

THE ROAD AHEAD 2020

A REVIEW OF THE VOLUNTARY SECTOR'S OPERATING ENVIRONMENT

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**CHAMPIONING
VOLUNTARY
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Introduction

The Road Ahead is our annual analysis of the changing operating environment for 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 organisations in the future.

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. We mainly focus on general trends and drivers likely to impact on a broad range of organisations in the sector.

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 challenges for voluntary organisations. Trustees and managers can benefit from using the analysis to explore the implications of these issues for their organisations when planning for the short and medium term. We have included some questions at the end of each section that may help you think about what these issues might mean for your organisation and move forward.

It's worth noting that this publication is only a starting point. There will be plenty of other issues and questions to consider that are more relevant to what your organisation does and the context in which it operates.

For help and guidance on strategic planning, there are many resources available on the NCVO Knowhow website, including guidance on how to do your own PEST analysis and tailor it to your needs:

<https://knowhow.ncvo.org.uk/organisation/strategy>

<https://knowhow.ncvo.org.uk/tools-resources/pest-analysis>

We can also offer in-house support with your strategic planning through our consultancy services. <https://www.ncvo.org.uk/practical-support/consultancy/strategy>

We have also included some specific sources of help and guidance in each section of the PEST analysis.

The Road Ahead: What next for the voluntary sector?

We are starting 2020 – not only a new year but also a new decade – with perhaps a great deal more certainty than we have had for a while. After years of political instability, following last year’s Christmas general election result, we now have a firm government with a clear plan of action, at least in the short term.

But there is still a tremendous amount that we don’t know. The year has started at the height of unsettling global events, and we are facing a number of global political, economic and human relief challenges. All of these will increase the need for the support that so many charities provide to people and communities, both in our country and abroad.

So just as much as in previous years, the message for charities is about the importance of planning ahead.

Charities have always needed to look ahead to changes in their policy or regulatory environment, and now it is just as important for them to be aware of the political, economic, social and technological landscape. Charities must learn to adapt to unpredictability, and plan for a wide range of eventualities when they think about the future.

Our annual Road Ahead report is therefore timely. By identifying the key political, economic, social, and technological trends that are shaping the voluntary sector’s operating environment, it will help charities think about the implications for their work and how they can prepare for the challenges – and opportunities – ahead.

Getting Brexit done

We now have more certainty over Brexit than we have had before. We know that the UK is set to leave the EU on 31 January 2020 and enter the transition period, which will end on 31 December 2020.

This could mean that after a very long time there is a chance for attention to turn away from Brexit and focus on domestic issues. The political paralysis we have witnessed for the past few years could finally make way for some other issues that are in urgent need of being properly addressed, such as education and local government, a green industrial revolution, and health and social care.

But Brexit is a long- term process, not a one-off event. It has already had a massive social and political impact and will continue to do so for some time. Even after we exit, civil service capacity will have to be mainly dedicated to dealing with the implications of us no longer being part of the EU.

Charities may therefore find greater political space to push forward their campaigns, but need to be mindful that continued Brexit implementation means things may ultimately not happen – or are unlikely to happen at pace.

An uncertain economic outlook

The year is also starting in an uncertain economic environment, making it difficult to make accurate forecasts.

For charities, this is likely to mean continued demand for their services and support, as the individuals and communities they serve struggle to make ends meet. From providing employment advice to mental health support, charities will have an increased role in helping people through the times ahead. At the same time, many charities could have their own internal challenges caused by the planned increase in the living wage leading to higher staff costs.

Furthermore, while government spending may increase it's unlikely to feel like the taps have suddenly been turned on: pressure on voluntary sector funding and support looks set to continue. Charities with income from government will continue to find it challenging to deliver high-quality services with less money to do so.

More unites us than divides us

There has been talk about the need for a period of healing since the EU referendum result, and 2020 could be the year during which this important process starts.

Boris Johnson's maiden speech as prime minister took a conciliatory tone to reach out across the political divide, promising a 'one nation' government that would embrace the feelings of 'warmth and sympathy' felt by remain voters towards the other nations of Europe.

This move could also be a reflection of recent research showing that people are much more united in their beliefs and values than media reporting would suggest, and that the divisive narrative of 'us and them' has been created on the basis of a gross overestimate of the difference between groups.

Overall there is an important message, not just for politicians and media commentators, but for charities too: instead of focusing on the differences, we should be highlighting the more common similarities that can bolster social cohesion and encourage positive attitudes more generally.

New activism and technology

Concern over the environment is a clear example of how the issues that people care about are increasingly shared, and bringing together people from across different age groups and parts of society.

The sense of urgency to find solutions to environmental challenges is also encouraging people to mobilise in ways and through initiatives that are different from the traditional institutions, including charities. We are seeing the emergence of a new generation of activists, who focus on the cause and embrace a much wider range of ways of 'doing good'. Charities aren't necessarily viewed as an essential element of this.

Instead, an increasing role is being played by the 'tech for good' movement. For issues that have global significance, technology can dramatically expand outreach capacity in a way that no one charity can match.

But even for smaller scale issues, we are seeing that people's engagement and support is changing. We can see it in the increased investment in 'lifestyle politics' and the extensive use of social media and peer networks.

Thinking about the bigger picture

As we think about these important issues and the implications they have for charities and their work, it's striking that there is little room for thought about perhaps less practical but equally fundamental questions that need to be answered.

For example, regardless of what happens, what sort of society we want to be? Who or what will bring our country together? What will build a more sustainable and inclusive economy? And what do we need to do if we are to live in a more integrated, open society?

Charities should be part of these conversations, and offer more than just a diagnosis. We need a vision for the future, rooted in the values and shaped by the traditions of what is best about civil society: community, kindness, fairness, respect, inclusion and above all an impulse to help. It's up to all of us to help forge this new agenda – with charities helping to define the sort of country we want to be.

Political drivers

A decline in the political importance of Brexit

2019 saw Brexit becoming a key dividing line in politics, but it may now be starting to fade into the background. There is now a clear election result, an increasing desire of some to get Brexit done reflected in election polling¹, and a government that is keen to show that it is moving beyond Brexit.

Many experts have pointed out that Brexit will be far from over once the UK formally leaves the EU. However, it may be that the way media covers trade talks, and how much attention the public pay to those talks, sees Brexit decline in importance as an issue for many voters. The government is expected to drop the word 'Brexit' from formal communications, and the Department for Exiting the European Union will be closed once the UK has formally left the EU at the end of January² as they seek to remove the word Brexit from the screens and newspapers of those who just want it to be over.

Given this, the importance of Brexit in UK-wide electoral politics now seems likely to decline, though by how much remains in question. But with most major Brexit-related policy decisions likely to be taken before the next general election, currently scheduled for 2024, parties across the spectrum will be looking to adopt a policy agenda that acknowledges this.

A government majority means more action but less scrutiny

One other consequence of the government having a majority is that scrutiny of the Brexit process is likely to be weakened. One of the first steps taken by the government was to remove clauses from the updated withdrawal agreement bill, inserted in the previous parliament in an attempt to secure the bill's passage, that would require detailed parliamentary scrutiny of future negotiations³. Other previously-agreed concessions that have now been ditched include explicit commitments not to weaken existing employment rights and environmental standards.

This will be concerning for charities who are looking to engage in the detail of post-Brexit policy and influence future trade negotiations, particularly environmental organisations. Without the

¹ While polling has generally suggested a small shift from Leave to Remain, there has continued to be a group of people who voted Remain but think the result of the referendum should be honoured, for example <https://whatukthinks.org/eu/questions/how-did-you-vote-in-the-eu-referendum-and-how-do-you-feel-about-leaving-the-eu-now/>

² DExEU to close on 31 January <https://www.civilserviceworld.com/articles/news/dexeu-close-31-january>

³ Brexit withdrawal bill: what's new and what's different <https://www.theguardian.com/politics/2019/dec/20/brexit-withdrawal-bill-whats-new-and-whats-different>

overarching protections provided by the EU, individual international agreements could require significant regulatory changes that civil society would want to be able to scrutinise.

In practice, scrutiny of the Brexit process is likely to present fewer difficulties for the government in any case because of their ability to call on their majority if required, but it will again make it easier for the government to make Brexit a less politically contentious issue.

Lower political importance of Brexit doesn't mean it will go away

While no-deal preparations have been officially stood down, if the transition period ends at the end of 2020, a significant number of changes to how UK law operates will still have to be made, but also communicated to business and civil society.

