The Ripple Effect

The nature and impact of the children and young people's voluntary sector

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with David Kane, Jenny Clark and Peter Bass, National Council for Voluntary Organisations

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Acknowledgements

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Foreword

I believe a vibrant and effective children and young people's voluntary sector is vital, not only to the lives of the children and young people, who receive the benefits of their services, but also to their families and to the communities within which they live. The benefits gained by children and young people from these services are long-lasting and limitless.

The launch of this report, *The Ripple Effect – The nature and impact of the children and young people's voluntary sector*, comes at a crucial time when the reduction in government funding to the voluntary sector and increasing national discussions about the importance and impact of children and young people's services within society are at the forefront of debate. For these reasons, a good evidence base and knowledge about the state of this sub-sector is more important than ever.

Until now, comprehensive and authoritative information and analysis on the size, scale and nature of the children and young people's voluntary sector combined with knowledge and intelligence on the changing relationship between the children and young people's voluntary and statutory sectors have not been available. This evidence is essential to the work of policy-makers and practitioners in the sector, and it makes a difference. Not only does this report fill these gaps by providing rigorous and robust intelligence, it also provides the base from which we can begin to identify and explore how the children and young people's voluntary sector will change over the coming years, particularly when funding cuts are forcing a major rethink of how children and young people's services are developed, delivered and funded.

I am very pleased to be a part of this significant piece of research and look forward to discussing the findings within this report and the implications that it highlights. I hope that the voluntary sector and policy-makers will use this evidence to emphasise the importance of children and young people's services and the crucial role that they play within our society.

Sir Stuart Etherington
Chief Executive
NCVO

Executive summary

Introduction

This research, commissioned by the Voluntary Sector Support programme[1] (VSS) and carried out by the Research Centre at the National Children's Bureau (NCB), provides an extensive and in-depth exploration of the nature of the children and young people's voluntary sector and its involvement in shaping and delivering local statutory services and support. Funded by the Department of Health (DH) it looks in particular at the relationship between the voluntary and statutory sector in health and social care.

The research comes at a time of significant change in public service configuration. The government is seeking to increase local decision-making and reduce the power of centralised bureaucracies as part of the Big Society vision, as well as broaden the diversity of provider organisations competing to deliver services. It has clearly signalled the key role that the voluntary and community sector is expected to play in this transformation.

The research includes a systematic literature review, an analysis of Charity Commission data, and in-depth qualitative interviews in five local authorities. It addresses some key questions:

- What is the size and capacity of the voluntary sector and what are its main sources of funding?

- How does the voluntary sector engage with statutory agencies to contribute to the development and delivery of services for children, young people and families?

- Do voluntary sector organisations make a difference to children's and young people's lives and does their involvement result in better policies and better services?

Overview of the sector

Detailed analysis of 2008/09 data, collected by the Charity Commission,[2] distinguished between:

- the core children and young people (CYP) sector – organisations for whom children and young people were primary beneficiaries

- the wider CYP sector – organisations for whom children and young people were one of the beneficiary groups.

The analysis shows that, in 2008/09, a total of 64,000 charities – half of all charities in England – were working with children and young people. Just over half of these were found

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1   Based at the National Children's Bureau (NCB), the VSS programme provides a range of practical support to voluntary and community organisations, charities and social enterprises that work with children, young people and families http://www.ncb.org.uk/vss/

2   This includes data for all charities with an annual income above £5,000. The most recent data available from the Commission at the time of research was for the 2008/09 financial year.

in the core CYP sector. In addition, 21,000 of the 'civil society' organisations were working with children and young people, that is, just over half of them. Children and young people were the main beneficiaries of just under half of all civil society organisations.

The estimated total income for the core CYP voluntary sector was £3.3 billion (11 per cent of the income of the whole voluntary sector); and £8.7 billion for the wider CYP sector (29 per cent of the voluntary sector's income). While the core CYP sector included over a quarter of all charities, it only attracted a tenth of the voluntary sector's income. The following figures reflect the large number of local, micro and volunteer-run organisations that characterised the core CYP sector:

- 96 per cent of core CYP charities operated only at the local level
- 54 per cent did not employ any staff
- 91 per cent had an annual income of £100,000 or less.

These figures raise the question of whether a large number of very small organisations represent a sensible way of delivering (publicly funded) services and whether they are financially viable. This does not necessarily mean that small charities need to grow in order to improve their efficiency; but in order to remain financially viable, it may be that (more) charities need to pool resources to share some core support functions, such as finance, human resources and IT support.

While the core CYP sector included only a very small number of large charities operating at the national level, they attracted the lion's share of funding and resources:

- the 37 largest charities constituted 0.1 per cent of the core CYP voluntary sector but accounted for 36 per cent of the total income
- these 37 charities employed the equivalent of 21,000 full-time staff (33 per cent of staff in the core CYP voluntary sector) and had an average of 680 staff per organisation.

Just over half of core CYP charities relied on income from statutory sources; this was a considerably higher proportion than the voluntary sector as a whole, where the equivalent figure was 38 per cent. Also, CYP core charities attracted only 1 per cent of funding from the corporate sector; compared to 4 per cent for the voluntary sector as a whole.

The core CYP voluntary sector is particularly vulnerable in the current economic climate, compared to the wider voluntary sector, due to its higher reliance on public sector funding and low level of corporate funding. Smaller organisations, in particular, would benefit from fundraising support, as they spend a lower proportion of their income on fundraising activities.

Overall, the data shows that the children and young people's voluntary sector is large and very diverse, presenting challenges in developing policies and strategies to engage and support them while also working effectively across the different parts of the sector.

The development of commissioning – a new way of working

This research explored the role of the voluntary sector in commissioning services for children and young people by reviewing relevant literature and interviewing representatives from voluntary, statutory and support organisations.

Commissioning was introduced over a decade ago and has had a considerable impact on the voluntary sector and its relationship with statutory agencies. Figure 1 shows the steps involved in the cyclical process of commissioning.

1. Identification and assessment of types and areas of need

2. Configuration or procurement of services to meet need – involving market stimulation where necessary

3. Monitoring and review of service delivery and impact
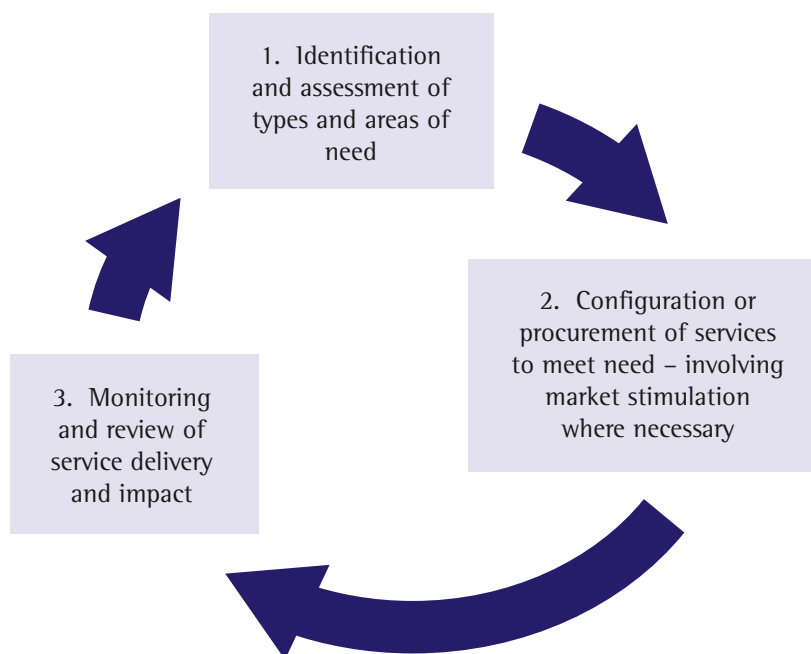
Figure 1: The cyclical process of commissioning

Embedding strategic commissioning had not been a straightforward process.

> Our research found that significant political changes and organisational restructures, including the recent loosening of requirements around Children's Trusts and the dissolution of Primary Care Trusts (PCTs), had limited the amount of progress achieved.

A number of barriers to voluntary sector engagement in commissioning also emerged from the literature, linked to charities (particularly small ones) having limited capacity and resources to participate, and gaps in commissioners' knowledge about how the sector works.

Identification and assessment of local areas of need

The children and young people's voluntary sector was represented in strategic decision-making groups across the local authorities we visited. This role was mainly held by infrastructure organisations[3] and any large charities with the available time and staff to

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3   Infrastructure/membership organisations and networks operate at the national, local and regional levels to actively support and represent front-line organisations within the sector and to provide capacity-building training and skills development opportunities.

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participate. Smaller voluntary organisations were more likely to be involved in ad hoc consultation exercises, though these were sometimes experienced as tokenistic by not capturing the views of the most appropriate individuals or organisations.

> Some questioned how well the voice of small organisations and local communities could be represented by larger organisations. There was also concern that changes to Children's Trusts and statutory planning requirements might result in there being less emphasis on involving the voluntary sector.

In relation to health commissioning, there was awareness about the need to develop links between the voluntary sector and clinical commissioning groups and other new health bodies. There was anxiety that GPs' high level of autonomy might limit joint working, and that an emphasis on a *clinical* definition of health and well-being might result in a less 'holistic' approach to commissioning.

Overall, commissioners highly valued the input from the voluntary sector at this stage of commissioning. Larger charities were appreciated for their research and the experience they had gained through trying and testing service delivery across different areas; and smaller ones, for providing essential local knowledge.

Configuration and procurement of services

At the time of the research statutory organisations were planning how best to implement significant cuts in public sector spending – either through applying blanket percentage reductions or by reviewing the 'core' functions to be provided. As a result, children and young people's voluntary organisations were experiencing reductions in funding and the sudden termination of contracts.

> It was anticipated that children and young people using services would feel the brunt of cuts most suddenly as support and services provided by the voluntary sector shrank or disappeared.
>
> Further down the line, as voluntary sector capacity for doing prevention and early intervention work decreases, statutory providers expect increased demand for 'crisis' provision.
>
> The government expects the private sector to step in and fund some of the work that the voluntary sector has traditionally done. But with only 1 per cent of the CYP voluntary sector's income coming from business, it seems unlikely that, in the short term, private sector social investment will fill the gap left by public spending cuts.

Overall, the data shows that the children and young people's voluntary sector is large and very diverse. This presents challenges to statutory bodies in their development of policies and strategies to engage with, support and work effectively across the sector.

> Overly rigid commissioning processes run the risk of stifling the configuration of innovative, flexible and responsive support and services – the traits of voluntary sector provision so valued by commissioners.

'What works' in commissioning services for children and young people

A number of factors emerged, from the both the literature and interviews, that supported the involvement of the voluntary sector in commissioning services for children and young people.

In relation to assessing needs and decision-making, developing a flexible range of opportunities for involvement, along with longer and better targeted consultation exercises, increased the diversity of organisations able to take part. The investment of dedicated resources also enabled cross-sector engagement.

In service configuration and procurement, early involvement of the voluntary sector in defining outcomes; a collaborative approach to designing service specifications and tender processes; and greater transparency regarding the full costs of service delivery, were said to work well. It was recommended that commissioners use the most *appropriate* form of funding, including grants, as a means for securing flexible and responsive services.

> The role of infrastructure organisations emerged as key to involving the children and young people's voluntary sector in commissioning. They played a role in representing the sector; ensured an effective and targeted flow of information between the voluntary and statutory sectors and provided a 'protective' role in relation to sudden and non-Compact[4]-compliant termination of contracts.

The impact and value of children and young people's charities

Defining and measuring impact

The literature review drew attention to the increased requirement for the voluntary sector to demonstrate the impact of their work; and an increased tendency for policy-makers to try and assign economic value to the range of policies and programmes aimed at tackling specific social issues. However, this approach was deemed problematic due to the complexity of social issues, difficulties establishing 'cause and effect' and the short timeframe of many programmes.

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4   Signed in 2007 and revised in 2010, *The Compact* (Cabinet Office 2010) is a national agreement between the voluntary sector and central government that set out a framework for an improved relationship based on a number of shared principles.

Contract management processes across the local statutory agencies that we visited involved some level of monitoring and evaluation that often linked to outcomes, and local or national objectives. There were some differences regarding how outcomes were defined, for example respondents talked about 'soft' and 'hard' outcomes. Soft outcomes were seen as smaller, individual changes (such as increased self-esteem and confidence) and hard outcomes as longer-term (such as returning to employment, and stopping smoking). Achieving soft outcomes was seen as a particular skill of the voluntary sector and these were felt to act as levers of longer-term changes.

> **whoever you work with, if they don't make a decision to actually make a change or do something differently – no matter how much money you throw at a programme – if you don't touch the person, you could have the best programme out there but nothing will change the outcome really. So the impact that we found is that – raising individuals' aspirations on an achievement basis, giving them the ability to make a positive choice and for them to know they can make a positive choice.**
>
> (manager, children and young people's voluntary organisation)

However, soft outcomes were seen as difficult to evidence. The relationship between soft and hard outcomes was not always understood; nor was it reflected in evaluation systems, which often focused only on capturing longer-term changes. There was concern that commissioners were focusing on ever narrower definitions of hard outcomes as a means of being 'more accountable to tax payers'.

Seeking to measure a too-narrow set of outcomes will fail to capture incremental stepping stones necessary to achieving harder outcomes. This will significantly limit commissioners' understanding of the progress their investments are making, and might leave the voluntary sector's contribution to impact hidden.

Strengths and impact of children and young people's charities

Strengths in service delivery emerged consistently from both the literature and our qualitative research. Children and young people's charities were described as:

- flexible – providing diverse support and working practices
- person-centred – focusing on the individual rather than category of need
- responsive – making decisions based on users' needs and having freedom to act and react
- locally rooted – emerging from, and operating in, communities

■ co-produced – promoting the users' voice and volunteering

■ innovative – seeking solutions rather than following bureaucratic procedures

■ trusted – non-stigmatising, consistent and independent

■ engaging – reaching individuals the state might not, and intervening earlier

■ specialist – in local knowledge and in meeting 'niche', unmet needs

■ cost-effective – providing additional outcomes and representing good value for money.

