# THE ROLE AND SCOPE OF THE UK VOLUNTARY SECTOR

PhD Thesis

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May 1996

For my parents

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## ABSTRACT

This thesis describes and analyses the scope and scale of the UK voluntary sector, drawing on research undertaken within the context of an international comparative project. It provides the first systematic and comprehensive attempt to map the economic contribution of the voluntary sector in terms of paid employment and financial resources, using both a broad definition suitable for international comparative purposes and a narrow one tailored to the UK context. The methodology for constructing the mapping are described and the results are analysed, organised by the International Classification of Nonprofit Organisations (ICNPO).

The thesis also sets the sector's current contributions in historical context with reference to its changing relationship with the state, and the role of religion in its development. It explores the voluntary sector's wider social and political role from a variety of perspectives.

The study traces and analyses the recent development of links with the state at a general level, and disaggregated by field (housing, special employment measures, urban development, international aid and personal social services) and tier of the state (central, local and territorial government). There is also a detailed analysis of the historical and recent development of part of the largest field of voluntary sector service provision activity in the UK (under a broad definition of the sector), primary and secondary education. The thesis concludes with a discussion of what light the UK experience analysed in this study sheds on some of the main theories relating to the role and scope of the voluntary sector that have been developed in the international literature on the voluntary, non-profit or third sector.

# PREFACE

This thesis has been possible because the author was fortunate enough to be in the right place at the right time. I originally came to Canterbury in the summer of 1989 to undertake my 3 month placement for the degree of M.Sc in health economics from the University of York on the topic of transaction costs and the mixed economy of mental health care. This sparked an enduring and broader interest in the economic and social role of voluntary organisations, which was particularly inspired by an exhaustive discussion paper on this topic, within the personal social services field, of which my line manager and latterly, PhD supervisor, Martin Knapp, was lead author (Knapp et al., 1987). I also had a good deal of initial support and encouragement from John Posnett – then running the York health economics course, but also a leading authority on the economics of charity and voluntary organisations in the UK.

Over the weeks that followed, while employed in part on a number of related, small projects, I had ample opportunity to indulge my fascination in the field, and to start to read far more widely outside the discipline with which I was most familiar. In spring 1990, the Johns Hopkins project got off the ground, and I was presented with the extraordinary opportunity to pursue my chosen field in the context of a pioneering comparative international project. Not only did this afford me with a remarkable opportunity to discuss issues and ideas with leading scholars in the field from other countries; the diverse disciplinary backgrounds from which these academics variously came instilled in me what I now think is a healthy disrespect for rigid disciplinary demarcations.

Over the six years that followed, I was fortunate enough to know that my contribution to this project constituted material on which I could draw for this PhD; and that all the advice and support I received in leading the UK book (Kendall and Knapp, 1996) and the 'intermediate outputs' that preceded it (Kendall and Knapp, 1995a,b,c) to their eventual conclusion was also invaluable for this purpose.

The book itself was a joint effort, with co-authors Martin Knapp, Marilyn Taylor and Geraint Thomas. In the pages that follow, I have utilised my own personal contribution to that publication, together with material that I wrote which was initially intended for it (and for this thesis), but for which there was no room in the final version (which itself ended up at some 330 pages in length, considerably more than the maximum limit originally specified by the publishers!). In so doing, I have referenced those chapters in which I was the second co-author as if they were free standing articles, on the voluntary sector's overall historical development (chapter 2 of the book, with Marilyn) and its legal treatment (chapter 3, with Geraint). Chapter 7 of the book, dealing with health and social care, was overwhelmingly authored by Martin Knapp, with the exception that I supplied the statistical data on which it draws, and made some inputs into the introductory section, conclusion, and discussion of residential care for elderly people. I have referenced that chapter simply as Kendall and Knapp, 1996, ch. 7. It should be noted that the part of section 4 of this thesis which deals with personal social services in particular is based heavily on the framework of argument presented by Martin in that chapter. The analysis of the historical evolution of relations between the state and the voluntary sector in section 1.5 of this thesis draws heavily on material originally drafted by myself and Marilyn for

one of the chapters that never was. Finally, I should mention that I have drawn in only a limited way on the concluding discussion of policy issues that appears in the book (and in Kendall and Knapp, 1995c in reduced form). This was truly a joint effort, based on themes originally identified by Lester Salamon and Helmut Anheier arising from the international comparative findings, and then adapted and applied to the UK context by Martin and myself.

The coverage in the pages that follow is necessarily selective. Particularly conspicious by their absence given their pressing importance and relevance for the voluntary sector at present are one field, that of environmental organisations (which has witnessed astonishing growth in terms of organisational membership, volunteer participation and numbers of organisations in recent years); and gender issues. The reason for the first omission is that, while this was a field which we addressed for the purposes of the international project as a whole, and submitted material to Baltimore, this was really too 'joint' for me to claim it as my own. The interview research that fed into this, and the drafts based in part upon them, were largely undertaken by my colleague Michelle Asbury. The reason for my failure to attend to the gender issues is that the material that was drafted (unprompted) for the international project was *entirely* written by Marilyn Taylor.

I owe a huge debt to many people and organisations, without whose help it would not have been possible to complete either the book, or this thesis. The research was jointly funded by the Joseph Rowntree Foundation, the Charities Aid Foundation and the Home Office. It was given strategic guidance by an advisory group which, at various times, included (noting institutional affiliation at the time of their participation in the group): Janet

Lewis and Richard Best (Joseph Rowntree Foundation); Michael Brophy and Susan Saxon-Harrold (Charities Aid Foundation); Roger Watkins and Geoffrey Biddulph (Voluntary Services Unit, the Home Office); Robin Guthrie, David Forrest and Elizabeth Shaw (the Charity Commission); Perri 6, Janet Morrison and Anita Randon (NCVO); and David Shawyer and Joanne Penn (Central Statistical Office). Special thanks are extended to Sir Reay Geddes who chaired the group and provided unstinting enthusiasm and support throughout.

I would also like to express gratitude to all those employees or volunteers in voluntary organisations who took time out from their often hectic work schedules to complete questionnaires which, although short, were demanding in terms of the level of detail requested; to the large number of voluntary sector intermediary or umbrella bodies and government agencies who shared their specialist databases and experiences; and those from the voluntary sector and outside it who allowed me and my colleagues to interrogate them for an hour or so on various aspects of the policy environment in which they were operating. The book was informed by interviews conducted by the author, and by Martin Knapp, Perri 6, Anita Randon and Michelle Asbury, although with two exceptions, the interviews which fed directly into this thesis were undertaken by the author. Research, computing and technical support for the statistical mapping in discrete fields were provided by Michelle Asbury, Jason Pinner, Phil Shore, together with Steve Carter, Andrew Fenyo, Jules Forder, Diane French, David Peters, Loiuse Priestley, Tony Rees (of the Centre for Health Service Studies), Chris Ring and Justine Schneider – although the overall strategy and master database were the responsibility of the author (with line management from Martin Knapp). In addition, Barry Knight of CENTRIS,

and Staffordshire Training and Enterprise Council very helpfully allowed us to access their local survey data.

None of this research would have been possible without the intellectual and practical leadership of Lester Salamon and Helmut Anheier (who took the helm on the European aspects of the project), with the administrative support of Diana Schaub and Wojtek Sokolowski at Johns Hopkins University. Early drafts of project material also benefitted from the comments of interviewees and colleagues, with predictably insightful comments coming from Nicholas Deakin, Marilyn Taylor, Peter Halfpenny and Perri 6. Ted Tapper provided detailed and general comments on a draft of chapter 5 of this thesis. Maureen Weir provided sustained secretarial support during the completion of the book. Adelina Comas proof read much of the thesis material, and I cannot thank her enough for her support in reassuring me that it was interesting and worthwhile just when I was starting to flag.

I am immensely grateful to Martin Knapp for providing me with the opportunity to work on the international comparative project, and for his lack of constraint with red ink on draft chapters; he also helped me to protect my time from other demands, thus making the completion of this thesis a practical reality.

Finally, without the professional support, expertise and incredible stamina of Jane Dennett, from whom I received invaluable tips and encouragement, and upon whom I depended to get the presentation and formatting of this thesis in order, I would have been unable to complete this thesis on time. I thank her sincerely.

*Jeremy Kendall*

*31 May 1996*

# Chapter 1
# INTRODUCTION

Voluntary organisations have been at the heart of social action in the UK throughout the country's history. Service provision, mutual aid, campaigning and advocacy in all forms have evolved here, and people in the UK are often particularly proud of both charitable and solidaristic impulses that have found expression under voluntary sector auspices. Indeed, it is impossible to chart the development of UK society without frequent allusions to the pivotal role that voluntary organisations have played in changing ideologies, values, responsibilities and policies. At the same time, they have also been reactive vessels for the perpetuation of existing ideologies, attitudes and patterns of privilege and power, and they have acted as mechanisms for social control, not always of the benign variety.

The preamble of a Statute of 1601 listing contemporary examples of philanthropy is often cited in order to illustrate the longevity of voluntary action, but the roots of formally organised voluntary action stretch back much further. For example, mutual aid and friendly societies have been active in the UK at least since the first century AD, and what may be one of the oldest schools in the world – the King's School, Canterbury – was founded by St Augustine in the sixth century as an integral part of his Christian mission. To this day, religion has remained at the heart of much voluntary action, not only in the education field, but also providing the initial and continuing impetus for activities ranging from small-scale parish-based social and health services to major international emergency relief and development efforts.

The enduring freedom to form and operate voluntary associations flows naturally from the UK's relatively stable liberal tradition, with its support for tolerance, autonomy and diversity dating back to the eighteenth century and before. Moreover, the state has been keen to encourage the application of private resources proactively for what have been deemed 'public purposes'. It has done so partly by promoting an enabling legal and fiscal framework which gives special privileges to many of the organisations that operate between public authorities and the commercial, profit-oriented market place. The concept of charity and charitable purposes, organically developed through case law in a fashion unique in Europe to the British Isles, has been central, although, as we shall see, this has been a complex, controversial and politically charged subject.

The relationship between the state and key parts of the voluntary sector has always been essentially symbiotic, and characterised by mutual dependence. Furthermore, the sector's apparently subservient role as a 'junior partner' in the delivery of formal welfare services is a purely twentieth century phenomenon, and the state did not displace the voluntary sector as the primary vehicle for social expenditures until the Liberal reforms of the early twentieth century. Even at a time when enthusiasm for and faith in the capabilities and potential of the state were highest – the aftermath of the Second World War – the continued need for voluntary organisations was acknowledged by decision-makers and opinion-formers. In the late 1940s, for example, both pragmatic and ideological considerations lay behind the transfer of ownership of the nation's vast existing network of charity hospitals from voluntary auspices to central government control, representing a massive shift of resources to the public sector. The 'agency relationship' between the state and friendly societies in the provision of

insurance was also replaced with direct state provision in the aftermath of war.

Yet in another major field – education – great care was taken to negotiate a continuing major role for voluntary bodies. Furthermore, *Voluntary Action*, written in the mid-1940s by Lord Beveridge, one of the architects of the post-war welfare state, posited a general belief in the importance of voluntary activity for the healthy functioning of society despite the ongoing expansion of state control and direction. The sector was to prove remarkably robust and adaptable in reacting to the challenges imposed by an enlarged government sector, at both national and local levels. The 1978 Wolfenden report, *The Future of Voluntary Organisations*, was also a landmark of recognition, although it failed to anticipate the anti-state and pro *laissez-faire* ideology which was to challenge the *status quo* during the years of the Thatcher and Major governments.

### 1.1 Growth in public interest in the voluntary sector

Despite the long tradition of acknowledgement of the voluntary sector's many roles, its contributions appear to have been rediscovered over the last few years by the public at large and the media. There has also been a notable quickening in the pace of the rhetoric of 'partnership' with the sector from across the political spectrum; an all party parliamentary committee on charities has been convened and, within government, new initiatives have been launched by the Home Office's Voluntary Services Unit. What has brought about this new wave of attention? Three themes help explain the higher profile of the voluntary sector. Dissatisfaction with the *status quo*; support for pluralism and diversity; and the pursuit of political and ideological goals. We consider each in turn.

*Dissatisfaction with the status quo*

The government and business sectors dominate most people's thinking about the production, organisation and delivery of goods and services. These high-profile sectors and organisations do many things very well, but it is now widely understood that they are poorly placed to meet *every* social or individual need. Interest in the voluntary sector has grown with recognition of, and dissatisfaction or disillusionment with, the cumulative failures of the institutional and political *status quo* represented by government and business organisations. The general public – and their community, political or media representatives – have become more critical of the consequences for cost, quality and effectiveness of heavy reliance on government or the market to solve many of the social and developmental problems of our time. Can a combination of market forces and state action alone be relied upon to allocate public services fairly and efficiently? Who is really best placed to meet the needs of religious or ethnic minorities, or to support those people and communities whose problems and vulnerabilities themselves may appear to stem in part from the limitations of government? Do governments have either the far-sightedness to address long term problems, or the political detachment to intervene in support of people affected by natural, social or political disasters? There is now wide recognition that the latter's shortcomings may range from a lack of understanding, knowledge and insight, through incompetence to brazen short-termism and expediency, or from fiscal constraints to partiality and wilful neglect.

At the same time, the voluntary sector itself has not been immune from public disillusionment and suspicion. At one level, the media have recently become noticeably more critical of some features of voluntary

action, fuelled by stories of fraud and charity incompetence, as evidenced, for example, by the publicity surrounding scandals relating to Humana, the British Legion and Scope (formerly the Spastics Society). Furthermore, many members of the general public now appear to hold significant reservations about the probity and efficiency of some charities, with considerable numbers taking the view that too many exist, and that they often spend 'too much' on administration (Fenton et al., 1993; Saxon Harrold, 1993). Moreover, fewer people than 50 years ago are now active in political parties, traditional churches and women's organisations, friendly societies and trade unions. Neither Lord Beveridge's celebration of voluntary action nor the Wolfenden Committee's more recent report could have foreseen the enormous changes in the second half of the twentieth century that would be experienced by those organisational vehicles for collective social action which had been so dominant in the first half of the century.

Yet these symptoms of suspicion and decline in the sector have to be set against wider evidence that the sector continues to thrive. Most obviously, the number of registered charities in England and Wales (accounting for around two-fifths of all voluntary organisations in the UK) has grown considerably since 1970 (see table 1.1).[1] It is probably not unreasonable to speculate that, so far, and notwithstanding these and related criticisms, the sector emerges *relatively* unscathed in comparison with the institutions of the state and the world of business. For example, in the mid 1980s, interpreting the findings of the UK leg of the European Value Systems Study Group's 1981 survey research, Gerard identified 'both a high regard for charities and a favourable view of voluntary workers ... the dominant view of charitable work is favourable' (Gerard, 1985, pp.201-202). This can be contrasted with the findings of both the 1981

*Table 1.1. Numbers of registered charities in England and Wales*

| Year | Number of charities newly registered | Number of charities removed from register | Net increase | Total at end of year |
|---|---|---|---|---|
| 1970 | 2374 | na | na | 76648 |
| 1971 | 1967 | na | na | 78600 |
| 1972 | 2219 | na | na | 80834 |
| 1973 | 2527+11140[b] | na | na | 94501 |
| 1974 | 3110 | na | na | na |
| 1975 | 2858 | na | na | 119978 |
| 1976 | 2988 | na | na | 122750 |
| 1977 | 3598 | 405 | 3193 | 125908 |
| 1978 | 3506 | 202 | 3304 | 129212 |
| 1979 | 3299 | 208 | 3091 | 132303 |
| 1980 | 3955 | 210 | 3745 | 136048 |
| 1981 | 3495 | 254 | 3241 | 139289 |
| 1982 | 4057 | 196 | 3861 | 143150 |
| 1983 | 3804 | 190 | 3614 | 146764 |
| 1984 | 3873 | 126 | 3747 | 150511 |
| 1985 | 3790 | 166 | 3624 | 154135 |
| 1986 | 3942 | 175 | 3767 | 157902 |
| 1987 | 3672 | 198 | 3474 | 161376 |
| 1988 | 3609 | 451 | 3158 | 164534 |
| 1989 | 4119 | 483 | 3716 | 168170 |
| 1990 | 4013 | 749 | 3264 | 171434 |
| 1991 | 4042 | 1168[c] | 2874[c] | 166503[c] |
| 1992 | 1681 | 4546[c] | 135[c] | 170357[c] |
| 1993 | 12559 | 6050[c] | 6509[c] | 170932[c] |

*Source:* Alan Polak, Charity Commission, personal communication, 1994.

a Includes subsidiary and connected charities; and see caveat in the text.

b The second figure represents educational charities transferred from DES to Charity Commission supervision.

c Figures in these years and disparities between them are partly a reflection of data-cleaning activities, including removal of duplicates and amalgamated charities.

'na' indicates not available.

and the 1991 stream of research on attitudes towards the state and big business in Great Britain and in Europe as a whole. Inter alia, this found that over half of those asked had little or no confidence in parliaments and civil services in both cases, while in Great Britain levels of distrust in 'major companies' and the 'social security system' were untypically high (at 50 per cent and 66 per cent respectively; Ashford and Timms, 1992, p.16, table 2.5). Furthermore, it would appear that the vast bulk of

media attention in the UK still tends to focus on more positive images including descriptions of the work of charities, their responses to government initiatives, and fundraising efforts. Only one in 20 'events' reported in a recent detailed analysis of printed news media concerned allegations of charity misconduct (Fenton et al., 1993; Deacon et al., 1995).

***Support for pluralism and diversity***

Another reason for the sector's higher profile in recent years has been increased awareness of the added value inherent both in political pluralism and service variety. Notwithstanding Beveridge's *Voluntary Action*, in the rush to equate state action with social progress, a somewhat dismissive view emerged in the mid-twentieth century of voluntary organisations, and charity in particular, as something associated with the failures and injustices of the past. Particularly for those on the political left, charities were regarded as creatures of the 'bad old days' responsible for freezing social inequalities, contributing to the subservience and powerlessness of the disadvantaged, and making them 'beholden' to those fortunate enough to be in a position to give. Charity was at best to be regarded as a residual, the domain of amateurism and inappropriate social control, to be superseded by state-led professional expertise and expanded social rights.

While the traditional concept of charity still has its critics, more positive thinking has re-emerged, rediscovering voluntary groups' important political and service provision roles in the context of recognition that the state and its professional employees cannot and should not be omnipotent nor omniscient. The numerous benefits cited by observers of the sector have included its political role in enriching civil society and providing a voice for otherwise excluded disadvantaged groups, providing a basis for

countervailing power to both the state and the market, and offering developmental opportunities for political participation and control (Ware, 1989c). It has also been associated with the enhancement of flexibility, responsiveness, choice, innovation and user control in service delivery (Knapp et al., 1990). Furthermore, voluntary organisations have been promoted as enhancing social cohesion, vital to and perhaps even representative of the essence of 'community'.

***Pursuit of political and ideological goals***

Modern governments of all political complexions have appealed to the capacity and resource potential of the voluntary sector in general as a way to legitimise constraints on, or even cuts in, public social expenditures at times of fiscal austerity (Brenton, 1985). But, historically, different styles of voluntary action have chimed with different political viewpoints. For the traditional Conservative right, charities, particularly Church-based, had always been regarded approvingly as organically developed and natural microcosms of the wider society in which they were located. Hierarchically organised by the elite, and reflecting the collective wisdom of the communities in which they emerged, they were thought to render unnecessary any 'interference' from the 'artificial' state. As we have noted, the same charities tended to be seen as the antithesis of social progress by the left. Rather, their empathy with voluntary action lay with the institutions of working-class mutual aid and with movements promoting political change, increasing class consciousness and encouraging a supportive working-class culture.

In the 1980s and 1990s, a new political role was to emerge for voluntary and quasi-voluntary organisations. The state found voluntary

action attractive as a mechanism for change, a powerful instrument capable of disempowering or undermining other players in the political game. This was to be of critical significance in the tense and sometimes fraught power struggles between a right-wing central state and often left-wing dominated local government. For the former, voluntary or quasi-voluntary housing associations and schools in particular were to offer a politically and electorally acceptable way of being seen to fund collective services, while at the same time weakening local government and – superficially at least – 'rolling back the state'. For the so-called 'urban left' local authorities of the early 1980s, by contrast, the provision of financial and other support for 'constituencies of the disadvantaged' – including groups for ethnic minorities and women, and groups promoting the rights of state welfare recipients – was regarded as a useful means of politicisation, mobilising new constituencies of support (Gyford, 1985; see chapter 4).

## 1.2 Voluntarism and the impetus from government

As interest in the voluntary sector has grown in the UK, four forms of government encouragement for the voluntary sector have become increasingly important over the past 20 years. The state has sought to enhance the sector's visibility, provide funding, offer regulatory support and expand tax concessions.

### *Enhancing visibility*

Ministerial speeches and departmental policy documents have often alluded to the assumed positive attributes of the voluntary sector that we have outlined, enhancing its visibility and stature, and made much of the notion

of 'partnership' between government and voluntary organisations. Within the state bureaucracy, since its formation in 1973, the Home Office's Voluntary Service Unit (VSU) has been active in promoting both the voluntary sector and volunteering through the collection and dissemination of information, and via a small number of funding schemes. In England, the VSU works closely with many of the sector's infrastructural, promotional and support bodies (such as the National Council for Voluntary Organisations and the Volunteer Centre UK). These bodies attempt to perform resourcing and coordinating roles for the sector, and the VSU provides core funds for many of them.[2] The symbolic importance of the VSU has been welcomed by many commentators, and it has been applauded as an enclave of voluntary sector understanding within central government, although its resource base has also been dismissed as tokenistic (Brenton, 1985; and see Hazell and Whybrew, 1993; note that the VSU allocated grants worth £12 million in 1991/92). In addition, while it claims to coordinate government policy, the VSU's influence within government has been very limited, since other departments have been reluctant to accept 'interference' in what they perceive to be their own internal responsibilities. The voluntary sector's profile has been raised in the 1990s through the spotlight cast by a 1990 'Efficiency Scrutiny' of government funding of the sector, and through annual meetings of the sector's four national generalist intermediaries with a newly-convened 'Ministerial Group on the Voluntary Sector' for a general exchange of views. To date, the Efficiency Scrutiny has had a mixed reaction from the sector's support bodies, following diverse experience of implementation (e.g. Mabbott, 1992a; Garfield, 1994).

*Funding*

A second way in which government has encouraged the voluntary sector is through *direct financial support* (some but not all of which was the subject of the recent scrutiny). The national lottery is a recent new addition to the existing battery of funding opportunities provided by government. As we describe in more detail in chapter 2, total UK statutory funding of the sector, broadly defined (from all tiers of government, including local, central, foreign and supranational – such as the European Community) stood at some £11.6 billion in 1990. This represented just under 6 per cent of total UK government current expenditure in that year.[3]

Historically, and employing a broad definition of the sector, over the past 50 or so years, funding for the universities and maintained voluntary (mainly church) schools has dominated central and local government support, respectively. Education remains the largest single area of state expenditure on this broader voluntary sector. In recent years, the most significant new injections of public funds have tended to come in the form of contractual or quasi-contractual funding for particular programmes or purposes, under which providers in the voluntary sector have been mobilised to deliver specific services in pursuit of departmental policy objectives. Housing provision and training schemes for unemployed people have been the leading examples. While central government funding of the sector under most if not all potential definitions has undoubtedly increased as a whole over the past 20 or so years, whether or not it did so between the mid-1980s and mid-1990s depends upon the definition of the sector which is employed (see chapter 4).

At the same time, *local* government support, dominated by funding from social services and education committees, has increased markedly in

real terms since the mid-1980s, despite the financial squeeze from central government. Nevertheless, local government funding of the voluntary sector remains low when compared to the overall amounts spent, at between 2 and 8 per cent of current expenditure (depending on whether a narrow or broad definition of recipient organisations is employed; see below).

***Regulatory support***

The third form of government 'encouragement' – through regulation – has grown in importance in recent years, sometimes building upon a variety of provisions in particular fields from earlier periods. Some measures are currently still in the process of establishment or consolidation, including legislative measures introduced by the Charities Acts of 1992 and 1993. These seek to modernise the regulatory environment and ensure adequate accountability and supervision, the first major legislation in this area since 1960. In addition to this generic legislation, the state also interacts with voluntary bodies through regulations in specific fields. For example, in the case of central government, the Housing Corporation regulates (as well as funds) housing associations while, at the level of local authorities, inspection units deal with voluntary sector social care facilities.

Of course, regulations can also be seen as interfering, inappropriate or inhibiting rather than supportive (see, in particular, chapters 4 and 5 below). A 'Deregulation Task Force', set up in 1994, gave the sector, via umbrella and intermediary bodies, the opportunity to air their grievances concerning governmental regulations and requirements across a range of areas, including the new generic charities legislation.

*Tax concessions*

Tax concessions, which make up the other main form of increasing government encouragement, were significantly expanded during the 1980s, driven partly by the generally favourable climate of encouragement for voluntarism, and partly in response to the sector's lobbyists. By the turn of the decade, these concessions were worth just under £1 billion a year.[4] These lobbyists had pointed to the combined adverse and unintended effects on the sector's resource base of two tax changes: reductions in income tax rates (making 'tax-efficient' donations more costly to individual donors) and the associated switch to indirect taxation, particularly VAT.

The most significant tax extensions have been geared towards individual and corporate donors, including liberalisation of the complex tax-exemption arrangements for planned 'covenanted' giving, and the introduction of tax exemptions for particular forms of one-off giving. The latter includes the 'Gift Aid' scheme established in 1990, which is expanding rapidly – and possibly at the expense of traditional covenanted giving – and the much smaller payroll giving project instigated in 1986. In addition, some advantages have also been made available to charities themselves, including a limited number of concessions in the VAT area, and the extension of mandatory relief on business rates.

Of course, these encouragements have come with many and varied strings attached, raising issues which we explore in the pages that follow.

## 1.3 Developing theoretical perspectives

Academic interest in the roles and activities of the voluntary sector has a long pedigree in Britain. For example, major social and political thinkers

of the late nineteenth and early twentieth century, ranging from Herbert Spencer to Beatrice and Sidney Webb, were preoccupied with the refinement of theory pertaining to the appropriate division of labour between the state, charity and self-help in meeting social need (Lewis, 1995a). Furthermore, the outstanding work on the history of voluntary action, David Owen's *English Philanthropy 1660-1960*, was written as long ago as the early 1960s (Owen, 1964). Yet in an interesting parallel with the view from government, the general public and political parties, many of the modern disciplinary social sciences – including economics, sociology and political science – until quite recently have tended to work predominantly with a two-sector, public versus private model as the basis for analytical distinctions.[5] Similarly, in social policy analysis, the dominance of the Fabian tradition, with its tendency to condemn the profit-oriented market while equating an expanding state teleologically with social progress, traditionally tended to obscure, or at least underplay, the continued contribution of voluntary organisations in British society (but see chapter 4 below).

More recently, however, an international academic research community with an interest in the non-profit sector has emerged. Perhaps with the highest profile during the 1980s because of the elegance and parsimony of their theoretical arguments, were the economic theories of American academics Burton Weisbrod, Estelle James, Henry Hansmann and Avner Ben-Ner.[6] Weisbrod (1975, 1977) developed a body of theory conceptualising the voluntary sector as a response to demand for public or quasi-public goods and services supplied by neither the market nor the state. In orthodox economics, the private market is usually seen as an efficient mechanism for ensuring provision in line with citizens' tastes

and preferences. However, this optimality breaks down in the case of jointly consumed, non-excludable and non-rival goods – in part because of the so-called free-rider problem, wherein the benefits of consumption can be reaped without paying. This instance of 'market failure' is then taken as providing an efficiency rationale for government provision (with consumer preferences expressed through the democratic process). Yet Weisbrod points out that the state itself is likely to be willing and able to meet only some of the demands that arise in this fashion, and the combination of both market and government 'failures' leaves a residual demand – failures to which voluntary organisation is then seen as an efficient response.

James (1987) takes this demand-side argument a stage further by positing that 'excess and differentiated demand' for this type of good may be a necessary but not a sufficient condition, for the existence of voluntary organisations: the supply side also needs to be theorised. She argues that the relative strength of the voluntary sector will also be predicated on the availability of appropriate entrepreneurship, while posing the question as to why this is likely to arise under non-profit, rather than for-profit, auspices. Supported by a wide range of cross-national comparative evidence in the education field in particular, she isolates religion, the pursuit of status, prestige and political power, and the goal of disguised profit distribution as critical motivating factors for those who decide to adopt the non-profit form.

Hansmann's (1980) 'contract failure' theory, like Weisbrod's, takes the free market as the benchmark for thinking about the voluntary sector's role, but focuses on a different set of difficulties in its operation. The theory places particular emphasis on what is often taken as a defining

characteristic of voluntary organisations – the non-distribution constraint under which they operate. From this perspective, legal and constitutional constraints on organisations' abilities to distribute net earnings act as a powerful signal to consumers about the motives, intentions and behaviour of those who control them. In situations of consumer vulnerability, where the characteristics of output are difficult or impossible to measure or monitor (particularly through separation of the funder and direct consumer), non-profit organisations, according to Hansmann, are likely to be regarded as more 'trustworthy' than for-profit organisations. This is because the latter's organisational goals mean that they have a more obvious incentive to cut corners on quality, or otherwise opportunistically 'take advantage' of the situation. The existence of non-profits which act in accordance with consumer expectations is then efficient from a societal viewpoint because this implies that the costs of monitoring or exploitation which would be incurred in a purely for-profit world are avoided.

Finally 'stakeholder theory' in many ways represents an attempt to synthesise and provide micro-economic foundations for the bodies of theory described thus far, with a sharp focus on the economic aspects of the process and conditions of non-profit formation (Ben-Ner and Van Hoomissen, 1993). Non-profit organisations are portrayed as coalitions of stakeholders providing 'trust goods' and 'collective goods', both for their own benefit (as simultaneously demanders and suppliers), and for the benefit of 'non-controlling stakeholders' who do not have a direct input into organisational governance. The latter frequent this type of organisation because they identify with the core coalition of demanders-suppliers, and recognise that because the supplying coalition are themselves demanders, it would be self-defeating for them to cut corners on the quality of

provision.

The body of sociological and political theory that has emerged to advance understanding of the voluntary sector is unsurprisingly rather more complex, and is difficult to summarise briefly. Instead, it may be helpful to identify four major themes which have arisen in the international literature: two relating to these organisations' relationships with the state; and two to their relationships with the structure of society as a whole.

The first important theoretical theme has been developed directly in response to the economic theories described above, as well as to 'conservative' political theory (Salamon, 1987, 1995; Kuhnle and Selle, 1992). These, it is argued, are inherently misleading because they create the expectation of conflict and competition rather than cooperation between the state and the voluntary sector. The assumption of competition is seen as erroneous because of the ample, if fragmented, evidence that was beginning to emerge during the 1980s that, in many countries (including the US), the two sectors tend to operate in concert or 'partnership', rather than discretely and separately. The voluntary sector, it is argued, historically and currently has tended not to act as a 'gap-filling' response to the failures of the other sectors, or in competition with them: rather, the sectors have tended to develop a relationship of mutual dependence and cooperation. Most importantly, the state has clearly become a major funder and regulator of non-profit activity in many countries, and it is suggested that the dominant economic formulations are unable to make sense of this empirical reality. Salamon's (1987) 'voluntary failure' theory then developed a new perspective on state-voluntary sector relationships. While government and the marketplace may have certain weaknesses, it is argued that the voluntary sector itself also tends to exhibit its own failings. These include

particularism, amateurism, paternalism and insufficiency, which in turn may prompt various forms of state intervention.

A second theme also focuses attention on the relationship between the voluntary sector and the state. One particular theoretical tradition sees 'the third [voluntary] sector offer[ing] a buffer zone between state and society, and mitigating social tensions and conflicts. Third sector organisations take on functions which the state, for various reasons, cannot fulfil or delegate to for-profit firms' (Seibel and Anheier, 1990, p.14). One variant of this is Seibel's (1990) characterisation of the sector as a 'shunting yard for [unsolvable] social political problems'. Under this argument, the sector emerges as a major player funded by government not because of any superiority in terms of efficiency – indeed, many reasons why voluntary organisations are likely to be *in*efficient, traditionally overlooked by economists, are identified. Rather, it is well positioned to allow the government to create the *impression*, as political imperatives dictate, that 'something is being done' about issues that are inherently intractable.

A third theme is 'structural' and relates to the sector's ability to grow in different national settings, in part taking us back to the issue of non-profit entrepreneurship. Salamon and Anheier (1994) have argued that the existence of an educated urban middle class – reflecting an advanced state of economic development – is one of three factors conducive to the existence of a strong voluntary sector. Other features argued to be of import are the existence of a common law (as opposed to a civil law) legal system, and a lack of political centralisation. A common law system, with its presumption in favour of the right of association, together with a decentralised political framework, it is argued, create a greater 'social space' or more 'open field' in which non-profits can flourish.

The final theme relates to distributional concerns. It has been suggested by some scholars that the operations of non-profit organisations may mirror the interests of elites, or the capitalist system. Some commentators, arguing from a Marxist or near-Marxist perspective, have conceptualised philanthropy as an expression of social control by dominant status groups, effectively blocking social progress. Such theorising is consistent with the political left's antipathy towards charity to which we have already referred (see Williams, 1989; Wolch, 1990; and Beckford, 1991 for interesting recent formulations sympathetic with this tradition).

## 1.4 Aims and methodology of the research project

The expectations generated by the increased attention from the public and the media, government and academia have not, however, been informed by a clear understanding of what the voluntary sector is, how it is financed, or how it links with the state and private business. This is as true in the UK as it is in most other countries. It was in this context that the Comparative Nonprofit Sector Project was launched in 1990, directed by Lester Salamon and Helmut Anheier of the Institute for Policy Studies (IPS), Johns Hopkins University, Baltimore, USA. The UK research was led by the author, under the guidance of Professor Martin Knapp, with the collaboration of numerous colleagues (see preface). The international project's aims were to close gaps in knowledge about the sector in a comparative context using common definitions, equivalent research frameworks and consistent instrumentation in pursuit of an agreed set of common objectives (see box 1.1). The overall approach can be summarised as empirical and comparative; involving a common methodology and a collaborative approach; and consultative, through its use of national and

*Box 1.1 Aims of the Comparative Nonprofit Sector Project*

- To provide a systematic basis for comparing the experience of voluntary organisations in different parts of the world.
- To describe the scope, scale and legal position of the voluntary sector in each participating country, and to develop an understanding of its evolving role.
- To examine the voluntary sector's relations with other institutions, especially government and business.
- To improve awareness of the sector on the part of public and private leaders and the general public.
- To provide a sounder basis for evaluating policies which concern the voluntary sector.

international advisory committees, which included representatives of foundations; peak or umbrella associations; and public sector and academic experts on the voluntary sector (Salamon and Anheier, 1996a). Other participating countries were Brazil, Egypt, France, Germany, Ghana, Hungary, India, Italy, Japan, Sweden, Thailand and the United States. Alongside the UK, full statistical data were collected in seven of these countries – France, Germany, Hungary, Italy, Japan, the United States and Sweden (although Sweden joined the project later, and so was not included in the first stream of published comparative results). Each country had a team of 'Local Associates' to carry out the country-specific research tasks, while the Institute for Policy Studies provided central support and direction; as implied above, the author was the leading 'Associate' in the UK.

As part of the project's shared methodology, guidance was provided by the Institute for Policy Studies to each country in the form of 'Field Guides', which raised common research questions concerning (i) definitions (ii) data collection strategy; (iii) the sector's historical development; (iv) the sector's legal treatment; (v) the nature of relations with government, and current and future policy issues facing the sector. These were completed

by the UK team, and forwarded to Baltimore for deployment in the international comparative analyses being undertaken. They also formed a good deal of the raw material that was utilised in completing the UK outputs of this research (Kendall, 1995; Kendall and Knapp, 1995a,b,c, 1996). The research reported here is based upon the author's personal contribution to this research project, and thus to answering the overarching international research questions outlined in box 1.1.

One of the first activities of the project was to address the highly problematic issue of definition – an essential prerequisite of quantitative comparative research. The strategy upon which the international research team settled was to build a 'structural operational definition'. This approach identified characteristics which organisations should possess in order to be described as 'non-profit' or 'voluntary'. On the evaluative criteria of economy, significance and explanatory power originally suggested by Karl Deutsch, this approach, it is argued, performs better than the obvious alternatives, including legal, economic/financial and functional approaches (Salamon and Anheier, 1992a, 1996b). The characteristics required for organisations to be included are listed in box 1.2, and figure 1.1 shows how this corresponded with the major types of organisations in the UK, including registered charities. The area enclosed by the bold line, relating to these, is contrasted with the shaded area, relating to all bodies covered when our core criteria are applied. With the exception of purely religious trusts and trust funds linked to statutory organisations such as schools and hospitals, all bodies that are charitable in law are covered by our definition, whether registered, exempted or excepted, or for some other reason unregistered. Other, non-charitable bodies which appear to meet all of our criteria to a meaningful degree are also included for our purposes,

***Box 1.2 The structural operational definition***

Organisations appearing to meet all of the following criteria were regarded as voluntary bodies for the purposes of cross-national comparison.

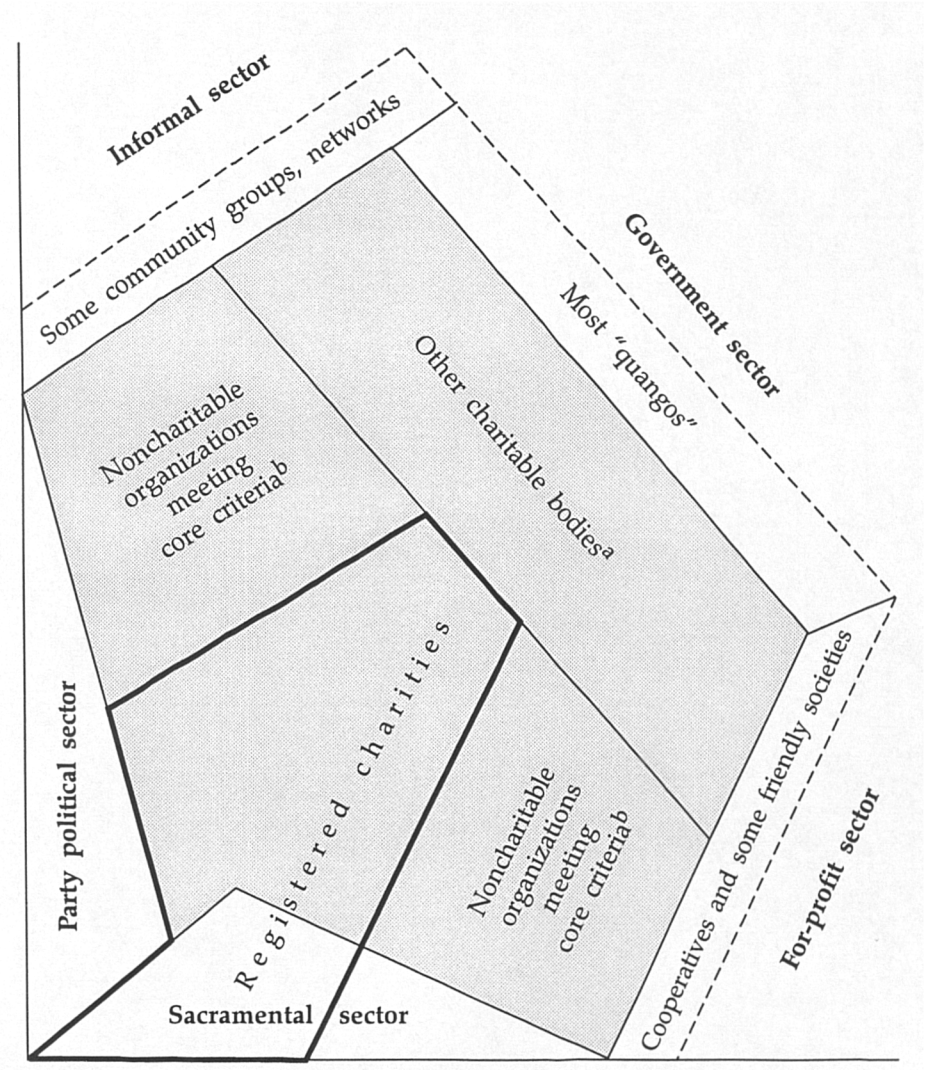
- Formal
- Independent of government and self-governing
- Not-profit-distributing and primarily non-business
- Voluntary

Two further criteria were adopted for the purposes of statistical mapping only. *Party political organisations* were excluded. And *sacramental activities*, taken to include places of worship and the central infrastructure and support bodies of the churches, were omitted — although they are recognised in the classification scheme.

and some economically significant examples are given at the foot of the figure. Also included in our definition but non-charitable are bodies 'too political' to be regarded as charitable in law; 'exclusive' self-help or mutual aid groups across the industries which have been denied charitable status; and any voluntary bodies which have either made a conscious decision not to be officially sanctioned as charitable bodies because the advantages are thought to be outweighed by the concomitant constraints, responsibilities and costs, or because they are unaware of their eligilibity for charitable status. (Technically, some of the organisations in the last category may legally be charitable without realising it.)

The next step was to agree a classification of organisations by field of activity; the result was the 'International Classification of Nonprofit Organisations' (ICNPO), which categorises organisations by 'industry' (Salamon and Anheier, 1992b, 1996b). This is summarised in box 1.3. Like the definition, the classification aimed to be sensitive to the relevant features of voluntary organisation activity across the globe. Inevitably, it therefore represents a compromise between different national realities and

*Figure 1.1 The voluntary sector 'diamond': UK coverage of the structural/operational definition*




*a* Includes exempted and excepted charities (other than sacramental bodies in this category), some of which are often referred to as 'quangos', or thought of as public sector bodies, including the national museums and voluntary aided schools.

b Includes most housing associations, self-help groups, non-partisan 'political' groups; trade unions, and professional, trade and business-support agencies; most recreational organisations (including sports and social clubs); and many community businesses.

Note: In addition to sacramental bodies, voluntary controlled schools, and trust funds and fundraising bodies linked to specific statutory bodies have been excluded from the structural/ operational definition as applied here, although charitable.

contexts. However, our experience of its application showed that it worked relatively well in the UK for identifying the broad *economic* characteristics of the sector – although there were inevitably some practical problems in operationalising it which we resolved by UK-specific conventions (described in chapter 2). A major difficulty in the UK context arose, however, because the universe of organisations embraced by our definitional strategy diverged markedly from what is probably the dominant taken-for-granted conceptualisation of 'the voluntary sector' in the UK. A 'narrow definition" to correspond more closely to the latter was therefore developed in the UK to run concurrently with the structural operational definition. This involved excluding certain discrete fields of activity meeting the core definitional criteria of box 1.2, labelled with the letter 'b' in box 1.3. The rationale for these exclusions is explored further in chapter 3 below.

The remainder of this thesis is organised as follows. First, the rest of this introductory chapter (section 1.5) aims to provide a highly summarised account of the historical development of the links between the voluntary sector and two factors which have been isolated in the international literature as being particularly important in understanding its position from a cross national comparative perspective: the scope and nature of the state; and the religious context of the society in which the sector develops.

The next two chapters are both concerned with mapping the sector from different, but complementary, perspectives. Chapter 2 utilises the ICNPO described above to organise discussion of the sector's economic scope and scale. It reports on the research component which was by far the most time-consuming and problematic: the quantative mapping of the sector. Central to the international comparative study was the collection of comprehensive statistics on the voluntary sector's activities, and its

income, expenditure and employment. Although this research task was extremely time consuming, it lay at the heart of the project strategy and it represents, we hope, one of its most important contributions. The chapter includes both an account of the methodology of data collection, and summarises the findings of that aspect of the research.

The third chapter has a more qualitative flavour. It aims to provide a complementary overview of the sector to that offered in chapter 2, both by identifying its functions within society, some of the main types of structures which can be found within it, and to describe some of the ways in which it is still underpinned by religious influences. It also charts the nature of its contributions by considering the range of values and motivations that have been associated with it. Analysis of these features then prompts a return to the thorny issue of definition – leading us back to describe the underpinnings and rationale for developing the 'narrow definition' referred to above.

Chapter 4 analyses developments in relationships between the state and the voluntary sector over the past 20 years or so. The next chapter (chapter 5) then focuses on the particular history and recent experience of the education field.

Chapters 3, 4 and 5 were all developed from reviewing the literature, as well as from detailed interviews with more than 40 key actors with a strong interest in the UK voluntary sector. Interviewees were chosen so as to gain the perspectives of people in the voluntary sector and key stakeholders with an interest in it. Thus, representatives of central and local government, business, trade unions and the leading religious denominations were among those interviewed. Within the sector itself, representatives of key umbrella or intermediary bodies were also

*Box 1.3 The International Classification of Non-Profit Organisations (ICNPO)*

**Group 1: Culture and Recreation**

*1 100 Culture*
Media and communications
Visual arts, architecture, ceramic art
Performing arts
Historical, literary and humanistic societies
Museums
Zoos and aquariums

*1 200 Recreation*[b]
Sports clubs
Recreation and social clubs

*1 300 Service Clubs*

**Group 2: Education and Research**

*2 100 Primary and Secondary Education*[b]
Elementary, primary and secondary education

*2 200 Higher Education*[b]
Higher education (university level)

*2 300 Other Education*
Vocational/technical schools
Adult/continuing education

*2 400 Research*
Medical research (in-house only)
Science and technology
Social sciences, policy studies

**Group 3: Health**

*3 100 Hospitals and Rehabilitation*
Hospitals
Rehabilitation

*3 200 Nursing Homes*
Nursing homes

*3 300 Mental Health and Crisis Intervention*
Psychiatric hospitals
Mental health treatment
Crisis intervention

*3 400 Other Health Services*
Public health and wellness education
Health treatment, primary outpatient
Rehabilitative medical services
Emergency medical services

**Group 4: Social Services**

*4 100 Social Services*
Child welfare, child services, day care
Youth services and youth welfare
Family services
Services for the handicapped
Services for the elderly
Self-help and other personal social services

*4 200 Emergency and Relief*
Disaster/emergency prevention and control
Temporary shelters
Refugee assistance

*4 300 Income Support and Maintenance*
Income support and maintenance
Material assistance

**Group 5: Environment**

*5 100 Environment*
Pollution abatement and control
Natural resources conservation and protection
Environmental beautification and open spaces

*5 200 Animals*
Animal protection and welfare
Wildlife preservation and protection
Veterinary services

**Group 6: Development and Housing**

*6 100 Economic, Social & Community Development*
Community and neighbourhood organisations
Economic development
Social development

*6 200 Housing*
Housing associations
Housing assistance

*6 300 Employment and Training*
Job Training programmes
Vocational counselling and guidance
Vocational rehabilitation and sheltered workshops

**Group 7: Law, Advocacy, and Politics**

*7 100 Civic and Advocacy Organisation*
Advocacy organisations
Civil rights associations
Ethnic associations
Civic associations

*7 200 Law and Legal Services*
Legal Services
Crime prevention and public safety
Rehabilitation of offenders
Victim support
Consumer protection associations

*7 300 Political Organisations*[a]
Political parties and organisations

**Group 8: Philanthropic Intermediaries and Voluntarism Promotion**

*8 100 Philanthropic Intermediaries and Voluntarism Promotion*
Grant-making foundations
Voluntarism promotion and support
Fundraising organisations

**Group 9: International Activities**

*9 100 International Activities*
Exchange/friendship/cultural programmes
Development assistance associations
International disaster and relief organisations
International human rights & peace organisations

**Group 10: Religion**[a]

*10 100 Religious Congregations and Associations*
Congregations
Associations of congregations

**Group 11: Business, Professions and Unions**[b]

*11 100 Business, Professional Associations and Unions*
Business associations
Professional associations
Labour unions

**Group 12: (Not Elsewhere Classified)**[a]

*12 100 NEC*

a excluded for statistical mapping purposes.
b excluded under narrow definition.

interviewed, together with 'specialist' interviewees in each of a number of key subsectors. For the purposes of this thesis, the relevant specialist interviews were those undertaken with representatives of the UK's leading denominations, and intermediary bodies in the primary and secondary education field. The interviews were undertaken between 1992 and 1994, and generally lasted approximately one and a half hours. The final chapter summarises the findings of the research, and discusses the overall light which this new UK empirical evidence sheds on the main theoretical perspectives, although this is necessarily speculative as data were not collected in a form which was amenable to vigorous hypothesis testing. Thus, it is more a case of informed reflection than any attempt to formulate definitive statements and should be approached with this in mind.

## 1.5 The historical role of the state and religion in voluntary sector development

In the conclusion to the summary of the voluntary sector's development reported in Taylor and Kendall, 1996, a myriad of factors are identified as having an influence on its historical trajectory. But two institutions or aspects of society emerge unambiguously as critical to understanding how and why the voluntary sector has operated in any given historical context, and progressed from one point in time to the next: the religious character of UK societyat that time; and the nature and activities of the state. Without an understanding of the part played by these institutions, and how they have impinged upon society the ways of thinking and taken-for-granted assumptions with which it is permeated, it is difficult to explain how and why the scope and scale of the voluntary sector has changed. The relevance of the state to this day hardly needs spelling out, as the

media and public discourse are saturated with references to its social and economic role. But is religion still relevant to understanding the voluntary sector today? We have already noted above that one of the areas of voluntary action where decline seems most obvious is religion, as it is widely recognised that the membership of the traditional churches has declined significantly in recent years. However, our answer is yes, although it is of less overall significance than it has been historically. Most obviously, we show in chapters 2 and 5 that the two major traditional trinitarian faith groups in British society, Anglicanism and Catholicism, while commonly assumed to be in decline still constitute a massive institutional presence when it comes to voluntary sector service provision and point to other evidence of the continued relevance of religion as part of voluntary action. How these groups are also actors in the policy process is also described. What follows, therefore is an attempt to provide a historical backdrop against which these current realities can be judged.

### *The historical development of state-voluntary sector relations*

The history of the relationship between the state and voluntary organisations can be seen in four overlapping phases. The final phase, in which the voluntary sector is increasingly operating alongside the private, for-profit sector as an agent of the state, is the focus of chapter 4. In this section, we are concerned to summarise the first three phases. The first phase can be thought of as the *shift from feudal attitudes to an acceptance of laissez-faire*. In England until the seventeenth century, the dominance of medieval social theory within the elite's value systems meant that activity outside the confines of feudal structures closely controlled from the top down by Church-State authorities tended to be regarded as dangerously

destabalising and threatening to the social order. In this context, the Catholic Church had initially been the dominant institution in meeting social need and exercising social control prior to the Reformation (see Ware, 1989b). The Reformation overturned this accommodation and concentrated unprecedented resources under Crown control, before dispersing them again to an expanding landed elite – one of whose social roles was then assumed to be the dispensation of philanthropy to those in need, encouraged most obviously by the 1601 statute of charitable uses (Taylor and Kendall, 1996 describe the range of philanthropic activities in which the elite were involved). At this stage, Church influence remained strong *within* the state, and by the late seventeenth century the label 'Confessional state' probably best captures the symbiotic relationship between the state Church and secular authorities (Brown, 1991a; see box 1.4).