While it looks possible for some sort of deal to be agreed by December, the closer we get to that deadline without clarity, the more difficult it will be to implement last minute changes, so we can anticipate January 2021 providing some bumps in the road for anyone who has regular dealings with EU countries, and possibly more widely⁴.

As we move towards more technical trade talks, the nature of political debate and media coverage means that less engaged members of the public are likely to hear less about Brexit, and may not associate the resulting decisions with Brexit. Charities, however, will need to be aware of these changes, which could have significant practical consequences.

More political focus on the 'red wall'

Ahead of the 2019 general election, polling expert James Kanagasooriam identified what he termed a 'red wall' of seats stretching from north Wales across the north of England where the Conservative vote was significantly lower than its demographics suggest it should be⁵. Others have used this term to mean historically Labour seats that have been made winnable for the Conservatives by support for Brexit⁶. In practice, the seats are a fairly diverse mix of traditional marginal constituencies, and safer seats where a trend away from Labour has been exacerbated by the Brexit vote⁷. However you define them, the Conservative election success in 2019 was made possible by winning seats in this category.

⁴ Johnson's future Brexit plan would be almost as disruptive as no deal <https://www.cer.eu/in-the-press/johnsons-future-brexit-plan-would-be-almost-disruptive-no-deal>

⁵ <https://twitter.com/JamesKanag/status/1161639282450321409>

⁶ Eg General election 2019: How Labour's 'red wall' turned blue <https://www.bbc.co.uk/news/election-2019-50771014> or Labour erupts in civil war and blames pro-Remain MPs for the loss of Brexit backing voters as yet ANOTHER poll shows them behind the Tories <https://www.dailymail.co.uk/news/article-7742395/Poll-reveals-Tories-13-point-lead-Labour.html>

⁷ The myth of the red wall <https://thecritic.co.uk/the-myth-of-the-red-wall/>

This shift however is not simply a case of Brexit providing a reason for Labour voters to switch to the Conservatives. Over the last 15 years, Labour has increased its support among younger, more diverse populations in urban areas while losing support in less densely populated towns and rural areas⁸.

These seats now appear to be more aligned with Conservative policies in some areas, such as security, policing and immigration, but it is likely that the party's traditional approach to the economy, public services, and the size of the state is less in tune with these new Conservative voters.

A new centre ground?

While there has been much talk of a new centrist, anti-Brexit party in recent years, most polling suggests that any space on the political spectrum that may exist is geared more towards voters with socially conservative views, and more interventionist economic views⁹. It is here that there may be a route to a majority for the Conservatives without Brexit dominating the political weather.

Some have argued that before the election the Conservatives had already moved to the left of their party under David Cameron on economic policy, and may do so further¹⁰. It is likely, however, that there would be internal opposition to a policy agenda that moved too far in this direction, and so there could be more of a focus on social and cultural issues.

These discussions are likely to inform political debate in the next few years, and so are worth paying attention to. For local charities, community engagement and the extent to which local services are funded will be key, but also charities working on issues that are unpopular with some sections of the public, such as human rights organisations, could find their causes in the firing line. It is also worth saying that despite the importance of these attitudes in determining the way people have voted, at a local level the situation is considerably more nuanced¹¹.

⁸ W. Jennings and G. Stoker, Tilting Towards the Cosmopolitan Axis? Political Change in England and the 2017 General Election, *The Political Quarterly*, 2017
https://static1.squarespace.com/static/58727b5a9de4bbf0b38db631/t/5989c25617bffc269e52e57e/1502200406865/Jennings_et_al-2017-The_Political_Quarterly.pdf

⁹ The real centre of British politics may not be where you think <https://capx.co/the-real-centre-of-british-politics-may-not-be-where-you-think/>

¹⁰ Time for Boris Johnson to show his true colours <https://unherd.com/2019/12/time-for-boris-johnson-to-show-his-true-colours/>

¹¹ Eg The idea that the British working class is socially conservative is nonsense <https://www.theguardian.com/commentisfree/2019/dec/22/idea-that-the-british-working-class-is-socially-conservative-is-a-nonsense> and Election 2019: a tale of two towns <https://www.prospectmagazine.co.uk/politics/election-2019-a-tale-of-two-towns-mansfield-huntingdon-labour-party>

Given the importance of these areas politically, that means all parties will be looking for insights into these communities. Charities could provide an influential voice – particularly on issues such as local economies, place-based services, and social cohesion.

Possible constitutional and legal reforms

The election result also means there will now be a constitution, democracy and rights commission, and a royal commission on the operation of the justice system. Both were formally announced in the Queen’s speech.

The outcomes of these commissions could have a significant impact on how the constitution operates, and the routes available for challenging decisions by the government, if initial briefings turn out to be correct.

One area which may be of concern to some charities and NGOs is judicial review, with calls for potential restrictions in how it can be used. While this is rarely a tool within the reach of most charities due to the resources and capacity required, it has on a number of occasions served as a last line of defence, particularly where cases are related to human rights or the environment¹².

House of Lords reform

There is also a suggestion that ministers are considering a proposal to replace the House of Lords with a ‘House of Regions’¹³. Individual suggestions and briefings on how the government might update the constitution should be taken with a pinch of salt for now, but it is probably true to say that this is the most vulnerable the House of Lords has been at any point. Since 2015, for the first time ever, the Conservatives have been in government without a corresponding majority in the House of Lords¹⁴, meaning that many proposals have come under challenge in the second chamber.

If it happens, House of Lords reform would be significant for charities. The Lords has played an important role in enabling detailed scrutiny of legislation in a way that the House of Commons does not always do effectively, with that scrutiny regularly leading to legislative and policy change¹⁵. That is not to say that any replacement would not be able to provide that, but changing

¹² Lawyers fear Tories are planning ‘revenge’ against Supreme Court <https://www.ft.com/content/60f97382-1b4e-11ea-97df-cc63de1d73f4>

¹³ Lords may become ‘House of Regions’ <https://www.thetimes.co.uk/article/lords-may-become-house-of-regions-63kxl2xsq>

¹⁴ Government defeats in the Lords: the new parliamentary reality? <https://www.instituteforgovernment.org.uk/blog/government-defeats-lords-new-parliamentary-reality>

¹⁵ The Policy Power of the Westminster Parliament: The Empirical Evidence <https://ukconstitutionalaw.org/2015/12/04/meg-russell-the-policy-power-of-the-westminster-parliament-the-empirical-evidence/>

the process for appointing, or directly electing, peers, would inevitably change the nature of the way the second chamber works, its purpose and its incentives.

Moving forward

Questions your organisation might want to consider:

- Have you thought about how your organisation could potentially be affected by the result of Brexit negotiations at the end of the transition period?
- Does your organisation have a clear idea of what it wants the country to look like after Brexit?
- How will you change your approach to political influencing to reflect the election result and the current environment?
- What insight does your organisation have that could contribute to parties' attempts to appeal to those living in areas which are now the main electoral battleground?
- How are you best able to get your voice heard politically, and what impact could constitutional changes have on that ability?

Links and resources

- Read the Institute for Government's briefing [Getting Brexit Done: What happens now?](#)
- Look at our guide [No-deal Brexit and the Voluntary Sector: Preparing for change – implications and actions](#)
- Watch our webinars on [working with a new government](#) and on [top tips for engaging with politicians](#)
- Access Campaign Bootcamp's [resource hub](#) on campaign and activism.
- Read the [Charity Commission's guidance on campaigning and political activity for charities](#)

Economic drivers

The economic outlook

In 2019, the UK economy slowed to its lowest annual growth rate since Britain emerged from the ‘Great Recession’¹⁶ that followed the 2007/8 financial crisis. Uncertainty surrounding the UK’s departure from the European Union (EU) has contributed to this downturn, but sluggish global growth and other UK structural challenges like poor productivity have also played a part.

Beyond 2020, the nature of the UK’s trading relationship with the EU and the rest of the world will influence the health of the economy. Research by the independent UK Trade Policy Observatory (UKTPO) predicts that leaving our largest trading partner with a free trade deal will have a negative impact on the economy compared to the current frictionless arrangement, even if a trade deal is simultaneously struck with the US¹⁷. Consequently, mediocre growth is the most likely outcome for the foreseeable future¹⁸. As some households struggle to cope with a tough economic environment, charities should prepare for continued demand for the support they provide.

