “contract culture”?*
2. *What is the difference between a contract and a grant?*
3. *What are some of the problems faced by voluntary organisations in raising funds from the NLCB or other grant-making bodies?*

Now turn to the Answers at the end of the Block.

Activity 4: Local Provision

Identify three voluntary sector organisations in your local area. Choose one which is mainly a housing provider, one which is mainly a social care provider, and one which has an indirect relationship to the housing and social care sector.

What are the main aims of each organisation? (You should be able to get this information from their mission statement)

From what sources do they obtain funding?

Is there a Local Development Agency in your area? If so, what are its aims and activities?

7. Conclusion

It can be seen from this block that the voluntary sector in UK is difficult to define and quantify. Nonetheless, the sector plays important roles in many aspects of health and social care. Housing providers in the not-for-profit sector are frequently involved in innovative projects and partnerships which address some of the key issues of social exclusion.

Key themes in the “third sector” include changes in funding mechanisms and the growth of professionalisation.

Answers

Self Test 1

1. A charitable organisation is one which benefits the community, but does not engage in political activity.
2. Not having charitable status frees an organisation to engage in campaigning work which might be defined as political
3. A compact sets out the government's principles and guidelines on working with the voluntary sector and states what each can expect from the other.

Self Test 2

1. The contract culture describes the way the relationship between the voluntary sector and its funders has increasingly become based on legally binding contracts.
2. A contract is legally binding on both parties, whereas a grant is not.

A contract is usually accompanied by a more detailed service specification than a grant

3. Voluntary organisations have some difficulties in raising core funding as opposed to project-based funding. Lottery grants also tend to be time-limited, and it can be difficult to raise funds for the continuation of projects.