Voluntary sector provision was seen to impact positively on three levels. First, services could lead to positive changes for individuals, for example where a child's social development improved as a result of attending play sessions. Second, services could impact positively at a family level, for example when interventions to improve family relationships improved, or where support for one child created a better home environment or indirectly supported wider family members. Third, services could have a positive impact for society, where they led to positive outcomes for communities such as reduced youth crime or unemployment. These levels of impact were seen as interrelated: working with children and young people can have greater impact due to their interaction with family, peers and communities.

Further to this, children and young people's charities were seen to play a key role in improving statutory provision. This was because they:

■ acted as a broker between the local authority or health bodies and communities, thus improving the reach and uptake of statutory services

■ provided additional capacity to statutory services by developing additional, specialist and preventative support to which statutory professionals can signpost users (sometimes part of formal referral pathways)

■ provided specialist knowledge, support and challenge to strategic commissioning decision-making groups and consultation processes.

The role of the children and young people's voluntary sector in statutory sector implementation was not something commissioners measured. Developing a better understanding of the contribution that charities and community organisations can make could support drives to improve and transform local service provision.

The sector was seen to provide good value for money when it achieved additional outcomes on top of contracted ones, and could secure additional funding to supplement service delivery. The use of volunteers was also linked to providing value for money, but interviewees emphasised that volunteering requires an adequately resourced support infrastructure to be effective.

Conclusions and implications

The children and young people's voluntary sector faces particular challenges in a context of financial austerity. The sector has grown rapidly in the past decade, largely due to its increased role in the delivery of public services. It has become dependent on income coming from statutory sources, therefore cuts in public spending could severely reduce the sector's role and capacity in relation to developing and delivering services to children, young people and families. Closer collaboration between voluntary organisations, increased fundraising and non-statutory income generation are needed – and infrastructure organisations may be well placed to support the sector in this.

To date, the sector receives proportionately very little funding from the corporate sector. More money is expected to come from these sources as government actively seeks to expand private investment in social initiatives, but it is unlikely that the shortfall in public sector funding can realistically be met by private investors in such a short timeframe.

Commissioning can be improved by more targeted and meaningful consultation with the smaller organisations embedded in the fabric of our communities. At a time of significant changes in requirements for statutory agencies to plan and provide services, there is work to be done to ensure that new strategic bodies understand the value of engaging the children and young people's voluntary sector, so that they choose to do so even where there is no statutory requirement. Despite some examples of good practice, procurement practice does not seem to be sufficiently well developed to effectively engage a large and diverse sector. In particular, overly rigid procurement processes are at risk of squeezing out the flexible, innovative and responsive services that the voluntary sector has traditionally provided.

The role of infrastructure organisations in supporting a sector that includes over 64,000 children and young people's charities is key. They are able to represent the different parts and needs of the sector, provided an important channel of communication between the statutory and voluntary sector and are helping to 'protect' and support the sector through a period of unprecedented public spending cuts.

Difficulties in measuring impact do limit the ability of commissioners to make evidence-informed decisions and of voluntary sector organisations to demonstrate the difference they make. A more sophisticated understanding of impact and outcomes, and when these can and cannot realistically be evidenced, is needed. Local and central government, and other large funders such as the Big Lottery, have a role in supporting evaluation in order to better understand the impact of the investments they make in the voluntary sector.

Perceived implications of cuts to funding were far reaching. Shrinkage in voluntary and community sector provision will most immediately impact on the children, young people and families who use them. Further down the line though, it is expected that statutory agencies will experience higher demand and more 'crisis' work as the additional capacity provided by the sector declines.

Introduction

This report presents the results of an extensive and in-depth exploration of the children and young people's voluntary sector, commissioned by the national Voluntary Sector Support (VSS) programme based at National Children's Bureau (NCB). The VSS programme provides a range of practical support to voluntary and community organisations, charities and social enterprises that work with children, young people and families.[1]

This chapter provides an introduction to the policy context, outlines the aims of the study, and describes the research methodology.

1.1 Policy background

The voluntary sector has long been recognised by government as a key stakeholder in children and young people's policies, a role that has been reinforced by the coalition government. The Open Public Services White Paper,[2] published in July 2011, outlines a plan to transform top-down services by decentralising them giving individuals greater choice and fairer access and opening up competition to a greater number of providers from the

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1   http://www.ncb.org.uk/vss/home.aspx

2   http://files.openpublicservices.cabinetoffice.gov.uk/OpenPublicServices-WhitePaper.pdf
     Cabinet Office, 2011a.

voluntary and private sectors. The much publicised Big Society vision[3] also reflects a commitment to transfer power from Whitehall to the localities through community empowerment, devolved decision-making, social action, and public service reform. This vision is being embedded across government departments by Big Society 'champions'.

Other recent programmes designed to instigate this kind of cultural and behaviour change include:

■ encouraging youth volunteering through the National Citizenship Service[4]

■ seeking to increase the level of charitable giving through the Giving White Paper[5]

■ creating Big Society Capital, a 'bank' developing new models of financial investment in civil society organisations such as Social Impact Bonds[6]

■ developing alternative 'marketised' funding mechanisms such as payment by results, which is currently being piloted in children's centres and youth justice services.

While not all of the above initiatives focus specifically on developing the voluntary sector, they place a voluntary action 'ethic' at the heart of a shift of power from the state to individuals and communities.

The role of the voluntary sector in delivering and informing public services has evolved over time, and has resulted in an increased formal role for the sector in the transformation and delivery of public services. At the same time, there has been a general (though not wholesale) shift away from grant funding to strategic commissioning in local authorities (Macmillan 2010).[7] A number of national initiatives were developed by the Labour administration of 1997–2010 with a view to increasing the voluntary sector's role in delivery.

■ A national Compact was signed in 1998, rolled out nationally in 2007 and refreshed in 2010. The Compact formalised an agreement between the voluntary sector and central government, setting out a framework for an improved relationship based on a number of shared principles.[8]

■ In 2006, the Office for the Third Sector was established to 'support the environment for a thriving third sector', following a review that outlined a key role for the sector in transforming services and strengthening communities (HM Treasury 2002).

■ The development of the ChangeUp, CapacityBuilders and Futurebuilders programmes to provide funding and support to improve and strengthen the sector directly, or via its infrastructure.[9]

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3   http://www.cabinetoffice.gov.uk/content/big-society-overview

4   http://www.direct.gov.uk/en/YoungPeople/Workandcareers/Workexperienceandvolunteering/ NationalCitizenService/index.htm

5   http://www.cabinetoffice.gov.uk/sites/default/files/resources/giving-white-paper.pdf Cabinet Office, 2011b.

6   http://www.cabinetoffice.gov.uk/sites/default/files/resources/404970_SocialInvestmentMarket_acc.pdf Cabinet Office, 2011c.

7   Commissioning broadly involves a process of assessing need, configuring or purchasing service delivery, and monitoring and evaluation. This is discussed further in Chapter 3.

8   http://www.cabinetoffice.gov.uk/sites/default/files/resources/The%20Compact.pdf

9   Infrastructure membership organisations and networks operate at the national, local and regional levels to actively support and represent front-line organisations within the sector; and provide capacity-building training and skills development opportunities. Examples of national organisations include NAVCA (http:// www.navca.org.uk/), NCVYS (http://www.ncvys.org.uk/), Children England (http://www.childrenengland.org. uk), NCVO (http://www.ncvo-vol.org.uk/) and, indeed, NCB (http://www.ncb.org.uk/).

This push to involve the voluntary sector more generally is also mirrored in the development of policy and services for children, young people and families. Most recently, the voluntary and private sectors' role as education providers has been highlighted in relation to driving reforms in education (for example the Academies programme and the development of Free Schools);[10] and in early years support.[11] Prior to this, the former Department for Children, Schools and Families (DCSF) published guidance and strategies advocating involvement of the voluntary and community sector in: delivering services for children and young people and maternity services, helping to achieve the Every Child Matters outcomes and developing the Sure Start children's centres programme (Commission for Rural Communities 2010, DfES 2007, DfES 2006, DfES 2004).

Department of Health (DH) guidance and strategy documents have also advocated involving the voluntary sector and other partners in delivering a wide range of objectives. Recently proposed reforms to NHS and public health services[12, 13] outline a greater role for voluntary and private sector organisations, including an involvement in programmes on weight management, diabetes, and children and young people's palliative care (DH 2010b, DH 2009, DH 2008a, DH 2007a, DH 2005). The DH's Third Sector Strategic Partner programme was set up in 2009 to increase collaboration and engagement between the public and voluntary health and social care sectors, achieve mutual outcomes; and develop the capacity and capability of the sector. A number of resources to support commissioning and procurement practices have been introduced in order to create an environment that

10   https://www.education.gov.uk/publications/standard/publicationDetail/Page1/CM%207980

11   http://media.education.gov.uk/assets/files/pdf/s/supporting%20families%20in%20the%20foundation%20
      years.pdf DfE and DH 2011.

12   http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/
      DH_117353 DH 2010a.

13   http://www.dh.gov.uk/en/Publichealth/Healthyliveshealthypeople/index.htm DH 2011.

encourages the participation of the voluntary sector in the market place; but commissioners are also encouraged to continue using grant funding where appropriate.

1.2 Aims of the study

The overarching aim of the research was to provide an extensive and in-depth exploration of the role of voluntary organisations that work with children, young people and their families in England and their involvement in the commissioning of local public services.

The research took place at a time of profound change for the children and young people's voluntary sector due to new government policy initiatives and changes in public funding. It was therefore considered important to undertake a comprehensive analysis of the sector to provide a baseline against which future changes can be monitored; as well as capture the views and experiences of these changes and their effects, as they are happening. The research will help voluntary organisations working with children and young people to identify future challenges and opportunities. By providing a better understanding of how the sector operates, the research will also help policy-makers and commissioners engage more effectively with the thousands of voluntary organisations that contribute to the development and delivery of children and young people's policies. Subject to funding, NCB hopes to carry out further research on the children and young people's voluntary sector, including the effects of the changes implemented by the coalition government.

Key questions addressed by the research were:

- What is the size and capacity of the voluntary sector and what are its main sources of funding?

- How does the voluntary sector engage with statutory agencies to contribute to the development and delivery of services for children, young people and families?

- Do voluntary sector organisations make a difference to children's and young people's lives and does their involvement result in better policies and better services?

1.3 Methodology

The study involved an extensive programme of research, which included:

■ a systematic literature review: this identified a number of studies seeking to map the voluntary sector and its relationship with statutory agencies; and research exploring the strengths of the voluntary sector and the impact of specific services delivered by the sector. On the whole, we identified more policy, think-pieces or discussion documents than research studies.

■ analysis of Charity Commission data: this is the most comprehensive and authoritative source of statistics on charities. The methodology developed by the National Council for Voluntary Organisations (NCVO) for the *UK Civil Society Almanac* was used for this analysis.[14] The analysis was carried out by NCVO.

■ in-depth qualitative research: this involved interviews with 34 respondents in a sample of five local authorities carried out between November 2010 and February 2011. Respondents included those who delivered services in the voluntary sector; supported voluntary sector organisations; or funded them in some way (that is, commissioners).

Further information about the methodology can be found in the Appendix.

1.4 Structure of the report

■ Chapter 2 reports on the analysis of Charity Commission data to provide an overview of the shape and nature of the children and young people's voluntary sector in England.

■ Chapter 3 draws on the literature review and on the interviews we conducted when looking at commissioning processes and at the factors that support engagement of the children and young people's voluntary sector. This chapter explores how local authorities and Primary Care Trusts (PCTs) engage with the voluntary sector, both in relation to designing and delivering services and deciding local priorities.

■ Chapter 4 draws again on the literature review and the interviews, to explore the value of the children and young people's voluntary sector and how it can (or cannot) be evidenced.

■ Chapter 5 brings together the key findings from the report then outlines conclusions and implications for the children and young people's voluntary sector and statutory agencies.

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14 The *UK Civil Society Almanac* is a long-running publication that maps the size and scope of the voluntary sector in the UK www.ncvo-vol.org.uk/almanac

Overview of the children and young people's voluntary sector

2.1 Introduction

As discussed in Chapter 1, a number of studies and reviews have highlighted the important role that the voluntary sector plays in supporting children, young people and their families. From providing childcare and youth activities to supporting some of the most vulnerable children and families, the voluntary sector is central to the successful development and implementation of children, youth and family policies. Despite its crucial role, there has been no comprehensive quantitative analysis to date of the size and nature of the children and young people's voluntary sector.

Using data from the Charity Commission, the most comprehensive record of the voluntary sector in England,[15] this chapter provides an authoritative analysis of:

■ the size of the sector – the number of charities (and other not-for-profit organisations) working with children and young people

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15 Registration with the Charity Commission is a legal requirement for charities with an annual income above £5,000.

■ the nature of the charities – local and national activities, specific beneficiary groups, and the different subsectors in which they operate

■ the financial state of the sector – its income sources, main areas of expenditure and assets.

At a time when the sector is undergoing a major transformation due to policy changes and cuts in public expenditure, NCB considered it to be essential to have an accurate picture of its size, nature, and funding sources immediately before the impact of the coalition government's policies, to understand how changes in the sector could affect the lives of the thousands of children, young people and families who rely on its services and support.

This chapter is based on analysis carried out by the National Council for Voluntary Sector Organisations (NCVO).

2.2 The size of the sector

In this section we look at the number of charities that work with children and young people in England and their income. Data for the analysis was obtained from the Charity Commission Register of Charities, which includes a comprehensive list of legally established charities (except for organisations with an income under £5,000).[16] The analysis includes charities based in England[17] and data from the 2008/09 financial year, as this was the most recent data available at the time of the study. Charities were included in the analysis if:

■ children and young people were the primary beneficiaries and focus of their activities, this is what we call the *core CYP sector*

■ children and young people were one of the beneficiary groups, we term this the *wider CYP sector.*

The analysis includes both charities that work directly with, and provide services to, children and young people; as well as charities that mainly focus on providing support to the children and young people's voluntary sector. Organisations were excluded from the analysis if they were a subsidiary charity, primarily a grant-making foundation or operated mainly overseas. These exclusion criteria were applied because the focus of the study is on England and on voluntary organisations providing services to children and young people or infrastructure support (more information about the selection criteria is included in the Appendix).

While the focus of the chapter is on charities, we also briefly review the number of not-for-profit organisations that work with children and young people. These organisations fall outside the general charities definition, but might be considered part of 'civil society'. They include independent schools; non-charitable companies limited by guarantee (CLGs); mutuals, such as industrial and provident societies (IPSs); and community interest companies (CICs).

