PRO BONO ECONOMICS

# Speech

## The Third Sector and the Fourth Industrial Revolution

Speech given by

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It is the 10th anniversary of Pro Bono Economics (PBE), the charity I co-founded. Over the past ten years, PBE has helped over 500 charities to better measure and understand their crucial contribution to society. We have drawn on more than 400 volunteer economists in doing so. Ten years ago, I did not know whether a match could be made between charities and economists. We now know this is not only possible but that the benefits from doing so (for charities, economists and society) are large.

Rather than look back over those 10 years, I want tonight to look forward to the next 10 years and beyond. What are the most important forces shaping economies and societies? How might the charitable sector be shaped by those forces? And, most interestingly, what role might the charitable sector itself play in shaping economies and societies? I will argue that the charitable sector, suitably adapted, has an even larger and more important role to play in future than in the past.

Perhaps the most important societally-shaping force in the period ahead will be technology. A new technological wave is breaking. This so-called Fourth Industrial Revolution has been much discussed in policy, business and academic circles over recent years, bringing with it Big Data, Artificial Intelligence and other new technologies.[1] Like its predecessors in the 18th, 19th and 20th centuries, the Fourth Industrial Revolution will mean profound change for businesses, jobs, skills and societies.

Profound change is not always for the better. Recent studies have painted quite different pictures of the implications of the Fourth Industrial Revolution. For some, new technologies will deliver a job-creating, productivity-boosting utopia.[2] For others, they could instead usher in a job-destroying, livelihood-ruining dystopia.[3] Both sides of this argument agree, though, on one thing: the societal side-effects of the Fourth Industrial Revolution may be even greater than its predecessors.

The focus of these studies has been on the effects of new technologies on *private* companies. There has also been some analysis, though far less, on how the Fourth Industrial Revolution might reshape the *public* sector. There has been little, if any, consideration of how this technological wave will break over the *third* sector – charities, community groups, social enterprises. As with the private and public sectors, the question is whether the social sector will surf this wave or find itself underwater.

This question is a fundamental one. The third sector is already a significant contributor to the economy and society. It employs large numbers of people and engages a greater number still. It creates significant value-added for the economy and even greater amounts of social capital for society. That is despite little of this value-added and social capital being captured in conventional measures of economic activity, an issue to which I shall return.

[1] Acemoglu and Restrepo (2018), Brynjolfsson and McAfee (2014), Bughin et al (2017), Susskind and Susskind (2015).
[2] Dellot, Mason and Wallace-Stephens (2019) discussed various scenarios.
[3] For example, Frey and Osborne (2013).

At the same time, could the third sector contribute more? A number of countries are currently facing a productivity problem, especially among the long tail of smaller firms whose skills, management, and investment fall short of their larger counterparts. Do the same long tail problems affect the charity sector? And what steps could be taken, including through the improved use of technology, to boost charities' performance and the sector's contribution?

It is not difficult to see why society might need that boost. Raghu Rajan has recently argued that society is underpinned by three pillars – the market, the state and community.[4] Too great a focus on the first two pillars has, Rajan argues, led to a neglect of the third. The resulting detachment between communities and institutions has sown the seeds of populism.[5] Strengthening the third sector, I will argue, is central to rebuilding society's third pillar.

Future trends in our economy and society, arising from the Fourth Industrial Revolution, will reinforce those trends. This will see less paid work but longer working lives. The resulting "hours surplus" represents a potentially huge new endowment for the charitable sector. It will be needed. The rising demand for social skills in the workplace, and the rising incidence of inequalities across society, could increase dramatically future demands placed on the charity sector.

The purpose of this lecture is to ask how the third sector might be reshaped and strengthened to serve that larger role. Specifically, I will discuss:

- How poor measurement of the contribution made by the third sector inhibits its effectiveness and understates its role.

- How new technologies could improve the effectiveness of the social sector, boosting its societal contribution.

- How big societal shifts resulting from the Fourth Industrial Revolution may result in greatly increased resources and responsibilities for the third sector.

The first is a narrow, though crucial, issue around *measurement* of the social sector's contribution. The second is a broader issue around *technology* and its greater use by the third sector. And the third is a huge question around how "work" and "contribution" may need to be rethought and, with them, the role of the social sector.

Having discussed each in turn, I will conclude with some tentative thoughts on the future. Specifically, I will outline three "calls-to-arms": a new measurement framework for the voluntary sector; a new

[4] Rajan (2019).
[5] Shafik (2018) discusses "fractured societies".

partnership with technology for the sector; and a new framework for civic service within the sector. Together, you might call this a mini-manifesto for the third sector.

**Measurement of the Third Sector**

Any discussion of the *future* role of the third sector needs to start from an understanding of its *current* contribution to the economy and society. That sounds simple. Yet measuring that contribution in practice is far from easy. Indeed, much of that contribution currently goes unmeasured. The costs for the sector, I will argue, have been large. What cannot easily be measured risks being invisible. To a significant extent, that is the story of the third sector.

The difficulty of measuring its societal contribution may have contributed to a number of the problems currently facing the third sector. One is its relative neglect, policy-wise, relative to the private and public sectors. A second is its relative neglect, financially, relative to those same sectors. Funding for charitable activities is tight and tightening. In a world driven by financial performance and returns, a failure to measure often means a failure to fund.

A third reason is the "trust deficit".[6] The charitable sector, or parts of it, has recently contracted the same trust disease that has struck parts of the public and private sector – big banks, big companies, big tech, big government. There is no single antidote to this disease. But better measurement of societal contribution is one crucial ingredient in boosting societal understanding and winning back societal trust in the charitable sector.

There is no set definition of what is meant by the charitable sector. One fairly narrow-defined criterion would be organisations registered as charities. A wider definition might comprise community and faith groups. A wider definition still might include informal social or civic movements. Rajan's Third Pillar – community – probably comprises all of the above. At least for statistical purposes, I am defining the social sector narrowly using the National Council of Voluntary Organisations (NCVO) definition.[7]

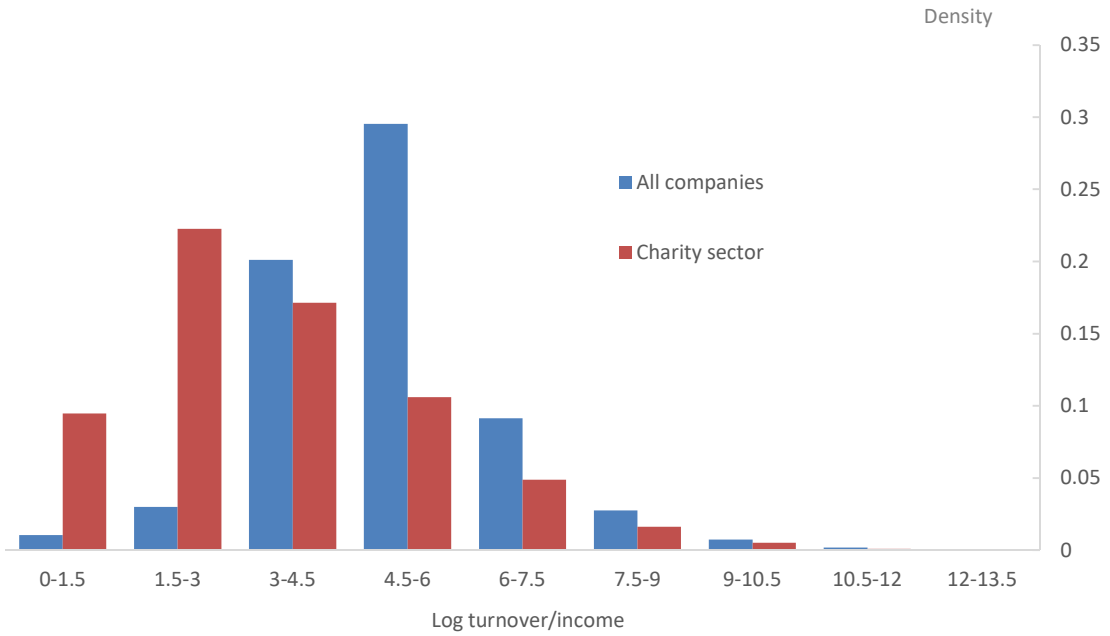
On that definition, there are around 140,000 charities currently registered in the UK. The annual income of the average charity in 2018 was £500,000.[8] That is small by comparison with average annual turnover for private companies of £2.2 million. These differences are sharper still if we look at *median* measures of turnover – £128,000 for private companies versus £22,000 for charities.