Productivity and household income

A key challenge confronting the UK economy is poor labour productivity¹⁹. Figure 1 shows productivity has flatlined since the financial crisis of 2008, increasing by just 2.9% over the past 11 years – 19% lower than had the pre-crisis trend continued. This is important because the value of wages and living standards broadly tracks productivity growth. Had earnings grown in line with the pre-crisis trend, average wages would have been around a fifth higher than they are now. This equates to more than £5000 a year more for someone working a 35-hour week.²⁰

¹⁶

<https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/october2019>

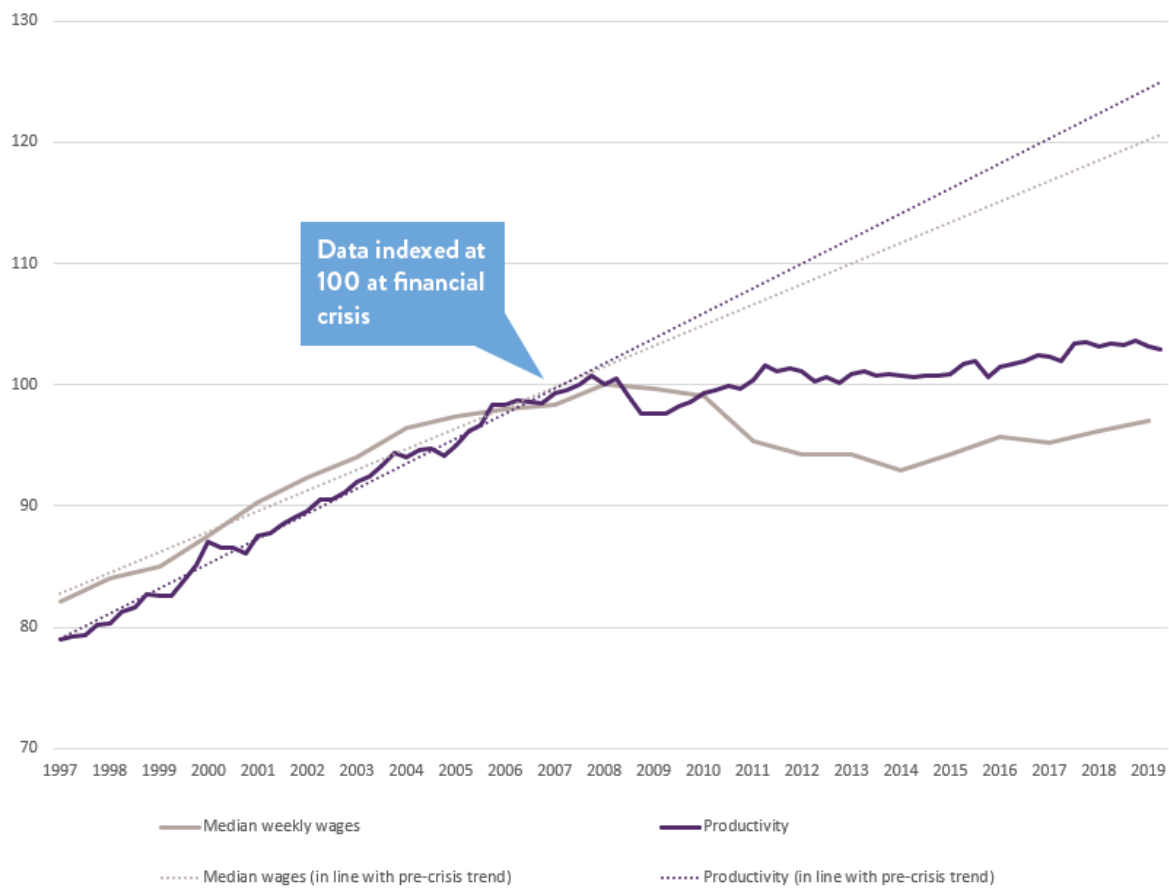
¹⁷ <https://blogs.sussex.ac.uk/uktpo/2019/12/12/how-much-is-a-free-trade-agreement-with-the-us-worth-to-the-uk-economy/>

¹⁸ <https://www.britishchambers.org.uk/news/2019/12/weak-gdp-growth-forecast-for-2020-as-business-investment-falls>

¹⁹ Higher productivity allows companies to produce more profits and pay higher salaries to employees. This in turn is directed back to the economy through increased consumer spending, higher exports, and more business investment.

²⁰ <https://www.ifs.org.uk/election/2019/article/let-s-talk-about-six-big-economic-challenges-that-need-addressing>

Figure 1: Productivity and wages since the financial crisis



Source: ONS²¹.

The real value of earnings has been on a steady upwards path since mid-2017²². If this trend persists, certain subsectors of the voluntary sector could see their future wage bills increase, particularly when the minimum wage comes into effect on 1 April. Yet the legacy of the past decade has been a change in the nature of poverty: away from the unemployed and towards the working poor (figure 2). Most people below the poverty line are now either in employment or live with someone who is²³. The rise in the minimum wage will be welcomed by many, such as those

²¹ONS median weekly earnings

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2019> and ONS Labour productivity

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/datasets/labourproductivitytables110andr1>

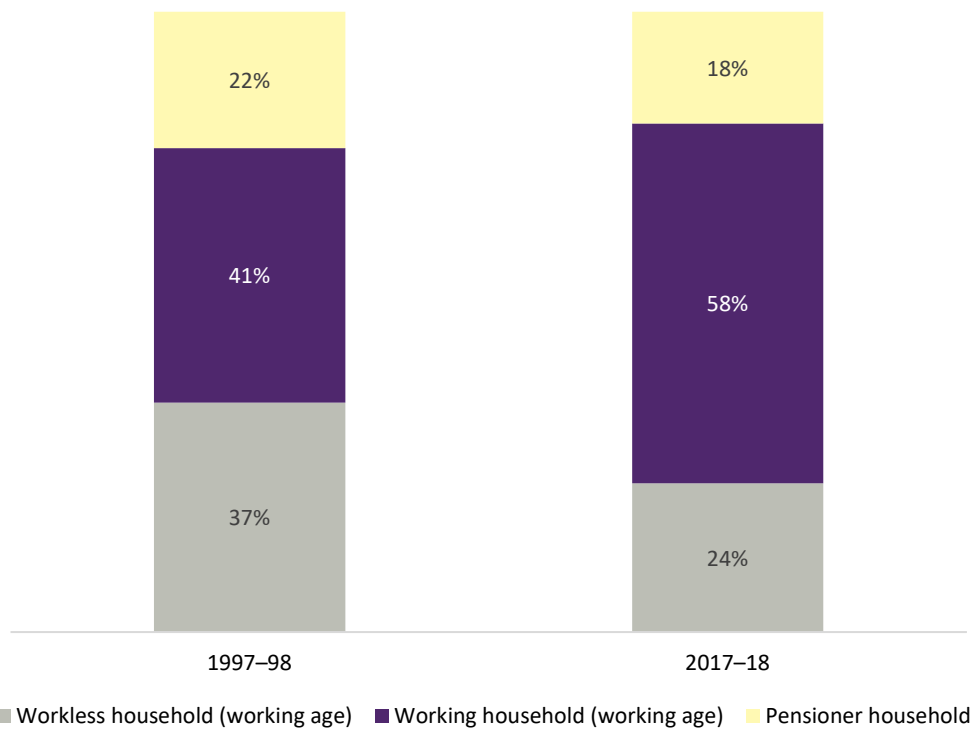
²²But real pay remains below pre-crisis levels

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/labourmarketeconomiccommentary/november2019>

²³ <https://www.ifs.org.uk/election/2019/earnings-employment-and-productivity>

working in social care²⁴, but a less than favourable short-to-medium term outlook for the UK economy suggests the financial situation of many households is unlikely to drastically improve anytime soon. For charities working in areas such as homelessness²⁵, poverty relief and welfare services this will not only have implications for the support they provide, it will also frame many of the policy debates that shape their work and conversations with government.

Figure 2: Breakdown of people in poverty in Great Britain, by household type



Source: Reproduced from graph created by the IFS <https://www.ifs.org.uk/uploads/R164-The-six-big-economic-challenges-that-need-addressing.pdf>. Poverty line defined as 60% of median net household income, with income measured after deducting housing costs. Pensioner households here are defined as households containing a man aged 65 or over, or a woman aged 60 or over, in line with the 1997-98 state pension ages.

