Voluntary Sector Strategic Analysis 2004/05

An overview of the operating environment and strategic drivers for UK voluntary organisations

Contents

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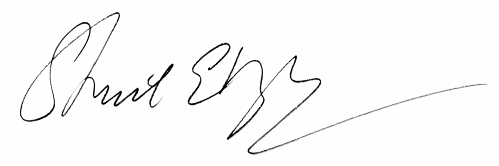
1. Foreword

This is the second published edition of NCVO's *Voluntary Sector Strategic Analysis*, an overview of the operating environment for voluntary organisations. In the year since the last edition a number of developments have occurred, necessitating new thinking. Of particular pertinence to voluntary organisations are the publication of a draft Charities Bill and infrastructure framework for the sector, and a new regime at the Charity Commission. More broadly, the development of the public services debate centred around notions of choice seems likely to dominate the run up to an election in mid-2005.

Planning for change therefore continues to be necessary. Indeed, John Maynard Keynes famously said, *'When the facts change, I change my mind'.* Heeding this advice, NCVO's *Third Sector Foresight* project aims to inform managers and trustees of emerging drivers and trends, in order to enable different or better decision-making and long-term planning.

This year, with the support of our partners, the Centre for Charity Effectiveness, Cass Business School, we have significantly expanded the project. This report is supplemented by a new strategic planning toolkit, which aims to help voluntary organisations with the full planning process, from environmental scanning through to evaluation. We are also launching a Foresight Network and a range of events throughout the year as we aim to bring together the best futures thinking for voluntary organisations.

We look forward to hearing from those who would like to engage further with the *Third Sector Foresight* project.



Stuart Etherington
Chief Executive, NCVO

To find out more about the *Third Sector Foresight* Project, or to join our Foresight Network, please visit

www.ncvo-vol.org.uk/foresight

2. Overview

This report discusses six key issues for the future of the voluntary and community sector. Across these issues, the same trends and challenges frequently emerge. These are some of the prominent themes of the report:

- A leading pack of large voluntary organisations, with strong brand images, has emerged.
- Public trust in the sector remains high, despite dissatisfaction with some fundraising methods.
- Resources for service delivery (solving existing problems) are increasing, at the expense of resources for advocacy and campaigning (heading off problems).
- Mainstream and specialist media coverage of sector issues grows, with varying degrees of understanding and balance.
- Growing demands for transparency and accountability compound the pressure to be competitive and always succeed.
- The prevalence of national standards conflicts with new themes of local engagement and delivery.
- Political parties continue to be extremely supportive of voluntary action as a generic issue, yet there remains a concern that at the local level voluntary action is increasingly presented as ‘special interests’.
- The sector risks losing its competitive advantage in the provision of flexible working practices as other sectors catch up in the promotion of ‘work-life balance’.
- There are potential growth areas in volunteering but the focus is likely to be on personal fulfilment for the volunteer, rather than service.
- Attitudes towards the appropriate balance of responsibility between individuals, government, charities and the private sector are shifting.
- Services and organisations are being remodelled along consumerist lines, yet consumerism has a number of limitations that the sector will need to take into account.
- Social polarisation reinforces the sector’s essential role in providing services for vulnerable groups.
- Diversity characterises both society and the sector, yet there is still a strong need for links between distinct communities and groups.

3. What did we say last year?

The 2003/04 edition covered a number of issues. Some are highlighted below:

Public services
We argued that the key opportunity for voluntary organisations would be to continue to take advantage of the increasing resources poured into the delivery of public services. We also argued that the emphasis on delivery would increase as resources and public patience tightened.

Iraq demonstrations
We similarly suggested that the sense of common purpose highlighted by the anti-war demonstrations might be an opportunity to build the capacity of civil society.

A tightening social envelope
Despite the mass participation of the anti-war movement, we highlighted the increasing evidence of intolerance in European societies, and the difficulties this potentially presented for voluntary organisations.

GuideStar
We discussed the introduction of GuideStar UK, though this will now happen in early 2005.

4. New developments for 2005-06

It is worth highlighting a number of specific events that are likely to shape the sector in 2005/06. These include:

- General election - potentially May 2005
- UK presidency of the EU – with civil dialogue likely to be a theme
- Spending Review 2004 – government spending limits for the next three years
- Post *Public Action, Private Benefit* Charity Commission
- BBC charter renewal and OFCOM review of public service broadcasting
- Implementation of *ChangeUp*, the Capacity Building and Infrastructure Framework for the voluntary and community sector

5. Drivers of change: six key issues

This report was developed using a PEST analysis to identify the ‘drivers of change’ that were likely to impact on the future of the sector in four key areas:

- **P**olitical
- **E**conomic
- **S**ocial
- **T**echnological

Having collected and analysed evidence on these ‘drivers of change’, we identified a range of key issues for the sector. These were ranked according to importance and the top six were selected. Desk research was followed by a number of presentations to different audiences in order to gain feedback and validate our findings.

For each theme we have asked ourselves:

- **Why is it important?**
  The reasons for our choice

- **What are the main issues?**
  The drivers, trends and evidence

- **What are the implications for the sector?**
  How organisations might address these issues

5.1. The changing voluntary sector landscape

Why is it important?

It is increasingly apparent that the defining characteristics of the voluntary sector are changing, and that the pace of change is quickening. New organisations, roles and responsibilities are changing the voluntary sector landscape. Understanding this new sector is critical for policy development and public support.

What are the main issues?

Key Drivers

- An enabling political framework and fiscal environment at the national level (though less evident at the local level)
- The political impetus to reduce the footprint (i.e. size) of government
- Continued public support for an expansion of key public services and procurement strategies to build a 'mixed economy of welfare'
- The need to achieve economies of scale and/or brand recognition in a highly competitive environment
- Continued movement towards single issues
- Emergence of social enterprise as a new alternative to the joint-stock company

Key Trends

- Long-term growth in resources (income, expenditure and paid workforce) and professionalisation
- Large increases in resources from statutory sources, particularly from central government contracts
- Marketisation and monopolisation: 'winner takes all'
- Focus on social enterprises as the new face of the third sector
- Falling voluntary income for small and medium-sized organisations
- Increasing partnership and collaborative-working between sectors and mergers within the sector

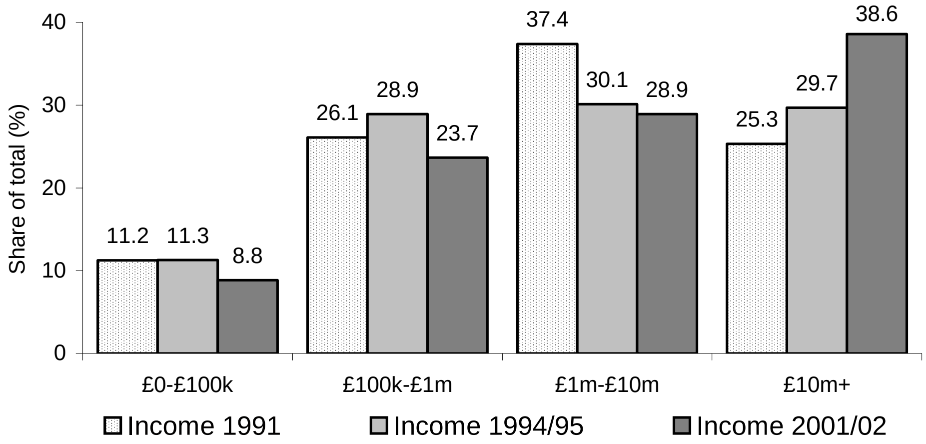
1. Long-term expansion in size and scope

Since the early 1990s the voluntary and community sector has grown rapidly. The number of 'general charities' (the core of the sector) has risen from 98,000 in 1991 to over 153,000 in 2001/02, whilst annual expenditure has risen from £11.2 billion to £20.8 billion in the same period. Over 600 new charities register with the Charity Commission each month. Resources (revenues, assets, paid workforce) are all growing, although small and medium-sized organisations have experienced falls in income over the shorter term. The sector is getting larger, and more visible as a result.