This mean-median gap suggests the size distribution for charities is highly skewed, as it is for companies, with a small number of large charities and a very large number of very small charities. We can see these patterns clearly when we draw the full distribution of companies and

[6] Botsman (2017).
[7] NCVO membership criteria can be found here: https://www.ncvo.org.uk/about-us/join-ncvo/membership-criteria
[8] To hone in on charitable activities, we exclude grant-making foundations from our analysis as well as any charities with an annual income of less than £1000.

charities by income or turnover (Chart 1). This is a distinct leftward skew – or "long tail" – for both charities and companies. But this tail is far longer for charities than companies.

**Chart 1: Distribution of firms and charities by turnover**




Sources: ONS Research Databases, NCVO and Pro Bono Economics calculations.
Notes: Data for 2018. ONS data for all companies based on turnover; NCVO data for charities uses income. We exclude grant-making foundations from charity sector data. Any observations less than £1000 are also excluded.

How much of this charitable activity is captured in official economic statistics, such as Gross Domestic Product (GDP)? For a private company, measuring value-added is relatively easy. Their outputs sell in markets at prices that can be measured directly. If we add up the market value of these outputs, and deflate by their prices, we arrive at private companies' contribution to GDP.

By definition, most charitable activities occur at zero or below market prices. This poses an immediate measurement challenge. This is not simply a question of accounting convention. Often, the absence of a market price is *intrinsic* to those activities. Volunteering is defined by the absence of a money wage. As Michael Sandel has pointed out, the act of charging a market price could itself alter the nature and quantity of the service. People might provide less by being paid more.[9]

Nonetheless, the absence of a market price, or simple measures of volumes, poses a particular challenge when measuring the social sector's value-added. The ONS meet this challenge using a measure of costs or income for the sector provided by the Charity Commission, deflated using a set of

[9] Sandel (2012).

government sector deflators. Following this procedure suggest that charities currently contribute around 1¼% to annual UK GDP or around £27 billion in 2018.[10] This is a material if, in the grand scheme of things, relatively modest contribution.

While simple, this approach understates significantly the charitable sector's contribution to the economy and, in particular, to wider society. One reason is because these measures take no account of *unpaid volunteer* activity supporting charities. By definition and design, GDP focusses on those activities involving a monetary exchange. As PBE Chair Gus O'Donnell has wryly pointed out, this means that while drug-dealing and prostitution are included in GDP, volunteering is not.

In their Satellite Accounts, the ONS provide estimates of the scale of volunteering.[11] The numbers are striking. Almost a third of the working population volunteer frequently and formally (at least once a month). That is around 2 billion hours, or 1.25 million full-time equivalent employees. Once we consider those who volunteer less frequently than monthly and also those who volunteer informally, we almost double those numbers to over 4 billion hours of volunteer time. That is around 10% of the total hours worked by paid employees.[12]

The ONS estimate the "GDP-equivalent" value of the services provided by volunteers by mapping them, as well as possible, to paid occupations. Taking the median hourly wage of those occupations, and multiplying by hours volunteered, gives a replacement cost estimate of formal volunteering. In 2015, that amounted to almost £23 billion or around 1 ¼% of GDP that year. If we added informal volunteering, we might come close to doubling those figures.[13]

That contribution is sizable. It would put the volunteering sector on a roughly level pegging with the energy sector as one of the largest valued-added contributing sectors of the UK economy. Yet that contribution is largely invisible, and unmeasured, in official estimates of GDP. In this respect, volunteering has the same status as other unpaid activities, such as family and child care, whose hours contribution is very large but which, in GDP terms, score null points.

A second, more fundamental, reason why GDP falls short of capturing the social sector's contribution is because it measures economic and not social value-added. It is in the very nature of the goods and services provided by the charitable sector that they have positive societal spill-overs. The social sector, like parts of the public sector, delivers services whose social value exceeds its private value. They are, in this sense, creators of quasi-public goods.

[10] Broadly speaking, just under half of NPISH is accounted for by data based around the charity sector.
[11] Specifically, the UK Community of Life Survey and the British Household Panel Survey.
[12] Haldane (2014).
[13] http://www.ons.gov.uk/ons/about-ons/business-transparency/freedom-of-information/what-can-i-request/published-ad-hoc-data/econ/august-2014/hhsa-consistent-estimates-of-the-value-of-informal-voluntary-activity-in-2012-13.xls suggests £18.4 billion.

How, for example, do you measure the value of activities undertaken by a homelessness charity? A volume-based metric would be the number of extra people with a roof above their heads. But the social value of this activity is clearly far greater: the reduced cost to the criminal justice, health and social services systems, the increased likelihood of employment and societal engagement etc. Missing those contributions means missing the very things that define the sector.

One of the motivations behind creating PBE was precisely to help charities better measure this societal contribution. That has been the bedrock of PBE's work ever since. For charities of all sizes, sectors and regions, PBE analysis has translated their interventions into cost/benefit ratios or "social impact multipliers", using rigorous and independent analysis. By way of illustration, Table 1 provides a summary of the social impact multipliers estimated from some of PBE's projects.

**Table 1: Social impact multiplier for different interventions**

| Date | Charity/intervention | Social impact multiplier |
|---|---|---|
| 2015 | St. Vincent de Paul: befriending programme | 2.9 |
| 2016 | Tavistock Centre: Parents as Partners programme | 3.5 |
| 2016 | Tomorrow's people: Work it Out youth employment programme | 3.8 |
| 2016 | St. Giles Trust: youth employment programme | 3.5-4.0 |
| 2017 | Tomorrow's people: core youth employment programmes | 4.2 |
| 2017 | City Year: full time young persons volunteering programme | 1.2-1.6 |
| 2018 | Bubble Theatre: drama programme in primary schools | 1.8 |
| 2018 | Place2Be: counselling service in primary schools | 6.2 |
| 2018 | Walking with the Wounded: employment programme for veterans | 3 |
| 2018 | Every Child a Reader: reading support for 5 year olds | 3.3-4.3 |
| 2018 | Step Together: employment programme for ex-offenders | 0.2-6.2 |

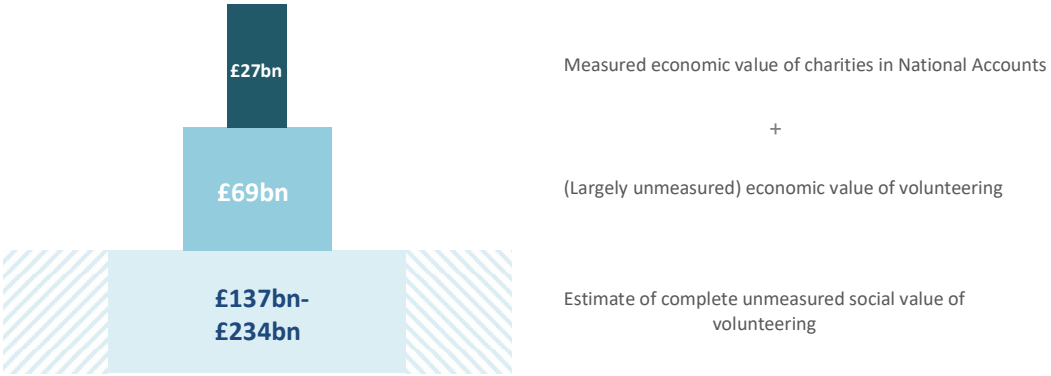
The range of estimated multipliers is wide, as we might expect from charities engaged in quite different activities. The level of these multipliers needs putting in some context. Although the analogy is not exact, a cost/benefit ratio of 2:1 represents a 50% return on investment. In a low-return environment, a 50% return is remarkable. This illustrates the potential contribution the sector is making, a contribution which is not currently being captured, at individual charities or sector-wide.