16 There is some evidence that particular types of organisations are under-represented on the register, notably organisations working with ethnic minorities.

17 The registered address was used to determine where charities were based.

2.2.1 Number of charitable and non–charitable organisations

As shown in Table 2.1, in 2008/09 there were around 64,000 charities working with children and young people, representing 49 per cent of all charities in England. Just over half of all the children and young people's charities were found in the core sector.

Table 2.1: Registered voluntary organisations in England, 2008/09

Category	Number	%
Core CYP sector	33,880	53
Wider CYP sector	29,825	47
Total CYP sector	**63,705**	

Source: NCVO, Charity Commission

As shown in Table 2.2, in 2008 there were over 21,000 non-charitable civil society organisations working with children and young people, representing 52 per cent of the total of these organisations.

Table 2.2: Non-charitable civil society organisations in England, 2008

Category	No. of organisations	%
Core CYP sector	10,331	48
Wider CYP sector	11,295	52
Total CYP sector	**21,626**	

Source: NCVO, National Survey of Third Sector Organisations

2.2.2 Income of the CYP voluntary sector

As shown in Tables 2.3 and 2.4, the estimated total income of the core CYP sector in 2008/09 was nearly £3.3 billion (11 per cent of total voluntary sector income); with the wider CYP sector having an income of just over £8.7 billion (29 per cent of the voluntary sector's total income). The average[18] annual income of organisations in the core CYP sector was £96,600; while organisations in the wider sector were considerably larger, with an average income of £292,300. As discussed later, this is partly explained by the presence in the core CYP sector of a large number of micro organisations such as playgroups, parent–teacher associations and youth groups.

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18 Here and in the rest of the chapter the mean is the average measure we report.

Analysis of income and the number of organisations in the core CYP sector shows that:

■ the 37 largest charities constituted 0.1 per cent of organisations in the core CYP sector, but accounted for 36 per cent of the total income

■ within the major charity group, the six largest organisations[19] had an income of £680 million, equal to 21 per cent of the total income of the CYP core sector.

Table 2.3: Number and income of registered core CYP charities in England by income bands, 2008/09

	No. of organisations	% of core CYP charities	Income (£m)	% of core CYP sector income
Micro Under £10,000	17,990	53	56.3	2
Small £10,000–100,000	12,870	38	443.8	14
Medium £100,001– 1,000,000	2,652	8	737.1	23
Large £1,000,001– 10,000,000	331	1	847.7	26
Major Over £10,000,000	37	0.1	1,187.6	36
Total	**33,880**		**3,272.5**	

Source: NCVO, Charity Commission

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19 The six largest organisations (listed alphabetically) were Action for Children, Barnardo's, Catch 22, Church of England Children's Society, NSPCC, and The Family Fund Trust for Families with Severely Disabled Children.

Table 2.4: Number and income of registered wider CYP charities in England by income bands, 2008/09

	No. of organisations	% of wider CYP charities	Income (£m)	% of wider CYP sector income
Micro Under £10,000	14,145	47	38.6	0.4
Small £10,000–100,000	9,770	33	337.3	4
Medium £100,001– 1,000,000	4,794	16	1,523.3	18
Large £1,000,001– 10,000,000	991	3	2,672.1	31
Major Over £10,000,000	125	0.4	4,146.0	48
Total	**29,825**		**8,717.3**	

Source: NCVO, Charity Commission

As with all charities, the overwhelming majority of CYP charities operated only at the local level. However, at 94 per cent, this figure was particularly high for the core CYP sector. Only 4 per cent of the core sector organisations operated at the national level, compared with 12 per cent of the wider CYP sector (Table 2.5).

Table 2.5: Percentage of registered charities in England by geographical area of operation, 2008/09

	Core	Wider	All charities
Local	94	81	84
National and international	4	12	11
Not classified	1	4	3
Total	**33,880**	**29,825**	**64,838**

Source: NCVO, Charity Commission

2.3 Charities with a specific focus

In this section we explore what proportion of charities had a specific focus on faith, disability and ethnicity.[20] This analysis shows that (Figure 2.1):

■ overall a third of CYP charities specifically focused on disabled children and young people, but this was considerably less common in the core CYP sector (12 per cent) than the wider sector (57 per cent)

■ 11 per cent of CYP charities worked with people of a particular ethnic or racial origin, but only two per cent of the core CYP sector had this particular focus, compared to 21 per cent of the wider CYP sector

■ faith based organisations made up 11 per cent of the CYP voluntary sector, but again they were less common in the core sector (6 per cent) than the wider sector (16 per cent).

Compared with the voluntary sector as a whole, CYP charities were more likely to focus on disability, with the respective figures being 28 per cent and 33 per cent; while differences in relation to other groups were very small.
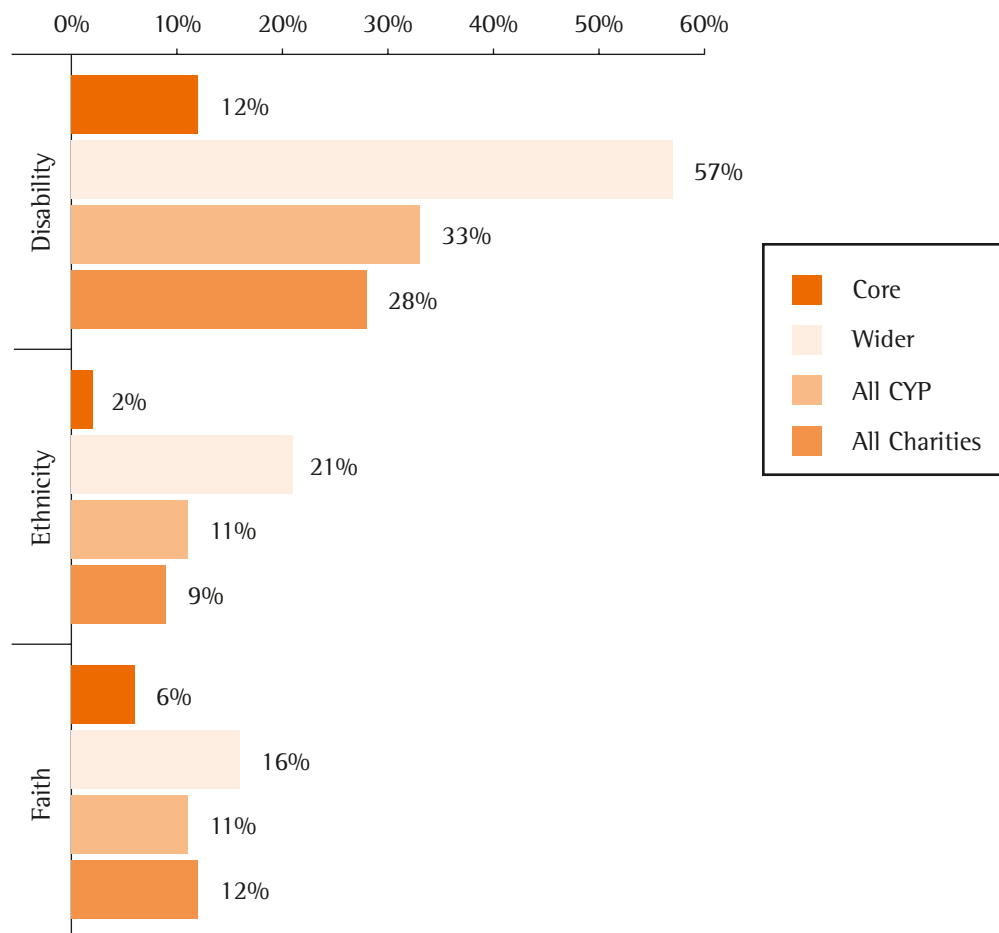

Figure 2.1: Proportion of registered charities in England with specific focus by sector, 2008/09
Source: NCVO, Charity Commission

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20 For this analysis, organisations could be classified as focusing on more than one group – for example, a faith organisation working with people with disabilities.

2.4 Subsectors

In this section we explore the subsectors where CYP charities operated.[21] This analysis shows again the predominance of organisations with a very small annual income, but with some variations depending on the subsector they operated in.

In terms of income, the main core CYP subsectors were (Table 2.6):

■ social services, which accounted for 46 per cent of income but only 11 per cent of organisations in the core CYP sector. The average annual income for organisations in this subsector was around £400,000.

■ education, which was the second largest sector but attracted only a fifth of the income of the social services subsector. Here there was more of a balance between representation in terms of income and number of organisations: education accounted for 9 per cent of the income and 10 per cent of core CYP sector organisations. The average income of organisations in this subsector was just under £100,000.

■ health, which as a sub-group constituted only 1 per cent of the core CYP sector, managed to have a small but significant proportion (5 per cent) of the income of the sector. The average income of these organisations was just over £500,000.

Average annual income in the above subsectors was higher in the wider CYP sector, this was just over £600,000 for social services; £300,000 for education; and just over £550,000 for health (Table 2.7).

When looking at the number of organisations, the picture looks very different.

■ Parent–teacher associations accounted for nearly a third (30 per cent) of core CYP sector organisations, but only 4 per cent of the income. Predictably their average annual income was very low (that is, just under £13,000).

■ 17 per cent of the core CYP sector organisations were playgroups and nurseries. They accounted for only 9 per cent of the income and their average annual income was just under £52,000.

■ Youth groups accounted for 15 per cent of the core CYP sector, but only 5 per cent of its income, with an average income of just under £31,000.

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21 Organisations were matched against the International Classification of Non-Profit Organisations (ICNPO) to produce an analysis by subsector. While many organisations crossed subsector boundaries, for the purposes of classification each organisation was placed into one ICNPO category.

Table 2.6: Number and income of registered core CYP charities in England by subsector, 2008/09

	No. of organisations	% of core CYP charities	Income (£m)	% of core CYP sector income
Social services	3,771	11	1,512.6	46
Education	3,213	10	302.0	9
Playgroups and nurseries	5,830	17	301.0	9
Culture and recreation	1,971	6	186.0	6
Health	336	1	174.5	5
Employment and training	196	0.6	164.0	5
Youth groups	5,157	15	159.4	5
Parent–teacher associations	10,256	30	131.0	4
Law and advocacy	241	0.7	87.4	3
Housing	190	0.6	74.8	2
Religion	843	3	55.4	2
Research	225	1	33.3	1
Environment	103	0.3	29.3	1
Development	245	1	26.4	1
Umbrella bodies	61	0.2	12.4	0.4
Other	39	0.1	5.5	0.2
Subsector not known	1,203	4	17.5	1
Total	**33,880**		**3,272.5**	

Source: NCVO, Charity Commission

Table 2.7: Number and income of registered wider CYP charities in England by subsector, 2008/09

	No. of organisations	% of wider CYP charities	Income (£m)	% of wider CYP sector income
Social services	4,342	15	2,727.4	31
Education	1,326	4	400.1	5
Culture and recreation	6,836	23	1,383.0	16
Health	1,524	5	865.5	10
Employment and training	481	2	612.0	7
Law and advocacy	909	3	291.3	3
Housing	706	2	521.8	6
Religion	3,351	11	578.0	7
Research	637	2	254.0	3
Environment	989	3	349.3	4
Development	3,865	13	466.8	5
Umbrella bodies	330	1	141.5	2
Other	2,866	10	91.6	1
Subsector not known	1,663	6	34.9	0.4
Total	**29,825**		**8,717.3**	

Source: NCVO, Charity Commission

2.5 Financial analysis of core CYP charities

A further detailed financial analysis of the core CYP voluntary sector was carried out with a stratified random sample of 235 organisations with an annual income above £10,000.[22] The analysis explored the finances of a representative cross-section of CYP core charities with different income sizes. (Further information about the sample selection is provided in the Appendix.)

In 2008/09, core CYP sector organisations (with incomes above £10,000) had:

- an income of £3.2 billion[23]
- expenditure of £3.1 billion
- net assets of £4.5 billion
- 64,000 full-time equivalent staff at a cost of £1.6 billion.

The rest of this section explores in more detail the income, expenditure, assets and staff of core CYP sector organisations only.

2.5.1 Income of core CYP charities

Charities' income can be classified as:

- earned income from the sales of goods and services, including the gross income of trading subsidiaries

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22 Accounts are not readily available for organisations with incomes under £10,000 and they were therefore excluded from the sample.

23 As the analysis in this section excludes organisations with an income below £10,000, this figure is slightly lower than that reported in Section 2.1.

■ voluntary income, usually given as a grant or donation for which little or no benefit is received by the donor

■ internally generated income, including the proceeds generated from investments and cash balances.

These categories were used in the analysis, but it should be noted that in some cases the distinction between earned and voluntary income was open to interpretation, for example, in the treatment of performance-related grants.

Analysis of different types of income shows that in 2008/09 (Figure 2.2):

■ £1.9 billion of the core CYP voluntary sector's income was earned income, representing 59 per cent of the total income. This compared with 54 per cent of the income for the voluntary sector as a whole (that is, all charities not just those working with children and young people) classified as earned. These figures indicate that core CYP charities were more likely to rely on earned income, particularly from statutory sources (discussed later).

■ Voluntary income accounted for £1.2 billion (36 per cent) of the core CYP sector's income, this was slightly lower than the equivalent figure for the voluntary sector as a whole (39 per cent).

■ Core CYP organisations received £124 million from investments. They received slightly less investment income than all voluntary organisations (4 per cent compared with 6 per cent for all charities), this is likely to reflect the lower asset base in the core CYP sector (discussed below).

Figure 2.2: Proportion of income by type for registered core CYP organisations and for the voluntary sector as a whole in England
Source: NCVO, Charity Commission

Income analysis was also carried out by looking at the income sources shown in Figure 2.3.

Over half (52 per cent) of the funding of the core CYP voluntary sector came from statutory sources, which accounted for £1.7 billion of its income. CYP core charities were much more reliant on statutory income than the voluntary sector as a whole, the latter received 38 per cent of income from statutory sources. Seventy-nine per cent of statutory

income received by CYP core charities came in the form of contracts, this is a higher figure compared with the voluntary sector as a whole (75 per cent).