According to Perkin (1969), the dominance of pro-feudal medieval social theory within the elite's belief systems was replaced by attitudes sympathetic to laissez faire as early as the late seventeenth century. In seeking to understand the social as well as the economic basis of the industrial revolution and why it occurred in England before elsewhere in Europe, Perkin links the emergence of sympathy with *laissez faire* in England particularly to the relative permeability of the English elite to the expanding bourgeoisie, and the resultant modifications of the former's value systems. In particular, his argument builds on the revealed preferences of the elite as shown by changes in the legal treatment of property. Under feudal thinking, property rights tended to be seen as 'conditional, circumscribed and subject to the specific claims of God, the Church, the king and the inferior tenants and the poor' (op. cit., p.52). These were

*Box 1.4 The eighteenth-century Confessional State*

The Church of England completely dominated social life and civil society in the eighteenth century. At the start of that century, just 7 percent of the population of England and Wales were identifiable as dissenting or Roman Catholic (Brown, 1991b, pp.109-110, 126) and while some of the remaining 93 percent may have been atheist or agnostic, the vast majority were effectively Anglican, even if not always regular or committed worshippers.

Anglicanism was institutionalised as the religion of the governing elite. Being a male property owner and a member of the Church of England was technically a requirement for holding political office at both central and local government levels for most of the period from the seventeenth until the early nineteenth century. At central government level, the Church exercised direct influence through its Bishop's presence in the House of Lords, and indirectly through the Anglican qualification for admission to the House of Commons (as well as to Oxford and Cambridge, the civil service and the armed forces) – with a *quid pro quo* for the State through considerable control over senior Church appointments and Parliament's monitoring of Church affairs. At the local level, the closeness of relations was manifested in rural areas through the landed gentry's rights of patronage with regard to the selection of clergymen, and the Church's retention of monopoly rights to perform civil rituals (including those connected with births, marriages and deaths). The appointment of many Anglican clergymen as Justices of the Peace, who at that time controlled both the legal and administrative aspects of local government, was also symptomatic of the intimacy of Church-State relations, and many of the corporations that had political functions in some of the towns effectively operated as closed Anglican oligarchies.

replaced by 'absolute, categorical and unconditional rights' in 1660, when feudal tenures were turned into freeholds. This was an important turning point, confirming the landed elites' rights to use their property as they wished (op. cit., p.5). The constitutional settlement that followed the Restoration ensured that, unlike their equivalents in many contemporary European societies, the English elite would in principal be relatively free from the *dirigisme* of a powerful monarch and central state apparatus. While historical data shows that local elites were expected and did often continue to act philanthropically and attend to the welfare of their local population (Taylor and Kendall, 1996), there was a change in emphasis.

Philanthropy now tended to be seen as a matter of individual conscience rather than as a direct and automatic response to the authority of a feudal state apparatus.

The belief that local voluntary action was the appropriate way to deliver welfare and control domestic society was to be especially dominant in the late eighteenth century, and for most of the nineteenth century. Thane (1990, p.1), referring to the whole of the period 1750 to 1914, refers to how the 'central assumption' that central government's role was merely 'to provide a firmly established and clearly understood framework within which society could largely run itself ... had distinct institutional effects' (see box 1.5). Taylor and Kendall (1996) describe in detail the implications in terms of the scope and scale of voluntary organisations during this period. Lewis, drawing on the work of both Thane and José Harris (1990), points out that contemporary political leaders tended to see charity as a means of expressing 'the corporate life of society'; indeed, it is argued that voluntary organisations were 'integral to the conceptualisation of the state by its leaders' (Lewis, 1995, p.8), and that it can therefore be misleading to refer to 'the state sector' and 'the voluntary sector' as if they were separate, discrete entities (see also Yeo, 1976, p.219). Nevertheless, laissez faire (as opposed to atomistic individualism) remains a useful label for describing this stage of development because it effectively communicates the extent to which the state's profile and direct involvement in society was limited in comparison with other countries and other eras (most obviously measurable by the low proportion of GDP which would have been accounted for by the state during that time).

The second phase of the development of relations between the voluntary

*Box 1.5 Dominant assumptions concerning the State and voluntary action in the nineteenth century*

In contrast with most other societies of the period, in England and Wales many of the functions performed by central government elsewhere were, throughout the period 1750-1914, performed by groups of self-governing citizens either on an elective, but unpaid official basis, as in the various institutions of local government, or through voluntary associations. Though Britain certainly possessed highly effective central government institutions, unlike other European countries she did not develop in the nineteenth century a strong bureaucratic structure with strong interests of its own, a strong set of popular expectations of the role of the state or a sense of popular identification with it. Victorian central government involved itself in the lives of its citizens in many ways and had a clear vision of its role, but its methods of, for example, taxing and policing the population were, compared with other societies of the time, indirect and discrete (Thane, 1990).

sector and the state involved *the shift from laissez faire to an enlarged and higher profile for the state, first as 'junior', and then as 'senior' partner.* Four factors can usefully be singled out as contributing to the changing tide of opinion, and the acceptance of a greater role for both the central and the local state – through greater regulatory powers, funding for other providers, and, eventually, in some cases direct delivery of services (with the rate of change varying by organisational field, as described in Taylor and Kendall, 1996). These factors appear to be interrelated in many complicated ways, and involve elements of both altruism and self-interest on the part of decision makers. The order in which they are presented should not be taken as an indication of their relative importance. First, there was increasing concern about the adequacy of the nation's stock of human capital in the face of growing economic competition from abroad. Other parts of Europe appeared to be benefiting substantially from policies of active state investment, and there was concern

that Britain was lagging behind other countries because of its reluctance to intervene. The view that state intervention was an appropriate response to the changing international context came first in education in the nineteenth century (see chapter 5). The advent of the Boer War (1899) spread this recognition more generally as concern over the condition of recruits took over the front pages of the press. The perceived need to improve the physical and productive efficiency of the mass of the population (Thane, 1982, p.58) encouraged the more gradual entry of the State into medical and social care which began with legislation introducing school meals and medical inspections in the early years of the twentieth century.

A second factor bringing the state into welfare was the reinterpretation of the nature and causes of poverty and other social problems. As described in Taylor and Kendall (1996) survey evidence, although controversial (Perkin, 1989), was increasingly taken to imply that disadvantage was often not the fault of individuals, but rather lay in the structures of society. The presumption that those who were disadvantaged 'deserved' to be in that situation was no longer be taken for granted. Rather, it was seen as appropriate for the state to assume a greater measure of responsibility for those disadvantaged by laissez-faire, thus compensating for what would now be recognised as cumulative market and voluntary failures (cf section 1.3 above; but see Lewis (1995)'s cautionary words about the transportability of modern frameworks). Under 'New Liberal' thinking, in particular, such state intervention was now legitimised as enabling, creating opportunities for positive freedom, rather than 'interfering' and hence restricting freedom, as it had traditionally been portrayed by classical liberals and evangelists (see below).

Fear of insurrection has been seen as a third factor in the acceptance

of a greater state role in welfare (see, for example, Stedman Jones, 1971) and was arguably given more weight by Conservative than Liberal politicians. As will be clear from the comments thus far, philanthropy was itself a form of social control. But it was increasingly seen, even by many of its supporters, as unequal to the task of alleviating the pressures that, if unchecked, could lead to revolution. Cahill and Jowett (1980) have suggested that the politicians of the new century saw state welfare measures as a way of seducing working people away from independent political action at a time when the new Labour Party was becoming successful at the polls.

A fourth factor was the changing character of the state itself, which broke down barriers to its expansion and created momentum for growth. The abolition of restrictions on non-Anglicans' ability to hold political office meant that the historical association of state action with the Church of England was broken. The equation of the state with Anglicanism had acted to fuel a strong preference for laissez faire among non-Anglicans, who were now constituting an increasingly large proportion of the population (see below). But with the opening up of the polity, it could be argued that the state was no longer a creature of the Anglican Establishment, thus breaking down the traditional distrust of the non-Anglican community. However, this changing attitude towards the state was initially confined primarily to the middle classes. For many in the working class, the state was associated closely with the harshness of the post 1834 Poor Law regime, and was viewed by many as 'the preserve of the wealthy few' (Dearlove and Saunders, 1991, chapter 10).

There was also the gradual extension of the franchise from male members of the propertied classes to the community as a whole. With a

democratised state, there were more obvious and direct incentives for both Conservative and Liberal administrations to take into account the demands and grievances of those without property – by definition more likely to be disadvantaged by laissez-faire with its core emphasis on the unconditional protection of private property rights, and less likely to lose out through tax funded state expansion. Moving into the early twentieth century, the willingness of successive governments to increase taxation can therefore be seen in part not only as a principled rejection of laissez-faire ideology in the pursuit of 'positive freedoms', but also as a response to electoral pressures from the hugely expanded electorate.

A final way in which change in the character of the state facilitated its expansion had more to do with its changing infrastructure and capabilities. The factors we have noted were important in prompting the break with absolute adherence to laissez faire, and the expanded tax base – while still extremely low by modern standards in the early twentieth century – provided the state with a greater *financial capacity* to fund, regulate or provide welfare services on an unprecedented scale. However, inherited state structures – in which the landed elite had run day-to-day state affairs with the support of only small cores of paid staff selected through patronage – appeared increasingly insufficient, and to lack the expertise required to adequately fulfill these new roles. The late nineteenth century therefore witnessed major reform of state administration, and by the early twentieth century, Britain possessed a range of new state bureaucracies, albeit not rivalling the extent of those that had already emerged much earlier in continental Europe. Inspectorates were founded by the central State in key social welfare fields, including education and public health, staffed by new professions 'objectively' selected on the basis of merit (as judged by

professionals' own criteria). At local government level, a patchwork of new appointed and elected boards were founded during the course of the nineteenth century, and then superceded by a coherent, tiered system of elected multi-function local authorities with increasing numbers of professional staff. The growth of state bureaucracies was an important development, because it meant that there was now an important set of new players *within* the state. Comprising part of the 'forgotten' (i.e. non-capitalist) middle class, this new generation of professionals was itself a powerful voice arguing for state expansion – whether through a genuine belief that such growth was the best way to deal with the social problems with which they acquired an unprecedented intimacy, or because of the pursuit of more obviously self-interested goals, including 'empire building', the pursuit of status and power, and other psychic rewards (see Perkin, 1969, pp.319-340; and 1989).

While these interrelated factors introduced cumulative pressure for state expansion, it is crucial to note that the legitimacy of a greater role for the state was only accepted gradually and haltingly – and often presented as 'temporary' state involvement – because the assumption in favour of laissez-faire was so deeply embedded within British political culture (across both the Liberal and Conservative parties), and there remained many who clung to these principles even as state growth gathered momentum.

In spite of the continued and significant resources of philanthropy and mutual aid in the late nineteenth century, the view that charity *alone* was unable to deal appropriately with all social ills became progressively stronger during the first half of the twentieth century. Although it is hard to quantify the relative contributions of the sectors, it seems likely that, in terms of operating expenditures, state activity had overtaken that of

voluntary organisations before the outbreak of the First World War and became the 'senior partner' in welfare (Kendall and Knapp, 1993). The shared experience of risk and uncertainty associated with wartime, particularly during the Second World War, probably played a crucial role in legitimising 'solidaristic' goals (Goodin and Le Grand, 1987), which were assumed to be most amenable to achievement through extensive state activity; the influence of the Labour movement was another factor, although recent accounts have played down the impact of class driven reform, emphasising instead the lobbying of ascriptive groups (Pampel and Williamson, 1989). While the voluntary and private sectors were seen as creatures of the past and the status quo, the central state was now associated with the potential for a successful future. Its part in securing victory in the war counted strongly in its favour amongst both middle class and working class voters. While controversy and conflict over the state's role did not disappear, and so there was nothing inevitable about the structure that evolved, as Glennerster points out, 'the institutions of the Welfare State were genuinely popular with the mass of the electorate...and it was this which brought it into being and sustained it' (1995, p.12; and see box 1.6). The experience of war thus reinforced existing pressures towards state expansion, building upon the four historical factors that we have already outlined, without actually determining the institutional forms that this state action would or should take. These in fact varied according to the political, social and economic factors associated with specific fields of activity, with the outcome ranging from full nationalisation in the case of hospital care and income maintenance; to financial support but not direct control in education; to much less extensive state involvement in personal social services (Taylor and Kendall, 1996; Kendall and Knapp,

***Box 1.6 The effects of the Second World War on expectations***

> [T]he war prepared the way for a more state-interventionist, more equal and caring society after it ended. It produced a *revolution in expectations*, about what the nation could do when roused to meet a common threat, about how far the State could go in organising people for a common purpose, about the capacity of government to organise large-scale production and distribution, about what the community owed its members in times of emergency and distress, and about the possibility of planning for a fairer, less wasteful, more productive world in the future. Many of these expectations had been growing between the wars, and ... had even been unsuccessfully anticipated in the First World War. The Second World War gave an even *stronger practical demonstration* that state intervention and mutual responsibility between citizens on a large scale could work and that the War could not have been won without them (Perkin, 1989, p.409; emphasis added).

1996, chapters 6 and 7).

The third historical phase could be described as that of *adjusting to the dominant state*, and developing new complementary roles. The 1960s and 1970s witnessed the growth of voluntary organisations whose aim was not to run in parallel with the now extensively taken-for-granted State, or even to act as an extension ladder, but to hold up a mirror to the State (Taylor, 1995). While some did retain important roles in mainstream and specialist social welfare provision (most obviously in education and personal social services), many voluntary organisations developed roles as watchdogs on public policy and provision, identifying gaps and new needs, and applying pressure for change. They also demonstrated new ways of reaching need, as well as providing complementary services. These roles were acknowledged in a major government-commissioned report on the personal social services in particular which saw the state consolidating its role as the major provider. Any shift in the balance of provision could 'present problems to the local

authority which may be led to neglect its own responsibilities and to the voluntary organisation which may be prevented from developing its critical and pioneering role' (Seebohm, 1968, p.182; see also Wolfenden, 1978). While this might be seen as an attempt by the state to reinforce its own dominant role, it is probably fair to say that most of the new wave of voluntary organisations themselves also rarely sought to be an alternative or substitute to state provision at this time. Their concern was to make the state work better and to improve the rights of the citizen.

Nonetheless, the 1960s campaigns reflected a growing realisation that the state alone could not eradicate need. Dissatisfaction with the welfare state grew among voters, and political theorists first from the 'New Left' and then the 'New Right', developed extensive critiques (Holmwood, 1993). The former's critiques were also linked with the rise of the new 'social movements', with key foci including environmental and women's issues, which helped to develop new thinking on the inadequacies and limitations of both the state and the free market *status quo* (Mulberg, 1995, chapter 6). These developments were to pave the way for the current phase of relations, in which part of the sector finds itself operating alongside private for-profit and statutory providers as key players in a remixed welfare economy. Chapter 4 below traces this transition, and outlines of the features of the new accommodation between the state and the voluntary sector.

### *The influence of religion and the Church*

It is hard to overstate the intimacy of the relationship between religion and the voluntary sector. At the most obvious level, throughout history many agencies have been established with specifically denominational or

ecumenical religious aims by the churches themselves, or by their active members. But equally important has been the pervasiveness of the Christian 'world view' in creating incentives to, providing guides for, and attaching meaning to philanthropic and mutual endeavour, whether or not the ultimate recipient organisations have had an overtly religious tag.

The strong links in England between the Church of Rome and medieval charity are described Taylor and Kendall, 1996. As far back as 1215, Pope Gregory IX had issued a decree exhorting members of the Church to contribute to pious causes on pain of being refused both the Eucharist and the right to be buried in hallowed ground (this mainly covered religious activities, but piety included many of the activities later to be enshrined in the preamble to the 1601 Act). Ecclesiastical courts in England also had exclusive control over personal property on death until the fifteenth century, and a third of intestate property was channelled into 'pious purposes' (see Ware, 1989b).

It is often stressed that the formal development of the voluntary sector in the sixteenth and early seventeenth centuries was apparently secular, arising out of the Reformation and increasing dissatisfaction with the corruption and irrelevance of the state Church. Moreover, the key legislative provision concerned with philanthropy during this era – the 1601 Statute of Charitable Uses – significantly makes no mention of religion (see Ware, 1989b, and references therein for a detailed discussion). However, it is essential to stress that 'secularisation' of charity at this time was a rejection of the existing structures and attitudes of the state Church, rather than of faith. The philanthropy of the rising puritan merchants still sprang from religious principles (Rosenthal, 1972). The Tudor period, according to Jordan, the leading historian of philanthropy of the period, marked the

development of 'a sensitive social conscience, that was secular in its aspirations and fruits even when the animating impulse might have been religious' (Jordan, 1959, pp.17). Significantly, 'the broadening spectrum of social and cultural aspirations in the sixteenth and seventeenth centuries simply transcended and overran those areas of responsibility which the Church was prepared or competent to undertake' (p.20).

During the eighteenth century, the state Church was, nevertheless, firmly established at the heart of civil society as a partner in the 'Confessional State' (cf box 1.4 above), although we have noted above that its influence was no longer exercised directly through a feudal apparatus. Brown observes how 'though membership of the Anglican church... was a prerequisite for full membership of civil society, other forms of Protestantism and Roman Catholicism were tolerated, depending on the prevailing political climate, while being discriminated against overtly through legislation and covertly through prejudice, fear and distrust' (Brown, 1991b, p.96; see also Perkin, 1969, chapter 2). This combination of exclusion and tolerance provided existing dissenters with incentives either to switch religion or to become 'occasional conformists' if they sought political office, or to act outside the state in creating their own social institutions – which they did most prominently in education (see chapter 5). The validity of protestant trusts with religious purposes other than exclusively linked to the state Church was confirmed with a court judgment following the 1688 Toleration Act (Picarda, 1977, pp.54-5).

The *means* for these dissenters to act philanthropically often came as a result of economic achievement. From the seventeenth century onwards, a disproportionately large number of private (for-profit) entrepreneurs were dissenters (Brown, 1991a, p.210), and the combination of new wealth and

religious duty was a key factor in generating resources for philanthropic activity from this era onwards. This has been most clearly shown in the case of Quakers. As Wagner points out, business success was regarded as a duty of Christian stewardship for Quakers, but this left them with the essential contradictions between the 'acquisition of great wealth' which ensued and 'the simple life which was an intrinsic part of the ethos of the Society of Friends' (Wagner, 1987, p.3). Countless charitable and campaigning causes had cause to be thankful for this paradox. Yet while the equation of business success with Christian duty also held for other dissenters (primarily Presbyterians, Independents or Congregationalists, and Baptists prior to the rise of Methodism), the extent to which these sects were active philanthropically (other than for sacramental purposes) is somewhat less clear. Their doctrinal emphasis on individual achievement and self-help certainly cautioned against 'indiscriminate' and 'spurious' charity in much the same way that evangelism was to do in the nineteenth century.

At the same time, it should be noted that there was as yet still no 'level playing field' for religions outside official state structures. Jewish, Unitarian and Roman Catholic charities were not legally recognised and were forced to languish with 'doubtful legality' (Picarda, 1977, pp.54-5). As Owen puts it, the problematic status of Catholic charities in particular can be seen in part as a reflection of 'pathological fear of Popery...always latent in Britain since the Anglican-Catholic power struggles of the seventeenth century' (Owen, 1964, p.319).

Perceived 'inertia' and 'complacency' prompted large-scale desertions from the Church of England from the mid-eighteenth century onwards. In increasing numbers, people

turned from the Churches to the voluntary associations of

> Nonconformity not merely because the Church was inefficient, not only because it continued to behave like a monopoly in a competitive 'market situation', but also simply because it was the 'Establishment'. It became an axiom of English radicalism that, while religion itself was intrinsically 'kind and benign', an established religion was a pernicious thing (Warne, 1969, cited in Brown, 1991b, p.101).

But is also important not to dismiss the continuing contribution of mainstream Anglicanism to the world of voluntary action (provided, of course, that it is accepted that activities linked to the state church can meaningfully be regarded as 'voluntary' in character). Its charitable institutions remained an essential component of the social support and control systems of pre-industrial society, and it 'symbolised the stability of the established order and was supported, tacitly or otherwise, by the vast majority of people in England' (Brown, 1991b, p.108). Furthermore, it has been argued that the overall national decline of Anglicanism in the late eighteenth and early nineteenth centuries was often not the experience of contemporaries in many locales. For example, in his study of the Church in eighteenth century Devon, Warne (1969) found ample evidence that its continued ability to wield social and moral power was reflected in dominance in the charitable sphere. Here, the Church was 'not only highly organised, but closely and actively interwoven in the society it served'. Inter alia, the Church acted as 'moral policeman' through the ecclesiastical courts, administered local endowed charities, pioneered social insurance schemes, and 'shouldered almost alone the burden of providing education for the poor'.

While recent sociological research has cast some doubt on the levels of religious faith that existed in the second half of the nineteenth century and indeed much earlier (Greeley, 1994), the importance of the religious impulse in general and the evangelical revival in particular as animating

factors in the world of philanthopy have generally been accepted and emphasised by historians (Owen, 1964; Prochaska, 1988). Obelkewich (1990) has referred to the pervasiveness of 'moral entrepreneurship' inspired by religiosity, and Lewis (1995, p.6) states that three quarters of the charities formed at this time were evangelical. At one level, more reactionary elements were closely connected with the amendment of the Poor Law (see Taylor and Kendall, 1996). In particular, the Christian leadership of the Charity Organisation Society sought to enforce a strictly residual role for the state, while supporting the disadvantaged through charity which, it was argued, could bear the burden if more citizens were persuaded to see participation in the charitable sphere as a central Christian duty (Lewis, 1995). Christian societies were also formed to 'suppress vice' and free speech. But religion in the nineteenth century was also linked to the flowering of a much broader array of voluntary activity than that associated narrowly with Poor Law enforcement and intolerant moralisation, even if the shaping of moral values was never far from the surface. Evangelists within and outside Anglicanism sought through good works both to demonstrate evidence of divine favour and to bring others to God (Obelkewich, 1990). Moreover, 'secession', as Beveridge has argued, was 'the midwife of invention' (1948, p.59) and as it became easier to exercise choice in religion, so the religious inspiration behind philanthropy and mutuality was translated into a wide variety of associations.

The proliferation of charities in the nineteenth century was therefore partly symptomatic of the increasing pluralism in faith associated with the continual, gradual erosion of Anglican hegemony. The Church of England lost its monopoly of civil rituals, access to political office and ability to use the machinery of the secular State to raise taxes (tithes) over the

course of the nineteenth century, as Anglicanism was relegated almost to mere 'denominational' status alongside expanding Methodism, Catholicism and the sects of 'old dissent'. As the Confessional State was replaced by one which was open to both nonconformists and Catholics, the advantage of charitable status were also made available for non-Protestant charitable activity. Most importantly, the Roman Catholic Charities Act put Catholic charities on a level footing with protestant ones in the wake of the 1829 legislation which granted full rights of political participation to Catholics (Picarda, 1977, p.55).

'Competition for sinners and distress' (Prochaska, 1988, p.24) was rife between religious denominations and their splinter groups, each of which commanded a full complement of organisations, particularly in education and youth development (Owen 1964, p.94; Cahill and Jowett, 1980, p.364). Yeo's description of the 'typical' English town, Reading, vividly analyses how this was manifested in one urban setting in the context of the ongoing structural change of the late nineteenth century. He describes how the 'sub-agencies' of church and chapel occupied 'as much, if not more time' for their members as ecclesial activity, and gives some idea of the emphasis placed on different fields. '[Social] welfare' was of 'especial interest'; support for schools was 'fundamental'; recreational activities were 'favoured'; and Bands of Hope and organisations to promote adult temperance proliferated (1976, pp.56-65). Other authors have stressed how women's groups attached to churches were also an integral part of local philanthropy as well as providing opportunities for social exchange, particularly amongst the middle classes (Prochaska, 1988) but also building some links between middle-class and working-class women (Morris, 1990). It is not possible to tease out from these accounts the relative strength

of the various denominations that were so active at this time, but we do know that the Church of England itself was far from passive (Brown, 1991b, pp.425-37). It reacted to the competitive challenge with a purposive expansion of its own school building (as well as church building) programme (see chapter 5).

However, the religious character of society was changing markedly as England moved into the twentieth century. Although this may initially have occurred more slowly in Britain than in the rest of Europe, it has been argued that the emergence of the Labour movement in particular increasingly displaced church influence.[7] Yeo (1976), on the other hand, argues that, in early twentieth century Reading, the former got off to a slow start. He emphasises the effect of increased pressures to commercialise as a driving force for change – a development which he suggests was experienced more widely in Britain with the rise of the 'mass leisure industry' (citing Briggs, 1960). For him, individuals increasingly switched from participative religion and voluntary activity to passive consumption of goods and services from both the voluntary and for-profit sectors (including recreational organisations which had moved from the former to the latter) not so much because of an autonomous change in demand or preferences, but because of contextual factors and supply side influence made possible through the consolidation of monopoly capitalism. Other contributory factors were, in the education field in particular, the expansion of direct provision by the secular state for the reasons spelt out above; and the onset of medical and scientific advance, which though initially resisted by the churches, were finally establishing their hold and creating a new belief system. The traumas of war and recession in the twentieth century drew the curtain on the moral certainty of the Victorian era.

The decline in active membership of Protestant churches, that had begun in the late 1800s, certainly continued into the twentieth century (see Obelkewich, 1990, pp.346-9), and Roman Catholicism was unique among the mainstream religious denominations in England to experience continual growth well into the 1950s. It is typically argued that overall, there has been decline in religious participation, which in turn has been reflected in the size and composition of the voluntary sector as a whole. Most obviously, in section 1.5, we have noted the consolidation of the secular state sector that took place in human service fields. Thane argues that the 'remarkably rapid secularisation of British society in the early twentieth century has had some effect upon the decline in voluntary action' (1982, p.63); and Yeo (1976)'s account implies that the patterns of commercialisation that he identified at the turn of the century accelerated over subsequent decades with the expansion of mass consumption oriented service industry in the for-profit sector. Moreover, Wolfenden (1978) identified 'secularisation' as one of a number of trends altering the profile of the voluntary sector in the post war era. It is certainly true that the most obvious areas of voluntary sector growth – campaigning, self help, environmental organisations and other 'new social movements', and medical research, to name a few – were not obviously closely connected with the religious denominations, although some interesting 'alliances' have been forged (Schwarz, 1989). Yet while it seems clear that the traditional trinitarian Protestant churches did lose their historic *dominance* within the sector as a whole, the evidence in chapters 3 and 5 below suggests that, in many respects it would be dangerous to be too dismissive of the continued influence of religion within the sector today.

## Notes

1 The figures in table 1.1 should be treated as indicative only, and cannot be taken as an accurate record of the scale of sectoral activity. It seems likely that a rather large, but unknown, number of organisations on the register at any given time have been effectively defunct or moribund, or double-counted as subsidiaries of other listed organisations. We know, for example, that a large proportion of the 171,000 organisations on the register in 1990 were inactive (Posnett, 1993; Hems and Osborne, 1995). Fortunately, the Charity Commission's ongoing modernisation and 'cleaning' of the register means that we now have a much better idea of the number of bodies that are active (see chapter 2). The figures for the early 1990s show that significant numbers of bodies are now being removed from the register, partly for this reason.

2 Arrangements in other parts of the UK vary, with the Scottish system of support for infrastructural bodies probably somewhat less well developed from the sector's perspective, while the experience in Wales and Northern Ireland has been more satisfactory (see chapter 4).

3 While the scale of this funding is extremely significant for the sector itself, as we describe below it is important to keep it in perspective from the point of view of government. With the exception of a few programmes – central government funding of voluntary sector housing, employment and training measures, some urban policy measures, and funding for overseas development – expenditure on the voluntary sector still tends to represent only a very small proportion of individual departments' or quangos' overall spending. One consequence of the proportionately low level of funding for the voluntary sector is that it is unlikely that the matter will even be on the agenda in the annual Public Expenditure Survey negotiations between the Treasury and individual spending departments. Although there is a civil servant within the Treasury's public expenditure department responsible for the coordination of voluntary sector spending and taxation policy, this is only one small part of that person's overall responsibilities.

4 This figure is an estimate of the value of concessions from both central and local government. It includes an estimate of just under £200 million from output VAT relief on fees paid to independent charitable schools, hidden support from the state which is often overlooked (Robson and Walford, 1989; and see chapter 5). It does not include the value of exemptions from capital gains tax for charities in general, which are thought to be large, particularly for many older charities and would likely push the value of concessions in 1990 over the £1 billion mark.

5 This is a general tendency only; there are, of course, specific exceptions. Perhaps the most obvious arises in the political science literature through the various traditions of analysis dealing with the impact of pressure group activities on the political process (see Dunleavy and O'Leary, 1987; and Dearlove and Saunders, 1991, for reviews). These approaches do not, however, attend to the service provision role of voluntary organisations.

6 Only a brief sketch of some of the most important perspectives is possible here. For useful overviews of economic theory, see James and Rose-Ackerman (1986), Hansmann (1987) and Gassler (1990). A forthcoming issue of *Voluntas* reflects the state of the art in the mid-1990s. It reports some theoretical refinements and a build up of empirical evidence, but no major theoretical innovations beyond the four bodies of theory referred to in the text. For reviews of sociological and political theory, see in particular DiMaggio and Anheier (1990), and the various contributions in Anheier and Seibel (1990).

7 In particular, Eric Hobsbawn has argued that

> The established churches neglected the new [urban] communities and [emergent working] classes, thus leaving them (especially in Catholic and

Lutheran Countries) almost entirely to the secular faith of the new labour movement, which were eventually – towards the end of the nineteenth century – to capture them ... the protestant sects were more successful, at all events in the countries such as Britain, in which such sectarianism was a well established religio-political phenomenon. Nevertheless, there is much evidence that even the sects succeeded best where the social movement was nearest to the traditional small town or village community ... Moreover, among the industrial labouring classes the sects were never more than a minority. The working class as a group was undoubtedly less touched as a group than any previous body of the poor in world history today (1975, pp.221-2).

# Chapter 2
# MAPPING THE VOLUNTARY SECTOR: ECONOMIC ASPECTS

## 2.1 Introduction

The statistical mapping of voluntary organisations lay at the heart of the research described in this thesis. It was essential to describe the basic contours of the sector – its financial and human resources in the various fields of activity – to provide the baseline for systematic analysis. The research challenge of embracing the full universe of organisations embraced by the structural operational definition was considerable.

In section 2.2 the available mapping options are identified, and the chosen methodology described. The rest of this chapter then focuses on the statistical findings of the study in terms of the overall scale of the sector and its components, employment and expenditures, sources of revenue and market shares. All the tables and figures in the body of the text report findings at the ICNPO group (single digit) level; the subgroup (two digit) level data that underpin them are included in 2 tables included as Appendix 1. Box 2.1 summarises the definitions of the principal measures on which data were collected. The conclusion summarises the major findings, and compares our findings with other recent economic mapping exercises.

## 2.2 The methodological approach

Two options for constructing the statistical map had *prima facie* appeal, but could not meet the needs of the research. This section describes why these approaches were inadequate; summarises the multi-faceted strategy

*Box 2.1 Definitions used in the statistical mapping*

The voluntary sector as a whole and its component parts were described along each of the following dimensions:

- ***Full-time equivalent paid employment.*** Paid employment in the voluntary sector includes many part-time, as well as full-time staff. Part-time jobs were weighted by the number of hours worked, assuming 37.5 hours per week to be equivalent to one full-time position.
- ***Total operating expenditures.*** The costs of an organisation's general operations, including wages and other employment costs, purchases of goods (other than capital equipment), materials and services, and fees and charges paid. Some data on capital expenditures were collected but are not reported here. Note that operating expenditure is considerably broader than "final expenditure" as used for national accounts purposes to estimate value added by the sector's operations to the UK economy: the latter deducts fees and sales from total operating expenditure to avoid double-counting with consumers' and government commercial or contractual expenditures (Kendall and Knapp, 1990; Osborne and Waterston, 1994).
- ***Total operating income.*** Private earned income, income from government, and private donations (see text for further discussion). Not included here are sales of fixed assets and investments, or value of loans taken out (although these data were also collected).

that was used; describes in detail how the method was applied in practice; and makes explicit some important implications of the conventions adopted for the relative size of some of the ICNPO fields.

### *Problems with approaches based on the Charity Commission register and Employment surveys*

Previous attempts to generate global estimates of the size of the UK voluntary sector have concentrated on registered charities alone, or registered charities less some substantive omissions. One stream of relevant work was conducted by John Posnett for the Charities Aid Foundation (CAF) at five-yearly intervals since 1975 (Posnett, 1993). Another stream started at Cambridge University (primarily for 1970) and continued at Aston

Business School (for 1990 and 1991) was conducted on behalf of the government's Central Statistical Office (CSO) for the purposes of national accounts (Moyle and Reid, 1975; Hems and Osborne, 1995). The Aston work has now fed into the Blue Book published annually by the Government Statistical Service, although the accounts for the sector are not separately shown but are subsumed under other aggregates. (See Kendall and Knapp, 1990, for a discussion of the application of national accounting conventions to the voluntary sector.) Posnett's surveys focused on the income and expenditure of registered charities in England and Wales, while the more recent Aston surveys also attempted to cover equivalent bodies in Scotland and Northern Ireland. In limiting their organisational scope to registered charities, both streams of work could use a single, well-defined sampling frame for England and Wales in the form of the register maintained by the Charity Commissioners since the Charities Act of 1960 (see Thomas and Kendall, 1996). Although the state of repair of the register came in for criticism in the late 1980s, it has at least provided a single consolidated resource for researchers.

As we showed in chapter 1 (figure 1.1) however, registered charities comprise only a part of the broad voluntary sector. A comprehensive mapping needed to include not only charitable bodies not required to register (including exempted and excepted charities), but also agencies which met the core criteria of the structural operational definition but which did not have charitable status.

Despite its partial coverage, the use of thre register was explored to see if it could be used as a 'core' around which to build the wider estimate we required. However, without detailed data on the relative characteristics of the registered charity sector and the broad voluntary

sector, it was impossible to exploit the register's uniqueness as a centralised resource. (Today the relationship between charities and the broader sector is clearer as a result of *ex post* comparisons that have been made between our comprehensive estimates and the narrower CAF and CSO surveys; see section 2.7 below.)

Despite its availability and familiarity, the register of charities was thus inappropriate because of its incomplete coverage. An alternative strategy – suggested by the international core research team in Baltimore, and inspired by the pioneering work of Independent Sector in the US (Hodgkinson et al., 1992; Hodgkinson and Weitzman, 1993) – was to use existing employment surveys as the basic building blocks for the wider estimates (Salamon and Anheier, 1996a). Most governments undertake regular censuses of workplace employment in different industries. If the collection of data distinguished between ownership sectors, it could provide the necessary basis for the mapping of the voluntary sector. The employment data could be combined with data on average wages in each industry to yield an estimate of the voluntary sector wage bill. The next stage would be to multiply these wage bill estimates by appropriate ratios to estimate total expenditure, and then to get an approximation of operating expenditures by deducting estimates of capital expenditure. Voluntary sector-specific figures for average wages, the ratios of wages to operating expenditures and capital expenditure would improve accuracy of the approach. The revenue side of the sector's account could be dealt with by small-scale surveys to establish the relationships between operating expenditure, total operating income and sources of income in each industry or field.

Variants of this strategy proved feasible in three of the seven countries on which full statistical data were collected in the international project.

In France, the *Système de reportoire des enterprises et des établissements* (the SYRENE file) could be accessed to identify employees in the sector, and combined with wage data from the *déclarations annuelles de données sociales* (social security statistics). In Germany, the *Arbeitsstättenzählung* (Census of Workplaces) provided both paid employment and wages data. And in the US, the project's estimates leaned heavily on the model research already undertaken by Independent Sector (Hodgkinson et al., 1992).

In contrast, sector-specific data from employment and labour force surveys were not available in Hungary, Italy, Japan and the UK. The UK census only asks employers to identify their industry in terms of the Standard Industrial Classification (SIC), and does not ask for information on sector.[1] The only 'sectoral' industry statistics published by the CSO compare the 'private' and 'public' sectors: they combine the triennial Census of Employment undertaken by the Employment Department (now consolidated within the Department of Education and Employment) with information provided to the Central Statistical Office directly by central government, nationalised industries and other public corporations, and separate survey data for local authorities (Fleming, 1988). An attempt had been made in the early 1980s to estimate voluntary sector employment using the Census, but it produced at best an indicative guestimate (Ashworth, 1984), because basic information on sectoral market shares in each industry were not available or fully utilised. It proved possible to make little use of the Census of Employment for our own mapping.[2]

### *The GUSTO approach*

With the Charity Commission register and employment survey based options ruled out, the only way to develop comprehensive estimates was

to pursue a 'modular approach'. It was not possible to rely on a single central survey in the absence of a sampling frame, even when supplemented by a small number of other gap-filling surveys. The modular approach instead involved the painstaking construction of separate estimates for ICNPO categories and subcategories. The precise strategy varied according to the field of activity: for some it was possible to build an almost complete picture using existing data; in others, new surveys were needed. In many cases the most basic information was missing, so that much time was expended simply constructing the sampling frame.

With only the merest hint of irony, the strategy was labelled a 'GUSTO approach' to reflect the sequence employed in constructing the estimates. First, as much information as possible was extracted from *G*overnment statistics, and voluntary sector *U*mbrella body tabulations (including work commissioned or undertaken by CAF, NCVO and other intermediary agencies). *S*econdary analyses of these data were often needed to get them into the form required. *T*erritorial surveys were undertaken in a number of locales, either to cross-validate existing 'top-down' sources, or to inform the assumptions necessary to move from the partial picture painted from extant data to the full canvass of statistics required. The most comprehensive local survey was in Liverpool (Shore et al., 1994); others were undertaken in Kent, North London and Staffordshire. Access was also kindly granted to the local data gathered from across the UK during the CENTRIS study (Knight, 1993). Finally, in some ICNPO categories there was so little prior information that it was necessary to conduct *O*riginal organisational surveys, sampling as necessary.

*Details of the components*

Table 2.1 summarises the key features of the 'top-down' element of the strategy adopted in each ICNPO category; it shows the three-digit level categories developed within the UK to enable that system's application here, and identifies which elements of the GUSTO approach were used in the mapping in each case. Table 2.2 provides details of the response rates where there was almost exclusive reliance upon targetted surveys and the sectors turned out to be economically significant; while table 2.3 reports on the coverage and response rates to our territorial surveys.

The evidence from the territorial surveys suggests that, although our top-down strategy did omit some types of organisation, the net result was probably extremely small in terms of the sector's overall paid employment and financial resources. Table 2.1 indicates the main types of organisation on which it was not possible to obtain data with an asterisk. Probably the largest gaps in our figures relate to tenants' associations, residents' associations and 'other education' organisations which were not linked to the national federations or associations from which we sampled. We probably also failed to identify all intermediary and support bodies working in each specific field, although many were covered. The net effect, however, is likely to be very small, probably less than 0.1 per cent of the broad voluntary sector income total, because, although the numbers of organisations involved *may* be large (although we do not know this), they are generally small in terms of financial resources, and rarely have paid staff.

A very rough and ready and partial check on commercial financial flows was also available through consulting the published Family Expenditure Survey findings for the year 1990. Data on fees paid to

*Table 2.1. Three digit-level data: UK specific codes and data collection strategies*

| | | G | U | S | T | 0 |
|---|---|---|---|---|---|---|
| **Group 1: Culture & Recreation** | | | | | | |
| *1 100* | *Culture and Arts* | | | | | |
| 1 110 | Professional arts organisation | ✓ | ✓ | ✓ | ✓ | |
| 1 120 | Arts festival | | ✓ | | | |
| 1 130 | Arts centre or youth theatre NEC | | ✓ | | | |
| 1 140 | Other amateur arts or media organisation, etc. | | ✓ | | ✓ | |
| 1 150 | Museum, gallery or related body | ✓ | ✓ | | | |
| 1 160 | Zoo or aquarium | | | | | ✓ |
| *1 200* | *Recreation* | | | | | |
| 1 210 | Amateur sports club | ✓ | ✓ | | | |
| 1 220 | Other recreation/leisure organisation | | | | ✓ | |
| 1 230 | Ex-servicemen's social club | | ✓ | | | |
| 1 240 | Other social club | | ✓ | | | ✓ |
| *1 300* | *Service Club* | | | | | ✓ |
| **Group 2: Education & Research** | | | | | | |
| *2 100* | *Primary and Secondary Education* | | | | | |
| 2 110 | Charitable independent school | ✓ | ✓ | ✓ | | |
| 2 120 | Aided or special agreement voluntary school | ✓ | | ✓ | | |
| 2 130 | Voluntary special school | ✓ | | | | ✓ |
| 2 140 | Grant maintained (opted out) school | ✓ | ✓ | | | |
| 2 150 | City technology college | ✓ | ✓ | | | |
| 2 160 | Intermediary or umbrella body | | | | | ✓ |
| *2 200* | *Higher Education* | | | | | |
| 2 210 | University funded by UFC | ✓ | | ✓ | | |
| 2 220 | Oxbridge college | | ✓ | ✓ | | |
| 2 230 | Polytechnic or college funded by PCFC | ✓ | | | | |
| 2 240 | Higher education not funded by UFC or PCFC | | | | | ✓ |
| *2 300* | *Other Education* | | | | | |
| 2 310 | WEA (incl. branches, districts) | | ✓ | | | ✓ |
| 2 320 | Women's Institute | | ✓ | | | ✓ |
| 2 325 | Townswomen's Guild* | | | | | |
| 2 330 | Residential adult education | | | | | ✓ |
| 2 340 | Urban studies centre | | | | | |
| 2 350 | Development education centre | | | | | ✓ |
| 2 360 | Culture and/or language association* | | | | | |
| 2 370 | Other adult/continuing education (incl. primarily educational recreation/ leisure organisation)* | | | | | |
| 2 380 | Vocational and technical education NEC* | | | | | |
| 2 390 | Intermediary or umbrella body | | | | | ✓ |
| *2 400* | *Research* | | | | | |
| 2 410 | In-house medical research body | | ✓ | | | |
| 2 420 | Other in-house research body | ✓ | | | | |

| | | G | U | S | T | 0 |
|---|---|---|---|---|---|---|

*Table 2.1. (continued)*

| | | G | U | S | T | 0 |
|---|---|---|---|---|---|---|
| **Group 3: Health** | | | | | | |
| *3 100* | *Hospitals and Rehabilitation* | | | | | ✓ |
| *3 200* | *Nursing Homes* | ✓ | ✓ | | | |
| *3 300* | *Mental Health and Crisis Intervention* | | | | | ✓ |
| *3 400* | *Other Health Services* | | | | | |
| 3 410 | Hospice or other terminal care | | ✓ | ✓ | | |
| 3 420 | Emergency medical services | | ✓ | | | ✓ |
| 3 430 | Complementary medicine/alternative health | | ✓ | | ✓ | ✓ |
| 3 440 | HIV or AIDS-related organisation | | ✓ | | ✓ | ✓ |
| 3 450 | Alcohol and addiction services | | ✓ | | ✓ | ✓ |
| 3 460 | Health education and promotion NEC | | | | ✓ | ✓ |
| 3 470 | Other health services NEC | | | | ✓ | ✓ |
| **Group 4: Social Services** | | | | | | |
| *4 100* | *Social Services, excl. temporary housing, emergency & refugees, income support, etc.* | | | | | |
| 4 110 | Social services for children and families (not pre-school playgroups, etc.) | ✓ | | | ✓ | ✓ |
| 4 120 | Social services for elderly people | ✓ | ✓ | | ✓ | ✓ |
| 4 130 | Social services for people with learning difficulties/disabilities | ✓ | | | ✓ | ✓ |
| 4 140 | Social services for people with physical disabilities | ✓ | | | ✓ | ✓ |
| 4 150 | Social services for women | | ✓ | | ✓ | ✓ |
| 4 160 | Carers' organisations | | | | ✓ | ✓ |
| 4 170 | Pre-school day care organisation | | ✓ | | | |
| 4 180 | Mainstream youth development organisation | | ✓ | | | |
| 4 190 | Social services NEC, incl. multiple client groups | | | | ✓ | ✓ |
| *4 200* | *Emergency and Relief* | | | | | |
| 4 210 | Refugee and immigrant social services | | | | ✓ | ✓ |
| 4 220 | Disaster/emergency prevention and control | | | | ✓ | ✓ |
| *4 300* | *Income Support and Maintenance* | | ✓ | | ✓ | |
| **Group 5: Environment** | | | | | | |
| 5 100 | Environment | | ✓ | | | ✓ |
| 5 200 | Animals | | ✓ | | | ✓ |
| **Group 6: Development & Housing** | | | | | | |
| *6 100* | *Economic, Social & Community Development* | | | | | |
| 6 110 | Multipurpose community association/centre | | | | | ✓ |
| 6 120 | Village hall | | ✓ | ✓ | | |
| 6 140 | Settlement or social action centre | | ✓ | ✓ | | |
| 6 150 | Other multipurpose community organisation, committee or council, incl. residents' and tenants' association* | | | | | |
| 6 160 | Business support agency | | ✓ | | | |
| 6 170 | Community business NEC | | ✓ | | | |
| 6 180 | Community transport association NEC | | ✓ | | | |

| | | G | U | S | T | 0 |
|---|---|---|---|---|---|---|

*Table 2.1. (continued)*

| | | G | U | S | T | 0 |
|---|---|---|---|---|---|---|
| 6 190 | Economic development intermediary or umbrella body NEC (incl. credit unions) | | ✓ | | | ✓ |
| *6 200* | *Housing* | | | | | |
| 6 210 | Housing association | ✓ | ✓ | ✓ | | |
| 6 240 | Housing organisation other than housing association | | ✓ | | | ✓ |
| *6 300* | *Employment and Training* | | | | | |
| 6 310 | Primarily ET or YT provider | | ✓ | | ✓ | ✓ |
| 6 320 | Primarily ESF funded provider | | ✓ | | ✓ | ✓ |
| 6 350 | Provider not funded by the above | | | | ✓ | ✓ |
| **Group 7: Law, Advocacy & Politics** | | | | | | |
| *7 100* | *Civic and Advocacy Organisation* | | | | | |
| 7 110 | Pressure/interest/campaigning group other than civil rights NEC | | | | | ✓ |
| 7 120 | Civil rights organisation | | | | | ✓ |
| *7 200* | *Law and Legal Services* | | | | | |
| 7 210 | Citizens' advice bureau | | ✓ | | | |
| 7 220 | Law centre | | ✓ | | | |
| 7 230 | Generalist independent advice centre | | ✓ | | | |
| 7 240 | Crime prevention NEC | | ✓ | | | ✓ |
| 7 250 | Victim support scheme | | ✓ | | | ✓ |
| 7 260 | Rape crisis/support | | ✓ | | | ✓ |
| 7 270 | Women's refuge | | ✓ | | | ✓ |
| 7 280 | Care and resettlement of offenders, intermediate treatment | | ✓ | | | ✓ |
| 7 290 | Consumers' association NEC | | ✓ | | | ✓ |
| **Group 8: Philanthropic Intermediaries & Voluntarism Promotion** | | | | | | |
| *8 100* | *Philanthropic Intermediaries* | | | | | |
| 8 110 | Endowed grant-making trust (not medical research) | | ✓ | | ✓ | |
| 8 120 | Fundraising grant-making trust (not medical research) | | ✓ | | ✓ | |
| 8 130 | Grant-making medical research charity | | ✓ | | ✓ | |
| 8 140 | Federated fundraising organisation | | | | | ✓ |
| 8 180 | Grant-making government-funded charitable quango (incl. Arts Councils, Boards) | | | | | ✓ |
| 8 190 | Voluntarism promotion: local generalist (multi-ICNPO, sector-wide) | | ✓ | | | |
| 8 195 | Voluntarism promotion: national generalist (multi-ICNPO, sector-wide) | | | | | ✓ |
| **Group 9: International Activities** | | | ✓ | | | ✓ |
| **Group 11: Business, Professional Associations & Unions** | | | | | | |
| *11 100* | *Business, Professional Associations and Unions* | | | | | |
| 11 110 | Trade unions | ✓ | | | | |
| 11 120 | Employers' association | ✓ | | | | |

| | | G | U | S | T | 0 |
|---|---|---|---|---|---|---|

*Table 2.1. (continued)*

| | G | U | S | T | 0 |
|---|---|---|---|---|---|
| 11 130 Business association | | | | | ✓ |
| 11 140 Professional or trade association | | | | | ✓ |
| 11 150 Chamber of Commerce | | ✓ | | | |
| | *G* | *U* | *S* | *T* | *0* |

Groups 7 300 (political parties) and 10 (religious congregations) were not included in the statistical mapping.

* Field where no feasible mapping strategy was identified. These were areas assumed to be small in financial and paid employment terms.

*Abbreviations:* NEC Not elsewhere classified; UFC Universities Funding Council; PCFC Polytechnic and Colleges Funding Council; WEA Workers' Educational Association; ET Employment training; YT Youth training; ESF European Social Fund.

*Table 2.2. Response rates to major organisational surveys*[a]

| ICNPO code and field | Total identified | Sampling population | No. of usable responses | Effective response rate (%) |
|---|---|---|---|---|
| 1 260 Zoos and aquaria | 21 | 21 | 11 | 52.4 |
| 2 130 Special schools[b] | 230 | 230 | 53 | 23.0 |
| 3 100 Acute hospitals | 83 | 83 | 46 | 56.0 |
| 3 300 Mental health[c] | 40 | 40 | 20 | 50.0 |
| 5 100<br>5 200 Environment[d] | 5,247 | 783 | 151 | 19.3 |
| 6 130 Community associations | 770[e] | 384 | 99 | 25.8 |
| 11 130 Trade/business associations | 1,509 | 200 | 63 | 31.5 |
| 11 140 Professional associations | 1,180 | 788 | 102 | 12.9 |

a We do not report *all* survey response rates: in total some 50 surveys were undertaken as part of the organisational survey component of the GUSTO strategy, some with very small identified populations. Rather, we have chosen the nine areas which are both economically significant — with a total estimated income in excess of 0.25 per cent of the estimated total operating income of the broad voluntary sector in 1990 (greater than £74 million) — and where we relied exclusively, or almost exclusively on targeted ICNPO top-down surveys to generate our estimates. Some of these surveys are available in report form from the PSSRU or elsewhere:

b See Kendall (1993b).

c See Schneider (1993).

d See Pinner et al. (1993).

e This figure refers to the number of organisations in membership of the umbrella body from which the sample was drawn (then the National Federation of Community Organisations, now renamed Community Matters). This was known to represent only a fraction of the total number of multipurpose community halls throughout the UK, and for the purposes of estimation it was assumed that 5,000 such facilities existed (a figure based on anecdotal evidence, but verified by experts in the area).

*Table 2.3. Territorial (locality) surveys*

| Locale | Auspices | Population | No. of usable responses | Effective response rate (%) |
|---|---|---|---|---|
| Liverpool[a] | PSSRU | 1,046 | 298 | 28 |
| Staffordshire[b] | Staffs TEC[d] | 1,000 | 322 | 32 |
| Canterbury & Thanet[c] | PSSRU | 275 | 44 | 16 |
| Camden[c] | PSSRU/NISW | 116 | 31 | 27 |

*Note*: Primary data generated in the CENTRIS study local mappings (Knight, 1993, Chapter 6) were also deployed and used to identify potential gaps in coverage.

*ICNPO coverage:*

a Broad voluntary sector *less* groups 2, 3100, 3200, 11.
b Approximate (implicitly) to narrow voluntary sector.
c Groups 3 and 4 only.
d Survey originally undertaken and analysed by CAG consultants. Data re-analysed for the Comparative Nonprofit Sector Project, UK leg, by PSSRU.

'independent' schools, expenditure on particular recreational activities, and membership subscriptions to trade unions professional associations was grossed up to provide an indication of the upper limit for these payments. This was only a very crude check, as the former two categories would implicitly include spending on private, for-profit bodies. Moreover, many of the difficulties charted by Lee et al. (1995) in utilising the FES to estimate the overall level of charitable donations would apply to these transactions also. However, given the general lack of data in this area, it was important to at least attempt some form of validation, in cognisance of the huge problems of comparability and reliability involved.