For the illustrative purposes, imagine the "true" sector-wide social impact multiplier were 2:1. The contribution of the charity sector would not be the £27 billion captured in the National Accounts; nor the larger value adding in formal and informal volunteering of £69 billion in the Satellite Accounts; it would be closer to £137 billion, or around 6½% of GDP. With a social impact multiplier around the average in Table 1 (3.4:1), that contribution would rise to £234 billion or more than 10% of GDP.

Figure 1 shows a "pyramid" of the measured contributions of the social sector, pieced together from existing estimates. It is clearly partial and approximate, with the degree of approximation greatest

towards the base of the pyramid. As well as demonstrating its scale, this contribution pyramid makes clear that there is currently no systematic means of gauging the true and full extent of the social sector's societal contribution.

**Figure 1: Contribution of the charity sector**




Sources: ONS, Pro Bono Economics and Pro Bono Economics calculations.
Notes: Top bar uses National Accounts information; middle bar uses a combination of National Accounts, Satellite Accounts and other information; bottom bar uses PBE estimates of social impact multiplier to scale middle bar.

Social impact multipliers measure societal bang-for-buck for charities. Another way of interpreting them is as measures of *productivity* in individual charities. For a private company, productivity measures outputs relative to inputs – for example, widgets produced per hour worked. It tells us how efficiently firms are turning inputs (people, machines, land) into outputs. Social impact multipliers do something similar, but with "social value-added" substituting for "economic value-added".

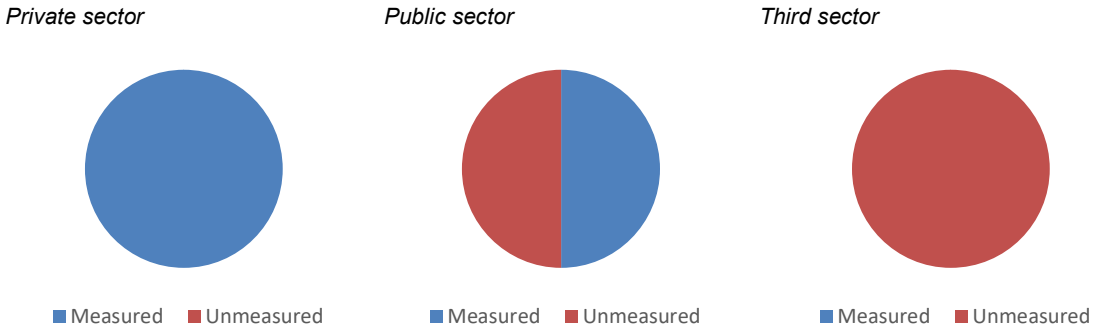
The productivity of all sectors of our economy really matters for its long-run health. US economist Paul Krugman has commented that, although not everything, in the longer-run productivity is almost everything.[14] This intuition here is simple enough. Because we cannot limitlessly increase the raw inputs into our economies, we need to find ways of making most effective use of them. That means boosting productivity – outputs relative to inputs – across all sectors of society.[15]

Although it may sound heartless, productivity is as relevant to the provision of charitable services as private or public sector ones. It is crucial for individual charities when running their businesses effectively. And it is important, too, when making sectoral or societal choices. It would be easy to boost the contribution of the social sector by simply directing more resources towards it. Whether doing so is sensible, economically and societally, depends on whether it uses them productively.

[14] Krugman (1990).
[15] Solow (1956).

That brings us to the question of what we know about the productivity of the social sector. The short answer is next-to-nothing. Figure 2 compares the private, public and third sectors in terms our ability to measure their productivity, in stylised terms. For the private sector, the ONS capture fully, if imperfectly, productivity. For the public sector, half of its productivity is estimated and for the other half no distinction is made between inputs and outputs so productivity is unmeasured. For the third sector, outputs and inputs are indistinguishable and productivity is completely unmeasured.

**Figure 2: Stylised measurement of productivity for private, public and third sectors**




The public sector suggests how we might approach productivity measurement for the third sector, as their outputs are often similar in nature.[16] For the public sector, metrics of quality-adjusted output are often used. When measuring outputs from the healthcare sector, the ONS draws on numbers of hospital treatments and waiting times, adjusted for patient survival or recovery rates. Quality-adjusted outputs for education might include measures of pupil attainment using exam results.

The same general approach could be used when measuring third sector output and productivity. Helpforce provides volunteer services to those visiting hospital. Its outputs could be based on saved hospital travelling time or money for patients. Place2Be, the children's mental health charity, could base its quality-adjusted output on the number of children treated per year, adjusted for the surveyed impact of counselling.

That sounds feasible in principle. Doing so systematically in practice would nonetheless be a significant task. For one, it may require change in the classification scheme for charitable activities. At present, the International Classification of Non-Profit Organisations (ICNPO) groups charities by activity. Often this does not map neatly into charitable outcomes or outputs. Ideally, charities would be re-classified by outcome for effective output and productivity measurement.

Of course, even the most refined output-based measurement system may still fail fully to capture the social value of charitable activity. In better doing so, let me mention two potentially productive

[16] Various suggestions have been made for improving productivity measurement in the public sector, including through the Atkinson Review (2005).

avenues. The first involves moving towards *well-being* based measures of output or contribution. These well-being metrics are likely to capture better the perceived social value of an intervention on the lived experience of beneficiaries.

The intellectual case for well-being-based measurement, for both individual sectors and for the economy as a whole, has been made by a growing number of academics and policymakers over recent years, including PBE Chair Gus O'Donnell.[17] The case may be even stronger, however, in the public and social sectors where the outputs may be harder to measure and where social value-added is most likely to exceed private value-added.

We have already seen parts of the public sector move in this direction. In the health service, the National Institute for Clinical Excellence (NICE) uses quality-adjusted life years as its measure of benefit when evaluating the cost-effectiveness of a drug.[18] The same principles could be applied to other public sector activities – for example, education when measuring pupil skills beyond exam results, or transport when measuring commuter (dis)satisfaction.[19]

There are some examples of this well-being-based approach being applied to charities, though so far progress has been limited. That is why a key strategic strand of PBE's policy work is to promote the greater use of well-being metrics when measuring the societal contribution of charities. This would include helping build the capacity within charities to carry out such measurement.

An encouraging example of this approach in practice was the PBE report for City Year UK, a youth social action charity, in 2017. This used well-being metrics to calibrate the benefits to young people of social action, alongside improvements in their skills and employability.[20] The bigger prize would be to see this well-being-based approach embedded across the whole of the social sector on a systematic and comprehensive basis.

A second measurement initiative, similar in spirit though different in detail, is so-called integrated reporting.[21] Integrated reporting focusses on the *non-financial* sources of "capital" often crucial for creating value in a business – intellectual capital, human capital, social capital, environmental capital etc. Among private businesses, integrated reporting is making progress, though has not taken off.

The case for using an integrated reporting framework may be even stronger for the social than the private sector, given the relative importance of social versus financial sources of capital. If nothing else, the integrated reporting approach suggests a framework and tools for the measurement of societal capital exists. Its wider application in the charitable sector makes considerable sense.

[17] O'Donnell et al (2014), Layard (2006).
[18] O'Donnell (2018).
[19] The *What Works Wellbeing Centre* is doing excellent work to support use of well-being based metrics of performance.
[20] Dunn, Gower and Graham (2017).
[21] For example, Simnett and Huggins (2015).