2. Polarisation and competition

The sector is becoming increasingly polarised in terms of resources. The largest charities are continuing to grow, as is their share of total resources, but small and medium-sized organisations are struggling. The sector economy is now dominated by a small number of very large brands; two thirds of the sector's income is generated by just 2,400 organisations. Branding has had an impact not only on the large charities that have used brands so successfully, but also on the sector as a whole as a small number of brands begin to represent the voluntary sector in the minds of the public.

Increasing polarisation of the sector



Source: The UK Voluntary Sector Almanac 2004

As the sector grows, competition for resources and influence is increasing. Whilst collaboration and mergers are on the increase, there is still a public perception that there are too many charities, leading to waste and duplication. However, moves towards the concentration of resources within a smaller number of large organisations (driven in part by large government contracts and the need to achieve economies of scale) threaten the diversity of the sector.

3. New entrants, blurred boundaries

'New entrants' are leading to fundamental changes in the make up of the voluntary sector. A significant number of ex-local authority service providers have floated off as independent charities, albeit ones dependent upon a small number of large local government contracts (e.g. Manchester Care and Sheffield City Trust). Trusts established as vehicles for corporate philanthropy are developing in number. New legal forms (i.e. Community Interest Companies) will soon be introduced as a vehicle for social enterprise, and new individuals – social entrepreneurs – are also entering the sector, sometimes using new organisational models (e.g. social ownership). These new entrants may lead to public confusion over what is meant by the voluntary sector, as will the growth of 'trusts' and 'foundations' in the public sector and the increasing focus on the voluntary sector delivering public services. Finally, focus on community groups as vehicles of civil renewal is increasing amid growing policy interest in the concept of 'civil society'.

What are the implications for the sector?

These changes in the voluntary sector's size and scope of activities have wide ranging implications for organisations, many of which are explored in the following sections. However, there are issues for the sector as a whole to think about.

Public understanding of organised voluntary action
Building public understanding of the voluntary and community sector will be a key challenge for the medium-term, particularly following the introduction of new legal forms such as Community Interest Companies. The increasing availability and comparison of information about voluntary organisations, often via the Internet, will need greater levels of context than currently available.

Collective action or fragmentation?
The emergence of a 'leading pack' of large national charities with the potential to shape public understanding of the sector as a whole offers real potential. However, leading organisations in the sector should also exploit opportunities to build the capacity and voice of small and medium-sized organisations, and particularly those working in related areas.

As the sector broadens in its form and function, it is likely that organisations will relate more to their industry or sectoral groups. There remains a real need to preserve the defining characteristics of the sector – independence, voluntarism and public benefit.

Competition and collaboration
The increasing number of organisations in the sector, combined with a blurring of the boundaries between voluntary, public and private sectors, is likely to increase competition for resources. An increase in joint working and mergers to address competitive pressure is inevitable.

Further reading

- Wilding, K, Collins, G, Jochum, V and Wainwright, S (2004) *The UK Voluntary Sector Almanac 2004.* NCVO
- Charity Commission for England and Wales – Facts and Figures about registered charities: www.charity-commission.gov.uk/registeredcharities/factfigures.asp
- Pharoah, C (2004) *Charity Trends 2004.* CAF

5.2. Human resources

Why is it important?

A defining characteristic of the voluntary sector is its focus and reliance upon people and their skills. Strategies to recruit, retain and develop the workforce are critical if the voluntary sector is to continue to make its distinctive social and economic contribution.

What are the main issues?

Key Drivers

- Buoyant labour market
- Increased demands of delivering public services
- Short-termism of funding cycles
- Government policies promoting community involvement and volunteering (e.g. neighbourhood renewal, civil renewal and citizenship education)
- Legislation (e.g. CRB, health and safety and flexible working rights)
- Emphasis on transparency and accountability
- Cost of living
- Changing demographics (e.g. ageing population)
- Lifestyles (e.g. time pressures) and social attitudes (e.g. individualism and consumerism)

Key Trends

- Increasing number of paid staff
- Continued professionalisation
- Shortages in management, partnership working and fundraising skills
- Greater choice of opportunities for employees leading to more professional mobility
- Rising costs to attract and retain workers (especially skilled workers)
- Growing focus of volunteers and paid staff on personal fulfilment
- Increasing competition from the state for active citizens
- Potential blurring of boundaries between the sectors
- Strengthened competition amongst voluntary organisations and with service providers from the private and public sectors
- Aversion to risk and fear of litigation

1. Skills

Skills shortages and skills gaps are widespread in the sector, driven by the buoyant labour market and demands for new skills as a result of new activities (e.g. greater involvement in the delivery of public services and increasing partnerships). Recruiting staff with the right skills and skills gaps within organisations are both problematic. Skills gaps and shortages occur across a range of skills, but the priority appears to be in management skills such as planning and organising, project management and strategic planning. Other skills in high demand include team working, partnership working, leadership and fundraising skills.

> *'Almost two thirds of those with hard to fill jobs cite the poor quality of the candidates. A lack of skills and work experience is highlighted by nearly all organisations, while qualification levels are cited by almost two thirds of respondents.'*
>
> **Futureskills 2003, NCVO**

2. Competitive landscape

The labour market is currently extremely competitive. As a result the sector is experiencing a high turnover of staff, leading to poor sustainability of human capital within organisations. Voluntary sector salaries are still lower than in other sectors (although the gap is narrowing) and the sector risks losing its competitive advantage in the provision of flexible working practices (e.g. sabbaticals and part time jobs) as other sectors catch up in the promotion of 'work-life balance'. Costs associated with employing staff and engaging volunteers are increasing due to demands for greater transparency (e.g. CRB checks) and legal minimums (e.g. minimum wage). Public misunderstanding and dissatisfaction regarding the remuneration of senior management in all sectors, and of paid staff in the voluntary sector, remain issues.

> *'The main reason given for not being able to hold on to staff is a perceived lack of career progress. The proportion of organisations experiencing problems with retaining staff has increased from 41% in 2002 to 55% in 2003.'*
>
> **15th Annual Voluntary Sector Salary survey, Remuneration Economics**

3. Volunteering

Increasing welfare requirements are creating a need for more volunteers, yet there are concerns about falling volunteer input (at board and other levels). There are concerns that recruiting volunteers will become harder and that volunteers will move away from long-term commitments. Nevertheless, there are potential growth areas (e.g. government investment in youth volunteering and employee volunteering prompted by Corporate Social Responsibility) but the focus is likely to be on personal fulfilment for the volunteer, rather than service.

‘Volunteering is under pressure from a variety of drivers:
• The average number of hours spent at work has increased over the last 20 years.
• The average amount of time spent commuting has increased.
• The geographical spread of the transformed communities of interest and choice means that more time is spent travelling to shop.
• The higher proportion of one-parent families leaves many adults without any time outside work and family.
• A higher proportion of two-parent family households have both partners working, with the same effect of severely limiting spare time.’

The Responsibility Gap, Henley Centre

What are the implications for the sector?

1. People

The importance of training
In order to address the skills shortages and gaps in evaluation (including outcome assessment), contract management and collaborative working, organisations will need to provide more training. Employees' search for continuous improvement and an emphasis on life-long learning will mean organisations having to strengthen their training culture.

Flexibility
Increasing competition from other sectors and changing lifestyles means that organisations will have to offer a wider breadth of employment and volunteering opportunities. More flexible formats to suit the diversity of the population (including the elderly) will need to be put in place.

The sector’s advantage
The sector needs to make sure that it keeps its competitive advantage and still offers benefits to its employees that are not widely available elsewhere (like better working environment and the importance of values). The sector needs to re-examine the psychological contract that binds employees to the sector (i.e. why should people work in the voluntary sector?)