Establishments or groups in the sector were in principle always divided between those which were primarily grant-making, and those whose resources were used internally: that is, in-house, within the organisation. 'Primarily' meant the activity in which most operating (current) expenditures were incurred: i.e. primarily grant-making organisations were defined as those for which external grants to other organisations exceeded 50 per

cent of total expenditure. Organisations which were primarily grant-making were then allocated to Group 8 as 'philanthropic intermediaries', regardless of the field of operation of their fundees. As is demonstrated in table 2.1, Group 8 as interpreted in the UK therefore included traditional grant-making trusts and foundations relying heavily on endowment or property income. But it also included fundraising organisations at the local and national level whose principal activity was making cash or in-kind grants to other bodies (voluntary or statutory), and which might rely largely on donations, subscriptions and membership fees for their income.

Primarily *non*-grant-making organisations (for which grants to other organisations totalled less than 50 per cent of total expenditure) were allocated to their appropriate subgroup. This involved identifying the ICNPO category in which the majority of operating expenditure was incurred. If this could not be separately identified, then the name of the organisation and any other available information was used as an indicator (for example, activities described in the Annual Report, if available). The only case where this rule was not applied was that of certain 'types' of organisation specifically identified in table 2.1 which were always all kept in the same group, even if some appeared to be more active in other ICNPO subgroups. For example, all *village halls* and *community centres* were treated as part of subgroup 6100, even if they appeared to be primarily recreational. This was to ensure consistency when umbrella group survey data were used.

This section is concluded by putting a little more flesh on the bones of table 3.1; the relevant data sources that were most important in mapping the most significant components in each ICNPO group are now noted in turn.

For group 1, the *culture and arts* subsector was mapped using financial information contained in the annual reports and other documentation supplied by arts-funding quangos (including Arts Councils and Regional Arts Boards); information extracted from research by the Policy Studies Institute on amateur arts, arts centres, arts festivals; and data available from government and independent research on national and independent museums. In addition, data collated by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Association for Business Sponsorship of the Arts, and the Department of Employment's Census of Employment were employed. A small survey of zoos and aquaria was undertaken. For *recreation*, the Henley Centre for Forecasting's surveys of amateur sports clubs were utilised, and a small survey of non-profit, non-sports social clubs was also conducted and combined with information from, *inter alia*, the Clubs and Institutes Union. *Service clubs* (including Rotary, Lions, Inner Wheel, etc.) were mapped with a small targeted survey.

As far as group 2 was concerned, in the case of *primary and secondary education*, charitable independent schools were charted using data extracted from Department for Education (DfE) annual surveys, the Independent School Information Service and work undertaken for the Charities Aid Foundation in the mid-1980s (Posnett and Chase, 1985); maintained voluntary schools were mapped using published data from the Department for Education (DfE, as was) for paid employment and by combining CIPFA data with unpublished DfE data using regression analysis to generate financial estimates (Kendall, 1993a). A survey of voluntary sector special schools was undertaken (Kendall, 1993b). *Higher education* estimates drew on published information collated by the Universities Statistical Record

for the Universities Funding Council (as was), and published and unpublished data from the Polytechnics and Colleges Funding Council (as was). *Other education* relied, *inter alia*, on targeted surveys of Workers' Educational Association Districts, Women's Institutes, and Residential Colleges. Estimates for *research* were constructed by combining survey data reported annually by the Central Statistical Office with intermediary body data.

In the case of group 3, data for *acute hospitals* came from umbrella body information and our own targeted survey. *Nursing homes* were mapped as part of the Group 4 stream of work (see below). *Mental health providers* were covered by means of another targeted survey (Schneider, 1993); and this strategy was also adopted in the case of *other health*, with the exception of hospices and terminal care, where existing survey information from umbrella bodies and others was deployed.

For group 4, *personal social services* (subgroup 4100) were mapped partly by means of a postal survey of voluntary organisations listed in the *Social Services Yearbook 1990/91*, requesting annual reports and accounts. Random samples of organisations in some heavily-populated fields were drawn, and all listed organisations in other fields were contacted. Data from the CAF 'top 400 fund-raising charities' in 1991 (Charities Aid Foundation, 1991) was also employed, and many of these bodies were approached for supplementary information. A separate postal survey was also undertaken of social services exclusively for women (or men) not covered by other service categories.

The estimates for subgroup 4100 (other than youth development) were cross-checked by examining Revenue Outturn (RO3) returns by local authorities to central government, detailing payments to voluntary

organisations by client group and service type (available on databases held at PSSRU); and by checking NCVO and CAF data on local and health authority funding of the sector. With knowledge of receipts by larger voluntary organisations coming from the other mapping activities, the residual could be treated as an approximation to the receipts of local government and NHS funds by smaller bodies, which it was only possible to map on a sample locality basis. Finally in subgroup 4100, *youth development* was mapped using annual reports and accounts data held by the National Association of Voluntary Youth Services (as was), supplemented by experts' guestimates for bodies not so covered.

Other components of group 4, *emergency and relief* and *income maintenance*, were mapped by combining umbrella body information and a small targeted survey, and data available in Hemmington Scott and CAF publications on larger organisations, respectively.

A large targeted survey was undertaken for group 5, *environmental bodies*, sampling from the Environmental Information Service database, and these estimates were combined with information collected by a number of generalist and specialist intermediary bodies (see Pinner et al., 1993).

The strategy for group 6 was similarly diverse and complex to that used in group 4 – but like that field, an attempt at inclusiveness was important because of its assumed economic and social significance. *Community development* was mapped using information already collated or available from Action with Communities in Rural England and the British Association of Settlements and Social Action Centres on village halls and settlements respectively. A special survey of community associations was undertaken with the cooperation of the National Federation of Community Organisations (now renamed Community Matters). Data

also came from the Commission for Racial Equality on Race Equality Councils. *Economic development* relied on, *inter alia*, information on credit unions from independent surveys, business support agencies from Business in the Community (for local enterprise agencies) and Open University surveys (for cooperative development agencies); estimates and guestimates supplied by Community Enterprise UK on community businesses and Loughborough University Department of Transport Technology on community transport; and survey data provided to us by the Association of Technical Aid Centres. *Housing* was charted using data supplied by the Housing Corporation on housing associations and the National Federation of Housing Associations. The profile of *training and employment providers* drew on NCVO's databases on Employment Training, Youth Training and the European Social Fund, and sheltered employment data from the Employment Department's Disability Services Branch.

For group 7, a small survey was undertaken of national *pressure groups not elsewhere classified*, drawing on a number of directories, primarily the CBD Directory of British Associations. *Law and legal services* were charted using data supplied by the National Association of Citizens Advice Bureaux, the Federation of Independent Advice Centres and the Law Centres Federation. Data supplied by the relevant national and umbrella bodies were used to map the remainder of this field.

As far as group 8 was concerned, statistics on national endowed and fundraising *grant-making trusts* were extracted from the directories of various intermediary bodies, the Hemmington Scott directory and the Association of Medical Research Charities. Local estimates drew on the work undertaken for the Community Council for Wiltshire's parochial charities database, while information on charitable government-funded

quangos was extracted from annual reports and accounts. National *voluntarism promotion and support* were mapped using targeted survey data, while local groups were covered using existing survey data from the National Association of Councils for Voluntary Service, the National Association for Volunteer Bureaux, and an Aston Business School survey of Rural Community Councils.

In the case of group 9, *international activities*, a small targeted survey was conducted and combined the data with national intermediary body information, including the Yearbook of International Organisations and the Third World Directory (Giles, 1990).

Finally, for group 11, *trade unions, professional, business associations and trade associations*, the Department of Employment's Census of Employment was used to construct paid employment estimates. Income and expenditure data in the case of trade unions and employers' associations came from the Certification Officer for Trade Unions and Employers' Associations. Financial estimates for professional associations and trade associations were generated using surveys based upon the CBD Directory of British Associations, while umbrella body data (including figures supplied by the Association of British Chambers of Commerce) were used to map chambers of commerce.

### *Implications of our interpretation of the ICNPO classification*

A few difficulties encountered in using the ICNPO schema had major implications for the relative size of different fields, and it is important to emphasise the conventions we developed to resolve these ambiguities. First, as we note in chapter 3 below, advocacy and campaigning are key activities of many voluntary organisations. Many groups are also oriented

towards the black community and other ethnic minority groups, including the Muslim oriented groups whose growth we also document in chapter 3.[3] Although advocacy and services for ethnic minority groups are identified separately within the ICNPO (subgroup 7 100), we allocated them to their fields of activity for consistency with the treatment of other voluntary organisations. For example, social services for particular ethnic groups are included in group 4, and campaigning or advocacy environmental bodies in group 5. The size of subgroup 7100 should therefore not be taken as an indication of the size of the pressure group and ethnic minority fields in the UK, because these expenditures tend to be subsumed under other fields.

Second, to make the task manageable, and for similar reasons, community, economic and social development (ICNPO subgroup 6100) were also treated in a 'residual' fashion. Many voluntary organisations have a 'developmental' orientation (see the discussion of community development in chapter 3 below) but subgroup 6100 under our interpretation was reserved for multi-purpose organisations which were operating across a number of ICNPO categories and could not be classified easily as any single one – without engaging in the almost impossible task of getting individual organisations to disaggregate their employment, expenditure and income by ICNPO subgroup.

Third, as already noted, in group 8 (philanthropic intermediaries) we included all groups whose primary activity was the allocation of grants to other organisations, rather than the in-house delivery of services. Alongside endowed grant-making trusts, included here were federated fundraising organisations (such as Telethon and Children in Need) and – significantly in the UK – most medical research charities. There are a

few important exceptions, but the latter typically raise money from the general public and make grants in support of research undertaken in both the broad voluntary and public sectors (Deans, 1989). These medical research charities could have been located in groups 2 or 3, but since most of their funds are channelled to organisations already in these categories (or to statutory bodies), we grouped them with other grant-making bodies so that potential double-counting of income could be identified. Group 8 also included the nongrant-making generalist voluntarism 'intermediaries' referred to above, although intermediaries for specific fields, where identified, were located in their appropriate (other) ICNPO categories.[4]

The final convention to note is the exclusion of certain groups attached to specific public sector bodies, such as parent teacher associations, leagues of hospital friends and trust funds operating in support of NHS facilities (which were often actually established when these facilities were in the voluntary sector, prior to the establishment of the NHS). Although constitutionally independent and often with charitable status, these primarily fund particular public sector facilities or establishments, and were therefore regarded as part of that sector, rather than the voluntary sector.[5] (However, as noted above, general medical research charities and federated fundraising campaigns were included in the estimates for ICNPO group 8, and some of whose funds would ultimately be applied in support of activities under public sector auspices.)

### 2.3 Overall scale

In principle, the overall size of the UK voluntary sector can be measured in terms of numbers of organisations or establishments, expenditure, income,

*Box 2.2 The estimated number of voluntary organisations in 1990*

| | |
|---|---|
| A. Number of active registered charities and equivalents excluding schools, universities etc., housing associations, places of worship | 97,478 |
| B. Active voluntary aided etc. schools (some registered and some excepted charities) | 5,174 |
| C. Active registered charity independent schools | 1,540 |
| D. Active housing associations registered with housing quangos (some charitable, registered or exempted, others not charitable) | 2,595 |
| E. Exempted, excepted and unregistered charitable bodies other than those noted above (includes universities, places of worship) | 90,000 |
| F. Amateur sports clubs (generally not charitable) | 150,000 |
| G. Licensed non-profit social clubs not included above (generally not charitable) | 17,902 |
| H. Trade unions, professional, trade and business associations (generally not charitable) | 3,633 |
| I. All other non-charitable voluntary organisations, including tenants' and residents' associations, business support agencies, community businesses and miscellaneous other voluntary groups across all other ICNPO categories | 10,000-50,000 |
| **Total implied for broad voluntary sector** *plus* trust funds and groups linked to specific public bodies *plus* sacramental religious bodies | 378,000-418,000 |
| **Total implied for narrow voluntary sector** *plus* trust funds and groups linked to specific public bodies *plus* sacramental religious bodies | 200,000-240,000 |

Sources: Active registered charity total less exclusions shown as A from Hems and Osborne (1995); B to H based on top-down data collected incidentally during GUSTO mapping, some of which were reported originally in 6 and Fieldgrass (1992), subsequently revised. The range shown for I is indicative, based on information from territorial surveys and CENTRIS analysis. This range may be a significant underestimate.

paid employment, volunteers deployed, or through activity or output indicators. To date, no one has devised a sensible outcome measure for application across the sector as a whole, but a number of 'market share' indicators are available in particular fields, as illustrated later in this chapter, and in chapter 5 in the case of education.

It was not possible to construct fully reliable estimates for the number of voluntary organisations corresponding to either the broad or narrow

definitions of the sector using the GUSTO strategy. However, it is possible to suggest a 'guestimate' by combining other statistics, as reported in box 2.2. These figures are based on the Aston/CSO research on registered charities (Hems and Osborne, 1995) and information on non-charitable voluntary organisations from the CENTRIS territorial surveys and those undertaken as part of this project (table 2.3 above; Knight, 1993). Box 2.2 is broader in coverage than the figures reported in subsequent tables and charts in this chapter because it includes sacramental religious bodies and groups and funds linked to public sector bodies which we have noted were excluded in our GUSTO mapping, but we were not able to separate out within the aggregates for components A and E. Although the figures in the box can only be tentative estimates, they are an improvement on Gerard's estimate of '350,000 or more organisations' (1983, p.17), and the figures reported by 6 and Fieldgrass (1992), which were themselves partly based on the preliminary work undertaken for this project.[6]

Table 2.4 gives full-time equivalent employment (fte) and operating expenditures for the broad and narrow voluntary sectors, and summarises

*Table 2.4. The UK voluntary sector, 1990*

| | Broad voluntary sector[a] | Narrow voluntary sector[b] |
|---|---|---|
| Fte paid employment — total | 946,000 | 390,000 |
| — as % of whole economy | 4.0 | 1.7 |
| Total operating expenditure (£ billion) | 26.4 | 10.0 |
| Total operating income (£ billion) | 29.5 | 12.3 |
| **Sources of income:** | | |
| Government (£ billion) | 11.6 | 4.3 |
| Earned income (£ billion) | 14.2 | 5.2 |
| Private giving (£ billion) | 3.6 | 2.9 |

a Broad voluntary sector: definition used for international comparative purposes.
b Narrow voluntary sector: broad voluntary sector less ICNPO groups 1 200, 2 100, 2 200 and 11 100.

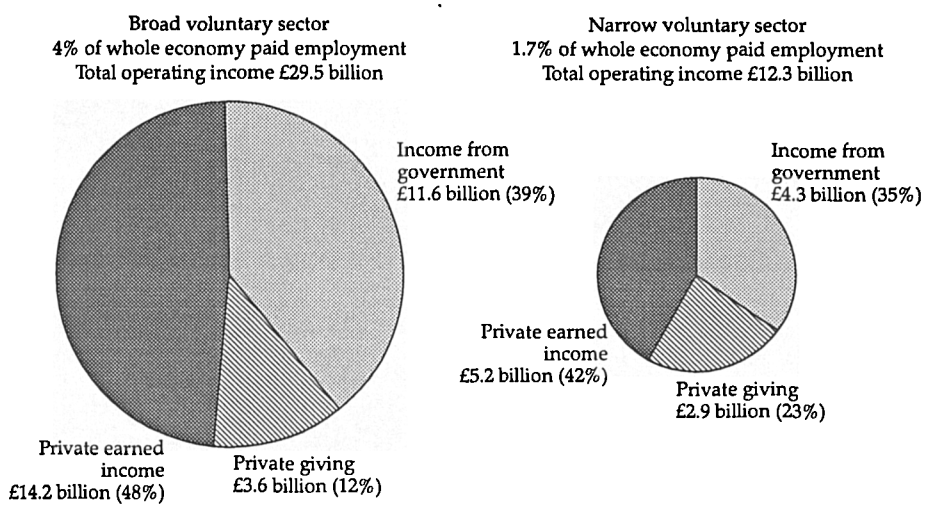
operating income and its three major components. Comparisons between the columns reveal the impact of the exclusions on the overall size of the sector.

In thinking about its workforce and finance, it would be tempting to equate the voluntary sector with the mobilisation of unpaid volunteers and the receipt of private donations. Yet while it is indeed the case most voluntary organisations have no paid staff, the sector is still clearly a significant employer of paid labour overall. On the income side, the lion's shares of total revenue come from private earned income and from government. In both respects – paid employment and income sources – the UK voluntary sector is not greatly different from the equivalent sectors in other countries in the international project. The seven-country average for full time equivalent paid employment in the sector as a percentage of the whole economy is 3.4 per cent, as compared to 4.0 per cent for the UK. And like the UK, four countries – Hungary, Italy, Japan and the US – had commercial earnings as the largest single source of income. The sectors in Germany and France were dominated by public funding (Salamon and Anheier, 1996a).

Paid employment in the broad voluntary sector (BVS) represented nearly one-tenth of all jobs in the UK service sector – a useful comparator because this is where much voluntary sector activity is concentrated.[7] The narrow voluntary sector provided nearly 400,000 full-time equivalent jobs, 1.7 per cent of the figure for the whole economy. On a headcount basis, the voluntary sector would probably account for a higher percentage of the workforce because there are so many part-time workers.

The sector's financial base is summarised by figure 2.1. Under the broad definition, the operating income sources divide into roughly one-eighth

*Figure 2.1 UK voluntary sector income, 1990*




donations, three-eighths government and four-eighths commercial earnings. The effect of narrowing the definition is almost to double the relative share of private giving because of the exclusion of fields of activity which are heavily reliant on earned income or government funding. To some observers this would represent an appropriate homing in on the true 'core' of the voluntary sector (for example, see Ware, 1989c), and would bring us closer to the sector as defined under the current interpretation of international national accounting conventions (Kendall and Knapp, 1992; Anheier et al., 1993). But it is significant – even after narrowing the definition – that private giving is still outweighed by both government support and earned income, and that the ranking of sources – with earned income most significant, then government, and finally private giving – holds whichever definition is employed.

## 2.4 Employment, expenditures and volunteering

How do these aggregated, sector-wide statistics break down between fields of activity? Tables 2.5 and 2.6 show respectively the distribution of paid employment and operating expenditures by ICNPO category in 1990. Table 2.5 separately identifies the shares under both broad and narrow definitions, while table 2.6 shows the broad UK sector's operating expenditures, and puts them in international context by comparing them with the seven-country averages.

In the broad sector, education and research (group 2) is the single largest field of activity on both counts, a characteristic that it shares only with Japan in the seven-country study. The employment figure for group 2 – around one-third of all full-time equivalent paid employees – includes paid university staff; staff employed in charitable 'independent' schools

*Table 2.5. FTE employment in the voluntary sector*

| | Broad voluntary sector | | Narrow voluntary sector | |
|---|---|---|---|---|
| | 000s | % | 000s | % |
| Culture and recreation | 262 | 27.7 | 56[a] | 14.4[a] |
| Education and research | 330 | 34.9 | 16[b] | 4.0[b] |
| Health | 43 | 4.6 | 43 | 11.1 |
| Social services | 146 | 15.4 | 146 | 37.4 |
| Environment | 17 | 1.8 | 17 | 4.3 |
| Development and housing | 74 | 7.8 | 74 | 18.8 |
| Civic and advocacy organisations | 9 | 0.9 | 9 | 2.3 |
| Philanthropic intermediaries and voluntarism promotion | 7 | 0.8 | 7 | 1.8 |
| International activities | 23 | 2.4 | 23 | 5.8 |
| Business and professional associations, trade unions | 35 | 3.7 | –[c] | –[c] |
| Total | 946 | 100 | 390 | 100 |

a Excludes recreation (primarily sports and social clubs) but includes culture and arts, service clubs.
b Excludes primary, secondary and higher education (all universities, most independent and maintained voluntary schools) but includes other education and research.
c All excluded under narrow definition.

*Table 2.6. The UK voluntary sector: operating expenditures in international perspective*

| | Broad voluntary sector (%) | Seven-country average (%)[a] |
|---|---|---|
| Culture and recreation | 20.6 | 16.5 |
| Education and research | 42.7 | 24.0 |
| Health | 3.5 | 21.6 |
| Social services | 11.6 | 19.6 |
| Environment | 2.2 | 0.8 |
| Development and housing | 7.9 | 5.0 |
| Civic and advocacy organisations | 0.7 | 1.2 |
| Philanthropic intermediaries and voluntarism promotion | 0.7 | 0.5 |
| International activities | 3.7 | 1.2 |
| Business and professional associations, trade unions | 7.1 | 9.2 |
| Total | 100 | 100 |

a From Salamon and Anheier (1996a).

funded primarily through fees paid by parents; charitable special schools catering for students with special needs; and staff in voluntary-aided and special agreement (mainly church) schools. The figures also include employment in the handful of schools which, by 1990, had opted out of local authority control for charitable grant-maintained status, and the new city technology colleges – a subsector which has expanded significantly since that date (albeit not to the extent the government would have liked; see chapter 5).

Social services (group 4) have traditionally been regarded as the centre of gravity of the UK voluntary sector, and these agencies are indeed the largest employers in the sector if our narrow definition is used. Table 2.5 shows that organisations in this field were employing just under 150,000 full-time equivalent paid staff in 1990, almost two-fifths of the total for the narrow sector. Many of these organisations provide residential or nursing home care for adults or children, but increasingly the voluntary sector is concentrating its activities in day, domiciliary and short-term

care, support programmes for carers, and user advocacy.

The culture and recreation field actually employs more paid workers than social services under the broad definition, reflecting relatively large numbers of paid staff in working men's clubs, ex-servicemen's clubs and other non-profit social clubs, often employed on a part-time or temporary basis. Moving from the broad to the narrow definition, we exclude these paid employees as well as those staffing the estimated 150,000 amateur sports clubs in the UK. The remaining 56,000 employees shown in group 1 under the narrower definition are then primarily those working in the culture and arts 'industry'. Most of these are employed in the 'professional' end of the sector – including such vast charitable organisations as the national museums and the English National Opera with, unsurprisingly, far fewer in the amateur culture and arts field. For example, the amateur music societies, choirs, brass bands and 'independent' museums in the voluntary sector, which are all subsumed within our aggregate figures, typically have no or few paid employees.

In the fourth largest category – development and housing (group 6) – a significantly sized sector is the direct result of support from government. Considerable amounts of capital and revenue funding have been passed from central government to housing associations, and over half of the 74,000 employees in group 6 work in these organisations in housing provision. In terms of expenditure (table 2.6), only Germany has a relatively larger development and housing subsector than the UK (although if corresponding data were available for developing countries, these would probably also have particularly strong sectors in this field). Central government has also been a major funder of voluntary sector employment and training projects. The dynamics of government funding of housing

associations and training providers are described in more detail in chapter 4 below. Like culture and arts, development and housing also includes a major contribution from unpaid workers. For example, located here are over 11,000 urban community centres and rural village halls, most of which employ no, or just one or two (often part-time), staff.

Taken together, these four fields – education and research, social services, culture and recreation, and development and housing – dominate employment in the UK voluntary sector. Other parts of the voluntary sector are nevertheless still qualitatively important. In comparison to other countries in the study – particularly the US and Germany – the UK health subsector is relatively small because of the dominant, public sector National Health Service. The largest single subcategory of the voluntary health sector in the UK is the 'other health' field, with more paid employees than the small number of independent, voluntary hospitals. Particularly prominent are the hospice movement and services for people with HIV/AIDS, or alcohol or drug problems.

Although the environment and international activity sectors account for quite small proportions of the overall total – 2.2 per cent and 3.7 per cent respectively – these fields are far larger in relative expenditure terms in the UK than in the other countries in the study. The environmental voluntary sector has grown rapidly in this country in recent years as reflected in the mushrooming membership figures reported in *Social Trends* (Central Statistical Office, 1995; and see Pinner et al., 1993). Only Hungary shares with the UK an environment sector accounting for more than 1 per cent of national whole sector expenditure. As far as international activities are concerned, Germany ranks second after the UK, but even here the proportion of total voluntary sector expenditure accounted for by

this field is far smaller, representing 1.5 per cent of the German sector's total. Finally, it should be re-emphasised that the relatively small size, in expenditure terms, of the UK's civic and advocacy sector – just 0.7 per cent of the total, compared to the seven-country average of 1.2 per cent – is, at least in part, a reflection of the way this field was treated as something a residual category in the way the data were organised, as described in section 2.2.4 above.

The mapping strategy did not generate data on volunteering under the definitions used for the financial and employment data, and, as with our discussion of the number of organisations, it is necessary to rely on other research to ascertain its scope and scale. The rich and timely national household survey conducted by the Volunteer Centre UK can be drawn upon. The survey defined volunteering as 'any activity which involves spending time, unpaid, doing something which aims to benefit someone (individuals or groups), other than or in addition to close relatives, or to benefit the environment'. A great deal of volunteering is directed 'informally' – that is, not through organisations – and some volunteers work in public or private sector bodies, but there is no doubt that organisations in the voluntary sector are enormous beneficiaries of the time, expertise and other contributions of volunteers.

Half the survey respondents had been involved in some formal, organised voluntary activity and three-quarters in informal volunteering (Lynn and Davis Smith, 1991). The survey did not structure activities or organisations in such a way as to make it possible to project volunteer inputs onto each of the ICNPO groups, but the main fields in which volunteers were regularly active were:

- religion (28 per cent of volunteers)

- sports and exercise (25 per cent)
- children's education/schools (25 per cent)
- youth/children (outside school) (25 per cent)
- health and social welfare (21 per cent)
- hobbies/recreation/arts (21 per cent)

Examination of the patterns of volunteering by age, gender, income group and other individual and household characteristics reveals a range of motivations, opportunities and constraints (Knapp et al., 1995, 1996; and see chapter 3 below). In later supplementary work, the Volunteer Centre estimated that formal volunteering through organisations was worth about £25 billion in 1991, although estimates of this kind are fraught with conceptual and practical difficulties, and new research at Loughborough University is addressing this important question.

## 2.5 Sources of revenue

The three major subcategories of voluntary sector income to which we have referred are described in more detail in box 2.3. While private giving is a smaller source of revenue than earned income or government funding for the sector as a whole, table 2.7 shows that this aggregate figure conceals large variations between constituent parts of the sector. We now describe the types of income in more detail, being careful to attend to these intra-sectoral differences.

### *Private earned income*

Income from commercial activities is considerable in the fields of culture and recreation, and education and research in particular. Figure 2.2 illustrates

*Box 2.3 Subcategories of sources of income*

***Private earned income:***

- gross income from mission-specific *fees and client charges*, i.e. payments directly relating to organisation purpose;
- net income from *sales of products and business income*, i.e. proceeds from products and services ancillary to organisational mission, and proceeds from for-profit subsidiaries, and net trading income;
- *dues*, or membership fees;
- *income from endowments and investments*, including interest on savings and temporary cash investments, dividends and interest on securities, net (non-mission specific) rental income, and capital gains; and
- other income not elsewhere classified.

***Income from government:***

- funding from all tiers of the state, whether "grants", "contracts" or "service (-level) agreements", including revenue from *central government* (Whitehall departments, territorial government, non-departmental public bodies (NDPBs) or quangos), and all tiers of *local* government;
- *user subsidies* — publicly-funded "demand-side" payments channelled through clients; and
- *other income*, including funding from supranational government (including the European Commission) and foreign governments.

***Income from donations:***

- direct contributions by *individuals*;
- gifts from *companies* (including sponsorship which, although commercial in character, are inseparable from giving in our data); and
- income from *grant-making trusts*, primarily including organisations located in ICNPO group 8, philanthropic intermediaries, other than *federated fundraising* (such as from Children in Need, Telethon, media appeals etc.), which is separately identified.

how this earned income is made up. In both these ICNPO groups, a large proportion comes from charges paid for services, ranging from net income generated by bars attached to sports and social clubs to private fee payments to charitable independent schools (£1.6 billion in 1990, some 60 per cent of all fee payments to the voluntary education sector). Also rather striking

*Table 2.7. Broad voluntary sector sources of income, £ billion, 1990*

| Field | Private giving | | Earned income | | Govern-ment | | Total operating income | |
|---|---|---|---|---|---|---|---|---|
| | £b | % | £b | % | £b | % | £b | % |
| Culture and recreation | 435.3 | 7.4 | 4761.8 | 81.2 | 665.9 | 11.4 | 5863.0 | 100 |
| Education and research | 528.0 | 4.6 | 3626.4 | 31.4 | 7380.5 | 63.9 | 11534.9 | 100 |
| Health | 270.3 | 26.3 | 520.5 | 50.7 | 235.6 | 22.9 | 1026.4 | 100 |
| Social services | 1314.0 | 39.7 | 1142.5 | 34.5 | 852.9 | 25.8 | 3309.4 | 100 |
| Environment | 227.9 | 36.1 | 282.6 | 44.8 | 120.4 | 19.1 | 630.9 | 100 |
| Development and housing | 126.7 | 4.3 | 1010.8 | 34.2 | 1816.4 | 61.5 | 2953.9 | 100 |
| Civil and advocacy organisations | 13.1 | 7.2 | 65.2 | 35.7 | 104.2 | 57.1 | 182.5 | 100 |
| Philanthropic interventions and voluntarism promotion | 245.0 | 26.9 | 633.3 | 69.7 | 30.2 | 3.3[a] | 908.2[a] | 100 |
| International activities | 422.3 | 41.5 | 246.9 | 24.3 | 402.3 | 39.5 | 1017.5 | 100 |
| Business and professional associations, unions | 31.8 | 1.6 | 1951.9 | 97.3 | 22.0 | 10.9 | 2005.7 | 100 |
| Broad voluntary sector total | 3614 | 12.3 | 14242 | 48.8 | 11630 | 39.4[a] | 29486[a] | 100 |

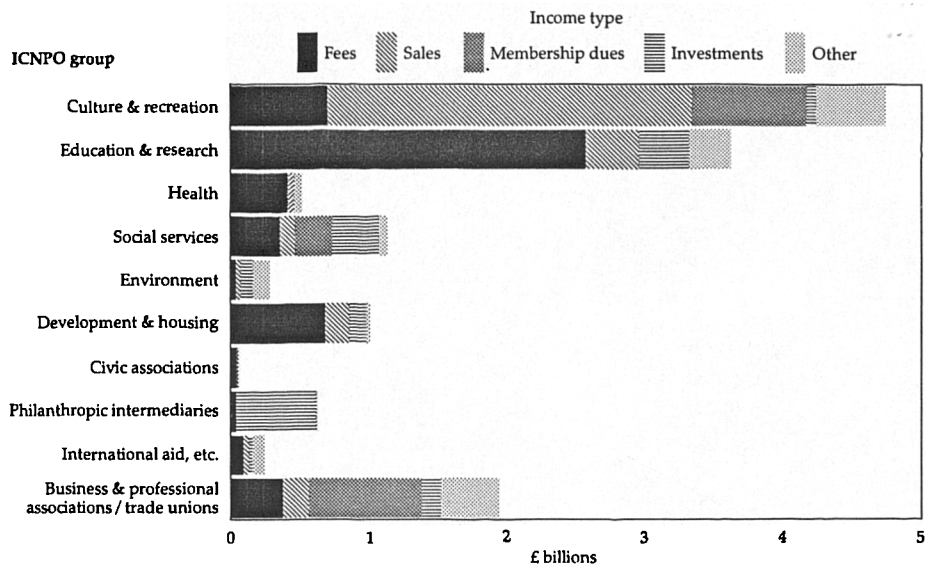
*Source:* GUSTO mapping strategy: estimates built up individually for each ICNPO group (see Appendix 1).

a Excludes £306.7 million public funding passed through charitable arts quangos (Arts Councils and boards etc.), which also appear as part of group 1 income.

is the large concentration of fee income in culture and arts, primarily reflecting net box office earnings. Fee income is also a particularly significant source of revenue in the development and housing field, where it mainly comprises rent paid by housing association tenants (from private funds; housing benefit, sponsored by public finance, is classed as 'user subsidy' income from government – see below). Charges are also important in health and social services, indeed disproportionately so to the acute hospital sector, whose £277 million fee income accounts for two-thirds of ICNPO group 4's fee income. In social services, some £360 million were paid in private fees in 1990, including payments for residential and domiciliary care services.

Dues or membership subscriptions are prominent in the funding of

*Figure 2.2 Broad voluntary sector private earned income, 1990*




Note: Some income from dues is included under 'other' income.

professional associations and trade unions (group 11), but were slightly exceeded by subscriptions to recreational organisations, which totalled some £800 million in 1990.

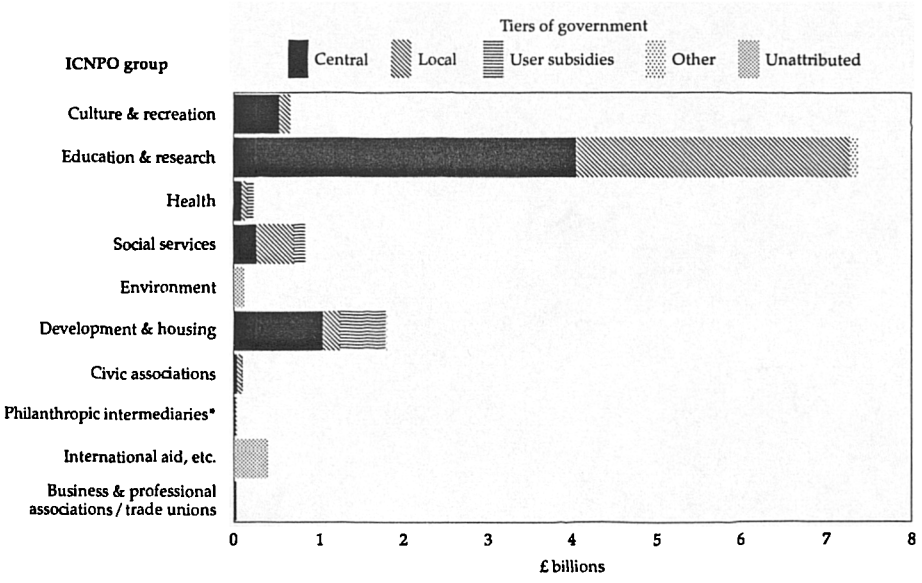
There were also significant concentrations of endowment and investment income. The grant-making trust sector dominates, reflecting the UK's rich and long tradition of accumulated wealth in this area. But there are also large amounts of revenue from this source to be found in social services and education and research, where many of the country's oldest and wealthiest charities are found. Significantly, half of the endowment and investment income in the higher education subsector is attributable to the colleges of Oxford and Cambridge Universities, generated by land and property accumulated since their establishment in the 13th century.

### *Government income*

Income from government may originate from a number of tiers of the state (box 2.3; figure 2.3). It is important to note that these figures do not include the hidden support from the state that comes through tax concessions (whose inclusion would add around £1 billion to the value of public support, as we noted in chapter 1).

Direct state funding of the broad voluntary sector is dominated by quasi-contractual funding of higher education by central government, and of primary and secondary education by local government. In fact, payments to these ICNPO subgroups accounted for 62 per cent of all direct public statutory support for the broad voluntary sector. These sources have historically been at high levels and have exhibited considerable stability

*Figure 2.3 Broad voluntary sector income from goverment, 1990*




Notes

Excludes government funding of arm's length charitable quangos (including Arts Council, etc.) to avoid double-counting.

* Excludes central government of charitable quangos to avoid double-counting.

over time. £3.6 billion of funding for higher education from government primarily came in the form of monies channelled through the recently reformed Funding and Research Councils. State resources for primary and secondary education mostly comprise local education authority funding of maintained voluntary schools (although local authority fees paid to special schools in the sector are also significant). The maintained voluntary sector is dominated by Catholic and Church of England schools, perhaps the most obvious reflection of the UK's rich heritage of religious endeavour in the voluntary sector (see chapter 5). These churches had embarked on major school-building programmes in the nineteenth and early twentieth centuries in particular. Unlike the voluntary hospitals, which were nationalised by the social legislation of the 1940s, these schools remained semi-autonomous bodies funded by local government as a result of the so-called 'dual system' settlement between the churches and the state – although since 1990 a number have opted for 'grant-maintained' status, replacing local government with central government as their paymaster.[8]

If local authority support for maintained voluntary education is disregarded as wholly within the 'state system' then, under the narrower definition, social services departments emerge as the most significant local government funders of the sector. Figure 2.3 highlights other important contributions from local government, particularly to civic and advocacy organisations which, under the use of the ICNPO adopted here, is predominantly accounted for by subgroup 7 200 – law and legal services (including citizens' advice bureaux, independent advice agencies and law centres, all heavily dependent on a combination of local and central government money). Similarly resourced are the generalist local intermediary bodies, or local development agencies, a small but prominent

subcomponent of ICNPO group 8.

A significant input is made by *central* government to housing and development (including training provision), and is also contractual in nature. It has come to prominence only over the past couple of decades and has been subject to considerable fluctuation over that period. During the 1980s, over £10 billion of public funds were allocated to the housing association movement – over and above user subsidies in the form of housing benefits – and nearly £4 billion was invested under a variety of employment and training schemes. The next most important single funding programme for the sector – and the biggest single source of 'grant' for general organisational activities rather than specific contracts – was the Department of the Environment's Urban Programme, which allocated more than £700 million to fund a range of social, economic and environmental activities to combat inner-city decay. The Urban Programme is now being phased out, replaced by alternative measures including the single regeneration budget (see chapter 4).

Figure 2.3 also identifies the scale of two other categories of income from government. 'User subsidies' have primarily benefited housing associations through housing benefit – of which we have estimated that £542 million was used to subsidise rent in this sector in 1990. In the form of 'income support', user subsidies were also supporting clients (mainly elderly people) in voluntary sector residential and nursing homes, totalling some £187 million. The global budgets for both programmes (which have, of course, also supported services delivered by the private sector) witnessed rapid expansion during the 1980s. Both were subject to growing policy attention because of their implications for public expenditure, and responsibility for these funds has now been mainly transferred to

local government, accompanied by the formalisation of needs assessments alongside means-testing.

Finally, the category 'other government income', primarily funding from non-UK governments, totalled nearly £160 million in 1990, a small amount in comparison to the aggregates from other tiers, but obviously significant to its recipients. Over half of this funding was channelled to the 'old universities' in the higher education field. Other noticeable examples of supranational and foreign government support include the European Social Fund's support for voluntary sector training projects (ICNPO subgroup 6300) administered via UK central government in cooperation with the NCVO; the Northern Ireland-based International Fund for Ireland (funded jointly by the EC, Canada, New Zealand and US governments) giving support for economic development; and EC and foreign government support for international activities (although it has not been possible separately to identify the scale of this support in the data, and the £160 million does not include this).

***Private giving***

Although smaller in aggregate than commercial and government income, overall private giving in the UK (from individuals, trusts, companies and federated fundraising) is a relatively large proportion of total operating income in comparison to most of the countries in the study: only the sectors in Hungary and the US secured a larger share from this source (Salamon and Anheier, 1996a). Across the seven countries, only international activity has private giving as its largest single source of income.[9]

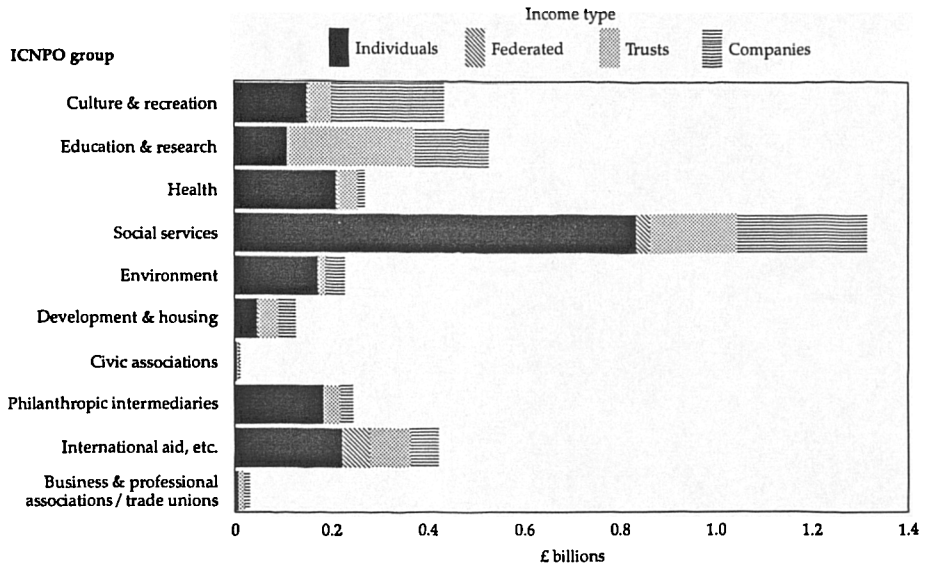
Within the UK, social services also has private giving as the largest single category of the three broad income categories (table 2.4), largely

because of the sizeable youth development sector (whose location within group 4 appears a little odd in the UK context, but is a convention adopted for the purposes of international comparison). Other areas of voluntary organisation social service are far more dependent on statutory income; for example, voluntary organisations oriented towards multiple user groups and those for people with learning disabilities receive most of their income from government, mainly local authorities (see Kendall and Knapp, 1996, chapter 7).

There is recent evidence of stagnation in contributions (Halfpenny and Lowe, 1994), but *individual* donors remain the sector's most significant source of private donations, giving £1.9 billion in 1990, equivalent to 6.5 per cent of total operating income. This proportion is outdistanced in the international study only by the US, with 14.4 per cent. After international aid and social services, which are the major beneficiaries of direct donations from individuals, health organisations and philanthropic intermediaries come next in terms of the amounts given (figure 2.4). The latter primarily reflects the fundraising efforts of grant-making medical research charities and federated fundraising campaigns, which have been included in group 8, as described above.

Interesting complementary evidence on individual giving based on a survey of donors is available for 1993 from the CAF Individual Giving Survey (IGS). Like the volunteering data reported earlier, the baseline is a survey of individuals rather than organisations, and so covers giving to organisations in *all* sectors. The type of recipient organisation most often cited by non-tax-efficient donors – who account for nearly 90 per cent of the total – was 'health and medicine'. Out of twelve forms of 'philanthropic donation' identified in the survey, this was the single most

*Figure 2.4 Broad voluntary sector private giving, 1990*




cited recipient field in nine categories, *inter alia* accounting for 100 per cent of donors who said they gave via phone appeals, 59 per cent via shop counter collections, and 50 per cent via appeal adverts (Halfpenny and Lowe, 1994). Although this survey cannot tell us about the relative *amounts* donated by field of activity, the findings underline the importance of medicine and health to the donating public. However, looking at this in conjunction with the data gathered for this study would suggest that the average size of donation must be relatively small compared with the fields receiving larger amounts: international activities and social services. On the other hand, the significance of this field is reinforced in another part of the IGS survey, which found that 'health and medicine' was the only charitable aim regarded as 'very important' by individual donors. This may be linked to disproportionate coverage from the press, as this type of agency gains more attention from the printed media than any other (Fenton et al., 1993; Deacon et al., 1995).

Individual giving is but one form of private donation. Among the others, *corporate funding* at £848 million outweighed trust support, totalling £725 million.[10] With active encouragement from umbrella and promotional bodies who have pushed it hard as 'enlightened self-interest' rather than charitable generosity, and also with encouragement from government and the royal family, both financial and in-kind corporate giving has certainly expanded over the past two decades.

However, for the very largest companies – the only corporate givers for whom time series data are available – giving has tended to average only around 0.2 per cent of current pre-tax profits, comparing poorly with the US in this regard, and there is evidence of stagnation in overall giving levels in the early 1990s (Lane and Saxon-Harrold, 1993; Lane, 1994; Passey, 1995). This may be linked to recessionary pressures, although profit margins alone cannot 'explain' company giving; other factors include the availability of tax breaks, even if the effect is small (Fogarty and Christie, 1991), company size (Narendranatham and Stoneman, 1989) and the myriad managerial and organisational characteristics which make up a company's culture or 'corporate identity' (Mayer, 1989).

*Grant-making trusts* have tended to characterise themselves as making qualitatively significant contributions over and above their measured impact, especially through their support for innovative, pioneering and unpopular causes, although there is little available evidence to substantiate this claim. Our figures show that education and research, and social services were the main beneficiaries of trust support in 1990. Finally, the relatively small contribution of federated funds is also noteworthy: despite their high media profile, the funds raised by events such as the ITV Telethon and BBC Children in Need appeals are actually rather small when compared

with other modes of private giving, let alone with government. This is certainly not intended as a criticism, for these appeals have benefits beyond the funds raised, but rather to put the size of their contributions into perspective.

## 2.6 Voluntary sector market shares

Another way to describe the voluntary sector's contributions is in terms of 'market shares': the proportion of a defined field of activity (or 'market') for which it accounts. In many activity areas the sector is operating alongside, and competing or cooperating with, both for-profit and public bodies in a variety of 'mixed economies'. Some examples are given in table 2.8. Market share ranges from under 2 per cent for acute hospitals to around four-fifths for pre-school day care, widely defined.

In considering these data, it should be borne in mind that, just as the 'voluntary sector' embraces a huge variety of organisational types and forms, so the label 'private' or 'for-profit' conceals as much as it elucidates, covering sole traders, partnerships, and private and public companies. Furthermore, in order to understand the market context in which voluntary organisations are operating, we really need to go beyond this snapshot to examine *trends* in market shares: how the relative contributions of each sector have changed over time. This is one of the themes explored in the chapters that follow.

## 2.7 Summary conclusion and discussion

This chapter has described the nature of the challenge involved in mapping the economic characteristics of the voluntary sector in a way that is

*Table 2.8. Voluntary sector market shares in key fields of activity, 1990*

| Field and measure | BVS | For-profit | Public | Total |
|---|---|---|---|---|
| *Primary/secondary education*[a] | | | | |
| Pupil headcount (000s) | 1,660 | 70 | 5,830 | 7,560 |
| Market share (%) | (21.9) | (0.9) | (77.2) | (100) |
| *Acute hospitals*[b] | | | | |
| No. beds x occupancy | 2 | 4 | 143 | 149 |
| Market share (%) | (1.6) | (2.5) | (95.9) | (100) |
| *Nursing homes*[c] | | | | |
| No. of staffed residential places (000s) | 12 | 115 | 155 | 282 |
| Market share (%) | (4.2) | (40.8) | (55.0) | (100) |
| *Residential homes*[c] | | | | |
| No. of staffed residential places (000s) | 53 | 169 | 142 | 364 |
| Market share (%) | (14.5) | (46.5) | (39.0) | (100) |
| *Pre-school daycare full-time*[d] | | | | |
| No. of places for under 5s (000s) | 16 | 42 | 28 | 86 |
| Market share (%) | (18.3) | (49.1) | (32.7) | (100) |
| *Pre-school daycare all groups*[e] | | | | |
| No. of places for under 5s (000s) | 406 | 61 | 30 | 497 |
| Market share (%) | (81.6) | (12.3) | 6.0) | (100) |
| *All housing*[f] | | | | |
| No. of completions (000s) | 17 | 156 | 17 | 190 |
| Market share (%) | (8.9) | (82.2) | (8.8) | (100) |
| *All housing*[f] | | | | |
| No. of occupants aged 16 or over (000s) | 1,170 | 28,930 | 9,380 | 39,090 |
| Market share (%) | (2.9) | (74.0) | (23.9) | (100) |
| *Rented housing* | | | | |
| No. of occupants aged 16 or over (000s) | 1,170 | 3,130 | 9,380 | 13,680 |
| Market share (%) | (8.6) | (22.9) | (68.6) | (100) |

*Sources:* See Appendix 2.

a Includes primary, secondary and nursery education.

b Non-psychiatric in-patient beds only.

c For main adult client groups: Elderly people (including psychogeriatrics) and younger (16+) physically handicapped, people with mental health problems and people with learning difficulties.

d Full-time day nurseries only.

e As d, plus part-time groups, including playgroups, parent and toddlers groups and under 5 groups.

f Includes owner-occupied properties.

meaningful for cross national comparative purposes. The data were aggregated in two ways so that it was possible both to systematically compare the UK with the other countries in the international study, while also presenting the figures in a way that is meaningful for a UK audience. It seems likely that misunderstandings about these sorts of data can only

be avoided by taking into account the taken-for-granted assumptions about the sorts of organisations that 'should' be in the sector, an issue we discuss in detail in the next chapter.

Why and how the core economic data were collected using the 'GUSTO' strategy has been described, and the key characteristics of the voluntary sector in terms of numbers of organisations, paid employment, expenditures and income using this data have been summarised. Familiar data on volunteering (using a somewhat different definition) were also presented, and a number of disparate data sources pulled together to show the extent to which the voluntary sector tends to share markets, in many fields, with both public sector and for-profit sector providers.

It is also important to establish how our findings and approach compare with the other economically-oriented studies referred to in section 2.2 – in particular, the Charities Aid Foundation funded analyses undertaken by John Posnett (1993), and the mapping sponsored by the Central Statistical Office, and undertaken by the Aston Business School (Hems and Osborne, 1995). Kendall (1995) provides a comparison of the figures, and the outcome is summarised here.

The most startling observation that emerges is the huge difference between the estimates of income and expenditure reported by Posnett (1993) in his work for the Charities Aid Foundation in comparison to those in Hems and Osborne (1995) undertaken for the Central Statistical Office. Posnett's point estimate of total income, at £16.2 billion in 1990/91, was almost double that of Hems and Osborne, at £8.3 billion in the same year. They were attempting to map a similar set of entities using the Charity Commission register as a sampling frame – the difference being the latter's purposive exclusion of some academic institutions, housing

associations and 'religious congregations', and its attempts to include organisations in Scotland and Northern Ireland. It is clear from the field level data described in the body of this chapter that the first two categories omitted in the CSO study are economically significant,. As we shall see in chapter 3 below, the contribution of 'religious congregations' also appears to be large. Yet the three fields taken together are unlikely to account for the huge discrepancy between these figures. Rather, the most important factor at play seems to be the scale and nature of the sampling strategy in each case. The CSO study was a far more comprehensive and thorough undertaking, reflecting the resources that were available to support it. Not only was a much larger sample drawn, but it was possible to use information which was by then in place on the Charity Commission's register regarding many individual charity's total income to enable an efficient targetting of the sample. Taken together, these factor's imply that the CSO figure is simply a far more accurate estimate of the true figure for its population than that derived in the Posnett research. This is clearly reflected in the size of the ninety five per cent confidence intervals around the point estimates in each case. While for Posnett's estimates, the margin of error was plus or minus a massive £7.6 billion (47 per cent of the value of the point estimate), in the other study it was plus or minus £0.3 billion (just 4 per cent of the value of the point estimate).