Income from individuals was the second biggest source of funding for the core CYP sector, worth £1.0 billion. This income made up a third (32 per cent) of the core CYP charities' income, a lower proportion than for the voluntary sector as a whole (38 per cent). Nearly half (47 per cent) of the income that individuals gave to CYP core charities comprised donations; while 9 per cent came from legacies. This type of income also included 'earned' income paid for charitable services (28 per cent), and income from fundraising activities (16 per cent).

Other income sources were considerably less significant:

- £216 million of the CYP core sector's income came from other voluntary sector organisations (principally grant-making foundations). This represented 7 per cent of their income, a slightly lower proportion than that for the voluntary sector as a whole (9 per cent).

- Internally generated income, from investments and trading subsidiaries, and other income was worth £212 million to the core CYP sector. This represented 7 per cent of their total income, a slightly lower proportion than that for the voluntary sector as a whole (9 per cent)

- £58 million of the income of CYP core charities came from private sector businesses. At 1 per cent of their income this was lower than the 4 per cent that the voluntary sector as a whole attracted from the corporate sector.

- The National Lottery made up less than 1 per cent of the core CYP sector's income, with £23 million received. Over half (56 per cent) of the income from the National Lottery was received by organisations with less than £1 million income.
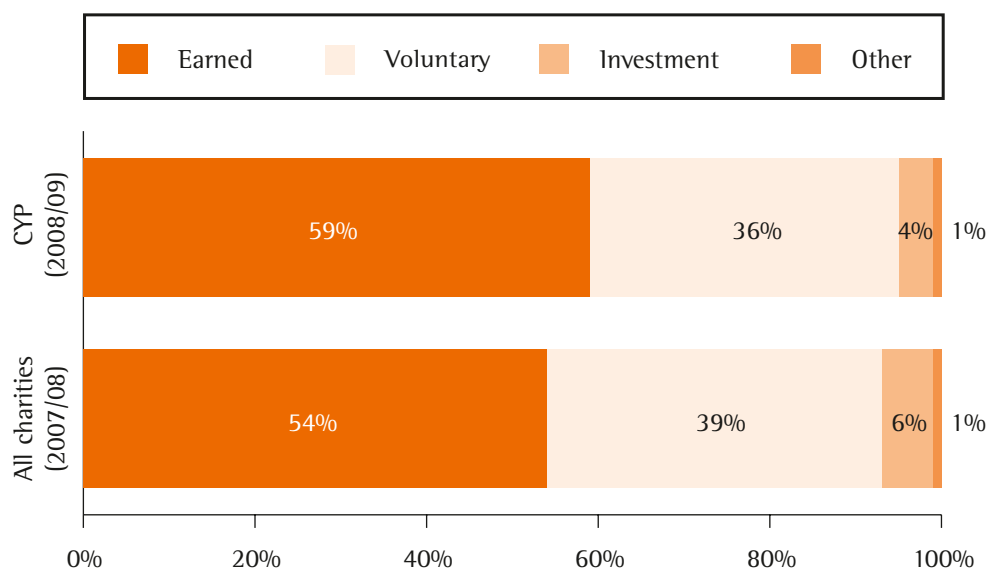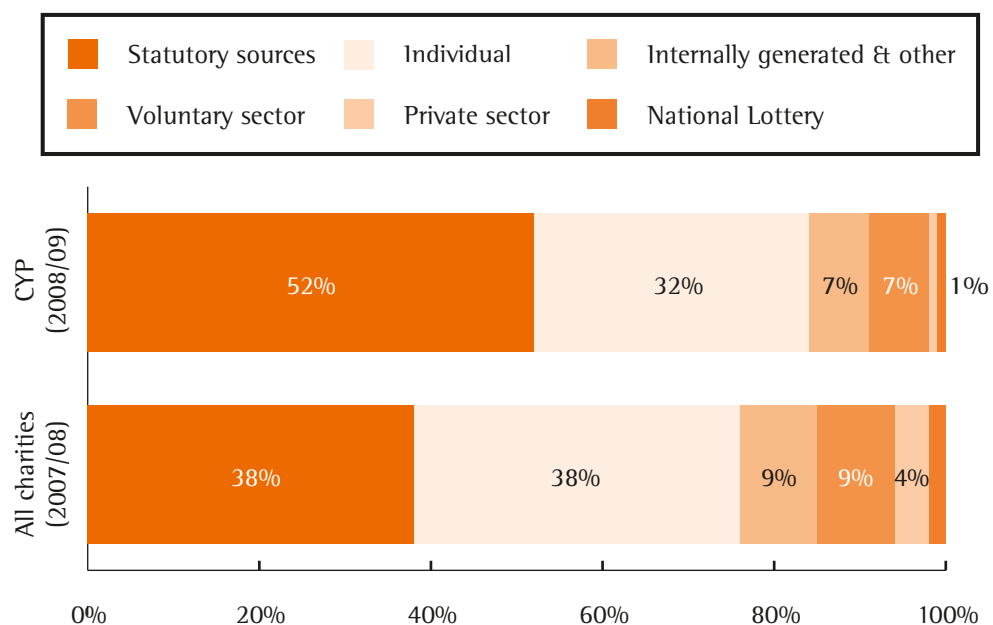

Figure 2.3 Proportion of income by sources for registered core CYP organisations and for the voluntary sector as a whole in England
Source: NCVO, Charity Commission

2.5.2 Expenditure of core CYP charities

In 2008/09, CYP core charities spent £3.1 billion. Analysis of this expenditure shows that:

- 89 per cent (£2.8 billion) was spent on charitable activities, including £242.4 million given as grants to individuals and other organisations[24]

- 2 per cent (£69 million) was spent on the governance of organisations, including audit fees and trustee expenses

- 8 per cent (£263 million) was spent on generating funds, including the costs of fundraising and publicity (£170 million), managing investments (£10 million) and trading subsidiary (£83 million).

Larger organisations spent more as a proportion of their income on generating funds. These organisations were invariably well-known national charities with large fundraising budgets. The return on fundraising investment was calculated by comparing the income generated from fundraising and voluntary sources with the cost of generating funds. CYP core organisations generated £5.50 for every £1 spent on fundraising, compared to £6.35 for the voluntary sector as a whole. This difference is due to the nature of voluntary organisations in the core CYP sector – they are more likely to be 'fundraising' charities than foundations or other service-delivery organisations, and so spend more on generating funds.

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24   While organisations that were primarily grant-makers were removed from the analysis for this chapter, some 'residual' grant-making remains, reflecting organisations that gave grants as well as conducted other charitable activities.

2.5.3 Assets of core CYP charities

The core CYP sector had net assets worth £4.5 billion at the end of 2008/09. These assets included £2.9 billion worth of long-term investments; £980 million of tangible fixed assets (including property); and £1.4 billion in current assets (cash in the bank and debtors).

Balanced against these assets were liabilities of £820 million. About £380 million of these liabilities were long term (due after one year), and consisted of provision for pensions, bank loans and other long-term liabilities.

Assets are often examined to establish for how long they could cover an organisation's expenditure (Figure 2.4). Core CYP charities had the equivalent of 1.4 years of expenditure held as assets, compared to 2.2 years for all voluntary organisations. This difference was largely due to the absence of large asset holders (for example, grant-making charities) within the core CYP sector. Large and major CYP charities had smaller assets as a proportion of expenditure, with eight and four months respectively.
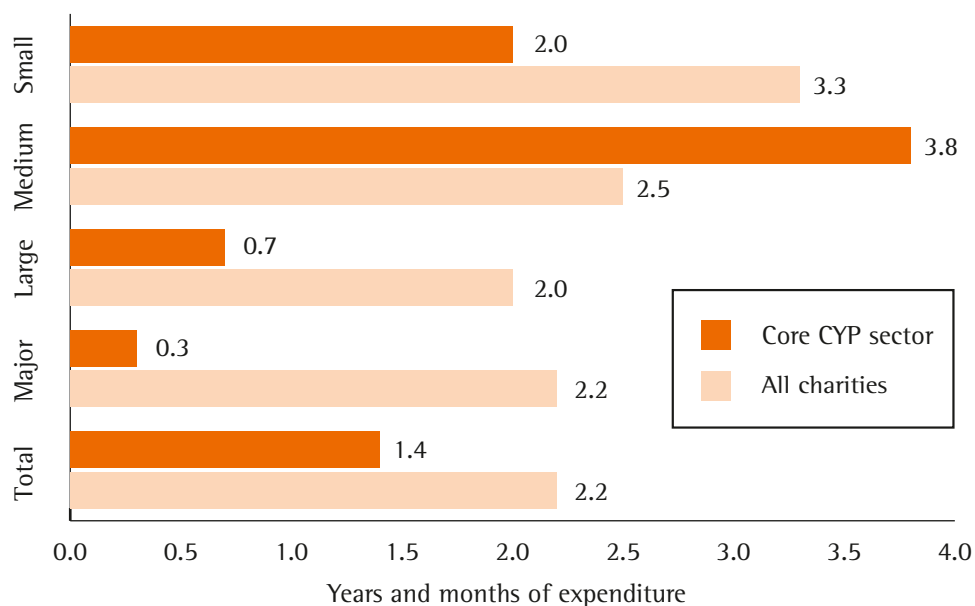
Figure 2.4: Assets of core registered CYP charities in England by income band and years of expenditure, 2008/09
Source: NCVO, Charity Commission

2.5.5 Staff in core CYP charities

Organisations in the core CYP sector employed the full-time equivalent (FTE) of 63,900 staff in 2008/09 (Figure 2.5).

■ This number represents 0.3 per cent of the total workforce in England as defined by the Labour Force Survey (LFS),[25] and 12 per cent of the total voluntary sector workforce in England.

■ These staff were employed at a cost of £1.6 billion, that is 52 per cent of total expenditure.

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25 While the LFS was used for this analysis, it should be noted that Charity Commission data and the LFS data are not directly comparable.

■ As might be expected, large (with £1–10 million annual income) and major (with annual income above £10 million) CYP charities spent a higher proportion of their expenditure on staff.

■ 37 major organisations employed 33 per cent of all core CYP sector staff, a total of 21,000 FTE staff and an average of nearly 680 staff per organisation.

■ Six organisations[26] accounted for 20 per cent of staff in the core CYP sector.
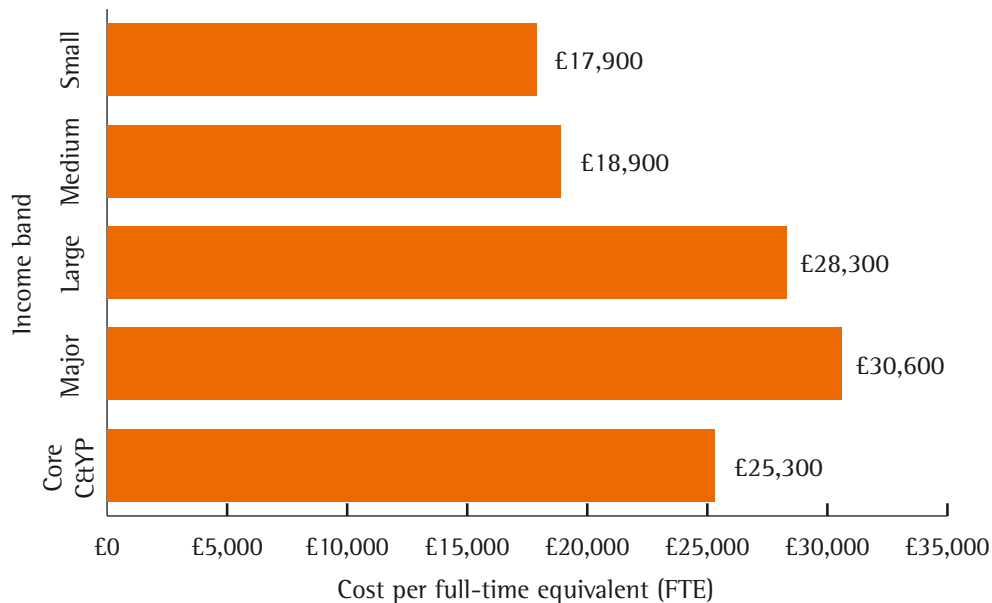
Figure 2.5: Average cost per FTE staff in core CYP sector by size of organisation, 2008/09 (£)
Source: NCVO, Charity Commission

Looking at average staff costs (Figure 2.6):

■ the average cost per FTE staff member was £25,300, although this was lower for small and medium-sized organisations (£17,900 and £18,900 respectively) compared to large and major ones (£28,300 and £30,600 respectively)

■ 46 per cent of core CYP charities employed staff but this varied by organisational size, with 99 per cent of large and major organisations and only 37 per cent of small organisations employing staff

■ the proportion of core CYP sector organisations with staff was the same as for all voluntary organisations.

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26 These are (in alphabetical order): Action for Children, Autism Initiatives (UK), Barnardo's, Catch 22, Children's Society, and NSPCC.
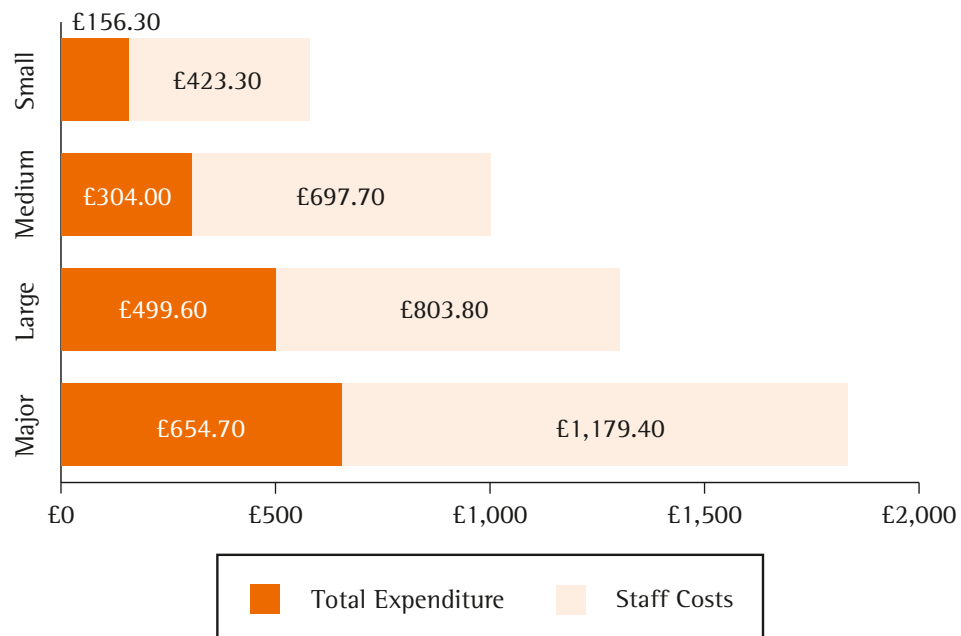
Figure 2.6: Staff costs and total expenditure for the core CYP sector in England by size of organisation, 2008/09 (£m)
Source: NCVO, Charity Commission

2.6 Summary

The analysis has shown that England has a large and diverse children and young people's voluntary sector. In 2008/09, there were 64,000 organisations working with children and young people; over half of these were in the core CYP sector, that is, children and young people were their main beneficiaries.

