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# THE ROAD AHEAD

A REVIEW OF  
THE VOLUNTARY  
SECTOR'S OPERATING  
ENVIRONMENT

**SUMMARY EDITION**

**NCVO**  
CHAMPIONING  
VOLUNTARY  
ACTION

# INTRODUCTION

**The Road Ahead is our annual analysis of the changing operating environment for NCVO members and anyone working in the voluntary sector. It identifies and explains forces and trends that are shaping the sector, and that are likely to have an impact on the future of voluntary organisations.**

As in previous years the report was developed using a PEST analysis to highlight the key drivers shaping the sector in four areas: political, economic, social and technological. To carry out the PEST analysis we used a wide range of information sources, from official statistics and research to the latest economic forecasts and futures analysis, as well as calling on the expertise of our colleagues at NCVO. Our analysis sets out the major issues that we identified, which we think will continue to shape the sector over the next five years.

This summary edition includes a commentary from Charlotte Ravenscroft, NCVO's head of policy and public services. She reflects on the four areas as a whole, and how they might combine to shape the future of voluntary organisations and voluntary action.

The full edition of The Road Ahead, available exclusively to NCVO members, gives an in-depth analysis of each of the four areas.

We think that trustees and managers would benefit from using the analysis to explore the implications of the issues for their organisations when planning for the medium term.

For help and guidance on strategic planning, including PEST, see [www.ncvo.org.uk/practical-support/strategy](http://www.ncvo.org.uk/practical-support/strategy)

## **NCVO ANNUAL CONFERENCE 2016: CREATING THE FUTURE FOR VOLUNTARY ACTION**

On 18 April 2016 we will be holding our Annual Conference in London. This will be an opportunity to hear about and discuss the topics raised in The Road Ahead, and consider the issues that will shape the voluntary sector in the future.

[Find out more about the NCVO Annual Conference](#)



# THE ROAD AHEAD

## WHAT'S NEXT FOR THE VOLUNTARY SECTOR?

**2016 will be a pivotal year for British and European politics – with far-reaching implications for the voluntary sector. Here at home, the strong mandate secured by the Conservative party at the general election has strengthened their hand in driving through further public spending and welfare cuts. New opposition leaders Jeremy Corbyn and Tim Farron have set about reshaping their respective parties, while Nicola Sturgeon and the SNP dominate politics north of the border. And the next stages of devolution to the nations and local areas within England look likely to alter the political landscape for decades to come.**

The ongoing war in Syria, refugee crisis, Paris terror attacks and persistent problems for the eurozone present EU citizens and their leaders with difficult choices. Broadly speaking, pulling closer together or pushing further apart. UK citizens face this question in a forthcoming referendum on our future in the EU, with wide-ranging implications for all areas of the country's economic and social development.

**BUT WHAT DOES ALL OF THIS MEAN FOR THE VOLUNTARY SECTOR?**

**AND WHAT ARE THE OTHER DRIVERS OF CHANGE FACING IT?**

### **Asserting ourselves**

In turbulent times, voluntary organisations and volunteers have responded by opening their doors to those in need, from the growth in foodbanks to hosting refugees. But providing relief is only one aspect of our role. Voluntary organisations will continue to be important contributors to national and international debates about how best to tackle the complex causes of these issues, drawing on the experience and voices of their beneficiaries. For those in positions of power, charities can be a point of access to communities that might otherwise lack effective representation.

Campaigning on the subject of the EU referendum, which will decide whether the UK remains in or leaves the EU, charities will need to ground their arguments in evidence, and heed guidance from both the Charity Commission and Electoral Commission. NCVO is currently seeking clarity from these regulators about whether charities will be able to take a position on the EU referendum, given that this is an important constitutional question that largely transcends partisan politics.

### Still a shrinking state

Reports of the end of austerity have been much exaggerated: cuts are set to continue until at least 2019/20. Coupled with devolution, the biggest changes are those happening to local government.