Given that the CSO study provides a far superior estimate of the scale of the registered charity component of the sector, Kendall (1995) compares that estimate with the findings reported in the body of this chapter. Again there is a large discrepancy, but because of the disaggregated GUSTO mapping strategy, it is possible to push towards a more obviously like-with-like comparison. This can be done simply by removing from the

aggregates those fields which were excluded from the CSO study explicitly as described above, or implicitly because they typically tended not to be registered charities. This included education, housing associations, recreation, and business associations and trade unions. While comparisons are crude, it was reassuring to note that, after this procedure, the two estimates appeared broadly consistent with one another, both in terms of total income, and the three major sources of income. Thus the reason for the difference between the CSO total estimate of total income at £8.3 billion, and the estimate of £29.5 billion under the structural operational definition can be accounted for primarily by the difference in organisational coverage in terms of these broad fields of activity; when these are stripped out, the CSO figure accounts for four fifths of our residual estimate (£9.8 billion). The residual difference of £1.5 billion is presumably accounted for by a combination of sampling error in both studies and the inevitability of some double-counting in the GUSTO strategy. In addition, the figures reported in this chapter of course also covered non-registered charitable bodies in all fields, some of which are known to be economically significant. The national museums, and many youth clubs and environmental organisations are amongst the examples of economically significant exempted charities, excepted charities and non-charitable voluntary bodies respectively which were included in even our residual estimate, but not included in the CSO figures.[11]

With this validation in mind, there are four main conclusions to be drawn from the data reported here. First, it is clear that the sector is a significant player within the wider economy as measured by these indicators – and that, in this respect it bears comparison with the other countries participating in the study. Salamon and Anheier (1996a, chapter 2) refer

to the international figure as 'gigantic and immense', while Mulgan and Landry (1995, p.30) suggest that the 4 per cent contribution of the broad voluntary sector to GDP in the UK is 'marginal' in economic terms. It would seem that 'significant' is a fairer adjective! On one hand, 'marginal' seems rather dismissive, since mainstream for-profit fields of activity, such as agriculture, command similar shares of the economy's resources, but few people would refer to them in these terms. Similarly, a sector which employs more than three times the amount of paid workers that the largest private sector company in the country (Salamon and Anheier, 1996a, chapter 3, table 3.1) would seem to be of some importance; furthermore, the sector does account for 10 per cent of paid employment if services industries is used as the comparator. On the other hand, the sector employs fewer people than the UK's largest single employer – the public sector National Health Service; and the definition which corresponds more closely to the set of entities most often thought of as 'voluntary organisations' shrinks its contribution to less than one in fifty full-time equivalent paid jobs.

Second, while private giving is an important resource for the sector, the sources traditionally associated most closely with the public and private sectors – public funding and commercial income respectively – actually accounted for most of the sector's revenue in 1990.

Third, the ICNPO has been deployed to organise a detailed and systematic account of the relative size of different fields of activity. Economic activity is concentrated in four ICNPO fields under a broad definition: Education and research; culture and recreation; social services; and development and housing; while a narrower approach de-emphasises the importance of the first field by definition, and brings into focus the

health field (although still small by international comparative standards because of the delivery of most acute hospital care under public sector auspices in the UK).

Fourth, it has been shown that the sector's paid employment and financial characteristics vary significantly between fields (as well as within fields – see Appendix table A.2). Business and professional associations, culture and recreation, philanthropic intermediaries and health all lean relatively heavily on earned income of various forms as a means of financing their operations, accounting for more than 50 per cent of their total revenue. These figures include not only fees and sales, but also membership subscriptions and income earned from investments. In contrast, for education and research, development and housing, and civic and advocacy associations (defined residually), it is the state that is responsible for providing more than half of total income. For the remaining fields of social services, and environmental and international activity, private giving appears to play a much more significant role, but tends not to dominate in the way that private earned income and government finance does in the other fields. Rather, these areas are characterised by a pluralistic pattern of finance, with all three forms of funding making a significant contribution.

## Notes

1 The Employment Department have noted three difficulties in asking employers about their sector: 'respondents may not know which sector they belong to, we would have difficulty in verifying replies and there is the additional problem of sectoral migration' (Chief Statistician, Employment Department, personal communication, October 1991). It should also be noted that, although described as a 'census', a sample is drawn for employers with 25 staff or fewer (except in Northern Ireland, where a separate full census is undertaken). This would obviously have implications for the accuracy of any voluntary sector estimates even if a sectoral identifier were included in the survey, because most voluntary organisations employ just one or two paid staff.

2 In fact, the only ICNPO categories in which information from the census was used for our statistical mapping were for ICNPO group 11 (business and professional

associations, and trade unions) and for subgroup 1100 (culture and arts). In the former case there was a match between our ICNPO category and the SIC (code 963) as used in the census, and it could safely be assumed that the 'market share' of the sector was 100 per cent. In the latter case the census figure provided an indicative upper limit because the voluntary sector does not have a 100 per cent market share (for example, many museums are directly run by local authorities or owned by private individuals, and arts centres and festivals are often organised under local government auspices). The other category where the ICNPO matches the census category and 100 per cent market share could be assumed was group 10, religion, corresponding to SIC 966, 'religious organisations and similar associations'. Like the theoretical treatment of group 10 in the project's methodology, this excludes the service provision activities of these bodies, which are treated under their appropriate other industry heads. For the record, in 1989 this category included 16,800 full-time and 12,500 part-time clergy and other paid employees (Department of Employment, 1991, p.218), which are not included in the broad sector estimates given below. Assuming this converts to 21,800 full-time equivalent employees, the inclusion of these staff would increase the sector's share of employment from 4.0 per cent to 4.1 per cent of the whole economy total, with group 10 employing a similar number of full-time paid staff to group 9 (international activities; see below).

3 According to Sia, the intermediary body for ethnic minority voluntary organisations, at least 2,000 groups existed in the UK in the early 1990s, concentrated in Greater London and the Midlands, reflecting the large ethnic minority populations in these locales. Unpublished survey research by Sia in 1991, analysed at PSSRU, gives some impression of the huge range of activities undertaken by these groups. 37 per cent of the 139 ethnic minority voluntary groups which responded to the survey appeared to be primarily concerned with providing personal social services. The next most frequent activity was the provision of multi-purpose community facilities, accounting for 28 per cent of respondents. Many of the respondents were funded by local government, including social service departments, with far fewer funded under central government schemes. The most frequent central government source cited was the Urban Programme (see chapter 4), for 11 per cent of respondents.

4 The estimate of the total operating income of all philanthropic intermediaries thus defined and including government funding was £1.2 billion, or £0.9 billion excluding direct income from government. The latter figure has been used in the tables and figures (see appendix 1). This compares with an estimated income *from* trusts across the whole sector of just over £0.7 billion. The difference arises primarily because grant-making bodies, of course, do not deploy all their income in order to make grants to voluntary bodies (some funds are re-invested, or retained for administration and other internal purposes), and because some grants are made to bodies wholly outside even the broad voluntary sector (including NHS facilities and maintained county and voluntary controlled schools).

5 The human and financial resources of public sector agencies attributable to voluntarism are extremely significant in the UK. On the former, most obviously we know that volunteering within the public sector includes extensive involvement on schools' governing bodies, major efforts directed by Social Service Departments and Health Authorities, and the contribution of non-stipendiary magistrates. Based on umbrella body information, we also know that in the key subsectors of health and education alone, in 1990 over £265 million in private donations and £93 million in investment income was generated by fundraising activities or trust funds linked to specific NHS facilities, while parent teacher associations linked to state schools probably raised over £50 million in that year.

6 The estimated numbers of organisations are also broadly consistent with information supplied confidentially on the number of bank accounts held by 'clubs, associations, charities and other societies' in the UK by one of the leading High Street banks, which also provided an estimate of its own (banking) market share for such

organisations' accounts.

7 We use paid staff as an index of the voluntary sector's contribution to the UK economy because, while we collected data on *operating* expenditure, the full information on the nature of the sector's financial transactions to determine its *final* expenditure was not systematically gathered. Final expenditureis the appropriate comparator for ascertaining the sector's contribution to GDP in expenditure terms (see box 2.1).

8 Of the three categories of maintained voluntary school recognised by the Department of Education and Employment in England and its equivalents in the rest of the UK, only voluntary aided and special agreement schools have been treated as sufficiently independent of government to be regarded as part of the sector (see chapter 5).

9 In the UK, the income proportions for this particular field are heavily influenced by the inclusion of the huge charitable British Council in the figures – an agency existing to promote exchange, friendship and cultural programmes usually thought of as a quango despite its constitutional independence from the state.

10 It should be noted that the figures unavoidably overstate the corporate contribution in terms of 'donations': the data employed meant that it was not possible to separate sponsorship income from gifts. This may be hard to do at the best of times, but much of £725 million shown should probably be treated as earned or commercial income for the voluntary sector. For example, a large proportion of the £234 million flowing from private business to culture and arts (see Appendix table A.2) is essentially commercial in character.

11 Phase 2 of the Johns Hopkins project, the UK leg of which is now being initiated by PSSRU, is adopting a rather different strategy for updating the 1990 estimates reported here to the year 1995. Now that the relationship between registered charities and the broad voluntary sector is better understood, the aim is to construct estimates of the latter using the CSO's updated estimates of the former (research currently in progress, using a slightly modified ICNPO classification system) as a core. So, rather than undertaking 50 small scale surveys across disparate ICNPO subgroups as proved necessary in phase 1 without prior knowledge about the relative size of different fields of activity, additional surveys and extensive use of other data sources are likely only to be undertaken in those fields where it appears that the non-registered charity sector is economically significant. In particular, in recreation, housing, professional associations and unions and education. It is hoped that the findings of the Home Office's extensive local mappings may also help to shed light on appropriate priorities for any new survey work, but at the time of writing this data was not available.

    It should also be noted that the PSSRU team succeeded in getting a question concerning volounteer utilisation included in the CSO-sponsored survey research currently underway. Although our experience with the little organisation-based volunteering data that we did collect in phase 1 (but not reported here) suggests there are likely to be many problems in analysing and interpreting such data, it is nevertheless a useful further step in quantifying the sector's scope and scale, and should provide a complementary perspective to the work being undertaken by Loughborough university described in the text.

# Chapter 3
# MAPPING THE VOLUNTARY SECTOR: SOCIAL ASPECTS

## 3.1 Introduction

The extent and nature of the voluntary sector's contributions to the UK economy and society often remain unremarked or are discussed in confused terms. One reason for this lack of clarity with regard to terminology, definitions and classifications. Indeed, observers and analysts of the sector most often begin their accounts by remarking that the voluntary sector contains a bewildering array of organisational forms, activities, motivations and ideologies. Despite these difficulties, important insights into the nature of the sector can be gained by addressing this issue explicitly, even though the preferred approach will depend on the purposes for which the definitions and categorisations are required (Johnson, 1981; 6, 1991). There is no single 'correct' definition which can or should be applied in all circumstances, for, as Scott has observed, 'definitions [or typologies or classifications] are neither true nor false, but are more or less helpful in calling attention to certain aspects of the phenomenon under study ... Each has its own charm as well as its own blemishes; and each carries its own truth as well as its own biases' (1991, pp.25-6).

One criticism of the ICNPO classification, used to organise our discussion of the sector's economic scope and scale in chapter 2, is that it tends to focus attention on the sector's service provision role, to the potential neglect of the wider political and social roles that we noted, in chapter 1, have been more systematically recognised in recent years (cf Ware, 1989c). In particular, Marshall has remarked that 'while [a classification based on 'industry' categories] may be useful for some

purposes, it is entirely artificial if one is to capture variations in the roles of organisations, and their relationships to society' (1996, p.47). Seibel and Anheier stress how voluntary organisations should be seen as both service providers and as 'mediating organisations ... combin[ing] aspects of social and political integration with economic objectives' (1990, p.10). Evers (1995) describes the voluntary sector as 'polyvalent' in character, and develops a sociological perspective which draws attention to the theoretical implications of its *simultaneous* involvement in service delivery, and in the political arena. In fact, we have recognised elsewhere that the ICNPO should not be regarded as a *substitute* for other classifications, but as a complement; it is just one dimension of organisational activity which will often need attention for policy analytical purposes (Kendall and 6, 1994). In cognisance of these perspectives, the particular purpose of this chapter is to systematically sensitise the reader both to the sheer variety of organisational forms that exist by noting alternatives to the ICNPO classification and to its non-service provision activities, with special reference to the role of religion.

One way into this inherently untidy topic is to set the sector in its societal context by considering the functions that voluntary organisations fulfil, and how they may be resourced and controlled. This is the focus of section 3.2.[1] In section 3.3, a broad summary of the motivations, norms and values that have often been associated with the voluntary sector theoretically and empirically is offered. In both sections, we report on attempts to quantify these, although we emphasise that these figures must be treated with extreme caution. In addition, in cognisance of the omission in chapter 2 of disaggregated data on religion – whose historic importance in shaping the sector we sketched in section 1.5 above – section 3.4



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briefly summarises some rather disparate evidence on the nature and scale of its current contribution, and draws on the 'policy interviews' described in chapter 1. This is necessarily rather brief, as remarkably little research seems to have been undertaken on this topic in recent years.

Armed with these complementary overviews of the sector and its components, the final section steps back to ask what these very diverse bodies have in common: i.e. what criteria must an entity meet to be regarded as part of 'the voluntary sector'? In section 3.5 we revisit the structural operational definition introduced in chapter 1, to explore its relevance in the UK, and note how reference to it can alert us to some of the public policy issues which the sector currently faces. We describe how its criteria are not absolute, but may be met to varying degrees, so that the boundaries around the sector are best thought of as blurred or fuzzy. We note how some of the debates about the appropriate definition and treatment of the sector can be thought of as debates about interpretations of these or other criteria. It also eludicates why the deployment of a 'narrow' definition of the sector which excludes some organisations which fall within the broader sector used for the purposes of the international study, was deemed appropriate in describing the sector-wide aggregates referred to in the previous chapter.

## 3.2 Major types of organisation

### *Societal functions of voluntary organisations*

Although most voluntary bodies would characterise themselves as dual or *multi-functional* it is useful, as a starting point, to categorise them by primary *function*. The set of functions for voluntary sector organisations

has often been employed in social policy analyses (Brenton, 1985; see also Murray, 1969; Wolfenden, 1978; Johnson, 1981; Handy, 1988; Nathan, 1990; Kendall and 6, 1994).

The *service-providing function* 'typifies those voluntary agencies which supply a direct service to people, in kind or in the form of information, advice and support' (Brenton, 1985, p.11), and it is for the discussion of this function which the ICNPO, as we deployed it in chapter 2, is most useful as a means of classification. A large amount of voluntary action in this area has historically been characterised as 'pioneering', catalytic and demonstrative (Nathan, 1952; Knapp et al., 1990). Knight suggested that 96 per cent of the organisations in his local level sample classifiable on the basis of function included 'servicing' function amongst their other activities. At the national level he does not cite an equivalent statistic but notes that 89 per cent of classifiable sampled organisations were *primarily* 'service' agencies, whether organised on the basis of 'philanthropy' or otherwise (1993, p.141, table 6.7; p.178, table 7.26; and see section 3.2.3 below).[2]

The *mutual aid function* is 'about self-help and exchange around a common need or interest' (Brenton, 1985, p.12). It has 'developed worldwide into a major social phenomenon ... developing primarily around psychosocial and medical problems' (Hasenfield and Gidron, 1993, p.217). It is the main feature of organisations like Cruse (for widows), Alcoholics Anonymous, gay and lesbian support groups, and a whole range of local community-based organisations in education, health and recreation. This cannot be understood without reference to how the organisations in question are resourced and controlled, and we return to this issue below.

A third function identified by Brenton is policy advocacy or

campaigning, and it is this aspect of voluntary action which critics of the ICNPO system and economic analyses of the sector most often argue is underplayed in those approaches (Evers, 1993, 1995; Marshall, 1996). For Brenton, this is the *pressure-group function*, 'the marshalling of information around some specific cause or group interest and the application of this to some public arena through direct action, campaigning, lobbying and advocacy to achieve a desired change' (1985, p.12). It involves 'the production of pressure on decision-makers in any sector to change policy and practices usually on behalf of some identifiable groups' (Kendall and 6, 1994). Taylor et al. (1995)'s analyses of the mixed economies of care in three locales concluded that advocacy on behalf of their client groups was one of the few features which distinguished voluntary sector social care providers from their private sector counterparts. In our survey of Liverpool (undertaken primarily as an input into our economic mapping described in chapter 2), just over one third of respondents claimed to have lobbied either local, national or supranational bodies (Shore et al., 1994, p.118). Interestingly, however, only just under half of this number (15 per cent) regarded themselves as in some sense undertaking 'pressure group' activity, and only 2 per cent saw acting as a 'pressure group' as their *primary* function (ibid, p.117, table 8.3). Similarly, Knight reports that just under one third of his classifiable local subsample included amongst other functions 'changing [defined as] ... working to raise levels of awareness, education, and knowledge, or seeking to change and influence policies or practices'. Stoker's (1991) account of the changes in local government attitudes towards 'interest groups' in general during the 1980s would suggest that local authorities may have been increasingly receptive to this aspect of voluntary action over this period (see chapter 4 below).

At the national level, there appears to have been a marked growth in the organisational capacity of the sector to engage in lobbying. Unfortunately, Knight (1993) provides no indication at the national level of how many of his sample undertook campaigning alongside or as subsidiary to service provision, noting only that 7 per cent of the classifiable subsample were described as *predominantly* 'changing' in overall orientation. The late 1980s and early 1990s saw the institution of an annual conference for voluntary organisations lobbying on the legislation proposed in each year's Queen's speech, and the formation of a Parliamentary Workers' Group, both convened by NCVO. The report, *Cause and Effect* (NCVO, 1990) suggested that the sector had higher expectations of its lobbying activity than it was currently realising, although the interpretation of the data (particularly the 'gap analysis') remained methodologically controversial. The main area of growth in the 1990s appears to be the lobbying of European Community institutions.

The areas of lobbying at the national level in which the sector has been most visible have probably been personal social services (cf. the formation of the Community Care Alliance during the passage of the NHS and Community Care Act), overseas aid and the environment. In these fields, the leading large agencies have adopted reasonably successful lobbying strategies for some years, whilst striving hard to sustain an image and reputation for independence from government to satisfy their constituents. While in the first two fields, this has not been deemed to preclude accessing large amounts of statutory funding (see chapter 2), in the case of environmental groups, the imperative of appearing to be independent has meant that some high profile groups have avoided government funding and limited their involvement in regular fora, preferring

to rely on informal channels to exert pressure on government.

Finally, we have what Brenton terms the *resource* and *coordinating functions*, which typically involve blending service provision to other voluntary sector bodies, often in particular industries, acting as

> a central catalyst or repository of expertise, information, research etc, on a specialist subject [with represent[ing] a membership of other voluntary bodies and seek[ing] to liaise between them and coordinat[ing] their activities, their public relations or their connections with government (ibid., p.12).

Involved in this liason and representation work are generalist sector-wide national and local *intermediaries* such as the National Council for Voluntary Organisations, the Charities Aid Foundation, the Volunteer Centre and local development agencies (Councils for Voluntary Service, Rural Community Councils, Volunteer Bureaux and similar bodies), together with bodies operating within a specific field of activity, such as the National Youth Agency and the National Federation of Housing Associations. These agencies, which were a particular focus of the Wolfenden Committee's (1978) enquiry, often face a difficult task representing their members or perceived constituency because of the sheer diversity within the sector, and may prefer to see their role as providing a channel through which parts of the sector can speak for themselves. Clark is one of a number of commentators to criticise these for being too 'safe' and 'conservative' in recent years (1991, p.49), and they also came in for a good deal of criticism in Knight's (1993) study on the grounds of inefficiency and inertia. Hedley has recently responded with a defence of their record, particularly as a resource for training, and argued that a need for them has remained (1996, pp.105-7).

*Types of voluntary organisation distinguished by resourcing and control*

Another way to categorise the voluntary sector, perhaps in conjunction with the functional approach, is to identify different structural types, depending on the arrangements for control and/or method of resourcing (human and financial). In his follow-up locality research to the Wolfenden Committee's deliberations (see chapter 1), Stephen Hatch made 'the basic distinction between organisations dependent mainly on voluntary effort, and organisations dependent mainly on paid staff' (1980, p.35). He distinguished between beneficiary-controlled (or 'mutual aid associations') which pursue members' interests and 'volunteer organisations' oriented towards helping non-members. He also distinguished between bodies according to whether they are 'predominantly' funded from statutory or non-statutory sources. The government-sponsored review of links between statutory bodies and the sector, published in 1990, made similar distinctions, as did the Community Development Foundation (Home Office, 1990; Chanan, 1991; see also Ball, 1989).

One type of organisation to distinguish would be the intermediary bodies identified by the Wolfenden Committee (1978) and Brenton (1985). Using Chanan's approach and terminology (which are not in common currency, but useful), another three varieties would be professional non-profit organisations, voluntary service organisations and independent local community groups. *Professional non-profit organisations*[3] are providers of professional services – employing paid staff at national (and/or regional) and local level – where the national organisations directly run the local offices and raise funds for local work. *Voluntary service organisations* have professionally-organised national (and/or regional) headquarters, but autonomous local groups which raise their own funds and use volunteers

(and sometimes also paid staff). They have a looser 'federated' structure than the more centralised professional non-profit organisations (Ball, 1989, p.8). Knight (1993, pp.174-5) makes a similar distinction between national organisations which are 'centralised', where he points out the centrally employed staff tend to be paid on a nationally agreed scale; and 'federated', where they [by implication] are not, but does not quantity the numbers in each category.

Not all national or regional voluntary organisations fit neatly into this dichotomy. This is particularly true of a range of fund-raising and/or grant making agencies (Kendall and Knapp, 1995, pp.70-71). Particularly numerous are organisations in which local groups exist partly to fundraise for national (and regional) bodies, but which also retain some funds for their own mutual support activities – found most often in the fields of specific diseases and medical conditions (Deans, 1989, p.147; Ball, 1989, p.10; Knight, 1993, p.176-7). These we could refer to, somewhat clumsily, as *nationally affiliated local fundraising/self help groups*. Finally, Knight (1993, p.177) distinguishes stand alone 'issue-based campaigning' organisations at the national level – and suggests that 7 per cent of his sample were concerned primarily with campaigning. It is important to reiterate that the vast bulk of the campaigning function of the sector is actually undertaken by organisations which could be described as simultaneously both centralised, federated or intermediary organisations *and* campaigners – a point which we have already emphasised above.[4]

The third category distinguished by the Community Development Foundation and the government are *independent local community groups*, which are 'self-standing bodies with no head office to provide support' (Home Office, 1990, p.3); their overwhelmingly important resources are

their volunteer members' unpaid labour. As with the (local) mutual aid group function identified in Brenton's taxonomy, participative community development may be more important than direct service provision. Participative community development has several meanings, but can be described as 'the formation of organisations for ordinary people in geographical areas so that their collective identity gives them a greater say in the forces that affect their lives' (Knight, 1993, p.50). Such bodies are notoriously difficult to classify in terms of a 'field of activity', 'industry' or market since, by their very nature, conventional distinctions – between, for example, demand and supply sides, user and volunteer, or process and output – may conflict with underlying ideologies and operating principles.

> Development functions have a different and socially more complex pattern [than service delivery functions]. These are where the primary purpose is for people *to get together with others to solve a problem.* The problem might be post-natal depression, housing conditions, employment opportunities, care for the disabled, poor public transport, or a threat to the local environment. ... A main benefit is the participation itself because this is what enables people to emerge from their isolation, gain a greater sense of independence and interdependence, gain social contacts, pick up information and intervene actively in decisions affecting the whole locality (Chanan, 1991, p.11).

The Community Development Foundation has defined the 'autonomy' implicit in their description of these bodies as 'independent'. 'Autonomous' local voluntary organisations are described as those which are controlled 'predominantly' by local resident users, members or volunteers, while in 'externally-led' groups, public authorities, national (voluntary) bodies or external funders 'decide what really happens' (Chanan, 1993).[5] Hasenfield and Gidron (1993) have offered further refinements. They distinguish between 'self-help groups' and '[professional] human service organisations' on the basis of external resource dependency, the position of

clients/members, breadth of 'domain and mission' and service technology (p.222, table 1). The two groups are contrasted in that

> A self-help group can be defined as a group of individuals who experience a common problem, who share their personal stories and knowledge to help one another cope with their situation, and who simultaneously help and are helped. In addition, the group emphasises face-to-face interactions and informal and interchangeable roles. In contrast, human service organisations are characterised by career-oriented staff members who need not personally experience the problems they address, distinct staff and client roles, a professionally based body of knowledge, and formal division of labor (ibid., p.218).

### 3.3 Values, motivations and attitudes

Although voluntarism is not confined to voluntary organisations, it is quite common in the international comparative literature on the voluntary sector for commentators to allude to what are seen as distinctive motivations, norms, values and behaviours that underpin its existence in that context. DiMaggio and Anheier (1990, p.145) have suggested that those who form and control voluntary organisations may tend to be value-rational rather than means-rational. That is, their actions may not be instrumental in the sense of choosing means to meet an end, but instead be 'determined by a conscious belief in the value for its own sake of some ... forms of behaviour, independently of its prospects of success' (Weber, cited by Hughes et al., 1995, p.106). In this sense, they would be theoretically distinct from private organisations if it is accepted that these are means-rational with profit as their ultimate purpose.

Unlike sociologists, economists have tended to [implicitly] assume [means-]rationality, and suggested that voluntary organisations have distinctive, non-profit objectives which are nevertheless still instrumentally

pursued. They have stressed the importance of religious objectives in particular (James, 1987; cf chapter 1). In the American and other international literature on the sector, analysts from both disciplines have also suggested that voluntary organisations provide vehicles for the pursuit of status, political power, prestige, control over output quality, and ideological as well as religious goals (James and Rose-Ackerman, 1986; James, 1987; DiMaggio and Anheier, 1990). Examples of practically all of these motives are found when the literature on the UK voluntary sector's historical development is reviewed (Taylor and Kendall, 1996), although it is not possible to weight their relative importance, and different scholars put different emphases upon them.

Jeavons (1992) suggests that the sector is distinctive from government and the private (for-profit) sector in its 'value expressive' function, in that it 'has usually come into being and exists[s] primarily to give expression to the social, philosophical, moral, or religious values of ... founders and supporters'. At the level of the individual, Mirvis (1992) and Onyx (1993) cite survey evidence that employees in the voluntary sector in the US and Australia are less cynical and gain more satisfaction than their counterparts in the private and government sectors. However, the evidence of a commitment differential between the sectors can be ambigious and comparisons of this kind are notoriously difficult to sustain. On unpaid work, Clary et al. (1992) report that volunteering performs not only a 'values function', but also provides social and career opportunities, enhances understanding and self-esteem, and has a protective function (including the relief of guilt, and a way of dealing with personal problems).

Economists have also offered theoretical perspectives; while they have traditionally tended to interpret volunteering and voluntarism in general

as ultimately consistent with the logic of self-regarding utility maximisation (Seibel and Anheier, 1990, p.13), some have taken on board criticisms that this may be unidimensional or tautological, and modified their assumptions accordingly. The aim is to account for the apparent pervasiveness of other-regarding behaviour and the 'constraints' of duty and social expectations (see, in particular, Collard, 1978; Margolis, 1982; and Sugden, 1982). In a rare attempt to apply economic theory to a substantive body of empirical data, Knapp et al. (1996) review the evidence on UK volunteers' motives, and employ a sophisticated econometric approach which treats volunteering decisions as predicated on rational, instrumental decisions driven by considerations of the costs and benefits in terms of consumption, search and investment in human capital. They conclude that *taken together* these theories offer plausible hypotheses which can explain many of the observed patterns of regular volunteer participation that emerge from the most recent survey of individual volunteers (see chapter 2 above).

However, commentators from other disciplines, including sociology, psychology and political science, have stressed the importance of continuing to recognise an altruistic or moral core as the essence of voluntary activity (for example, see Ware, 1990; Lohmann, 1992; Mulgan and Landry, 1995) David Gerard (1985) reviews and adds to the empirical evidence for the UK using data from the European Values survey (see below), but this is based on bivariate and relatively unsophisticated multivariate analysis.

At a broader level, attempts have been made to link motives to particular subsets of the sector in order to develop understanding of the voluntary organisations' historic role, or how they may be socially situated in today's society in terms of normative social goals. Beveridge (1948) originally

characterised the UK sector as being underpinned by two broad impulses, the philanthropic motive and the mutual aid motive, associated with middle-class and working-class voluntary action respectively. For Gerard, 'voluntary action is essentially value-based. It consists of giving practical effect to personal and group values, sometimes through the medium of association ... it is rooted in a general disposition to co-operate' (1983, p.34). Following Gouldner, he identifies two relevant norms which provide guidelines for individual behaviour: *beneficence*, governing personal responsibilities to those in need; and *reciprocity*, sustaining mutually beneficial exchanges. Gerard suggests an additional norm is needed to 'account for participation in voluntary work', which he calls *solidarity*.[6] Solidarity is contrasted with beneficence which

> is related to notions of hierarchy and dependence; stresses moral and religious obligations and carries dangers of complacency, stigma, and the freezing of inequalities. Solidarity, on the other hand, involves identifying with and sharing the reality of life of the poor in some demonstrable sense, is related to notions of equality and self-determination and emphasises social and political action. It carries dangers, however, of 'cognitive imperialism' (i.e. the imposition of the activist's perception and methods of evaluation and action on the target group) and attempts at utopian social engineering (1983, pp.36-37).

If organisational norms are thought of as determining actual behaviour within different parts of the sector, then the norm of beneficence can be matched with Beveridge's philanthropic agencies, and the norm of reciprocity with the sector's mutual aid wing. Gerard suggests that we need to consider a third type of agency, 'devoted to social change' as a means of giving 'institutional expression' to the norm of solidarity, and he attempts to categorise a sample of voluntary bodies as either 'old-style charities' emphasising social order and recognised and sustained by charity law, or 'new-style' groups with a social change orientation which are not

so favoured. While he admits that it is difficult to categorise many organisations in this way given their mixed motivational characteristics, and it is necessary to make some rather heroic assumptions, he does posit a number of features associated with each of these ideal types. 'Old-style' organisations involve adherence to 'moral and spiritual values, conservatism, stability and service to those in need', whereas 'new-style' ones are associated with 'secular and material values, radicalism, change and identification with those in need.' His survey of 298 grant seeking and other charities known to the NCVO in the early 1980s (Gerard, 1983, p.162) found the former to be far more prevalent than the latter in this particular sample, and that this was reflected in patterns of participation, with three quarters of members and five sixths of volunteers being collected to 'old-style charities'. Knight's research appeared to echo these findings at both the local and national levels:

> most [local] voluntary action was traditional in its approach. There is a domination of health and personal social services. Newer activities, such as community work, concern for the environment, job creation, and mediation are much rarer ... the traditional nature of much voluntary action [was also found] at national level (1993, p.157, 178)

Knight equates 'service philanthropy' with 'traditional' organisation, which in turn appears to correspond to organisations for which Gerard would identify the philanthropic motive as dominant. However, he is less specific about what he means by these labels. Knight's approach also singles out as distinctive those bodies organised as nationally affiliated local fundraising/self help groups which we identified as a type of structure in section 3.2.2 above. These, he argues, are characterised by 'helping self and others in the same situation', and would therefore perhaps be closest to Gerard's mutual aid motivational category in terms of organising

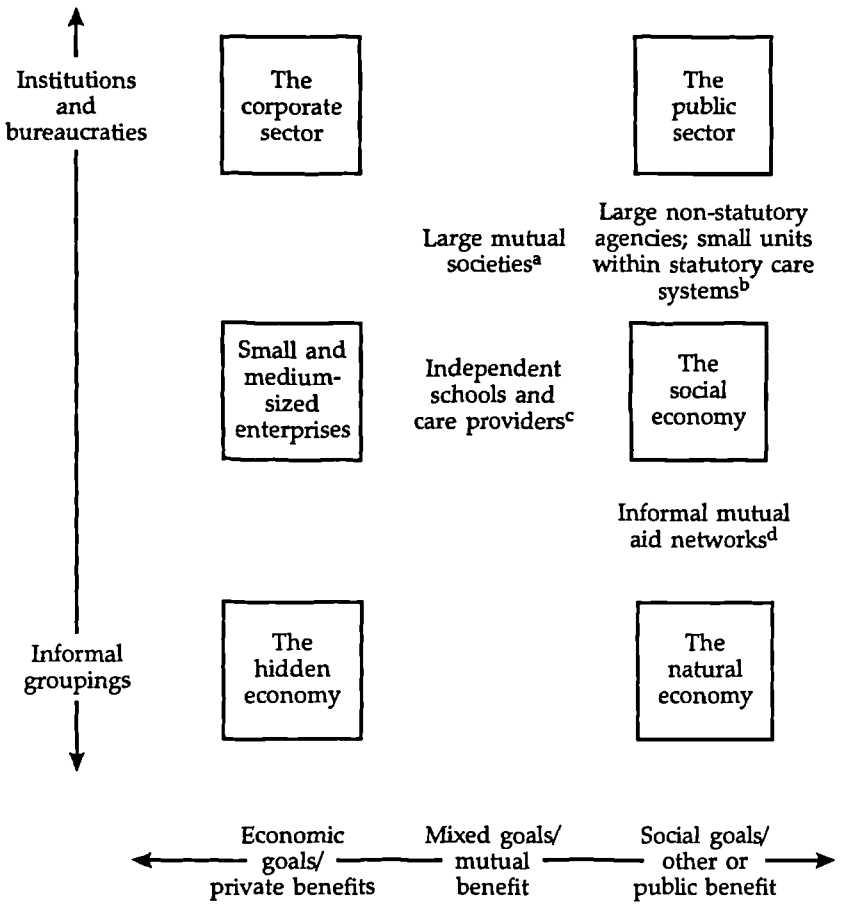
norms (although, confusingly, Knight refers to these as 'social solidarity' organisations). Knight's quantification of numbers of organisations according to their values is synonymous with his functional classification. Thus, for Knight, 89 per cent of his national sample are best described predominantly 'service philanthropy' or 'social solidarity' organisations and he argues that these labels fit for 96 per cent of local organisations.

Most recently, Marshall (1996) has attempted to distinguish three types of formal voluntary organisation, arguing that in two types, 'religious' and 'philanthropic', the motive ('criterion for allocation of action') is 'moral: who is seen as deserving' and the aim ('contribution to social change') is 'local redistribution'. The third type, by contrast, are described as 'community' organisations whose motive is 'political: who can mobilise' and whose aim is 'empowerment'. In all cases, the motive is contrasted with the private sector in which the motive is 'economic: who can pay'. This third type seems to correspond approximately to what Gerard refers to as 'new-style' charities.[7]

Finally, other recent work has alerted us to the extent, not only of the sector's supposedly distinctive features, but to the characteristics it may share with other sectors. For example, Paton (1991) has suggested two dimensions as particularly important in categorising organisations: (a) size and degree of institutionalisation and bureaucratisation; and (b) their underlying organisational purpose and the way in which activities are legitimated (see also Taylor et al., 1995). Paton's schema is shown in figure 3.1, and although some voluntary and charitable bodies are excluded from or on the borderline of what he describes as the 'social economy' (some examples are given at the foot of the diagram), many are located at the core of the box shown in the centre of the right-hand column as

> small or medium-sized value-based organisation[s] founded on

*Figure 3.1 Types of organisation in and around the social economy*




*Source*: Paton (1991, p.8).

a For example, building societies, retail co-ops, the Automobile Association.

b For example, large housing associations, Barnardos, local authority centres, cottage hospitals.

c For example, charitable public schools, nursing homes (private [sic] but professionally run).

d For example, baby-sitting circles, mother and toddler clubs.

> commitment (arising from devotion, compassion, enthusiasm, solidarity, defiance, etc.) and working for a common or public benefit (Paton, 1991, p.7).

This reminds us that characteristics can be shared between sectors as much as within them. For example, a body affiliated to a voluntary service organisation providing residential services located towards the south of

the schema may have more in common with a private residential home run by a husband-and-wife partnership than the branch of a professional non-profit organisation, which in turn may operate more like a local authority-run facility, located towards the north.

Classifying organisations on the basis of their 'motivational characteristics' appears to be extremely difficult, and the way the data are presented in the sources we have drawn on makes it very hard to assess their validity and reliability (which seem to be legitimate criteria for judging them because they are actually used for quantitative purposes). Such attempts face serious methodological challenges not only because case studies have shown how motivations and values vary considerably within nonprofit organisations (Kanter and Summers, 1987), but also because the extent and nature of power, influence and control of the various stakeholders within organisations inevitably shift over time. (Similar problems are encountered when trying to separate 'self-help' from 'professional' organisations in some of the distinctions that were made in section 3.2.). Yet while this implies we need to be extremely cautious about Gerard's and Knight's attempts at quantification, what a discussion of these structures, motives and values can do is take us beyond the bald economic statistics presented in chapter 2 to get a feel for organisations' varied social contribution. But more sophisticated empirical work is clearly needed before their practical usefulness as a means of describing organisations' role as social actors can be assessed. What is also clear at this stage is that many of the distinctions made in these schemas – between social or moral, and private or economic goals or motives – are far from clear-cut, and we return to this theme in the conclusion to this chapter.

In chapter one, we noted some of the attitudes and values that have

been characteristic of political thinking about the role of the voluntary sector. To further elaborate our attempt at situating voluntary organisations and their activities within today's society, it is also important to explore how the voluntary sector and its relationship with the state are currently viewed by the public. That is, rather than charting the norms and values which have been connected with individuals, organisations or groups of organisations within the sector, the aim is identify how they are viewed from the outside. In chapter 1, we noted the findings of the European Value System's study group, as reported by Gerard (1985), of a generally 'favourable' view towards charities and those who work within them. This statement was in fact based on the findings of a survey of over 1,200 people in the early 1980s, which found that 'more than three fifths [of those surveyed] believ[ed] that whatever governments may do, charities will be necessary ... and about seven out of ten regard[ed] those who undertook [voluntary work] as unselfish and dedicated people ... these attitudes [were] remarkably consistent throughout the main groups in the population' (op. cit., pp.201-2).

However, while the evidence from studies of European and British values shows confidence in voluntary bodies and which can be contrasted with the lack of general confidence in the state and the market (see chapter 1), the state still takes pride of place in most people's thinking about 'responsibilities' for those 'in need'. This has been repeatedly found in a number of surveys, including the British Social Attitudes survey and the Charities Aid Foundation's annual survey of individual giving and volunteering. Research by the Loughborough University of Technology's Department of Social Science has begun to explore some of the issues around individuals' attitudes much more thoroughly than before (Fenton

et al., 1993). We may note just a couple of observations about these findings here.

When questioned, few members of the public exhibit the hostility to the central role of government which is a corollary to the New Right ideology that has, at least in part, animated government thinking in recent years (cf. chapter 1, and chapter 4 below). For example, the Charities Aid Foundation's Individual Giving Surveys have repeatedly found that nine out of ten people believe that 'the government has a basic responsibility to take care of people who can't take care of themselves' (see Saxon-Harrold, 1993). Although this clearly begs the question of how the term 'basic' is to be interpreted, it at least suggests an absence of the knee-jerk aversion to government associated with the New Right. At the same time, neither is there much evidence of the antipathy towards the voluntary sector which has sometimes been associated with the political left (cf. chapter 1).[8] It is also interesting to note that, at the margin between the sectors, those asked have tended to hold the view that government should do *more* and charities *less* for 'the needy'. The 1992 British Social Attitudes Survey tested the statement that 'the government should do less for the needy and encourage charities more to do so instead', and found that three-quarters of people disagreed, 15 per cent were neutral, and only 6 per cent agreed (Saxon-Harrold, 1993).

### 3.4 Religion and the UK voluntary sector in the 1990s

Section 1.5 drew attention to some of the links between religion and the historical development of the voluntary sector, and concluded by noting some of the reasons why it has been suggested that religiously-connected organisations are no longer the centre of gravity for the sector in the

same way that they have been historically. Indeed, on most indicators of religiosity, Great Britain is now a relatively secular nation, not only in comparison with the nineteenth century, but also when compared in the 1990s to other European countries (Ashford and Timms, 1992, chapter 4) and with the US (Greeley, 1994). As we have already noted, data on this aspect of voluntary action were not collected as part of the economic mapping described in chapter 2. Not only was sacramental or ecclesial activity excluded from the statistical mapping, but, with the major exception of education (see chapter 5), it is generally not possible to separate secular from religiously-connected service provision by ICNPO category. The aim of this section is to highlight some of the (other) evidence that does exist of the extent of the current relationship between religion and voluntary action. While diverse and unclear definitions make it impossible to be precise, given the stress laid upon it theoretically (see above) and its historic importance, it does seem to be important to sketch out what we do know.[9]

First, while the membership of the major trinitarian denominations may be declining continuing the long term trend we referred to in chapter 1, they still remain the largest single 'voluntary organisations' in the country. Table 3.1 shows that, while membership of the major trinitarian churches may have declined rather dramatically over the past twenty years, they still command a significant active membership base – dwarfing those that could be claimed by other organisations (with the possible exception of the National Trust). Furthermore, some faith groups – particularly those associated mostly with people from ethnic minorities – have actually witnessed sharp *increases* in membership over recent years. This has been most significant within the Muslim community. A representative of the

*Table 3.1. Church membership[a] UK, 1970-1992, millions*

| | 1970 | 1975 | 1980 | 1992 |
|---|---|---|---|---|
| **Trinitarian churches** | | | | |
| Anglican | 2.60 | 2.30 | 2.18 | 1.81 |
| Presbyterian | 1.90 | 1.64 | 1.51 | 1.24 |
| Methodist | 0.67 | 0.60 | 0.54 | 0.46 |
| Baptist | 0.29 | 0.24 | 0.24 | 0.23 |
| Other free churches | na | 0.51 | 0.52 | 0.66 |
| Roman Catholic | na | 2.52 | 2.34 | 2.04 |
| Orthodox | na | 0.20 | 0.20 | 0.28 |
| All Trinitarian churches | na | 8.00 | 7.53 | 6.72 |
| **Other religions** | | | | |
| Muslims | na | 0.20 | 0.31 | 0.52 |
| Sikhs | na | 0.12 | 0.15 | 0.27 |
| Hindus | na | 0.10 | 0.12 | 0.14 |
| Jews | na | 0.11 | 0.11 | 0.11 |
| Others | na | 0.04 | 0.05 | 0.08 |
| All other religions | na | 0.57 | 0.74 | 1.12 |

*Source*: Central Statistical Office (1992 and 1994, table 11.8).
a Adult members.

Union of Muslim Organisations of UK and Eire (UK), which tends to represent just one strand of the Muslim tradition (Sunni Muslims), explained to us in an interview how its membership had grown from just 38 organisations at its establishment to nearly 190 by 1993. These were described as being formed to meet 'certain religious, cultural and social needs of the Muslim community ... not being satisfied with the present structures and framework [of the UK and Eire].'

The limited empirical data that is available on the significance of religion and the voluntary sector tend to underscore in various ways religion's continuing significance in a number of ways. Surveys of volunteering and giving have repeatedly highlighted the apparent continuing relevance of religion, widely defined in a variety of ways. The most detailed consideration of this issue is probably still Gerard's analysis of

the UK data arising from the 1980 European Values survey. Drawing attention to correlations between the decision to volunteer and a variety of indicators of 'religious commitment', he argues that 'as far as Christian conviction is concerned, the enduring importance of religious motivation in all forms of voluntary activity is among the most striking results of this study'. He also found, 'using multiple regression techniques' (presumably ordinary least squares) that 'attendance at religious services' is the most important predictor variable, accounting for 12 per cent of the variance in volunteering (Gerard, 1995, pp.207-8, 220). The main difficulties with these analyses are their datedness, and relative lack of sophistication (compare Knapp et al., 1996).

More recently, the 1991 survey of volunteering found that 'religion' was a 'field of interest' of the organisations through which volunteering was undertaken for 10 per cent of respondents – an unchanged proportion from 1981.[10] Simple cross tabulations demonstrate that women, people aged between 35 and 64, and those on relatively high incomes were more likely to volunteer under the definition used here in that year – although unfortunately the authors offer no interpretation of these particular findings (Lynn and Davis Smith, 1991). Analysis of the 1993 Individual Giving Survey found a mean monthly donation across the sample as a whole of £10, whereas those who claimed 'religion was very important in their lives', donated £24 and those who thought it 'fairly important' donated £14 (Halfpenny and Lowe, 1994, tables 2.2 and 2.20, and p.35). Moreover, this positive and statistically significant relationship was confirmed after controlling for other factors in multivariate analysis (Halfpenny, 1994). A similar link emerges between the importance of religion and amount of time volunteered, although in this case the link was not statistically

significant (Halfpenny and Lowe, 1994, p.45).

The 1993 Individual Giving Survey also showed that religious organisations are important conduits of charitable monetary giving. Church collections accounted for 19 per cent of 'philanthropic giving' in 1993 (ibid., p.25, table 2.13), implying that between £216 million and £256 million was raised by this method in 1993. Tax concessions for donors on planned giving are also important. Of fifteen types of beneficiary identified, 'religious and spiritual development' groups[11] dominated as recipients of tax-efficient gifts. 48 per cent of all covenantors and 29 per cent of all Gift Aid donors able to identify recipients named groups in this category as recipients of their donations (ibid., p.35, table 2.21)

Unfortunately, as we have already noted, with the partial exception of state-funded primary and secondary education where 'market share' data are available (see chapter 5), it is not possible to offer systematic quantification of religion's current contribution to voluntary effort in different fields of activity. However, a cursory glance at any of the available national denominational directories immediately highlights the huge range of organisations linked in varying ways to the mainstream churches, including many of the largest national charities. Although many are likely to be moribund, many are engaged across the full range of activities for the generic sector to which we have referred thus far. For example, a recent edition of the Church of England Yearbook lists over 300 national voluntary organisations 'including many which are specifically Anglican and others that are inter-denominational' (Linzey, 1993, pp.199-236). There are notable concentrations of organisations in service provision, including domestic and overseas 'mission', social services and youth, many of which have origins in the moral welfare tradition of the

Victorian era described in section 1.5. Similarly the Catholic Directory for England and Wales lists over 100 'national or general Catholic organisations [appearing] ... with ecclesiastical approval', and at the local level notes the existence of 17 diocesan children's societies, 70 marriage guidance centres, as well as a huge array of residential care facilities. This included over 90 children's residential homes, 75 residential care homes for elderly people, 60 hospitals, hospices and nursing homes, and some 50 'residential hostels' (The Universe, 1988). Many of these are run by religious orders. In an account of the social welfare contributions of religious bodies in one locale, unpublished research has identified the contributions of religious congregations themselves. This included not only meeting the immediate 'spiritual needs' of members; a significant proportion of practically every type of social welfare service (broadly defined) operating in the sector are shown to be both initiated and directly run by clergy and members of religious congregations; indirect support is provided through referrals to other agencies, fund-raising and involvement in other groups' internal management structures; and congregations provide an opportunity for the fostering of informal supportive networks, mutual aid and social integration (anonymous, nd, pp.7-18). Finally, it should be noted that church buildings also often serve as *de facto* community centres, providing the venue for such diverse activities as pre-school day care, amateur arts and self-help health groups with little or no religious connections. Our policy interviewees tended to stress how voluntary activity at the local level tended to be a spontaneous response to perceived or actual local need, in some cases facilitated by the availability of public funding programmes. All stressed how the denominational or national support infrastructures essentially acted as 'intermediary bodies' in the

sense described in section 3.2, with little central support or direction. For example, in the Methodist church, the influence of the central 'division' was

> only second or third hand. They might try to set a mood or a tone for an area of concern, but the actual work that is done locally is autonomous; responsibility rests at the local level, with the Church. The Division might help with information, putting in touch, networking and resources, but most of the networking is done at the local level

Even in the Catholic church, where the church's *hierarchical culture* is reflected in the appointment of diocesan Bishops as trustees of schools and children's societies, for example, it was argued that they were typically involved to only a very limited extent in organisations' general operations.

Finally, how do the various faith groups see themselves fulfilling an advocacy or campaigning role? At the level of public policy nationally, it is interesting to contrast how Anglican church and Muslim leaders see their respective roles and capacities. The relationship between the Church of England and the state is intimate, and the boundary between the two is difficult to locate (Beckford, 1991). Although the Church of England's hegemony has been progressively eroded, it still remains the 'established church' in England, and it continues to occupy a unique and privileged vantage point within UK society, which has important implications for its involvement in the policy process. Despite recent controversy concerning its status, the Church retains the monarch as its titular head, who appoints Bishops (based on recommendations from the Prime Minister's office), while Parliament has ultimate authority over the Church's affairs. Welsby (1985, p.45) lists five areas of concomitant rights and privileges which the Church continues to exercise in return for these constraints from the State. Of these, the area with the most obvious political significance is

the *ex officio* appointment of 26 diocesan bishops to Parliament's upper chamber, the House of Lords. *Inter alia*, bishops have influenced the tone of debate by their parliamentary speeches and proposed and backed amendments to legislation (Bowpitt, 1988). This direct involvement in the legislature is supplemented by close links with Members of Parliament (a number of whom have sat in the General Synod's House of Laity) to the extent of 'having an open door when it comes to Whitehall':

> If you have some purple to flash you have access in a way that even a very distinguished free church leader doesn't have. So we struggle with the fact that we would like to do things ecumenically but often we know that if you put a Bishop upfront you'll either get quicker access or more senior access.

One of the key responsibilities linked to this claim is the concept of Anglican bishops and priests as 'persona' of their dioceses and parishes, which in turn again tends to strengthen their influence within the policy process at central and local level:

> They are listened to by government, by civil servants, probably to a greater degree than would the local Catholic priest or the local Methodist minister, who would be seen as just the person responsible for his flock, and not being responsible for the whole caboodle.

However, the Church's falling membership (table 3.1) was perceived to be making it increasingly difficult to sustain the claim that the 'community conscience' or 'shared [English] values' which have been used to legitimise the Church's privileged position exist any longer.

As far as the Muslim community in Britain is concerned, links have naturally been forged with those central government bodies that deal specifically with cultural-religious issues, including most significantly the Home Office and the Commission for Racial Equality. Campaigns have been mounted to encourage legislation to safeguard against (indirect)

discrimination in the workplace, and to entitle Muslim communities to have Muslim family law applied to their communities, for example. Second, there is a feeling that the hegemony of the Church of England – and, to a lesser extent, the other traditional religions, including Judiasm – needs to be further eroded on the grounds of social justice. For example, the UMO has suggested that Muslims could be nominated to the House of Lords, joining the Anglican Lords Spiritual and the Chief Rabbi, who speaks in the Lords for the interests of the Jewish community. Muslims have also been lobbying for several years to obtain voluntary-aided status and the concomitant public funding for some of their 24 schools, a status only achieved so far by Christian denominational and Jewish schools, reflecting the historical legacy of the development of the education sector (see chapter 5). While the government continues to rationalise its refusal to accede to this demand on the grounds of lack of local need in each individual application, many in the Muslim community (and outside it) feel that prejudice and institutionalised racism is behind these decisions, creating resentment between, for example, the Jewish and Muslim communities.

### 3.5 The structural operational definition revisited

In chapter 1, we noted the five criteria identified as relevant for the purposes of cross-national comparison of the sector in this study. We now discuss each of them briefly, identifying their relevance and interpretation in the UK context.

*Formal organisation*

The requirement of formal organisation effectively rules out the huge set of informal (household, neighbour-support) activities or links which are so important in some fields, particularly community development (see above) and social welfare. If it could be reliably measured, we would find that the informal sector was far larger than the three formal sectors combined in these fields. Some areas of public policy in the UK have recently paid more attention to the informal sector, for example making it a requirement of community care that local authorities support family and other informal caregivers (one aspect of the 1990 National Health Service and Community Care Act). Our research interest here, however, has been in formal, structured entities, with a charter, constitution or set of rules (thus including charitable trusts and unincorporated associations), perhaps formally registered with a public body (including the tax authorities) or with a local or national voluntary sector intermediary, and possibly incorporated under company law.

*Independent of government and self-governing*

Two other criteria are independence from government and self-governance. That is, organisations should have their own internal decision-making structures, and not be directly controlled by a private (for-profit) entity, or by the state. Although sounding straightforward, these criteria are highly problematic (6, 1994a). One obvious grey area concerns the treatment of the Church of England and its institutions. Does the intimacy of the connections between church and state described above mean that it and the organisations linked to it should be seen as part of the state sector, and not part of the voluntary sector? Precisely this argument has recently

been made by Beckford (1991; see below). Another problematic area emerges in that (other) organisations which are legally independent of government may nevertheless be subject to a good deal of direct or indirect government influence, either in their formation or in their subsequent arrangements for governance and operation. Several charitable bodies have been formed or incorporated by Acts of Parliament, several have state appointees among their trustees, and a great many are heavily reliant on public money. Some of these bodies are consequently widely seen as part of the public sector, although their assets are independently owned and legally protected from government, and they may exercise a good deal of operational autonomy. Good economically significant examples of types of organisation with some or all of these features are the universities, maintained voluntary schools, the national museums and the British Council. In contrast, some bodies reliant on statutory funding *are* commonly regarded as voluntary, including many intermediary bodies, the Women's Royal Voluntary Service, law centres and citizens' advice bureaux.