²⁴ <https://www.bbc.co.uk/news/business-50947097>

²⁵ One in 200 are homeless in England, charity reveals <https://www.ft.com/content/092ab022-20de-11ea-b8a1-584213ee7b2b>

The UK shared prosperity fund

The government has committed to tackling productivity and inequality with its forthcoming UK shared prosperity fund (UKSPF)²⁶ which will replace EU funding after Brexit. Charities will hopefully play a central role in the delivery of the UKSPF through the provision of education, training and employment support for disadvantaged communities. How big a role it plays will be shaped by the proportion of the UKSPF allocated to capital expenditure projects – like infrastructure and buildings – versus support for people often neglected by existing state services.

According to the government, the UKSPF will – at a minimum – match the EU funding each nation currently receives, with £500m reserved for disadvantaged people²⁷, but questions remain around what time period this figure will be spread over. The European Social Fund alone is worth around £500m a year to the UK, so charities will want any replacement fund to provide at least the same level of support they currently receive. As we wait for the official government consultation to help ensure the UKSPF is appropriately designed, charities should already be clearly demonstrating to local and national policymakers the importance of European funding for their work in addressing inequality and the contribution this makes to a healthy UK economy.

Austerity paused, not reversed

Last September, the government set departmental budgets for one year while Brexit unfolds. This includes an overall increase of 4.4% on day-to-day spending on public services, including health, local authority spending, policing and the environment. While these commitments represent an end to some of the departmental cuts implemented by the previous Conservative governments, they do not ‘undo’ austerity. Overall spending on public services will remain 3% lower in real terms in 2020–21 than in 2010–11, dropping to 16% below 2010–11 levels when health and social care are taken out of the equation²⁸.

The £13.8bn real-term increase in day-to-day spending will reduce the strain on some public services, but longer-term spending and fiscal decisions will probably need to wait until Britain’s trading relationship with the EU and other countries is clearer. The postponed full three-year spending review²⁹ later this year – and to a lesser extent the budget on 11 March³⁰ – will determine whether austerity is truly over or just paused. Local authorities have seen government funding reduced in real terms by almost half since 2010–11, while 1 in 10 councils are now using

²⁶ <https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2018-07-24/HCWS927>

²⁷ https://assets-global.website-files.com/5da42e2cae7ebd3f8bde353c/5dda924905da587992a064ba_Conservative%202019%20Manifesto.pdf

²⁸ <https://www.ifs.org.uk/publications/14424>

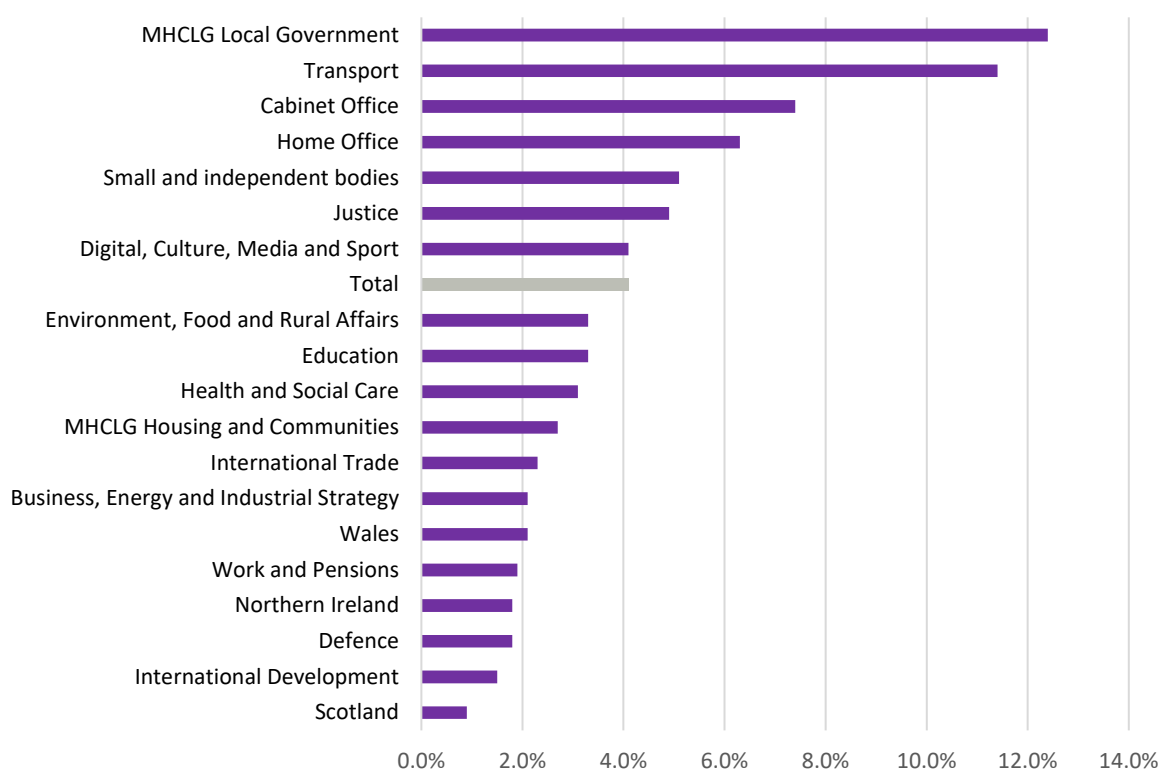
²⁹ <https://www.ft.com/content/a34eb1f8-86dd-11e9-97ea-05ac2431f453>

³⁰ <https://www.gov.uk/government/news/chancellor-launches-budget-process-to-usher-in-decade-of-renewal>

their reserves at a rate which has been estimated as not sustainable for more than three years³¹. Since 2009–10 there has been a 17% fall in councils’ spending on local public services³².

A particular focus for charities will be whether the government decides to review the long-term sustainability of local government finances which fund much of the support the sector delivers. Faced with rising demand and diminishing resources, councils will be increasingly forced to shift spending away from preventative services in order to meet crisis needs. Continued pressure on budgets could intensify the trend towards increased competitive tendering for the delivery of services, driving some charities to compete with the private sector and even each other.

Figure 3: Real-terms percentage change in departmental budgets, 2019–20 to 2020–21



Source: Reproduced from graph created by the IFS <https://www.ifs.org.uk/publications/14424>

³¹ <https://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2018/>

³² <https://www.ifs.org.uk/publications/14563>

The state of public services

Central and local government are estimated to spend £191.1bn on GPs, hospitals, adult and children's social care, neighbourhood services, police, prisons, courts, and schools by 2023/24. This may be enough to meet demand and maintain standards³³. However, many services have declined in performance and pledged funding won't be enough to make improvements.

Funding reductions have occurred unevenly across the country and across service provision. One in seven councils, mostly in the north of England, faced budget cuts of over 40% between 2010 and 2017³⁴. Social care services account for over half of service budgets³⁵, yet there will be a social care funding gap of £4.4bn in England in 2023/24. 83% of councils have cut funding for youth services in half³⁶. This picture will continue unless there is a shift in how funding is raised and redistributed.³⁷

Charities and voluntary organisations will grapple with large scale transformation programmes which continue at pace. These include the development of primary care networks (PCNs) and integrated care systems (ICNs), and changes to the National Probation Service and the Courts and Tribunals Service. The NHS is rolling out a large-scale social prescribing programme. However, for this to be effective and sustainable, the funding and resource implications will be significant and ongoing, and proposed funding may not be sufficient.

The outsourcing of public services has faced intense scrutiny, particularly following the collapse of Carillion and more recently Interserve. In 2020 we will see central government push further for better standards using the Outsourcing Playbook³⁸, and implement a new approach to accounting for social value.

Local authorities are increasingly exploring alternative models to deliver services, including insourcing services, developing local authority trading companies (LATCs) and procuring employee-owned mutuals. Some have radically shifted how they work, such as [the Wigan Deal](#) and the alliance contract model used by Plymouth Council to address homelessness. Changes to local arrangements may provide opportunities for charities and voluntary organisations to collaborate with local councils and other organisations. This may create instability in funding and working relationships with decision makers and commissioners, as well as supporting staff, citizens and volunteers to adapt to different services.

