

A REVIEW OF
THE VOLUNTARY
SECTOR'S OPERATING
ENVIRONMENT

THE ROAD AHEAD

SUMMARY EDITION
January 2018

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 are likely to have an impact on the future of voluntary organisations.

As in previous years, this report was developed using a PEST analysis to highlight the key drivers shaping the sector in four areas: political, economic, social and technological. 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 which we think will shape the sector over the coming years.

The report begins with a commentary from Elizabeth Chamberlain, 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.

All of the issues highlighted in The Road Ahead present opportunities and threats for voluntary organisations. Trustees and managers would benefit from using the analysis to explore the implications of these issues for their organisations when planning for the medium term.

For help and guidance on strategic planning, see www.ncvo.org.uk/practical-support/strategy

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

NCVO ANNUAL CONFERENCE 2018: DIFFERENT THINKING, BIGGER DIFFERENCE

On 16 April 2018 we will be holding our Annual Conference in London. This will be an opportunity to discuss the topics raised in The Road Ahead, and consider the issues facing voluntary sector leaders and how they will shape the sector in the future.

Find out more about the NCVO Annual Conference www.ncvo.org.uk/training-and-events/ncvo-annual-conference



THE ROAD AHEAD

WHAT NEXT FOR THE VOLUNTARY SECTOR?

The last few years have been a bit of a bumpy ride for anyone in the business of making predictions, especially in the political and economic spheres. Events such as Brexit, Trump's victory in the US, the resurgence of Labour under Corbyn, and Theresa May's ill-called general election all contributed to a sense of confusion and uncertainty. The year ahead is likely to be just as turbulent.

One might therefore suggest that this year we should not offer ourselves as a potential hostage to fortune by publishing the 2018 edition of the Road Ahead. But in uncertain times it's more important than ever to be aware of the key trends and drivers that may shape our work in the months to come, so we are prepared for a range of possible outcomes – no matter how unlikely they may seem.

The first months of this year will inevitably be taken up with discussions around the General Data Protection Regulation (GDPR), and how to prepare for it coming into force in May.

There is also going to be much attention towards the Charity Commission, with a new leadership that is determined to address the issue of the regulator's funding model and to press ahead with a formal consultation on charging.

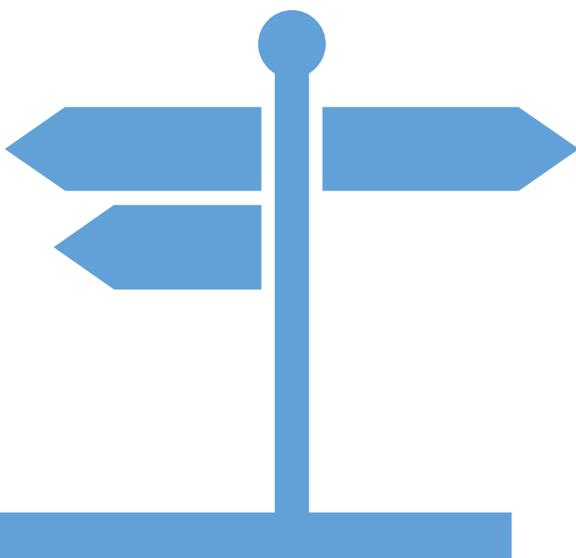
But our Road Ahead is about taking a step back and looking at the big issues that will either directly or indirectly impact the work of charities, their volunteers, supporters and beneficiaries.

Brexit, the economy, public services: dark clouds outside

Brexit will inevitably continue to be the biggest uncertainty, not only with regards to regulatory change and its potential economic implications, but also with regards to our country's future relationship with the European Union.

And even for those who are not interested in these issues, the negotiations and the process of exiting will mean that there will be little time for anything of real legislative significance, as the EU (withdrawal) bill and its consequent legislation will take up most of parliament's time over the following year. Anything we do see will be uncontroversial crowd pleasers, and this will be a challenge for charities campaigning for change.

As well as Brexit, government faces some other considerable challenges in the year ahead, not least returning to strong economic growth, addressing the failures in public services, and improving the Conservative brand in order to avoid another general election.



So deficit reduction and driving growth will still be at the top of the government's economic agenda throughout 2018. Charities cannot ignore the impact that this is likely to have: continuing pressure on public finances will be felt particularly by those who rely on government contracts or grants.

At the same time, charities will step in to deliver more and more services as the state continues to withdraw its support, exacerbating the issues we have seen emerging over the past year. We have already seen a number of charities walk away from public service contracts and rethink how they meet the needs of beneficiaries. The question we may be facing in 2018 is therefore: is this the year that the existing model of public services reaches its breaking point?

Attitudes and perceptions will have real impact

These very real and immediate challenges are happening within a social context where a number of dynamics are becoming more acute. From an ageing population that increasingly requires more health and social care, to rising atomisation whereby individuals feel more and more isolated and turn towards public services for support, albeit with very different expectations and almost a transactional approach.