2. Finance

Increasing cost pressures – full cost recovery
Organisations should be prepared to face increased cost pressures (salaries, insurance, training, knowledge management etc.). Promoting full cost recovery will be essential.

Pensions
Adequate pension provision will be essential to staff recruitment and retention.

3. Practices and processes

Knowledge retention
To develop in a sustainable way and deal with the issue of high staff turnover, organisations will need to find new ways to manage and retain knowledge, including via the development of ICT solutions.

Collaborative working
Promoting networks, partnerships and collaborative working should help organisations share resources and skills, as will the use of new technology.

4. Other

Building capacity
The need to build organisational capacity highlights the importance of strengthening the sector's support infrastructure.

Further reading

- Charity Finance Directors Group (2004) *The charity maze*. CFDG
- Henley Centre for the Salvation Army (2004) *The Responsibility Gap*. The Salvation Army
- ONS, Labour market trends (2003) *Job mobility and job tenure in the UK.* ONS
- Remuneration Economics (2003) *15th Annual voluntary salary survey*
- McCartney, C and Holbeche, L (2004) *The Roffey Park Management Agenda 2004.* Roffey Park
- Secretary of State for Education and Skills (2003) *21st century skills – realising our potential*
- Social Care Employers Consortium (2004) *Report on recruitment and retention issues in the voluntary sector*. SCEL
- Wilding, K, Collis, B, Lacey, M and McCullough, G (2003) *Futureskills 2003*. NCVO

5.3. Finance, taxation and funding

Why is it important?

The level of resources available for voluntary action is a key determinant of the level of outputs and outcomes. The broader fiscal and funding environment will inevitably change, and an improving economic environment is indicative of the next change.

What are the main issues?

Key Drivers

- Continued planned investment in (and outsourcing of) public services, despite continued public cynicism
- Local government finance rising up the agenda and likely to be restructured
- Further professionalisation and regulation of fundraising
- Interest rates and rising debt
- Political impetus to hold down taxes likely to recede after the general election (possibly May 2005)
- Increasing competition for grants and donations

Key Trends

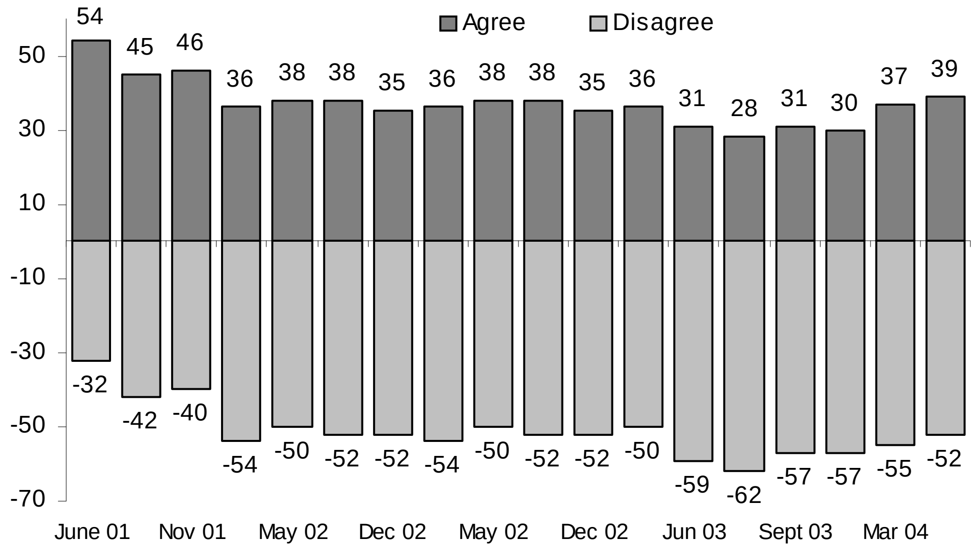
- Improving economy (exemplified by strong GDP growth), but substantial imbalances persist
- Equity markets rising slowly, but still one third lower than peak
- Relatively low but rising interest rates
- Tight labour market, with low and falling unemployment
- Core inflation low, but creeping upwards
- Wages across the economy are rising faster than inflation, and more quickly than 12 months ago

1. Funding of public services

A sceptical public are concerned that investment in public services is failing to deliver either higher quality or quantity. A central government budget deficit, although planned at this stage in the cycle, is likely to force either increases in tax or cuts in spending in 2005/06 (i.e. the period of the next spending review). In the longer term, age-related welfare spending is likely to build in a long-term structural deficit.

The Gershon Efficiency Review is likely to identify extensive opportunities to reshape government procurement of goods and services, although this is potentially deeply centralising. Voluntary organisations delivering public services could benefit from a growing interest in long-term funding arrangements, driven primarily by the 2002 Spending Review (itself a move away from short-term settlements).

In the long term, will the government's policies improve public services?



Source: MORI Delivery Index, 2001-04

2. Taxation issues

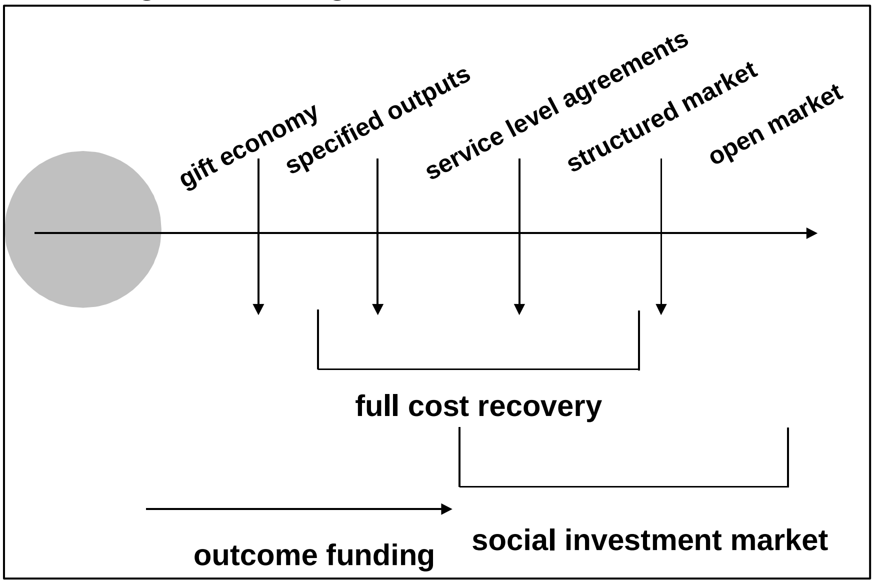
Taxation continues to shift away from direct taxation of incomes or profits to indirect taxation of expenditure such as VAT. The number of higher rate taxpayers is increasing (2.7m in 2001). A review of local government financing may lead to a replacement of the current council tax system and possibly also to uniform business rates. Overall, the Government continues to provide a supportive fiscal environment for giving, despite problems with gift aid take-up.

A review of council tax bands begins next year, ready for implementation in 2007. The Guardian reported that:
"The all-party Local Government Association found an overwhelming number (96%) of local authority chief executives want their councils empowered to raise a greater proportion of their own income. Sir Jeremy Beecham, chairman of the Local Government Association, said: 'This survey strongly supports the LGA's view that the local government funding system must be radically reformed. It forms a useful piece of evidence for us to present to government ministers through the balance of funding review.' "
Town hall leaders call for council tax reforms, The Guardian (May 2004)

3. Fundraising

Fundraising is increasingly dominated by a small number of brands. Trust in the sector as a whole is threatened by negative public and media perceptions of fundraising methods (e.g. 'chuggers') and continuing high profile cases of misappropriation of funds (e.g. Breast Cancer Research, Scotland). Despite this, over two thirds of the population still give to charity in any one month. New forms of financing, based around notions of ‘recycling’ capital, programme related investment and venture philanthropy are taking on the traditional fundraising model.