³³ <https://www.instituteforgovernment.org.uk/publications/performance-tracker-2019>

³⁴ <https://www.theguardian.com/society/2018/oct/09/territorial-injustice-on-rise-england-due-to-council-cuts-study>

³⁵ <https://www.ifs.org.uk/publications/14563>

³⁶ <https://www.ymca.org.uk/latest-news/cuts-to-youth-services-to-reach-breaking-point-during-critical-time-for-youth-community-support>

³⁷ <https://www.ifs.org.uk/publications/13911>

³⁸ <https://www.gov.uk/government/publications/the-outsourcing-playbook>

The future of giving

The number of people giving is showing signs of decline. CAF's UK Giving 2019 reports a year-on-year drop in people saying they have given money to a charity or sponsored someone from 69% in 2016 down to 57% in 2018³⁹. While the total amount donated to charities has remained largely static – with legacy donations actually displaying signs of growth⁴⁰ – there are several drivers linked to wider political currents and changes in consumer behaviour that charities should be aware of in the coming years.

GDPR regulations and the rising costs of fundraising mean fewer people are being approached for money, particularly through face-to-face and direct mail fundraising. People are choosing to support causes in different ways with mass movements, ethical consumerism and crowdfunding all growing in popularity. There has also been a decline in trust in institutions – including charities – while a decade of austerity has left people with less disposable income to give to good causes.

Charities should reflect on these trends when developing fundraising strategies. This might require reviewing communication methods with new and existing supporters, including engaging with a new generation of donors as other pools shrink. Increased pressure to demonstrate impact – in terms of where money goes and what it achieves – should be expected, while adopting new technologies such as contactless cards and apps may also want to be considered. Some charities may need to review their organisational culture, including attitudes to risk and innovation.

Philanthropy under scrutiny

Philanthropic giving is coming under increased scrutiny. Some argue that the system that generates the wealth which makes philanthropy possible is also responsible for some of the social and economic problems that it seeks to address⁴¹. Initiatives funded by philanthropists have had a significant impact⁴², yet it is argued these same people perpetuate an economic order that exacerbates inequality, while focusing on causes that are aligned with their own social and political preferences⁴³. Whatever their political opinions, people are becoming increasingly suspicious of powerful elites in an age of growing economic inequality. For instance, in Britain, the total wealth of the top 10% is five times as much as the whole bottom 50%⁴⁴.

³⁹ https://www.cafonline.org/docs/default-source/about-us-publications/caf-uk-giving-2019-report-an-overview-of-charitable-giving-in-the-uk.pdf?sfvrsn=c4a29a40_4

⁴⁰ <https://data.ncvo.org.uk/sector-finances/income-from-the-public/>

⁴¹ For example, see Rob Reich, *Just Giving – why philanthropy is failing democracy and how it can do better* and Anand Giridharadas - *Winners Take All: The Elite Charade of Changing the World*.

⁴² <https://www.gatesfoundation.org/What-We-Do/Global-Development/Polio>

⁴³ Anand Giridharadas - *Winners Take All: The Elite Charade of Changing the World*.

⁴⁴ <https://www.ons.gov.uk/releases/wealthingreatbritainwave62016to2018>

So far, the growing scrutiny of philanthropy has largely been confined to the US which has a different tax system, regulatory environment and culture of philanthropy, so direct comparisons to the UK are problematic⁴⁵. Nonetheless, recent events have shown that the UK is not immune to the growing scrutiny that philanthropic giving is facing. The Sackler Trust – a philanthropic organisation that is a major funder of UK arts and education – recently paused new donations after a backlash over its connections to a maker of opioid drugs, while some philanthropists have faced criticism for donating to the Notre Dame fire appeal rather than homegrown social issues like the Grenfell fire.

Charities should be conscious of emerging debates about how wealth, power and philanthropy interact. It's possible to lose public trust and confidence if the source of income conflicts with a charity's ethics and values. This includes how charities approach investment opportunities to ensure funding doesn't support companies that conflict with their own purpose and values, or those of their supporters.⁴⁶

Moving forward

Questions your organisations might want to consider:

- Have you thought about how limited growth and planned cuts to government spending could affect your organisation's work and the lives of your beneficiaries over the coming years?
- Will the change in the nature of poverty – away from the unemployed and towards the working poor – impact on the support your charity provides to certain beneficiary groups?
- Are increases in the minimum wage and persistent wage growth likely to affect your charity's wage bill?
- If your charity currently receives EU funding, are you highlighting its importance for supporting disadvantaged communities to policymakers, ahead of the UK shared prosperity fund consultation
- Are you aware of opportunities to be involved with social prescribing initiatives?

⁴⁵ <https://www.cafonline.org/about-us/blog-home/giving-thought/the-role-of-giving/critical-imports-do-us-debates-about-philanthropy-reflect-the-uk-context>

⁴⁶ <https://charitycommission.blog.gov.uk/2020/01/15/how-do-charities-approach-investing-in-line-with-their-purpose-and-values-we-want-to-know-and-we-want-to-help/>

- Considering shifts in the ways people support causes, have you reflected on your organisation's fundraising strategy, including engagement with a new generation of donors and the adoption of new technologies?
- Do you have systems in place to check whether the sources of donations and other funding streams are compatible with your organisation's ethics and values?

Links and resources

- Listen to CAF's [Giving Thought](#) podcast to explore trends in global philanthropy and civil society. Latest editions include '2020 predictions for philanthropy and charity', 'Non-profits and philanthropy in a polarized world' and 'Philanthropy, diversity and inclusion'.
- Find out more about the political, economic, social, technological, legal and regulatory opportunities and risks on the horizon for fundraisers and [future-proof your fundraising](#).
- If you're planning to diversify your organisation's income, have a look at our [income diversification planner](#).
- If you're thinking about social prescribing, NCVO will host a webinar on how to ensure that social prescribing is inclusive as part of our membership of the Health and Wellbeing Alliance. Follow updates [on our webpage](#) or email catherine.goodall@ncvo.org.uk to find out more.
- Engage with our community wealth building session at [our Annual Conference](#) on alternative models of funding and building sustainability locally.
- Learn more about [social value](#) and how you can [measure your organisation's social value or impact](#).

Social drivers

The geography of ageing

By 2050, a quarter of the population in the UK will be aged 65 years or over. The UK population as a whole is ageing, but while rural and coastal areas in the country are ageing more quickly, cities like Nottingham and Newcastle are getting younger⁴⁷. These local differences in the pace and direction of population change have increased over time, so places are becoming more divergent. This has been driven by differences in birth rates and levels of migration from other parts of the UK and from other countries.

This increasing divergence has wide-ranging implications for local economies and service provision. Understanding the age profile of different areas and how these could evolve in the future is crucial to meeting local needs – particularly social care needs. The fact that a rising number of older people needing care tend to live in areas where there are fewer younger people who can provide it is a major challenge. By 2028, it is estimated that there will be a shortage of over 400,000 workers in social care⁴⁸ and some places will be more affected than others.

An ageing population, a changing workforce

The growing number of older people has implications for the economy because of a rise in the demand for services and in state pensions. But increasingly people are working until later in life and continue to contribute economically. Most of the growth of economic activity at older ages is due to more women participating in the labour force, particularly at older ages (partly due to the increase of the State Pension Age from age 60 to 65 for women since 2010) and working part-time⁴⁹.

The number of people over 70 in full or part-time employment has been rising year-on-year over the past decade, reaching almost half a million in 2019⁵⁰. This trend is likely to continue with the decline of defined-benefit pension schemes and the increase in life expectancy. More opportunities for flexible working and age-friendly practices will need to be developed to allow people to combine work with health and care needs or caring responsibilities. Organisations will also need to consider how changes in the workforce will impact on volunteering. While having to

⁴⁷ <https://www.resolutionfoundation.org/publications/ageing-fast-and-slow/>

⁴⁸ <https://www.ippr.org/files/2018-11/fair-care-a-workforce-strategy-november18.pdf>

⁴⁹

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/livinglongerandoldagedependencywhatdoesthefuturehold/2019-06-24>

⁵⁰ https://restless.co.uk/news_and_insights/the-number-of-over-70s-still-working-has-more-than-doubled-in-a-decade/

work longer may prevent people from volunteering, flexible working and gradual or phased retirement could encourage them to get involved.

A divided country?

The EU referendum results highlighted some stark divisions across the UK. There is strong evidence that Britain has become polarised, particularly in terms of people's views on Brexit. The number of people who strongly identify with a political party has fallen significantly, and is now far lower than the number who strongly identify with their side of the Brexit vote.

