**Exploring change in the third sector**

**Workshop report**

**October 2017**

**Background**

A dominant story of change within the voluntary sector is one of decline, where voluntary organisations and community groups face significant pressures in supporting their work and meeting their objectives. The story is often one of organisations categorised into groups that are at risk, under threat, or just about surviving. Yet this may be too simple a picture, and may not be able to capture the diverse experiences and perspectives of different kinds of organisations in different places, nor of different people within individual organisations. Change is arguably much more complex than a single story of decline.

On the 31st October, 2017, the Third Sector Research Centre's 'Change in the Making' research study team brought together in Sheffield a group of voluntary sector practitioners to engage in a day's discussion about different sources of evidence on change in the voluntary sector. The workshop involved a series of brief presentations from four different research studies, each highlighting different perspectives on change which, when combined with participants' own experiences and reflections on change, began to provide a more nuanced understanding.

The workshop was supported by the Economic and Social Research Council and the Barrow Cadbury Trust, through their funding of the Change in the Making research project (ES/N010582/1) which is being led by the Third Sector Research Centre and involves the University of Birmingham and Sheffield Hallam University. It was delivered in partnership with the National Association of Voluntary and Community Action, Voluntary Action Rotherham and Voluntary Action Sheffield. This report provides a summary of the main presentations and discussions from the workshop.

**Change in mind: thinking about change**

The workshop began with roundtable discussions on different perspectives of change in the third sector. Participants were asked to describe change in both the voluntary sector as a whole and in their own organisations, and to discuss what sources of evidence they draw upon. Points raised by the groups included:

* Changing power dynamics between local authorities and the third sector
* The need for a new ‘social contract’ between the local authorities and the third sector?
* The growing significance of faith-based groups
* Increasing interest of Clinical Commissioning Groups in the third sector
* Differences within the third sector – some organisations embrace change, others seem to resist it
* The challenge of thinking strategically when under pressure and constantly fire fighting
* A sense of fragility within the third sector, especially for medium sized organisations
* Challenges for the third sector as it seems increasingly to ‘subsidise’ itself by drawing on reserves and delivering contracts that are not covering costs
* Dynamics within the sector, particularly between large national organisations and smaller local organisations – are local organisations losing contracts to national organisations?
* The loss of regeneration money as a significant change in funding sources
* A need to work with issues of organisational culture, attitudes and emotion

A range of sources of evidence were drawn upon to inform these perspectives: from NCVO’s Civil Society Almanac, to locally commissioned ‘health of the sector’ studies, reviews of individual organisations/services, and experiential knowledge.

**Change in numbers: a big picture**

The first set of talks included three presentations which each drew on different quantitative studies to show different aspects of change, designed to outline a 'big picture' of change in the sector as a whole.

John Mohan kicked off by delivering a presentation produced by NCVO to share findings from the 2017 UK Civil Society Almanac. Three key findings were emphasised:

* Income growth within the third sector is driven by larger organisations
* Volunteering is a reliable resource
* The workforce is growing, but not changing



Next John transformed into David Clifford (from the University of Southampton) to share findings from David’s study of organisational survival in the third sector, which has involved following 125,000 charities each operating at single local authority level over time. The analysis uses administrative data from the Charity Commission to follow charitable organisations in England through time from the mid-1990s onwards.  It illustrates differences between areas in the density of charitable organisations, with a lower density in more deprived contexts.  Importantly it also sheds light on the processes underlying this pattern.  The key messages from this research were that:

* First, compared to less deprived local areas, fewer new charities are registered per head of population in more deprived local areas.
* Second, even after registration, charities in more deprived local areas experience a higher rate of dissolution.
* Third, these twin processes mean that differences in charitable density persist even as areas experience organisational turnover: disparities between rich and poor communities persist and are being amplified.

There are a few points to note about method.  The analysis is based on the c.60% of charities that indicate that they operate within one specific local authority. Patterns are robust to geographical scale: examining patterns by local authority (using information that charities report about their area of operation) or at a neighbourhood level (using charitable address) reveals similar results.  The Index of Multiple Deprivation is used as a measure of local context.