From fundraising to financing: sustainable futures for the voluntary sector



Source: NCVO Sustainable Funding Project

4. Debt and loan finance

Consumer debt continues to increase significantly, driven by equity withdrawal; recent estimates suggest that the £1 trillion barrier will soon be broken. The use of loan finance by voluntary organisations is also rising dramatically; especially by small to medium-sized organisations, which are using it to balance short-term falls in income. Loan finance is increasingly being portrayed as an alternative model of resourcing not-for-profit activity (e.g. Futurebuilders). As the economy starts to expand, and interest rates rise, loan finance is likely to be costlier. Market expectations in mid-2004 suggested rates at over 5% by the end of 2004 – still low by historical standards.

Increase in use of loan finance by voluntary organisations (£million)

	Under £100K	£100K - £1m	£1m - £10m	Over £10m	All
2000/01	Not available	334.2	620.2	527.5	1,481.8
2001/02	Not available	471.7	744.4	536.2	1,752.4

Source: The UK Voluntary Sector Almanac 2004, NCVO

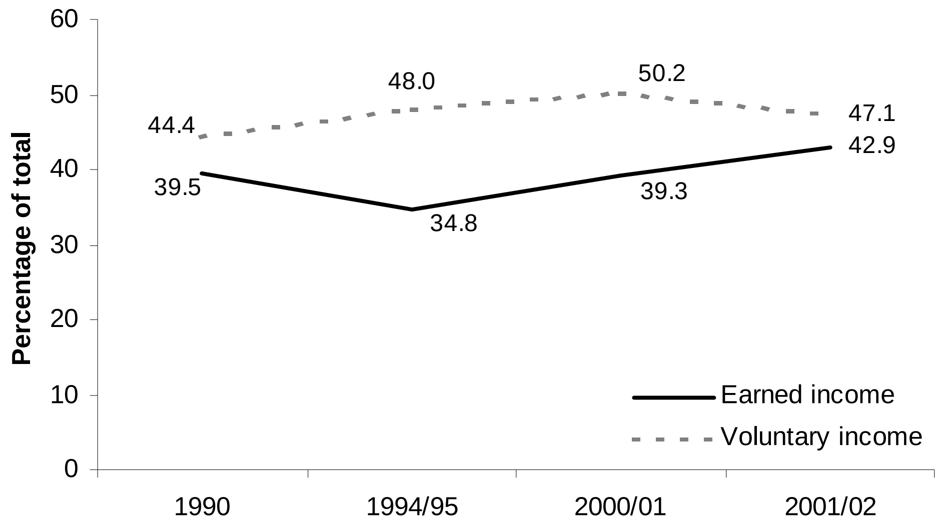
The end of boom and bust?
'In its spring forecast, the ITEM Club expects two years of 3¼% growth. World trade and exports are recovering fast, investment is growing, the stock market is rising and the economy is firing on all cylinders. But consumer spending, the housing market and the nation's overdraft are still racing away. As the Budget did nothing to restrain them, the UK could be in for a post-election hangover with even higher government borrowing, higher interest rates, higher taxes and higher inflation.'

Ernst & Young, Item Club Economic Forecast, March 2004

5. Fees for services, or grants and donations?

The voluntary sector is shifting towards generating earned income and away from voluntary income, an unsurprising trend given that strategies for sustainability often emphasise the role of earned income. As government expands the role of the voluntary sector in public service delivery, the sector is becoming increasingly dependent on contract income from government (both central and local) and its agencies. However, this is less true for smaller organisations operating entirely at the local level, which are finding it more difficult to compete for fee income.

Voluntary and earned income, 1990-2001/02



Source: NCVO

6. Other

Rising equity markets have repaired the balance sheets of trusts and foundations, enabling a return to higher levels of grant making. EU enlargement is likely to place more pressure to end the UK rebate whilst shifting distribution of structural funds eastwards. A number of key projects are currently looking at the funding relationship between government and the sector. These include revision of the Compact funding code and work on the balance of risk in service delivery relationships.

What are the implications for the sector?

1. People

Competitive labour market
Continued low unemployment and rising salaries across the economy are likely to widen wage differentials between the voluntary and other sectors. Organisations should plan for higher wages whilst recognising the declining competitive advantage of benefits packages in the sector.

Trustee skills
Introduction of further revisions to SORP will require trustees to understand implications for financial reporting.

2. Finance

Giving
Potential tax rises or a deflation of property prices will be likely to reduce levels of personal disposable income, and perhaps the level of individual giving. However, the increasing workforce and number of higher rate taxpayers will expand opportunities to exploit tax effective giving methods and revenues.

Local government funding
A modernisation of council tax could lead to funding confusion for local voluntary organisations. The sector should be prepared to campaign for sustained levels of local funding should this happen. Business groups may also press for a review of charitable rate relief and the sector will also need to campaign for its retention.

Tax breaks
As taxation shifts from direct to indirect methods, charities will see an erosion of their fiscal advantages

3. Practices and processes

From funding to financing
New financing mechanisms (e.g. Futurebuilders and Phoenix fund) will require new approaches and a shift in attitudes from funding to financing. The skills required to undertake such a shift may be substantial.

Efficiency and economy
Central government spending is likely to be subjected to increased scrutiny by a more effective opposition – could efficiency and economy replace effectiveness and outcomes for voluntary organisations?

The evidence hurdle
Financing from central government requires increasing evidence of need, whether thematic or geographical, and research skills will be required to produce this evidence.

4. Other

Polarisation
The sector and its infrastructure need to address the growing disparity between large, well-resourced charities and poorly resourced small and medium-sized voluntary organisations.

Further reading

- MORI Social Research Institute Delivery Index: www.mori.com/polls/2004/mdi040620.shtml
- Futurebuilders: www.futurebuilders-england.org.uk
- The Bank of England's Inflation Report: www.bankofengland.co.uk/inflationreport/index.htm
- ITEM Club Economic Outlook: www.ey.com/GLOBAL/content.nsf/UK/Economic_Outlook

5.4. Delivery of public services

Why is it important?

In the last few years the government has placed much emphasis on the voluntary sector. The change in the relationship between government and the voluntary sector is particularly evident in the government's approach to public service delivery, and the role that the voluntary and community sector can play in delivering services. A number of key themes are emerging that the sector needs to take into consideration.

What are the main issues?

Key Drivers

- Demographics (e.g. greater life expectancy and fewer births)
- Social attitudes and values (e.g. consumerism)
- Lifestyles (e.g. less physical exercise and less healthy diets)
- Technological and scientific advances
- Political and ideological shifts (e.g. neo-liberalism)
- Government policies (e.g. modernisation of public services, Local Strategic Partnerships, civil renewal and regionalisation)
- Public finance and taxation
- Regulation and self-regulation
- Media

Key Trends

- Increasing demand for services and rising expectations
- Importance of choice and quality
- Emphasis on local public service delivery and user involvement
- Prevalence of performance management and improved accountability
- Continued professionalisation
- Strengthened competition amongst service providers
- Polarisation of sector between those that deliver public services and those that do not, and between large charities and smaller organisations

1. Welfare needs and expectations

The landscape of public services is changing. Increasing and evolving needs (e.g. aging population and changing lifestyles) and higher expectations (e.g. a right to IVF on the NHS) mean that more services, and more diverse services, will be required. Partly driven by intense media coverage, the public is becoming increasingly intolerant of failure (especially regarding quality), leading to a growing acceptance of litigation and compensation when things do go wrong.