However, it is less clear that similar divisions exist across other issues facing the country⁵¹ with evidence suggesting that many aspects of attitudes and identity in the UK are converging rather than diverging. This is, for instance, the case for views on gender equality and same-sex relationships. There is also a great deal of agreement on policy priorities, such as the environment, health and social care, and poverty⁵². Recent narratives have tended to focus on divisions, but the picture is more complex. While it's important to acknowledge that polarisation around Brexit identities has in some cases had a negative impact on people's relationships and social interactions, and may continue to do so in the future, what unites people shouldn't be overlooked. This seems particularly important for charities that work on issues where there can be convergence around shared values and purpose. Charities will also need to think about diversity and inclusion within their own organisations (including in terms of leadership and governance) to ensure they are representative of the communities they support. Campaigns such as #charitysowhite⁵³ show that there is plenty of room for improvement.

Increasing social isolation

The latest version of Living Well Index, conducted by Sainsbury's with Oxford Economics and Natcen, suggests a decrease in the country's sense of wellbeing. The index looks at six broad areas: community connections, finances, relationships, health, lifestyle and environment

The biggest year-on-year decline concerns social connections and relationships⁵⁴. It shows that the number of people socialising with friends or family has decreased over the past 12 months. The weakening of social connections was similarly reflected in a recent YouGov poll indicating

⁵¹ <https://www.kcl.ac.uk/policy-institute/assets/divided-britain.pdf>

⁵² <https://britainthinks.com/news/challenges-facing-britain-a-report-for-engage-britain>

⁵³ <https://twitter.com/CharitySoWhite>

⁵⁴ https://www.about.sainsburys.co.uk/~/_media/Files/S/Sainsburys/living-well-index/Sainsburys%20Living%20Well%20Index%20Wave%204%20Jun%202019%20FV.pdf

that over a quarter (28%) of people across all ages said they had no one they would call a best friend and over one in ten (15%) said they had no close friends⁵⁵.

Changes in the way people connect and interact are likely to be linked to a range of factors such as greater geographical mobility or the ubiquity of digital communications and social media. Whatever the causes, there are concerns that these changes are leading to feelings of loneliness and anxiety. We know, for instance, that feeling lonely is less frequent among people who have stronger social networks, regularly chat to their neighbours, and consider they belong to their neighbourhood and that others in their local area can be trusted⁵⁶. The voluntary sector and volunteering can contribute to the prevention of social isolation and loneliness and support those who are socially isolated and lonely, by bringing people together and providing them with meaningful experiences that may strengthen their sense of connection and purpose⁵⁷. But there is still a stigma around loneliness that makes some people more difficult to reach.

A more decentralised world of ‘doing good’

There are some recurring messages in recent reflections on the changing nature of social action⁵⁸.

- There are multiple ways of ‘doing good’, people are spoilt for choice and charities certainly don’t have a monopoly.
- More people want to get involved in decentralised and networked ways rather than through more formal organisations or structured schemes.
- They are increasingly self-organising around causes and issues, often bypassing existing organisations.
- They are seeking opportunities that build on what they can offer (eg their skills and experience) and align with the things that they care about and define who they are.
- They prefer opportunities that are flexible and fit around what else might be happening in their lives.

⁵⁵ <https://yougov.co.uk/topics/relationships/articles-reports/2019/09/25/quarter-britons-dont-have-best-friend>

⁵⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/771482/Community_Life_Survey_Focus_on_Loneliness_201718.pdf

⁵⁷ https://www.tnlcommunityfund.org.uk/media/Bringing-people-together_how-community-action-can-tackle-loneliness-and-social-isolation.pdf?mtime=20190701084743

⁵⁸ https://www.ncvo.org.uk/images/documents/policy_and_research/volunteering/Volunteer_experience_Full-Report.pdf; <https://future-rcrc.com/2018/12/05/rethinking-the-future-of-volunteering/> and <https://probonoaustralia.com.au/news/2019/06/are-we-thinking-about-volunteering-all-wrong/>

- They want to be able to start their involvement quickly, possibly because of changing expectations brought about by new technologies.
- They want their involvement to be impactful and to contribute to their sense of connection or identity.

Organisations will need to consider these trends and how they might respond to them. Depending on their objectives and activities, but also on context, this could involve:

- focusing on participation and facilitation rather than control and management
- developing relationships with people to understand what makes them tick and how they might want to contribute, rather than expecting them to fit into existing roles
- designing opportunities for experience that can evolve over time rather than for fixed or long-term roles
- supporting and amplifying the efforts of individuals and networks.

How younger people get involved

These trends seem particularly relevant to how younger generations are engaging or want to engage. The Millennial Impact Report⁵⁹, which looks at 10 years' worth of data and evidence on how millennials in the US interact with social causes and issues, highlights that:

- millennials want to embed engagement in their everyday life and believe in the power of small actions such as buying an ethical product or signing a petition that can contribute to something bigger
- they are distrustful of traditional politics but believe in the need for social change
- they are cause-led and 'sector agnostic', so open to getting involved in multiple initiatives with the same goal, whether these are led by charities, public sector organisations, corporates or individuals
- peers play a critical role in millennials' engagement: they influence their choice of causes to support and are mobilised through the extensive use of social media.

Climate change and activism

One area where young people's activism has been very visible is in the climate change movement. Last year saw protests around the world, largely inspired by teenager Greta Thunberg. A survey⁶⁰ in 13 European cities on the protests of 15 March 2019 shows that there

⁵⁹ <http://www.themillennialimpact.com/latest-research>

⁶⁰ http://eprints.keele.ac.uk/6571/7/20190709_Protest%20for%20a%20future_GCS%20Descriptive%20Report.pdf

was an over-representation of young people, a strong female presence, and of first-time participants a significant use of social media and peer networks. There was also limited engagement in well-known environmental organisations, but a significant investment in ‘lifestyle politics’⁶¹ linked to consumer choices (eg veganism).

Concern over the environment is widespread and at its highest level since 2010⁶². Over a quarter (27%) of Britons now cite the environment in their top three issues facing the country, putting it behind only Brexit (67%) and health (32%). This is higher still for 18 to 24 year olds (45%). Environmental issues are already a powerful driver for social action and that will likely continue in the years to come. The sense of urgency to find solutions to these challenges is encouraging people to mobilise through a range of initiatives, including at the local level with, for example, energy projects owned and operated by communities, or the development of ‘repair cafes’⁶³ and community fridges⁶⁴ to help prevent waste. Such initiatives are likely to get more support from trusts and foundations in coming years⁶⁵⁶⁶.

There will also be more pressure on all charities to demonstrate that they are reducing their environmental footprint. This may lead to more organisations seeking certification services that recognise achievements in environmental sustainability. Changes in the workplace might, for example, involve:

- encouraging employees to cycle to work or car share
- avoiding single-use plastic
- shutting down office computers in the evenings and weekends
- holding virtual meetings.

⁶¹ There are different definitions for this term, here it means the belief that individual lifestyle changes, especially those linked consumer choices, can have a positive impact

⁶² <https://yougov.co.uk/topics/politics/articles-reports/2019/06/05/concern-environment-record-highs>

⁶³ <https://repaircafe.org/en/>

⁶⁴ <https://www.hubbub.org.uk/the-community-fridge>

⁶⁵ <https://fundercommitmentclimatechange.org/>

⁶⁶ <https://tenyearstime.com/wp-content/uploads/2019/10/Climate-Change-Social-Change-How-Funders-Can-Act-On-Both.pdf>

Moving forward

Questions your organisation might want to consider:

- Does your organisation know the age profile of the areas it is working in?
- Have you thought about the impact an ageing population will have on your activities and services as well as on your workforce and volunteers? How will you adapt your policies to reflect the needs and wellbeing of older people?
- By working in equal partnership with communities, can you help local people to come together around shared values and purpose?
- What does equity, diversity and inclusion mean for your organisation in terms of leadership, governance, workforce, volunteering and the services you provide?
- Are your activities reaching people who may be isolated? Have you considered how feelings of loneliness might vary according to age group?
- How might your organisation engage and support people who are keen to be active but want to get involved on their own terms?
- How can your organisation contribute to tackling climate change? What actions does it need to take to improve its environmental footprint?