The analysis has shown that while the core CYP sector included over a quarter of all charities, it only attracted a tenth of the voluntary sector's income. These figures reflect the large number of local, micro and volunteer-run organisations that characterise the core CYP sector. Over 90 per cent of core CYP charities operated at only the local level; just over 90 per cent had an annual income of £100,000 or less; and half did not employ any paid staff.

We also found that a small number of very large players dominated the core CYP sector in terms of income, with six of the largest charities securing 21 per cent of the core sector's income and employing 20 per cent of its staff. At this end of the spectrum, the core CYP voluntary sector looks very different, with organisations employing almost exclusively paid staff and having an average of 680 employees.

When considering, as we do in the following chapters, effective ways of engaging the children and young people's voluntary sector and good practice in contracting out services to these charities, this diversity needs to be borne in mind in when developing strategies and policies appropriate to different parts of the sector.

Similarly, the strengths and weaknesses of the children and young people's voluntary sector and its ability to make a difference to children and young people's lives will differ to some extent depending on which parts of the sector one is examining. We have seen, for example, that the average income for different subsectors (such as social services, health, and education) varies considerably – pointing to substantial differences in the way these organisations are run, what services they provide, and the kind of impacts they are likely to have. These variations are also likely to be reflected in charities' needs and their ability to measure what difference they make, and what kind of support they need to measure their effectiveness – something that is discussed in the following chapters.

The development of commissioning – a new way of working

3.1 Introduction

Commissioning was introduced over a decade ago and has had a considerable impact on the voluntary sector and its relationship with statutory agencies. The cyclical process of commissioning is shown in Figure 3.1.

This chapter explores how the children and young people's voluntary sector engages with the local statutory sector in the cyclical commissioning process, both in influencing and delivering services. Where possible, we distinguish between engagement in decision-making and procurement; though not all narratives in the literature and interviews differentiated between them at all times. We explore monitoring and evaluation in Chapter 4.

The chapter starts with an outline of the literature: exploring the development of commissioning; highlighting challenges and examining 'what works' in involving the children and young people's voluntary sector. Following this, the chapter presents findings from the qualitative research, exploring in more depth experiences on the ground.
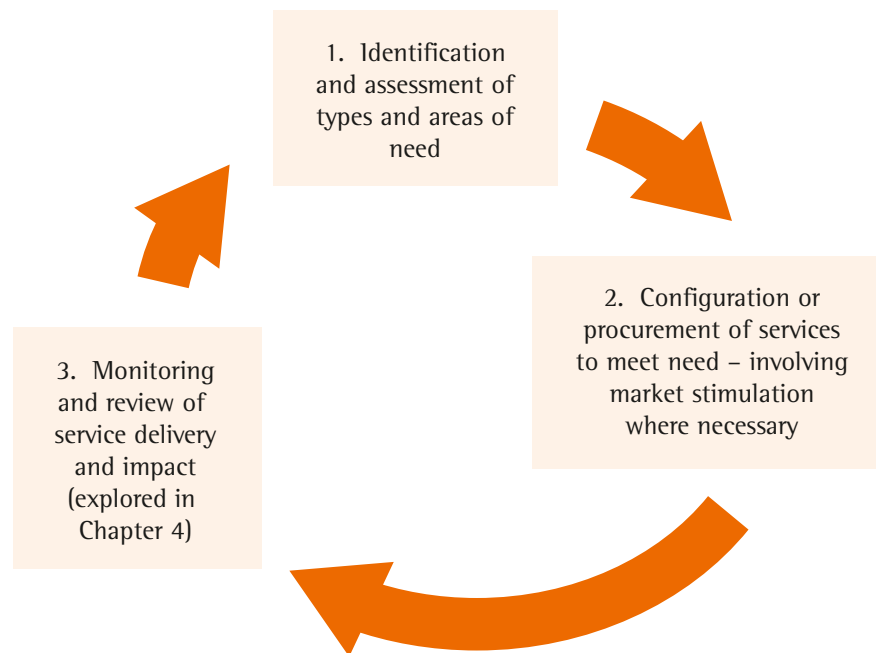
Figure 3.1: The cyclical process of commissioning

3.2   Summary of literature

3.2.1 The shift from grant funding to commissioning

The literature describes a general shift in statutory agencies towards strategic commissioning over the last ten or so years (Thompson 2008, Packwood 2007, Home Office 2000), moving away from a traditional grant-funding environment. Grant funding is typically loosely linked to local priorities (such as community development programmes) and is often from discrete or ring-fenced funding streams, some of which are earmarked to be allocated within the voluntary sector through a competitive application process. Commissioning involves a strategic cyclical process including identifying and assessing needs, service design and configuration and the application of resources often, but not always, through competitive procurement processes open to a range of providers.[27]

While commissioning was introduced over a decade ago, the literature shows that commissioning practices are not well developed, consistent or embedded within statutory organisations (Macmillan 2010, Funding Commission 2010, Shared Intelligence 2008, Thompson 2008). There is also evidence to suggest that some types of voluntary sector organisations are poorly represented in commissioning processes; namely smaller organisations and those from the black, Asian and minority ethnic (BAME) sector (Home Office 2000, Afridi and Warmington 2009, Mason and Barkat 2009, Shared Intelligence 2008, Thompson 2008, Hunter 2009, Craig and others 2002). The literature review findings indicate that the voluntary sector is generally under-represented within Children's Trusts (Mason and Barkat 2009, Home Office 2000), but is more likely than the private sector to be involved in identifying local needs (Philips and others 2010).

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27 http://www.ic.nhs.uk/commissioning

3.2.2 Challenges to involvement in commissioning

Challenges experienced by voluntary sector organisations trying to take part in commissioning processes were a recurring feature in the literature, linked to the sector's 'readiness' or ability to take part. These challenges particularly affected smaller organisations. They include:

■ having limited capacity (such as staffing levels or other available resources) to take part in time-consuming and costly decision-making and tendering processes

■ lacking knowledge about the overall nature of commissioning and specific skills in bid writing

■ being out of the loop on involvement in consultations or tendering opportunities (due to being independent and unknown to commissioners)

■ having little or no evidence of the impact or effectiveness of their services

■ experiencing a high turnover of staff (linked to short-term funding) leading to the loss of skills and relationships with the statutory sector

■ possessing limited 'business' skills (such as financial management)

■ being unwilling to take part in commissioning (Phillips and others 2010, Funding Commission 2010, Shared Intelligence 2008, Chapman and others 2008, Leman 2007, Packwood 2007, DH 2007b, Street 2007, Backman 2006).

Other barriers appeared to be inherent in the commissioning processes as they were implemented, for example:

■ rigid and bureaucratic processes, particularly excluding smaller organisations or those with limited staffing and fundraising capacity

- statutory providers who demonstrated a preference for internal providers, or a desire to protect funding

- a lack of transparency about how contract costs were calculated (for example, whether they include core costs such as accommodation or administration) and a perception that cost calculations were inconsistently applied across sectors by commissioners

- greater monitoring demands on external than internal providers, which were deemed inequitable and problematic for smaller organisations

- contracts that were heavily focused on targets and outputs rather than outcomes, and a perception that quality can be sacrificed for quantity

- high levels of competition stifling collaboration and partnerships (Phillips and others 2010, Funding Commission 2010, Macmillan 2010, Milbourne 2009, House of Commons Public Administration Select Committee 2008, Thompson 2008, Shared Intelligence 2008, Leman 2007, Audit Commission 2007, Shuttleworth 2007).

Some challenges stemmed from commissioners' lack of experience and ability to involve key stakeholders, and particularly the voluntary sector, in the commissioning process. These included:

- confusion regarding commissioning and how it differs from procurement, with the former involving needs analysis, consultation and monitoring evaluation processes, as well as purchasing services

- a lack of awareness about the nature of the voluntary sector within the statutory sector, for example, of volunteer-led groups and their time and staffing limitations to participate in networks and fora

- statutory agencies' difficulty in communicating with an independent voluntary sector

- statutory agencies' lack of knowledge about the local voluntary sector market

■ perceived tensions between the need for commissioners to remain neutral within competitive procurement processes, whilst also seeking to engage with and build capacity within the voluntary sector (Shared Intelligence 2008, House of Commons Public Administration Select Committee 2008, Craig and others 2002, Audit Commission 2007, Home Office 2000).

3.2.3 Enablers to involvement in commissioning

Within the literature, a number of factors emerged that have supported involvement in commissioning.

First, a number of programmes have been implemented to support capacity building within both the voluntary and statutory sectors which have been funded by a range of agencies. These include Capacitybuilders, National Programme for Third Sector Commissioning, and Futurebuilders. These programmes aimed to raise commissioners' awareness of why and how to involve the voluntary sector, as well as support the sector to become 'commissioning ready'. These have had some successes but have been hampered by instability in the financial climate and the statutory sector (Macmillan 2010).

Second, evaluation of The Compact found that it had some positive impact at local level. Compact 'champions' were reported to have positively influenced the development of accessible tendering processes, longer funding periods and longer consultation periods. The Compact was also found to have illustrated, locally, the diversity, volume and value of the health services market (Commission for the Compact 2009, Craig 2002).

Third, infrastructure organisations emerged as key in ensuring voluntary sector representation in decision-making and participation in commissioning, and in enabling the statutory sector to engage with the voluntary sector (Funding Commission 2010, Home Office 2000, Alfridi and Warmington 2009, HM Treasury 2002). Older research found that where infrastructure support was missing, the children and young people's voluntary sector lacked a voice and there was no 'map' of provision in the area (Write and Jeffs 1999). The literature also outlines challenges in relation to developing sustainable and coherent infrastructure support, and engaging organisations from the BAME sector. The Funding Commission recommended that in order to maximise investments made in the voluntary and community sector, commissioners also fund infrastructure organisations that support them.

3.2.4 'What works' in involving the children and young people's voluntary sector in commissioning

A number of commissioning practices were described positively in relation to involving the children and young people's voluntary sector. These included:

■ involving the sector early, in defining outcomes for individuals or communities and designing tender specifications

■ developing tender processes collaboratively with the sector, making them accessible to organisations with limited staffing capacity

■ implementing longer-term funding contracts

■ considering grant funding (as opposed to contract and tendering), as a means to flexible services and voluntary sector capacity building

■ developing a good understanding amongst commissioners of local needs and providers, in order to successfully match the two

■ calculating the costs of delivering specific services consistently across sectors, to aid transparency and fairness

■ supporting children and young people's voluntary sector infrastructure, facilitating the involvement of small organisations

■ designing varied and flexible opportunities for participation in decision-making, ensuring volunteers can attend

■ consulting over longer periods of time and using a variety of methods, in order to capture a range of voluntary sector voices

■ providing resources and capacity within Children's Trusts to allow engagement with the voluntary sector

■ achieving balance between overly lax or strict contract monitoring (Funding Commission 2010, Kindle 2010a, Macmillan 2010, DH 2009, Commission for the Compact 2009, Mason and Barkat 2009, Thompson 2008, IDeA and IVAR 2009, House of Commons Public Administration Select Committee 2008, Shuttleworth 2007, Street 2007, NCVYS 2006, Care Services Improvement Partnership 2006).

Overall, the literature review found partial success in embedding commissioning at a local level, with consistent evidence on a number of challenges faced by both the voluntary and statutory sectors. However, there was also evidence of positive commissioning practice, aided in some cases by national capacity-building initiatives. Infrastructure organisations emerged as key in connecting the voluntary and statutory sectors.

3.3 Findings from the qualitative research

Our qualitative research provides a detailed and up-to-date understanding of the challenges of, and enablers for, involving local children and young people's voluntary organisations in commissioning. For this it draws on interviews with commissioners, voluntary sector and infrastructure representatives. The section covers:

■ the development of commissioning: with local authorities and health services discussed separately

■ the involvement of the voluntary sector in strategic planning: how the sector adds value to strategic planning processes and outcomes, and the barriers and facilitators to its involvement

■ the sector's involvement in procurement processes: the effects of funding cuts and current procurement practice

■ the role of infrastructure organisations: the different ways in which these organisations support the engagement of a range of local charities and their role in protecting the sector from spending cuts.

The section focuses throughout on the effects of changes to public sector spending,[28] and on the reorganisation of statutory sector agencies in line with newly emerging central government policies.

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28 Fieldwork was conducted as the 2010 spending review was imminent.

Overall, interviewees focused on involvement in decision-making processes and procurement, rather than on other key aspects of commissioning, namely service reconfiguration or market stimulation. This perhaps reflects the focus of current commissioning practice, as well as a preoccupation with funding at a time of substantial cuts in public expenditure.

3.3.1 Changes to local commissioning

Local authority commissioning

Embedding strategic commissioning of services for children and young people was a 'work in progress' across the areas we visited, reflecting what was found in the literature. Commissioning frameworks had been developed, but these had changed over time due to a number of factors:

- significant and ongoing internal restructuring was common in statutory agencies, with departments merging or changing remit, and staff moving on

- there was uncertainty over the remit of existing structures and processes in light of the changes to statutory requirements (for example, whether Children's Trusts and Children and Young People's Plans (CYPP) were becoming non-mandatory)

- anticipated reductions in funding meant that some commissioners were revisiting the 'core' functions to be provided by the local authority

- the extent to which an area had succeeded in developing the Children's Trust Partnership was important; where embedding the Trust had been difficult, this was reflected in difficulties in commissioning in the partnership.

