SHAPE YOUR FUTURE

Future scenarios:
implications for the third sector in Wales

Meirion Thomas, Professor Martin Rhisiart and Eva Trier

wcva CVC
Third sector support Wales

Cyngor Gwirfoddol Cymru
wcva
Wales Council for Voluntary Action

ABOUT THE AUTHORS

Meirion Thomas is Director of Penbryn Consulting. Meirion has a blend of experience of working on a number of strategic reviews across the public, private and third sector with extensive futures and scenario development experience.

Professor Martin Rhisiart is Director of the Centre for Research in Futures and Innovation at the University of South Wales. He has led a range of national and international studies on futures and scenario building.

Eva Trier, a Cardiff based consultant, has extensive experience in third sector consultancy and social innovation as well as a strong background in futures work.

Designed by Arts Factory.

Published by Wales Council for Voluntary Action,
Head Office
Baltic House,
Mount Stuart Square,
Cardiff,
CF10 5FH

Registered charity number 218093

Tel: 0800 2888 329
Fax: 029 2043 1701
Minicom: 029 2043 1702
November 2016
ISBN 978-1-910340-15-8

This report was commissioned jointly by WCVA and the 19 County Voluntary Councils in Wales. The Shape Your Future exercise took place over summer 2016 to inform our strategic thinking. We also hope it will be a useful resource for other third sector groups in Wales.

Two reports have been published based on the Shape Your Future exercise. The first explores implications of future trends to 2030 for the third sector in Wales. The second explores four potential future scenarios and implications for our work today. Both can be found at www.wcva.org.uk

ACKNOWLEDGEMENTS

We're extremely grateful to all those who participated in the Shape Your Future exercise whether via the online poll, the three workshop sessions, the one to one interviews or the roundtable. The exercise was dependent on your participation.

Thanks to all WCVA's staff who supported the project. Thanks to School of International Futures for their support to WCVA in shaping the initial concept and outline project. Thanks also to Hazel Lloyd Lubran from CAVO for her input on behalf of the County Voluntary Councils, and Gareth Coles for the illustrations.

CONTENTS

ACKNOWLEDGMENTS 2

FOREWORD 4

INTRODUCTION 5

SECTION 01
SCENARIOS FOR THE FUTURE

Conscietious Prosperity 8

Willing Consumers 10

Boots on the Ground 12

The Die Hards 14

SECTION 02
STRATEGIC IMPLICATIONS

Introduction 17

ANNEX

Third sector Wales 2030: key drivers of change 20

FOREWORD

Looking to the long term can be a challenge for the sector when our role is often to support others facing immediate crisis of day to day survival.

Peter Davies CBE
Chair WCVA

The Wellbeing of Future Generations (Wales) Act sets a legislative framework that requires the public sector to incorporate long term planning into decision making. It also sets a duty on Welsh Government to produce a Future Trends report to provide the data that will shape future scenarios to better inform the decisions we make today.

We have applied this principle in reviewing the future role of the third sector. This report has provided a catalyst for engaging the wider sector in discussions to help shape our future planning as WCVA and CVCs. I hope the process will also support the sector in contributing to the development of the local Wellbeing Plans required by the WFG Act.

The sector will be at the forefront of tackling the implications of the major future trends such as climate change, demographic change, technological advance and disruptive economic change. The future wellbeing of our communities will be dependent on our ability to take early action to prepare for these changes, to build resilience for the long term through community led action and so to become 'a society that prevents problems from occurring rather than one that, as now, copes with the consequences.'

The nineteen County Voluntary Councils and WCVA have many shared goals. We all work to enable the third sector and volunteers across Wales to contribute fully to individual and community wellbeing.

Richard Edwards
Chair, Wales Association of County Voluntary Councils

We know that we can achieve much more by working together, linking across our local, regional and national activities. This joint report exploring the future challenges and opportunities for the sector over the coming 15 -20 years is part of this collaborative approach.

This is one of two linked reports and together they raise some fundamental issues, not all of which are comfortable reading. It's clear that if the sector is to play its full role in improving wellbeing over the longer term, we will need to work closely with partners across all sectors. We have involved a range of partners in this work and I hope we can continue to engaged with them as we take forward the findings.

INTRODUCTION

BACKGROUND

WCVA and the County Voluntary Councils commissioned the *Shape Your Future* exercise to help them to plan ahead in the face of increasing uncertainty and complexity.

Futures work is not about trying to predict the future. It is about developing a much better understanding of the factors and drivers that will affect the future; exploring and challenging our assumptions; and, thinking about what this might mean for individuals and communities – and in this case, the third sector in Wales. By doing this, organisations can improve the quality of their decision-making today.