These are significant trends that will have meaningful implications for charities providing social care and generally involved in the delivery of public services.

The question we may be facing in 2018 is therefore: is this the year that the existing model of public services reaches its breaking point?

In the meantime, we are also seeing an emergence of new potential frictions across society: social and ethnic diversity are increasing, becoming more complex and making it difficult for levels of integration to keep pace; and the intergenerational divide may be growing wider, as opinion polls sometimes show a schism in attitude between the older generation and the young.

These social trends will continue to drive changes in the British political agenda, but are also likely to affect charities directly, for example in terms of whether and how people will want to volunteer and engage with their communities. Organisations will therefore need to think about they can best support their beneficiaries, and in the meantime bridge the gaps between different parts of society.



Charities still under the spotlight – but in a different way?

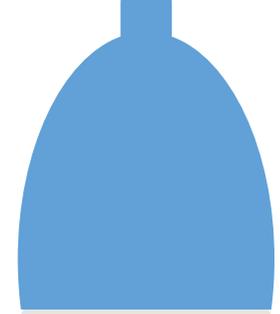
In the context of all this, with the political turmoil and the big debates about the future of the NHS and the future position of the United Kingdom in the international arena, it will be interesting to see how our sector's relationship with the media develops. Recent years have created new difficulties for parts of the sector, as the media has been much more inclined to scrutinise and question what charities do, why they do it and how.

The political and public focus now is on much bigger issues, and this has already meant that charities are less likely to be worthy of front page news. However, public scrutiny is here to stay, and the growth of new media replacing traditional forms could lead to yet another change in our sector's relationship with the press.

A year of looking ahead – there is blue sky on the horizon

Despite, or perhaps because of, these challenges, 2018 itself is going to be a year of looking ahead, with many initiatives aimed at developing strategies for the future and thinking about solutions to the problems most deeply affecting our economy and society. These have the potential to open up new and exciting opportunities for charities and the wider voluntary sector, offering the possibility of a role in the wider political, social and economic agenda.

We have already seen the publication of the government's 'Industrial Strategy', focused on policies to improve the UK's productivity and addressing what government refers to as 'grand challenges' facing the global economy. A key criticism has been that while the ambition is noble, there is no plan or roadmap for how to achieve these lofty aims. The strategy is also completely silent on the contribution that the voluntary sector can make, so over the following months it's important that our sector highlights the contribution it can make, and the role charities and voluntary organisations can play.



The full involvement of our sector will help ensure the creation of an Industrial Strategy that will continue to attract the talent, skills and investment that will enable the economy to face up to the challenges now and in the years to come. Most importantly, the involvement of the voluntary sector will help ensure that every place and its community meet their full potential, by closing the gap between different parts of society and empowering those individuals who are harder to reach.

We also have the ‘Civil Society Strategy’ announced by the minister for civil society Tracey Crouch. The stated aim is to develop a cross-departmental strategy that will build better understanding of how charities operate and enable a more joined-up approach to our sector. Again this presents huge opportunities to reset our sector’s relationship with government after some recent negative interactions, and to raise the profile of our sector within all departments.

There are also initiatives coming from the sector itself, most notably the ‘Civil Society Futures’ inquiry chaired by Julia Unwin which will develop a clear vision for the role of civil society in England for the next 10 years. Considering how both the nature of civil society and the context it exists in are rapidly changing, the inquiry will investigate how to maximise the positive effects of civic action and provide a guide to how to release its potential to drive positive change.

NCVO itself has established an independent Charity Tax Commission, which is going to look at how the current tax treatment of charities could be changed to be more efficient and reflective of how charities operate in modern society. The task of the Commission is to undertake a full review of the impact of the tax system on charities, and on that basis to develop a long-term strategic approach to fiscal policy for the voluntary sector.

Charities and institutions will continue to be needed

As all of the above highlights, and this is made even clearer in the chapters that follow, 2018 is going to be yet another year that will present us with many changes and challenges.

But despite all this we are also seeing how, no matter what new technologies and other new trends are emerging, traditional institutions such as charities and voluntary organisations will continue to be a pillar for their communities and wider society. In the past few months we have started to see institutions reassert their authority over new technology companies when they feel they have overstepped, whether it’s Uber facing regulatory resistance over its operating model, or Facebook and Twitter being questioned about their role in allowing the spread of disinformation.

It’s clear that there are social, ethical and legal questions arising from technology, and charities will need to be ready and able to make the case for what they think is right. It’s also a reminder that technology should be seen as a tool not an end.

Organisations such as charities and social enterprises are the key institutions that support local areas, and they are the ones that best understand the needs of the communities they work with. They provide the social infrastructure that will be an important part in helping face up to the country’s biggest trials ahead, and while we can be strengthened by technology, it can’t replace what we do.

So, despite the challenges, this year could present many opportunities for charities and voluntary organisations, and for the individuals who volunteer with them.

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

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