> *'Those who will attain 'old age' during the next 20 years will have lived most of their lives in an era of antibiotics, vaccines, a comprehensive National Health Service, and fast-changing social attitudes. Their needs and healthcare expectations will be different.'*
>
> **Healthcare and ageing population panels, DTI**

2. Choice and consumerism

'Choice' is the new buzzword amongst politicians of all parties, whether it is the Conservative view of subsidisation of personal choice, or the Labour view of choice within a state-funded system. The government-citizen relationship is being remodelled along consumerist lines with personalisation of services that take account of an individual's needs, and a wider range of service providers on offer (from the public, private and voluntary sector). This will lead to increased competition between providers and between sectors but will future government initiatives really result in greater choice for users? Will the emphasis on choice counter the government's efforts to develop active citizens by further encouraging individualism? Either way, it is clear that the provision of public services is uppermost in the public's mind.

> *'The fundamental danger is that consumerism may be fostering privatised and resentful citizens whose expectations of government can never be met, and cannot develop the concern for the public good that must be the foundation of democratic engagement and support for public services.'*
>
> **Citizen-consumers, Catalyst**

The current ten most important issues facing Britain (%)

Issue	June 03	December 03	June 04
NHS	41	41	44
Defence	21	26	35
Education	27	33	28
Race relations	29	29	28
Law and Order	22	22	20
Europe	26	12	16
Pensions	9	11	10
Economy	10	12	7
Housing	6	5	7
Transport	9	8	7

Source: MORI

3. Public spending and funding

Labour's funding of public services is under threat as the budget deficit grows. The expectation is that either spending will be cut or that taxes will be raised. The government hopes to create more efficient public services through a programme of modernisation and rationalisation which aims to direct more money to the 'front-line'. A desire for greater efficiency is also behind changing contractual and procurement practices which focus on economies of scale, resulting in a reduction in the number of service providers and a greater polarisation between large and small players in the voluntary sector. Barriers to entry into service delivery contracts for some organisations are reinforced by the use of ICT for procurement. The majority of funding for voluntary organisations providing public services continues to be short-term, although some advocate longer-term arrangements, like those available to the private sector.

> *'In addition to these administrative savings, the chancellor has set a target to improve public service efficiency by 2.5% a year from April 2005 to March 2008. If achieved, this is equivalent to a saving of around £20billion a year – far more substantial than the expected savings from cutting administrative costs. Brown has argued that this can be done through the findings of the Gershon review into public service delivery. This has apparently identified a number of potential efficiency gains, including more shared purchasing arrangements, streamlined back-office operations, and reduced transaction costs.'*
>
> **In pocket, but out of service? Public Finance**

4. Accountability and transparency

Service providers are under pressure to demonstrate results and value for money. Levels of scrutiny are rising as centralised control continues despite the rhetoric of local accountability. Performance targets and league tables are becoming more important and increasing standardisation and ICT are making this information more accessible to the public. However, monitoring and evaluation systems are rarely adapted to the capacity and the work of voluntary organisations.

> *'When we looked at the delivery process from Whitehall to the ground level, we found too many initiatives, confused accountabilities and overly bureaucratic monitoring and reporting systems.'*
>
> **Local delivery of central policy, Better Regulation Taskforce**

5. Partnerships and collaborative working

Partnerships and collaborative working are growing, largely driven by the government. However, many partnerships are founded on tokenism rather than true collaboration and there are still variable levels of commitment to the Compact at the local level. Delivering public services on behalf of the state could transform the delivery model of the sector. Demands placed on voluntary organisations by public sector partners could erode the unique delivery models (e.g. face-to-face relationships with beneficiaries) that contribute to the sector's 'added value'.

> *'The government has correctly identified community-based organisations (CBOs) as a vital link to socially excluded communities because they have developed trust by filling the gaps between mainstream services. However, the research found that there is concern among some groups that they are being used as 'instruments of government policy'. The independence of CBOs could be compromised, and they risk losing the trust of the people they serve.'*
>
> **Inside Out: Rethinking Inclusive Communities, Demos**

6. Decentralisation and new localism

Central to the idea of choice in public services is devolved power. There is a growing emphasis on local democracy and community involvement (in other words, giving people a greater say in decisions regarding local service delivery) as the government's civil renewal agenda shows. New governance models involving service users are being explored. Responsibility and accountability for delivery are being transferred; yet important elements of centralised control remain, especially in the areas of monitoring, evaluation and target setting as well as capping powers. A conflict is arising between the desire to make decisions over services at a local level, and continued intolerance of national inequalities (i.e. postcode lottery). New localism could negatively impact on social cohesion if communities no longer find that they are using and sharing the same services.

> *'It should be clear from what I have set out so far that civil renewal is not a programme, but an on-going ethos to be applied to the development of active citizenship, strengthened communities, and a partnership approach to delivering public services. If both local and central government, both citizens and communities, are really to be brought together through a shared agenda to meet common needs, the ethos of civil renewal must spread throughout the reform of public services.'*
>
> **David Blunkett, Active citizens, strong communities: progressing civil renewal**

What are the implications for the sector?

1. People

Skills
With more government activity being outsourced to the sector, organisations will need to develop skills in the following areas:

- Contract negotiation and management
- Evaluation and outcome assessment
- Partnership working
- Community governance participation

2. Finance

Full cost recovery and the balance of risk
Voluntary organisations should aim to calculate and negotiate contract bids on a full cost recovery basis and ensure that risk is shared.

Dependence or independence?
Organisations will need to further diversify income streams so as not to depend solely on public service contracts.

Crowding out voluntary income
If organisations are perceived as public service providers, will people continue to give to them?

3. Practices and processes

Added value
Terms of contracts that are favourable to the organisations' independence will need to be established if the added value of the sector is to be maintained. This could include face-to-face relationships with beneficiaries for example.

Performance improvement systems
The need for more accountability and transparency will put growing pressure on organisations. Performance improvement systems that are easy to use and useful for the organisation (not only for the contractor) should be negotiated and put in place.

Sharing resources
The competitive environment will mean that organisations will increasingly have to team-up and share resources and skills.

Strategic positioning
Organisations involved in public service delivery will have to think of their strategic positioning, i.e. whether they wish to stay small and cover niche markets or go for high volume and economies of scale.

4. Other

Advocacy and campaigning
The public service agenda will represent a source of funding and opportunities for voluntary organisations, however the sector will need to promote its other key functions including advocacy and campaigning. Beyond its ability to provide services, the sector will need to strengthen its ability to voice the concerns of communities regarding the type of services they wish to access. It will also need to improve access to information for users to make the right decisions in choosing services.

Mission drift
Organisations delivering public services risk mission drift in the search for funding. Focusing on their mission rather than those of contractors will be essential if the sector wants to keep people's trust.

Expectations
Increasingly organisations will need to manage conflicting expectations from a range of different stakeholders. Developing and promoting local Compacts could help organisations do this.

Further reading

- Bentley T, McCarthy H, Mean M (2003) *Inside out: rethinking inclusive communities.* Demos
- Better regulation taskforce (2002) *Better local delivery of central policy*
- Blackmore A (2004) *Standing apart, working together.* NCVO
- Blunkett D (2003) *Active citizens, strong communities: progressing civil renewal*
- Joint taskforce on older people (2000) *Healthcare and ageing population panels.* DTI
- Needham C (2003) *Citizen-consumers.* The Catalyst Forum
- MORI for the National Consumer Council (2004) *Patient choice in the NHS*

5.5. Trust, accountability and transparency

Why is it important?

The giving of time and money are inherently related to trust. Trust is effectively the voluntary sector's source of legitimacy. Accountability and transparency are major themes of our time, and the sector is far from immune to the general demand for greater levels of accountability and transparency.

What are the main issues?