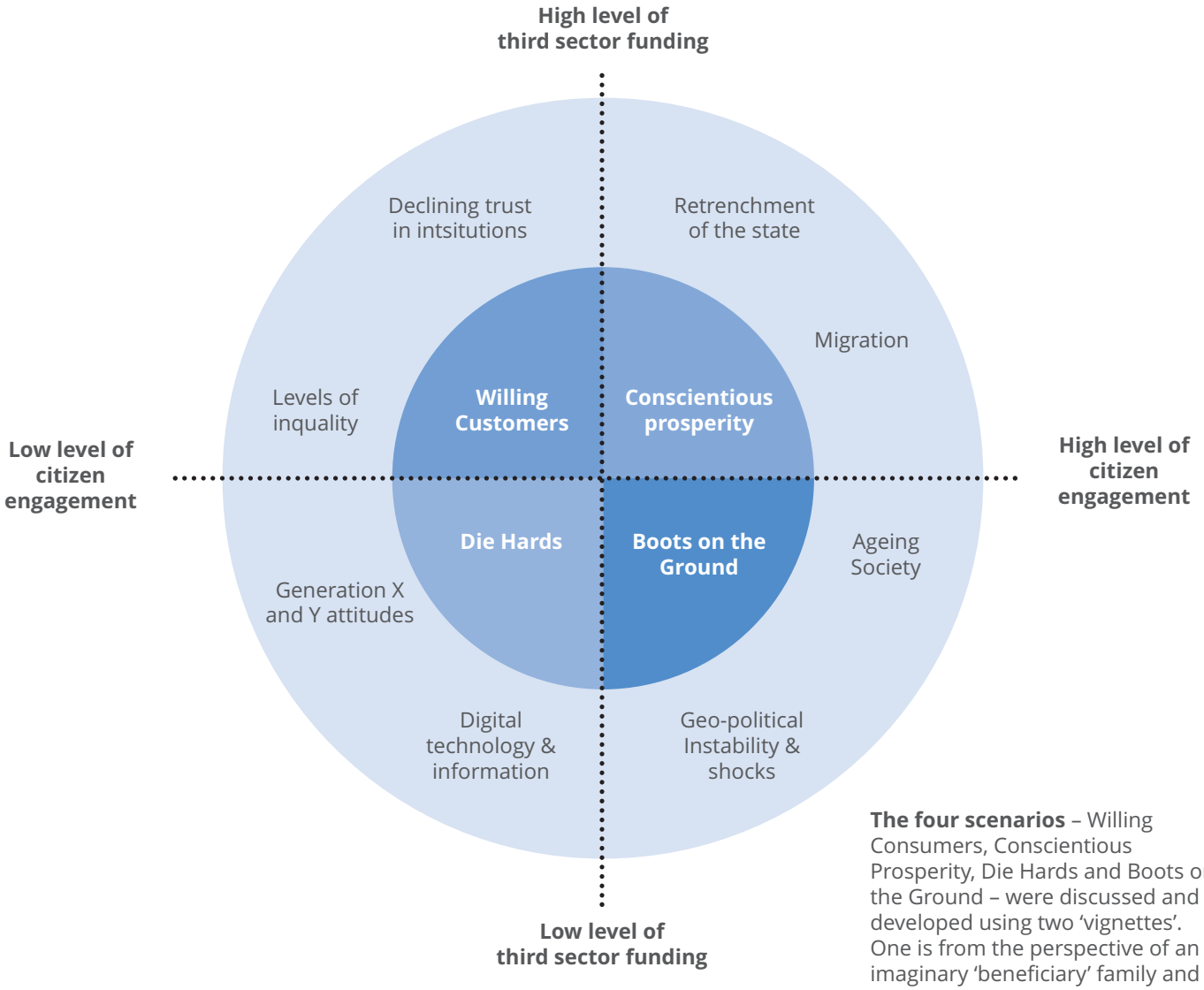
The tools we used in the Shape Your Future exercise are designed to help groups to be better at anticipating future change. This builds capacity to deal with changes that the future may bring. Developing a better understanding of the positive or negative impact of future trends and drivers enables us to act today to shape a better future.

SCENARIOS

In the previous report, we looked at existing evidence on future trends and key drivers of change for the third sector in Wales. In this report, we explore four potential scenarios. These were developed from two workshop sessions with third sector groups.

They are based on two drivers that workshop participants identified as both important to the sector and open to influence:

- Levels of citizen engagement with society challenges
- Levels and sources of funding for the third sector



The four scenarios – Willing Consumers, Conscientious Prosperity, Die Hards and Boots on the Ground – were discussed and developed using two 'vignettes'. One is from the perspective of an imaginary 'beneficiary' family and one from the perspective of an imagined third sector organisation.

The beneficiary family is described as:

Our family has multiple needs. They live in a village in Rural North Wales and have no access to private transport. Mum (Steph) is 30 – 40 years old and works part time; Dad (Daf) is in his early 50's, he is unemployed and suffers with diabetes. The family has a teenager with a mental health disorder and a small child living with them. In addition, two grandparents live in the household and both have emerging mental health issues. The family also has a great grandparent of 90+ in residential care a few miles away.

Whilst funding is often top of people's list of concerns, the scenario development highlighted that citizen engagement might be more important and equally uncertain. Discussions also underlined both the importance and uncertainty of another key driver – digital technology. There is an urgent need to address this.

The four scenarios explore different possible futures. One anticipates voluntary and community action playing a core role in supporting people and communities to achieve their own local solutions and enabling community cohesion. However, this is not guaranteed. An increasingly polarized sector that struggles to speak out for marginalized groups is also possible. Decreasing engagement and resources would fragment volunteering and social action, limiting its contribution to community resilience. Some scenarios question the survival of the current 'third sector' by 2030.

The decisions the sector and its partners make today will impact on which elements of these scenarios are more or less likely to become reality by 2030.

STRATEGIC IMPLICATIONS

A roundtable bringing together key stakeholders in and beyond the third sector discussed the strategic implications of the scenario work. The final section of this report sets out key themes that emerged from the roundtable discussion.

FUTURE SCENARIOS

CONSCIENTIOUS PROSPERITY

WILLING CONSUMERS

BOOTS ON THE GROUND

THE DIE HARDS

SECTION 01

CONSCIENTIOUS PROSPERITY: SCENARIO 1

Third sector organisations are 'swimming with the tide' – powered by the social conscience of the masses. These conditions have also led to a certain complacency and staleness in the sector.

'Citizens are highly engaged in tackling social challenges. Organisations in the third sector are well resourced and have innovated in the types of funding that they raise.'

Uneven economic performance also continues to be the picture within Wales, with the main measure of economic prosperity (GVA) considerably lower for West Wales and the Valleys than for East Wales.

In 2030 globalisation has had a positive impact on the economy. The majority of people are enjoying high(er) levels of prosperity but there are still economic and social disparities remain within countries and across communities. The need to advocate and campaign for different social causes remains.

The maturing of the Millennium Generations 'Y' and 'Z' have shaped social attitudes. For example, citizens identify with social challenges and are willing to accept a responsibility to care for others. However, it is still the well-off older generation with time on their hands – the now aged Baby Boomers – that mainly sets the tone of third sector activities.