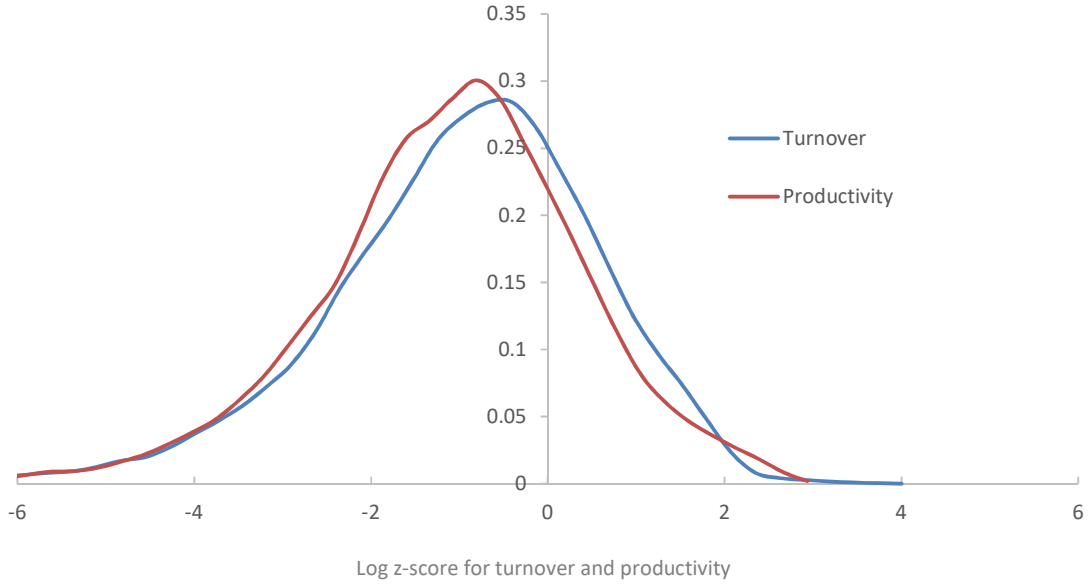
In sum, a new measurement framework is needed for the social sector, its output, productivity and contribution. In 2005, Professor Tony Atkinson issued a call-to-arms on improved measurement of public sector output and productivity.[22] The case for doing so for the third sector is stronger still. This would improve the sector's visibility, efficiency and trustworthiness. In the conclusion, I set out concrete steps for doing so.

**Technology for the Third Sector**

At present, the output, productivity – and hence contribution – of the social sector to the economy and society goes largely unmeasured. It is nonetheless possible to reach some rough inferences about the current status of the sector, efficiency-wise, and to gauge the extent to which productivity in the sector could be boosted by new technologies.

One of the central tenets of industrial organisation is that size matters. Companies, whether profit or not-for-profit, tend to benefit from economies of scale and scope.[23] Larger firms are in general more productive and efficient than smaller ones. Chart 2 plots the estimated distribution of size (turnover) and productivity (output per head) across 42,000 UK firms. In a linear regression of productivity on size, the relationship is positive and statistically-significant. A 10% rise in turnover is associated with a 4% rise in productivity.

**Chart 2: Estimated distribution of size (turnover) and productivity for all companies**




Sources: ONS Research Bases and Pro Bono Economics calculations.
Notes: Data for 2017. Estimated kernel density plot of the log of both turnover and productivity (each transformed first into standard deviations from mean). Turnover and productivity both trimmed to exclude top and bottom 1% of observations.

[22] Atkinson (2005).
[23] Krugman (1991) and Krugman and Venables (1996).

There is a "long tail" of UK companies in terms of productivity performance.[24] That long tail is mirrored, and can at least in part be explained by, the long tail of companies size-wise who do not benefit from scale economies. Chart 1 tells us this tail is even longer among charities. Assuming a similar relationship exists between size and productivity in charities as in companies, this implies there may be an even longer productivity tail among charities than companies.

To scale that, we can use Chart 2 and the size distribution of charities to provide a rough estimate of the average productivity of a charity. For the median company, output per worker is around £30,000 each year. Based on our estimates, the median charity has productivity of around £15,000. That is to say, efficiency is around 50% lower for charities than companies, based on size characteristics alone.

Size is by no means a perfect, or the only, characteristic relevant to a business's efficiency and dynamism. Other metrics include the age of firms and their rates of birth and death. For private companies, the age distribution is heavily skewed to the left with a very low proportion of "old" companies. For charities, by contrast, the age distribution is closer to uniform, with a similar share of very young and very old organisations.

This pattern is mirrored in entry and exit rates to the sector. Across private businesses in 2017, the birth rate (the share of new firms that year) was just over 13% and the death rate (the share of firms that closed) just over 12%. Churn in the charity sector, by contrast, appears to be materially lower, with birth and death rates around 3%. These estimates of age and attrition rates may be distorted by charities taking time to deregister, but nonetheless suggests a sector materially less dynamic.

A more direct way of gauging efficiency in the charitable sector is to look directly at their use of technology. This is again easier to gauge for private firms, where the Government runs a biennial innovation survey of around 30,000 firms. This asks a number of detailed questions about firms' innovation in new processes and products. There is no equivalent such survey for charities, which is another example of a measurement gap.

One-off surveys of technology use by the charity sector do exist. Since 2014, Lloyds Bank have published a UK Business and Charity Digital Index to track progress on digital capability. This tells a good news/bad news story. On the upside, there has been a real improvement in digital use among charities, with the index almost doubling since 2014. There has been a significant fall in the numbers of charities with the lowest digital capability and a significant rise in those with highest capability.

The bad news is that almost a third of charities still remain in the lowest digital capability category, almost double the fraction among SMEs who themselves are late-adopters. This is another sign the

[24] Haldane (2018a).

tail is longer among charities than companies. Indeed, there is survey evidence of a rising number of charities questioning the need to go online at all. Some have suggested the charity sector is lagging private companies, technology-wise, by at least five years.[25]

At the same time, there are a range of excellent examples of technology reshaping the charitable sector in ways which make it both more effective and efficient. There is, in parallel, a growing "Tech for Good" movement providing added impetus. My fellow panellists, Vivian Hunt and Geoff Mulgan, have contributed excellent recent papers giving examples.[26] Let me offer a few of my own:

*(a) Giving*

Online platforms have transformed the way charitable donations are made, making it simpler, quicker and cheaper than in the past. JustGiving is fully integrated with social media, mobile applications and text messaging. In 2016, donations surpassed $4 billion, with over 26 million individuals using the platform to donate, fund-raise or crowd-fund. Earlier this year, the company dropped its 5% fee to charities in the UK, with donors making voluntary contributions to support the platform.

In 2017, Facebook introduced a feature allowing its 2.4 billion active users to create a fundraising scheme for their birthday, asking friends to make a donation of their choice to 750,000 available charities and not-for-profits. This system has so far generated in excess of $300 million in donations.

Technology is promoting charitable giving through the digital payments system. The likes of GoodBox, Tap for Change and Pay a Charity allow charities to accept contactless donations. The Natural History Museum, just a few miles away, predicts it will raise £500,000 in 2019 through contactless payments.[27] The Mayor of London's homelessness campaign has so far raised £80,000 through contactless donations.

Apps are emerging on smart phones that also support giving. Google's One Today app highlights a new non-profit organisation each day, based on an algorithmic search of the issues that the user cares most amount. The user can then give small amounts of money, as well as tracking the global impact of the campaign. Amazon is getting in on the act, through Alexa Donations, with people since October last year able to voice-donate to the British Heart Foundation, as well as 250 US charities.

This is real progress, but it is sedate progress. It has been estimated that only around 10% of charitable giving is currently facilitated through digital platforms, outside of JustGiving event

[25] House of Lords (2017).
[26] Bughin et al (2019), Mulgan (2018). See also, World Economic Forum (2019).
[27] Michael (2019).

fundraising and disaster relief causes. This suggests the scope to expand the use of digital technologies to encourage giving, in a simple, effective and cheap fashion, is considerable.

*(b) Service Provision*

There are a large number of ways in which Big Data, digital technology and tools are transforming charities' activities and reach. One example would be UNICEF's "Magic Box". This uses data and machine-learning techniques to get information on epidemics and emergencies – for example, the 2015 Zika crisis and 2014-16 Ebola outbreak. In a similarly global spirit, Microsoft Philanthropy have helped create a global clearing house for data on human trafficking, which can be used to support the work of anti-trafficking agencies.

Closer to home, the Justice Lab (established by the Ministry of Justice) has brought together data from multiple sources, including the third and public sectors, which enables charities tackling reoffending to evaluate robustly the impact they are having. The Medway Youth Trust has developed predictive tools for young people becoming a NEET (not in education, employment or training) using a variety of social media data sources and text-mining techniques. This has delivered a dramatic improvement in the accuracy of NEET identification.

New digital tools are being used to improve the reach, flexibility and timeliness with which charitable services are being delivered. Arthritis UK, working with IBM, is developing a Watson-powered virtual personal assistant, providing instant phone or online information and advice to arthritis sufferers. The Children's Society is using a Microsoft Translator to communicate with vulnerable young people, using neutral networks to create human-sounding conversations.