There were differences across and within authorities as to where commissioners were located. In some cases, managers with strategic responsibility for service delivery held responsibilities for commissioning (sometimes supported by dedicated contracting personnel); in others, centralised commissioning teams undertook this across a number of service delivery areas. There were advantages and disadvantages to each approach. Where centralised teams were in place, this could provide clarity and a focal point for communication, but commissioners might lack knowledge about specific needs or services. Where commissioners were scattered across children's services departments, communication was more difficult and tendering processes were not consistent.

> *Commissioning staff in [the local authority] do not necessarily talk to each other about how they commission services.*
>
> (children's services manager, local authority)

Commissioning had been implemented at different times for different services, providing opportunities for local authorities to 'test out' commissioning, develop expertise, and undertake commissioning in manageable chunks. But this also meant that commissioning cycles were often not aligned and there was no 'overall' picture of commissioning activity. This could create confusion for external agencies seeking to engage with them.

There were numerous instances where services were purchased directly from organisations without being subject to competitive tendering (though these were still referred to as 'commissioned' services). Some areas maintained a grants programme, administered through the local authority or a local infrastructure organisation, but these were declining as old central government funding streams came to an end. In other areas they were preserved to fulfil specific purposes, such as 'innovation' programmes or to provide quick responses. In one area, a grants programme had been temporarily extended to enable joint commissioning with health. Grant funding was thought to enable more flexible service design whilst creating capacity and experience within voluntary sector organisations.

> *You can't just go over to tendering, simply because the strength of the voluntary sector is how we can react very, very quickly. If something happens today the chances are we can do something for you tomorrow, if not tomorrow the next day. If you haven't got grants you can't do that because you're tying us up there with the bureaucracy that is the reason why the council can't move that quickly. So that's [why] they have kept those small grants.*
>
> (executive officer, infrastructure organisation)

Health commissioning

Commissioning, and the 'purchaser–provider split',[29] was reported to be more established in PCTs than local authorities. However, there was still uncertainty with regards to how robust and embedded commissioning processes were, again because of difficulties created by structural reorganisations and staffing changes in health sector organisations.

Awareness was high regarding the dissolution of PCTs, and that the responsibility for commissioning was shifting to GP commissioning groups (since the interviews, this has been broadened to *clinical* commissioning groups that involve a wider range of clinicians).[30] There was a perception amongst interviewees of a divide in responsibilities between public health on the one hand, and 'illness' commissioning and service delivery on the other. It was thought that the former would shift to local authorities and was most relevant to the voluntary sector, whilst the latter would be the focus of clinical commissioning groups. It was believed that larger, clinical contracts would be implemented first, then smaller, public health contracts would follow. A PCT commissioner described their plans for a 'shadow year' where the PCT and GPs would work together to commission services, before full responsibility is passed to the new commissioning group. In another area, a structure to support the commissioning group going forward had been agreed, described as being in essence, a 'mini PCT'.

Areas where Practice-based Commissioning (PBC) had already been implemented were considered better placed to get going with clinical commissioning, largely because GPs have already developed knowledge of commissioning and local providers. Some statutory and infrastructure organisations had moved quickly to create links between the voluntary sector and GPs, for example by inviting them to join cross-agency or health and well-being fora, or holding events to network and share information. However, this was not a universal experience: some infrastructure interviewees were too busy supporting voluntary organisations in dealing with cuts to funding to respond to some of the broader policy changes.

A number of concerns were raised about GPs' ability to successfully involve the children and young people's voluntary sector in commissioning. It was felt that their historic independence resulted in a low awareness of the overall nature of the sector and the local marketplace, and a reluctance to participate in joint decision-making. A broader concern was expressed about how well clinicians could commission services 'holistically' using a broad definition of health and well-being. The role of voluntary sector infrastructure was

29 PCTs have long been tasked with clearly differentiating between the roles of strategically purchasing services from other healthcare providers and directly delivering services. http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_090401.pdf DH, 2008b.

30 Following recommendations emerging from the Future Forum http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_127444

highlighted as crucial to maintaining links and communication across sectors. There were some fora and networks for health and well-being, but these appeared to operate separately from those for children and young people's services. As such it was not clear how a common focus or definition of children and young people's health and well-being would be reached in the new commissioning environment. There were also no references to how the voluntary sector might be represented in new health and well-being boards, or how these would link with Children's Trusts (or other children's services strategic planning groups).

3.3.2 Involvement in strategic planning

The children and young people's voluntary sector was represented in established decision-making structures and ad hoc consultations across the five areas we visited. Generally, local infrastructure leads and representatives from large voluntary sector providers sat on the Children's Trust board and PCT management boards, providing input on broad priorities and plans. Below this, the sector was also involved in commissioning groups informing specific programmes targeted at children and young people. For example:

- 'task and finish' groups
- historic Every Child Matters themed groups
- locality boards
- partnership boards for specific areas of delivery (such as children's centres, and teenage pregnancy).

The nature of these groups appeared to have evolved along with the Children's Trust and commissioning arrangements. Developments also reflected attempts to improve the clarity of their brief; make membership more inclusive; improve strategic planning and decision-making; and manage conflicts of interest.

The value of voluntary sector input

The sector's role as influencers of service, not just providers, was highly valued by statutory service managers and commissioners. There was some differentiation between what large and small organisations added. Large ones were recognised for their organisational functions and experience; whereas smaller ones were valued for bringing local knowledge and expertise.

big national organisations bring lots of research, knowledge, fantastic expertise ... do things locally that they've already tried out somewhere else ... Local organisations ... are really good for bringing knowledge of what the issues are facing young people ... having them on things like the teenage pregnancy board make sense because they're going to be in touch with a lot of young people who might be at risk of pregnancy.

(children's services manager, local authority)

Challenges and enablers

Challenges to engagement stemmed from the voluntary sector's limited capacity to engage with a wide variety of commissioners (including local authorities and PCTs but also schools, children's centres and locality teams). It was also felt that statutory sector agencies tended to link only with well-known, large charities. Some commissioners felt that voluntary sector representatives could at times just represent themselves and that representing 'the sector' was problematic.

> it's quite difficult for someone from one voluntary organisation, even if they're linked with others in the network, to really represent the views of all those organisations – and I think it's a really tricky position to put people in. And sometimes it can feel tokenistic.
>
> (children's services manager, local authority).

Engagement in strategic planning and service reconfiguration was thought to result in a conflict of interest: many voluntary sector organisations who were informing strategic decisions about local needs were also likely to bid to deliver the services to meet them. To avoid this conflict of interest, in one area the voluntary sector representatives were involved in identifying need; whilst another group, consisting of statutory representatives (that is, organisations not potentially tendering for contracts), took forward the decisions resulting from the needs assessments.

Interviewees from the voluntary sector had mixed experiences of taking part in consultations, for example around the reconfiguration of statutory youth provision. There was an appreciation by some that the scale of consulting with the wider sector was large and that improvements had been made; while others had negative experiences. This related to a lack of time to consult; lack of feedback about how views informed decisions; and occasions where views were not reflected in subsequent local planning and policy developments.

A feeling of not being 'listened to' was perceived most negatively by volunteers who had given their own time to respond to consultations.

> doing the consultation purely because they have to tick that box ... and I think when that happens you're hurt. You can kind of remember it in the back of your mind and then you perhaps don't engage another time.
>
> (voluntary sector manager)

Other frustrations stemmed from consultations asking the 'wrong questions', resulting in unimportant issues being prioritised. It was thought that consultations worked particularly well when they focused on specific topics and involved the most relevant people. The role for voluntary sector infrastructure in disseminating consultation opportunities widely or appropriately, and encouraging participation, was key.

A PCT commissioner gave an example of developing a specific strategy for working with the voluntary sector (working with the sector, the local Compact group, and the PCT management board), which was circulated widely and well-received. In another PCT, significant staffing and structural changes over the past five years had made consistent engagement difficult as responsibilities shifted and relationships were lost.

3.3.3 Involvement in procurement and service delivery

Commissioning involves a set of processes: identifying local needs and priorities; securing and configuring appropriate service provision; and evaluating that provision. However, when discussing commissioning, interviewees (particularly those from the voluntary sector) largely focused on commissioning as a funding mechanism. As previously mentioned, this may partly reflect the way in which commissioning had been implemented to date, with more emphasis on procurement and service delivery than on other aspects of the commissioning cycle. It may also reflect a context where funding opportunities and existing contracts were being cut in anticipation of public spending reductions.

Reductions in funding

At the time the interviews took place, local authority commissioners were planning how to accommodate cuts in public expenditure. Approaches varied, including making 20 per cent savings across the board, redefining 'core' functions of the organisation and undertaking a broader review of the 'role' of the state in providing public services. It was felt that a scaling back of state provision would mean a greater role for community organisations, though it was unclear how this would be funded. In other areas 'contracting out' services was felt to be politically sensitive where there was strong local public and political opposition to privatisation. One commissioner commented that the statutory sector was just beginning to experience some of the financial instability and uncertainty that the voluntary sector was used to operating with.

There were examples of drastic cuts to voluntary sector organisations being made without consultation, at very short notice and in mid-contract. For example in one area, a young people's counselling service was given five days' notice – until the local children and young people's infrastructure network took a crucial role in negotiating a better, Compact-compliant, notice period. Risks associated with such cuts included scaling back services provided by the voluntary sector and putting organisations at risk of closure. This was having direct impact on children and young people and was also affecting other organisations regularly referring children and young people to them. It was also noted that where cuts were made to services or projects that had joint- or match-funding agreements in place, this might put the investments of other partners at risk and it could mean that the funding that remained was insufficient to meet service delivery requirements.

Procurement practice

In the interviews, a wide range of services delivered by the voluntary sector were discussed. The services were operating on differing scales, and were procured through a mixture of competitive tendering, contracts and grant funding (grants usually represented partial delivery costs for the organisation). They included services for disabled children and young people (including short breaks); family support services; play opportunities; youth services; and services for children in care. Where services appeared to be 'commissioned' rather than 'contracted', this tended to be for clearly defined programmes of work or initiatives, for example, Children's Centres, teenage pregnancy services and Connexions.

As we found in the literature, interviewees from the voluntary sector often found tendering from statutory agencies lengthy and time consuming, and that one-size-fits-all paperwork caused difficulties. However, charitable trusts and other grant funders, such as BIG Lottery and Children in Need, appeared to be no better. It was clear, though, that in some instances the tendering tools had been adapted (in collaboration with infrastructure organisations) to make processes more accessible to voluntary sector providers and more fit for purpose.

A key issue emerged in relation to examples of tender specifications being overly defined and revolving around 'output targets'. It was felt that this in effect ruled out service 'design' by applicants and thus any flexibility in service delivery. To remedy this, interviewees suggested that commissioners trust the voluntary sector more to identify ways to achieve outcomes based on their experience and expertise. Overall, commissioning was reported to work better when there was collaboration and flexibility between commissioner and provider.

Regarding the quality of bids received from the children and young people's voluntary sector, some commissioners reported that they often did meet the required standards in terms of price and quality. However, there was a perception that some organisations were reluctant to accept that funding was attached to specific objectives, and was not to be used for a 'jolly' for young people. One commissioner was clear that, as the funding context had changed, external providers needed to be more accountable to the local authority. Another went further in saying that local authority (LA)-funded voluntary sector services were actually an 'extension' of the local authority and that providers were thus accountable to tax payers.

There was a view that some voluntary sector organisations were overly reliant upon local authority funding. However, reflecting the results in Chapter 2, which showed that around half of the sector's funding comes from statutory sources, all voluntary sector organisations in our sample had multiple funding streams. They were attempting to generate income in different ways, for example by marketing their services directly to the public or by fundraising in the community. Examples of these included developing a café,

providing mobile crèche facilities, and delivering training. However, some noted that there was uncertainty about the sustainability of some of these 'products', or that there was little or no scope to develop commodities or services within the remit of their organisations.

3.3.4 The role of infrastructure organisations

The important role of infrastructure organisations in facilitating the engagement and participation of children and young people's charities in different stages of commissioning was clear from all perspectives. In addition, they were highlighted as key in protecting the position of the voluntary sector in the context of public spending cuts and in the transitions to new commissioning arrangements. Their role included:

- providing a mechanism for local authorities and PCT officers to communicate with local voluntary sector organisations; this included keeping the sector informed of changes to commissioning processes, funding opportunities and events (for example training)

- acting as a critical friend with regards to the development of needs analysis and commissioning processes, and on occasions working collaboratively to design and agree these

- participating directly in needs analysis and decision-making structures (for example Children's Trusts boards), bringing their own perspective and knowledge of voluntary sector provision to the table

- acting as a 'broker' in consultation exercises, taking on the role of communicating with their membership to gain their views or encourage individual responses

■ participating in making decisions about funding and awarding contracts, for example through sitting on commissioning panels

■ undertaking training and capacity-building exercises with voluntary sector organisations (for example, on writing bids and defining outcomes) thus enabling their participation in tendering

■ negotiating fairer or longer notice periods where cuts were being made, with a view to Compact compliance.

Interviewees from the statutory sector valued the role of infrastructure organisations. Their role in supporting statutory agency engagement and consultation and developing capacity in the voluntary sector was considered to represent good value for money. Funding infrastructure organisations was seen as an effective way to 'support' the local sector.

> However, at the time that the interviews took place, some specific infrastructure posts were at risk or had gone. The implications of this were said to be a reduction in the level and quality of engagement between the two sectors.

3.4 Summary

Our research has shown that children and young people's voluntary organisations were engaged to varying levels in local statutory service delivery and commissioning agendas. Large organisations and local infrastructure network leads were more likely to be represented in formal and ongoing decision-making structures, such as Children's Trusts and PCTs. However, the voluntary sector could be excluded at key decision-making points where there was a perceived conflict of interest for external partners (it was unclear whether the same principle was applied to internal providers). Smaller organisations were more likely to take part in ad hoc consultation activities, often facilitated by infrastructure networks. Volunteers contributed significant amounts of their own time in such processes. Given the diversity of the sector and the fact that, as discussed in Chapter 2, it is largely made up of small, locally based organisations, there is some scope for improving the involvement of small charities particularly at the more strategic level, both locally and nationally.

Findings from both the literature review and our research highlight how organisational capacity (that is, staffing, resources, knowledge and time) influences the extent to which organisations can represent themselves or the wider sector in statutory decision-making and needs analysis activities. There were occasions where voluntary sector interviewees felt they had not been listened to and that consultation was not meaningful.