Citizens are now very focused on the quality of their communities; emphasising a healthier civil society, good social and community relationships and the provision of mutual support. Within the third sector there is pride in doing a good job and a confidence that, in a relatively prosperous country, existing structures can provide for the diversity of needs in communities.

However, a tendency to 'swim with the tide' has led to a degree of complacency and increasing stigmatisation of less 'worthy' causes and needs. For instance, inward migration, which has continued to be strong in response to the demands from the economy and from the ageing population for lower paid workers and care workers, is regarded by many as simply increasing inequality. Migrants are mostly seen as a problem. Although they play an important role in delivering a range of low cost services (e.g. cleaning), they are not able to engage on equal terms with wider society.

A family vignette

Steph and Daf's family are 'on the radar' for a seemingly endless list range of Public, private and third sector support providers who have used access to 'Big Data' to help them understand individual and family needs and then created a bespoke 'menu' tailored to the diverse needs of the family. The support that they are able to access is well funded and their 'choice' is abundant.

However, Steph and Daf often feel over-run by the volume and range of offers of support from both local volunteers as well as different combinations of public, private and third sector organisations. This leads them to feeling that sometimes, they would like to be left alone and able to take a break from well meaning 'do-gooders'.

Each member of the family, from grandad to the youngest child, has been able to learn use information technology and to get access to all sorts of information, on-line services and educational sites (as well as social media sites). Steph, however, is concerned that Daf spends too much time 'logged on' at the local community centre becoming obsessed with 'conspiracy theory' sites and spouting more and more right-wing opinions.

In 2030 citizens are not as willing as in the past to simply trust their governments and international organisations. Uncertainties caused by global and local terrorism and the revived risk of widespread conflict in the world are a cause of major concern. Many regard this as institutional failure.

Therefore, while the public investments in widespread low cost access to ICT networks has paid off giving citizens almost unlimited access to information and data, many people no longer trust the accuracy and quality of information being provided by mainstream sources. This is due to many public scandals where global corporations and some governments without a strong tradition of liberal democracy have been exposed as manipulating that information and access to it.

People therefore are mostly happy to rely on social media for the information they need because at least there is a degree of peer-to-peer trust amongst (virtual) friends. But connecting mostly only with friends with shared interests has placed a virtual 'bubble' around many citizens. Access to Big Data now allows third sector organisations and others to collect and analyse data. This has given them the luxury of a detailed understanding of what their target sectors and beneficiaries need and how best to target services and fund raising messages.

The result is that a lot of people simply accept a 'menu' of social causes and needs drawn up by campaigners with the best data management and social media skills rather than the advocates for those in our society with the greatest needs.

In 2030 the shrinking of the state has continued and there is less and less willingness to listen to the voices arguing for redistribution of wealth. The third sector are therefore seen as the champions of social justice and have found new ways of raising funding, including through competitively allocated government funds, crowd-funding, legacies, private donations etc, they are now seen as well-resourced organisations with a mixed income base.

Established third sector organisations have benefitted from this access to funding and have built thriving local organisations that have taken advantage of greater citizen engagement. Their focus is on improving and maintaining the quality of delivery and training staff and volunteers. There has been a shift to more professional fundraising strategies that are increasingly integrated at a UK national level. As a result, there is a reduced need for the traditional funding role locally.

Across the third sector, as the larger 'players' are 'hoovering up' funding and volunteers, few new organisations are emerging. Where new 'needs' have emerged, established third sector organisations have either 'delegated' delivery to the next layer of smaller organisations or collaborated amongst each other to jointly meet the new need rather than allow new entrants into the sector.

Greater cooperation with the public and private sector is resulting in more 'commercial' organisational structures and social enterprise service delivery models further blurring the boundaries across the third sector. With a settled third sector operating in relative comfort and with limited external challenge, after a period of innovation around funding there is now little incentive for organisations to innovate further. Having given up its track record and expertise in campaigning and challenging the public and private sectors, the distinctiveness of the sector is under threat.

Troubled Turnover – a possible organisational response

As a result of relatively generous levels of funding and a strong groundswell of citizens who want to be more engaged in society's challenges and needs, a degree of complacency has set in amongst third sector generally.

The larger third sector organisations have 'hoovered up' the big funding pots and new entrants aiming to meet specific needs are increasingly frozen out of the sector. A 'cosy cabal' is in place between the large third sector players, their preferred partners in the Private sector and Public sector commissioners who have 'gone soft' because the funding is not an issue in most cases.

A distinctive third sector has almost disappeared. The result is a 'troubled turnover' across the sector.

Many smaller, niche third sector organisations dwindle, die and leave the scene. However, their citizen supporters are remaining active and unsatisfied by the efforts of the establishment third sector players.

A revolution in the third sector is predicted by citizen activists and commentators as citizens turn their motivations and passion for social justice on the status quo third sector.

WILLING CONSUMERS: SCENARIO 2

In 2030 globalisation can be seen as having had a positive impact on the economy. For examples, patterns of wealth creation have changed and more citizens have a stake in innovative businesses. So while most people are relatively well-off, there are still economic and social disparities within countries and across communities.

The change in attitudes in society driven by Generations 'Y' and 'Z' has not had the impact that was widely anticipated in the Millennium years. An ageing population is setting a rather regressive tone with ageing 'Baby Boomers', who are willing and able to pay for their needs to be addressed, mostly concerned about their own health and social care needs. External shocks caused by geo-political events and increasing global tensions and migration have contributed to further decreasing levels of citizen trust in governments, corporations and international organizations.

Therefore, while well-off citizens are willing to donate and contribute funds to 'good causes', this has more of a purchasing character and they are not personally committed to social challenges. They are also not engaged in local or national social activism including volunteering. There is now truly 'no such thing as society'. Instead, in this 'sharing economy', more and more people are looking to make a return on any assets they have. This further weakens any commitment they might have to getting involved with specific or local social causes and needs.