In a similar spirit, there are several examples of "chatbots" being used to offer instant support to people suffering from anxiety or mental health problems. The chatbots Woebot and Tess offer an instant-messaging app, offering advice and help using techniques drawing on the principles of cognitive therapy.

Digital social media networks are increasingly being used to mobilise support for particular issues or causes, often on a global scale. These are low-cost, high-impact means of generating momentum for change on a pressing issue. Recent successful examples include *This Girl Can* on women's exercise, *Me Too* on sexual harassment, *Time to Change* on mental health, *#iwill* on volunteering and *Black Lives Matter* on racial discrimination.

These initiatives are just the tip of the iceberg. It is clear there is still a sharp disconnect between frontier charities and the long tail when it comes to technology use. A survey by Skills Platform in 2017 found that, while almost three-quarters of charities recognised the potential for digital transformation, only a third believed they had the capacity to deliver it.

*(c) Volunteering*

Digital technologies are changing the market for volunteering in the same ways, and for many of the same reasons, they have changed the market for paid work. There is now an active "gig-economy" in micro-volunteering, facilitated by digital technologies which allow online, remote volunteering. A number of websites host micro-volunteering opportunities, including Help from Home, Skills for Change and Causecorps. Micro-volunteering even has its own *Micro-Volunteering Day*.

There are many examples of micro-volunteering delivering new and improved services. Missing Maps is an open, collaborative project by organisations including the Red Cross and Médecins Sans Frontières to map areas where humanitarian organisations are operating after disasters. Remote volunteers trace satellite imagery and community volunteers subsequently add local detail. Humanitarian organisations then use the maps to reduce risks or for disaster response. Since 2014, Missing Maps has had 80,000 contributors and has detailed over 1 million kilometres of roads.

Be My Eyes is an app and platform that allows blind or low-vision individuals to request virtual assistance when in need of support. A sighted volunteer can then assist them in a live video call. To date, there have been over 2 million volunteers with almost 130,000 blind and low-vision individuals supported across over 150 countries and in over 180 languages.

The UN has an online volunteering platform which allows organizations and volunteers to team up to address sustainable development challenges anywhere in the world, from any device. Volunteering activities may involve skills such as translation, research, editing or art and design. The platform has 12,000 online volunteers per year, 60% of whom are from developing countries. Organisations and volunteers who participate report a 94% satisfaction rate.

The benefits of micro-volunteering, from the provider perspective, are clear enough. It adds ease and flexibility to the act of volunteering, expanding the potential scale of volunteer numbers and the amount of time they are able to donate. Evidence suggests that micro-volunteering is also habit-forming, with around two-thirds of micro-volunteers willing to repeat their experience within the year.

A second way in which digital technologies are supporting volunteering is through improved matching. There are several examples of digital platforms facilitating skilled volunteer matching. In the US, the Taproot Foundation provides skilled volunteer matching into charities, with a focus on technology. It has helped over 6,500 organisations. In the UK, Reach Volunteering (where I am a Patron) provides a similar service, though with less of a technology focus.

Accompanying these developments, we have seen a number of technology companies expand considerably their staff support for skilled volunteering. Google recently set itself a target of offering

50,000 hours of pro bono support to its charitable partners through its fellowship programme. Twitter offers employees a community service day several times per year. And Apple has, since 2015, offered an employee volunteer programme.

These initiatives form part of an emerging "Tech for Good" movement, some of the elements of which were discussed in last week's paper by McKinsey with the same title.[28] In the UK, the Centre for Acceleration of Social Technology (CAST), founded in 2015, has helped hundreds of charities and social enterprises to improve their use of digital tools and technologies, including Breast Cancer Care and Age UK.

These initiatives are a significant step forward in improving technological penetration. At present, though, these initiatives have tended to be company or issue-specific. Big tech has demonstrated the benefits of common platforms in harnessing network economies of scale and scope. That begs the question of whether common platform, or pooled solutions, might make sense when it comes to providing effective tech support to the charity sector.

One idea worth developing is creating a digital platform for benchmarking charity performance. There is a useful private sector precedent here. In response to the long tail productivity problem among private companies, a platform called *Be the Business* has been developed.[29] This provides tools to enable companies to benchmark and improve their performance, as a means of raising self-awareness and as a vehicle for self-improvement. This is important because most firms, like many individuals, consider themselves "above average".

This "Lake Wobegon syndrome" is likely to affect charities too. If a platform similar to *Be the Business* were provided for charities, it could help charities benchmark themselves, performance and productivity-wise, as a first step towards self-improvement of the (even longer) tail. Like *Be the Business*, it might also provide tools to facilitate this self-improvement, including training and mentoring. You might call this platform *Be the Charity*.

A second potential pooling solution comes in the area of skilled tech volunteering. PBE has shown over its 10 years the benefits of pooling and curating skilled resources across a profession. This involves digital technology but, as importantly, skilled human match-making to ensure the culture and language, as well as the skills, of the charity and volunteer are properly understood and aligned.

For the same reasons, a curated matching model might work when it comes to technological skills too. This might seek to pool the skilled volunteering pro bono programmes of technology companies, curating and matching this resource into charitable projects using a combination of technology and human skills. You might call this *Pro Bono Tech* (PBT).

[28] Bughin et al (2019).
[29] https://www.bethebusiness.com/

As with PBE, the nature of the technology skills required may differ significantly across charities. For some, it may be relatively basic advice on data-capture and digital infrastructure. For others, it could be advanced advice on AI, algorithms and Big Data. In this way, PBT would serve both the long tail, and the emergent frontier, of charities.

This type of support is already bearing fruit. Launched in 2011, DataKind connects data scientists with social change organisations on a pro bono basis to help maximise their social impact. DataKind has helped Amnesty International develop an algorithm to predict human rights violations and has shed light on issues such as homelessness, financial inclusion, corruption, mental health and water demand. To date, DataKind has been supported by around 30,000 volunteers across 250 projects.[30]

**Society and the Third Sector**

Technological change has brought wrenching change to economies and societies since the Industrial Revolution. For better, it has contributed significantly to secular rises in income and living standards and sharp falls in poverty and degrees of inequality *between* countries.[31] For worse, it has contributed to rising joblessness and social unrest, at least in the shorter run, and a falling labour share of income and rises in the degree of inequality *within* countries over the medium term.[32]

Many of the adverse societal side-effects of these technological shifts are deep-seated. They include a fall in public trust; an erosion in social capital, including public engagement; a loss of agency and identity in communities; and rises in premature deaths, especially in disconnected communities.[33] In this soil, the seeds of populism are easily sown and grown, risking subsidence in Rajan's Third Pillar.

And this may be only the start. The Fourth Industrial Revolution will see the rise of thinking robots, posing risks to jobs and incomes and potentially widening already-wide inequalities. Thinking machines may further threaten human agency, identity and community. Left to itself, the Fourth Industrial Revolution could upend the Third Pillar and generate greater disconnection within society.[34]

Here, I consider three specific side-effects: changes in *work, longevity,* and *skills*. Together, these shifts could create a huge resource endowment and opportunity for the social sector. The sector first emerged to cushion the societal disruption of earlier technological revolutions. The Fourth Industrial Revolution may be as disruptive as any in the past. The charity sector may require a rethink and reform if it is to make best societal use of this endowment.

[30] https://www.datakind.org/blog/a-step-change-datakind-raises-20m-investment-to-support-the-data-science-for-social-good-ecosystem
[31] Milanovic (2016).
[32] Dao et al (2017) and Piketty (2014).
[33] For example, Case and Deaton (2017).
[34] For example, Tegmark (2017), Bregman (2018), Harari (2017).

*(a) Changes in Work*

Almost a century ago, the great British economist John Maynard Keynes forecast that people today would be working a 15-hour week.[35] Keynes' forecasts were wrong. Many people in this room probably have working *days* that are close to 15 hours. Nonetheless, what Keynes got wrong was not the trend, but the timing, of his forecast.

In 1800, the average working week in the UK was over 66 hours. By 2000, that had halved to 32½ hours, a fall of 10 minutes per year during the course of the 19th and 20th centuries (Chart 3). That may sound like slow progress. But were that trend to continue, a 4-day working week would be realised by around 2060 and Keynes' 15-hour working week arrive would arrive in the 2100s.