Key Drivers

- Increasing volume (though not sophistication) of media coverage
- Public perception that institutions are not accountable or transparent
- High profile failures in the regulatory system (BBC and financial sector mutuals)
- Consumerism and interest in greater transparency (e.g. food labelling)
- Increasing employment in the sector
- Attitudes to risk and its aversion
- Launch of GuideStar in 2005

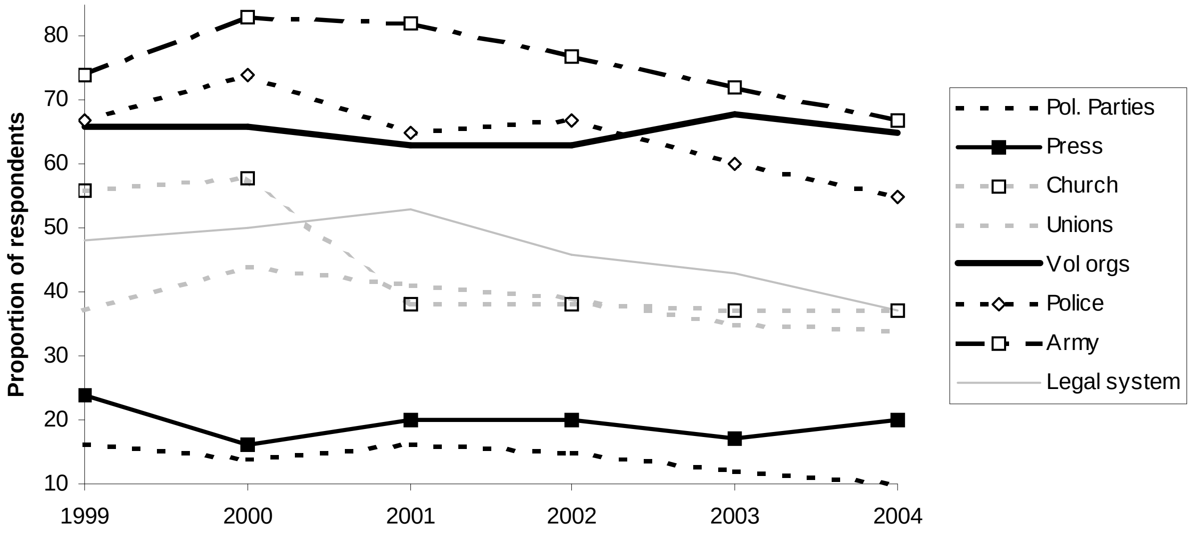
Key Trends

- Regulatory reform, particularly where self-regulation is perceived to be failing
- Increasing shareholder activism via collective or proxy pressure groups
- Focus on governance and leadership
- Greater attempts to identify the accountable
- Blame culture and the fear of failure
- New technologies facilitate moves towards more risk-based regulation
- Public demand for the instant availability of information

1. Are you transparent and accountable?

The past year has seen trusted brands and institutions suffer serious blows to their reputation (e.g. Shell, the BBC and the army). As a result, the public feel less prepared to trust public institutions and the people who lead them. A consequence of the decline in trust in institutions is an increased demand for mechanisms to ensure accountability and transparency (e.g. through effective non-executive directors or governors), and calls for accountability to different stakeholders, whether regulators, the state, or local communities.

Trust in many institutions is again falling



Source: Eurobarometer

2. Regulation

Regulation of the voluntary sector is likely to increase. A Charities Act could enhance the regulatory role of the Charity Commission whilst the Audit Commission becomes ever more interested in the work of voluntary organisations delivering public services (particularly as the proportion and volume of government income flowing to the sector rises). Fundraising practices are under growing scrutiny from the media and the government (the Charities Act is being spun partly as legislation to regulate fundraisers).

As the sector's paid workforce grows, organisations will need to be aware of employment legislation and minimum standards. The improved availability of financial data (and computing power) is likely to increase the use of financial ratios in regulation. Professional regulation by professional associations is expanding, at the expense of professional autonomy.

> *'Under pressure from both government and the public, professional bodies are having to abandon 'genteel' self-regulation in favour of rigorous regulatory control over their members. Healthcare professionals, in particular, are being asked regularly to account for themselves. Politicians, however, are not; they are still allowed to regulate themselves. Kaye argues that "this is a significant contradiction: doctors and teachers are consistently at the top of league tables in public trust, yet they are not necessarily trusted to regulate themselves. Politicians, by contrast, consistently rank with estate agents at the bottom end of such tables." '*
>
> ***Professionals, Politicians and the Strange Death of Self-regulation, Centre for Analysis of Risk and Regulation, LSE***

3. Reporting and monitoring

There are continued efforts to improve the quality and availability of annual reporting by voluntary organisations. Requirements will change with the introduction of the Standard Information Return and the revision of the Charities SORP. Interest in governance of charities and of public services is mounting. Corporate social responsibility and reporting continue to be the focus of significant activist pressure.

> *'Transparency of reporting is increasingly important in charity management. Funding bodies and the wider public demand evidence of efficient stewardship of the funds they donate, as does the Charity Commission. Our findings support a general feeling among sector commentators that there is still scope for improvement in the level of transparency and accountability…We welcome initiatives such as GuideStar UK and The Charities' Accounts Awards, both of which encourage charities to make information available to stakeholders in a way that facilitates their assessment of charities' performance. Some charities are actively recognising the importance of accountability by presenting a statement of their commitment to providing relevant information, including an action plan of how they intend to deliver on their stakeholders' information needs.'*
>
> **Transparency and Accountability, Charity Commission for England and Wales**

4. Role of the media

The growth of public service delivery makes the sector a much more visible target for a media that is increasingly tired and sceptical of the New Labour agenda. Media ownership is becoming more concentrated, particularly amongst local and regional newspapers. This could result in a less diverse range of opinions and analysis, compounding the danger of a media that is sceptical of, or hostile towards, the voluntary sector. New media is shaping attitudes towards the availability and interactivity of regulatory information. The web has become a tool for transparency through comparison (e.g. GuideStar UK).

> *'Credit ratings have taken on a new dimension with the first-ever North American assessment of a non-profit organization. Faites de la Musique…is to receive a fiduciary rating from Swiss-based RCP & Partners…. "We had no choice. We had to make a serious show of diligence and transparency to assert our credibility in the market. If we are going to raise funds on the public market we need to be more accountable and better managed," said Pierre Toth, chairman of FDM.'*
>
> **Financial Post (December 2002)**

What are the implications for the sector?

1. People

Trustee skills
Trustees with appropriate financial compliance and audit skills will need to be recruited and boards will need to become more proactive on the issue of accountability. Will these pressures make trustee recruitment more difficult?

2. Finance

Insurance and compliance costs
Organisations will need to ensure that they have appropriate levels of public liability insurance and recognise the increasing cost. However, getting insurance cover can be a problem for the sector. Compliance costs are likely to rise and these will need to be budgeted for.

Loan finance
Trends towards loan finance may lead to the introduction of more confidence building measures (e.g. credit referencing of voluntary organisations).

3. Practices and processes

Reporting and monitoring
The Standard Information Return will impact on larger charities. The revised Charities SORP will change the way in which charities report expenditure, with more focus on reporting the cost of activities. GuideStar and the Charity Commission will enable direct comparison of organisations and downloading of annual reports. This will place significant pressure to comply with SORP in a lucid fashion.

4. Other

Employment advice
Greater levels of specialist employment advice will need to be provided by the sector's infrastructure.

Trust and confidence
There is potential for the emergence of oversight agencies that score organisations on trust (akin to credit scoring).

Further reading

- Eurobarometer: http://europa.eu.int/comm/public_opinion
- Charity Commission for England and Wales *Transparency and Accountability* (RS8)
- *A little bit of give and take – voluntary sector accountability within cross-sectoral partnerships.* NCVO

5.6. Individuals, communities and social cohesion

Why is it important?

Society is constantly changing. Understanding in what direction society is evolving and how that could impact on individuals, institutions and organisations will help the sector develop services and practices that meet the needs and expectations of its major stakeholders.