We have noted that many voluntary organisations often have a campaigning or pressure groups function. In this context, it should be noted that charities in particular are influenced by government through generic charity law, which includes constraints on their freedom to campaign 'politically'. This prohibition has emerged gradually since the end of the nineteenth century. The principle poses considerable difficulty for organisations who see their purposes as best served by campaigning for political changes or by means of political action, such as those concerned with the enforcement of human rights, or changes in the law. The dividing line between what is objectionable and what is not in practice has often appeared blurred. Despite the Charity Commission's clarificatory guidelines

developed during the 1980s, it has often appeared difficult for some charities to steer a course between what is permissible and what is not (see Thomas and Kendall, 1996 for examples of this). Furthermore, while some observers feel that current arrangements are too generous, others take the view that they are not generous enough, and add that the system produces 'inconsistent and arbitrary results' (see Randon and 6, 1994, p.23, and references therein). Most recently, the tenor of the 1991 report into Oxfam's activities, which was critical of the charity, and publicly threatened trustees with sanctions in the event of recurrence of 'political abuse', raised further concerns about the restrictiveness of the Charity Commission (Burnell, 1992). Those who believe that poverty, particularly in the Third World, can be eradicated only by tackling its social and economic roots rather than by traditional reactive methods, have portrayed the existing constraints as an unnecessary brake on social progress.

New guidelines published by the Commission in 1994 have been interpreted as offering some improvement on some of the ambiguities and uncertainties following from the Oxfam enquiry. For example, they have been welcomed by the National Council for Voluntary Organisations as 'much clearer and more consistent...with a much more positive tone' (Morrison, 1994). Yet in an international context, the regime still appears rather illiberal. A recent 24-country comparison between charities in charity law countries and 'non-profit organisations' in countries with civil law and mixed legal systems found that only the former were characterised by the existence of any constraints whatsoever on their campaigning role, and this could not be explained by 'clear, comprehensive jurisprudential rationales' (Randon and 6, 1994, p.51). Moreover, even within the charity law countries, arrangements in England and Wales compare unfavourably

with North America in the sense of allowing far more discretion to the monitoring agency. (In the US and Canada, straightforward limits on expenditure, enforced by the tax authorities, apply.)

The fact that voluntary organisations often perform both pressure group *and* service provision activities also means that their 'independence' in an issue. As *financial* links with the state have been extended in a number of fields – as we describe in the next chapter – concerns have been expressed over the extent of state control over, or 'penetration of', the voluntary sector, and questions raised about its capacity to operate in a meaningfully autonomous fashion (Brenton, 1985). While it has been argued that is is not clear why independence *per se* for individual organisations, or even for the sector as a whole, is a valid policy goal if it is not in the interests of consumers (6, 1994a), it has still raised considerable interest for those of a less utilitarian persuasion. When organisations appear to be 'instruments of the state' (Lewis, 1995), subject to its 'aggressive instrumentalism' (Billis and Harris, 1992b), or even 'colonised' by it (Clark, 1991; Knight, 1993) does it make still make sense to talk of these voluntary bodies as 'independent'? This is a topic to which we return in describing recent developments in the field of personal social services in particular in chapter 4 below, although also noting precedents in other fields.

Few scholars have approached this question with consciously theoretical analyses, but James Beckford and Jennifer Wolch are noteable exceptions (see also Clark, 1991). They approach the issue from Marxist or near-Marxist perspectives, and – unsuprisingly given their frame of reference – conclude that the sector is, or is becoming, like the state, oriented towards the interests of capital and its allies in 'the Establishment'. Wolch characterised

the sector as evolving during the 1980s into the 'shadow state', a 'para-state apparatus .... administered outside of traditional democratic politics' (1990, p.4), and utilised as a strategic weapon in the struggle between central and local tiers of government. Beckford argues from a much longer term historical perspective that this recent expansion of financial links between the state and the voluntary sector extends close links that already existed: 'The history of the major educational, cultural, religious, and philanthropic institutions has tended to link them with the state either through royal charter and patronage or by the network of elite kinship ... only radical political groups, some minority religions and some labour unions have maintained effective independence from the state' (1991, p.32).

For the purposes of the economic research reported in chapter 2, the practical question was where to draw the line between independence and dependence. Ideally, we might examine the extent to which each borderline organisation controls its own constitution (6, 1991) and examine carefully the interactions between the actors involved in resource allocation decisions. More pragmatically, in delineating a broad definition, we proceeded by assuming entities legally independent from the state (including charities, by definition), and bodies initially identified as 'voluntary' by our other criteria were independent from government for our purposes; but in devising a narrow definition, as described below, we thought it necessary to re-interpret this criteria in the case of the education field in particular.

### *Not profit-distributing and primarily non-business*

The non-distribution constraint, to use Hansmann's terminology, is fundamental to most but not all definitions of the voluntary or non-profit sector: it bars a voluntary organisation 'from distributing its net earnings,

if any, to individuals who exercise control over it, such as members, officers, directors, or trustees' (Hansmann, 1980, p.838). There can be no shareholders as such: profits can be earned but must be ploughed back into the organisation either for investment, cross-subsidisation, or to affect transfers to 'non-controlling persons' (Hansmann, 1987, p.27). The trustees of charitable bodies must remain disinterested and, under the legal restrictions operating in the UK, this generally means unpaid (see Thomas and Kendall, 1996). The non-distribution constraint rules out most cooperatives, including, for example, workers' and agricultural cooperatives. In as much as the 'primarily non-business' dimension of this criterion embraces the general orientation of organisations, it was interpreted to excluded most mutual benefit financial intermediaries, including some which have historically been regarded as part of the sector (such as building societies and some friendly societies), but whose commercial orientation is now so marked that they appear virtually indistinguishable to users from private, for-profit bodies (Beveridge, 1948; Wolfenden, 1978). This we assumed to be the case even prior to the ongoing formal transfer of many of thes organisations to the for-profit sector in the current wave of 'demutualisations'. In our application of the criterion, we also excluded the Automobile Association, the Royal Automobile Club and other smaller mutual non-profit motoring organisations. Borderline cases which we *included* in our interpretation in the UK voluntary sector include the rapidly growing community-based credit union movement, housing cooperatives, and community businesses which combine trading activities with social purposes. The non-distribution and primarily non-business criterion does not exclude 'professional non-profits' from the sector although, as we have seen, this may be a useful subcategory *within* it.

Nor does it prevent an organisation ploughing profits back into the improvement of conditions of employment, inflated salaries, opulent offices and other generous fringe benefits, but the limited evidence for the UK suggests that this is uncommon (see, for example, The Reward Group, 1992).

It should also be noted in discussing this criterion, as implied by Paton's approach, that it can be misleading to suggest too sharp a distinction can readily and comfortably be made between mutuals and voluntary organisations and the 'for profit' sector. This is because the latter, in many of the fields in which voluntary sector providers are operating, includes many entities which do not appear to prioritise the generation of profit to the extent implied by that label. The problems associated with the blurred nature of this traditional distinction in the context of social care markets have been explored empirically in Wistow et al, 1996, chapter 6 (see also Taylor et al., 1995). But other examples can also be cited, ranging from ethical investment funds to public houses (Kendall et al., 1992; Marshall, 1996).

*Voluntarism*

To be regarded as part of the voluntary sector, the structural operational definition requires that an organisation benefits to a meaningful degree from philanthropy or voluntary citizen involvement. Even if 100 per cent of an organisation's income came from government or from fees paid by clients, there might still be voluntarism in the form of gifts in kind or of time from volunteers, either in the labour force or on the management committee. We have already seen that an unpaid management committee is mandatory for charitable bodies. Voluntarism is, of course, not the

preserve of the voluntary sector, but the voluntary nature of governance is perhaps the sector's single most important defining characteristic (Prashar, 1991). It is also a key ingredient in nurturing trust and preserving the public's goodwill (Nathan, 1990). In the labour force, although volunteering is often thought of as the provision of services in return for no pay, or for expenses only, strictly speaking, anyone willingly accepting a wage below the market clearing rate is 'volunteering'.

For the purposes of our definition, it is not necessary to require that voluntarism be motivated solely by the legal or 'orthodox' interpretation of altruism (see Chesterman, 1979, chapters 14 and 17, and Mulgan and Landry, 1995, respectively). Enlightened self-interest, or reciprocity (which may also be labelled 'altrustic') and solidarity, as motivating norms or values which may underpin both charitable and non-charitable voluntary activity, will do just as well. It need hardly be said that, once again, we have a criterion which can be met (or violated) to varying degrees. Choosing the threshold is not straightforward. Where the voluntarism condition is clearly violated (but other criteria hold) and most of an organisation's income comes from government or private non-donative sources, an organisation will not be regarded as part of the sector. For example, it could be argued that the newly emerging bodies sometimes known in the UK as *not-for-profit agencies* – floated off by local authority social service departments – should not be seen as part of the sector. For the present, at least, they appear to satisfy all criteria except voluntarism (and perhaps, by extension, the non-distribution constraint), for members of management boards are paid and/or receive monetary payments linked to the performance of the organisation, and they receive few or no other voluntary resources. If significant time or money donations were to be

secured by these bodies at some point in the future, however, then they would fall within the core definition of the sector.

## 3.6 Conclusion

The preceding sections have sought to capture some of the diversity which characterises the wide panorama of voluntary sector activity in the UK today. We have sought to examine the contribution of religion, and also discussed societal functions, structural characteristics, and values and motivations. As far as values, functions and motives are concerned, it is clear that many voluntary organisations do see themselves as fufilling important social and political roles. In addition, it is probably safe to say on the basis of the reviewed evidence that in most cases this occurs *alongside*, rather than instead of, service provision activities. Knight's failure to recognise that this duality was an important feature of many voluntary organisations was one of a number of reasons leading to widespread rejection of his analysis and conclusions (e.g. see Hedley, 1995, pp.109-10). There is also a good deal of evidence that many organisations in the sector are 'conservative', 'old style' and in many other ways far from socially 'progressive'. As we see in chapter 4 below (box 4.1), it was precisely these features that worried many critics of traditional charities in the 1980s.

However, the description has been hampered by a lack of systematic information and reliable quantitative evidence, and the approaches described should be treated as first attempts to formulate ideal types rather than as definitive and robust organising tools. While they give a flavour of the social and political roles of organisations that exist 'out there' in the voluntary sector, it is clear that recent attempts to simplify need to attend

more systematically to what Evers (1993, 1995) refers to as the 'polyvalent' character of many voluntary bodies.

We have also seen that the *extent* to which the criteria of the structural operational definition apply is itself a controversial issue. In other words, the boundaries of the sector are and always have been somewhat blurred or fuzzy, although it appears that they are becoming *increasingly* fuzzy as a result of the government policies which are described in chapter 4 below.

A potential criterion which does not feature in the structural operational definition, but whose controversial interpretation currently underpins the legal 'definition' of charity (Thomas and Kendall, 1996), the approach of some researchers, and (not coterminously) the 'popular concept' or 'street definition' of the voluntary sector (Kendall and Knapp, 1991), is the notion of 'public benefit', which itself appears to take on a variety of meanings and be blurred and overlapping with the questions of voluntarism and non-profit-distribution. Some have argued that this is the key characteristic of the voluntary sector. For example, Beveridge (1948) talked of 'voluntary action for a public purpose – for social advance'; Robin Guthrie, a former Chief Charity Commissioner, has argued that *charity* is 'best defined as an action or gift of benefit to others' (1988, p.17). We also noted in section 3.2 that Paton uses the concept in his schema, and Knight similarly regards 'worthwhile or moral purpose' as a defining criterion (1993, p.74).

However, the 'public benefit' criterion was not included as a component of the structural operational since it is arguably even harder to apply in practice than the criteria we did discuss – particularly in the different cultural contexts of international comparative research. Even within the UK's own legal framework, Lord Simonds in the *Inland Revenue*

*Commissioners v Baddeley Case* (1955) referred to the public benefit purpose as 'the most difficult of the many difficult problems in this branch of the law'. What is more, the legal definition of public benefit probably diverges considerably from a definition to which many would adhere. Indeed, it has been vehemently criticised by numerous commentators, particularly from both the political centre and the political left, as defining public benefit inappropriately, linked to its evolution away from the original 'unifying purpose' of relieving poverty, traceable back to the 1601 preamble and before. In particular, the charitable status afforded to fee-paying schools, health centres, hospitals and professional associations, variously described as socially exclusive, elitist and inaccessible through prohibitively high fees, have been regarded by these observers as conferring 'unfair' tax privileges and ideological support. At the same time, the denial of charitable status to self-help and pressure group activities is interpreted as inequitable and inegalitarian, and a deliberate constraint – imposed by 'the establishment' and vested interests – on the sector's role as a catalyst for social change (see above; Chesterman, 1979; Gladstone, 1982; Brenton, 1985; Wolch, 1990; Beckford, 1991). More recently, criticisms of the apparently outmoded and inappropriate character of both the definition of charity and the legal structures available to voluntary organisations have been informed less by consciously ideological arguments than by consideration of the practical problems it causes for organisations, and witrh reference to survey data on the changing values within society as a whole (Mulgan and Landry, 1995).

The dividing line between organisations which are public benefit, altruistic, or moral and those which are not is controversial, and likely to remain so – not least because those that are regarded as 'public benefit'

in law qualify almost automatically for a wide range of fiscal or tax benefits (see Thomas and Kendall, 1996 for a detailed discussion). The definition of the 'true' voluntary sector will always be a matter of dispute, not least for the ideological and value-based reasons we have identified.

Having recognised that opinions will vary, it does seem that the set of institutions embraced by the structural operational definition is considerably broader than those bodies labelled 'voluntary' in everyday parlance in the UK. In other words, the 'typical' view, if it were possible to ascertain, of organisations which can be seen as voluntary bodies would differ from that covered under this approach. It was for this reason that we offered a 'narrow' definition of the sector in the previous chapter. Drawing on our discussion above of the independence criterion and of public benefit, in box 3.1 an attempt has been made to suggest *why* the

***Box 3.1 ICNPO groups of organisations often not thought of as part of 'the voluntary sector' in the UK***

- ***Recreational organisations (ICNPO subgroup 1 200).*** These, which are mostly not charitable under existing law, may be thought of as lacking an 'altruistic' core.
- ***Primary and secondary education (ICNPO subgroup 2 100).*** This group includes (a) charitable 'independent' schools resourced largely by high private fees, and thus often thought of as 'exclusive', or lacking in 'altruism'; and (b) charitable maintained voluntary aided and special agreement schools whose current expenditure is fully funded by local government. Although the majority of their governors are appointed by their founding trusts (which are usually denominational in character), they are usually thought of as being part of 'the state system', and therefore effectively not 'independent' of the state.
- ***Higher education (ICNPO subgroup 2 200).*** Institutions in this group, including all the major universities, although exempted or excepted charities, are similarly thought of as being subject to so much state direction and control that they are not truly 'independent' of the state.
- ***Trade unions, professional and business associations (ICNPO group 11)*** which, like recreation, are mostly not charitable, may also be excluded from the sector because they are thought to lack an 'altruistic core'.

fields of organisation we excluded from the sector under the narrow definition should be handled in this way. The process of exclusion is rather arbitrary, but the groups shown reflect our impressions of the organisations which many, perhaps most, people would not regard as part of the sector in the UK. We are sure that the choice of exclusions, and the rationale for making them, is controversial. In this context, the use of twin definitions, combined with our ICNPO-level disaggegations, offers a reasonable compromise, and at least allow the reader to adopt the definition which accords most closely with their particular viewpoint.

## Notes

1 Organisations can also be distinguished by their legal statuses and structures – see Thomas and Kendall (1996) for a full exposition of the UK situation. We return to this issue in the conclusion in the context of overall definitional issues.

2 All the figures reported by Knight (1993) should be treated with great caution. A major problem with the local research undertaken in this study was a lack of consistency and comparability, as it is clear from looking at the local studies upon which the report drew (to which the author was kindly given access as reported in chapter 2 above) that the local researchers were using different (implicit) definitions, and varied a great deal in the extent to which they sought to map the sector systematically. Furthermore, within his (biased) samples, it is not clear that his methodology meets the standards of reliability and validity usually expected of quantitative research. Nevertheless, in the absence of better data on aggregate numbers of types of organisation by function and orientation, we do draw on his overall figures as indicative in the body of the text. We feel unable, however, to be confident to draw firm conclusions from this work, and therefore do not lean upon it in the concluding section.

3 Deakin (1996) points out that the notion of professionalism in the voluntary sector can have at least two distinct meanings; one relates to the skills associated with the caring professions (to which Hasenfield and Gidron's schema, referred to below, draws attention); the other relates to the 'new managerialism' which has emerged more recently as a phenomenon associated with publicly funded services (see chapter 4 below).

4 See also the discussion of subgroup 7100 'advocacy' in the ICNPO schema in chapter 2 above, where we noted that it was not possible in our mapping to separate out the resources allocated to campaigning by organisations in each of our fields. It should also be noted that the category 'pressure groups not elsewhere classified' referred to in chapter 2 only included around 100 organisations, since most bodies engaged in campaigning were included under specific (other) ICNPO heads.

5 Chanan (1993) found that autonomous local bodies outnumbered externally-led groups (and an intermediate 'semi-autonomous' category) in seven European locales in 1990, including Thamesmead in the UK. This contrasts with the earlier findings of the Wolfenden Committee that, 'although there are a fair number of purely local

organisations, the proportion of local voluntary organisations that are not linked to national organisations in any way is small' (Wolfenden, 1978, p.38). Knight also tried to distinguish between local organisations in eight of his study locales where the data made this possible according to their 'style of management', but was rather vague about his criteria for categorisation. He found that 'associative' groups with 'active membership', at 51 per cent of his restricted sample, outnumbered 'institutions ... often with paid staff and without a membership structure' at 39 per cent, and 'hybrids', at 15 per cent (1993, p.135).

6 Interestingly, this is regarded as one of the 'basic principles' underpinning *l'économie sociale* in France (Archambault, 1993), a concept which has also been adopted in Belgium (Defourny, 1992), Spain, and Directorate Generale XXIII of the European Commission (Kendall and Knapp, 1992; and 6, 1995).

7 Knight (1993, pp.108-0) suggests 'mobilising' and 'creating' are two further 'main forms of voluntary behaviour' which should be added to Marshall's typology.

8 However, Gerard did find that, amongst the small minority (one fifth) in his sample which 'had reservations' about the sector – either as 'enabling government to avoid social responsibilities', or 'regarding volunteers as well-meaning but misguided – a disproportionate number classified themselves as 'left of centre' (op. cit., pp.201-2).

9 In this context it is important to stress that sociologists of religion have been involved in long and unresolved disputes about the meanings and inadequacies of the sorts of data we deploy, and some have argued that, on a number of measures, the notion that 'secularisation' has occurred is open to dispute. See Thompson, 1986, for a layperson's introduction to the debate; and see Greeley, 1994 for recent evidence and discussion.

10 Religion as a field of interest was defined in this case to 'include any groups for religious teaching, evangelising, Sunday school etc. (e.g. Salvation Army, Hare Krishna). Include groups directly connected with the running of the place of worship (e.g. church council, church warden, church administration, groups to raise money for church funds), and also groups based at, or through, the place of worship, but for other purposes (e.g. church women's group, such as Mother's Union, church group to help single-parent families) except groups which are exclusively to help the elderly. Include any other church or religious groups (inc. those with an unspecified function).'

11 These were defined in this survey as 'organisations whose activities focus on religious doctrine or spiritual development of their members or others; social service organisations working under religious auspices and classified under general welfare; [and] churches, temples, mosques, synagogues, missions etc'. The second clause renders this category somewhat wider than 'religion' (group 10) as identified in the ICNPO system (although not covered in our statistical mapping).

12 We should add that voluntary bodies, of course, always have the option of not applying for charitable status, and hence avoiding any constraints whatsoever, or of establishing a separate, non-charitable campaigning structure. Such dual structures characterise the non-charitable Liberty and its charitable subsidiary Cobden Trust, and Amnesty International and its Prisoners of Conscience Fund, for example. However, there are practical disadvantages, including the need to keep separate accounts, payrolls and other records.

# Chapter 4
# RECENT DEVELOPMENTS IN STATE/VOLUNTARY SECTOR RELATIONS

## 4.1 Introduction

In section 1.1 above, a quickening in the pace of general interest in the role played by the voluntary sector in UK society was noted, and it was shown that encouragement from government was one of the most obvious ways in which this has been manifested. Section 1.5 put this development in historical perspective, and suggested three overlapping phases which characterised the development of the relationship between the state and voluntary organisations up until the mid 1970s. Chapter 2, through providing a statistical snapshot of the sector in 1990, demonstrated, inter alia, the pervasiveness of financial relationships between the voluntary sector and the state at that point in time. This chapter aims to examine systematically recent developments in the *dynamics* of state-voluntary sector relations by describing and interpreting how and why the fourth historical phase of this relationship – the increasing use by the state of the voluntary sector as an 'agent' in the context of a mixed economy – has emerged.

Description and analysis of these developments is not straightforward. There are problems of heterogeneity and conceptualisation. It will be clear from chapters 2 and 3 that the voluntary sector, under either of our definitions, is a 'loose and baggy monster', characterised by a multeity of structures, activities and orientations (Kendall and Knapp, 1995). Government support varies enormously in both scale and nature between fields of activity, and government is itself a multifaceted entity. Today, the 'state' comprises a bewildering array of central departments and ministries at Westminster and their regional outposts, territorial offices

outside England, quangos or non-departmental public bodies, traditional local government functional departments, and numerous quasi-autonomous local entities (Rhodes, 1988; Gray, 1994). Many of these central and local state agencies have relationships with voluntary sector agencies.

Other difficulties arise in trying to understand trends in state-voluntary sector relationships. Substantial advances in charting the sector's statistical profile have been made in recent years, particularly by the Charities Aid Foundation. Yet large gaps in information remain, and there are serious problems of quality, reliability and definition with much of the data that relate to changes over time. Moreover, in seeking to understand the available quantitative data, there is a paucity of qualitative information and interpretive perspectives. In the UK, political scientists, economists and sociologists have devoted remarkably little theoretical attention to the dynamics of voluntary-government relations (notable exceptions are Ware, 1989a,c; Wolch, 1990; and Beckford, 1991). The academic field in the UK in recent years has been dominated by social policy analysts working within or close to the Fabian tradition, by organisation theorists, and by management scientists. Influential overview volumes in the first tradition have included Brenton (1985) and Johnson (N. Johnson, 1987) (more recently see Deakin, 1995a); in the second tradition, see for example Billis and Harris (1992a, and references therein); and in the third, see particularly Batsleer et al. (1992).[1]

In the next section a broad overview of the ideological context that provides a backdrop to the recent evolution of intersectoral relations is provided. However, the rhetoric of central government support for voluntary organisations has limited explanatory power in understanding the reality of this relationship because of the many political, economic and social

factors that intervene between rhetoric, policy intention and outcome (Ham and Hill, 1993). A narrower focus is required, concentrating on specific components of the state and the voluntary sector. The chapter therefore proceeds in section 4.3 with a survey of the nature of central government contributions in the three major programme areas in which the narrow voluntary sector has benefited most from tangible central government financial support throughout the 1980s – housing, training and job creation, and urban development. A fourth field, international aid, is also considered. This expanded significantly from a low base during that period, and government funding in this area superceded those provided under urban development funding as the third most important programme in financial terms for the first time in 1990/91 (Kendall and 6, 1994, p.23, figure 2.4).

The nature of relations with local government in general, and social services departments (SSDs) in particular are then analysed in section 4.4. Finally, relations with territorial government – in Wales, Scotland and Northern Ireland are also briefly considered (section 4.5). The concluding section tries to identify the themes emerging from this extremely diverse and disparate body of evidence. Throughout, the research literature and on the policy interviews undertaken between 1992 and 1994 are the source material used, with the balance between the two reflecting the availability of evidence. For example, relatively little has been written concerning the relations between territorial government and the voluntary sector, so we draw heavily on our interviews in these cases. By contrast, the relationship between the sector and local government – and in particular with SSDs – has received considerable research attention, and it was thus possible in these areas to lean more heavily on the available literature.

## 4.2 The ideological context

### *Developments before Wolfenden*

From the 1950s to the 1970s, the state was firmly entrenched as the 'senior partner' in formal social welfare provision following the spate of post-war social legislation, which itself had built upon an expanded role for government with much deeper historical roots (see section 1.5 above). The senior players that were to emerge alongside the state in what has often been characterised as a 'corporatist' era were not voluntary organisations but the trade unions and business associations, whose legitimacy as 'partners' with government tended to be taken for granted. This did not preclude a role for the voluntary sector, but rather viewed voluntary organisations as incidental 'allies' to the state and its dominant partners – provided they had the appropriate democratic and professional credentials. The influence of trade unions as corporate players in this context is illustrated by the attitude of the Aves Committee (1969), whose recommendations had provided the impetus for the development of the structures of support for volunteering. This was careful to allay trade union concerns about the potential impact of the expansion of volunteering on paid employment. While highlighting the importance of training for volunteers, it also went out of its way to suggest that the distinction between volunteers and professionals should not be 'blurred' and that the 'unique' contribution of volunteers should be safeguarded by not using them as substitutes for paid staff, but rather as complements (Sheard, 1992, 1995).

How can the reluctance of Conservative administrations in the post-war era to carve out a distinctive ideological position, consistent with the

traditional antipathy of the right towards the state, be explained? Voters' empathy with the growth of the state appears to be the most obvious single factor. Prompted by the electoral popularity of policies which expanded the role of government – whose activities tended to be equated with social progress following the evident achievements of the state during war-time – post-war Conservative administrations had little incentive to destabilise the *status quo*, and those ideologues who raised objections had little effective influence (Mullard, 1993, chapters 3, 5; but see Glennerster, 1995).[2] Several influential academic commentators from the 1950s onwards even argued that a 'welfare consensus' had emerged during this period which de-emphasised or even denied the ideological character of empathy with the *status quo*. For some of these observers, the 'fundamental conflict between capitalism and socialism ... had been transcended and that transcendence institutionalised in the welfare state' (Holmwood, 1993, p.99; and see Johnson, N., 1987, pp.27-8).

It is difficult to generalise, but dominant 'welfare consensus' thinking, then, at least appeared to afford unquestioning primacy to a welfare system with the state at its heart involving professionally-run local government as the senior 'partner' in service delivery, and recognition of the trade union movement as legitimate defenders of workers' interests. In this essentially 'welfare statist' or 'collectivist' model (Taylor and Lansley, 1992), it was widely accepted that central government funded, controlled and delivered income maintenance and health services and should continue to do so; and it was assumed that the bulk of local authorities' statutory responsibilities in education, social housing and personal social services would be met by the expansion of their own, directly-run services. Although the voluntary sector did continue to have major roles in education and

personal social services, as described below, its contributions had a relatively low political profile and, with the exception of the universities and schools, were dwarfed by the sheer scale of public sector provision.

By the early 1970s, the voluntary sector was to be given some general recognition through the government's provision of finance for a national Volunteer Centre, and this was followed by the initiation of a small Voluntary Services Unit at the Home Office. Yet it is important to emphasise that, in the broadest terms, the sector's political profile was low in comparison to the dominant partners with the state, local government and the trade unions.

### *Wolfenden and after*

Although published just a year before Mrs Thatcher became Prime Minister, the Wolfenden Committee report, *The Future of Voluntary Organisations*, reflects a world view falling squarely within this 'welfare consensus' tradition. There was little acknowledgement of the ideological critiques of either the new left or new right which continued to be important undercurrents to the welfare debate. While some 'major shortcomings' in statutory services were catalogued – including unresponsiveness, inflexibility and failure to encourage participation – Wolfenden did not argue for major structural reform, but both predicted and advocated that statutory services 'continue to occupy something like their present dominant position over the next quarter century'. The *status quo* was 'on the whole ... desirable, granted the need for major collective intervention if adequate social services are to be assured for the whole population' (Wolfenden Committee, 1978, pp.25-6).

The tenor of the report was to increase awareness of the sector's actual

and potential contribution within this context, while offering only limited and low-key criticism of the dominance of directly-run local authority services. The voluntary sector was to continue to be a 'partner' in 'pluralism' (terms whose meanings were not clearly developed), whose cost-effectiveness, innovativeness, flexibility and pioneering nature had supposedly been demonstrated by research sponsored by Wolfenden (for critiques of these assumed attributes, see Knapp et al., 1987, 1990; Knapp, 1996). However, the sector's role in service delivery was still defined in essentially residual terms *vis à vis* other provision, being 'best seen in terms of the ways in which it complements, supplements, extends and influences the informal and statutory system' (ibid., pp.26-7). Three specific contributions were emphasised: to *extend* provision; to *improve* the quality of government provision; and in some (but, by implication, relatively few) cases to act as *sole or principal provider.*[3]

Significantly, Wolfenden was also dismissive of the commercial, for-profit sector, whose involvement in social welfare services was equated – naively – with the use of uncompensated demand and vouchers. The Committee stated simply that this sector was 'unlikely to grow to any significant extent before the end of the century' because the 'many objections and obstacles to the voucher system' were 'unlikely to be overcome' (ibid., p.24). As the market share statistics referred to in the previous chapter imply, this was to prove a serious misjudgement. In particular, in residential care this sector was to expand dramatically during the 1980s (see Kendall and Knapp, 1996, chapter 7). It was also to expand significantly in acute hospital care (Kendall et al., 1992); and to establish a major presence in the fields of economic development and training for unemployed people (see below).

Critics of the *status quo* on the centre and left, while welcoming Wolfenden's stamp of approval for the voluntary sector, suggested that the cumulative 'failures' of the state were actually so severe that nothing less than radical restructuring would suffice. An important component of the proposal of these 'welfare pluralists' was a significant rebalancing of power between the statutory and voluntary sectors in favour of the latter (Gladstone, 1979; Hadley and Hatch, 1981). For these observers, while decentralisation and participatory initiatives within statutory services were crucial, the benefits of pluralism and citizen participation, mutual aid, proximity to need, flexibility, responsiveness and empowerment were particularly closely associated with the activities of voluntary organisations. By encouraging the transfer of service delivery responsibilities, these advantageous attributes of voluntary action could, it was argued, be harnessed, while the state continued to provide the necessary regulatory and financial frameworks.

Some of this thinking undoubtedly informed the enthusiasm for voluntary action associated with left-wing local authorities over the coming years, but – like the rhetoric of the new left and the new right over the previous two decades – its impact at the national level was minimal. Although 'welfare pluralism' was briefly adopted as a cause of the fledgling Social Democratic Party (Beresford and Croft, 1983), this was soon to fade into electoral oblivion, while social policy analysts and critics from the left soon developed influential critiques of the project (box 4.1).

Within this overall context, however, it is widely accepted that, in the wake of the Wolfenden report, and the debates around 'welfare pluralism' that followed it, there was a noticeable increase in interest in the voluntary sector from government. Brenton (1985) links renewed 'indiscriminate'

***Box 4.1 Critiques of 'welfare pluralism' in the early 1980s***

In the academic world, a number of social policy analysts were quick to develop arguments to challenge the assumptions and evidence of the new 'welfare pluralist' position. It was held up as chronically naive, being strong on the former and weak on the latter; quick to recognise the 'failures' in the state while not recognising those of voluntary organisations, many of which, it was pointed out, were still paternalistic, oligarchic and controlled by the middle classes; not attending to the gender issues that were seen as central given women's leading role; not providing details of how the redefined 'partnership' could be operationalised; and failing to describe how the power relationship could be satisfactorily rebalanced in practice against the backdrop of an 'unjust' society (Brenton, 1985; Johnson, 1987; Webb and Wistow, 1987; more recently, see Johnson, 1993; and Evers, 1993 for a summary assessment).

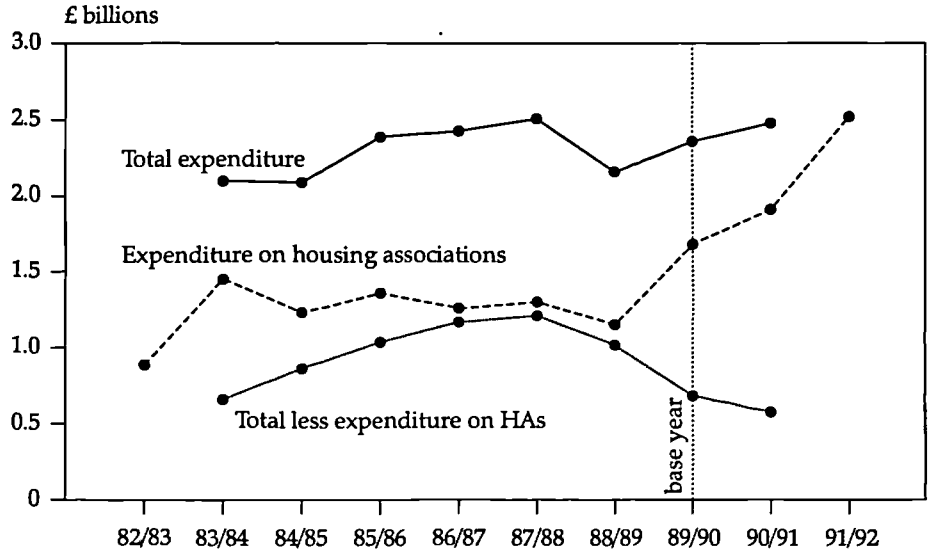
enthusiasm for voluntarism to the fiscal crises of the late 1970s under a Labour administration, and Sheard (1995) reminds us that the accommodation worked out with the trade union movement in the 1970s to allay fears of job loss to volunteers in the spirit of the Aves report was scrapped while the Labour administration was still in power. Furthermore, it is important to note that many countries, regardless of the political persuasion of their encumbent governments, were beginning to experience the ideological influence of 'new public management' thinking. This emphasised both learning from the private sector and controlling public sector growth (see Gray and Jenkins, 1993, and references therein). One can speculate that the disciples of this 'moral crusade' would have looked favourably upon voluntary organisations as well as private organisations, if they were enthused with the appropriate 'business values', and associated management styles and practices (Wilson, 1992, 1996), simply because they were not part of the maligned state. However, social policy analysts have stressed how in Britain it was specifically the Thatcher administration in 1979 whose approach marked a radical shift in the ideological climate (for example, McCarthy, 1989, p.4). There was

continuity with Wolfenden in the sense that the voluntary sector continued to be labelled as a 'partner' in the pursuit of welfare goals, and there was a proliferation of rhetoric to this effect (carefully documented by Brenton, 1985). But there was a sharp change in attitudes towards the state itself, and the other major participants in policy. Drawing on New Right arguments (see Pollitt, 1990, pp.42-4, or Dearlove and Saunders, 1991, chapter 8 for succinct summaries), the growth of the state was problematised, trade unions were portrayed predominantly as malign distorters of market processes, and local authorities as profligate 'overspenders'. Characterised more as adversaries than as partners, these were now charged with responsibility for much that was wrong with the UK economy (Marsh and Rhodes, 1992, p.171). It was within this overtly conflictual climate that the development of voluntary-state relations in the UK during the 1980s and early 1990s needs to be located.

### 4.3 Recent trends in central government support

In moving from rhetoric to reality, two programmes in which voluntary organisations have delivered clearly specified services to the state which has in turn provided the bulk of their income, are considered: housing and special employment; one area of significant central government spending on more generalised 'grant' support, the Urban Programme (UP); and one other field, international aid, where support has also traditionally been referred to as 'grant' funding, but which contrasts with the other fields to the extent that income from the state tended to account for a relatively small proportion of funded organisations' total income. Comparable year-on-year data for overall central government funding are available only for 1983/84 to 1990/91 so that, even under a restricted definition,

*Figure 4.1 Trends in direct central government funding in real terms (1989/90 prices), 1983/4 to 1990/91*



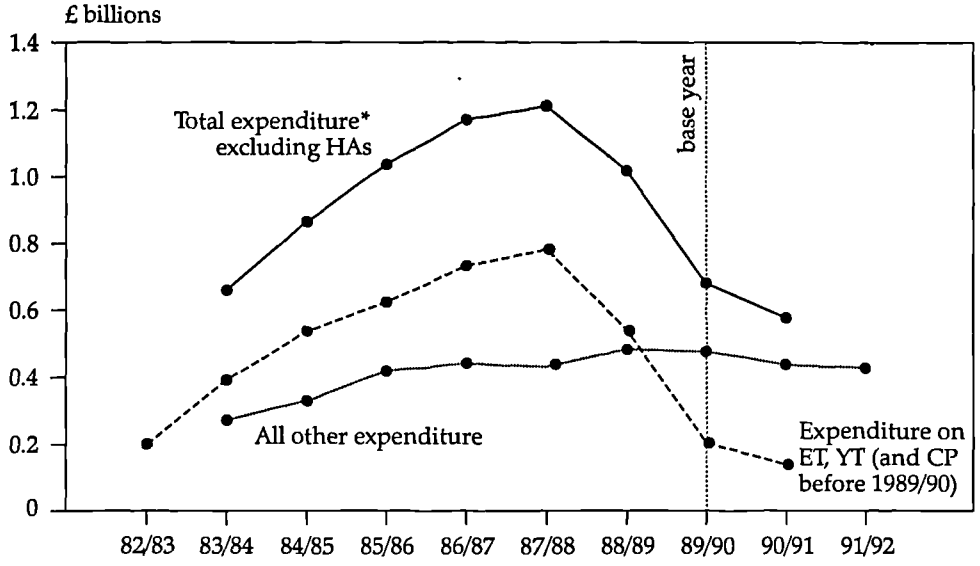

*Source*: Kendall and 6 (1994) using data reported in *Hansard*.
* Principal funders only under restricted definition; see note 4.
Comparable data not available prior to 1983/4 and after 1990/91 (other than for housing associations).
Deflated using GDP deflator supplied by the Treasury (adjusted to remove distortions caused by domestic rates abolition).

we are only able to chart the actual state finance of the sector with any degree of confidence from several years into the 'Thatcher revolution'[4] (Kendall and 6, 1994). Figures 4.1 (above) and 4.2 (below) demonstrate how funding for housing and employment programmes in particular have completely dominated central government support of the sector (thus defined) in recent years.[5]

### *Housing associations*

Housing policy has probably witnessed more radical change than any other area of British social policy since 1979, and the voluntary sector has been a major beneficiary of these developments. The government's aims of controlling public expenditure, weakening the role of local authorities and

*Figure 4.2 Trends in direct central government funding excluding housing associations in real terms (1989/90 prices), 1983/4 to 1990/91*




HA = housing associations; ET = employment training; YT = youth training; CP = community programme.
*Source*: Kendall and 6 (1994) using data reported in *Hansard*.
* Principal funders only under restricted definition; see note 4.

increasing home ownership were successful due to electoral popularity, appeal across both wings of the Conservative Party and administrative feasibility (Kemp, 1992). However, another goal – that of expanding the private rental sector – was not accomplished. Rather, the 'market share' of non-local authority rented housing has been expanded through the deployment of the voluntary housing association movement (table 4.1).

In the housing market, the sector's share trebled between 1971 and 1988, representing an increase from 1.9 to 8.2 per cent of *rented* housing stock over the period. This growth was made possible largely through the financial support provided by the Housing Corporation,[6] which was (and is) unique in being simultaneously both a large, powerful centralised national regulator and a funder of voluntary sector activity (Day, 1992). It tightly controlled the pattern of new development, aiming to ensure

*Table 4.1. Housing tenure in England and Wales, 1971-1992 (percent of dwellings)*

| Year | Owner-occupiers | Rented from local authority | Rented from housing association | Rented from private landlord |
|---|---|---|---|---|
| 1971 | 52.1 | 28.2 | 0.9 | 18.8 |
| 1981 | 57.9 | 28.5 | 2.2 | 11.4 |
| 1982 | 60.3 | 26.8 | 2.3 | 10.6 |
| 1983 | 61.6 | 25.8 | 2.4 | 10.2 |
| 1984 | 62.6 | 25.2 | 2.4 | 9.8 |
| 1985 | 63.6 | 24.5 | 2.5 | 9.4 |
| 1986 | 64.5 | 23.8 | 2.6 | 9.1 |
| 1987 | 65.5 | 23.1 | 2.6 | 8.8 |
| 1988 | 66.6 | 22.0 | 2.7 | 8.7 |
| 1989 | 67.2 | 20.9 | 2.9 | 9.0 |
| 1990 | 67.4 | 20.0 | 3.1 | 9.5 |
| 1991 | 67.5 | 19.5 | 3.2 | 9.8 |
| 1992 | 67.6 | 19.2 | 3.4 | 9.8 |

Source: Hills (1990); Department of the Environment (1993, table 9.3).

economy and efficiency in management, and that national social policy objectives such as ethnic mix and tenant participation have been realised. As well as the supply-side stimulus provided by the Corporation's programme of quasi-capital grants, demand-side means-tested housing benefit, administered first by central government but subsequently transferred to local authorities, put low-income tenants in a position to pay rent. The housing association's market niche developed in catering for people on low incomes, and for those with special needs, including disabilities or age-related needs.

The housing association movement's growth, and government's enthusiasm for it, can partly be understood by reference to the failures or limitations of, and difficulties associated with, the other rental sectors. Many for-profit landlords left the housing market following the development of extensive restrictions and regulations in this field in the post-war period, originally prompted by successive governments' unease about both the inefficiencies and inequities of an unregulated market. Investment in

municipal housing stock after the war had initially aimed to fill the gap in the rental market: as local government was undertaking the post-war demolition and slum clearance, it was simply assumed to be 'natural' that they should not only rehouse those who had lived in these properties and rebuilt on the cleared areas, but also own the new housing developments (Hills, 1989, p.250). But publicly-owned rented housing was soon itself vehemently criticised, apparently exhibiting many of the problems identified by welfare pluralists and others described above – including over-centralisation, over-bureaucratisation and a lack of responsiveness. These 'failures' created a window of opportunity for voluntary sector social housing, which appeared to offer

> variety and organisational style [which have] given them a good reputation both for innovation and good management. They harness[ed] the enthusiasm and expertise of large numbers of voluntary management committee members while using professional staff to run their day-to-day operations (op. cit., p.264).

The growth of the voluntary housing sector must also be seen in the context of central government antagonism towards local authorities and its objective of limiting the latter's expenditure. While there was certainly already a significant input of public funds into the voluntary sector during the 1970s (following the establishment of the housing association grant system in 1974), the dynamic of voluntary sector growth *at the expense of* local authority housing did not emerge until the Thatcher and Major administrations. Social housing suffered the most dramatically of all public services from the constraints on public capital expenditure implemented first in response to the late 1970s' fiscal crisis and subsequently accelerated by the Thatcher administration. In this context, even when spending on housing associations in aggregate was being limited, the voluntary sector's market *share* of rented housing still expanded. This was because economies

in overall public capital housing expenditure were primarily achieved by dramatically curtailing local authorities' own new building programmes (Hills and Mullings, 1990).

Legislation permitting shifts of property from local authorities to housing associations added to the momentum from the mid-1980s onwards. 1985 legislation allowed voluntary transfers for the first time at local authorities' own initiative. Forrest has argued that many of the transfers of housing undertaken by local authorities in response to the provisions of this Act were fuelled more by a desire to escape central government's financial constraints and 'protect stock more effectively from the Right to Buy policy' than an inherent belief in the superiority of voluntary over municipal governance. He argues that in effect what was happening was the 'creative use of legislation originally designed for other purposes ... by councils and housing managers (1993, p.45)'.

Subsequently, the 1988 Housing Act facilitated the transfer of housing previously let by local authorities to existing or new voluntary sector landlords through an 'opting out' voting process, as well as revolutionising the overall system of Housing Corporation finance. This Act also introduced another mechanism for taking housing stock out of direct local government control, the Housing Action Trust. These were 'public-private partnerships' for which the central government provided additional resources, and hoped would then be passed on to full private or voluntary control.

The 1988 Act also reformed the system of central government grants to housing associations in a fashion which arguably put voluntary sector provision under more pressure to behave commercially than voluntary bodies in any other field. In particular, unlike the quasi-market reforms in social care, in which needs-led statutory responsibilities have been

retained and re-emphasised, and the use of private funding encouraged but not mandated, this legislation explicitly required housing associations to match public with private funding. At the same time, rents were deregulated so as to increase the likelihood of securing private finance from lending institutions. The National Federation of Housing Associations strongly protested at the extent to which this would constrain their ability to match resources to need – as opposed to ability to pay – but were initially reassured by government that Housing Benefit increases ('user subsidies' now administered by local government – see chapter 3 ) would 'take the strain' of the requisite rent increases. The subsequent constraints on this budget, however, led many commentators to hold the view that it had become increasingly difficult for them to adequately meet the housing needs with which they are attempting to deal. There was also a great deal of anxiety about 'overreliance' on Housing Benefit because it is seen to be particularly vulnerable to cuts and controls.

Knight describes how the 1988 Act was seen as a watershed by many housing associations, with some perceiving that the new régime posed a threat to the voluntarism of their traditional organisational culture because of the pressure to move towards a 'private sector ... style of management', involving shifts of effective control from voluntary management committees to (paid) professionals and advisers. However, having reviewed some assembled evidence on the 'traditional' role of committee members, and the implications of the recent legislation for their style and morale, he concluded that 'the movement has a good chance of remaining voluntary [and] there is no shortage of creative and innovative ideas ... despite pressures through privatisation' (pp.191-201, 255).

*Special employment measures*

It has been argued that voluntary organisations pioneered opportunities for unemployed people before government became involved, delivered specialised services, performed advocacy, campaigning and research roles, and delivered innovative and flexible services (Moon and Richardson, 1984). Over many years, a number of special government programmes have provided job and training opportunities for unemployed people. Figure 4.2 traces out the funds allocated to the voluntary sector under the two largest schemes during the 1980s.[7] Central government expenditure on the narrow sector *apart from* housing increased significantly in the early and mid-1980s, before slumping dramatically in the early 1990s, largely due to trends in the resources made available under these programmes.[8]

The changing availability of funds in this field has been the direct result of central government's labour market strategy in response to its interpretation of the problem of unemployment. A rapid increase in unemployment was the inevitable outcome of the Thatcher government's anti-inflationary and 'hands-off' labour market macro-economic strategy. (For the government, this was the pain before the gain.) Investment in the voluntary sector on a huge scale provided an opportunity for the government to act quickly to 'contain' a phenomenon which was still regarded by the electorate as a social problem worthy of its attention – even if some members of the government regarded this expenditure as profligate (Clark, 1993, p.40). Whether or not it was genuinely believed that these expenditures would help to 'solve' the problem of unemployment, the schemes certainly provided government with a cost-effective way to meet the *political* imperative of keeping down the headline unemployment figure. 'Trainee' positions were not included in this figure and, as the

trade unions and others pointed out, received low rates of pay.

Some voluntary organisations enthusiastically embraced the opportunity to utilise the newly available funds wherever they could; others felt unable to pass up opportunities for growth presented by huge inputs of public funds, despite ideological reservations; for a third group, these reservations were so strong that they consciously 'eschew[ed] formal links from the outset fearing having to compromise their own position [although] they [did] enjoy occasional informal liaison' (Moon and Richardson, 1984, p.407); and finally a fourth group avoided all involvement because of 'a reluctance to get involved in political issues' (Clark, 1991, p.49).[9] What the second and third groups of organisation often had in common was at a world view which differed sharply from that of the government in a number of ways (Clark, 1991, chapter 3), and alarm at the marginalisation of trade unions and local authorities within the new programmes and structures. Indeed, ideological tensions and organisational conflict were commonplace as schemes were implemented over the heads of local trade unions (Addy and Scott, 1987), and were often virtually monopolised by large voluntary organisations at the expense of small, local organisations (Rankin, 1987). But by the mid-1980s, Moon and Richardson were arguing that voluntary organisations were in such a strong position in implementation that they had effectively rendered themselves indispensable to central government within the policy process by virtue of their role as sponsor and agent of key programmes. Having surveyed evidence on the sector's wide-ranging pattern of participation, they concluded

> A system of exchange relationships exists and a genuine policy community appears to be evolving, within the loose network of groups, in the business, voluntary, local government and MSC spheres ... Groups have not only come to play a significant part in the implementation of schemes for the unemployed, but they

> have also been invited to participate in policy-making and programme evaluation signifying their arrival as 'insider groups' (1984, p.406).

However, as figure 4.2 shows, the steady growth of public funds was to be dramatically reversed in the late 1980s. The stability of the policy community and the place of the voluntary sector within it therefore turned out to be less secure than implied by the tenor of Moon and Richardson's account. As the economy appeared to recover, and fewer young people entered the labour market after 1985, global public spending on training (across all sectors) was reduced. At the same time, the government changed the priorities of the special employment measures from 'community benefit' projects towards an emphasis on measurable trainee achievement in the labour market (under the switch from the Community Programme to Employment Training), despite considerable opposition from many voluntary sector providers. The voluntary sector was less responsive than private providers to this change, experiencing a sharp fall in 'market share' of the dwindling budget at the latter's expense (as measured by numbers of trainees; see Palmer, 1990). Further losses were incurred with the transfer of responsibility for Employment and Youth Training to quasi-private employer-led Training and Enterprise Councils (TECs). The process of transition to a TEC network (and the associated contractual funding regime) was particularly fraught for many voluntary providers (Bridge Group, 1991; more recently, see National Council for Voluntary Organisations, 1995). While a recent survey found that 60 per cent of TEC chief executives viewed the voluntary bodies as 'key non-employer stakeholders' (twice as many as gave this seal of approval to trade unions), there was ample evidence of continuing misunderstandings and frustrations in the relationship between TECs and voluntary groups (Haughton et al., 1995).[10]

### *The Urban Programme*

The third major source of central government funding in the 1980s was the Urban Programme. This was originally launched under Home Office auspices in 1969 to provide supplementary help to local authorities, strongly influenced by – among other things – the 'rediscovery of poverty', the re-emergence of selectivity in the early and mid-1960s, the US poverty programmes, growing emphasis on area-specific policies, and the growing public concern over the issue of immigration and race relations. The UP was a joint scheme between central and local government, funded primarily by the former (providing 100 per cent of capital and 75 per cent of revenue funding) but administered by the latter. The UP was in fact only one of a complex and confusing mix of initiatives from various government departments aimed at combating inner-city decay, jointly attempting to mobilise statutory, private and voluntary resources in deprived urban areas (Deakin and Edwards, 1993). Although recently 'tidied up' under arrangements for a single regeneration budget, throughout the 1980s the UP was by far the biggest central government resource for inner-city voluntary groups.

While funding for the voluntary sector under this scheme grew consistently up until the mid-1980s (Jacobs, 1989), from the late 1980s onwards it declined in real terms in England as earmarked inner-city expenditures were directed elsewhere. This affected the voluntary sector disproportionately. The priorities of the Department of the Environment increasingly emphasised economic and environmental activities over the social projects in which voluntary sector activity had traditionally been concentrated, and capital over revenue grants. As in employment and training, the private sector was to prove more responsive to realignments

of central government priorities, and voluntary organisations lost 'market share' to profit-oriented organisations.