Third sector organisations are therefore mostly seen as suppliers to the social conscience of citizens. Overall, citizens are happy to pay for other people to deal with social challenges for them as long as it is done at an arm's length. As people generally don't care from where they purchase their social conscience boundaries between the third sector and the private and public sectors are blurred.

Since citizens are not taking direct interest in addressing specific social challenges and causes, the 'market' is the key mechanism for allocating resources. This is only reinforcing wealth and income inequality between and within nations and communities. Left to market forces, house prices, for instance, continue to rise leading to higher levels of homelessness and while the affluent society is attracting in-migration, it is also less welcoming.

'Third sector organisations are relatively well resourced and enjoy funding from a range of sources. People are willing to donate and contribute funds – but are not personally committed to social challenges. Here is the notion of the citizen as a willing consumer – quite happy to pay for other people to deal with these challenges; the consumer in a transactional sense.'

A family vignette

With the funding and resources available, the family is relatively well provided for by the third sector, services are often provided free or with a significant subsidy and, while the family are appreciative of this, they are aware that many people within their community (and society in general) see them as a 'high dependency' family with a 'feckless' approach to their responsibilities as citizens. The family naturally feel that that they have a stigma attached to them which they resent but are powerless to remove.

Steph has begun work for a third sector organisation providing social care for elderly people in the community. For this she is paid at good rate rather than as a free volunteer. While the family welcome this extra income, Steph and Daf are concerned that some people in the community who do not get paid for their volunteering may be resentful.

As more and more social services are now delivered by combinations of the public, private and third sectors, the family have found themselves on the lower tier of 'tiered service' arrangement with little hope of being able to choose to 'go private' as some of their neighbours have been able to do. This has just added to the stigma of their position and their 'sense of community' is weakening around them.

In 2030 citizens have become sophisticated consumers. They are used to purchasing services, including social care and causes, of all types and categories and demand high levels of service delivery, quality and value for money. For citizens the focus is on the quality of the service offered and ease of access to services rather than who provides the service to the needy. Because of this, external challenges to third sector organisations largely come from individuals who feel they have not got the service they were promised.

The state has not been able to match these expectations and has drawn back into the delivery of more acute services reaching only the most vulnerable in society. Unpopular causes are increasingly dependent on the public purse while more 'popular' causes with more public appeal receive greater individual giving. Those representing the most marginalised in society are at a disadvantage and find it increasingly difficult to shape debates on issues including equality and local solidarity.

Services for the most vulnerable that are provided free or at a highly subsidised rate create a stigma for families. What are seen as 'high dependency' families are frowned upon by the 'willing consumers'.

There is now ample space in the market for the third sector and the private sector to step in. Now they compete directly and openly with each other – with consumer choices determining outcomes. This has led to a radical transformation of how the third sector is viewed and the rationale for its very existence. The result has been an increasingly 'tiered service' with some beneficiaries and communities choosing to 'go private' since it's the same type and quality of service but without any associated stigma that has become attached to third sector provision.

Third sector organisations generally have had to put much more effort into skills that address marketing (of services, funding and volunteering), delivery of high quality services and maximising efficiency savings, for instance through services provided online. In the drive to achieve this products and services that can offer 'willing consumers' added value features and provide a 'social premium' (such as Fair Trade or other ethical 'credits'), are the most highly sought.

In 2030 the 'sense of community' traditionally maintained and sustained by third sector engagement and volunteering has fragmented. Volunteering generally has decreased and membership of locally based voluntary sector organisations has declined alongside a lack of long term investment in local groups and structures. Increasing health care costs in an ageing society also mean that people are working more and longer, which further impacts on the availability of volunteer resources and informal support services such as child care.

Some third sector organisations have chosen to move into 'paid' volunteering. But this has meant that fewer people are now willing to volunteer which is causing problems for those third sector organisations that are totally volunteer-led. Indeed, plentiful funding but with low levels of volunteering brings into question the whole rationale for the third sector. How can the sector sustain a core commitment to the public good and an ethos that is different to profit-seeking businesses? One approach has been for well-resourced third sector organisations to create a national franchise approach to help compete with the private sector emphasis on brand recognition, professionalism and service quality.

In 2030, the result is that there is a momentum towards a polarisation of the third sector. Well-resourced and organised bodies are taking a largely private sector approach to products, services, quality and paid volunteering while smaller local third sector bodies are left to work with increasingly marginalised groups, but dwindling in number and vibrancy.

Friendly Franchise Company – a possible organisational response

Citizens are happy to pay for other people to deal with societal challenges for them as long as it is done at an arm's length and the focus is on the quality of the service offered and the ease of access to the purchasing of the 'social conscience' rather than who provides the service to the needy.

Because the state has not been able to match these expectations it has withdrawn into the delivery of more acute services. This has left open a national 'space' where the third sector and the private sector are able to operate freely.

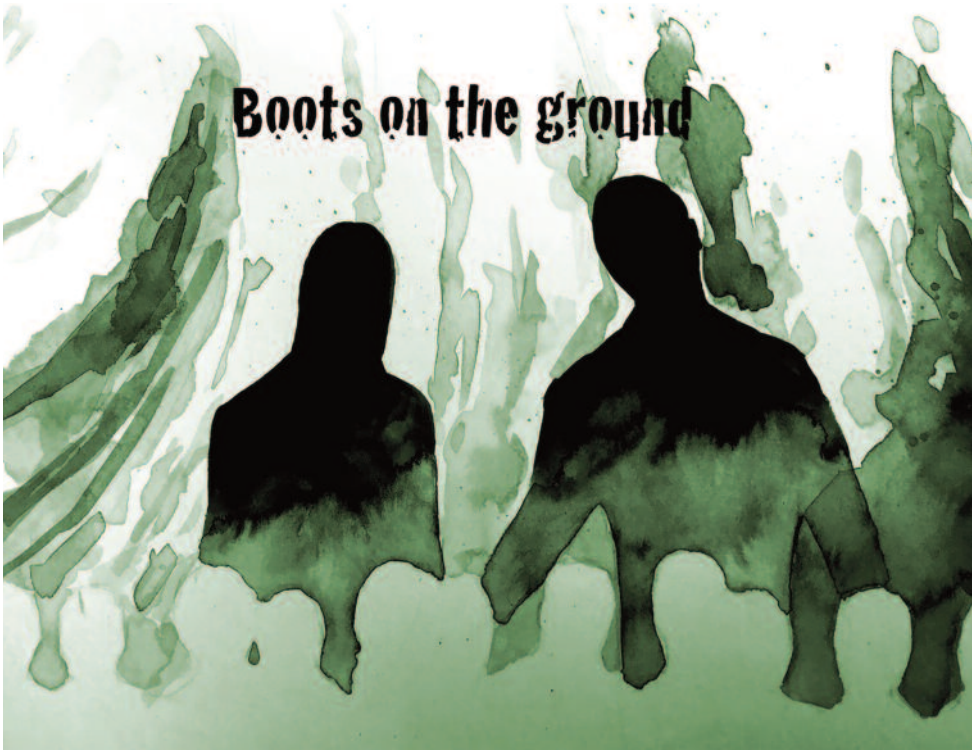
With access to adequate funding but accompanied by low levels of volunteering leads to well-resourced third sector organisations adopting a 'friendly national franchise' approach.