There was a strong view amongst interviewees that the effects of financial austerity measures and changes to statutory agency configuration would be far ranging, and may not be fully apparent for some time. Significant restructuring in local authorities and changes to strategic planning requirements were creating uncertainty about departmental remits and leadership. It was thought that these changes would affect the size, scale and nature of services for children and young people. A focus on 'core' reactive services might exclude the voluntary sector from areas of work that the sector was associated with, such as prevention and early intervention.

> Overall, it was felt that non-strategic cuts to funding would ultimately impact negatively on children and young people, by putting voluntary sector organisations at risk and reducing capacity for voluntary organisations to identify and support families in need and refer to them to the relevant services, as well as by jeopardising joint-funders' investments.

In health, there was awareness regarding the shift of commissioning responsibilities from PCTs to clinicians, and some work was underway to create links between key players. Aside from the practical transition to the new arrangements, there were some broader questions about how commissioners with a clinical remit could commission 'holistic' and preventative services based on a broad definition of children and young people's health and well-being.

Procurement processes were generally considered to be time-consuming and costly. Another key issue in relation to tendering was that services could be over-specified and focus on achieving a volume of outputs and activities. It was felt that such an approach could eliminate the possibility of flexibility, innovation and quality occurring within a contract – all factors linked to achieving better outcomes for children and young people.

The role of infrastructure organisations and children and young people's network leads were clearly key, and both the voluntary and statutory sectors relied upon them. For voluntary sector organisations they provided a focal point for training, local and national policy updates, and a two-way link with the statutory sector about funding and consultation opportunities. They also provided some mediation and protection where service cuts were being implemented. For the statutory sector, they provided a conduit to a broad and diverse sector, an effective way of involving appropriate voluntary sector providers in consultation, and of gaining knowledge about the local sector – particularly important given the size and diversity of the sector outlined in Chapter 2.

On the whole, the important role that infrastructure organisations played was reflected in the statutory funding they received, though this appeared to be reducing in line with public sector funding cuts. Going forward, this could mean less support for the effective engagement of the voluntary sector in the commissioning process and a weakening of its relationship with statutory agencies. It could also further weaken the engagement and representation of small charities. As we have seen, infrastructure organisations played an important role in supporting the representation of organisations that were too small and under-resourced to adequately engage with the commissioning process and with a range of statutory players.

The value and impact of children and young people's charities

4.1 Introduction

This chapter focuses on the impact and value of the children and young people's voluntary sector in service delivery. In exploring impact, we look for evidence of how services, individual organisations and the sector as a whole make a difference to children and young people's lives. In regard to value, we explore the 'added value' that the sector brings to children and young people's services and whether the sector provides good value for money. Both in the literature and the qualitative research, the impact and value of the sector are described, conceptualised and measured in a range of ways, reflecting the complexity of assessing the impact and value of a very diverse sector and a wide range of organisations within it.

The chapter starts by presenting the findings from the literature review on existing evidence on the impact and value of the children and young people's voluntary sector. We then move on to present findings from the qualitative research on how impact and value were defined and measured.

4.2 Summary of literature

4.2.1 Measuring impact and value

The literature clearly shows that there is increased awareness of the need for the voluntary sector to measure their performance and demonstrate their impact (Dawson 2010, Moxham and Boaden 2007, Hunter 2009, Arvidson 2009). The literature also suggests that the sector has significant room for improvement in this area (Fallon 2005, Joy 2010, Hedley and others 2010).

The challenges to measuring and communicating impact are well documented. Methodological challenges stem from difficulties in applying measurement frameworks to complex social issues, initiatives and organisations; the dominance of top-down, government-led economic measures; and the difficulty in defining and measuring outcomes (McAuley and others 2004, Westall 2009, Arvidson 2009, Moxham and Boaden 2007, Soteri-Proctor 2010, Arvidson and others 2010).

Capacity challenges were also identified. These stemmed from organisations having limited resources to dedicate to collecting data, a particular issue for small organisations or for those that have multiple funders. Further, the need for robust evaluation processes that are supported by senior and operational staff alike was raised (Arvidson 2009, IdEA and LGA 2009, Moxham and Boaden 2007, Dawson 2010). A final point emerging from the literature was the extent to which monitoring and evaluation data required by funders was used and the validity of requesting it if little or no use was made of it (Arvidson 2009, Moxham and Boaden 2007).

Further, while there is limited evidence (varying in robustness) of the positive impact of individual programmes delivered by the voluntary sector, some authors have challenged the idea that the 'whole' sector displays intrinsic positive qualities or impact (HM Treasury 2002, House of Commons Public Administration Select Committee 2008, Arvidson 2009, Osborne and others 2007).

4.2.2 Evidence of impact and value

Evidence produced by both statutory and voluntary sector organisations (some of the evidence was generated using consultation methods or opportunity samples) clearly shows the strengths and range of impacts attributed to the children and young people's voluntary sector. This includes the ability to:

- hold specialist knowledge of communities and their needs

- reach diverse communities and successfully engage service users

- deliver services that are flexible, innovative and user-focused

- deliver services that are cost effective and provide added value

- fill gaps in terms of unmet needs

- achieve positive outcomes for service users (DH 2006, 2008a, 2009 and 2010c; DfES 2004, 2006; Hunter 2009, Taylor 1997, Kindle 2010b, Griffith and others 2006, NCVYS 2006, Pedwell 2003).

In the rest of the section, we present research on the services delivered by the voluntary sector to illustrate their strengths, range of impacts and added value.

Specialist knowledge of communities and their needs

Voluntary sector organisations were reported to hold specialist knowledge of communities and their needs. For example, this was shown by qualitative research with commissioners and community organisations into the engagement and commissioning of migrant and refugee community organisations. The research highlighted their specialist knowledge, ability to successfully involve users in the development of the service, effective community reach, innovative approach and economies of scale. In particular, it was felt that their specialist knowledge added value to Connexions services delivered by mainstream providers for specific populations (Perry and El-Hassan 2008).

Similarly, an HM Treasury review into the role of the voluntary sector in public service delivery identified specialist knowledge, experience and skills, and an innovative approach to working with service users as inherent strengths (HM Treasury 2002).

Ability to reach communities and successfully engage service users

There is evidence to show that voluntary sector organisations were strong in engaging services users, particularly those who were less likely to take up mainstream services. For example, an evaluation of the Budget Holding Lead Professional[31] pilot project found that voluntary sector services had developed trusting and empowering relationships with users and brought flexibility and creativity to the programme (OPM 2008). Research into good practice in outreach work delivered by children's centres highlighted the skills of the voluntary sector in generating trust, which enabled them to engage with communities that mainstream services had failed to reach (Capacity 2009).

Research into women's voluntary and community organisations found that their services 'added value' to statutory service provision by being a conduit for referrals and by engaging or re-engaging people at grass-roots level (Matrix Research Consultancy 2006).

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31 BHLP pilot enabled lead professionals to hold budgets and commission specific services for individual children and young people with additional needs.

Qualitative research that explored 'what worked' in engaging young Pakistani Muslim men in a community-based service found that being embedded in the community and having strong community relationships had supported engagement and created ownership for service users (Gill 2008). Commonly cited strengths of the sector have also been explored using case studies of voluntary sector organisations delivering emotional well-being services in schools. Claims of user-focus, engagement, cost-effectiveness and solution-focus were supported by the research. In particular, successes in engaging children and parents in taking up the service were achieved through operating a self-referral process, being viewed as independent from the statutory agency, having local knowledge, and gaining trust through an informal approach, for example by spending time chatting with the parents in neutral environments such as the local café. However, the research also found that conflict between the needs of the school and the organisations that delivered the services, and pressure to conform to processes deemed 'professional' could limit success. Examples of this included how much importance was placed on attending meetings and when it was considered necessary to share information about children with teaching staff (Spratt and others 2007).

The Commission for the Compact stressed the role of the voluntary sector in ensuring a more 'equal society', through its knowledge of, and relationships with, communities at a local level (Commission for the Compact 2009).

Research has also highlighted the potential for greater voluntary sector involvement to fundamentally alter the relationship between the providers of services and communities, through the generation of trust and an increased role of the user in service delivery (Paxton and others 2005).

Deliver services that are flexible, innovative and user-focused

There is also evidence that voluntary sector organisations deliver services that are flexible, responsive, innovative and user-focused. Research on support for parents and families in a sample of local authorities noted the 'versatility' and multi-faceted nature of voluntary sector providers in comparison to statutory services (Corlyon and Clay 2008). A survey of policy-makers and practitioners found that both groups attributed flexibility and creativity to the sector (Kendrick and others 1996). Commissioners, included in another study, cited flexibility and good relationships with communities as reasons that led them to commission services from the sector (Packwood 2007).

The literature review also found some research exploring innovation in the sector. For example, a review of fostering practice using qualitative research linked voluntary sector provision to both innovative and established practice in fostering. It also found that the statutory sector on occasions had commissioned voluntary sector providers to meet the needs of children who would otherwise have been placed in residential care (Sellick and Howell 2004). A study looking at innovation and developmental activity within the sector differentiated between total innovation, expansion, evolution and incremental development and was then repeated to explore any new developments. The repeat study found a shift from innovation to incremental development since the first study, and attributed this to a shift in political priorities, and from funding innovation to specialism. The study also found that in a climate where innovation was seen as less important by funders, voluntary organisations were less intent on portraying their work as innovative (Osborne and others 2007).

Cost effectiveness and 'added value'

The research found some evidence in the literature on the cost effectiveness of voluntary services. Economic analysis in four case studies of women's voluntary and community organisations found that the organisations represented value for money from the perspective of the statutory funder as the actual delivery cost of the service in 'real terms' (for example, including volunteer time) outweighed investment. In one example, a domestic violence project was found to have a ratio of funding to delivery costs of 2.82 (that is, for each £1 the organisation received in funding it actually cost £2.82 to deliver the service); and provided savings to the statutory sector (for example, ambulance, GP, hospital and housing services) through delivering preventative work. A community-based health project was found to have a ratio of funding to delivery costs of 1.43, and benefited statutory services through reducing the use of GP services, increasing capacity for statutory services, and enabling access to communities at grass-roots level (Matrix Research Consultancy 2006).

A study exploring volunteers' contribution to work with children in criminal justice organisations highlighted the link between volunteering and financial savings. In this example, approximately 7,000 volunteering hours were delivered each year, providing increased organisational capacity and a broader spectrum of service delivery. In addition, volunteers were seen as more impartial than paid practitioners by service users (an important factor in engaging service users), and their input and motivation were valued (McGonigle 2002).

There was also evidence that the voluntary sector may not always be very cost effective. The evaluation of the outcomes and cost of a parenting support programme found mixed findings in terms of the impact on the stress and well-being of mothers. Analysis into cost-effectiveness showed that the cost of Home Start families was significantly higher than those in receipt of mainstream statutory services, for no significantly improved outcomes. Thus, although valued, the service was not deemed to be cost-effective (McAuley and others 2004).

Meet unmet needs

A number of studies highlighted the role that the voluntary sector plays in meeting unmet needs through its bottom-up focus: as needs arise in communities, people come together to address them. Research found that small voluntary organisations often emerged to meet an unmet need (Mason and Barkat 2009); while another study suggests that voluntary organisations were able to fill a gap in services that statutory services struggled to fill (for example, through providing niche support or linking services) (West Midlands Regional Development Centre 2010). Likewise, a Women's Resource Centre discussion paper states that the added value of the sector lies in its ability to plug gaps between mainstream services (Matrix Research Consultancy, 2006).

Achieve positive outcomes

There was research evidence demonstrating how organisations successfully delivered positive outcomes for service users. A randomised control trial of the Incredible Years parenting intervention programme delivered in a community-based, non-specialist setting found that it can be translated successfully into a community-based setting (Gardner and others 2006). Exploration of women's experiences of mental health services through a survey and in-depth interviews, found that voluntary provision was better able to meet needs through the identification of domestic violence. The research illustrates how voluntary provision was better at meeting the complex and practical needs of the women seeking help; for example, in discussing the possible causes of mental health problems, such as domestic violence, and providing support in 'safety planning' rather than focusing solely on the symptoms of mental distress. Overall, participants in the study valued voluntary sector provision more highly than the provision provided by statutory services (Humphreys and Thiara 2003). Another example is provided by the Audit Commission, which showed that a greater proportion of fostering agencies and children's homes in the voluntary sector met more of the national minimum care standards than private or council services (Audit Commission, 2007).

As we have seen, there was considerable evidence in the literature to show the range of impacts and the added value of services delivered by the voluntary sector but, given the diversity of the sector noted in Chapter 2, generalising this to the broader sector is unwise. Even so, the strength and consistency of messages regarding the key characteristics of voluntary sector organisations suggest that the sector is distinct in the way it develops to meet unmet or particular needs and successfully engage users in its delivery of services. These issues were explored further in the qualitative research and our results are presented in the next section.

4.3 Findings from the qualitative research

The qualitative research was carried out to gain a greater understanding of how the work of children and young people's voluntary organisations was valued and made a difference at a local level. This was explored in relation to state-funded provision but also in relation to the wealth of provision that was funded and supported in other ways. This section outlines how impact and value were defined locally and how they were monitored and evaluated within a contractual relationship. It also explores views about the difference the sector makes to the lives of children and young people and to other organisations.

4.3.1 How is impact and value defined?

Overall, there was a consensus among respondents regarding the need for provider organisations to collect information about outcomes rather than just about outputs. This reflected a gradual shift from financial monitoring and audit processes to a focus on demonstrating that a service works and is making a difference. However, collecting accurate data about outputs still appeared to be a relatively new development for some statutory and voluntary sector organisations, and defining what constituted outcomes and collecting relevant data was more problematic. Views about if and how outcomes could be measured differed, with respondents making distinctions between:

- hard and soft outcomes (also referred to as tangible and intangible)

- short-term and long-term outcomes.

Particular emphasis was given to the relationship between soft and hard outcomes; children and young people's voluntary sector services were linked strongly to delivering the former. These soft outcomes were seen as difficult to measure, but vital as 'levers' of tangible outcomes. For example, improving self-esteem and empowering service users were felt to be part of a chain of outcomes that would lead to a 'hard', measurable impact of returning to education.