The announcement of the Programme's phased abolition in England in 1992 was predictably met by a combination of horror from voluntary groups, many of which could not foresee securing replacement funds from an alternative source, and dissatisfaction with the way in which the announcement occurred. The absence of consultation preceding the decision was interpreted by many as symptomatic of the government's lack of commitment to meaningful 'partnership' with the sector. For example, local Church Of England groups has been amongst those mobilising the programme's funds, alongside those of the Church's own Urban Fund (set up after the *Faith in the City* report), in an attempt to meet a variety of inner city needs. Although the government had established the inter-faith Inner Cities Religious Council (ICRC) to provide for regular consultations, this body was not consulted at all about the government's intentions. When the programme's abolition was announced, at the national level the Church released a statement which 'lamented the manner in which changes to the Urban Programme were announced ... it's been very damaging and has seriously undermined the sense of partnership felt by those providing resources for the neediest people.' A Church interviewee suggested to us that after this experience, 'everyone [had become] rather sceptical about what the ICRC could actually achieve ... whether or not it's just cosmetic'. It also provided an example, according to one of our generalist umbrella body interviewees, of the inability of the Home Office's Voluntary Service Unit to exert influence within government when this would have been most useful (box 4.2).

During its lifetime, this programme came in for a good deal of criticism

***Box 4.2 The VSU's ineffectiveness within government***

Although the VSU had suggested that government departments "assess implications that policy changes might have for voluntary activity and the voluntary sector", this was interpreted differently by NCVO and the DoE. While the former felt this necessitated a formal impact assessment statement, the latter considered only discussion within the Department was implied. For an NCVO interviewee, this constituted an example of the VSU's inability to impact on government departments' modus operandi:

> [This should have been a] very simple way of [the VSU] waving a mini stick around at least to say, "OK, you want to abandon the Urban Programme next week, we're not saying you can't do it, but where is the assessment about what the impact is, and how are you going to communicate that to organisations and try to explain why you've come to that decision?" That's an example of the rhetoric not being translated into resource availability and the practicalities of coordination across departments.

for being over-bureaucratic, and for not incorporating effective monitoring procedures (Lawless, 1990); for lacking accessibility to the ethnic minority groups it was meant to be serving; and for the limitations of its consultation processes (Hodson, 1984; Munt, 1991). Despite these shortcomings, the decline and phased abolition of dedicated UP funding was still greeted as disastrous by many voluntary organisations, both because of the sheer volume of resources lost, and because it had been perceived by many in the sector as a relatively secure and flexible source of support, without being 'too prescriptive' from voluntary organisations' point of view (Hodson, 1984).

### *International aid charities*

Unlike housing or employment and training, recent growth in international aid has been fuelled primarily by large increases in private giving arising from fundraising efforts to meet the needs arising in the aftermath of natural disasters, civil conflicts and chronic poverty in the developing

world. This has been at a time when other voluntary agencies have been squeezed by the recession (Robinson, 1994).

In the early 1970s, the Conservative administration had described government funding of NGOs as 'undesirable', but funds for disaster relief were being channelled in the mid 1970s by the Labour government through NGOs, and a 'Joint Funding Scheme' (JFS) to support long term development projects (Burnell, 1989; Robinson, 1994). Total expenditure on the sector by the Overseas Development Administration (ODA), the major statutory funder of international aid bodies, increased from a very low base of £13 million in 1982/3 to £110 million in 1991/92 (at constant 1989/90 prices), including the JFS, and emergency and volunteer-sending schemes. However statutory support still accounts for a relatively small proportion of total income (see chapter 2).[11]

In this field, 'project funding' from central government, unlike the contractual or quasi-contractual funding provided for housing associations and employment schemes, was usually not linked to particular activities or service recipients, and was not closely monitored. Recipient organisations exercised a large degree of discretion over how to operate projects once they have been approved, with the ODA generally adopting a 'hands off' strategy. In 1990, around half of the JFS was allocated under the 'block grant' scheme, under which funds are restricted to five of the highest profile charities to co-fund projects for up to five years, with the remaining funds allocated competitively on a project by project basis.

We have seen that in the employment and training field during the 1980s and into the early 1990s, there was ample evidence of conflict and ideological tension between the government and the voluntary sector. There appears to have been a common perception during the 1980s amongst the

beneficiaries of this block grant scheme that the relationship was qualitively very different in this field. One of our interviewees, a director of one of the five high-profile charities referred to above, drew a sharp contrast between his experience of links with the ODA in comparison with other government departments:

> I can't complain about lack of consultation at all, and given my experience elsewhere in Whitehall and its relationship with the sector, it is undoubtedly a great improvement on say the Department of Health or the Department for Education

How do we account for this perception? This interviewee attributed it to the 'dependence' of government on the sector in this field because of the former's limited resources:

> Unlike perhaps the relationship with other government departments in the UK, the ODA is essentially dependent on [the large organisations] in order to be implementers, the fulfillers of their policies overseas in that the ODA has a limited personnel and limited executive capacity overseas ... the relationship is materially different from that with any other sector ... [the relationship under the JFS] is actually more trusting, I think, than any other.

This perception of the 'dependency' of the government on the sector appears to be largely due to the latter's command of significant private resources – including volunteers and donations (mainly from individuals) – which would otherwise not have been available to the government. The ODA believed that it gained far more cost-effective delivery of programmes than it would be able to secure if it delivered them directly. For example, Burnell (1989, p.122) cites an internal ODA evaluation of the JFS undertaken in 1982 which described how 'projects can expect to have potential returns quite disproportionate to the [government] resources involved' – a view endorsed by the Foreign Affairs Committee later that year. More recently, Robinson (1994) has noted how the 1992 ODA annual review reiterated

that department's belief in these agencies' cost-effectiveness. This most obviously arose through the added value of the charities' own matching funding under the JFS, and through their deployment of volunteers. But there were also economies in monitoring costs. Charities were trusted to undertake their own monitoring of projects through their existing networks, thus avoiding the need for the government to establish costly infrastructures abroad. This trust appears to have been reciprocated in the sense that the voluntary bodies perceived that, in many ways, they shared objectives and values with the officials with whom they liaised. The team undertaking the research conducted during the 1990 Efficiency Scrutiny of government funding of the sector argued that, in the case of the JFS this had been encouraged by clarity on the part of the government:

> Clear rules for the scheme have led to good relations with voluntary organisations, as the fact that voluntary organisations see the ODA as being genuinely interested in the practical effects of the work it is helping to fund (Home Office, 1990, p.69).

One of our interviewees pointed out how there had been some tensions and difficulties in the relationship, relating to eligibility criteria and application procedures (see also Burnell, 1989, p.123). But government's financial 'dependency' on the voluntary sector, together with the latter's close involvement in policy formulation would imply that the largest charities can probably be thought of as effectively becoming 'insiders' from the mid 1970s to the late 1980s.

In the early 1990s, however, there were signs that this position was gradually changing. First, voluntary organisations outside the 'clique' increasingly began to challenge the legitimacy of their apparently privileged treatment under the existing régime. Some measure of the impact of their criticism can be gauged by noting that proportion of funds allocated to

the clique has declined over time. The proportion of the JFS automatically allocated to the five largest charities as block grants fell considerably from more than two-thirds at the scheme's inception in 1977/78 to 47 per cent by 1993/94. Second, Robinson (1994) has described how the ODA sought to become more prescriptive in its administration of the JFS in the early 1990s, although still affording recipients considerable discretion. It is probably too early to say how the outcome of these trends will ultimately affect the government's overall ability to cultivate a trusting relationship with, and secure cost-effectiveness from either the 'big five', or through the many other voluntary bodies who are increasingly making there presence felt in this field.

## 4.4 Trends in relations with local government

### *General developments*

While many voluntary organisations experienced close relations with the state for the first time under the major central government programmes described above, the primary point of contact for many groups was *local* government during the 1980s. For example, as we described in chapter 2, in the key fields of social services, civic and advocacy associations and voluntarism promotion, local exceeded central government support in 1990. Moreover, in other ICNPO fields, such as health, while central government funding has been higher overall, local funding has nevertheless been a mainstay for many organisations. In addition, statutory 'in-kind' support for the sector has come primarily from local authorities. Leat et al. (1986) estimated that this resource – including rental concessions, financial advice and payment of the salaries of seconded staff – could

*Table 4.2. UK local authority expenditure on the voluntary sector as a percentage of all expenditure over time in real terms (at constant 1989/90 prices)*

| Year | 83/84 | 84/85 | 85/86 | 86/87 | 87/88 | 88/89 | 89/90 | 90/91 | 91/92 |
|---|---|---|---|---|---|---|---|---|---|
| Total estimated LA expenditure on voluntary sector | 484 | 563 | 536 | 485 | 572 | 507 | 570 | na | 689 |
| LA current expenditure | 38830 | 39133 | 38376 | 40529 | 41661 | 41666 | 42389 | 43706 | 46131 |
| LA total expenditure | 45260 | 45379 | 43644 | 45494 | 46133 | 45108 | 48655 | 48303 | 50960 |
| Expenditure of voluntary sector as % of LA current expenditure | 1.25 | 1.44 | 1.40 | 1.20 | 1.37 | 1.22 | 1.37 | na | 1.49 |
| Expenditure of voluntary sector as % of LA total expenditure | 1.07 | 1.24 | 1.23 | 1.07 | 1.24 | 1.12 | 1.17 | na | 1.35 |

*Source*: Taylor et al. (1993).

have been worth as much as 50 per cent of direct funding in the mid-1980s.

Trends in local authority funding of the sector, like those relating to central government, are difficult to trace because of data limitations and problems of sectoral definition. Anecdotal evidence suggests increases in local authority funding of the sector during the 1970s and early 1980s, but, as with central government, relatively reliable aggregate statistics are available only from 1983/84 onwards (table 4.2). The estimates in table 4.2, based on annual surveys undertaken by the Charities Aid Foundation, probably reflect an implicit definition of the sector reasonably close to our narrow definition (local authority funders are not offered a definition of 'voluntary organisations' in the survey questionnaire). It should also be noted that these figures are thought to under-estimate local authority fee expenditure, and may under-estimate overall expenditure because of the grossing procedure employed (Mocroft, 1995).[12]

During much of the 1980s, local authorities were vocal in lamenting the scope and scale of cuts in their budgetary allocations from central government in the tense ideological climate that prevailed for much of the 1980s, causing much anxiety among voluntary groups reliant on their

support. However, while in some individual cases these fears were undoubtedly realised, in aggregate local authorites appear to have been remarkably successful in sustaining levels of spendable resources through increases in local taxation to compensate for falling levels of central government grant finance, the manipulation of financial information, and creative accounting (Stoker, 1991; Cochrane, 1993). In turn, they appear to have used these resources partly to protect their expenditure on the voluntary sector, with a real increase of some 42 per cent between 1983/84 and 1991/92. The most recent survey evidence demonstrates that this trend has been sustained (Mocroft, 1995).[13]

Yet perhaps the single most striking feature about these funding trends is the low proportion of *total* local authority expenditure which was allocated to the sector – varying between just 1.2 and 1.5 per cent over the period.[14] This underlines the continuing extent to which resources in the fields in which local government had lead responsibility were still very heavily tied up in funding local authority directly-run provision in the 'welfare statist' tradition. This dominance of in-house services[15] occurred in spite of the increasing preoccupation of politicians and public administration scholars with models of 'enabling, not providing' (Ridley, 1988; Clarke and Stewart, 1990; Walsh, 1991; Cochrane, 1993; Wistow et al., 1994, chapter 2). The much vaunted shift away from in-house provision towards the extensive use of contracts with external providers to deliver mainstream services was not to take off until it was actually mandated by central government in the mid 1990s, with the delayed implementation of the 1990 National Health Service and Community Care Act (see section 4.4 below).

In contrast to the tightly regulated or quasi-contractual payments which

we have seen accounted for most central government funding in the 1980s, overall local authority grant funding consistently outweighed 'contracts' and fee expenditure (although it is difficult to be certain of the extent because the surveys are thought to under-estimate fee payments). In 1991/92, £464 million (67 per cent of the total) was estimated as 'grant' support, compared with £224 million for 'fees' (at 1989/90 prices; see Taylor et al., 1993). While anecdotal evidence suggests that funding specificity may have increased over the period *within* this 'grants' total, there are no data to allow us to tease out this effect. In addition, what these aggregated data do *not* show is the huge variation that is known to exist between local authorities with regard to their propensity to fund the sector. If expenditure by social services departments is anything to go by, there is also probably a good deal of *intra* local authority expenditure, depending on the type of service and target population (Wistow et al., 1994).

Why did overall local authority funding of the voluntary sector grow from the 1970s onwards, albeit to a very limited extent when compared to the scale of local authorities' own directly-run services? As with central government, disaggregation is vital to make sense of overall trends, and we focus on the links between local government and the largest recipient field under a narrow definition – personal social services – in section 4.4.2 below. However, it seems unlikely that there was not increasing awareness by local authorities of both the limitations of their own services, and the putative advantages of voluntary action spelt out by the Wolfenden Committee. A critical facilitatory factor in this process was probably the increased *opportunities* for mutual learning made possible by what Stoker (1991) refers to as the 'opening up' of local government. From the

mid-1970s onwards, there was a proliferation of financial and other relationships between local authorities and voluntary organisations (Unell, 1989). Specifically, growth in interaction between the sectors was evidenced by

- the appointment in many social services departments of full-time voluntary sector liaison officers (Johnson, 1981);
- voluntary groups' involvement in joint planning for community care and other coordinating mechanisms, mandated by central government (Challis et al., 1988; Wistow et al., 1994);
- many authorities' increasing consultation with ethnic and women's groups as a plank of equal opportunities policy; and
- the impact of central government's Urban Programme (see above).

Joint activities of this sort not only fostered greater familiarity and understanding, but also allowed identification of shared values and goals. Interpenetration of key personnel was also increasingly likely, with local authority officers and members often sitting on the boards of voluntary agencies, or otherwise involved in running or directing them. Drawing on research undertaken for the Widdicombe Committee's enquiry into local government in the early 1980s, Stoker suggests that increasing 'consultation with interest groups', formalised through the creation of new consultative committee structures and the increased use of coopting into existing committees, helped to transform many previously 'oligarchic and inward-looking' authorities, changing the attitudes and the practices of both officers and members.

During the 1980s, it is also important to be aware of the impact on local authority support for the sector of the ideological tensions between central and local government (Carter and John, 1992). Just as central

government looked to the voluntary sector in part as as ideologically desirable alternative to local government in housing (see above), so some on the left saw political advantage in supporting the voluntary sector.

Particularly prominent in this regard were authorities associated with the so-called 'urban left' (see box 4.3), a label which has some purchase in describing some local authorities in the 1970s (Deakin, 1995b), but whose activities probably came to greatest prominence in the 1980s. Wolch (1990) describes, somewhat dramatically, how the archetypical authority of the 'urban left', the socialist-dominated Greater London Council (GLC), actively sought to encourage 'radical' campaigning and social rights groups, partly through grant aid, as a tactical weapon in the conflict with central government. Central government responded by simply abolishing the GLC and metropolitan councils, overtly on the grounds of their wastefulness and inefficiency, including their supposedly profligate expenditure on 'loony left' causes.

However, it is important not to overstate the extent to which grant aid strategies for voluntary groups were pursued for such overtly ideological reasons, even among the more radical authorities (which in any case constituted a minority of Labour authorities; Cochrane, 1993). While ideologically-inspired grant aid made interesting news for some parts of the media, we know from research conducted with social services departments in the late 1980s and early 1990s (Wistow et al., 1994) that most local funding programmes by this tier of the state – involving grants and fees – were driven by much more mundane, less (obviously) political or ideological rationales as identified by the Wolfenden Committee, for example. These less newsworthy rationales almost certainly had more general applicability throughout the 1980s and across other departments.

***Box 4.3 The new urban left and the voluntary sector***

While the ideological stance of central government shifted to the right in the early 1980s under Thatcher's premiership, at local government level a new brand of radical politics came to prominence in some local authorities controlled by the left. This resulted in a marked polarisation of views between central and local government and a degree of intragovernmental conflict unprecedented in developed countries (Carter and John, 1992). The position of these authorities represented a deliberate departure from the 'traditional labourism' which had characterised post-war central government Labour administrations. This had seen Parliament as the primary or core mechanism for achieving socialist goals, with local authorities seen as the 'handmaidens of parliamentary socialism' (Gyford, 1985). The urban left, on the other hand, gave 'priority to extraparliamentary struggle and campaigning' (Hain, 1980) as a means of pursuing socialist goals. Alongside general dissatisfaction with the *status quo*, this development was prompted by social and generational changes leading to new values, and perceptions of fiscal, ideological, social and electoral crises (Gyford, 1985).

The forging of alliances with disadvantaged groups and the voluntary organisations that purported to represent them was a key element in a strategy seeking to 'build...a new coalition which could simultaneously attempt to reunite divided communities while also creating a broader political constituency for the Labour Party than that represented by its traditional supporters alone' (op. cit., p.84). The relevant groups included trade unions, claimants' unions, 'community organisations', ethnic minority, women's, and gay and lesbian groups, single-issue and protest campaigns, and tenants' and residents' associations. These often had local authority membership, and were heavily reliant on local government funding.

There is also evidence from the provider side. As we noted in chapter 3, our survey of voluntary bodies in Liverpool found that only 15 per cent of respondents saw themselves as undertaking pressure group activities, and only two per cent saw themselves as *primarily* pressure groups. Indeed, Wolch (1990) herself notes that even in her London sample at the height of the GLC's supposedly radical phase, most grant recipients were 'established charity' service providers rather than radical campaigning bodies. Many relationships between local government and the voluntary sector most likely also reflected the influence of tradition and habit (Mocroft, 1989) or 'the beliefs and prejudices of local decision-makers

and the historical experience of different patterns of welfare provision in particular areas' (Judge and Smith, 1983). These patterns of support may be rather harder to explain in terms of either economic or political instrumental motivations.

*Personal social services*

We have noted above that during the 1980s and early 1990s, in aggregate most local public services continued to be both funded and provided directly by local authorities themselves – although, as the Wolfenden Committee noted in its study in the late 1970s, this still left important, albeit residual, roles for the voluntary sector to play (see section 4.1 above, and section 1.5).[16] This was as true of personal social services as for other fields; indeed, in the 1980s, much of the debate about voluntary organisations role and the potential of 'welfare pluralism' was a direct response to this report, whose primary focus had been on this field. Building upon Wolfenden, the encouraging of an expanded voluntary sector in this field chimed with new thinking about 'patch' systems (Hadley and Hatch, 1981), care *by* the community, community social work (Barclay, 1982) and indeed with some of the early thinking about case or care management (as reviewed and extended by Davies and Challis, 1986).

Yet the vast bulk of local authority expenditure on personal social services was still retained to fund in-house care – with just under 6 per cent of Social Service Departments' expenditure being allocated to voluntary or private sector providers in 1990/91, for example (Kendall and Knapp, 1996, p.207). However, voluntary sector providers' 'supplementary' contributions were many and varied, accounting for well over twenty per cent of expenditure in some types of authority and for some client groups.

Furthermore, during the course of the 1980s, many organisations became heavily reliant on income from public grants and contracts, were involved in joint planning for community care, and were often prominent and active members of local and national policy communities (Ham, 1992).

Following the implementation of the 1990 National Health Service And Community Care Act, the scope and scale of these relations is changing rapidly as Social Service Departments respond to financial incentives and other pressures to deliver core services previously provided internally through external contracts with voluntary and private sector providers. We know from interview research undertaken in a sample of local authorities in 1991 and 1993 (Wistow et al., 1996) that Directors of Social Service Departments and Chairs of Social Services Committees, recast as 'purchasers', have responded in a variety of ways to the requirements of the new régime.

For our purposes, it is relevant to note both continuity and change in the early 1990s. There has been continuity in the sense that many still believed that voluntary organisations have the putative advantages attributed to them by Wolfenden and others, including cost-effectiveness, flexibility and innovativeness. These beliefs often had been built up through the traditions of joint working to which we have referred, which tended to reveal much common ground in thinking about needs, values and planning priorities (Kendall and Knapp, 1996, p.210). But there was also change in the sense that many authorities appear markedly less hostile than they had traditionally been towards the private, for-profit sector – a major alternative source of supply in some of the social care markets in which the voluntary sector operates including, most significantly, residential care for elderly people (cf chapter 2, table 2.8). In many cases, local authorities

are more readily entering into dialogue with, and are prepared to purchase services from, providers from this sector, and have begun to understand the extent to which their motives are less dominated by profit than previously assumed (cf chapter 3 above; Wistow et al., 1996; Taylor et al., 1995). In addition, there has also been a tendency to view markets and contracts as a mechanism for the delivery of services in a more positive light as awareness of their advantages grows – although in many cases this has been accepted pragmatically or with resignation rather than with enthusiasm. The net result for voluntary sector providers is not only that funding opportunities with Social Service Departments are more likely to be contractual in character – involving relatively tight specification of services – but also that the climate in which they operate is an increasingly competitive one.

This section finishes with a summary of some of the evidence that has emerged to date on this so-called 'contract culture' in social care. While the use of 'contracts' for the delivery of local government services may be on the increase in other fields in which the voluntary sector is a major actor, this is the field where their use has the greatest resource implications. It is also the area that has been most well researched, although the evidence is preliminary, based on small, primarily one-off samples, and therefore lacks the ability to make systematic before-and-after comparisons.

The effects of contracting with government can be arranged under four closely connected heads.[16] First, there is *formalisation*, which can inflate management costs as administration becomes more cumbersome, divert resources from service delivery, and reduce the influence of voluntary management committees and other volunteers. In time, it has been argued

that voluntary organisations could find it hard to sell themselves to potential donors and government purchasers alike as responsive and cost-effective alternatives to other providers (Hedley and Rochester, 1992; Lewis, 1993; Mocroft and Thomason, 1993). On the other hand, appropriately tailored and sensitive management and new structures to support it could lead to improved clarity of purpose and standards of care without jeopardising valued voluntary inputs and prized features of organisational culture (precisely *how* management should differ in voluntary sector settings from other contexts is a vexed question; see, in particular, Batsleer, 1995; and Paton, 1996).

Second, there are the connected dangers of *inappropriate regulation* and the threat of *goal distortion.* It has been argued that the latter is particularly likely to occur at times of fiscal constraint (Leat, 1995; Lewis, 1996). Many service providing voluntary bodies have expressed concerns that local authority purchasers wield considerable monopsony purchasing power which can be and is being used to divert them from their traditional clienteles and priorities, including preventative work (Taylor and Lewis, 1993), as well as from their campaigning for change on behalf of users. The latter may be affected in bodies that receive financial support, either as a an explicit condition of receiving a contract, or (more likely) via self-censorship prompted by political expedience, or simply because senior staff have less time to devote to these activities because they are busy negotiating contracts (Flynn and Common, 1990; Gutch, 1992). Furthermore, where regulations are framed in terms of meeting input or process requirements, perverse incentives may result: ensuring compliance may become almost an end in itself, with the result that less attention is paid to user welfare. Over and above the effects on bodies that succeed in

securing financial support, local authorities may feel they can no longer afford to make grants in support of small, non-service-providing organisations with a campaigning role, as 'development' budgets are reallocated to allow for more expansive contract monitoring and control.

Third, reliance on contracts may lead to *financial insecurity* – although in this, as in other areas, much will depend on the particular type and form of contract, and it is extremely difficult to make generalisations (Wistow et al., 1996, chapter 8). In as much as competition for funds, by definition, requires a credible threat that funding can be withdrawn, it may impede organisations' ability to plan for the future. Another major concern in the context of fiscal retrenchment has been some local authorities' apparent unwillingness to adequately cover the costs of service delivery in some cases, so that 'topping up' becomes more widespread (Richardson, 1995).

### 4.5 Territorial government

Links between the state and voluntary organisations in England have clearly been varied and multifaceted. Further layers of diversity stem from the impact of different cultures and traditions of public administration and voluntary action in Scotland, Wales and Northern Ireland.[17] For these three countries we briefly sketch the scope and scale of central and local government links with voluntary organisations. (Of course, much of the discussion of statutory-voluntary sector relations earlier in the chapter applies equally to the constituent countries of the UK, and we should stress that all statistics reported earlier relate to the whole of the UK.) Table 4.3 compares expenditure on the voluntary sector with total local authority expenditure in each country in 1991/92 (under a narrower

*Table 4.3. Total expenditure on the voluntary sector as a percentage of local authority expenditure, UK, 1991/92*

| Expenditure/country | England | Wales | Scotland | Northern Ireland | UK |
|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s |
| Total estimated LA expenditure on voluntary sector | 663 | 27 | 99 | 4 | 794 |
| LA current expenditure | 44809 | 2800 | 5411 | 127 | 53145 |
| LA total expenditure (current plus capital) | 58981 | 3318 | 6251 | 160 | 58708 |
| Expenditure of voluntary. sector as % of current expenditure | 1.5 | 1.0 | 1.8 | 3.3 | 1.5 |

*Source*: Kendall and 6 (1994).

definition consistent with that used in table 4.2).

*Wales*

Local authority financial support for the voluntary sector in Wales has traditionally been low compared to the rest of the UK. In 1991/92 only 1 per cent of total Welsh local authority current expenditure was allocated to the voluntary sector, compared with 1.5 per cent for England and for the UK as a whole (table 4.3). Spending by local authorities in Wales appears to have typically been around half the equivalent figure for England, although this had increased somewhat by 1991/92. We should treat such comparisons with caution because the huge variation in spending patterns *within* England limits their usefulness. However, the Wales Council for Voluntary Action (WCVA) has been quick to argue that the sector has suffered from 'historic under-funding' in that country. This can be partly explained by ideology: the relative predominance, until relatively recently, of authorities in what we have referred to, following Taylor and Lansley (1992), as the 'welfare statist' mould. One of our interviewees

commented in 1991:

> You have some very statist local authorities who have ... a total grasp of power of the area and a very monolithic approach to life. Meaning that, if a service is worth running or something's worth doing, then the council [local authority] should do it and if it's not, then it's not worth spending money on anyway ... It might take you five years to convince any Welsh authority to fund something.

In the early 1980s, this attitude was evidenced both by relatively low levels of direct funding and a tendency for local authorities to use UP funds to support their own directly-run projects, rather than voluntary projects. Following WCVA lobbying, the Welsh Office issued circulars in the mid-1980s urging local authorities to reprioritise their submissions in favour of the voluntary sector, and mandating consultation (Williams, 1984). Yet despite Welsh local authorities' apparent general lack of ideological empathy with the voluntary sector, they still allocated £27 million to the sector in 1991/92 (table 4.3). For example, the traditional, established UK child care voluntary sector provides extensive services under contract to Welsh local authorities, fulfilling an important role as specialists and innovators in that field. The relative importance of contracting will, of course, further increase, as Welsh Social Services Departments, like the English counterparts, respond to the provisions of the 1990 legislative reforms described above.

Although responsible for allocating only one-quarter of statutory support in the form of direct grants (just under one-third if the UP is included), the Welsh Office dominated voluntary-statutory sector relations during the 1980s and early 1990s. It also provided a single focus in Wales in a way not matched in England (where we have seen that the Voluntary Services Unit of the Home Office is politically weak). A relationship emerged between the Welsh Office, the WCVA, and the 150 or so organisations

in receipt of significant direct funding, described variously as 'symbiotic', 'close' and 'cosy'. Close personal relationships, including overlapping committee membership, developed between Welsh Office staff and the larger voluntary organisations, with local authorities and other voluntary groups effectively often excluded from the evolving cliques.

*Scotland*

Voluntary organisations in Scotland, as in Wales, have operated in different cultural, historical and political contexts from their 'typical' English counterparts, but, unlike Wales, there is also a separate legal system (see Kendall and Knapp, 1996, chapter 3). Most Scottish local authorities were controlled by the Labour Party or Scottish National Party, but, unlike Wales, local authority expenditure on the voluntary sector as a proportion of total expenditure is significantly *higher* than the UK national average (table 4.3). This may be linked to Scotland's strong tradition of encouragement for voluntary community development initiatives and 'grass-roots' organisations. Many organisations have owed their existence to local authority funding, and have long been heavily reliant upon this source. Local government reorganisation in the 1990s raises similar concerns for such organisations to those experienced by GLC-funded groups in London in the mid-1980s.

One particularly clear distinction from the rest of the UK emerges from considering patterns of overall statutory funding in Scotland. The UP has been particularly important in Scotland, accounting for around one-quarter of the sector's statutory income. This may have reflected a combination of local authority enthusiasm for voluntary projects, and the provision of incentives by central government in favour of this sector over

schemes directly run by local authorities.

In terms of the provision of direct grants to the sector, the Scottish Office's contribution has been relatively small. In fact, relations between the Scottish Office and voluntary organisations in Scotland were not well developed during the 1980s, although this situation seems set to improve with the establishment of a 'voluntary sector branch' in the Scottish Office in the early 1990s.

*Northern Ireland*

The civil disturbances in, and unique political culture of, Northern Ireland have added a further sharply contrasting dimension within the UK (Oliver, 1992). As in Scotland, there is no Charity Commission to frame the regulatory environment (see Thomas and Kendall, 1996). Because of perceived sectarian abuse of local government powers, responsibility for the key human services has operated under central government auspices since 1972, administered by the local civil service but directly accountable to the UK government at Westminster. Some three-quarters of statutory funding for the sector originates from central government, making the latter uniquely powerful in Northern Ireland in comparison with the rest of the UK.

Oliver has identified nine contextual features which differentiated the sector in Northern Ireland in the early 1990s from the rest of the UK and the Republic of Ireland. *Inter alia*, these included: constitutional uncertainty; the 'troubles' and sectarian violence; long-term and systematic deprivation, resulting in a mood of 'both bitterness and resignation'; the suspension of civil rights, providing both an issue for and restriction on the sector; and the use of Northern Ireland as a test-bed for British

legislation: rubber and plastic bullets, and political vetoing of recipients of government grant aid have all been 'pioneered' in Northern Ireland. These features created a dynamic unique to the province, in which Oliver argues that a stultified state and atmosphere of stalemate led to a vacuum in which the 'community development' wing of the sector in particular was able to flourish, seeking to foster non-partisan tolerance and mutual understanding (although prejudice and polarisation also found expression under traditional sectarian voluntary organisation auspices). The last two of Oliver's contextual features provided catalysts for the formation of single-issue civil rights groups probably unique in the UK to Northern Ireland. Many of these operated under the umbrella of the Committee on the Administration of Justice (CAJ), disseminating information and campaigning for change on such issues as plastic bullets, prisoners' rights and road closures in border areas (personal communication, 1994). Finally, the relationship between the Northern Ireland Office and the sector's national intermediary, the Northern Ireland Council for Voluntary Action (NICVA), compared favourably with the other countries. In particular, the Northern Ireland Office was responsive to NICVA's concern to include community development as a key part of the agenda in the development of central government-voluntary relations, in a manner not seen in other parts of the UK. One tangible outcome was a document, published in 1993, discussing community development strategies at some length (Northern Ireland Office, 1993).

### 4.6 Conclusion

While the rhetoric of 'partnership' between the state and the voluntary sector in the early 1990s represented a strand of continuity with the 1970s

and 1980s, many aspects of the general ideological climate in which voluntary organisations operated changed during the course of the latter decade. This change in climate probably resulted from a combination of the influence of Thatcherism specific to the UK, as well as the wider 'administrative megatrends' associated with the internationally felt rise of 'New Public Management' ideas and the impact of world recessionary pressures. Whatever the ultimate source, by the 1990s, the shift had led to a change in the configuration of power within the 'partnership' between the state and the voluntary sector which the Wolfenden Committee had failed to anticipate. Driven at least in part by a commitment to new right ideology, central government had acquired new powers, local authorities were the target of sustained criticism and were subjected to new constraints from the centre, and trade unions were successfully marginalised. These changes were pushed through by a government often appearing to pride itself on its abrasive and *dirigiste* style (Marsh and Rhodes, 1992; and see Letwin, 1992). Voluntary organisations, like other actors in the policy process, were often on the receiving end. The sector also found itself operating in an increasingly competitive environment, and in fact lost 'market share' to the private sector in fields as different as training for unemployed people, urban development and residential care for elderly people.

In reviewing relationships between the state and the voluntary sector, we have sought to capture some of the diversity that has characterised recent developments. A fascinating mix of interrelated ideological, political, social and economic factors was at play. It is clearly important to get beneath the ample rhetoric of 'partnership' to develop an understanding of how the voluntary sector has actually experienced links with government.

This is not to discount the symbolic function of rhetorical support, which has undoubtedly grown, for it helps to confer the legitimacy that is important in getting the sector onto the agenda as a recognisable and identifiable 'island of meaning' (Zerubavel, 1991). For political parties, attempts to project an image of a coherent and consistent position towards a 'voluntary sector' may also be an important tactical campaigning weapon (Kendall and 6, 1994), and may resonate nicely with ideological themes.

Yet our survey of the major funding programmes of central government suggests that – unsurprisingly, perhaps – the generalised rhetoric of 'partnership' should certainly not be taken at face value. A fuller understanding of the recent relationship between government and the voluntary sector needs to deconstruct both, and deal with the particular political, economic and social circumstances that apply at the level of field of activity or policy community. There is no single over-arching explanation for state support, whether it is from central or local government. As far as *central* government is concerned, the provision of resources in the two largest programmes appears to have been motivated by different mixes of factors. In housing, the perceived ability to innovate and the opportunity to secure added value through the contribution of volunteer management committees appears to have been important. But the decision to invest so heavily in the sector has not been made in an ideological vacuum. The voluntary sector provided central government with the means to disempower local authorities in the housing field, and to broaden its own ambit of influence through the development of a tight regulatory regime.

In the case of special employment measures, important reasons for funding the voluntary sector have included perceived cost-effectiveness and specialist expertise. In addition, the German political scientist Wolfgang

Seibel's characterisation of the sector as a 'shunting yard' for 'unsolvable' social problems (cf. chapter 1) appears to have particular relevance here (although, of course, those of a more optimistic Keynesian persuasion would take issue with the argument that unemployment fell into this category). It would certainly be naive to interpret the government's motivation for injecting huge sums of money into this area in the early and mid-1980s as independent of political advertising or 'statecraft'. The relative importance of this motive is suggested by the speed with which the government was prepared to withdraw financial support in the late 1980s and early 1990s or switch it to the public sector as the political and economic climate changed, in spite of the insistence of many voluntary organisations that the need for their contribution remained. This experience, together with the problems created by the withdrawal of Urban Programme funds, created considerable resentment and cynicism among many voluntary organisations. It also suggests that, in these particular fields, voluntary organisations remained very much at the behest of government, to the extent that the 'partnership' label appears at best an innocuous distraction and at worst dangerously misleading. By contrast, for much of the 1980s at least, the major international aid charities appear to have been far better positioned to develop what, from their point of view, was a far more balanced relationship with central government. It is apposite to remember, however, that funding security for the 'big 5' in the international aid field meant limited access to public funds for other organisations. A similar point could be made about the clique of centrally funded bodies in Wales. Any procedure for allocating public funds which does not allow alternative providers the opportunity to bid will always be vulnerable to accusations of patronage, clientelism and restrictive practices from free market

enthusiasts (6, 1996).

As far as *local government* has been concerned, despite fiscal constraints from central government, local authorities did manage to protect and nurture a diverse – albeit patchy – tradition of both 'grant' and 'contract' funding in the 1980s. However, a widespread feeling current in the early 1990s was that the diversity of funding that existed in the 1980s would be increasingly hard to sustain moving into the late 1990s. In a climate of fiscal uncertainty – aggravated by moves to restructure local government – attempts by local government and voluntary bodies to plan and develop long-term strategies could, it was feared, be undermined. There were very real concerns that grant funding which we have seen has mostly come from local, not central government – might be regarded as a 'soft target' in times of fiscal retrenchment. Moreover, organisations that had succeeded in securing contracts for service delivery in the field witnessing most expansion – social care – often felt threatened by purchasers' monopsony power, and the increasingly competitive environment (Kendall and Knapp, 1996, chapter 7).

On the other hand, Wilson and Game have been more optimistic, arguing that the extant infrastructure of support for voluntary organisations 'will not be easily dismantled: It has a dynamism and strength of its own' (1994, p.292). Moreover, early survey evidence from both Hedley and Davis Smith (1994) and Richardson (1995) has suggested that many organisations securing contracts now feel more, not less, secure than before in their financial relations with local authorities despite the current financial turbulence. Until further research into local authority funding trends is undertaken, we do not know the extent to which extensive infrastructural and grant support, or contracts sympathetic to voluntary providers' needs,

have survived the current maelstrom of change.

However, it should be recognised that, while the sheer volume of resources at stake mean that the community care reforms currently underway represent a radical new policy development, tensions between the state and the voluntary sector were also an important feature of the sector's development during the 1980s, as we have described in this chapter. According to Batsleer and Paton (1993), who remind us of the extensiveness of relations with the state under training schemes and the Urban Programme, the new emphasis on contracts in social care 'may throw the issues of autonomy and dependence in statutory-voluntary relations into sharp focus, but they are certainly not *new* issues'. In fact, as we noted in chapter 1, close relations with the state have an even longer pedigree, and this has been most obviously manifested in the field of education. It is to this field that we turn in the next chapter.

## Notes

1 The (legitimately) polemical style of some of the UK writing in this field has strengths and weaknesses compared to the drier North American academic analyses, dominated by economists, whose paradigms have come to dominate the international research scene in recent years (cf. chapter 1; Evers, 1993, 1995).

2 'New left' and then 'new right' structural critiques were important *undercurrents* throughout the 1960s and the early 1970s (Holmwood, 1993). References to a welfare state 'crisis' were beginning to call existing assumptions and institutional arrangements into question, portraying the state as inappropriately 'paternalistic', and marshalling evidence that major problems of poverty, need and social exclusion persisted. Many on the left and right alike railed against the sense of 'dependency' supposedly induced by reliance on 'bureaucracy', often uncritically equated with the 'grey uniformity' of state provision. Yet radical critiques of this sort made relatively little impact on the political mainstream and the approach taken by national governments up until the late 1970s, when the ideas of the new right in particular were to come to prominence.

3 No mention was made in the report of voluntary providers' continued major presence in education (see chapter 5) – as these institutions were ruled out under the Committee's narrow working definition.

4 These trends *exclude* large elements of public funding of the broad voluntary sector, most importantly the financing of universities and maintained voluntary schools. The figures also exclude funding provided by arts quangos and the National Health Service, for which data are available for some years only. It should be noted that

whereas the former funding is excluded under the narrow definition identified in chapter 1 and deployed in chapter 4, the latter is included, and represented the major components of central government funding of culture and arts, and health, in 1990.

5 In our explorations of the available data on housing associations, we came across a very large difference between the amount actually received by housing associations in housing association grant (HAG) according to the Housing Corporation data which we used to map the sectors in 1990 (see chapter 2); and the year-on-year data reported in *Hansard* which underpin figure 4.1. This is thought to be primarily because the latter figures include funds committed over several years but not actually spent ('forecast approvals'), and possibly also private matching funding for the HAG. This finance is excluded from the government funding figures in chapter 2.

6 The Housing Corporation operates in England; Wales and Scotland have their own housing quangos, Housing for Wales and Scottish Homes, while the movement's funding in Northern Ireland is administered by the Department of the Environment in that country.

7 The Manpower Services Commission (MSC), delivering the Community Programme and Youth Opportunity Programme, was the first agency to channel public finance towards the sector, and presided over the major expansion of government funding in the early 1980s. It evolved into the Training Commission, and then the Training Agency, delivering renamed Employment Training and Youth Training, which aimed to give more emphasis to training for re-entry into the labour market, rather than simply creating jobs *per se*. The new network of Training and Enterprise Councils (TECs) (Local Enterprise Councils in Scotland) took over responsibility in the early 1990s. Other state agencies also providing funding in this field, but on a much smaller scale, included direct funding from central government departments and local authorities (Clark, 1991, p.57).

8 Data are not available after 1990/91, when a network of 82 TECs were established in England and Wales by government (see below). These are not required to furnish details of their expenditure on the voluntary sector to government.

9 Clark has suggested that the second reaction was most common: 'In community work and in the voluntary sector doubts have been raised about the political desirability and practical wisdom of accepting these relatively massive inputs from government ... Yet despite these doubts the usual pattern has been to protest somewhat feebly about undesirable aspects of the schemes and then take the money' (1991, p.47). However, the nature of the evidence that leads Clark to conclude this reaction was 'usual' is not clear.

10 An interviewee from one of the largest national training providers, described how 'initially we welcomed [the introduction of TECs] for a number of reasons. One that there had been such a love of bureaucracy and lack of response to local needs previously that we thought it *had* to be better, and also we were concerned about the training for people with special needs ... we thought and hoped a more locally based structure would be able to be more flexible about that ... I think that it is true to say that we have been disappointed in virtually all these areas. It is certainly true that funding and commitment to training people in need is diminishing, and the administration of it all is increasing the whole time. It is difficult to work out what the added value of TECs is from our point of view, and then there's the accountability issue. At least there was some form of accountability before, whereas now that accountability appears to be disappearing, and we're very worried about that. Increasingly contracting arrangements are becoming much more authoritarian, they're demanding more the whole time which is making it quite difficult to operate, so I think we are fairly disappointed how TECs have turned out.'

11 While the figures in chapter 2 show that the 'international activities' field received 41.5 per cent of its revenue from private giving, 39.5 per cent of income from government, and 24.3 per cent in earned income, as already noted there, these

figures are distorted by the inclusion of the British Council. This was included in this ICNPO category as a charitable body promoting international friendship and exchange in accordance with that system's conventions. If this is excluded from the data – with the remaining bodies typically concerned with development and relief, as described in the text – private giving emerges as the largest single source of support by a far greater margin.

12 The figures below do not include central government's 75 per cent contribution to revenue costs and 100 per cent contribution to capital costs in those local authorities which received Urban Programme funds (see above).

13 Problems of non-response bias mean that we should probably not set too much stall by year-on-year changes but, taken as a whole, the evidence does suggest considerable growth. It should also be noted that National Council for Voluntary Organisations surveys in England in the early 1990s appeared to show that local authority funding across the country was actually falling (Mabbott, 1992b, 1993). However, the methodology of these surveys is open to considerable doubt and the sample sizes were small. While there are problems with the CAF survey, it still remains the best source of information available on local authority funding as a whole, although separate information is also available from statutory sources on funding by Social Services Departments and Local Education Authorities which we used in the snapshot mapping for 1990 described in chapter 2.

14 If funding of maintained voluntary schools were included, the figure would be closer to 8 per cent.

15 There were two exceptions. First, education, where the voluntary sector maintained an important role discussed in the next chapter, but which was excluded by definition from the Wolfenden report's enquiries; and residential care, particularly for elderly people, where the private sector expanded rapidly during the 1980s in response to the availability of income support payments from *central* government, as already noted above; see Kendall and Knapp, 1996, pp.211-17.

16 The rest of this section draws heavily on Kendall and Knapp, 1996, pp.228-35, which includes detailed references in support of the arguments made here.

17 Outside England, the territorial ministries – the Scottish Office, Welsh Office and Northern Ireland Office – take local responsibility for implementing central government policy, sometimes performing some functions of local government. They add a layer of complexity to central-local government relations (Hampton, 1991). As Rhodes (1988, p.143) observes, although these 'cannot be described as the governments of the peripheral nations', as their heads are members of the British Cabinet which leads the British government, they do operate with a significant degree of policy discretion as a result of their access to a variety of legal, organisational, informational and political resources. However, it also needs to be emphasised that they remain 'a constituent unit of [UK] central government', and it has been shown that 'concurrent policies' account for the overwhelming bulk of public expenditure and employment (Rose, 1982, cited in Rhodes, 1988).

# Chapter 5
# EDUCATION

## 5.1 Introduction

In chapter 2, it was noted that the largest single field of broad voluntary sector activity in the UK is education and research. Furthermore, it is also clear that *within* the 'mixed economy' of educational provision, the sector has a highly signficant presence – accounting for practically all higher educational provision, and more than one in five of all pupils in primary and secondary education (see table 2.8). However, in chapter 3 it was stressed that the schools and universities that account for the bulk of this activity are usually not considered to be part of the 'voluntary sector' in the taken-for-granted usage of that term.

This chapter explores in some detail the development of the subfield of primary and secondary education.[1] Other than its economic significance, there are at least three reasons why this area merits particular attention. First, there is a rich tradition of research evidence on which to draw, although scholars working in this area have tended not to see themselves as part of the voluntary sector 'research community' for the reasons we have described. This research has been uneven, however, with huge amounts of research effort devoted to a subset of fee paying schools – the so-called 'public schools' – in spite of the fact that they have accounted for only 2 per cent of all pupils, and just under one tenth of all voluntary sector pupils, in recent years (this terminology has emerged historically, as described below). This reflects researchers' preoccupation with their traditional role as educators of the élite or governing classes of British society. Second, unlike many other fields, there is a good deal of reliable

evidence as to how the sector's 'market share' has changed over time. As we describe below, it is possible to chart with considerable accuracy over a long period the comparative contribution of the voluntary sector within the context of the 'mixed economy' of education. Third, and probably uniquely, it is possible to describe in this area not only how the sector has faired overall, but to disaggregate its component parts. This allows us to identify more clearly than in any other field the sources and relative contributions of nonprofit entrepreneurship, and in particular demonstrate the role played by religion. As we have shown in section 1.5 and chapter 3 in broad terms, this appears, historically and currently, to be a central ingredient in understanding the development of the UK voluntary sector, as anticipated in the international non-profit sector literature.

The chapter takes a long term, historical perspective. There are two main reasons for this. First, while a considerable amount of research has been undertaken on the sector's role in other fields in recent years including the areas discussed in the previous chapter, modern research on schools *qua* voluntary bodies has been relatively thin on the ground. In particular, there is no equivalent literature of which the author is aware to that burgeoning body of evidence, drawn on in Kendall and Knapp (1996, chapter 7) which describes and analyses the effects of recent quasi-market reforms on voluntary sector providers as such in this field. Second, if there is a single industry where a case can be made that the legacy of history weighs particularly heavily, then it is undoubtedly the education field. For one thing, many schools operating today have their origins in the eighteenth and nineteenth centuries and before. For another, much of the relationship between the church and state to this day continues to be

paramaterised at least in part by legislation dating to the first half of the twentieth century, although, as we shall see, there has been a dramatic shift in the balance of power *within* the state as the result of the late 1980s quasi-market reform programme. As North has commented, 'History matters ... not just because we can learn from the past, but because the present and the future are connected to the past by the continuity of society's institutions. Today's and tomorrow's choices are shaped by the past' (1990, p.vii).

## 5.2 Historical development: medieval origins to the nineteenth century

In the education field, a number of institutions still operating today can claim origins stretching back well into medieval times. Prominent examples include the King's School, Canterbury, which has some claim to being the oldest school in the country and even the world. Co-founded as part of St Augustine's mission to England in 597, it was acting as model for other schools by the late 7th century (Maltby, 1993). Winchester and Eton colleges – prominent 'public schools' (see discussion of the nineteenth century below) – were established several centuries later in the fourteenth and fifteenth centuries respectively.

Yet these high-profile institutions were by no means isolated examples of medieval educational endeavour. As early as the second half of the 13th century, elementary and grammar school education was being provided in 60 places in England under both secular and Church auspices (Hibbert, 1987). By the fifteenth century, there were between 300 and 400 grammar schools in England. New schools were often established by successful local entrepreneurs and relied on endowment income to support 'free' provision, or provision for poor students for whose education they were

specifically founded. Yet even when it was private benefactors rather than the church which founded schools, the latter's influence was pervasive, reflecting the penetration of religious thinking as an animating impulse deeply ingrained in medieval belief systems. Gay maintains that the church effectively 'retained an absolute control of education', manifested in practical terms through control of the licensing of teachers – and most teachers were clergymen (1985, p.5).

The Church of England was to remain hegemonic well beyond the medieval era, reflecting its constitutionally prescribed role as the state religion. It exercised control over the teaching profession until the eighteenth century, when restrictions on dissenters' rights to teach were first relaxed and then repealed (Smelser, 1991). 'Free places' in these schools were often only provided for the poor on the condition that they were members of the Church of England (Gay, 1985). In practice, they were usually not limited to providing 'free' education to those of limited means. Hibbert (1987) suggests that, as with medieval foundations, many of these schools actually charged at least nominal fees, and some had complex pricing regimes linked to the social status of parents. By the end of the sixteenth century, there was evidence that the most famous institutions, including Eton and Winchester, were predominantly catering for the relatively wealthy, despite the spirit of their founding constitutions (Moffat, 1989).

While the state Church dominated the educational scene, it did not have a complete monopoly. For example, 30 'dissenting academies' founded by puritan clergy dispelled from the church were operating by the end of the sixteenth century, and 15 Quaker boarding schools had been established by 1671 (Hibbert, 1987). In the early part of the century, these schools struggled to operate both because of the general legal restrictions on

non-Anglican charities that existed at the time (see section 1.5), and the Anglican Church's control of the teaching professions (Gay, 1985; Smelser, 1991). As the restrictions on dissenters were lifted, non-Anglican provision in the form of schools run by dissenters expanded, while Catholics, by contrast, were still forbidden from providing their own institutions, so that tuition for this community was provided in secret, or abroad (Norman, 1985). By the late eighteenth century many middle-class Anglican parents had joined their dissenting peers in sending their children to institutions run by dissenters, which were able to expand in the more tolerant political environment that had emerged. Although dissenters still only accounted for a small minority of the population, they were to make a disproportionate impact in the educational world, since their establishments had apparent advantages over many of the traditional endowed Anglican grammar schools in terms of cost, curricula, respectability and discipline (Sutherland, 1990).

Yet while many in the middle class had begun to seek a different style of secondary education, an élite group of nine Anglican foundations (including Eton and Winchester) now stood out as providers of schooling for the very highest echelons of society. Although true to the wishes of their founders in concentrating on the provision of an Anglican, classically-based education, their constitutional commitments to educate the local poor were widely ignored, and most had developed into boarding schools attended predominantly by the wealthy from all over the country (Moffat, 1989).

The largest area of actual growth in the charitable sector in the eighteenth century occurred through the innovation of collective support by the middle classes for schooling targeted purely on the working classes (Owen, 1964). This associative philanthropy, given institutional expression

first through the charity school and then the Sunday school movement, tended not to rely on individual endowments (although this was an important resource for some schools), but rather on the collective contributions of the thousands of subscribers who made up the membership of local committees. The anti-Catholicism that pervaded society at this time was not only manifested in the continued restrictions on their ability to provide their own education that we have outlined. The charity school movement itself has been characterised in the leading account of English philanthropy as a response by the Anglican and dissenting middle classes to the perceived threat posed by irreligion and Catholicism to the existing social order (Owen, 1964, p.24). The schools were to be 'pious nurseries of godly discipline', combating improvidence and irreligion through the inculcation of appropriate Protestant moral attitudes. The movement was given particular impetus by the establishment of the Society for the Promotion of Christian Knowledge (SPCK) in 1699, comprising an 'effective fusion of bishops, lower clergy and laity' (ibid., p.23). By 1729, 1,419 charity schools were providing for over 22,000 pupils in England alone (the movement also had an impact in other parts of the UK). However, the schools never achieved universal coverage. Although the SPCK gave the movement a national focus, the schools themselves were essentially local in character, and their foundation and operation were largely dependent upon the availability of local middle-class leadership and patronage, as well as a ready supply of local teaching staff.

The Sunday school movement was the other major example of eighteenth century associative philanthropy, emerging towards the end of the century and mushrooming well into the next. Like the charity school movement, these schools had narrow curricula by modern standards, concentrating on

religious instruction and reading. They also had a national intermediary body, the Sunday School Society, run as an ecumenical venture with board membership split evenly between Anglicans and Nonconformists. By the middle of the nineteenth century, 23,135 schools were educating over two million children: three-quarters of all working-class children aged between five and fifteen (Brown, 1991a).