What are the main issues?

Key Drivers

- Political and ideological shifts (e.g. welfare state and privatisation)
- Structural changes from industrial to service-based economies
- New technologies
- Economic growth and increased standards of living
- Growth of financial services and improved access to finance
- Decentralisation
- Demographics (e.g. improved life expectancy and the age pyramid)
- Social attitudes and values (e.g. individualism and 'work-life balance')
- Geographical and professional mobility

Key Trends

Growing tension in a number of areas that are largely interconnected:

- Individual and collective responsibility
- Consumerism and citizenship
- Parliamentary democracy and local democracy
- Choice and equity
- Communities of locality and communities of interest
- Unity and diversity

1. Consumerism and individual choice

The expectations of British consumers are rising with regard to both quality and choice, and personalised or customised products are becoming the norm. This trend is mirrored in the government-citizen relationship, which is being remodelled along consumerist lines. However, consumerism has a number of limitations that will need to be addressed or taken into account: choice overload; 'butterfly consumers' with increasingly volatile behaviour; the 'anxiety society', despite considerable material gains; and the growing litigation culture. Changing consumption patterns are developing as a response: consumer resentment of corporate culture; green and ethical consumerism (i.e. fair trade); the ‘experience economy’ in which experiences are preferred to the acquisition of goods (e.g. gift experiences and gap years).

> *‘Goods and services are no longer enough. To be successful in today’s increasingly competitive environment, companies must learn to* stage experiences *for each one of their individual customers. We have entered the Experience Economy, a new economic era in which all businesses must orchestrate memorable events for their customers that engage each one of them in an inherently personal way.’*
>
> **The Experience Economy, Joseph Pine and James Gilmore**

2. Individual and collective responsibility

Attitudes towards the appropriate balance of responsibility between individuals, government, charities and the private sector are shifting. A transfer of responsibility to the individual and of risk from collective risk through universal public provision to individual risk (e.g. healthcare and private provision for pensions) can be seen. There is also a move away from direct taxation towards indirect taxes that are linked to individual consumption. A new government-citizen relationship is appearing: ‘helping individuals – and communities – to help themselves’. Individuals are increasingly expected to take responsibility for their actions (e.g. obesity) and get involved in their local community by becoming ‘active citizens’, and in the co-production of public services (e.g. sitting on NHS boards).

> *“The achievement of major policy outcomes, requires greater engagement and participation from citizens – ‘governments can’t do it alone’ – than traditional ways of delivering public services. Higher levels of spending and better-run public services can achieve improved outcomes. But in the long-run improvements depend as much on changes in personal behaviour: for example in health on better diet and more exercise, and in education on children’s willingness to learn and parents’ willingness to help.”*
>
> **Personal responsibility and changing behaviour, Strategy Unit**

3. Social polarisation

With unemployment at its lowest point for decades, poverty in Britain is decreasing, yet the divide between rich and poor is growing. A rapid growth in the best-paid jobs coupled with growth in the worst paid jobs has lead to increased polarisation of salaries. Other factors contributing to the polarisation of society still need to be addressed (e.g. lack of qualifications, health inequalities, poor housing and the rising cost of housing). Social exclusion continues to be a major problem in some areas where great deprivation still exists. The social divide is demonstrated in the emergence of gated communities as a response to a rising fear of crime (despite an actual drop in the numbers of burglaries). Will the British public be increasingly accepting of inequality and social justice?

> *'Goos and Manning use the British Labour Force Survey and New Earnings Survey for the period 1975-2000. They document an increase in the best-paid jobs, mainly in finance and business service industries as well as a rapid growth in the worst paid jobs such as waiters, porters, shelf-fillers and checkout operators among other low-paid service occupations. Together with a decline in the 'middling' clerical and skilled manual jobs in manufacturing, the picture is one of a rising polarisation in the quality of jobs and increasing wage inequality.'*
>
> ***Lousy and lovely jobs: the rising polarisation of work in Britain, LSE***

4. Diversity and social cohesion

Individuals lead more and more fluid lives, with overlapping social networks and a sense of belonging to several communities simultaneously (both communities of locality and communities of interest, although, with growing mobility, communities of locality are becoming less important). Britain is an increasingly diverse and multicultural society. There is greater bridging between established ethnic communities demonstrated by a rise in mixed marriages, yet there is growing public concern over asylum seekers and migration (e.g. the press reaction to EU enlargement and the success of UKIP), leading to greater emphasis on law and order issues. The government response to ethnic diversity is ambiguous, at times stressing Britain's multiculturalism and at other times promoting integration and 'Britishness' (e.g. citizenship ceremonies). But diversity is not only about race; as the baby-boomer generation moves into retirement and needs to be supported by a workforce that is in comparison decreasing in size, how will the relationship between the young and the old develop?

> *'Britain is gradually becoming less racially prejudiced. In 1987, almost four in ten (39%) admitted that they were racially prejudiced. By 2001 this figure had fallen to 25%, rising again to just under a third (31%) in 2002. Researcher Catherine Rothon said, "The apparent recent rise in racial prejudice is likely to reflect increased media attention to immigration as well as events such as September 11th. But overall there's been a gradual move away from prejudice over the last few decades." '*
>
> **Trends in racial prejudice, BSA (20th report)**

What are the implications for the sector?

1. People

Recruitment
When recruiting, organisations will need to put more emphasis on organisational and sectoral values (in contrast with corporate values).

Volunteering and membership
Weaker volunteer commitment (especially long-term commitment) means that organisations will need to offer more volunteering opportunities and memberships that focus on self-fulfilment and personal benefit (including fun and leisure). The

sector will need to think how it can successfully convert passive members/consumers into active supporters/citizens.

2. Finance

Challenges for fundraising
As consumer debt increases, organisations will need to find new and innovative strategies to deal with a potential drop in individual giving. Consumer/donor fickleness is another real challenge. To maintain the level of voluntary income from individuals, the sector should be prepared to adapt to evolving consumer patterns, motivations and outlooks (e.g. further development of giving by direct debit and of membership benefits). Fundraising for ‘unpopular’ causes (e.g. those that are perceived as being due to personal failings such as alcoholism) could become more and more difficult. Marketing strategies for these causes will need to be revised and strengthened.

Litigation culture
The rising costs of a litigation culture will put more strain on organisations’ balance sheets.

3. Practices and processes

Community participation and governance
If community participation and community governance are to increase, the sector will need to:

- Promote direct user engagement
- Promote diversity within voluntary organisations
- Ensure community representation and representativeness of organisations (to tackle issue of legitimacy)
- Strengthen its ability to bring people and communities together and give them a collective voice
- Develop bridging social capital (through joint events, networks, partnerships and so on) and linking social capital (relationships with power institutions including local government)[1]
- Find ways to reconcile bonding and bridging
- Establish conflict resolution mechanisms.

[1] Social capital refers to the norms and networks that are embedded in social structure and that facilitate both individual and collective action. It is often used to refer to the stock of active connections among people including the trust, mutual understanding, shared values and behaviours that bind members of communities and make cooperative action possible.

A distinction is usually made between:
Bonding social capital is related to common identity (i.e. ties amongst people similar to each other)
Bridging social capital is related to diversity (i.e. ties amongst people different from one another)
Linking social capital is related to power (i.e. ties amongst people in power-based relationships)

4. Other

Regionalisation and new localism
To respond to greater regionalisation, national charities should consider reviewing their current structures and establishing regional structures. With new localism and local public service delivery, the need to develop and promote local Compacts is reinforced, as is the need to strengthen regional and local support infrastructure bodies to build local organisational capacity.

Building social capital
In response to the Government's civil agenda, the sector should encourage activities that are not linked to the Government's public service agenda, but that nevertheless contribute in building social capital (i.e. recognising citizenship and participation as goods in themselves rather than as instrumental to other ends).