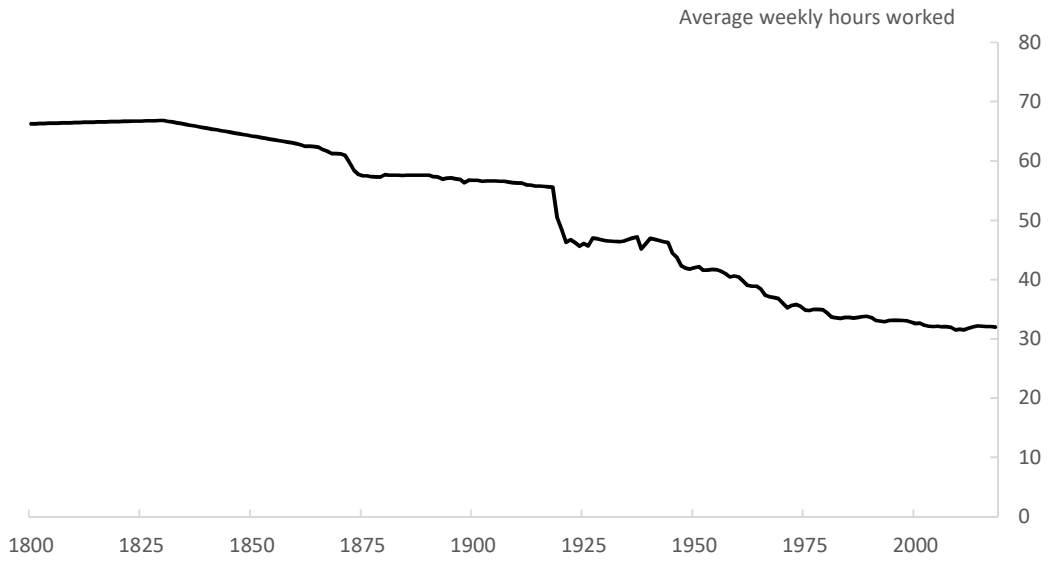
There is already discussion of a 4-day working week.[36] Though this may sound far-fetched, you do not need to go far back in history to find precedents. Until early in the 20th century, the weekend lasted one day not two. The shift from a 6- to 5-day working week was made possible because technological advance meant more could be achieved in fewer hours.

Ongoing improvements in technology mean a continuation, perhaps even acceleration, of these trends is likely. There have been several recent estimates of the impact of the Fourth Industrial Revolution on jobs. Though varying widely, they suggest between 10% and 50% of the global workforce could see their jobs significantly disrupted.[37] This would make the Fourth Industrial Revolution as disruptive as any of its predecessors.

Previous industrial revolutions have created as many new jobs as they have killed. That may well continue. But some think there is greater potential this time for losses of job, as well as falls in hours worked. Chart 4 shows simulations of different paths for average hours worked, based on different assumptions about job displacement.[38] Under these stylised scenarios, the working week shrinks to anywhere between 24 ½ and 27 hours per week by 2050.

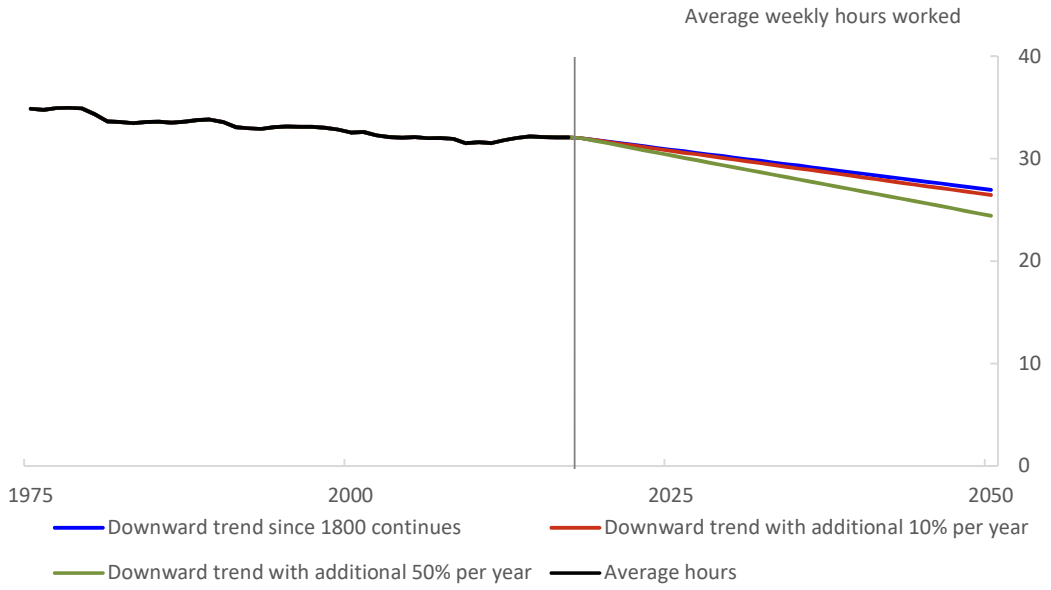
[35] Keynes (1930).
[36] For example, Stahl (2018), O'Grady (2018), Wark (2018).
[37] Haldane (2018b) summarises estimates from different sources.
[38] We show two stylised scenarios: one where the average hours fall by 10% more per year than the secular trend and another where they fall by 50% more per year. This is equivalent to assuming that job displacement estimates from the 4th Industrial Revolution represent stronger productivity and are translated directly into additional downward pressure on average hours.

**Chart 3: Average hours per week worked since 1800**




Sources: Bank of England 'Millennium of Data'.

**Chart 4: Stylised scenarios for average hours**




Sources: Bank of England 'Millennium of Data' and Pro Bono Economics calculations.
Notes: Blue line assumes that average annual rate of decline in average hours between 1800 and 2018 continues; red and green lines increase the projected annual decline of average hours by 10% and 50%, respectively.

*(b) Changes in Longevity*

Alongside this secular *fall* in the working week is likely to be a *rise* in working lives. Advances in technology have generated a steady and sustained rise in life expectancy. In the UK, this has risen from around 46 years at the start of the 20th century to 78 years by its end.[39] Someone born today has an expected lifespan of over 80 years. If these rates of progress continue, then expected lifespan will rise to around 94 years by 2050.[40]

Populations in advanced economies are also ageing. This would tend to lower activity rates. But as recent work by Andrew Scott has shown, *chronological* age can be misleading.[41] What matters for our economies is our *biological* age – the capacity of our bodies and brains. Here, improvements in healthcare and lifestyle mean societies are often becoming *younger* biologically, even as they become older chronologically. People aged 70 today are as "young" as someone aged 60 in 1965.[42]

Scott shows that, in the UK and a number of other advanced economies, the population is getting "younger" biologically, despite ageing chronologically. The average age of the global population has never been higher. But nor has the number of years they have left to live. Since it is the latter that matters economically, the global population has in fact never been "younger".

What does this means for people's working lives? If people are living 100-year lives, it seems plausible they could have 60- or even 70-year careers. A generation ago, people lived to around age 75 and had a 45-year career. This means the average working life of future generations could rise from, on average, around 2050 weeks to over 2700 weeks in the period ahead – a significant rise of around one third in the supply of labour.[43]

*(c) Changes in Skills*

A third societal shift likely to be associated with the Fourth Industrial Revolution is in the area of skills. The first three Industrial Revolutions were associated with a significant skill shift in one direction: away from manual, routine tasks towards non-routine, cognitive tasks. This skill-shift came as a direct result of the rise of machines able to do manual and routine tasks more quickly and more cheaply than humans.[44]

The Fourth Industrial Revolution will be different. In future, artificially intelligent machines are likely to take on many of the cognitive tasks currently done by humans, routine and non-routine. If these

[39] Our World In Data, based on Clio-Infra estimates and UN Population Division.
[40] Our World In Data based on UN Population Division and World Bank.
[41] Gratton and Scott (2016).
[42] Put differently, life expectancy has increased by around a decade over the past 50 years.
[43] Calculation assumes individuals work 45.5 weeks per year (5 weeks of holiday and 1.5 weeks of Bank holidays).
[44] Moykr (2011).

human tasks are displaced, what future skills shift will be needed? History suggests it should be towards tasks and skills where humans still have a comparative advantage over machines.

