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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 this 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.

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.

**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 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](http://www.ncvo.org.uk/practical-support/strategy)

## **NCVO ANNUAL CONFERENCE 2017: LEADING WITH PURPOSE**

On 20 April 2017 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 sector in the future.

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



# THE ROAD AHEAD

## WHAT NEXT FOR THE VOLUNTARY SECTOR?

**2017 will be a challenging year for British politics and society – with far-reaching implications for the voluntary sector and its volunteers. As our government proceeds with delivering Brexit and enters into negotiations with the remaining 27 EU member states, Brexit will dominate the political agenda and almost completely monopolise the attention of decision makers. This will undoubtedly distract from existing policies such as devolution and the reduction of public spending, which will continue to be pursued. In domestic politics, despite facing what is often regarded as a weak opposition, the Conservative government still faces difficult tasks in negotiating radical policy change through the parliamentary challenges of a small majority and an assertive house of lords.**

The international scenario is equally in a state of flux: following the unforeseen result of the presidential elections, the US will undergo dramatic political changes, and the consequences will ripple throughout other countries, including the UK.

The strength of the EU will further be put to the test as anti-euro parties could score big wins in French, Dutch and German elections, risking a blow to the region's growth and a breakup of the eurozone.

### **Pressures continue to rise**

2016 was yet another year in which many charities found the demands on their services rising while their resources were being constricted. The year ahead is unlikely to be any easier: government spending will continue to decrease and funding mechanisms will prioritise contracts over grants. If anything, the challenges are going to be greater, as households will continue to experience lower take-home pay and increased inflation.

The combined effect of these trends, added to the fact that they are continuing after a number of already difficult years, will put even more pressure on charities and their volunteers, especially the smaller ones that have been struggling for a long time already.



### The voluntary sector as part of the solution

Despite this gloomy picture, volunteering action and the voluntary sector will be as relevant and necessary as ever in 2017.

There is no doubt that the Brexit vote has highlighted huge divisions in our society by class, education and region, with many parts of the country identifying themselves as ‘left behind’.

As politicians will need to confront these disparities across different sectors of society and make sure prosperity is more evenly distributed, charities will also have an important role to play.

Rooted in the communities they serve, and independent from statutory institutions, charities can help those who are most marginalised and hard to reach. Thanks to their skilled professionals and volunteers, they enable positive relationships even in the most difficult circumstances, such as when working with disaffected young people and chronically isolated older people. Most importantly, voluntary organisations can also bring about the transformation of people’s capabilities, offering hope and a fresh start, rather than simply the reduction of their needs.

These unique aspects of how charities work are likely to be an attraction both to the politicians who are trying to engage with communities, and to the communities themselves that now see there are opportunities to be involved and listened to.

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### Resetting the relationship with government

The involvement of voluntary organisations in bridging the divides in society can be part of a wider reset of the sector’s relationship with government.

Over the last couple of years there has been a steady erosion of charities’ right to campaign, and this has come not only from government, but also from the Charity Commission and certain parts of the media. This led to what many felt was an all-time low in the relationship between the sector and government.

Fortunately, the end of 2016 saw a number of initiatives aimed at rebuilding the relationship: from the withdrawal of the ‘anti-advocacy clause’ in grant agreements (replaced with a set of guidelines and standards for grant making), to the creation of a new external relations unit within Number 10 including a senior adviser dedicated to engaging with the voluntary sector.

So there is reason to be optimistic and see 2017 as the time to fully reset the relationship with government, particularly by showing that the voluntary sector remains one of this nation’s strongest untapped resources, and can be part of establishing a new social order in post-Brexit Britain.



## A year of regulatory challenges

While much time will need to be devoted to the legislative and regulatory impact of leaving the EU, charities are also going to have to deal with a number of changes to existing regulation.

We are entering a year in which data protection legislation will be a key area for charities: both in terms of complying with a tougher enforcement regime by the Information Commissioner's Office, and preparing for the arrival of the General Data Protection Regulation (GDPR) in 2018.

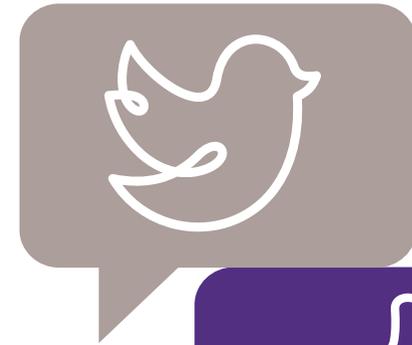
In the meantime, the Charity Commission plans to implement the new powers it was granted by the Charities (Protection and Social Investment) Act 2016. Some of the provisions, particularly those on automatic disqualification, could have far-reaching implications given their wide scope. In particular, their application to trustees risks undermining the positive and supportive message about volunteering, and could have a negative impact on people's willingness to take on such an important role.

## Is 'brand charity' still attractive?

Furthermore, this is happening within an operating environment that has changed substantially. The status of 'charity' no longer automatically leads to an organisation having the public's trust. Charities are also no longer the only types of organisations known for their focus on 'social good': the space that they have traditionally filled has opened up to a range of different actors, such as community interest companies, social enterprises, and hybrids of government, business and 'social' activity.

The evolution and spread of digital technologies will continue to have an impact: as social networking platforms increasingly attract the younger generation and offer different opportunities for engagement, including social action.

In the face of all of these challenges and in the fast changing world that 2017 will bring, a fundamental question will be: is it worth setting up a charity or are there other ways of doing things? Will social action find other forms to thrive?



## Looking further ahead

The clear picture that 2017 is showing is one where trends that have been developing for some time and have been spoken about as imminent futures are now current and real. A clear example is demographic change: this is no longer something we have to prepare for in the future, but something we have to deal with in the here and now. Even faster, bigger demographic change is imminent.

The same goes for the rise of automation and machine learning, both of which, until recently, were spoken about almost as a subject of science fiction. Yet there is no doubt that machine learning is going to fundamentally disrupt the world of work – so as a society based around work as the organising principle of family life and welfare, the question we need to ask ourselves is what do we need to start planning for?

2017 is also going to be the first year that deals with people's attitudes to globalisation having changed to ambivalence and scepticism, as starkly shown by Brexit and Trump's rise in America. For years we have been living in a world with no – or very low – growth, where the post-war settlement, with a benevolent and ever present state, has come to its end. This has already led to a rising dissatisfaction with politics, but what's likely to come next is a more extreme situation where nationalism and populism are rife.

## How will charities fare in this new world?

2017 is undoubtedly going to be a year in which our sector will have to adapt to seismic changes in the political landscape, as well having to deal with the rise of societal trends such as the hardening of public attitudes. Its relevance and value will continue to be contested by a public that is increasingly more questioning and distrusting.

This is of course a worrying time, but there are also opportunities. Voluntary organisations have a track record of rising to the challenge and of providing a solution, either by finding innovative ways of doing things, or by drawing on the generosity and commitment of their supporters and volunteers. As dissatisfaction with the global leads to more focus on the local, charities working at this level and embedded in local communities have a lot to offer. The uniqueness of our sector, and its volunteers, will continue to be its greatest strength as people connect and work together in building a truly shared society.

The years ahead will possibly provide the setting where the unique power of volunteers and the voluntary sector will come to the fore, and the role they can play in building a post-Brexit Britain will be a fundamental one.

**Even faster, bigger demographic change is imminent.**



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).