While educational provision was structured by, and served to exaggerate, status distinctions prior to the industrial revolution, as the latter gathered momentum during the early nineteenth century this became more clearly the case than ever before. While status distinctions are important in all societies, sociologist Neil Smelser has commented that education in nineteenth century British society is of particular interest because

> education [was] probably as finely and self-consciously differentiated by social class as [it] has been at any other time or place...the idea of class hierarchy was – and has been, and is – central as a primordial principle and organising basis in British society (Smelser, 1991, p.2).

As 'primordial dimensions', both class and religion can be regarded, not as the 'sole determinants' of the structure of education, but as 'constitut[ing] 'givens' within which Britain's educational system evolved'. The notion of primordiality seeks to convey the idea of their essentiality within dominant systems of belief, and the subsequent deployment as organising concepts within that society; they acted as 'fundamental cultural values or beliefs that [were] the first premises for organising and legitimising institutions, roles and behaviour' (ibid., p.39).

By the middle of the Victorian era, the 'fact' of status differentiation in schooling was so taken for granted that it was formalised in the agendas of the various education commissions. The investigation of each was focused on the education of a specific social class or classes. This was

also very much a 'mixed economy' of education, to use current jargon, and one in which the voluntary and private sectors were the major players. The only direct state provision prior to the introduction of board schools under the 1870 Education Act (see below) was in workhouse schools for paupers. 'Dame schools', for example, were effectively private sector entities (small for-profit businesses run by women) operated alongside charitable sector day schools in providing for the working classes. Below, we consider developments in voluntary sector provision for the working classes, before looking at its role in school education for middle and upper classes.

*Nineteenth century provision for the working classes*

Into the early nineteenth century, the existing provision of working-class education in charity and Sunday schools was supplemented and then gradually superseded by full-time day schools.[2] Significantly, education was the first field of voluntary sector endeavour to attract large-scale inputs of state funding, and it was this particular set of institutions which was the primary beneficiary of governmental largesse.[3] However, the path to the partnership between central state, local state and voluntary sector in elementary educational provision which was to be given legislative force by the 1902 Education Act was halting, ideologically fraught, politically highly charged and extremely complex.

It was halting in the sense that Britain was relatively slow compared to other countries in Europe, and to the US, in establishing universal tax-funded compulsory education. And it was fraught and complex because it involved conflict and compromise between the state, the state church, the various Protestant Nonconformist groupings and the Roman Catholic

Church. All the denominations saw elementary education as a fundamental component of their wider strategies for preserving or enhancing their own influence within society, and plans for educational expansion often emerged as a direct and explicit response to the activities of rivals. Commentaries on this period are replete with references to antagonism, bitterness and squabbling between the various denominations and the state, and disputes over education tended to 'spill over' from the vexed religious controversies that dominated political debate at the time (Smith, 1936; Sutherland, 1990; Smelser, 1991; Pugh, 1993).

The most significant development at the start of the century was the foundation of two national organisations, the British and Foreign School Society (BFSS, in 1811) and the National Society for Promoting the Education of the Poor in the Principles of the Established Church (in 1814). Like the national bodies of the previous century, they existed to provide 'stimulation and assistance' to schools, which in turn relied on a ready supply of local middle-class enthusiasts for most of their sponsorship. Both viewed moral and religious education as at the core of their curriculum, although with different emphases (Francis, 1993).

These networks initially grew entirely independently of any financial support from public funds. However, despite this apparent success, by the second quarter of the century the case for a more proactive state was being promoted by reformist individuals and pressure groups across the religious divide. *Inter alia*, surveys of provision in the north west of England appeared to show that the combined efforts of the voluntary and private sectors had left large swathes of the working class entirely untouched or with wholly inadequate provision (as measured by the surveyors' own standards). These arguments were bolstered with opinions among many

middle-class commentators that the *status quo* in the UK was characterised by underinvestment in human capital, and that efficiency gains would result from public funding, following the example of foreign governments (Smith, 1936). Many of the arguments, in modern terminology, amount to contemporaries' recognition of the pervasiveness of 'voluntary failures' – especially philanthropic particularism and insufficiency (cf. Salamon, 1987; see chapter 1).

However, there was by no means consensus on this issue. Some saw any education as a dangerous enterprise likely to destabilise society, echoing critics of eighteenth century charity schools. Across the denominational divide, many still felt that the state had no business in 'interfering' with the 'moral and religious matter' of education; Nonconformists in particular were often dedicated 'voluntaryists', adhering to the doctrine of *laissez-faire* in education as in other areas of social policy (cf. section 1.5). They feared that state funding would inevitably be used to perpetuate the existing strength of the state church in education.

The net result of these pressures for continuity and change, played out within and outside Parliament, was a rather timid initial contribution of just £20,000 by the state in 1833. Moreover, funds were initially provided purely in support of the two existing societies, came with very few strings attached, and involved no attempt to rectify the insufficiency and particularism which characterised the existing pattern of supply. If anything, the scheme made matters worse, since support was provided 'in aid of private subscriptions' (what today would be described as 'matching funding' for capital projects). The result was that the National Society accessed four-fifths of the available funding – a *de facto* favouring of Anglican provision which appeared to confirm Nonconformist voluntaryists'

reservations. The latter were further aggravated by Anglicans' success in blocking reform in 1839, when the established church exploited its bishops' votes in the House of Lords to frustrate legislation that had passed through the House of Commons successfully (Gash, 1965).

This was, however, to prove a relatively short-lived victory for reactionary Anglicanism. A central government body with responsibility for national education was established, which succeeded in reforming the existing system through initiating the principle of inspection in publicly-funded schools; introducing measures to rationalise the grant-making system; and negotiated access to state funds for an enlarged grouping of denominational coordinating bodies, including those representing Methodists and Catholics. The inspectorate was to occupy an extremely powerful position in the late nineteenth century with the introduction of an incentive payment scheme, in which schools were partly funded according to the rate at which their pupils were able to pass exams set by the inspectorate itself. Yet the availability of these funds from the state, albeit on these apparently harsh terms, was critical in enabling the denominations to sustain their expansive school systems.

During the early nineteenth century, the country underwent the transition from a Confessional state characterised by Anglican hegemony to pluralist denominationalism (Brown, 1991b). Connected with this trend was the opening up of access to political office to non-Anglicans (although the Anglican Church was to remain the 'established church' in England, and has retained certain constitutional privileges to this day, including its representation in the House of Lords). With the state now less obviously purely the instrument of the Anglican establishment, the way was clear, particularly in the eyes of Nonconformists, for the promotion of a proactive

state as a force for the national good. Furthermore, the widening of the electoral franchise was seen as requiring that all voters be appropriately educated (Thane, 1982); human capital or 'nation-building' arguments were restated with renewed vigour in the face of foreign competition; and in this context the official Newcastle Commission, published in 1861, reiterated the problem of 'areas of educational destitution', directing attention to the existence of geographical unevenness once again. Legislation designed to address this problem finally came into force with the 1870 Education Act. Gladstone's Liberal government guaranteed continued central government funding for voluntary schools, but also allowed for the creation of schools run on a statutory basis by boards controlled by central government. These schools, the first to be fully controlled by the public sector in mainstream provision, were to be funded by both central and local government (through local taxation) in order to fill the gaps where existing voluntary provision was insufficient, thus ensuring universal coverage.[4]

A final shift to the 'dual system' – involving not only central government and the main churches, but a leading role for elected local government – took place with the 1902 Education Act of Balfour's Conservative administration. Voluntary schools retained considerable autonomy, but also accepted increased influence from the new local authorities, with one-third of schools' managers (i.e. governors) now to be local education authority (LEA) appointees. The remaining two-thirds, 'foundation managers', were to continue to be appointed in accordance with the founding trust. In return for accepting local state representation, schools received a significant boost in funding. Local government, supported by a population- and attendance-based specific grant from central government, was to finance voluntary schools' running costs in full. The specific aim was to make

up the quality deficit which appeared to have emerged between the new gapfilling local authority schools and voluntary schools since the 1870 Act (Thane, 1982).

Yet again, reform was to create intense denominational squabbles and bitterness, this time between Anglicans and the Catholics on the one hand, and Nonconformists on the other. In the late nineteenth century, the Catholic community had rapidly built up its own extensive network of schools with the support of the central government grant programme, and Anglican and Catholic schools now dominated voluntary provision. Many Nonconformists objected vehemently to 'subsidising' these schools through taxation 'on the grounds that public funds, in meeting so preponderant a part in the financing of voluntary schools, were in effect being used to subsidise the propagation of the dogmas of particular churches' (Cmd 6458, 1943). While the children of Nonconformists who had no choice but to attend an Anglican or Catholic school because they were in 'single school areas' were legally entitled to opt out of religious education and corporate worship, teaching staff were still typically required to be members of the relevant denomination, and the law effectively allowed schools to cultivate a denominational ethos.

### *Nineteenth century middle- and upper-class education*

With the growth of denominationalism, the nineteenth century also witnessed a proliferation of non-Anglican schools for the middle classes, including those linked to other faith groups (most conspicuously, the expanding Catholic and Methodist Churches), as well as schools run on secular lines. Yet while the Anglican Church may have lost considerable influence during the course of the 1800s in society as a whole, it was to remain

the dominant religion for the elite, and this had implications for the education system. The nine 'classical public' schools continued to operate, as in the eighteenth century, as providers of very expensive – predominantly boarding – Anglican education for upper-class clienteles, and the endowed (also primarily Anglican) 'grammar schools' established in previous eras provided education for the local middle classes.

A major nineteenth century development in education was the foundation of a new generation of schools, partly modelled on the prestigious elitist Anglican foundations. In many of these schools a combination of high fees and social selectivity aimed to sustain schools' reputations for exclusiveness, thus ensuring parents got the 'product' they required. As far as the new Anglican foundations for the middle class were concerned, there was no equivalent to the National Society and its coordinating role in educating the poor. The Anglican schools catering primarily for the middle and upper classes were not formally linked to the church's infrastructure in any way (Gay, 1985, p.22); instead, individual moral entrepreneurs (cf. section 1.5), or groups of like-minded individuals with strongly-held Anglican convictions, tended to act autonomously in founding and running individual schools, or attempting to develop networks of schools. A particularly prominent example in boys' education was Nathaniel Woodard, who saw his schools as principled responses to the ongoing structural changes in British society (see box 5.1). Woodard and others sought to bolster the strength of their own particular strand of Anglicanism and saw control of middle-class education as at least as important as control of education for the working class.

While state intervention in schooling for the working classes had taken the form of increasingly specific grant support, its interest in middle-class

***Box 5.1 Nathaniel Woodard, a nineteenth century 'moral entrepreneur' in middle-class charitable education***

Nathaniel Woodard, an Anglo-Catholic, had the extremely ambitious plan of establishing nationally a 'triple hierarchy' of schools, with each layer corresponding to a tier of the middle class to supplement the existing provision for upper-class Anglicans historically provided by Eton, Winchester and Harrow in particular. Rhetorically, the explicit objective was to 'get possession of the Middle Classes, especially the lower section of them' (cited in Bamford, 1967, p.30), fashioning his pupils into 'instruments of national salvation'. The ongoing forces of change associated with the Industrial Revolution were seen as potentially catastrophic, particularly the perceived secularisation of society. His antidote – Anglican regeneration in the high church mould – was to be achieved via his pupils. These would become 'cells of influence' within the increasingly powerful middle classes. In reality, Woodard was rather more pragmatic, accepting and tolerating pupils from other traditions into his schools, although catechism-based religious education occupied a central part of the curriculum, and high church ritual and even confession all featured in his schools.

provision was initially purely regulatory. The Endowed Schools Act of 1869 was significant in pioneering large-scale state regulatory intervention in the charitable field where this was deemed to be 'in the national interest'. Extensive powers to 'rationalise' the system so as to create a coherent system of middle-class education were granted to government officials. Broadly, the aim was to encourage schools to so 'modernise' as to meet the perceived demands of particular subcategories of the middle class, if necessary by allowing state appointees to remodel their constitutions. Schools for the upper middle classes (including professionals) were to retain a strong bias towards classical education, while those in the lower middle class were to orient themselves towards modern subjects and the basic education deemed appropriate for tradesmen, farmers and clerks, for example. The 'modernisation' involved a long and drawn-out rolling programme of schemes introduced on a school-by-school basis.

Yet while the 1869 Act and subsequent legislation had been framed

with the hope that a national secondary school system for the middle classes could be moulded merely by regulation and without recourse to public finance, by the end of the century it was widely accepted that this had not been achieved. The successes of the joint attempts by regulators and the voluntary and private schools themselves were acknowledged to be patchy at best, and incomplete in terms of geographical coverage (Sutherland, 1990, p.151). Balfour's 1902 Education Act therefore made secondary education a statutory responsibility, although fees were still charged. As with elementary schooling for the working classes, the purpose was to capitalise on the existing efforts of the voluntary sector, with the state acting primarily in a 'gapfilling capacity' in terms of its own direct provision. Existing secondary schools in the voluntary sector had the option of either remaining entirely independent of state funding (though subject to its regulatory oversight), or receiving local and/or central state funding.

### 5.3 The early to mid-twentieth century

At the start of the twentieth century, the voluntary sector was still the principal provider of primary and secondary education.[5] But by the outbreak of the Second World War, the picture had changed dramatically. Outside of the elite educated in the charitable public and preparatory[6] schools, direct 'gap-filling' provision by the state overtook voluntary sector supply at both the elementary (or primary) and secondary levels in the early years of the twentieth century (Cmd 6548, 1943).

As far as *primary* education was concerned, the pattern of development in the voluntary sector was, however, very different according to denominational auspice. The falling overall contribution of the sector was largely a reflection of the closure of Church of England facilities, or their

transfer to the local state: the number of Anglican schools fell by 25 per cent, from approximately 12,000 to 9,000 between the start of the century and the outbreak of war (Howard, 1987, p.112).

During this period the churches were apparently experiencing increasing financial difficulty in sustaining their school networks (Francis, 1993). While able to rely on local government to fund their current expenditure, schools were struggling to fund the capital and repair programmes which both politicians and civil servants regarded as increasingly urgent. The precise cause of the financial problems is unclear. It can be conjectured that recessionary pressures in the wider economy (most prominently in the early 1930s) and the expansion of the state's tax base would have made their mark through affecting church members' disposable income and thus their ability to give. In the case of Anglicanism and Nonconformity, the ongoing decline in church membership and the fading of Evangelicalism within Protestantism (Obelkewich, 1990) presumably had a major effect. As their membership base contracted, the number of potential Anglican and Nonconformist supporters would have fallen, and the waning of Evangelical enthusiasm among those who continued to adhere to Protestantism may conceivably have affected their willingness to give.

The position of the Catholic Church, was very different in the early part of the twentieth century: their provision actually *increased* from approximately 1,000 to 1,200 schools between 1900 and the outbreak of war. The growth of the Catholic school network was a direct response from the church authorities to the continued expansion of the Catholic working-class population, contrasting sharply with the experience of the Protestant denominations. This was driven primarily by the influx of Irish immigrants into urban locales in the north of England. Norman (1985)

argues that the administrative skills of the clergy leadership were critical in enabling the church to build up this segregated system. Since the mid-nineteenth century the Catholic Church in England, following guidance from Rome, had seen the development of a separate network of schools as an integral part of Catholicism and imperative for ensuring the protection of Catholic identity. This was assumed to be a direct corollary of Catholic social theory, wherein access to Catholic education was regarded as a 'right' of Catholic parents under 'natural law' (Coman, 1977). Schools were controlled by Catholic orders or came under diocesan bishops' trusteeship, with management boards typically chaired by the local parish priest. However, notwithstanding the apparently heroic fundraising programmes of the Catholic community, by the 1930s their contributions, like those of the other denominations, were still proving insufficient to allow them to maintain and modernise their schools along the lines favoured by politicians and civil servants.

*Secondary* education was still only experienced by a minority in society in the early twentieth century. At this level, the expanded 'public' school elite, now numbering somewhere between 30 or 40 (primarily boarding) schools,[7] was socially prominent. These schools remained formally almost completely free of direct state control. The only involvement with the state was the one-off investigation recommended by the 1918 Education Act, but this was a 'timid affair' (Bamford, 1967, p.287) and the schools operated without any regular inspection or regulation. A further noteworthy feature of the inter-war period was the development of a coherent ideological critique of these institutions. The leading social theorist of the Labour movement, R.H. Tawney, set a precedent for the left by criticising the role played by the 'comically misnamed' public schools in perpetuating

inequality, privilege and class antagonism, and advocated their abolition (Thane, 1982).

A major innovation in the early years of the twentieth century was a massive expansion in the physical provision of statefunded secondary day schooling for those outside the privileged elite. At the political level, the growth of the Labour movement was an important force for change, and the widening of educational opportunity for the working classes was a key element of the Labour Party's programme during the 1920s and 1930s. Local education authorities exploited their new powers under the 1902 Balfour Act to build up their own secondary provision (later to become known as 'county' schools), or fund voluntary sector establishments to do likewise. However, most schools (in both sectors) still charged fees, and the middle classes were the main beneficiaries. Working-class access was typically dependent on free or low-cost provision, and this could be secured (in either state or voluntary schools) only through their own academic scholarships, or state subsidy, usually predicated on pupils' abilities to pass competitive scholarship tests.

In 1926, circular 1381 ruled that voluntary schools could receive grant funding either as 'direct grant' schools from central government, or as 'maintained schools' from local government, though not from both tiers. The 'financial difficulties' of many schools meant that this state funding was regarded as a welcome lifeline, although many expressed fears that this would 'compromise their independence' or 'dilute' their social character, which remained a key feature of their 'product' (Smith, 1936). In particular, the fact that support from public funds was contingent on accepting a certain percentage of children who had previously attended a local authority-funded elementary school, and were often from lower-class

backgrounds, was of great concern in some schools.

The 1944 Education Act was benchmark legislation for the school system as a whole, and the place of the sector within it, setting the parameters within which it would operate for the next 45 years (box 5.2). Voluntary schools were presented with the option of either receiving continued funding, but on modified terms, or of complete financial independence from the state. In effect they could choose to operate either within a tax-funded 'maintained' sector in close cooperation with local government, disallowed from charging fees; or they could opt for private or quasi-private status, as part of an 'independent sector' still predominantly dependent upon private resources. The politician responsible for creating the new system, Conservative R.A. Butler operating within the context of a war-time coalition cabinet, had adopted a very different strategy in his negotiations to secure reform with existing providers in each case. He opted for behind-the-scenes compromise with the churches in the case of the schools to be 'maintained' by local government, but appointed an independent Commission of Enquiry to examine the case of 'independent' schools that wished to continue relying to varying degrees on private fee funding.

***Box 5.2 The 1944 Education Act***

This Act "was a continuation and completion of the considerable *inter-war* changes" (Thane, 1982). It allowed for schools directly controlled by the churches and other voluntary bodies to be funded by the state within the "maintained" system, as well as permitting the continuation of private fee-funded "independent" education. The churches also ensured that religious worship and education were mandated in *all* maintained schools, although in county (local authority-run) schools, "neither the corporate act of worship nor the religious instruction required to be given [could] include any catechism or formulary distinctive of any particular religious denomination". The syllabus for religious education was to be decided jointly in each authority by representatives of the churches, teachers and the local authority.

In the case of the *maintained* schools, Butler devised an ingenious solution in which a trade-off between autonomy and financial support was to be offered to each school. Schools could choose to become either 'aided' or 'controlled'. Aided schools remained independent in the sense that the governing board, dominated by appointees of the founding trust, retained full control of admissions policy, staff appointments, curricula (in secondary schools), religious education and use of school buildings. The price they paid for this autonomy was a major contribution to capital costs (initially 50 per cent, subsequently reduced in response to church lobbying), although current costs were to be fully funded by the local state. Alternatively, controlled schools could have both their capital and current costs borne by the state, but at the price of a huge loss of operational autonomy and effective absorption into the local state. If this option was pursued, the founding trust lost its majority representation in the school's governance, and decisions with regard to pupils, staffing, curricula and use of buildings were to be matters for the local education authority, although governors did retain some residual rights as far as staffing and religious education were concerned.[8]

While Butler's proposal secured the support, with relative ease, of the Anglican Church and then Nonconformists with whom he confidentially discussed the matter in the first instance, it was strongly opposed by the Roman Catholic Church to whom it was presented, some months later, as a *fait accompli.*[9] In spite of these protests, Butler's proposals eventually reached the statute books substantially unmodified. This 'typical British compromise or more bluntly, muddle' (Howard, 1987, p.111) was to operate relatively free of political controversy over subsequent decades, at least in comparison to the heated debates over fee-paying education

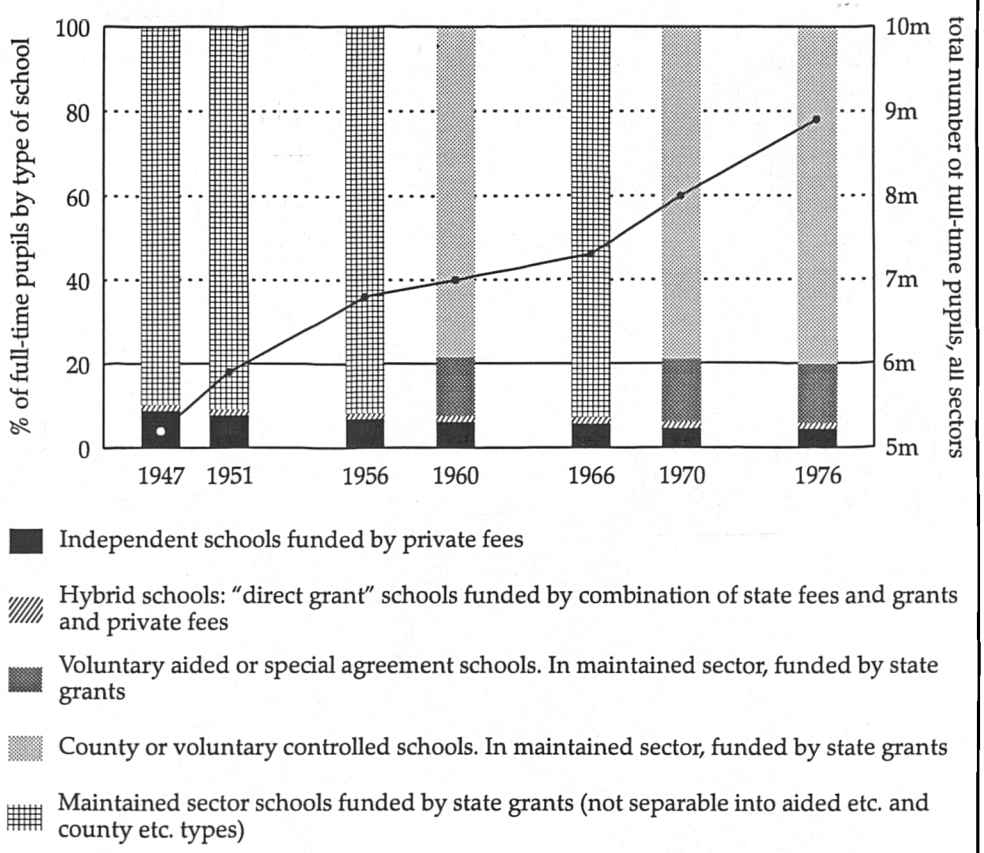
(see below). Despite local tensions between schools' rights to determine their own admissions and local authorities' plans to phase out academic selectivity in the context of the introduction of 'comprehensive education' in the maintained sector from the 1950s onwards, the issue rarely surfaced in national debate as concerning these schools *qua* voluntary bodies; rather, the discussion tended to be couched in terms of arguments for and against academic selection, regardless of institutional sector.[10]

The years between the Second World War and the late 1970s were to witness unprecedented growth in public expenditure on all tiers of education as the number of full-time pupils (across all sectors) in primary and secondary education increased. The voluntary sector schools were to be beneficiaries of this state largesse, but the direct provision by the local state that had come to dominate prior to the war was to expand still further at the expense of voluntary sector provision. Figure 5.1 shows the dramatic increase in pupil numbers that occurred during this period, and how these were differentially absorbed by each sector.

The relatively low political profile of aided schools reflected their reduced contribution within the maintained sector as a whole. The 'market share' of the maintained voluntary sector as measured by pupils and schools was much lower in the post-war years than it had been historically: by the 1960s and early 1970s its share of all full-time pupils was fluctuating between 14 and 15 per cent (figure 5.1). However, as with trends prior to the 1944 Act, it is vital to distinguish between the two principle denominations in interpreting these figures.

Over the period 1940 to 1970, the proportion of pupils in aided (or special agreement) Church of England schools fell from approximately 20 per cent to below 6 per cent. This partly reflects the absorption of most

*Figure 5.1 Full-time pupils by school type, England, 1947-1976*




*Sources*: Totals for independent/direct grant schools for 1966-1976 from DES (1991, table A30/90). Maintained sector totals, 1947-1976 from DES (1991, table A30/90). Split outside maintained sector between independent and direct grant school pupil numbers for 1951-1976 estimated using Walford (1990, table 1). England and Wales ratio of independent sector: direct grant sector pupils for 1961 and 1971 used to estimate ratio for England only for 1960 and 1970. Split within maintained sector between school type from DES (1982, table A12/81). Proportion in independent and direct grant schools for 1947 from Glennerster and Wilson (1970, table 2.1).

of its existing schools into the local state, since two-thirds of schools opted for voluntary controlled status, in which, as we have seen, the church exerted only a residual influence through minority representation on relatively weak governing bodies. In contrast, Catholic aided school provision witnessed sustained growth well into the latter half of the twentieth century, including the creation of an extensive network of

secondary schools.[11]

What factors explain these very different denominational trends? While the relative decline of Anglican schools may be in part linked to continued decline in church membership (cf section 1.5 above), three other points are worth noting. First and most obviously, Anglicanism was, in the immediate post-war years at least, itself part of the dominant culture and value system. With Anglican values less distinctive within British society than Catholic values, the imperative of separate schools as protectors of identity was seen to be less relevant in the former case. Second, the social composition of each denomination may have had implications for the relative demand for maintained (tax-funded) and independent (fee-funded) school places. The concentration of Church of England membership in higher socio-economic groups suggests that proportionately more Anglican than Catholic parents may have chosen to opt out of the 'maintained sector' entirely, and send their children to fee-paying schools, particularly at secondary level.

Third, Anglican leaders sought to exert influence in the educational field through means *other than* through their schools. While those Church of England schools which acquired voluntary controlled status were essentially transferred to local state control, some denominational input into religious teaching was still permitted under Butler's plan. Moreover, the church managed to ensure under the 1944 Act that *all* maintained schools – including those run entirely by the local state – should conduct a daily act of worship and provide religious education, to be determined locally through joint consultation. While worship and syllabi could not be denominational (see box 5.2), Lankshear has suggested that in the case of religious education

> no sophisticated distinction existed between the churches' confessional teaching and the schools' non-confessional teaching

> of religion. Many Anglicans therefore felt that the rationale behind teaching religion in county schools was so close to their own objectives that there was less need to retain church schools (1993, p.160)

The Catholic case was very different. Most obviously, the number of Roman Catholic adherents continued to rise into the 1950s and 1960s. The continued expansion of Catholic education in the mid-twentieth century, and the development of a secondary education system to supplement primary provision, was a response to the continued, perceived need by the leaders of that community to provide segregated education for its members right up until school leaving age.

As far as *independent* schools were concerned,[12] the 1944 Education Act had been a landmark in leading to the introduction of a system of registration, which sought to establish minimum standards with regard to premises, teaching and staffing, although this was not fully operational until the late 1950s. However, the most significant potential effect of the Act was indirect, for at least three reasons. First, in upgrading the maintained sector and funding its expansion through taxation, the reforms threatened independent schools' viability by affecting disposable incomes, and hence parents' ability to pay private fees. Second, and less tangibly, numerous commentators have argued that the shared experiences of war, including evacuation, led to aspirations towards an amelioration of class divisions (cf. section 1.5 above). Given the widely-made association between private fee-funded education and inequalities in society as a whole (theorised by Tawney and his successors, but more widely felt by the broader population), it was scarcely surprising that the schools felt apprehensive. Third, an improved and expanded maintained sector created new competition.

Over the thirty or so years that followed the Education Act, these schools experienced mixed fortunes. Figure 5.1 shows the proportion of

all pupils attending independent and direct grant schools over the period. Overall there was a loss of 'market share', with the percentage of all children educated independently falling from 10.2 in 1947 to 5.7 in 1976. However, as with the maintained voluntary sector, overall time trends data tend to conceal wide variations according to school type. In this case, it is not possible to analyse trends according to religious affiliation, but clear differences are apparent between the schools according to whether they were 'public' schools, direct grant schools or other schools. The number of recognised 'public' schools had swollen to 273 by the mid-1960s, and the number of places rose as admissions went up and sixth forms expanded. Direct grant schools also weathered the post-war storm, with the proportion of pupils hovering around the 1.5 per cent mark. The casualties of change turned out to be schools *other than* the 'public' and direct grant schools. Some 2,000 schools closed between 1951 and 1965 (Glennerster and Wilson, 1970), and there was a further net fall of over 1,000 establishments over the period to 1976 (DES, 1991a, table A30/90, sheet 2). Glennerster and Wilson (1970, chapter 2) suggest that the third factor we noted above – 'rising standards in the state schools' – was one of two key reasons for the relative decline of these schools. It has also been argued that 'progressive' maintained primary schools in particular successfully diverted students into the state sector who would otherwise have attended independent schools (although significant numbers of these later transferred to the latter, particularly in the sixth form) (see Walford, 1990). The other effect highlighted by Glennerster and Wilson was central government's new regulatory regime, which may have forced some schools out of business, as well as presumably imposing additional costs on those that continued to operate.

Pressure for further reform was building up from the mid-1950s onwards. The apparent continued role of 'public' schools in the perpetuation of the elite's privileged position in society – and consequently, the bolstering of class divisions – meant that they had become an 'obsession' with the political left (Glennerster, 1995, p.179). Within the labour movement, some wanted to make the 'public' schools, or independent schools as a whole, illegal, and then take them over – as had been done with most of the voluntary hospitals (see Kendall and Knapp, 1996, chapter 7). Others felt that abolition would be electorally damaging, that their right to exist should be respected, with the way forward to move them from 'isolation' into a relationship of 'integration' with the maintained, putatively comprehensive sector (op. cit., p.179). In the event, proposals to secure this foundered in part on the grounds of cost and complexity. Furthermore, the charitable status of the schools themselves and the associated tax advantages they received as organisations were unaffected despite intense criticism of the inappropriateness of this privileged treatment.

The Labour Party's most significant reform was to come with regard to the quasi-private direct grant schools. With its formal commitment to comprehensive education, it was illogical to continue to support selective academic education in these schools with state funds. In the mid-1970s they were to be given the option of becoming fully funded by the local state – but reorganised comprehensively – or of retaining their selective character but losing direct state financial support.

Of the 172 schools with this status in 1975, 118 chose the independence option while 54 opted to become maintained voluntary aided comprehensive schools. Practically all the schools opting into the maintained system were Roman Catholic ones. This was to be expected since, as a group, they

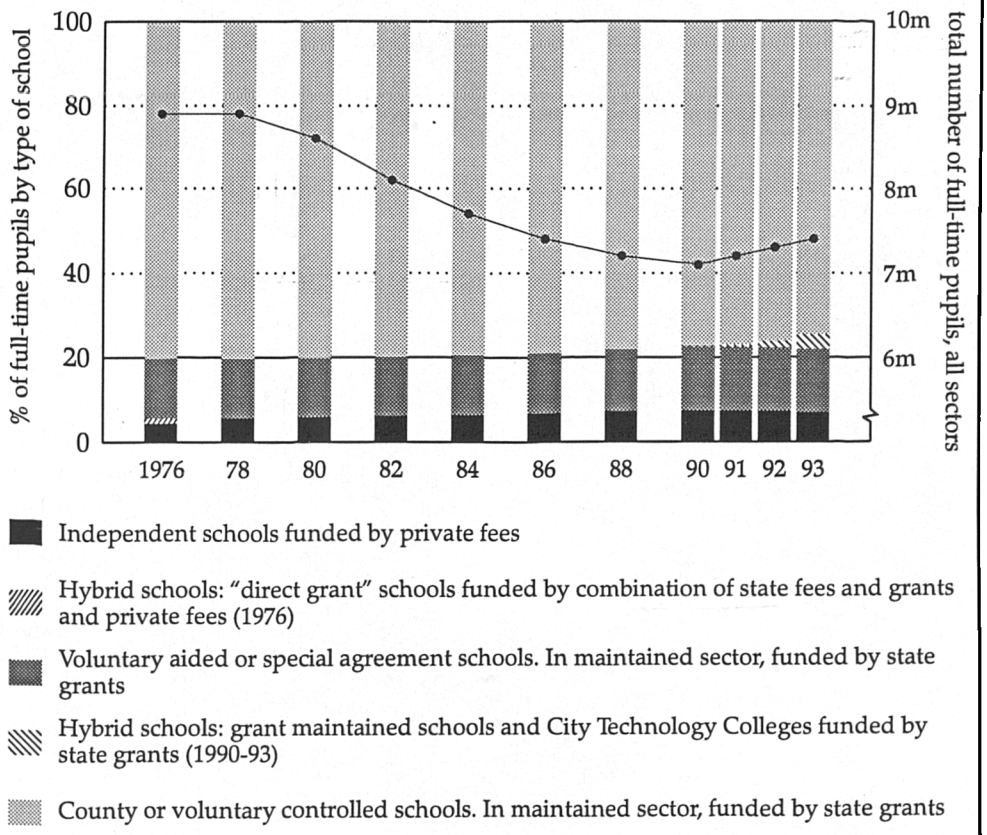
were far more reliant on state funding than the other direct grant schools, and tended to be less selective as far as academic criteria were concerned (Glennerster and Wilson, 1970, chapter 5). They therefore stood to keep more and lose less than other direct grant schools by retaining close links with the state. Furthermore, as aided voluntary schools, they were to continue to exercise control over the aspects of their operations that mattered most to them: the religious allegiance of pupils and teachers.

## 5.4 Recent developments: from the late 1970s to the mid-1990s

1976 was a turning point for two principal reasons. First, this was the year in which limiting public spending came to the top of the political agenda. Education was an obvious target. Second, the overall demand for school places across all provision fell back from this point onwards, although renewed growth began to emerge in the early 1990s (figure 5.2). These factors were, of course, related. As Glennerster and Low comment, 'education entered the bargaining arena in a poor strategic position. Whether in terms of a pure rational planning model or vote-loss minimising, demography was not on its side' (1990, p.37). The other key turning points for the sector during this period have been 1979 and 1988. The former year saw the replacement of a Labour government ideologically hostile to private fee-paying education and generally against academically selective education with a Conservative government broadly supportive of both. More significantly, the Education Reform Act of 1988 and subsequent legislation introduced the most radical reforms since the 1944 Education Act, with major direct implications for the maintained voluntary sector and, more indirect but important, effects on independent schools.

As figure 5.2 shows, the sector's share of the declining pupils total

*Figure 5.2 Full-time pupils by school type, England, 1976-1993*




*Sources*: For 1976 see Table 6.1. Totals for independent schools for 1978-1983 from DES (1991, table A30/90); for 1984-1993 from DfE (1994a, table 2, adjusted to exclude CTCs). Totals for split within maintained sector for 1976-1981 from DES (1982, table A12/81); 1982-1986 from DES (1987, Table A13/86); and for 1987-1993 from DfE (1994b, table A13/93). Separate data for CTCs from DfE (personal communication).

gradually crept up until 1990. By 1993, the figure had either fallen back or risen, depending crucially on whether grant maintained schools and city technology colleges are treated as part of the voluntary sector or part of the state sector (see below).

At first sight, the relative growth of the voluntary sector's contribution appears somewhat surprising, since membership of both the Anglican and Catholic Churches – the prime movers in voluntary sector education historically – has declined over this period. In the maintained sector, some

aided schools did close where their traditional role was rendered unsustainable by a lack of denominational pupils or staff. There was a net decrease of over 600 aided and special agreement schools between 1976 and 1990. Yet others managed to survive while continuing to adhere, to varying extents, to an essentially denominational model. As far as Catholic schools were concerned, the church's leadership continued to argue that these schools should strive to be strongly denominational in character, and strive to preserve a distinct, Catholic, ethos. For example, as recently as the late 1980s, staffing and admissions policy in the diocese of the Archbishop of Westminster (the head of the Catholic Church in England) were both theoretically oriented towards this goal (Diocese of Westminster, 1988).

In the Church of England case, some schools, particularly at the secondary level, also retained an essentially denominational character through admissions and staffing policy (O'Keefe, 1986). However, many schools adapted to the changing social context by significantly softening their denominational objectives, an important factor in explaining the continued strength of the sector's presence in the face of declining church membership. This adaptation was reflected at the national policy level in the case of the Church of England through the National Society's promotion of a 'neighbourhood school' model as appropriate for primary schools in areas with very few (or in some cases, no) Anglican families. These effected an explicit shift in orientation towards the multifaith and secular communities in which many were located. For example, in neighbourhood schools, 'while religious education is in accord with the rites, principles and practices of the Church of England, these can be widely and liberally interpreted' (Brown, 1993, p.164). Gay's (1985) research on the independent

sector provided complementary evidence in the case of Anglican fee-paying schools; while many were explicitly denominational foundations, religious activity was no longer as central to curricula as has been the case historically. The contrast with the Catholic Church's *formal* policy position is obvious. Yet even here, Brown's observation (1993, pp.164-5) that in some Catholic schools as many as two-fifths of pupils and staff are not Catholic suggests that there may have been a *de facto* shift in policy. This comes close to challenging the separatist *raison d'être* in some schools.

It is also important to attend to the impact of parental demand on the overall pattern of provision. Here, evidence comes from a small number of case studies of parental attitudes, which, although not derived on the basis of representative sampling (and hence not generalisable) can be treated as providing indicative evidence. O'Keefe's (1986) study of aided Church of England secondary schools and Johnson's (Johnson, D., 1987) survey across all types of school found a variety of factors influenced parents. For example, a quarter of the 139 parents interviewed in the former study claimed to choose Church of England secondary schools primarily because of their Anglican character, and a further 22 per cent because of their 'Christian education'. Significantly, however, 'academic reputation' was cited by 23 per cent ahead of these factors (O'Keefe, 1986, p.38): a reputation apparently often predicated on their former status as grammar schools prior to comprehensive reorganisation.

As far as parental choice of fee-paying schools is concerned, as with the maintained sector it appears that the sector's growth in 'market share' – from 5.8 per cent in 1976 to a peak of 6.6 per cent in 1990 and 1991 (figure 6.2) – is primarily linked to factors *other than* these schools'

religious character.[13] While religious orientation may still be of relevance to many parents (Rae, 1981; Devlin, 1984; Dancy, 1984; Johnson, D., 1987), most UK commentators on the sector have stressed other factors, including a general desire to 'get on better in life' and a wish to secure academic advantage, or develop character and discipline. Research has also linked choice to parents' own educational experience and family culture, as well as taken-for-granted assumptions about the inherent superiority of fee-funded education.

Explanations of the continuing role of fee-paying schools' during the 1980s also come from considering how perceptions of *relative* quality as between the independent and maintained sectors may have changed. The sharp cutbacks in capital expenditure on maintained schools and the further consolidation of comprehensive education by local authorities (despite central government's antipathy towards it under the Conservatives) are likely to be contributory factors, although there appears to be little evidence which might unambiguously establish causality.

The experience of the independent sector in particular also needs to be located within the changing political context in the early 1980s (over and above effects of constraints on maintained sector expenditure). The Labour administration in the late 1970s succeeded in translating rhetoric into action through the abolition of the direct grant scheme, but did not manage to implement a proposal to withdraw schools' charitable status, despite a commitment to do precisely this. The hostile attitude of the Labour government towards independent schools in general and public schools in particular was replaced in 1979 by a broadly sympathetic Conservative government. For the Conservative Party, encouragement for independent schools was a stance which appealed to a wide range of its

natural constituencies (Chitty, 1992). In the late 1970s, enthusiasts had worked behind the scenes with the schools' pressure groups to devise a replacement, means-tested grant scheme (Salter and Tapper, 1985). The Education Act 1980 consequently introduced the assisted places scheme to pay day fees to many charitable independent schools, thus replacing in a different form the financial support provided under the direct grant scheme withdrawn under the Labour government. The stated aim was to provide a 'ladder of opportunity' to academically-gifted children who would otherwise not have been able to benefit from these schools. Yet although undoubtedly of symbolic importance – and providing significant public funding for small numbers of individual schools – the assisted places scheme in reality only ever accounted for a very small proportion of independent school activity. For example, by 1990, only around one in twenty of all independent sector pupils were funded under the scheme (just 0.4 per cent of pupils across all sectors), generating less than 4 per cent of independent schools' total income, a sum actually outweighed by income from the state under other, existing schemes (Kendall, 1993a).

Of potentially more significance in explaining independent schools' relative success was the combination of the *indirect* effects of central government's broad economic and fiscal policy, and the preservation of the *status quo* with regard to these schools' tax privileges. The cutting of high marginal income tax rates from 1979 onwards increased the disposable income – and hence the ability to pay school fees – of high socio-economic groups, reversing the historic trend towards higher levels of direct taxation. Moreover, the government's switch to indirect tax to sustain public revenue through increasing the rate of value added tax (VAT) did not affect parents adversely, since fee payments to schools

were exempted under existing regulations (a concession not available to charities in general; see Thomas and Kendall, 1996). This hidden state support outweighed the value of direct public funding (see Robson and Walford, 1989, for a detailed discussion of the relative significance of the various tax concessions).

Notwithstanding the symbolic importance of the assisted places scheme and the beneficial indirect effects of economic and fiscal policy on the fee-paying sector, the period up until the late 1980s still represented a good deal of continuity with the post-war period. The introduction of radical changes in the education sphere, as with social and health care (see Kendall and Knapp, 1996, chapter 7), were not to emerge until the end of the decade. The 1988 Education Reform Act was a landmark in attempting to alter the balance of power between the major players in education in place since the 1944 Act. Box 5.3 outlines the key changes introduced by the Act, and notes how these have been developed further in subsequent legislation.

In contrast to the negotiations that preceded the 1943 White Paper, *Educational Reconstruction*, the churches, as corporate players, appear to have had relatively little direct impact on the proposals (although Anglican bishops in the House of Lords were responsible for amending the legislation to ensure that a specifically Christian emphasis was mandated in religious education). Rather, the character of the reforms appears to have been the outcome of dialogue between two broad groups. Neo-liberal politicians and libertarian educational pressure groups lay behind the reforms' dispersal of power to consumers and local school management; while politicians in the Conservative authoritarian tradition, and senior DES civil servants, emphasised the need for tighter control from the centre, and promoted

*Box 5.3 The 1988 Education Reform Act and after*

The principal reforms to maintained school education contained within the 1988 Education Reform Act were:

- Mandatory delegation of financial control within the maintained sector from local authorities to schools.
- Forcing local authorities to link school funding more closely to pupil numbers than previously.

The creation of two new types of school outside the purview of local authority control and eligible for exempted charity status: 'grant-maintained' schools, being those that 'opt out' of links with local government following parental ballots, and becoming directly funded by central government, an option available to all types of maintained school; and newly created 'city technology colleges'. The latter, despite being funded almost entirely by central government, are officially classed as independent schools and, unlike grant maintained schools, are not legally required to adhere to the national curriculum.

- The introduction of a national curriculum imposing uniformity in the teaching of certain 'core' and 'foundation' courses, and introducing consistent examinations across all schools, allowing for comparison of results and the construction of league tables.

Legislation in 1993 extended these reforms by moves to reduce drastically the remaining functions performed by local authorities: first, by encouraging a vastly increased rate of opting out, with grant maintained schools to be funded by a network of regional quangos whose members are appointed by the Secretary of State for Education; and second, by moves to reduce the numbers of surplus school places. Furthermore, the strict rules on academic selection in maintained schools introduced in the drive towards comprehensive education are gradually being relaxed in the aftermath of these reforms.

The legislation also sought to introduce a reinterpretation of the provisions of the 1944 Act with regard to mandatory religious education and collective worship in all maintained schools by emphasising that these activities should have 'proper regard to the nation's Christian heritage and traditions' (Cm 2021, 1992, para. 8.2). Religious education was, uniquely, described as a 'basic' subject. Like core and foundation subjects in the national curriculum, it must be provided in all maintained schools, but unlike those subjects, its contents are still negotiated locally.

the idea of a national curriculum. DES civil servants had been arguing for greater central control of curricula since the 1970s, putatively in the interests of teacher accountability (Chitty, 1992). Glennerster and Low

(1990, p.33) suggest that DES enthusiasm for the Act's centralising measures can also be interpreted as part of their search to 'justify their existence' as the decline in pupil numbers drove down the relative size of the education budget.

The most striking parallel with wider trends in the voluntary sector would appear to be in the housing field, because of the transparent shift of power away from local to central government (see chapter 4). As with developments there, criticisms of local authorities' perceived 'bureaucracy', 'inefficiency' and 'monopoly' were at the heart of the thrust to 'shake up' the system. The main churches' general reaction to the reforms was cautious and conservative (Catholic Education Service, 1992; General Synod of the Church of England Board of Education, nd). There were many concerns about the appropriateness of market forces and competition in education, and the massive shift of power within the state from local to central government, typified by the response of the Catholic Church (box 5.4).

Reactions to the national curriculum were also mixed. The Church of England did not object to the general principle, but wished to upgrade the status of religious education within it (General Synod of the Church of England Board of Education, nd, para. 11). By way of contrast, the response from Catholic Bishops was to object to the principle of subjecting its schools to a national curriculum because of potential conflicts between the 'ideals and practice of Catholic education' and a curriculum 'ultimately controlled...[by] secular authorities with no professional competence in the matter' (Catholic Bishops' Conference of England and Wales, 1987, cited by Arthur, 1993, p.179). The safeguard of 'exception clauses' to allow Catholic schools to opt out in aspects 'unacceptable on religious grounds' were dismissed as providing insufficient protection (op. cit., p.179).

***Box 5.4 The Catholic reaction to educational reform***

Much of the flavour of the Catholic Church's attitude towards the reform is captured in the following quote, which was part of a submission in response to the 1992 White Paper, *Choice and Diversity*:

> We do not believe that competition is a panacea for failings in education. Nor do we accept market forces as a fundamental principle in the provision of education opportunity. Both competition and market forces operate to some extent in education, *but we consider the emphasis given to these two processes to be inimical to true education.* Planned intervention is needed to protect those who are vulnerable. In place of an emphasis on competitiveness, market forces and autonomy (so easily giving the impression that education should be driven by purely utilitarian motives) we wish to place emphasis on the whole person growing within a community...the White Paper is severely critical of LEAs. *We do not accept this most blanket criticism.* Despite certain difficulties and occasional disagreements the record of our work and achievements together is one of genuine and valuable partnership. *It is a partnership not to be lightly set aside...we are deeply concerned that this partnership could be severely disrupted* (Catholic Education Service, 1992, paras 5.1-5.2, our emphases).

The provisions of the 1988 Act also offered considerable financial incentives for aided schools to switch the statutory agency from which they received public funds. As local authority funded schools, by the late 1980s they were contributing 15 per cent towards capital and repair costs. However, schools were guaranteed 100 per cent funding from central government for these expenses if they opted to become 'grant maintained', replacing their local authority funding with central government finance, while at the same time still being guaranteed that foundation appointees would continue to dominate governing bodies. Some church schools, after balloting parents, did decide to pursue this option (the 3.4 per cent of pupils in hybrid schools in 1993 shown in Figure 6.2 includes pupils in newly grant maintained church schools). However, most schools chose not to do so, and the 'opting out' rate appears to have been far lower than expected by the government; many schools preferred to retain valued

links with local education authorities, despite the financial inducements to do otherwise. Moreover, a recent suggestion by the Prime Minister that church schools might be able to switch to grant maintained status *without* conducting a parental ballot was rejected by church leaders on the grounds that this would be potentially divisive between schools, and imply church schools were less concerned than other schools about parental choice (*The Guardian*, 13 September 1995).

As far as the independent sector is concerned, the stagnation in the early 1990s shown in figure 5.2 is likely to be connected in part to economic recession. The primary impact on fee-paying schools of recent legislative upheaval has been indirect, as with the legislation of the 1940s. In particular, the reforms undertaken in the maintained sector affects the demand for places in fee-paying schools since, if parents perceive that the performance of their local maintained sector schools improve as a result of the Act's measures, they have less incentive to use the independent sector. There is potential for much more transparent competition for pupils to emerge *between* the fee-funded and tax-funded sectors, although children have always been mobile between these broad groups of schools (Johnson, D., 1987). Particularly if increasing numbers of maintained schools choose to revert to academic selection, one of the principal rationales for choosing a private fee-paying education will be undermined. If extensive overt academic selectivity within the maintained sector re-emerges, the market inhabited by independent schools would begin to resemble the situation prior to the expansion of comprehensive education, with one key difference. These schools' primary competitors would be maintained academically selective schools which are funded – and to a significant extent controlled – predominantly by central, rather than local, government.

## 5.5 Conclusion

This chapter has focused on primary and secondary education, just one subgroup of the largest ICNPO group in the UK under the structural operational definition, education and research. In chapter 3, we noted that this group of establishments is typically filtered out of the taken-for-granted understanding of the voluntary sector in the UK. This is on the grounds of their reliance on the state (in the case of 'maintained aided' voluntary schools), and their social exclusiveness or lack of public benefit orientation (with regard to so-called 'independent schools' relying primarily on private fees). The issue of whether the latter establishments should legitimately benefit from the advantages of *charitable* status and the tax breaks associated with this has been a highly contentious and politically charged subject at least since Tawney described these schools as perpetuating privilege and inequalities in UK society in the 1920s (see also Thomas and Kendall, 1996).[14] We have also seen that the issue of direct financial support from the state for these schools has, for similar reasons, been something of a political football – with a Labour government phasing out the direct grant scheme in the 1970s, only to be replaced by a new scheme for 'assisted places' under Thatcher's incoming administration. The Labour Party's continued opposition to this form of state sponsorship remains one of the major issues separating the two political parties in the education field in the mid-1990s.

In chapter 1, we noted a number of theoretical perspectives relating to the role of the sector. As we pointed out there, the data we have collected in this project do not allow us to test these theories, but our review allows us to make some comments. In seeking to understand the part played by these schools in UK society, the economic theory with

most obvious purchase is clearly the work of Estelle James (1987) because it attends appropriately to both demand and supply factors. Unfortunately, while demand-side factors have received some attention in the literature on the modern role of these schools through surveys of parental attitudes and other qualitative research, this attention has tended to focus on the rationales for choice of schools outside the maintained sector, with little exploration of the significance of the 'voluntary' or 'charitable' label *per se*. On the supply side, we have summarised evidence about the sector's long-term historical development. The Church of England's major programme of school building for the working classes in the nineteenth century can, in James's terms, be seen as a 'defensive reaction' to its ongoing loss of control and influence, and many of the schools established by individual Anglican entrepreneurs (like Nathaniel Woodard) bear a similar interpretation in the case of middle-class schooling. And moving into the twentieth century, the expanding Catholic Church's primary purpose in building schools was certainly to socialise children and retain adherents to the Catholic faith. However, in contrast to social care settings, suprisingly little appears to be known about the motives and orientation of providers in the late twentieth century.

James's perspective therefore appears to provide the most helpful starting point within economists' own terms of reference, but it is clear that a fuller understanding of the sector's evolving *social* role requires us to supplement abstract economic analyses with a focus on the particular cultural and sociohistorical context. For example, Smelser (1991) argues convincingly that the development of education for the working classes in nineteenth century England can only be adequately understood by attending to the extent to which that society was organised along class

and religious lines at that point. It is also clear that the activities of the state have been more important in determining the sector's pattern of development than might be implied by purely market-oriented interpretations. Even in the case of the independent schools, operating with relatively little direct government financial support or regulation, we have seen that the political decisions of the state with regard to the funding, structure and nature of the maintained sector have been extremely significant in shaping the overall environment in which these schools have operated.