The most obvious area of comparative advantage would be social and interpersonal skills, involving human interaction, negotiation and empathy. EQ is likely to displace IQ as humans' key comparative advantage. McKinsey project that jobs based around higher cognitive skills and social and emotional skills will be more in demand than ever, with the demand for creative skills increasing by 30-40% by 2030 and similar rises for interpersonal skills and entrepreneurship.[45]

*(d) The New World of Work*

Piecing these societal shifts together, it is possible to paint a picture of the future world of work which could look very different than the past. While predicting the future of work and hoping to be precise is a mug's game – just ask Keynes – the following broad direction of travel seems plausible.

(a) With 100-year lives and 60- or 70-year careers, people's working lives will expand significantly, perhaps by around a third. Given the ongoing pace of technological change, this means people may shift career, not just job, several times during their working lives. To avoid obsolescence, lifelong learning will become a necessity, a new social norm.

(b) At the same time, hours spent in paid work is likely to continue to decline secularly, possibly more quickly than in the past. That will open up an "hours surplus" in people's working lives, not absorbed by paid work. Using back of the envelope calculations, for the average person that hours surplus might be between 5 and 8 hours per week, or up to a quarter of the current working week.

(c) Keynes predicted that people would use this hours surplus to increase their leisure time. Attitudinal evidence, as well as practical experience, suggests otherwise. Attitudes among both old and young suggest a strengthening desire to engage in purposeful activity and civic service, partly for generational reasons (the young), partly for reasons of social interaction (the old).[46]

(d) A recent survey by YouGov, commissioned by PBE for its tenth anniversary, confirmed that impression. Asked to imagine if they had more free time, 43% reported that they would be more likely to volunteer, with only 5% reporting they would be less likely. This view was especially strong among those aged 25-34, with more than half saying they were motivated by the feeling of benefiting society.

(e) This desire to engage in civic service is also likely to grow due to the rising demand for social skills in the workplace, increasing the attraction of charitable activity as a means of nurturing those

[45] Bughin et al (2018).
[46] Ipsos MORI (2018).

skills. Evidence suggests that building social skills is a key benefit of volunteering.[47] Time spent in civic service could, in future, become a central feature of people's lifelong learning.

In combination, these trends in patterns of work and work habits could present the third sector with a rich endowment of extra resources. Moreover, unlike now, that endowment may be more evenly spread across the age distribution, with young (generational attitudes), middle-aged (skill-building) and old (social interaction) all participating.

To scale that endowment, consider a back-of-the-envelope calculation. With a working population of 34 million people, an average endowment of extra hours per person rising by between 5 and 8 hours per week and a one-third increase in career working lives, the amount of extra time available economy-wide could increase by between 10 and 16 billion hours per year.

It is unclear exactly how much, if any, of this surplus would go into charities. Table 2 gives a range of possible scenarios. Even the lower (25%) estimate would put the additional endowment at over 2.5 billion hours per year, or a more than 50% rise from current levels of volunteering.[48] A mid-range estimate might be 6-8 billion hours – almost a doubling in volunteering resource. These estimates, while rough, are striking in scale.

**Table 2: Illustrative scenarios for "hours dividend" for volunteering (billions of hours per year)**

| | | Assumed share of hours dividend used for leisure | | | |
|---|---|---|---|---|---|
| | | *0%* | *25%* | *50%* | *75%* |
| **Reduction in average hours per week by 2050** | *5.0* | 10.4 | 7.8 | 5.2 | 2.6 |
| | *5.5* | 11.4 | 8.6 | 5.7 | 2.9 |
| | *7.6* | 15.6 | 11.7 | 7.8 | 3.9 |

Sources: ONS and Pro Bono Economics calculations.

Were such a shift to occur, it is possible to imagine shifts in the social norms about the very meaning of "work" and "contribution". Since the Industrial Revolution, work and income have been synonymous. Even on its own terms, this was odd. Bringing up a family, caring for relatives or volunteering are work too. Yet in economic measures such as GDP, and in established social norms, these activities have typically been identified as something different – "non-work", if not leisure.

[47] Survey data from Time Credits and YouGov survey for PBE (2019).

[48] Based on an estimate of total annual volunteering hours in the UK as 4.4 billion, combining both formal and informal volunteering, and both frequent and infrequent volunteering.

The future world of work could see those conventions changed. If a greater fraction of the working week is spent in unpaid than paid work, the distinction between the two may become blurred, perhaps to the point of invisibility. If so, this would be a case of back to the future, to a time before the Industrial Revolution when work and income were not synonyms.

This alternative definition, or social norm, around work would be close in spirit to the American composer Stephen Sondheim's definition. For Sondheim, work was "what you do for others", whereas leisure or art were "what you do for yourself". Civic service, almost by definition, is as about as good an example as you can imagine of "work you do for others".

If social norms around work were to change, so too might the norms around "contribution". At present, that is often measured in purely economic or income terms. A person's pay packet is their personal contribution to GDP. In future, with more work unpaid, people's societal contribution may become a more important metric than their economic one – a social rather than GDP score. Some countries have already begun experimenting with socially-scoring their citizens.[49]

Of course, if more work is unpaid, that raises the question of who will provide the income to support people in their lives. There are no easy answers to these questions and they are issues well above my pay grade. They are nonetheless a lively topic of debate currently. One of the most prominent options being mooted is a Universal Basic Income (UBI).[50] A UBI raises a whole host of feasibility or affordability issues, which I will not discuss here.

It also raises a number of important behavioural questions. For example, it has been argued that a UBI would not provide the people claiming it with the purposeful work they crave, risking an increase in their dislocation from society and perhaps even lowering their personal well-being. It has also been argued that a UBI could foster increased resentment from those in society financing it. Neither concern is easily dismissed.

A redefinition of "work" and "contribution" would help meet these behavioural concerns – for example, if people were seen to be "earning" their UBI for their civic contribution, as distinct from their economic one. Doing so would provide individuals with a necessary sense of purpose in their lives, while at the same time helping meet societal concerns about free-riding.

If the voluntary sector were to find itself with a significantly increased resource endowment, there would be an accompanying and reasonable rise in its perceived societal responsibilities. Doubled in size, the third sector would no longer be invisible. The sector would legitimately be asked to bear significantly more of the burden in supporting society, strengthening the Third Pillar.

[49] For example, in China or indeed in the Netflix series Black Mirror.
[50] Bregman (2018), Standing (2017).

Or that, at least, is the promise. The question is how might the sector fulfil this promise, make best use of this endowment, strengthen the Third Pillar? Let me speculate a little about what might be required to provide a more formal and structured pathway for civic service. Importantly, this framework would need to be inclusive, generationally and socio-economically, covering young and old, employed and unemployed, rich and poor.[51]

*(e) The Role of the Social Sector: A New Civic Service*

Civic service or volunteering is a habit, a good habit. Like all good habits, it is best acquired when young. That suggests embedding it early, ideally in the classroom. Progress has been made on this front with the introduction of PSHE (Personal, Social, Health, Economic) as part of the school curriculum for children aged 11-16. One module of PSHE covers citizenship.

A future model of civic service might see this strengthened. Making PSHE compulsory in schools, rather than discretionary as now, is one way of doing so. So too would be making the citizenship component standalone, given the role civic service might play in children's future careers. A third would be to take civic service out of the classroom and into the real world, giving young people practical experience of volunteering in their communities.

Moving further along the educational pipeline, there is a case for considering educational qualifications which recognise the full range of future skills young people will need. We have A-levels focussing on cognitive skills. We have T-Levels being developed to nurture technical skills. But there is nothing for social skills for which there will be a rising future demand. A citizenship qualification – C-levels – with practical civic service experience at its core could fill that gap.

When it comes to structured programmes for civic service by young people, several excellent examples already exist including the Scouts and Guides, the Duke of Edinburgh scheme and the National Citizen Service (NCS). A number of organisations promote and organise volunteering among young people including City Year, V-Inspired, Volunteering Matters and Step Up To Serve.