This approach is seen as market led, driven by efficiency and quality. It is also motivated by a 'big is best' philosophy where the scale and reach of the franchise beats local volunteer delivery every time on the metrics that citizens (willing consumers) have become used to in the private services market – brand recognition, professionalism and service quality.

Small locally focused third sector bodies don't get a look in on large public service contracts and are left to work with increasingly marginalised groups before finally dwindling in their numbers and their vibrancy.

BOOTS ON THE GROUND: SCENARIO 3

Citizens are at the vanguard here – a DIY spirit or 'boots on the ground'. The downside for the third sector is that the DIY ethos means that there is little scope for the growth of professional organisations.



In Wales, and the UK, in 2030 the economy continues to falter and economic and social disparities within countries and across communities have become more pronounced.

Uncertainties caused by global and local terrorism, the revived risk of widespread conflict in the world and other disruptions have stimulated citizens to look more toward their own communities and neighbours. Citizens feel that they need to engage in tackling inequalities at a local and community level – even though their communities are adapting to the dislocation caused internationally by conflict and migration.

Citizens are really engaged in addressing societal challenges partly driven by the maturing of the Generations 'Y' and 'Z' and partly as a result of less economic prosperity. The result has been a growing willingness for citizens to identify with social challenges and a willingness to accept a responsibility to care for others.

The quality of their communities and a healthier civil society is increasingly important and the provision of mutual support within communities has come to the fore.

Third sector organisations are in general not well-resourced. Due to the lingering effects of the long term policy of austerity, funds from government are rationed and there has been little innovation in the types of funding raised by the third sector. However, third sector organisations are still mostly reliant on the limited 'pots' of public funding that they need to win from competitively-bid programmes along with small donations that are hard won from within communities that are themselves suffering economically.

As a result, the third sector's core task is to support people to do things for themselves – identifying their own needs and using their own skills, energy and assets to find local solutions.

'Citizens are engaged in fighting societal challenges although funding is quite meagre and limited in terms of its sources. There has been little innovation in terms of giving or fundraising mechanisms.'

A family vignette

Local people are motivated to help deal with the social needs and challenges in their communities, so the family feel able to take action, and responsibility, themselves. While only limited public services are available there is a good awareness of 'what's out there' and the family have been able to turn to their own community for advice and support.

The family have been helped to make use of online services and information and have access to community broadband services and to use communal equipment. The local transport hub also enables the family to get to local towns for shopping and visits to hospital and doctors, while visits to the great grandmother every fortnight can be arranged.

Community volunteers keep a close eye on the family and are able to ensure that they get support when its needed without the need to always have to ask. However, Staph and Daf find this a little bit intrusive and a bit demeaning. There have also been a few instances when well-meaning volunteers have offered advice when that advice may not have been the most appropriate in the circumstances. So far this has not caused any significant damage but there are some in the community who are increasingly wary. On occasion, they have had to step in and act as mediators.

Beneficiaries or users of services have had to take more responsibility for their situation and their needs and have turned to their own community for support. There has been a revival of a more traditional communitarian, localist ethos with ample support from citizens.

This citizens' movement has been helped by migration into communities from abroad and other parts of the UK. Migration has brought a wider pool of people into communities eager and motivated to begin engaging within their communities and to volunteer. At the same time, migration has brought a new set of needs into communities with people from different cultural and social backgrounds. Integration has been, and continues to be, an issue for many communities but citizen engagement and local volunteer activism has shown itself to be part of the solution as well as a positive asset to the community.

While the burgeoning 'can do' attitude of citizens is an asset for the third sector, the downside is that the 'DIY' ethos leaves little scope for the growth of professional organisations. More third sector organisations have become predominantly volunteer-led with limited professional staff at the core. The increasing prevalence of informal volunteering with limited funding restricts the ability to train volunteers and challenges any meaningful quality control of services and the development of structured collaborations. Low cost-based organisations have become the reality for most of the sector. This has caused more fragmentation and an increasingly piecemeal provision across the third sector.

Locally bespoke solutions have also opened the door to the rise of special interest groups which has created tension and conflict between different groups and communities.

However, for some, 'mutualism' has become a better description than 'volunteering' bringing with it a clear focus on local needs and provision that matches individual needs with individual volunteers or providers within the community.

In this situation, the now ubiquitous superfast broadband networks that are in place across the whole of Wales has proved to be a key asset to the citizen activism. Third sector organisations have become much more technology savvy and use online services to provide a very wide range of services. Using this infrastructure to link volunteers across communities as well as to provide external advice and expertise has become a critical success factor. This has also allowed relatively small organisations to work across a larger area and provide specialist services and advice far afield from their physical base.