*Even if councils stopped filling in potholes, maintaining parks, closed all children's centres, libraries, museums, leisure centres and turned off every street light they will not have saved enough money to plug the financial black hole they face by 2020.*

**Lord Porter, Chair, Local Government Association**

The knock-on effect for charities is likely to be significant. Many preventative and specialist services will be vulnerable, as councils are forced to focus on their statutory obligations. And the services that do remain are likely to be commissioned through a smaller number of larger contracts, coupled with an expectation on providers to reduce their unit costs. In the absence of further intervention, it is likely that public service contracts will become inaccessible to all but the largest organisations in some areas.

The charities most likely to buck the trend are those that have stronger relationships with local politicians and commissioners or are working in partnerships that can deliver services at scale. For those that are confident about contributing to wider public sector savings (reducing unnecessary visits to accident and emergency departments, for example), it will be worth investing in cost-benefit analysis to demonstrate this. Nonetheless, many charities are likely to lose grant and contract income in 2016 and beyond, which will potentially increase competition for resources elsewhere.

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### Local communities, local solutions

One of the ironies of the funding squeeze is that charities have a lot to offer when it comes to coping with impending demographic challenges. From ageing, youth engagement and flexible working to integrating immigrants and developing new health and care services: if you want to see it in action, there's almost always a charity already doing it, often on a shoestring.

In the current climate, many charities are thinking more about expanding their sphere of influence by advocating for their beneficiaries and sharing their insights and approaches with others.

The first half of 2016 is a particularly good time to engage with statutory partners: their new four-year spending round begins in April and many are in the middle of developing devolution plans. It's a good time to raise awareness of what local communities have to offer and how they think local plans can best address local needs.

### Playing digital catch-up

NCVO staff recently visited a well-known charity which explained that its internet access was intermittent because the cable was being held together with a spoon. Like many charities, its ageing IT infrastructure was a problem but not a priority.

Yet digital is now a part of everything, and charities would do well to consider not only their creaking hardware, but some of the opportunities and efficiencies on offer: making better use of data to target services, campaigns and bids; rethinking working patterns and volunteering; using online communication, collaboration and storage tools; using open software, which can reduce costs; and enabling staff to use their own devices, social media and networks. Moreover, charities need to think about the implications for their beneficiaries (what improvements could be made to their services, information, access, engagement and networks?) and supporters, as well as being aware of new digitally focused organisations entering their area of work, who could either be disruptive or who may be potential allies. Charities should also understand that high-profile breaches of data security can be highly damaging to an organisation and its contacts – and they will not be immune to attacks on their data.

Kay Boycott, chief executive of Asthma UK, said that having a digital strategy will soon be like having an electricity strategy. But given the low starting point for many in the sector, trustee boards would be wise to consider a digital review as part of their wider strategic and planning processes. The digital literacy of senior leadership teams still needs to improve to grasp the full potential of digital for their own organisations.

### Getting the house in order, together

Some of the country's best known charities hit the headlines last year for the wrong reasons: aggressive fundraising, excessive pay and controversial campaigning tactics. While sector representatives, including NCVO, gave dozens of media interviews stressing how unrepresentative cases such as Kids Company were, the stories clearly tapped into wider public anxiety about charities.

Charities need to demonstrably respond to these public concerns and ensure that their means are consistent with their ends. This is not just the case for household name charities: smaller organisations should also anticipate greater scrutiny from funders and donors. All trustees should be confident to discuss their charities' finances and – where relevant – fundraising practices, pay and pensions, investments, partnerships, campaigning and service delivery approaches.

At a national level, NCVO continues speaking up for charities and developing best-practice guidance on issues such as campaigning standards and executive pay. We have supported new powers for the Charity Commission, albeit with appropriate safeguards, and the establishment of a new Fundraising Regulator to uphold and increase public confidence in the sector.

Overall, public trust and support for charities remains high. Charities are the vehicle through which millions choose to generously give their time and money to support good causes. Charities exist to benefit the public and they do invaluable work to transform the lives of people and the world around them.

The voluntary sector as a whole is responsible for continuously proving that it's worthy of this support – and we're confident that our members will take the lead on this over the years ahead.

**JOIN THE  
CONVERSATION  
#NCVOROAD Ahead**

The full edition of The Road Ahead gives an in-depth analysis of the political, economic, social and technological landscape for charities.

**It is only available to members of NCVO.**

Find out more about membership and join NCVO at [www.ncvo.org.uk/membership](http://www.ncvo.org.uk/membership).