Nonetheless, there are fewer young people in the UK engaged in full-time social action and civic service than in Germany, France, Italy and the United States. A number of these countries have 6-12 month structured and financed civic service programmes for young people, including AmeriCorps in the US and Service Civique in France. By comparison, the NCS programme lasts only six weeks.

This issue was the subject of a DCMS review headed by Steve Holliday in 2018, in which I participated. This made several practical recommendations for boosting participation by young

[51] There has been excellent recent attempts to define an ambitious strategy for civil society, including by DCMS and Julia Unwin (see Cabinet Office (2018), for example).

people in social action.[52] These included piloting the greater use of volunteering as a means of transitioning young people into work. Regrettably, little progress has been made towards implementing these recommendations.

The benefits from doing so could potentially be considerable. A PBE report for City Year in 2017 estimated that the social impact multiplier associated with expanding full-time social action among young people might lie in the range 1.2-1.6 – that is to say, a return on investment of between 20-60%.[53] These benefits arose from improvements in volunteer skills and employability.

There are a variety of potential ways in which a lasting and inclusive programme of civic service among young people could be structured and encouraged. At root, however, doing so on a systematic basis means addressing "three Rs" – *recording*, *recognising* and *rewarding*. Unless civic service is properly recorded, recognised and rewarded, it is hard to see it becoming firmly rooted as a structured career pathway.

Let me suggest two ways in which the three Rs might be developed, building on existing initiatives. In Scotland, the "Young Scot" National Entitlement identity card was introduced in 2006.[54] It has proven successful with over 620,000 people aged 11-26 now holding a card.[55] Among its many benefits, the card is used to record points earned by individuals when they take part in charitable and volunteering activity. The Young Scot card serves, in effect, as a type of digital civic service passport.[56]

Points earned on the card offer rewards to volunteers in two ways. First, these points can be redeemed for a variety of rewards, including discounts on certain activities, goods and services in registered shops. Second, those earning large numbers of volunteering points can be recognised through the Saltire Awards, an official certificate signed by Scottish government ministers, for those who volunteer anywhere between 10 and 500 hours.

The Young Scot card demonstrates that civic service can be recorded digitally, recognised officially and rewarded financially in a simple and effective fashion. Its success begs two questions. What prevents the same model being used across the UK? And what prevents this model being used throughout someone's career? The short answer to both questions is nothing. I think having a lifelong digital civic passport is probably an essential ingredient in making civic service a lifelong habit.

A second, complementary, scheme for recognising and rewarding civic service is Time Credits.[57] This uses digital technology to recognise time spent volunteering and reward it through discounts for

[52] Halliday (2018).
[53] Dunn, Gower and Graham (2017).
[54] https://young.scot/ and http://external.parliament.scot/S4_EducationandCultureCommittee/Bills/P16YoungScot.pdf
[55] Young Scot (2016).
[56] There have been a number of other initiatives to create volunteer passports, including by Lord Young and the Children's University and, in the United States, Track It Forward.
[57] https://timecredits.com/

goods, services or activities at recognised outlets. Since 2008, over 50,000 volunteers have earned Time Credits, exchangeable in over 500 venues across England and Wales. Over 1,200 charities and community groups have so far signed-up to the scheme.

Evidence suggests that Time Credits can serve as an effective incentive device for individuals to volunteer, especially those from poorer backgrounds who are currently under-represented. In surveys, 59% of volunteers report that they had never (or only rarely) volunteered before earning Time Credits. I saw first-hand the benefits of Time Credits last week in St Austell, when visiting the local charity, STAK, which makes food and advice available to local residents using local volunteers.

Clearly, there is a balance to be struck when rewarding, in quasi-financial terms, volunteering activity. Any reward scheme needs to ensure it does not fall foul of the Sandel critique: that monetising the non-monetised might change the nature of the good being provided. Based on experience so far, Time Credits appear to strike an appropriate balance between reward and revolution.

The success of the Time Credits scheme begs two more questions. Why wouldn't all charities sign-up to the scheme to reward volunteers? And why wouldn't Time Credits become the digital common currency of civic service? The short answers are that they could and it should. Having digital Time Credits is probably essential in making civic service an inclusive, rewarding and rewarded vocation.

Turning to adults, the key to maintaining a 60-year career will be lifelong learning. If that is to become a reality, and if civic service is to form part of it, there is a case for recognising that service as training. There are a number of ways this might be done. For those in work, one way of doing so would be to have civic service become accredited training. The Halliday Review suggested the Chartered Institute of Personnel Development (CIPD) might oversee that initiative.

Suitably accredited, a civic service-related training programme could in principle form part of the government's Apprenticeship Programme. This has the benefit of already being embedded across a large number of companies. It also has the advantage that, through the Apprentice Levy, this training is effectively pre-paid by these companies.

For those out of work, the current benefits system allows volunteering time, but places limits on that time and on those eligible for it. In other words, the system provides quite strong incentives for benefit claimants to limit their civic service, for fear of sanctioning and financial loss. This disincentive effect may be especially strongly felt among the poor and those distant from the jobs market.

In a world where work is redefined and civic service is acknowledged as training, the embedded incentives in the current benefits system may need to be looked at afresh. Those inactive would

benefit from a system that encourages re-training through civic service and allows them to make a social contribution. In a world of UBI, people could "earn" (rather than forgo) benefits through participation in civic service.

**The Next Ten Years: A Mini-Manifesto for the Third Sector**

Let me pull together some of the policy implications that flow from this analysis. Together, these constitute a mini-manifesto. Certainly, they would represent a brave new world, one in which the social sector's contribution was not just better measured and understood, but broader, wider, tech-propelled. The key elements of this manifesto are: a new *framework for measurement*; a new *partnership with technology*; and a new *framework for civic service*.

*A New Measurement Framework*

(a) A new statistical framework is needed to measure comprehensively the output and productivity of the charitable sector, taking account of social as well as private value-added.

(b) This would seek to do for the third sector what the Atkinson Review did for the public sector – a call-to-arms on improved measurement as a conduit for better policy and a larger contribution.

(c) A new "outcome-based" classification scheme for charities is needed to support this new measurement framework.

(d) This new framework should draw more extensively on well-being based metrics, the like of which are being used in the public sector and for policy evaluation.

(e) There is a case for the charitable sector seeking lessons from, perhaps even adopting, integrated reporting standards.

(f) This comprehensive measurement framework would be complemented by charity-specific measurement of social multipliers, as now, to inform charity decision-making.

*A New Technology Partnership*

(a) There are plenty of good examples of technology reshaping the charitable sector for the better, leading to more effective charitable giving, service provision and volunteering.

(b) At the same time, there is still a "long tail" of charities with low levels of productivity and with low penetration of digital technologies and tools.

(c) A new innovation survey should be introduced to track the evolving extent of innovation and technology among charities, mirroring the existing survey for companies.

(d) The case should be considered for creating a performance benchmarking platform for charities – *Be the Charity* – as a means of boosting self-awareness and self-improvement across the sector.

(e) The case should be considered for a pooled matching mechanism for technology experts into charities – *Pro Bono Tech* – to curate expert resource.

*A New Framework for Civic Service*

(a) The third sector may find itself with a significant increase in its resource endowment in the decades ahead, seeking social skill-building and purposeful unpaid work.

(b) A structured framework of civic service is needed to invest this endowment wisely, spreading it across all socio-economic groups and at all points along the career spectrum.

(c) In schools, civic service could be embedded through compulsory modules and optional higher-level qualifications, both rooted in practical volunteering experience.

(d) A new digital civic service passport could be introduced to record civic service across the whole course of people's careers.

(e) This passport could serve as the basis for a structured reward scheme for volunteers based on Time Credits, which would become the digital common currency of volunteering.

(f) Civic service could be formally acknowledged as training, including as part of in-work apprenticeship schemes and out-of-work retraining schemes.

(g) There is a case for thinking imaginatively about how the state system of benefits could be adapted to encourage (rather than discourage) civic service.

That is a big agenda. It is an agenda not just for PBE whose 10th birthday we are celebrating, but for everyone here this evening – charities, funders, policymakers, businesses, civil society. The future holds huge promise and potential for the third sector, as it helps rebuild the neglected Third Pillar. Keeping that promise will require a concerted effort by us all.

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