However, volunteers have had to do many more things than the professional third sector staff of old were called to do. This has resulted in problems, for example, when the service provision or advice offered by local volunteers may not be accurate or appropriate due to a gap in knowledge or expertise. Informal volunteering brings with it a danger that specific risks (e.g. Health and Safety) are not well addressed. This has put users and volunteers alike at risk of compliant and even litigation. There are examples of trust within local communities becoming strained and giving rise to unpleasant 'litigation'. Ironically, this has caused an increase in demand for professionally trained mediators within the third sector support infrastructure that does survive.

A national level movement is underway to inform statutory authorities, and educate special interest groups and people coming together for their own causes and campaigns etc. and to 'broker' arrangements across community groups.

Citizen Activist Platform – a possible organisational response

Citizens are heavily engaged in working together to address social challenges as they appear in their communities. They are building a platform of citizen activism based on identifying their own needs and using their own skills, energy and assets to work together locally to find positive solutions. In this sense they have revived a traditional communitarian, localist ethos where 'mutualism' has become a better description than 'volunteering'.

Since third sector organisations are in general not well-resourced, they have to make do with small contributions provided from within their communities. So to maximise the impact of their work, the new Citizen activism platforms have used information and communication technology to link volunteers across communities as well as to share advice and expertise with other activists.

Building and maintaining these platforms across technology networks has allowed relatively small organisations to work across a larger area and provide specialist services and advice far afield from their physical base. They provide an unregulated and 'open source' alternative to the traditional third sector infrastructure support network.

THE DIE HARDS: SCENARIO 4

This is a harsh, competitive environment for organisations in the third sector – a hand to mouth existence for the die hards that will keep the faith and maintain the mission whatever the circumstances.

'What does the third sector do when citizens are not really engaged in key societal challenges, the level of funding is low and there is little innovation in the way income is generated?'

In 2030 while parts of the UK have prospered economically, quite severe economic and social disparities within countries and across communities have been hidden at times. Globalisation effects have mostly been to the benefit of some urban areas and has missed out the rural and more isolated traditional industrial communities of Wales.

As community life and public service declined in the 2020's, better educated and more prosperous citizens moved out of areas with few opportunities while 'white flight' citizens from the UK's cities have taken their place. This has caused a 'vicious circle' that has increased deprivation in many communities. And while many newcomers are part of the demographic 'time bomb' of a generally ageing population who have placed increased demands on services, on the plus side, they are generally good volunteers and able to offer some extra experience to their local communities.

External shocks caused by geo-political events and increasing global tensions and migration have contributed to a low level of trust towards governments, corporations and international organisations and third sector organisations fall into this same category.

Citizens are generally not personally committed to dealing with global or even national social challenges, nor are they motivated to engage in local or national social activism including volunteering in the numbers needed to make a difference. The levels of inequality that exist in communities make it more and more difficult to engage some groups with fewer resources available to make an impact on wellbeing generally. The people have become more disillusioned and fatalistic about their condition.

A family vignette

The family are isolated, physically and socially, on the edge of their rural village with very limited public transport access and a dearth of public or volunteer services available to meet the wide range of support needs that they have.

Access to jobs, training and educational support is very limited for Steph and Daf and they are terribly concerned about the life chances for their children. This is particularly acute for their youngest child whose friends in school receive after school educational support that their parents have to pay for. Their child is also not able to join in after school sports and social clubs because these have been privatised by the local authority and are now run as 'for-profit' even by the community clubs that previously were providing them as a community 'good'.

Steph and Daf are naturally frustrated and fearful. They realise that the system can only help them when they are regarded as 'hopeless cases'. Even when local volunteers are willing to help, any help they give free of charge will be seen by Government and local authorities as an unjustified subsidy so they have to stand aside for now.

Achieving the modern equivalent of 'poor house' status has just about become their goal. When they reach that low point they know that the final safety net will close around them and the Government will finally pay local third sector organisations to step in and provide support. But by then Steph and Daf fear that the family unit and its coherence will have gone and will probably never be revived.

Funding for social causes and challenges is low and while relatively prosperous citizens in the South East of England are willing to donate to 'good causes', they are too few and far between to make a difference in the rural and Valleys communities.

Access to information and communications technology has been a boon even in the Die Hard communities, little has been done to increase 'digital literacy' in Wales. So there are still many pockets of people in Wales who are most in need of support and services but who are almost totally excluded from the digital world.

For the Die Hards, the 'sense of community' that has previously been maintained and sustained by third sector engagement and volunteering has become further fragmented. Volunteering generally has decreased and membership of locally based voluntary sector organisations has declined alongside a lack of long term investment in local groups and structures. Third sector organisations therefore have to limit themselves to highly targeted engagement activities.

The third sector that does remain active is under great pressure to source funding and this leads to an inevitable 'burn-out' of people and energy. It creates a significant stress on the volunteers in the field and working in the management of the third sector organisations still surviving. Large charities with existing professional organisations and small informal organisations have the best chances of survival whereas medium sized organisations are most vulnerable.

Naturally, securing funding has had to become the priority activity for third sector organisations. As a result, where needs have to be prioritised, the 'low hanging fruit' have been taken. This means that the more 'difficult' cases and needs have often been left behind placing even more pressure on statutory services. In addition, the inevitable high failure rate in third sector funding bids has meant that more and more opportunities are missed and more and more needs go unsatisfied.

Greater efforts are being made to attract more business funding so that the third sector organisations can invest in the skills needed to become more business-like while staying focused on their mission and keeping to a volunteering ethos.

Fears of losing organisational independence or even disappearing altogether act as an obstacle to make the most of opportunities for innovation and greater collaboration. The third sector has had to become more competitive in view of a prevailing attitude across communities that 'charity begins at home' and a resulting further reduction in volunteering and community level action.

A fragmented and uncoordinated third sector has a mostly confrontational relationship with Government and Local Authorities. With limited funding available, Government and Local Authorities now focus on working organisations that are able to address those with the greatest needs and they have become 'commissioners' rather than 'providers'. In addition, statutory services themselves have to be prioritised, for instance giving up the maintenance of parks in favour of services for the elderly.