Links and resources

- Use [Nomis](#) to get a report with the main population statistics on your local area
- Have a look at the Centre for Ageing Better resources on [becoming an age-friendly employer](#) and [age-friendly and inclusive volunteering](#)
- Get some insights and practical guidance on tackling [loneliness and social isolation](#)
- [Watch the National Trust's video on trends impacting on volunteering, participation and inclusion](#)
- Find out more about community organising with [Citizens UK](#) and [asset-based approaches to community development](#)
- [Look at NPC's resource hub on workplace diversity](#)
- Read the Charity Commission's guidance on [how your organisation could improve its impact on the environment and be energy efficient](#) and the Institute of Fundraising's guidance on [environmentally-friendly fundraising](#)

Technological drivers

The importance of being strategic about digital

Over the last couple of years, there has been a lot of talk about digital transformation in charities. While some believe the digital revolution – the shift to digital technologies – is transforming the way charities work^{67,68}, others have been sceptical, claiming that the digital revolution has passed the sector entirely⁶⁹ and that charities are not influencing technology enough or the policies around them⁷⁰.

According to the Digital Skills Report 2019, the number of charities that don't have a digital strategy has increased from 50% to 52% in the last year, while 10% of charities have been through a full digital transformation process – 5% less than in 2018⁷¹.

Reflections from the National Lottery Communities Fund offer some insights into what digital means to charities. Following the launch of the Digital Fund, they were surprised about the differences in charities' understanding of the word 'digital' and how many applications did not meet their criteria.⁷² While they were looking to fund projects in the area of organisational transition, digital innovation and good leadership, the majority of applications were about basic digital infrastructure, digitising processes, creating new services, or digital engagement. The findings suggest the digital revolution is not a reality for many charities.

For organisations who want to progress in digital, developing a digital strategy might be helpful. However, even without a full strategy, being specific about what digital is able to bring to organisations, can provide greater clarity about what organisations need and where to start. For charity leaders it is important to understand how digital is changing the needs, behaviours and expectations of their users and supporters. Tools like the digital maturity matrix⁷³ can help organisations to find out where they currently sit and identify specific goals. Keeping up to date with new technologies and developments on the horizon is as important as thinking about what has to be in place first.

⁶⁷ <https://www.cityam.com/digital-revolution/>

⁶⁸ <https://thirdforcenews.org.uk/tfn-news/tech-special-digital-is-booming-and-charities-need-to-take-note>

⁶⁹ <https://nfpsynergy.net/blog/no-charity-digital-revolution>

⁷⁰ <https://www.thirdsector.co.uk/charities-currently-play-no-part-digital-revolution-says-nesta-chief/digital/article/1495841>

⁷¹ Skills Platform (2019) Digital Skills Report 2019 <http://report.skillsplatform.org/charity-digital-report-2019/>

⁷² Robinson (2019) What we're learning about how the sector understands "digital"
<https://medium.com/@cassierobinson/what-were-learning-about-how-the-sector-understands-digital-2ef0a07c2a68>

⁷³ <https://tools.ncvo.org.uk/digitalmaturitymatrix>

GDPR and cybersecurity remain a high priority

According to a survey from the Department for Digital, Culture, Media and Sport (DCMS), one in five charities experienced a data breach or cyber-attack in 2018, with phishing emails being the most common attack reported. Unsurprisingly, a majority of charities reported cybersecurity as a priority (75%), however only a few had provided training or invested in cybersecurity.⁷⁴ At the same time the Lloyds Charity Digital Index 2018 found that cybersecurity was the most sought after digital skill in charities.⁷⁵

Cybercrime will continue to be a huge risk and email fraud is predicted to become even more sophisticated. In order to protect their valuable funds, assets and good reputation, it will be crucial for charities to have greater awareness of cyber-attacks and put a range of security measures in place. These include:

- regular software updates
- malware protection
- password policies
- staff training.

Many charities need to update their systems and tools

Technology will continue to have an impact on the way charities work. For example, offering flexible working opportunities supported by the effective use of technology has become more and more important for charities in order to recruit and retain staff.⁷⁶

Technology has also changed the way charities connect with and engage beneficiaries, volunteers and donors. Being asked to give on the street is still the most common way people give to charities, but numbers have been declining. At the same time, the proportion of people who give online has been fairly stable.⁷⁷

Digital platforms and apps have made it easier for people to come together and organise direct social action. From using live translation tools when working with refugees, to applying AI in the

⁷⁴ DCMS (2019) Cyber Security Breaches Survey 2019

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/791942/CSBS_2019_Infographics_-_General_Findings.pdf

⁷⁵ Lloyds (2018) UK Business and Charity Digital Index 2018

<https://resources.lloydsbank.com/businessdigitalindex/>

⁷⁶ TTP (2018) Why charities need to offer better flexible working options

<https://www.ttp.co.uk/blog/2018/10/why-charities-need-to-offer-better-flexible-working-options>

⁷⁷ CAF (2019) UK Giving Report 2019

development of diagnostic tools, some charities have tapped into digital technologies with the intention to benefit society.

But a lot of charities are still working with outdated tools and systems that don't support these developments. Money is one of the main barriers and many charities would update their IT infrastructure if they had sufficient funds.⁷⁸ Cloud services can offer great alternatives in terms of cost savings, flexibility and scalability – about two thirds of charities are already using them.⁷⁹⁸⁰ Charities can also make use of discounts offered to them by many software providers.

Using the latest technology is not just about innovation and growth. Outdated tools can also lead to security risks exposing organisations to data breaches.⁸¹ For example, when Windows 7 runs out in January 2020, charities might risk leaving their systems and information vulnerable to cyber-attacks.⁸²

⁷⁸ Charity Digital (2018) Key findings from our Digital Charity Survey 2018 <https://charitydigital.org.uk/key-findings-digital-charity-survey-2018/>

⁷⁹ Charity Digital (2018) Key findings from our Digital Charity Survey 2018 <https://charitydigital.org.uk/key-findings-digital-charity-survey-2018/>

⁸⁰ <https://www.information-age.com/exclusive-digital-weaknesses-holding-charities-back-123470708/>

⁸¹ <https://www.charitydigitalnews.co.uk/2019/08/20/is-your-charity-still-running-windows-7-youre-facing-a-security-and-compliance-risk/>

⁸² <https://www.charitydigitalnews.co.uk/2019/08/20/is-your-charity-still-running-windows-7-youre-facing-a-security-and-compliance-risk/>

Spotlight: Tech for good applications

The list of examples below is not extensive by any means but aims to illustrate the range of tech for good applications.

Apps: Apps have offered a great way for charities to widen their reach and offer different kinds of services. [iDyslexic](#) gives children with dyslexia and attention deficit hyperactivity disorder (ADHD) a social media platform where they can meet new friends, create and share content, and gain advice from mentors, so they feel less isolated.

Blockchain: Some big charities such as UNICEF and the Salvation Army have signed up to [cryptogivingtuesday.org](#) to accept digital currencies. While not yet as established as US counterparts, there are a handful of UK charities accepting bitcoin and other major digital currencies, including Breast Cancer Support, and the Royal National Lifeboat Institution.

Chatbots: A couple of charities have started using chatbots for storytelling, donor engagement or service delivery. For example, charity: water's [Walk with Yeshi](#) Facebook Messenger chatbot provides an emotional account of an Ethiopian girl called Yeshi and her journey to collect water every day.

Crowdfunding: Crowdfunding has become a popular way for charities to get funding for specific projects and reach out to a large number of individual supporters rather than large funders. Some well-known platforms include [JustGiving](#), [GoFundMe](#), [Givey](#), [Wonderful](#), [Charity Choice](#) and [VirginMoneyGiving](#).

Contactless donations: Contactless card machines have become easier to obtain for use in retail and street fundraising. Services like [Tap for Change](#) allow charities to set up and rent their own contactless donation boxes.

Data: Using data and insights can be a powerful tool for charities to improve services and tackle social issues. [DataKind UK and The Welcome Centre](#) worked together to identify food bank dependency early on to help social workers to decide whether additional support was needed.

Devices: There are endless examples of technological inventions that improve people's lives such as the [Control One](#), a joystick-like device that allows physically disabled people to create music without having to learn an entirely new physical skill.

Smart speakers: Various charities have started creating content for smart speakers, like [First Aid](#) by the British Red Cross. As an alternative, [goDonate Voice](#) is an off-the-shelf product developed to raise funds using smart speakers.

Streaming platforms: Livestream gaming platform [Twitch](#) represents a huge untapped opportunity for charities to fundraise to new, engaged audiences of younger people. [Médecins Sans Frontières](#) has become a popular partner for charity livestream fundraising.

Virtual reality: Virtual reality has provided opportunities for charities to engage users in virtual environments to raise awareness, fundraise or deliver a service. [The Royal Trinity Hospice](#) uses virtual reality to give potential patients and their families a way to experience the grounds and facilities.