Adapting to growing diversity
Growing diversity and speed of change will mean that organisations will have to improve their ability to respond to a wider variety of user profiles and changing user needs and expectations. However, heightened aversion to risk could negatively impact on the sector's capacity to innovate.

Combating social exclusion
If a sense of collective responsibility is to decline amongst individuals, the sector will need to offer more activities and services aimed at the vulnerable and combating social exclusion.

Consumer rights
With more emphasis put on choice, improving access to information (to make informed choices) and defending consumer rights will become increasingly important, especially for marginalised groups.

Campaigning
A fall in traditional forms of political engagement will highlight the need for new approaches to advocacy and campaigning. Single-issue campaigns will continue to be successful with the emergence of new participation models (engagement in communities of interest rather than in communities of locality, weaker long-term commitment etc.). A rallying point for further participation will be initiatives that are seen to promote the quality of life.

Further reading

- Begum, H for NCVO (2003) *Social capital in action: adding local connections and networks.* NCVO
- Blunkett, D (2003) *Active citizens, strong communities: progressing civil renewal*
- British Social Attitudes (2003) *Continuity and change over two decades.* National Centre for Social Research
- Goos, M and Manning, A (2003) *Lousy and lovely jobs: the rising polarisation of work in Britain*

- Henley Centre for the Salvation Army (1999) *The Paradox of Prosperity.* The Salvation Army
- Henley Centre for the Salvation Army (2004) *The Responsibility Gap.* The Salvation Army
- Minton, A (2002) *Building balanced communities: the US and UK compared*
- Needham, C (2003) *Citizen-consumers.* The Catalyst Forum
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- Pine, B and Gilmore, J (1999) *The experience economy.* Harvard Business School Press
- Strategy Unit (2004) *Personal responsibility and changing behaviour*

6. Looking to the future

Reading across the six key issues, it is clear that a number of common themes emerge from the analysis. These are:

The economic environment
A successful macro-economic environment is critical to resource inputs, particularly individual giving and statutory income. However, this is also driving up staff costs. Of most concern are higher levels of debt and rising interest rates, which could reduce personal wealth levels and giving. Technology is lowering 'barriers to entry' across many markets (including the voluntary sector), and this is likely to increase competitive pressure. Rising interest rates and inflation will push up costs.

The changing UK population
Mobility, diversity, ageing and fragmentation are key trends and drivers. They all point to increasing need for long-term, differentiated welfare provision. Despite rising up the political agenda, pension provision and the dependency ratio remain intractable problems for individuals, organisations and the state.

The political framework
A post-election, post-Charities Act framework will shape the size, scope and regulation of the sector. Investment in public services and voluntary sector infrastructure is likely to benefit the sector, albeit within enhanced and more joined-up audit and performance frameworks. The latter will be aided by the expansion of e-government. Continuing flux in central-regional-local government responsibilities and relations will create significant uncertainty and change for voluntary organisations operating predominantly at regional and local levels.

Social cohesion
Continuing concerns about social cohesion are exemplified by low participation in elections, intolerance of immigrants, asylum seekers and outsiders in general and the importance of single-issue political parties and pressure groups. Civil liberties are constrained in a culture of fear and risk aversion.

Accountability and trust
Failure to develop accountability mechanisms and demonstrate values and practices that build trust is a critical risk. Conversely, an increasingly risk-averse culture could stifle voluntary effort and innovation. Increasing interest in value for money, governance and transparency is evident. Media and new technologies are raising the accountability threshold.

Public attitudes
Shifting roles and responsibilities are placing more emphasis on individuals, who in turn are driven by choice and consumerism. Social networks are replacing family ties. Increasing affluence levels are placing an emphasis on experiences and quality of life.

These common themes raise a number of questions for the sector as a whole:

- **Premier league or football league:** Will the sector maintain a collective identity, or will fragmentation into sub-sectors or industries be the future? Will a leading pack leave all else behind?

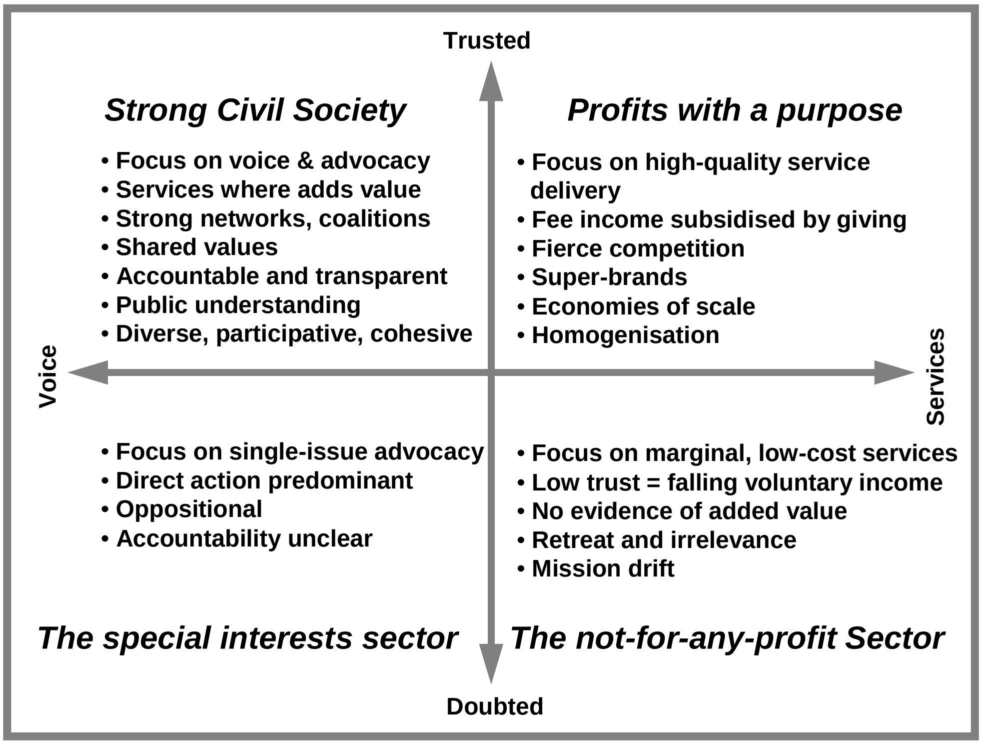
- **Voice or services:** Will the main focus of voluntary organisations be engaging with citizens, or will it be trading with consumers? In short, civil society or not-for-profit sector?

- **Efficiency or outcomes:** Will the increasing emphasis on value for money lend a greater focus to efficiency, quantification and unit costs, or will a genuine focus on outcomes lead to longer term, qualitative assessment?

- **Trusted or doubted:** Within the context of greater service delivery, cynical attitudes and media oversight, will the sector be able to take the lead on accountability and maintain the trust that is crucial to the giving of time and money?

By asking these questions it is possible to start building possible futures for the sector. Scenarios such as the four below can help to identify the constraints and opportunities for organisations, with relevant actions built into future strategy. The scenarios below pose the alternatives for trust/doubt and voice/services.

Four scenarios for 2010



A key focus of our work in 2004/05 will be to develop these scenarios in breadth and detail. In addition, NCVO has commissioned four strategy papers on themes pertinent to our analysis: Civil Renewal and Civic Society; Funding; Social Economy; and Localism – New or Old? Future editions of Voluntary Sector Strategic Analysis will report back on these developments.

7. Authors and Acknowledgements

Karl Wilding is NCVO's Head of Research. Karl leads a team of 4 people, covering work on the voluntary sector economy, civil society and *Third Sector Foresight.* Current work includes partnership with CAF on the measurement of individual giving and an audit of the cross cutting review of the sector's role in delivering services. He is lead author of the *UK Voluntary Sector Almanac 2004,* and a trustee of ARVAC and Charities Evaluation Services.
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