As a result, those with control over the 'purse strings' – the funding bodies – are the 'Kings'. In order to make their job easier, they allocate scarce funds to a wide range of organisations attempting to satisfy the most 'worthy needs' in society. Application processes and eligibility criteria are therefore ever more stringent and onerous and third sector organisations are finding themselves also competing with Local Authorities.

The private sector now considers doing low value work in communities as good public relations or an opportunity to affirm a commitment to 'corporate social responsibility'. This further challenges the rationale for third sector organisations to be supported.

Although the Die Hard third sector probably will survive for a number of years, the demise of the volunteer-led grass roots action and services is anticipated to be on the horizon.

Big Funder – a possible organisational response

The level of funding in the third sector is low with little innovation in the way income is generated. Securing funding has become the priority activity for third sector organisations and where needs are prioritised, the easy 'low hanging fruit' have been taken with 'difficult' cases left behind.

The third sector has had to become more competitive because Government and Local Authorities will only work with organisations able to deliver against targets around those with the greatest needs.

Funding bodies are now 'commissioners' rather than 'providers' when allocating their scarce funds to satisfy the most 'worthy needs' in society. The result is that funding application processes and eligibility criteria are stringent and onerous.

To try to make the funding allocation process more transparent, funders have adopted the 'Challenge prize' model of funding using competitions and award programmes rather than a structured strategic process based on needs.

The supply side therefore drives the process with little room for innovation and a lack of focus on the impact of services and support for most beneficiaries.

SCENARIO IMPLICATIONS FOR THE STRATEGIC REVIEW

SECTION 02

INTRODUCTION

A Stakeholder Roundtable was organised to discuss the strategic implications of the Shape Your future exercise. Participants included colleagues from the third sector, but also government, academia and funders.

The themes below are largely drawn from the discussion at the Roundtable.

VALUES, PRINCIPLES AND TRUST

If the third sector is to shape its future, it will need strongcommunications and dialogue, sustained integrity and always be able to refer to its own values and principles. If partners can understand what a third sector organisation is about and what its guiding values are then they can engage with confidence and trust. If the weakening of trust in all organisations and sectors (as depicted in the trends, drivers and scenarios) is real then the third sector must grasp this challenge to build and grow citizens' and community trust in the sector.

The values and principles of the third sector in Wales need to be more prominent and better understood. The third sector needs to set out clear principles through which it operates in Wales. Whilst being 'well-principled' is important, most private businesses would also claim to operate in this way too.

Having a strong sense of mission, supported by principles and values will be key for third sector organisations in a number of ways. This includes building trust with the citizens, businesses and public bodies. Also to support proper collaboration and allow for robust scrutiny.

Stakeholders felt that trust requires an integrated approach that is based on common values and purposes. Much damage can be done (and has been done), by just one quite isolated but powerful example (such as AWEMA), where third sector values and principles are not adhered to. However, organisations still need to be allowed to fail and it's not clear the right lessons have been learnt in the relationship between Welsh Government and the third sector.

DISTINCTIVENESS OF THE THIRD SECTOR

Stakeholders noted that increasingly, and as depicted in the scenarios, many citizens ask the question, 'What is the third sector for?'. This was felt to be as much a question about relevance and action as it is about mission statements and strategic objectives.

The discussion also highlighted that the concept of clearly defined sectors – private, public and third sector – is becoming less relevant, with a 'blurring of the edges' between the sectors and their target audiences. Therefore, the distinctions between social enterprise and private enterprise or public services and commercial services are increasingly less distinct. It will be more challenging for the services and activities provided by third sector bodies to be distinctive.

Re-localising society and economies to act as a counter balance to globalisation is shown to be important in some of the scenarios. Trends and drivers assume that globalisation will continue and, can be a force for good. However, stakeholders noted that this needs to be balanced against the need to have stronger, connected communities that can build local resilience in the economy.

INDEPENDENCE AND ACCOUNTABILITY

Accountability is currently largely understood to relate to government and funders rather than beneficiaries. The 'third sector' needs to represent citizens and communities as opposed to itself. Too often sustainability is simply viewed as keeping the organisation afloat. Sector organisations can be as remote, unrepresentative and as unaccountable as any private or public body.

There is a need to not only strengthen the beneficiary voice and to recognise that communities have very distinct

preferences, assets and needs. Regaining the independence to be able to respond to communities' agendas, moving on from a widely held 'deficit model' and adopting public service agendas will be vital for the third sector.

Third sector organisations have the expertise, and a role, to challenge government, public bodies, businesses and indeed other third sector groups. This will be important with the scenarios suggesting increasing marginalisation of some groups.

This can only be achieved where there is sufficient strength of mission and a coherent form of scrutiny and accountability. Appropriate structure is important for the latter (eg, strengthened Public Service Boards), but perhaps focusing on transparency will be important looking ahead. Citizens need support to confidently engage with this, and this needs resourcing.

What does independence mean in an increasingly interconnected society? This will demand robust and honest dialogue.

One way of institutionalising accountability is to ensure that third sector activities are guided by clear and challenging outcomes (where relevant, determined by communities themselves) and that support a learning process. This will allow the sector to shape rather than react to calls for better scrutiny supporting 'boots on the ground' in community / citizen led action, must be at the heart of the strategy. Alongside this, the work of those organisations with a remit to provide collective challenge needs to be strengthened. In broader terms it is about a 'robust dialogue' and more control at the local level in designing local solutions.

COMPETITION AND COLLABORATION

The clarity of individual organisations' and collective third sector missions will also make it easier to make appropriate connections within the sector. Indeed, 'working together across different missions and even sectors can be very constructive.'

At the same time, being more explicit about competition and finding the best way to use competitive forces, without blindly adopting the private sector 'competition is good' mantra that can be wasteful, will be important. Recognising different voices and 'battling things out' is one way of achieving this. Making clear choices is key.