The third presentation was delivered by Yeosun Yoon, who shared findings from her analysis of organisational income trajectories over time. The main messages were:

* Different income trajectories can be identified amongst charities: 60% have a relatively flat or stable income pattern, with only occasional 'blips', 7% show more or less continuously rising income over time, 6% show more or less continuously falling income over time, 8% have a fluctuating trajectory, with 15% showing a range of other patterns.
* These trajectories suggest a greater level of stability than popular perceptions would suggest
* For an individual organisation, a ‘flat’/stable trajectory may actually conceal significant changes in sources of funding (e.g. decline of government funding, matched by a growth in trading and income generation)



Together the first three presentations stimulated discussion regarding the level of stability evidenced and how that compared to participants' own experiences and perceptions, which generally suggested a more pessimistic picture of decline and fragility. Groups talked about the ‘**quality**’ of survival and the extent to which this was captured within the evidence provided, and more generally the need to ‘**get beneath**’ the data to understand issues such as those associated with working with multiple funders, of mission drift, and churn.

**Change in words: the experience of change**

Following lunch, two more presentations provided different types of evidence of the experience of change.

Rob Macmillan presented findings from the English element of an EU-funded cross-national study undertaken by Jeremy Kendall (University of Kent) and colleagues on different perceptions of the funding context and barriers to development for English social welfare charities. The study was based in part on a survey of voluntary sector leaders, and found that:

* The main barriers to development identified related to human resources, particularly the recruitment of trustees and volunteers, followed by financial and other barriers.
* Three different stories, or viewpoints, of change were evident in participants’ responses, with variations seeming to reflect different political positions:
  + Optimistic; a crisis forestalled: voluntary sector resilience through maintained levels of charitable giving and volunteering, and through income diversification
  + Radical rejectionists: an ongoing crisis, relating to neo-liberalism, involving the marginalisation of authentic voluntary action
  + Intensifying pressure and potential crisis: deep public funding cuts, intensified competition, threats to the voice of the sector, but volunteering remains steady



Finally, Angela Ellis Paine presented emerging findings from the ‘C*hange in the making study’* which involves qualitative, longitudinal research tracking and exploring change within four case studies of voluntary action. Three overarching points were made:

* That overall quantitative evidence of apparent ‘stability’ can ‘hide’ a considerable amount of change, activity, effort and emotion within organisations
* That accounts of change within the third sector tend to suggest that organisations are fairly passive in the face of external pressures to change
* Change happens in response to complex interactions between a range of internal and external factors and how these are interpreted and acted upon.



Following these two presentations participants discussed the importance of hearing and understanding individual perspectives and experiences of change, and the different ways in which people and organisations manage and cope with change. Change can be both exciting and frightening. Organisations can either/both ‘control change’ or ‘be controlled by change’. Voluntary organisations could be considered to be in a privileged position due to their potential agility, to flex their activities according to need, and therefore to be more in control of change, compared with counterparts in other sectors.

**Change in understandings**

The final session focused on what new insights into change in the third sector had been gleaned from the presentations and discussions during the day, and what the implications might be for practice, policy and research. Participants talked about:

* how the experience of anticipating change can sometimes be worse than the reality of change
* how it is helpful to learn about different sources of evidence which together indicate the resilience of the voluntary sector and show it to be professional and adaptive
* how complex change is, and the importance of guarding against slipping into overly simplistic narratives of change
* the difference between being in control of change and being controlled by change and what might tip the balance between the two
* the significance of changing roles and relationships between the third sector, local authorities and health care commissioners

The value of being able to step back and reflect on change was highlighted in the discussion, particularly in terms of hearing about different perspectives of change, from the research presentations and from each other, and a sense of reassurance that comes from knowing others are experiencing similar issues and challenges. Comments from the evaluation forms included:

*“The data was really useful. Will be really helpful to take back and share with trustees. Felt nice to not feel so isolated, to see VCS organisations as resilient”*

*“[Learnt] that our experiences are consistent with others in the sector: change is inevitable – be in control”*

This was the first of a series of workshops to be organised by the Change in the Making research team over the course of the study. More details about the research study and team can be found on the [Third Sector Research Centre website](https://www.birmingham.ac.uk/generic/tsrc/research/below-the-radar/change-in-the-making.aspx).