In the case of voluntary schools within the maintained system, the state and the voluntary sector clearly developed in tandem, and it would be tempting to characterise the 'dual system' arrangements that prevailed in the 40 years after the 1944 Education Act as 'corporatist' at both national and local levels. Power was effectively shared between central government, local government and the voluntary schools. Diocesan Education Committees (DECs) liaised with the appropriate local authorities and the central government Department for Education on school closures and openings, reorganisation or any changes directed at church schools in their area, and provided individual schools with advisory and sometimes financial support (for capital projects). In as much as corporatism implies a high level of dependency by the state on its 'partners' to enable policy implementation and service delivery, this is a useful metaphor.

However, while mutual dependency has been an important feature of this relationship, the corporatist model is best seen as an 'ideal type' for two reasons. First, it implies more effective control by the DECs and national bodies over individual schools than actually existed.[15] Second, it tends to suggest an absence of conflict between these schools and the

local authorities in whose areas they operated, but there was some evidence of significant tensions arising from schools' religious character and autonomy. In particular, some local politicians objected in principal to church involvement in education, characterising the system as anachronistic and questioning its appropriateness in an increasingly secular society. It has also been argued that voluntary secondary schools were in a position to frustrate attempts to pursue equality-related goals by covertly 'cream-skimming' or 'poaching' pupils (Francis and Lankshear, 1993, p.476). This debate had most obvious relevance in the context of the shift towards comprehensive education. While only one in twenty voluntary aided schools were still *formally* designated as 'grammar schools' by 1990, O'Keefe's study (1986) of Church of England-aided schools found evidence that many parents still regarded them as such. The net outcome of the interplay of parental preferences and schools' admissions policies could be social or academic – as well as religious – selectivity, an outcome which commentators in the educational establishment have purported to seek to avoid.

The 1988 Education Act and subsequent legislation marked the most radical restructuring of the education world since 1944. As with that earlier Act, the effects on the independent sector thus far have been more indirect than direct. For maintained voluntary schools, the rhetoric is still that of 'partnership' between church and state, but it is a relationship premised on a very different balance of power between the partners than has prevailed historically. In contrast to the post-war settlement, the churches appear to have had relatively little impact on the direction taken by these reforms. Into the mid-1990s, church schools within the maintained sector find themselves dealing with an increasingly powerful central state and

operating in a more market-like environment, while the role of local government, with whom these schools have traditionally worked closely, has been drastically curtailed. It is as yet too early to ascertain whether these schools, collectively, will flourish or suffer in this radically altered situation.

## Notes

1 See Shattock (1989) and Salter and Tapper (1994) for interesting recent social and political analyses of the higher education field.

2 The other main varieties of voluntary sector provision for working-class children included industrial schools for the unemployed; reformatory schools, formed to deal with young offenders; and ragged schools, supported by Charles Dickens among others, and aiming to reach children too poor to attend ordinary schools. Mechanics' institutes were also established by middle-class philanthropists to provide technical education for working-class adults.

3 This funding had been preceded by the pioneering case of state-voluntary partnership in the field of education for offenders in the late eighteenth century; and the ragged schools also received some funding from government. While these were important precedents in establishing a model of joint working, the amounts of money were relatively small compared to the scale of investment in day school education for the working classes that developed during the course of the mid- to late nineteenth century.

4 The further principle that this universal elementary education should be free was not to become law until the 1891 Fees Act.

5 The private for-profit sector (through the 'small business' provision of dame or private adventure schools) appears to have ceased to play a major role by the turn of the century. Sutherland (1990, p.145) cites evidence that the provisions of the 1870-80 legislation effectively 'killed off the bulk' of private sector provision in working-class elementary education.

6 Up until the early nineteenth century, elementary education for the upper classes was traditionally provided at home or in the public schools themselves. However, a distinct network of fee-paying 'preparatory schools' had developed by the end of the nineteenth century, with the specific aim of preparing both upper- and middle-class pupils for secondary education (Walford, 1990, pp.9-10).

7 The exact total depends on the criteria adopted for identifying a school as a 'public school': see Bamford (1967, ch. 10).

8 It was also possible to choose 'special agreement' status, an intermediate option initially offered to support schools under earlier (1930s) legislation, but not widely adopted. For further discussion of the essential characteristics of each type of school, see Cmd 6458 (1943), O'Keefe (1986, p.14) and Nice (1992). The different statuses made available to schools had later parallels in the way that the government brought children's homes into the regional 'community homes' system (see chapter 7).

9 The case was forcibly made by the head of the Church in England, Cardinal Hinsley, in a letter to *The Times* (Howard, 1987, pp.128-9). The Catholic media were also instrumental in raising general Catholic awareness of the issue and, at the local level, priests and Catholic Parents and Electors Associations were formed to support the Archbishop's position (Coman, 1977, pp.52-9).

10 The 1944 Education Act had abolished fee payments in maintained secondary schools, but the system initially remained predominantly academically selective. The view that this was not leading to appropriate educational opportunity gained currency from the 1950s onwards (Walford, 1990, p.28). In response to these and other pressures, an increasing number of local authorities switched to comprehensive education, under which access to secondary school education was to be determined 'without reference to ability or aptitude' (DES, 1991a, p.2). The shift to predominantly comprehensive schooling did not end selectivity, but formally restricted the part played by purely academic criteria. In maintained comprehensive schools, selection on these grounds was formally replaced with selection according to other factors deemed appropriate by local education authorities – most importantly, where people lived – and also according to religious criteria in the case of aided comprehensive schools.

11 From educating 8 per cent of maintained sector pupils in 1,200 schools in the early 1940s (Howard, 1987, p.112), by 1976 some 2,562 Catholic aided (or special agreement) schools were educating some 770,000 pupils – an increase in its share of maintained sector pupils to 9.1 per cent, thus actually expanding faster than the dramatic overall increase in pupil numbers that occurred during this period (figure 6.1).

12 The time trends data with regard to the independent sector referred to in what follows and reported in figures 6.1 and 6.2 relate to all non-maintained schools (other than special schools), and thus include those run on a for-profit basis as well as establishments with charitable status. (In contrast, all maintained voluntary schools are charitable, either registered or excepted from registration.) The data are not available to separate the contributions of the two 'independent' sectors consistently over time. The only reliable source on this division comes from Posnett and Chase's (1985) one-off survey, which found that 56 per cent of respondents were registered charities by the early 1980s. However, charitable schools on average tend to be much bigger, and as a consequence it can be estimated that close to 90 per cent of pupils in the independent sector are in schools with charitable status (Kendall, 1993b). It is this ratio which was used to estimate the split between the broad voluntary sector and the for-profit in the summary market share statistics reported in chapter 4. It should be noted that all the 'public schools' and schools participating in the assisted places scheme (see below) now have charitable status, although some of the former were originally established in the nineteenth century as for-profit companies.

13 There are exceptions. The growth in the Muslim population has been accompanied by the establishment of independent Muslim schools, which have controversially failed to achieve voluntary aided status; and other schools for religious minorities and Evangelical Christian groups have also been founded (Walford, 1990, 1991). But since these schools are relatively few in number, these trends are unlikely to be sufficient to explain the strength of the overall upward trend.

14 Whether these schools allow parents to 'purchase privilege' remains an open question (see Walford, 1990). See Salter and Tapper (1985, chapter 4) for a review of party political positions with regard to these schools' charitable status up until the 1980s, and an interesting analysis of the political importance of this status.

15 While the national bodies provided guidance on admissions and staffing policy, in the Church of England case at least this has not been legally binding, and not necessarily adhered to by individual schools. Decisions were ultimately taken by school governors, subject to the constraints implied by trust deeds (O'Keefe, 1986, pp.19-20).

# Chapter 6
# CONCLUSION

In the opening chapter of this thesis, a number of reasons for the growth of interest in the role of voluntary organisations in UK society were described. We argued that this had not, however, been matched by an understanding of the nature of the sector's economic contribution, nor of its social and political features. After summarising the historical development of the relationship between the state and voluntary action, and the connection between religion and voluntary action in section 1.5, the research described in this thesis has attempted to address these needs through four primary routes, corresponding to the coverage of chapters 2 to 5.

First, at the heart of the research was the construction of the first comprehensive and systematic map of the economic scope and scale of the sector in terms of the human and financial resources that organisations within it command. The snapshot picture that was built up for the year 1990 as described in chapter 2 is unique for three principal reasons. It was undertaken within the context of a much wider international comparative project using common definitions and classifications, enabling systematic comparison with other countries in that study to be undertaken. It allowed the economic role of the sector to be located within the context of the UK economy as a whole. And it showed for the first time not only the overall scale of the sector, but traced the relative size of different fields within it, and showed how these varied in terms of the financial resources upon which they rely to deliver a huge range of activities and services. At the field level, it also demonstrated the extent to which voluntary

organisations co-exist, to varying degrees, with organisations located within the private and public sectors.

Second, in chapter 3, in recognition of the limitations of an economic description of the sector framed by the ICNPO used in chapter 2, an attempt was made to offer an overview of the sector in terms of its wider political and social functions, and the structures and values associated with its pursuit of these goals. To this end, we drew on the existing literature which addresses the sector's role from a number of perspectives. Although this review did not allow us to quantify with any degree of confidence how the sector's resources are distributed between the various functions and orientations described, it did attempt to consciously locate the sector socially as a complement to chapter 2. Building up a picture of its contribution within its broad societal context in this way prompted recognition of the problematic nature of our definitional approach in the UK, as described in the final section of that chapter. We stressed that *any* definition is ultimately not value-neutral, but will tend to reflect the priorities and world view of the user, and it is important to recognise this element of subjectivity in the interpretation of the criteria of the definition. The approach used in this research has not 'solved' the problem of definition; rather, it should be seen as reaching the manageable compromise which was critical for meaingful comparative research to proceed.

Third, in chapter 4, the recent development of relations between the voluntary sector and the state were considered, informed by quantitative data from a number of sources and a wide variety of other evidence. Sources included both the available research literature, and interviews undertaken with key actors within the sector or close to it. In so doing, an attempt was made to isolate some of the reasons for the patterns of

government support that we have observed in recent years, and to describe, where possible, how links with the sector have been experienced by organisations themselves in those areas where relations with the state have been most well developed.

Fourth, in chapter 5, for the reasons described there, it was noted how one component of the most economically significant field of the broad voluntary sector as defined for cross national purposes has developed both historically and more recently. The field of primary and secondary education was analysed in part because of its sheer scale and in part because it has typically been barely considered by scholars in the UK as part of the sector, certainly since the mid twentieth century. Unlike other fields which frequently defy even the most crude attempts to map them over time, there is particularly rich data in this field on how and why the share of provision between the voluntary and state sectors has changed recently and historically. Furthermore, it is possible to a certain extent to disaggregate contributions *within* the voluntary sector using existing data in a fashion which is typically not possible in other fields.

In the remainder of this final chapter, the aim is to ask what light this diverse body of evidence sheds on the various theoretical perspectives pertaining to the contribution of the voluntary sector that we noted in the first chapter have dominated the international literature in recent years. This does not constitute a *formal* attempt to test these theories, as it is not possible to do this on the basis of the evidence presented here. Rather, the aim is to try to ascertain how relevant these perspectives are in broad terms to the UK historically and recently.

First, how useful are the economic theories we described in chapter 1? The material we have gathered in this study allows us to comment on

the public good, supply side and trustworthiness approaches.[1] In support of the first approach, it is significant to note that the outputs of providers in the largest fields of activity under both broad and narrow definitions of the sector in the UK are usually thought of as quasi-public or collective goods for which the market alone fails to provide adequate quality and quantity. This is broadly consistent with the role of the sector posited in the theoretical approach originally developed by Weisbrod (Weisbrod, 1977). Education can be conceptualised in this fashion for at least three reasons. To the extent that it raises individuals' future earnings, it increases future tax payments and confers a dividend on future taxpayers; it generates external production benefits by increasing joint productivity levels and may thus contribute to economic growth; and it can be argued that it has external cultural benefits, both through fostering communication and through neighbourhood social cohesion effects (Barr, 1993, pp.341 and 345). As far as the largest field under the narrow definition, personal social services is concerned, external effects include 'caring externalities' whereby individuals are affected by the welfare or service provision delivered to others, as well as providing option demand and protective externality benefits (Knapp, 1994).

Furthermore, our data show that fields of activity which have a less obviously 'collective' character tend to rely more on private earned income. In particular, we see that business and professional associations, and culture and recreation, the two fields which could be argued to be the least 'public' in orientation, rely far more than other fields on this source. This fits with the logic of Weisbrod's (1988) argument that activities which score lowest on an 'index of collectivity' are more likely to rely on private commercial funding.

In some fields, it is also the case that consumers of voluntary sector products do so at least in part out of dissatisfaction with statutory provision – what James (1987) in her extension of Weisbrod's original formulation refers to as 'differentiated' demand. For example, this has fuelled the demand of ethnic and religious minorities for personal social services and community services delivered under voluntary sector auspices (Cheetham, 1988, pp.128-129; Knapp et al, 1987; Wistow et al, 1994). More focussed evidence comes from our discussion of education, the very field in which most of James' comparative work has in fact been concentrated. Recent survey evidence reviewed in chapter 5 suggests that schools in the sector have met a differentiated demand which arises at least in part because the quality of education delivered by the state is perceived to be lacking. That is, the 'product' provided by the voluntary sector is regarded as superior by consumers (parents), especially in terms of access to social capital and on academic grounds. Also in line with this theory's approach, historically speaking, strongly felt religious preferences have been important – although we have seen that this relationship if far from deterministic. In particular, it is clear from our description of the education field that denominational schools have often been chosen by parents from the relevant faith group at least in part because of features *other than* their religious character. Moreover, at least since the late eighteenth century, many of these schools have provided for significant numbers of pupils with religious backgrounds which differ from that of the schools in question – a phenomenon which appears to have increased noticeably in recent years as the pool of denominational adherents from which schools have been able to draw has decreased. Finally, James' approach also appears to be insightful in its emphasis on the importance of religion as a supply side

factor. This is clearly instructive in examining how and why the sector has emerged as a major player in the delivery of human services in general historically (section 1.5) and recently (chapter 3). Again, her emphasis on religion appears particularly well placed in the education field, where the sector's development can only be understood historically by attending to the motives and actions of actors linked to the leading denominations. However, in this context her argument that religious 'organisations' *rather than* 'individual entrepreneurs' tend to be the primary catalyst for the formation and running of schools (1990, p.23) clearly needs some qualification in the English context. As we saw in chapter 5, in the case of the Anglican 'independent' schools founded in the nineteenth century to provide education for the expanding middle classes, it was not the infrastructure of the Church, but private individuals who, as moral enterpreneurs, took it upon themselves to found and direct the new establishments.

While James was primarily concerned with making static cross national comparisons between different countries, within the UK the apparent 'secularisation' of society has been a major issue. It appears to be widely accepted that organisations with religious connections no longer dominate the voluntary sector in the way that they did in the nineteenth century (cf. section 1.5). Moreover, modern Britain scores low on religiosity in cross national comparisons (Ashford and Timms, 1992; Greeley, 1994). A recent analysis of the sector's current role, referring to the evidence of denominational decline and informed by survey evidence of intergenerational value shifts (Wilkinson, 1994) away from those traditionally associated with the churches went so far as to state:

> public values are changing profoundly and moving away from the old Christian roots of charity and their ideas of sacrifice and duty

(Mulgan and Landry, 1995, p.11)

Yet in spite of this trend, the evidence in this thesis suggests that it would be dangerous to be too dismissive of the continued relevance of religion's varied influence on and within the voluntary sector (it is not possible to be more precise than this because, as we showed on chapter 3, the evidence is rather disparate). How do we reconcile this apparent contradiction? Three points can be made. First, we should re-emphasise that, while the major trinitarian religions may have declined since the early 1970s, they are still massive in terms of absolute membership. Moreover, some other faith groups have experienced *increases* in membership. In particular, the growth of Islam has been accompanied by an increase in the number of active connected voluntary organisations. Furthermore, Lohmann has argued that charity is as important in this belief system as in the Christian faith, to the extent that it is meaningful to talk of a distinctive 'Judeo-Christian-Islamic ethical tradition of charity' (1992, p.218).

Second, it should not be assumed that the churches have entirely failed to adapt to aspects of the value shifts that have occurred. For example, Bowpitt (1988) has argued that, during the 1980s, 'traditional extra-parochial Church [of England] organisations ... [were] increasingly engaging in pressure group activities, as well as diversifying their traditional services ... there has been a shift from moral welfare to community action' – although he provides little evidence to substantiate this claim. What we do know, as noted above, is that in the education field, schools with governing bodies still dominated by church appointees have responded to falls in membership by admitting increasing numbers of pupils from outside their denomination – and, crucially, they have continued to receive financial support from the state to do this.

Finally, even if the churches and their connected organisations have *not* tended to alter their outlook significantly, with the latter still tending to operate essentially as what Gerard (1983) referred to as 'old style charities' (see chapter 3), they are likely to continue to command the support and meet the needs of older people for many years to come. Value shifts, as their leading analyst has emphasised, 'take place gradually, almost invisibly; in large part, [they] occur as a younger generation replaces an older one in the adult population of a society' (Inglehart, 1996, p.604). In this context, it is significant to note that one of the fields of voluntary action in which a denominational presence is most felt outside education is residential care for elderly people (Kendall and Knapp, 1996, ch. 7).

Turning to trustworthiness, what evidence do we have that in the UK voluntary organisations are chosen by individual consumers as a preferred alternative to the for-profit sector, and that this is motivated by a desire to avoid the latter's opportunism? We showed in chapters 2 and 4 that in a number of fields the voluntary sector does indeed co-exist with for-profit provision. In housing, acute hospital and nursing home care, residential care for adults and pre-school day care (chapter 2, table 2.8), and in training and urban development (chapter 4), we observe that both sectors have a major presence. Unfortunately, although we know (with the exception of urban development) that the observed pattern of provision is at least in part the outcome of choices by private individuals (reflected in the importance of income from fees to providers in these fields - cf Appendix table 2) little appears to be known about the motives underpinning these consumer's sectoral choices in these settings.[2] We do know, however, that *public* purchases from voluntary sector providers of housing and residential care (whose significance is reflected by the fact that state funds

are the other major source of revenue) appear to have been fuelled in part by concern about the appropriateness of the profit motive. In the former field, Hills has noted that one of the reasons the state chose the voluntary sector option rather than offering subsidies to the private sector was because of 'the reject[ion] ... of the profit-making landlord as a trustworthy recipient of public subsidy' (1989, p.264). In the latter case, Wistow et al (1994, 1996) have described how in the early 1990s, many local authority purchasers (social services directors and chairs of social services committees) appeared to place greater trust in voluntary providers not only in residential care, but also in non-residential services. Interviews conducted in 1993 found that 14 of the 25 sample authorities interviewed expressed a clear preference for voluntary over private sector providers. However, the extent to which this was connected to their sectoral label or legal status *per se* is unclear. Although the absence of a profit motive was sometimes mentioned, other reasons for this preference, taken together, appeared more important. These included familiarity built up through years of close working, joint participation in planning groups, and the administration of grant aid; a perceived commonality of values and ideologies and shared perceptions of social need; and the existence of overlapping membership and governance structures.[3] As we noted in chapter 4, however, more recently private providers' increased involvement with public purchasers in the context of fiscal pressures and an increasingly competitive environment appears to be eroding this traditional differential between the sectors.

As we noted in chapter 1, there has recently been something of a backlash against economic approaches in the international literature, leading to the development of alternative conceptualisations. The two most

influential approaches are those suggested by Salamon (1987; 1995) and Kunhle and Selle (1992) who have laid bare and criticised the [often implicit] assumptions in these models (see also Badelt, 1990).[4] Both of these approaches share an emphasis on the importance of conceptualising the relationship between the voluntary and government sectors as one of cooperation and partnership rather than conflict and competition, and consciously developing analyses that are sensitive to the historical reality of voluntary-state sector relations. Of course, Salamon's emphasis on the need to develop an understanding of the sector's historical development was an important element of the research on which this thesis is, in part based. Kunhle and Selle, for their part 'would argue in favour of conscientious studies of historical-contextual processes with political variables at the core of the analysis in order to account for variations in relationships between government and voluntary organisations' (1992, p.21). The main contrast between the two approaches appears to be that while, for Salamon, there tends to be a presumption that the outcome of 'partnership' between the sectors is likely to be (socially) efficient because each sector can offset the (inherent) deficiencies of the other, Kunhle and Selle adopt a less sanguine view, drawing their theoretical inspiration from the sociology of 'new institutionalism'. A key argument here is that there are good theoretical reasons to suppose inertia and inefficiency are likely to be pervasive in the voluntary sector because of a range of institutional, political and structural factors (see DiMaggio and Powell, 1991, for the early formulations, and recent modifications).

With this in mind, we can reconsider two of the fields where we have shown that the idea of partnership and 'mutual dependence' does appear to be a useful starting point: international aid during the 1980s; and

primary and secondary education in the post war era prior to the recent reforms. The evidence would appear to suggest that, in the former case, the shared *perception* of cost-effectiveness was, in fact, the dominant ingredient in bringing the two sectors together. In particular, we have seen that voluntary organisations' ability to access volunteers and lever in financial resources which would otherwise not have been available were emphasised as rationales for the extensive relations that developed between the sectors by both parties. In contrast, cost considerations appear to have been far less central to the dual system arrangements negotiated between the churches and the state in the case of schools. While James (1990) has suggested that state support for voluntary sector schooling internationally is connected with their superior ability to access volunteers, pay lower wages and charge fees, this makes little sense in the UK case. While it is true that the State did 'save' expenditure under the post war settlement in that voluntary aided schools agreed to contribute towards capital expenditures, the state took full responsibility for running costs. As a result, the contribution of schools themselves was very small when compared to the overall state budget, and can hardly have been a decisive factor (even if significant for them).[5] There is no evidence that these schools are more likely to attract volunteers than their counterparts which are fully controlled by the local state (and both depend upon volunteers to act as governors). Finally, salaries in schools funded by the state have generally been linked to nationally determined pay scales, and the charging of fees is expressly prohibited by law regardless of institutional sector (Nice, 1992). Rather than considerations of cost, it is clear that the dual settlement between church and state can only be understood with reference to the historical and political factors which we described in detail in chapter 5.

These are just two examples of very different forms of mutual dependency that have emerged between the state and the voluntary sector in the UK; numerous other examples have emerged historically and recently, most obviously in the social welfare field (see Taylor and Kendall, 1996; Kendall and Knapp, 1996, chapter 7). Yet recognising that the relationships between the sectors appear to have been cooperative in many cases in recent years should not be read to imply that conflict and competition have been absent. We charted in chapter 5 how the historical route to the dual settlement in the case of schools was itself fraught with denominational and political conflict, particularly in the late nineteenth and early twentieth century. More recently, the legitimacy of state funding for primarily fee paying charitable schools remains an issue on which ideological convictions are polarised between the political parties of left and right and deeply felt. As a result these schools have experienced rapidly changing fortunes according to the preferences of the incumbent political party. Furthermore in both the education and international aid fields, an 'insider' position for the 'big 5' and the Church of England and Catholic churches respectively has meant that others have felt themselves to be unfairly excluded from legitimate funding opportunities. While in the former field, more recently organisations appear to have succeeded in securing an increasing share of the available state resources, in the case of the latter, we have seen (chapter 3) that the Muslim community has been particularly aggrieved by the apparent reluctance of the state to grant it a level playing field with the Christian and Jewish communities.

Furthermore, to suggest that this type of partnership, or variants of it, are *necessarily* of general applicability in other contexts and at other times would be to generate expectations of stability and balance in the relationship

between the sectors. This would be just as misleading as those arising from a model which analysed relationships purely in competitive or conflictual terms. Historically, the nationalisation of the voluntary hospitals and the marginalisation of the friendly societies in the years after World War II, for example, reminds us that the state has not been afraid to treat the sector with rather less respect than the label 'partnership' implies when this has made ideological and political sense from its point of view (Kendall and Knapp, 1996, Chapter 7). In Chapter 4, we also saw that some of the major beneficiaries of state largesse in recent years – providers of training under special employment schemes, and groups supported under the Urban Programme – found themselves relatively powerless when the government decided that their services were no longer required as the economic and political climate changed. In addition, we have seen that there are currently considerable anxieties abroad in the personal social services field that the local state is proving to be ready and able to use its powerful position in the developing social care markets to impose its preferences inappropriately on voluntary sector providers as it comes under financial pressures from central government.

At a broad level, the current UK situation has been contrasted with the German 'corporatist' model and the 'interest group' (lobbying) model in the US, between which it has been located on the grounds that it is not as formal, conservative and elitist as the former, but is more centralised and coherent and less *ad hoc* than the latter (Salamon and Anheier, 1996a). It is noteworthy that the broad principle of putting an onus on government departments and agencies to clarify both their own goals and the expectations of the voluntary organisations they fund – as set out in the recent Efficiency Scrutiny of government funding of the sector (Home Office, 1990) – have

been broadly welcomed by the sector's intermediary bodies. While there have been teething problems associated with the report's implementation, these are still early days. It remains to be seen whether the various tensions at stake can be satisfactorily resolved from the perspective of both government and voluntary organisations.[6]

The evidence gathered in this study also allows us to comment on the two major 'structural' theoretical themes that we identified in the introductory chapter. As far as the first theme is concerned – the relative importance of legal tradition, the presence of an urban middle class emergent through economic development and political centralisation – some observations can be made, using the evidence collected in this study.

Notwithstanding the early nineteenth century restrictions on the formation of trade unions and corresponding societies (Taylor and Kendall, 1996), and since the emancipation of Catholics and other non-Protestant faith groups (cf section 1.5), the English common law tradition of tolerance has certainly resulted in an absence of obvious legal barriers to the formation of voluntary organisations, obstacles which may exist in civil law countries (see Salamon and Anheier, 1994). However, as is stressed in Thomas and Kendall (1996), voluntary organisations are *not* treated equally under existing law; those recognised as having exclusively charitable purposes have certain special privileges and responsibilities, which do not apply to organisations without charitable status. Critics of the legal *status quo* (see conclusion to chapter 3) would therefore argue that to treat the freedom of association supported by common law that exists in the UK as broadly supportive of voluntary action may be strictly true, but rather misses the point. The most important feature of the current legal system is how it differentiates *between* voluntary organisations, not how the sector

in its entirety is treated.

What of the importance of a middle-class presence for the voluntary sector's development? In the UK, the middle ranks or classes emerged to political and economic power faster than in other countries in part because of the relative openness of the elite (Perkin, 1969), and Taylor and Kendall (1996) and chapter 5 above demonstrate that they have been well represented historically in the formation and running of voluntary organisations. Indeed, the continued apparent dominance of the middle classes in voluntary bodies in more recent times remains an issue of concern for many modern commentators, whose social democratic values have lead them to lament this situation, and to call for greater involvement by people from lower socio-economic groups in the late 1980s and early 1990s (for example, Brenton, 1985; Knight, 1993).

However, historically it is important to recall the part played by the long tradition of philanthropy among the aristocratic church elite in pre-industrial society. Not only was this a mainstay of voluntary action prior to middle-class expansion, but it was this very model which often inspired the new philanthropists to act as they sought to acquire social status. Furthermore, we have also noted that working-class voluntary action also has a healthy tradition, particularly from the nineteenth century onwards – an aspect of UK voluntary sector activity neglected until relatively recently by historians (Davis Smith, 1995). In the UK at least, the apparent dominance of the middle classes in the world of philanthropy may therefore in part result from a bias in research towards exploring the contribution of the middle, as opposed to both upper and working, classes. Finally, another word of caution is apposite. As we emphasised in section 1.5, the middle classes have themselves been an important force behind

the expansion of the state. This growth has sometimes been at the expense of voluntary provision, another important reason for being cautious about a positive link between the existence of a significant middle-class presence, and a thriving voluntary sector.

Salamon and Anheier's third suggestion is that lower levels of political centralisation are conducive to the flourishing of the voluntary sector. The UK historical evidence is broadly supportive, but more recent evidence suggests caution. Looking at the historical evidence first, the voluntary sector certainly appears to have flourished between the late eighteenth and the early twentieth century when English society could be contrasted with other parts of Europe by its reliance on local voluntarism as opposed to central government to meet social needs (box 1.5, p.33). Furthermore as the apparatus and capabilities of the central and local state grew during the twentieth century – with increasing support from the population (box 1.6, p.39) which has remained firmly in place into the 1990s (pp. 118-119) – the voluntary sector inevitably played a less central role than it had done historically (although, as we have stressed throughout, the importance of its changing contribution continued to be widely recogised).

During the 1980s, however, the state has become increasingly centralised in a number of fields, while at the same time seeking to encourage the voluntary sector; the aim, at least, was both more central control *and* more voluntary action. As was stressed in chapter 4, this phenomenon can only be understood by attending to the unparalleled degree of conflict that existed between central and local government in Britain during the 1980s and early 1990s. It is clearly dangerous to talk about patterns of political centralisation or decentralisation in abstract terms without attending to the motives and character of the state itself.

Our final structural theme was the extent to which philanthropy in particular has been an expression of social control exercised by dominant status groups. A ready historical example in the education field is the growth of Sunday schools in the eighteenth century. Their growth has been characterised as part of a 'social control' strategy pursued by newly emerging capitalists keen to create a disciplined and docile workforce, and working in concert with the existing elite's objective to stifle social unrest in the turbulent political climate of that era. Most famously, Marxist historian E.P. Thompson (1980) mounted virulent attacks on the Methodist schools that emerged at that time, accusing them, *inter alia*, of 'direct indoctrination', 'psychological atrocities', and 'religious terrorism'. Similar motives characterised some of the other types of schooling which the sector has historically delivered, as well as many of the philanthropic initiatives in health, social services and housing, particularly in the nineteenth century and in the first half of the twentieth century.

Such an emphasis, however, fails to do justice to the full range of motives involved, and certainly oversimplifies the realities of social control. Most obviously, the significance of non-capitalist and non-economic middle-class motives, and the working classes themselves are underplayed in this analysis. For example, Owen (1964) reminds us that mercantilist labour market concerns were joined with genuine humanitarian impulses in motivating support for charity schools, and anti-Catholic prejudice was another factor. These motives cannot easily be explained as narrowly economic, or functional for capital. Furthermore, some historians have correctly problematised the notion of 'social control' for any given set of motives. Sunday schools, for example, while initially conduits of middle-class values through their sponsors and teachers, may often have

been effectively absorbed into working-class culture. As mutual aid social functions were established alongside them, and as working-class tutors replaced middle-class ones, these schools themselves helped to create a self-reliant working-class culture.[7]

In the late twentieth century, Wolch (1990)'s Marxist analysis interpreted the state's renewed interest and attempts to deploy voluntary agencies as 'instruments of social control ... [as opposed to] progressive change agents' (Wolch, 1990, p.xvi) in the social welfare field as part of a strategy to retarget social expenditures in the interests of capital. Again, this stress on purely ideological motives may obscure rather than elucidate other important influences. For example, Kendall and Knapp stress that, at the broadest level, the legislative reforms which consolidated the shift to a more mixed economy can be explained as 'the expedient, if delayed, political reaction to numerous social and economic problems that had gathered weight during the 1980s, including some well-publicised cases of community neglect, limited user choice, and (especially) runaway social security expenditure on residential and nursing homes' (1996, p.203) – rather than, or in addition to, ideology and the imperatives inherent in the nature of capitalism.[8]

A further problem with Wolch's (1990) analysis is its assumption that the state can manipulate the voluntary sector, thus denying voluntary organisations and the sector as a whole in social welfare their 'independence' – an issue that we have pointed out in chapter 3, and in section 4.4 has not only concerned theoretical Marxists. At this stage, there appears to be no clear way of asssessing whether the 'independence' of the sector *as a whole* is being compromised by the ongoing reforms. On one hand, there is evidence (summarised in section 4.4) to suggest that individual

organisations are often facing considerable difficulties in both managing change and sustaining the range of prized functions and values not associated with direct service provision that we charted in chapter 3 – particularly where state funders are themselves under financial pressure.

On the other hand, cross national comparative research and evidence from the US appears to show that at least some organisations have retained a meaningful degree of autonomy and experienced considerable benefits as reliance on contractual funding from the state has increased.[9] In their four country study of social care services, including England, Italy, the Netherlands and Norway, Ralph Kramer and his colleagues concluded that, overall, fears about loss of autonomy resulting from increased reliance on state revenues had been exaggerated. They drew attention to organisations' access to a multiplicity of funding sources, the protection of traditional values and practices afforded by some contractual forms, providers' countervailing oligopoly power, and recognition by funding agencies that their autonomy should be protected (Kramer et al., 1993). Furthermore, state agencies may, legitimately or otherwise, simply trust voluntary agencies to get on with the job. Moreover, even where state agencies *intend* to implement potentially stifling controls and monitoring procedures, their *ability* to do so may be limited by the pervasiveness of transaction costs (Kendall, 1992). It should also be stressed that there may be considerable *political* benefits to be reaped by organisations from the closer links with the state that come with funding. Being seen to be involved in public service delivery can allow agencies to gain recognition, confirming their legitimacy. They may also be better positioned to keep abreast of policy developments and exercise leverage and influence over state officials, shaping public policy priorities and service delivery structures (Gronbjerg,

1993).

However, all these arguments are based on case studies at the level of limited subsamples of individual organisations, and so it is as yet unclear what the net effect on the character of the sector as a whole will be.

## Notes

1 Although stakeholder theory, as an attempt to build common microanalytic foundations for other theories as described in chapter 1, has particular appeal, there appears to be little evidence in the UK upon which to assess this approach.

2 An exceptional allusion to the role of the non-distribution constraint in informing private consumer choice is made by Johnson in her case studies of parental choice in the education field, where the for-profit sector's presence is, in fact, minimal (cf table 2.8). She suggests that 'parents may perceive a school which has charitable status as being different in kind from an independent school run as a business ... bearing this in mind, the person responsible for the school's brochure may wish to stress the charitable foundation on which the school is based' (Johnson, D., 1987, p.79). Unfortunately the supportive evidence on which this statement is based appears not to come from a systematic attempt to gauge this affect amongst the parents in her study, but from just one parental intervire and one advertising brochure (ibid, p.159).

3 At a theoretical level, economists now recognise that the nondistribution constraint is just one potential ingredient in the perceived trustworthiness of providers. In particular *reputation effects* can work across sectoral boundaries (Chillemi and Gui, 1990). That trustworthiness theory that leans heavily on the nondistribution constraint alone is of limited used in explaining the sector's role in the US has been suggested by the empirical evidence provided in Steinberg and Gray, 1993. See 6, 1994b and Anheier, 1995 for recent critiques from outside economics of contract failure and related approaches.

4 Of course, the Marxist and related approaches of Wolch (1990) and Beckford (1991) also reject these economic approaches because they fail to offer a dynamic analysis and interpret the state as ideologically neutral in its transactions with the state (Wolch, 1990, p.10). We return to these theories below.

5 Moreover, the opt out provisions of recent legislation allow schools to receive full funding for both their current and capital costs from the state.

6 Mabbott (1992a) notes complaints about a lack of opportunity to influence programme aims and objectives, failure to provide information about application procedures, and problems of timeliness. See also Garfield (1994).

7 Davis Smith (1995, pp.17-19) provides references supporting and refuting the 'social control' thesis at this time.

8 Presumably, the Marxist response to this line of argument would be that the state's actions were ultimately consistent with the logic of the state's accumulation and legitimation functions, and explicable as a response to welfare state 'crisis'. However, this argument appears to be overly deterministic, assuming what it purports to explain. Moreover, it is far from clear how this proposition is subject to refutation with empirical data.

9 Lewis, 1996, p.98 notes a number of reasons for exercising considerable caution

in suggesting lessons from the US are transportable to the UK. It is also worth noting that the arguments rehearsed below are based on evidence originating in the 1980s.

# Appendix 1
# ICNPO SUBGROUP LEVEL DATA

*Table A.1. Broad voluntary sector employment and operating expenditures by ICNPO groups and subgroup, 1990*

| ICNPO major group and subgroup | FTE employment | | Operating expenditures | |
|---|---|---|---|---|
| | N | % | £m | % |
| *1 Culture & Recreation* | *262,401* | *27.7* | *5,394* | *20.4* |
| 1 100 Culture | 56,011 | 5.9 | 1,503 | 5.7 |
| 1 200 Recreation | 206,357 | 21.8 | 3,877 | 14.7 |
| 1 300 Service clubs | 33 | 0.0 | 14 | 0.0 |
| *2 Education & Research* | *330,307* | *34.9* | *11,182* | *42.4* |
| 2 100 Primary & secondary education | 133,622 | 14.1 | 4,672 | 17.7 |
| 2 200 Higher education | 180,891 | 19.1 | 5,941 | 22.5 |
| 2 300 Other education | 4,599 | 0.5 | 26 | 0.1 |
| 2 400 Research | 11,195 | 1.2 | 543 | 2.1 |
| *3 Health* | *43,338* | *4.6* | *926* | *3.5* |
| 3 100 Hospitals & rehabilitation | 12,928 | 1.4 | 303 | 1.1 |
| 3 200 Nursing homes | 8,925 | 0.9 | 146 | 0.6 |
| 3 300 Mental health | 3,317 | 0.4 | 70 | 0.3 |
| 3 400 Other health services | 18,168 | 1.9 | 407 | 1.5 |
| *4 Social Services* | *146,028* | *15.4* | *3,029* | *11.5* |
| 4 100 Social services | 143,534 | 15.2 | 2,955 | 11.2 |
| 4 200 Emergency & refugees | 1,000 | 0.1 | 42 | 0.1 |
| 4 300 Income support & maintenance | 1,494 | 0.2 | 31 | 0.1 |
| *5 Environment*[a] | *16,668* | *1.8* | *570* | *2.2* |
| *6 Development & Housing* | *73,551* | *7.8* | *2,057* | *7.8* |
| 6 100 Community development | 13,331 | 1.4 | 475 | 1.8 |
| 6 200 Housing | 39,792 | 4.2 | 1,107 | 4.2 |
| 6 300 Employment & training | 20,428 | 2.2 | 476 | 1.8 |
| *7 Civic Advocacy* | *9,037* | *1.0* | *177* | *0.7* |
| 7 100 Civic & advocacy | 454 | 0.0 | 12 | 0.0 |
| 7 200 Law & legal services | 8,583 | 0.9 | 166 | 0.6 |
| *8 Philanthropic Intermediaries* | *7,203* | *0.8* | *191* | *0.7* |
| 8 110 Grant-making body | 4,961 | 0.5 | 148 | 0.6 |
| 8 120 Voluntarism promotion | 2,242 | 0.2 | 43 | 0.1 |
| *9 International Activities* | *22,550* | *2.4* | *975* | *3.7* |
| *11 Business Associations, etc.* | *34,800* | *3.7* | *1,871* | *7.1* |
| *Total* | *945,907* | *100* | *26,370* | *100* |

a Data not separable between subgroups 5 100 (environment) and 5 200 (animals).

*Table A.2. Broad voluntary sector revenue sources by ICNPO groups and subgroups, 1990, £ millions*

| ICNPO major group and subgroup | Income from government | | | | Private giving | | | | | Private earned income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Central gov't | Local gov't | User sub's, other gov't | Sub-total | Found-ations | Busi-ness | Direct indiv-idual | Feder-ated cam-paigns | Sub-total | Fees | Sales | Dues | Invest-ment income | Other revenue | Sub-total | Total revenue |
| 1 CULTURE & RECREATION | 535 | 131 | – | 666 | 47 | 234 | 150 | 4 | 435 | 703 | 2,664 | 822 | 71 | 502 | 4,762 | 5,863 |
| 1 100 Culture | 488 | 116 | – | 604 | 14 | 56 | 78 | – | 148 | 703 | – | 20 | 10 | 130 | 862 | 1,613 |
| 1 200 Recreation | 47 | 14 | – | 61 | 33 | 178 | 60 | – | 271 | – | 2,657 | 800 | 61 | 361 | 3,879 | 4,211 |
| 1 300 Service clubs | – | 1 | – | 1 | – | – | 12 | 4 | 16 | – | 7 | 2 | 1 | 12 | 21 | 39 |
| 2 EDUCATION & RESEARCH | 4,050 | 3,229 | 101 | 7,381 | 263 | 156 | 109 | 0 | 528 | 2,577 | 384 | 2 | 363 | 301 | 3,626 | 11,535 |
| 2 100 Prim. & sec. ed. | 323 | 2,814 | – | 3,138 | 34 | 23 | 56 | 0 | 113 | 1,565 | 33 | 2 | 113 | 1 | 1,714 | 4,964 |
| 2 200 Higher education | 3,599 | 412 | 87 | 4,097 | 201 | 133 | 11 | – | 344 | 932 | 163 | – | 164 | 272 | 1530 | 5972 |
| 2 300 Other education | 12 | 3 | 0 | 15 | 1 | 1 | 2 | – | 3 | 9 | 4 | 1 | 2 | 1 | 17 | 36 |
| 2 400 Research | 116 | – | 14 | 130 | 27 | 0 | 41 | – | 68 | 71 | 183 | – | 84 | 27 | 365 | 564 |
| 3 HEALTH | 92 | 72 | 71 | 236 | 41 | 15 | 210 | 4 | 270 | 414 | 8 | – | 40 | 59 | 521 | 1,026 |
| 3 100 Hospitals | – | – | – | 0[a] | 2 | – | 24 | – | 26 | 277 | 0 | – | 6 | 34 | 317 | 343 |
| 3 200 Nursing homes | 8 | – | 50 | 58 | 11 | – | – | – | 11 | 80 | 0 | – | 2 | 10 | 92 | 161 |
| 3 300 Mental health | 27 | 14 | 3 | 43 | 5 | 2 | 11 | 1 | 18 | 7 | 1 | – | 2 | 2 | 13 | 75 |
| 3 400 Other health | 58 | 58 | 18 | 134 | 23 | 13 | 174 | 4 | 215 | 50 | 7 | – | 29 | 13 | 99 | 447 |
| 4 SOCIAL SERVICES | 270 | 445 | 137 | 853 | 181 | 270 | 836 | 28 | 1,314 | 359 | 113 | 264 | 343 | 64 | 1,143 | 3,309 |
| 4 100 Social services | 265 | 439 | 137 | 842 | 154 | 270 | 754 | 28 | 1,205 | 352 | 109 | 264 | 238 | 51 | 1,015 | 3,062 |
| 4 200 Emergency & refugees | 5 | 3 | – | 8 | 2 | 0 | 38 | – | 40 | 3 | 3 | – | 5 | 12 | 24 | 71 |
| 4 300 Income support | – | 3 | – | 3 | 25 | – | 44 | – | 70 | 4 | 0 | – | 100 | 0 | 104 | 176 |
| 5 ENVIRONMENT[b] | | 120 | – | 120 | 14 | 39 | 173 | 3 | 228 | 39 | 34 | – | 88 | 121 | 283 | 631 |

*Table A.2. (continued)*

| ICNPO major group and subgroup | Income from government | | | | Private giving | | | | | Private earned income | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Central gov't | Local gov't | User sub's, other gov't | Sub-total | Found-ations | Busi-ness | Direct indiv-idual | Feder-ated cam-paigns | Sub-total | Fees | Sales | Dues | Invest-ment income | Other revenue | Sub-total | Total revenue |
| 6 DEVELOPMENT & HOUSING | 1,056 | 202 | 559 | 1,817 | 39 | 36 | 47 | 4 | 126 | 687 | 174 | 0 | 122 | 228 | 1,211 | 2,954 |
| 6 100 Comm. dev't | 96 | 137 | 3 | 236 | 21 | 30 | 30 | 4 | 85 | 97 | 61 | 0 | 23 | 24 | 205 | 527 |
| 6 200 Housing | 665 | 4 | 542 | 1,212 | 2 | – | 8 | – | 11 | 579 | 47 | – | 88 | 4 | 719 | 1,941 |
| 6 300 Empl't & training | 294 | 61 | 13 | 368 | 15 | 5 | 9 | 0 | 30 | 10 | 66 | 0 | 10 | 0 | 87 | 485 |
| 7 CIVIC ADVOCACY | 37 | 62 | 5 | 104 | 6 | 3 | 4 | 0 | 13 | 41 | 8 | – | 4 | 13 | 65 | 183 |
| 7 100 Civic & advocacy | 1 | 0 | – | 1 | 1 | 2 | 2 | – | 4 | 0 | 3 | – | 1 | 3 | 8 | 12 |
| 7 200 Law & legal serv. | 36 | 62 | 5 | 103 | 5 | 2 | 3 | 0 | 9 | 41 | 5 | – | 2 | 9 | 58 | 170 |
| 8 PHILANTHROPY | 296 | 23 | 19 | 337 | 35 | 26 | 184 | 0 | 245 | 38 | 4 | – | 581 | 10 | 633 | 1,215 |
| 8 100 Grant-making | 284 | 5 | 19 | 307 | 32 | 25 | 184 | 0 | 241 | 36 | 3 | – | 577 | 6 | 622 | 1,170 |
| 8 120 Voluntarism prom. | 12 | 18 | – | 30 | 3 | 1 | 0 | 0 | 4 | 2 | 1 | – | 4 | 4 | 11 | 45 |
| 9 INTERNATIONAL ACTIVITIES | | 402 | | 402 | 85 | 59 | 222 | 57 | 422 | 93 | 42 | – | 23 | 90 | 247 | 1,072 |
| 11 BUSINESS ASSOCIATIONS | 22 | – | – | 22 | 14 | 11 | 6 | – | 32 | 380 | 190 | 815 | 140 | 427 | 1,952 | 2,006 |
| UNADJUSTED TOTAL[c] | 6,854 | 4,164 | 919 | 11,937 | 724 | 848 | 1,942 | 99 | 3,613 | 5,331 | 3,620 | 1,904 | 1,773 | 1,614 | 14,242 | 29,792 |
| ADJUSTED TOTAL[d] | 6,512 | 4,218 | 900 | 11,630 | 724 | 848 | 1,942 | 99 | 3,613 | 5,331 | 3,620 | 1,904 | 1,773 | 1,614 | 14,242 | 29,485 |

a Note that this figure is not zero but is all included in user fees.

b Data not separable between subgroups 5 100 (environment) and 5 200 (animals).

c *Unadjusted total.* These totals are as reported in the statistical supplement containing data on each country in the international study (Salamon et al., 1996, p.34, table 8.2), with two exceptions. First, income of recreational organizations (group 1 200) treated as fee income for the purposes of aggregation in that publication has been reallocated as sales income here. Second, the 'other income' total for subgroup 6 100 reported there is incorrect; this table gives the correct figure.

d *Adjusted total.* These are the figures that underpin the charts and figures presented in Chapter 4. These differ in aggregation from those contained in Salamon et al. (1996, p.34, table 8.2) because (a) income from government not attributable by tier (to environmental and international organizations) has been treated slightly differently in the sector-wide aggregation; and (b) an adjustment has been made to avoid double-counting of charitable quango funding of arts organizations, which appears twice in the unadjusted figures.

# Appendix 2
# DATA SOURCES FOR MARKET SHARE ESTIMATES

*General*

Information on market share (Table 2.8) was variously available either for England only, or for Great Britain (England, Scotland and Wales). This means that these data are not strictly comparable with those described in Chapter 2, which are UK-wide. Country coverage and year are noted adjacent to the industry, in italics below.

***Primary/secondary education, England, 1990***

For the purposes of the structural operational definition, the voluntary sector includes voluntary aided/special agreement establishments, primarily run by religious foundations, which are almost fully funded by the state and usually regarded in the UK as 'state schools'. The *non-public sector* breakdown is as follows: 1.13 million pupils in charitable voluntary aided/special agreement (local state-funded) schools; 0.49 million in charitable independent (private fee-funded) schools; 0.07 million in for-profit independent (private fee-funded) schools (this figure is an estimate only, but based on reasonable assumptions; see Kendall, 1993a); 0.06 million in non-maintained (local state-funded) special schools; 0.03 million in grant-maintained (central state-funded) schools. The size of the latter category has expanded significantly in size since 1990, as schools formerly funded by the local state have 'opted out' of this status to become grant-maintained charities.

**Sources**: Department of Education and Science (1991a, Table A13/90, p.133; 1991b, Table 1, p.1); Kendall (1993a).

*Health, England, 1990/91*

***Acute hospitals***. Activity data were available in the NHS (public) sector, but not in the voluntary and for-profit sectors. The only readily available indicator across all sectors in 1990/91 was simply numbers of non-psychiatric (in-patient) beds available. This has been multiplied by occupancy data for 1986, the latest available across the sectors, to give the closest indicator we can get to 'activity'. Note that another indicator (not used in the table) is consistent with our estimate of the scale of NHS versus other provision: 95.5 per cent of whole-time equivalent registered and enrolled nursing and midwifery staff in England were employed in NHS hospitals in 1990, leaving a residual of just 4.5 per cent employed in for-profit and voluntary hospitals (these data were not separable by sector).

***Nursing homes***. The figures refer to the number of staffed residential places for the main adult client groups: elderly people and younger (16+) physically disabled people, people with mental health problems and people with learning disabilities. Note that psychogeriatric residents are included in the elderly persons' client group.

**Sources**: Department of Health (1992, Table 4.3, p.77); Laing & Buisson (1992, Figure 2.7, p.96 and Table 2.7, p.92); Nicholl et al. (1989).

*Social services, England, 1990*

***Residential homes***. The figures refer to the number of staffed residential places for the main adult client groups: elderly people and younger (16+) physically disabled people, people with mental health problems and people with learning disabilities.

*Pre-school day care, England, 1990*

Data were available on places available for children under five, in public and 'other' facilities, but the latter are not split into for-profit and voluntary scctors. The figures relate to registered facilities only. An estimate of this split was available for the number of facilities and groups only for each of full-time and part-time provision (see below), based on information supplied by the Pre-school Playgroups Association, and this ratio has been applied to give a rough indication of children in each sector (the average size of groups and facilities in each sector is unknown, so it has not been possible to adjust for this). The sectoral shares are sensitive to the definition employed. Two measures have therefore been provided. The top row relates to children in full-time day nurseries only; the bottom row covers children in both full-time and part-time groups, covering playgroups, parent and toddler groups, under-5 groups and other groups operating on a part-time basis, as well as full-time day nurseries.

**Sources**: Department of Health (1992, Table 4.3, p.77); Laing & Buisson (1992, Figure 2.7, p.96 and Table 2.7, p.92); Department of Health (1991, Table 2, p.8).

*Housing, Great Britain, 1990*

***Number of completions***. Data were available across sectors for permanent dwellings started, under construction at the end of the year, and completed. The table relates only to completions. 1990 was the first year ever that there were more completions in the voluntary than the public sector.

Data on percentages were available from the General Household Survey of individuals aged 16 and over (rather than organisations), which asks about housing tenure. Information on the size of the GB population from

the 1991 census, and the proportion of that population aged under 16, was used as the total to which these percentages have been applied.

Two sets of figures are shown. The penultimate row relates to market share if owner-occupiers are *included* as part of the for-profit sector. The bottom row relates to market share if these are excluded. The effect is large because 66 per cent of people aged over 16 were owner-occupiers, and the private rented sector is relatively small, at 8 per cent. Note that the voluntary sector figures include cooperatives, some of which, strictly speaking, should not be in the sector under the structural operational definition, but were not separable in the data.

**Sources**: Department of the Environment et al. (1991, Table 6.1, p.64); Office of Population Censuses and Surveys Social Survey Division (1992, Table 3.1, p.56); Central Statistical Office (1994).

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