Collaboration and building consensus can become unhelpfully cosy. As seen in the scenarios, there is a danger this leads to larger more influential organisations working with other similar bodies in and outside the third sector, leaving little space for smaller groups and more marginalised voices. The third sector is diverse and has diverse voices. Challenge and competition also have important roles to play. More work is needed to unpick this balance. Focussing on impact and outcomes should help.

UNCERTAINTY OF DIGITAL IMPACT

The role of digital technologies is fundamental and needs to be considered in virtually all settings and scenarios. The public and private sectors have seen 'an explosion in business models' while the third sector has lagged behind – 'we need to embrace it'. As a driver, it is hugely important and yet the particular impact is uncertain. There is an urgent need to maximise the potential of digital technologies.

One of the key benefits for the sector was seen to be data and open data in particular. To use this, it's not just about having the data, but being able to anlayse it and draw out useful insights. Sharing data across organisations and sectors can help us understand whether and how interventions are making a difference or by grasping opportunities to engage people through digital technologies (eg, creating a Pokemon stop to draw people in).

There are also concerns that the digital world will leave some behind and could be harmful for, eg, data protection and increasing polarisation of different groups.

THE VALUE AND CHALLENGE OF THE WELLBEING OF FUTURE GENERATIONS ACT

The Well Being of Future Generations Act was identified as providing the sector with a new framework of common goals, measures and operating principles. With reducing funding 'it will not turn things round overnight'. It nevertheless has the potential to rally people around a common vision 'so we're not collaborating for the sake of it of it, but because we have shared goals that we all want to achieve and a set of operating principles as to how we work.' It would be useful to map the sector to understand how different organisations can deliver on FGA commitments and where the gaps are.

Voluntary and community led activity - the thousands of local / neighbourhood activities, many informal – has a huge impact on wellbeing. It's a space where people can develop relationships, have fun, discuss what matters, support each other and get on and do things. The public sector's role should be more as an 'enabling state', with public policy and practice enabling citizen, third sector and business activity that contributes to wellbeing. The quality of third sector leadership and engagement will be crucial.

The levels of trust between the statutory and third sector, going beyond CVCs, needs to be strengthened so that a Boots on the Ground vision doesn't get jeopardised by a tendency 'to revert to large charities delivering big hit interventions'.

The third sector is not subject to the legislative requirements of the Act. This means that it can offer a good trial space for experimentation on a low risk basis and help use the Act's momentum to make things happen. A key task is to clearly communicate what the third sector has to offer. This needs a clear strategy for FGA engagement – 'if we don't deliver on citizens' engagement, nobody will.'

YOUNG PEOPLE

Young people place great importance on playing a positive role in society and there's great potential for the sector to tap into young people's entrepreneuralism. However, there's no guarantee that they will engage with the third sector. There will be challenges for third sector groups to adapt their models and become more digitally enabled to engage effectively with children and young people.

Sketch on page 19 is by one of the workshop participants, Gareth Coles, reflecting the discussions of the day.

UNCERTAINTY
Value shift
Economic growth
Trust
Austerity
Inequality
Demographics
Climate change
Info and communications
Funding
SIGNIFICANCE
KEY DRIVERS FOR CHANGE

KEY DRIVERS OF CHANGE: THIRD SECTOR IN WALES 2030

Introduction

Drawing on the evidence gathered through the future trends report, a number of key drivers for change were identified. A meta-analysis identified a recent and relevant report on the the future role of civil society by the World Economic Forum[1]. The set of previously-tested drivers contained in that report was a solid foundation on which to discuss the future of the third sector in Wales.These 'Drivers of change' are important forces that shape and alter the context for organisations and individuals. These emerge from changes in the economy, society, technology and environment. The drivers identified are briefly described in the table below:

Drivers of change for the third sector

Driver	Definition	Trends Report and Evidence
Level of inequality	The level of wealth and income inequality between and within nations.	Relative Economic Performance Divisions and Deprivation The Reinvention of Capitalism
Degree of trust in institutions	The level of trust expressed by citizens towards governments, business and international organizations. This is linked to the ability to determine trustworthiness as well as external events.	Individual and collective value shifts
Democratization of information and communication	The level of access to skills, infrastructure and devices that enable information sharing and general communication.	A digitalised world
Economic growth rate	The rate of economic growth, both globally and within different countries and regions.	New notions of value creation Relative Economic performance
Geopolitical and geo-economic power shifts	The shift in economic and military power away from Europe and North America.	Changing Patterns of Globalisation The Reinvention of Capitalism The Uncertain Future of Liberal Democracy
Level of citizen engagement with societal challenges	The propensity of citizens to direct activity towards or to identify with societal challenges and care for others.	Individual and collective value shifts
Environmental degradation and climate change impacts	The extent to which climate change and damage to the environment manifests as significant costs or recurrent crises for populations, particularly vulnerable ones.	Degradation of ecosystems Climate change – policy and community responses
Scarcity or abundance of natural resources	The abundance or scarcity, both physical and economic, of key natural resources such as energy, food, water and minerals.	Growing competition globally for natural resources
Demographic shifts and migration	Changing population age profiles, dependency ratios and the impact of movement of people across borders.	Responses to Migration
Generational Value Shifts	The impact of changing attitudes in society, driven, for example by Generation Y (approx 1980s to 2000) and Generation Z (2000-).	Individual and collective value shifts
Level and sources of funding for third sector	The level and sources of funding for development, such as bilateral donors, individual giving, foundation grants etc, and the development, implementation and uptake of new models for funding, such as social investment bonds.	Individual and collective value shifts Changing face of public services
Geopolitical conflict and state of global integration	The risk of widespread conflict and state of globalization in the future.	Changing patterns of globalisation The uncertain future of liberal democracy Responses to Migration
Austerity and the retrenchment of the state	The degree to which the State withdraws or changes its role in the lives of citizens	Changing face of public services Relative economic performance Changing patterns of globalisation

[1]World Economic Forum, The Future Role of Civil Society, World Scenario Series, January 2013