Generating insights from data, not just generating data

One of the biggest buzzwords of the 2000s – big data – will continue to make headlines. Internet users today generate more than 2.5 quintillion bytes of data each day.⁸³ Many organisations have started setting up systems to store the vast amount of data available to them. While storing data might be easier, generating insights from that data seems to be more challenging. According to the Lloyds Charity Digital Index, using data and technology to solve problems and make decisions is still the lowest skill area for charities.⁸⁴

Charities wanting to make more use of their data, should start with assessing what data is available and where the gaps are. Collecting data for data's sake won't lead to useful insights. Instead, organisations might want to develop data standards and make sure data is kept up to date so that it can be used effectively. In light of the climate crisis, there is also a growing concern around the energy required to stored and process vast amounts of data.⁸⁵⁸⁶

Today there are a range of analytical tools that have free versions charities can tap into (eg Google Analytics, Tableau, Microsoft Power BI). However, charities might need to upskill staff in analytical areas or make use of technical volunteers (see next section). Charities often help the most vulnerable and marginalised, so they also need to think about data governance and ethics, especially since the introduction of tighter regulation around data. They need to ensure that proper guidance and safeguarding is maintained in the data that is gathered and processed about their beneficiaries.

Creative and flexible ways to improve digital skills

According to Lloyds Charity Digital Index⁸⁷, 99% of charities are now online compared to 76% in 2014 and fewer are lacking basic digital skills. However, digital is still challenging for many charities, especially when it comes to more advanced technology.

In the Charity Digital Skills Report 2019⁸⁸, almost half (47%) of respondents were concerned that they did not have the right digital skills in their organisation, with artificial intelligence and

⁸³ Domo, Data Never Sleeps 5.0 https://www.domo.com/learn/data-never-sleeps-5?aid=ogsm072517_1&sf100871281=1

⁸⁴ Lloyds (2018) UK Business and Charity Digital Index 2018 <https://resources.lloydsbank.com/businessdigitalindex/>

⁸⁵ Guardian (2018) Our phones and gadgets are now endangering the planet <https://www.theguardian.com/commentisfree/2018/jul/17/internet-climate-carbon-footprint-data-centres>

⁸⁷ Lloyds (2018) UK Business and Charity Digital Index 2018 <https://resources.lloydsbank.com/businessdigitalindex/>

⁸⁸ Skills platform (2019) Charity Digital Skills Report 2019 <http://report.skillsplatform.org/charity-digital-report-2019/>

data handling being common missing skills. In addition, organisations are finding it hard to attract or retain staff with the right digital talent. The Employer Skills Survey highlights that digital skills are one of the main skills missing from applicants.⁸⁹

When recruiting technical staff, charities should consider how they can get skilled staff and be clear about their needs and how they'll work with technical staff. Instead of fulltime roles, new models might be better suited, eg 'a week of a month of a data scientist' or 'a day a week of a developer'. Charities should also be aware of some of the challenges for technical staff, as many organisations are more likely to employ solo experts than big technical teams. This will have an impact on employees' ability to learn and progress, and stay motivated, as well as implications for the ability of organisations to review the quality of their work. In such cases, charities might consider tapping into external networks (eg social data society by Datakind UK) or look for external mentors for their staff.

When commissioning technical projects, charities will need to gain understanding of what it means to manage tech experts and tech projects, including agile project management techniques and using digital design principles⁹⁰.

Using technology to distribute power

We see increasing political protest, a crisis in representation and governance, and start-up businesses disrupting traditional industries. While some are optimistic that digitally enabled actors are changing the way the world works and disrupting institutions that once held a monopoly on power^{91,92}, others are more sceptical, pointing out that the powerful are only getting more powerful.⁹³

It can seem like technology is a tool that can be used both to distribute power as well as maintain and grow it. The much quoted Heimans and Timms⁹⁴ claim that only combining new power methods with new power values will lead to true power distribution. New power models (or

⁸⁹ NCVO (2019) Planning for tomorrow's workforce. Understanding skills and skills gaps in the sector. <https://publications.ncvo.org.uk/planning-for-tomorrows-workforce/biggest-skills-gap-exists-specialist-skills/#spotlight-digital-skills>

⁹⁰ CAST, digital design principles <https://betterdigital.services/principles/>

⁹¹ Los Angeles Times (2009) Twitter, a tyrant's nightmare <https://www.latimes.com/archives/la-xpm-2009-jun-24-oe-rutten24-story.html>

⁹² Technology is changing the face of global protests <https://qz.com/1742472/technology-is-changing-the-face-of-the-catalonia-protests/>

⁹³ James Bridle (2018) New Dark Age: Technology and the end of the future ; Guardian (2017) Russia used hundreds of fake accounts to tweet about Brexit, data shows <https://www.theguardian.com/world/2017/nov/14/how-400-russia-run-fake-accounts-posted-bogus-brexit-tweets> ; Guardian (2018) Cambridge Analytica's US election work may violate law, legal complaint argues <https://www.theguardian.com/uk-news/2018/mar/26/cambridge-analytica-trump-campaign-us-election-laws>

⁹⁴ Heimans & Timms (2014) Understanding "New Power" <https://hbr.org/2014/12/understanding-new-power>

methods) tap into people’s growing capacity – and desire – to participate, and new power values support these expectations of participation, including through informal networks and decision making, crowd wisdom⁹⁵, and transparency. Many digital tools could contribute to this new power by enabling sharing, collaboration and taking ownership.

To engage meaningfully with society’s diverse communities and meet people’s expectations of participation, charities should consider putting shared and distributed models of decision-making in place, and think how they might harness the potential of technological tools in enabling these processes.

New power models	<p>Connectors</p> <p>The connector harnesses a networked crowd, skilfully deploying new power tools and methods – but does so with an old power mindset that values hierarchy and order, and can tend toward authoritarianism.</p> <p>Examples: Tea Party, Uber, Facebook</p>	<p>Crowds</p> <p>The crowd leader combines new power methods – inspiring a connected crowd – with a new power mindset. The crowd leader wants to do more than channel the power of their crowd; they genuinely want to make it more powerful.</p> <p>Examples: Google, Wikipedia, Occupy</p>
Old power models	<p>Castles</p> <p>The castle pairs an old power mindset with old power methods – this is the traditional hierarchical and authority-based model of leadership most of us grew up with, and which remains widespread in sectors like the military, business, and education.</p> <p>Examples: NSA, Nobel Prize, Apple</p>	<p>Cheerleaders</p> <p>The cheerleader champions new power values. Their mindset tends towards collaboration, transparency, and participation, but leads using old power methods. They either aren’t able or don’t want to genuinely distribute power.</p> <p>Examples: The Guardian, Zappos</p>
	Old power values	New power values
Source: Heimans and Timms		

⁹⁵ Crowd wisdom is the collective opinion of a group of individuals rather than that of a single expert. This process has been pushed into the mainstream spotlight by social information sites such as Wikipedia, Yahoo! Answers, Quora, Stack Exchange and other web resources that rely on collective human knowledge.

Moving forward

Questions your organisation might want to consider:

- Is your organisation making most of technology? Are you aware of the expectations and/or needs of your users in terms digital? Does it make sense for your organisation to think about advanced applications or do you need to get your infrastructure in place first?
- Are you aware of cybersecurity risks in your organisation and have you put security measures in places, including regular software updates, malware protection, password policies and staff training?
- How is your organisation using data? What data is available, what are the gaps and what can help you to generate insights from data?
- What is the level of digital skills in your organisations and what skills are missing? How can you address potential gaps, for instance through recruitment or training?
- Are you harnessing the power of technology to engage with your users and communities? How could you start putting shared and distributed models of decision-making in place using technology?

Links and resources

- Have a look at charitydigitalcode.org for more guidance on digital strategy and leadership
- Use the [NCVO digital maturity matrix](#) to explore how well your charity is taking advantage of all things digital
- Access the National Cyber Security Centre's [toolkit for trustee boards](#) to help you think through some of the challenges related to cyber security
- Benchmark your organisation's data use using the [data maturity framework](#) developed by Datakind UK and DataOrchard
- Involve technical or analytical volunteers to help you with some specialist skills:
 - [Datakind UK](#)
 - [Agile Ventures](#)
 - [CITA](#)
 - [Government Analytical Volunteer Programme](#)
- Find out more about [how to get a mentor for staff](#)

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