> *whoever you work with, if they don't make a decision to actually make a change or do something differently – no matter how much money you throw at a programme – if you don't touch the person, you could have the best programme out there but nothing will change the outcome really. So the impact that we found is that of raising individuals' aspirations on an achievement basis, giving them the ability to make a positive choice and for them to know they can make a positive choice.*
>
> (manager, children and young people's voluntary organisation)

Some interviewees questioned the feasibility of measuring impact in the short term (that is, within the duration of a contract or intervention) when outcomes would only be detectable in the long term, through life choices made by young people or adults. In addition, the problem of identifying a true 'cause' was raised, particularly where children or families come into contact with numerous services.

> *you would have to measure the impact of all the services because every child uses lots of different things at key points in their life so it would be very hard.*
>
> (children's trust manager, local authority)

The basis for locally determined outcomes included national health indicators, Every Child Matters outcomes and local Children and Young People's Plans (CYPP) objectives.[32] However, an interviewee from the voluntary sector expressed the view that more work needed to be done to properly define what positive outcomes for children and families look like, taking a bottom-up approach and involving the voluntary sector. A commissioner in a different area described how they were currently trying to convince internal colleagues to resist stipulating ever narrower, nationally defined outcomes.

> *it feels that a lot of the work that the agencies are doing, which have immense value, isn't captured, if that is all they're capturing I want assurance that they will continue to capture stuff on broader determinants.*
>
> (commissioner, PCT)

In this example, measuring such narrow outcomes failed to capture the additional achievements in community development, capacity building and 'softer outcomes', such as increased confidence and engagement.

4.3.2 How do organisations monitor and evaluate their work?

We explored the monitoring and evaluation processes used in contract management and also those undertaken by voluntary sector organisations independently, even if they were not contractually obliged to monitor and evaluate their work. All commissioners in the sample outlined how they required some form of regular paper-based or electronic feedback from providers (for example, monthly), followed up with less frequent face-to-face meetings (for example, quarterly or six-monthly). The monitoring returns were designed to capture the level of activity, progress about milestones, and increasingly, outcomes. The follow-up meetings provided opportunities for some commissioners or contract managers to find out in more detail about the service and support being delivered; for others it was more about verifying the monitoring returns. The value of collecting both qualitative and quantitative data from providers was highlighted. Some felt that qualitative case studies were useful for exploring softer outcomes, or the smaller incremental differences that services had made to people's lives. Quantitative data was seen to be better at providing 'hard' outcome measures or indicators.

Providers were typically required to report on agreed activities, outcomes (for example, Every Child Matters outcomes, national health indicators), and their contribution to meeting local objectives or priorities (for example, local Children and Young People's Plan objectives). However, there were differences in how specifically commissioners stipulated what *outputs* were necessary to achieve outcomes. In some areas, outputs were tightly defined (for example, X number of sessions were to be run engaging Y number of families). In other areas, greater flexibility was given so that commissioned organisations could design and develop services themselves, while working towards achieving agreed outcomes.

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32 The government no longer requires local authorities to have a Children and Young People's Plan and are reducing the range of indicators by which local performance is assessed.

Mirroring what was found in the literature review, some voluntary sector interviewees described burdensome or inconsistent monitoring and evaluation processes, both between and within funding streams. For example, one organisation had to provide regular and large volumes of data following the funding of a small piece of IT equipment; whereas another, who held a large health contract, had to provide very little monitoring information.

Despite this, a number of commissioners described steps they had taken to ensure monitoring processes were accessible to voluntary sector providers. These included piloting new systems, agreeing systems with infrastructure representatives, ensuring that all systems were paper- rather than IT-based (so as not to disadvantage very small providers who operate without any IT infrastructure), as well as standardising systems across statutory departments.

> *It takes time to complete endless forms, we've tried to streamline what we ask them for and make it easier for them to complete, hence the RAG[33] ... So we've tried to make it easier for them.*
>
> (commissioner, local authority)

In a couple of areas we visited, monitoring requirements were changed or renegotiated with providers within the lifetime of contracts to make them less time-consuming. For example, in one local authority a commissioner described how they had reduced the level of monitoring required, in order to put the emphasis back on to delivery:

> *I came to the conclusion they'd put far too much effort into monitoring and not enough into service delivery. It's a very controversial view.*
>
> (commissioner, local authority)

Some commissioners reported experiences of working with voluntary sector organisations that were reluctant to collect and report data. Interestingly this did not seem to be related to a charity's size, and larger organisations were not necessarily better than smaller ones in completing and returning monitoring returns.

> There was a view amongst some voluntary sector interviewees that the monitoring data they provided was not really used to inform decision-making and, as such, they questioned the necessity to undertake it.

In addition to contract management processes, some voluntary sector interviewees outlined internal or supplementary work that they had done to demonstrate outcomes. These ranged from ongoing internal evaluation systems; Social Return on Investment analysis (SROI);[34] standardised tools to measure changes in health and well-being among

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33 'RAG rating' involves applying a red, amber or green status to objectives to indicate progress in achieving them.

34 SROI is a framework for impact measurement that incorporates inputs, outputs and outcomes in order to calculate, in economic terms, the value of a service or organisation.

users; and independent external evaluations. Although undertaking these required a financial investment and senior level buy-in, having the data was reported to be useful in supporting fundraising, internal learning and for ongoing improvement.

4.3.3 What strengths are attributed to the children and young people's voluntary sector?

Our research findings largely support what was found in the literature review in relation to the perceived strengths of services provided by the voluntary sector. Interviewees suggested that the sector was:

- flexible – providing diverse support and working practices

- person-centred – focused on the individual rather than category of need

- responsive – making decisions based on users' needs using their freedom to act, as they have a range of funding sources rather than a single paymaster

- locally rooted – emerging from and operating in communities

- co-produced – through promoting users' voice and volunteering

- innovative – seeking solutions rather than following bureaucratic procedures

- trusted – as non-stigmatising, consistent and independent.

4.3.4 What is the impact of the children and young people's voluntary sector?

The voluntary sector was described as having four broad, interrelated types of impact on children, young people and families: on the individual, the family, society, and the delivery of services by other agencies.

Individual impacts were those experienced by an individual using the service. Numerous examples of this type of impact were reported by service providers, infrastructure organisations and by commissioners. These included parents being better able to 'cope' with difficult situations and experiencing reduced depression, children learning and developing through play opportunities, parents having increased knowledge and information about available support, and the prevention of reoffending.

Familial impacts were those experienced mutually by children and their parents, between parents, or between siblings. Provision was reported to have led to increased family cohesion, or to have allowed space, time and support for families thereby preventing difficulties previously experienced. These outcomes were described as indirect and direct, and links between individual and family outcomes were often reported to be inseparably interrelated. For example, a community organisation provided a service for families with children with autism.

> *[we are] the only group that looks after the parents ... we offer support to the family ... for younger children on the autistic spectrum, they don't go to school, they're home-schooled, don't have friends where they can go, and they refuse to go shopping. So ... literally it will be the only time they've come out of the house for a month or so. While they're there we can give the children a constructive play session. We can look after their siblings as well and give them emotional support. And then we can offer mum three hours out, and access to other services, advice, financial advice, benefits and things they don't realise they're entitled to. It's stuff that the local authority just simply doesn't do.*
>
> (chairperson, children and young people's voluntary organisation)

In another example, an organisation supported couples through counselling when one partner left prison and was resettling in their family and community.

> *if you keep a family together, the prisoner is six times less likely to reoffend. So our key role is to try and keep that family together, which impacts obviously on resettlement and stuff like that ...*
>
> (manager, children and young people's voluntary organisation)

Societal (or community) impacts were those experienced within a broader group, community or in wider society. In some instances this was done through providing families or groups of people with opportunities to come together and find 'group belonging', or through providing sessions where children socialise with each other. One organisation described the outcome of their project and illustrated the interrelated nature of individual, familial and societal impacts. They provided a liaison service between schools and pupils'

homes. Where the service was able to support families and resolve issues, this was said to have had an impact not only on the child and on the family dynamic but also on the class and school the child attended.

> *... the child is happier in school, more engaged, therefore the other 28 kids in the classroom are also; their learning has improved too because they haven't got to deal with this kid who's causing mayhem. So it's a better outcome for the teacher and therefore overall for the school because their overall attendance and attainment figures will be better, so there's that very direct thing. Then for the family itself, quite often we're resolving interpersonal relationship issues around the family. And then ... social cohesion, but bringing different families together through school ... On the longer term impact, kids are at school and therefore they're not truanting so you're not getting the local petty crime and vandalism that you get with gangs of kids hanging around just being horrible.*
>
> (manager, children and young people's voluntary organisation)

This view of the interrelated nature of family and social impacts was reinforced by a commissioning manager within the same area.

> *if you're delivering family intervention to families who are seen as problem families on the housing estate and interventions in schools, stopping people truanting, those kinds of things have a long-term impact on the wider community.*
>
> (commissioner, local authority)

Sometimes outcomes described were on a larger scale, for example a service was said to have an impact on reoffending rates and improve social cohesion by providing a community 'hub', and so preventing young people becoming NEET (not in education, employment or training).

Delivery impact relates to the ways in which the children and young people's voluntary sector alters the delivery of local services and the ways in which outcomes are achieved by all organisations, including statutory ones. The voluntary sector was reported to have led the improvement of the roll-out and uptake of statutory services, providing additional capacity for mainstream services and providing additional knowledge support, as well as a challenge to statutory agencies. The key role that the voluntary sector plays in linking up services and in brokering work that enables wider services to work has not been well-evidenced and documented in the past. In the rest of this section, we explore in more

detail the evidence of how the voluntary sector can support the delivery of mainstream statutory services through:

- improving their roll-out

- improving reach and uptake

- providing additional capacity

- providing knowledge, support and challenge.

Improved roll-out of statutory provision

Interviewees highlighted ways in which voluntary sector providers have supported or facilitated the implementation of mainstream services. For example, a senior manager from a PCT described how the sector had been instrumental in supporting the roll-out of a 'public information programme'. The PCT undertook the dissemination of written information and promotional resources themselves. However, they also involved three local infrastructure organisations who helped them in:

going out and actually spreading the word in the community. [The organisations were seen as] a conduit into a much wider set of individuals and organisations … out there in the community.

(commissioner, PCT)

Without this input the interviewee felt the PCT would not have been able to get the information out so widely.

Another interviewee described at length the way in which a community organisation helped to implement a national statutory funding programme that had otherwise proved unsuccessful locally.

So what the [community project] did was they engaged with the parents and explained what the [national statutory funding] was about ... it's now rolled out across [the area] and nationally. I don't think it's been particularly well received for lots of reasons. [Schools] just see it as an extra burden. But because the [community project] had built up a good relationship with the parents and the young people, because they had a good relationship with the school, they were able to act as a link between the two, as a broker if you like. And because they'd built up that relationship which a school very often can't do for various reasons like parents having had negative experiences with school. So because of that it's been really successful. They can really engage with parents of the young people that they're working with in the community, because there isn't that fear or disgust which people might have.

(manager, children and young people's infrastructure network)

The predominantly rural nature of one of the research areas presented particular barriers for families accessing services. A voluntary sector interviewee from this area highlighted the role they (and other volunteer colleagues) played in providing outreach and mobile provision, thus helping to improve access to services in rural communities.

Improved uptake and engagement by service users

Voluntary organisations were reported to be successful in engaging individuals and communities to whom statutory sector provision is not appealing – leading to an improvement in the uptake of services. There was a view that some parents equated statutory provision with stigma or 'Big Brother', or that previous negative experiences and mistrust of statutory agencies were barriers to taking up available support. One interviewee raised this point in relation to supporting parents in using children's centres.

> *So a lot of the families I think are quite anxious about going into that environment, even though the facilities there and the activities are fantastic and may well benefit them. But what we've found is if we work with them for a significant period of time ... a volunteer can help them go to those centres and say, 'well, let's go along and see what they do at the children's centre' is they're more likely then to engage and get signed up and carry on going to those activities.*

(manager, Connexions service)

A local authority commissioner of youth provision described how they purposefully engage the sector to provide 'the voluntary feel' to some of their services. This term was used to describe the non-threatening way in which the sector approaches young people. For this service in particular, engaging young people during the summer period was crucial in preventing them becoming NEET.

> *We've got young people that we have to actively find and they don't always want to be found. The voluntary sector is very good at being on the ground doing outreach or being in a centre that's non-threatening, and that's a particular strength of the sector. I always feel that we don't operate effectively without them because I feel like you need the two prongs if you like, and I really value the work of the voluntary sector, particularly with that group of young people. Their outreach skills are brilliant, mentoring skills are fantastic, their one-to-one activity, the group, the ability to bring groups together and make things work in a non-threatening way is just really good.*

(manager, Connexions service)

Provide additional capacity for mainstream services

Another theme that emerged in relation to the voluntary sector's impact on mainstream statutory services was that the sector directly or indirectly provided additional capacity within statutory provision. One commissioner discussed the role of the voluntary sector in providing family support services that prevented children and young people from entering care, and thus freed up statutory resources that could be reinvested elsewhere.

> **'** *What we're talking about is very often work that is preventative ... if we reduce that the likelihood is that you're going to see more children with complex needs and more high demand for the most costly services.*
>
> (manager, Children's Trust, local authority)

In one area, a volunteer-based charity provided a home-visiting support service for new parents who experience difficulties. Their service was specifically written in to the relevant local health care pathway, and thus was reported to relieve pressure on the local health visiting service.

> **'** *If we didn't fund [the organisation], that would put a huge additional pressure on the health visitors. Although I know there's a large social care component to what [the organisation] does sometimes [there is] a big grey line, isn't there, between health and social care in those situations.*
>
> (commissioner, PCT)

In two of the research areas, voluntary sector providers also referenced the fact that their staff provided tier-one child and adolescent mental health services (CAMHS) support, reduced demand on higher-tiered CAMHS support.

Provide knowledge, support or challenge to statutory agencies

Another key area where the sector was reported to have had an impact on the statutory sector was in providing expert local knowledge and in feeding this into decision-making processes about local needs and outcomes for children and young people (outlined in detail in the previous chapter).

Local knowledge and local reach were highly valued in all the areas we investigated. One commissioner described the sector as the 'eyes and ears in the community'.

> *those are organisations that are actually out there at the sharp end, really in the local community ... I look forward to the monitoring meetings ... sitting down and talking to people that are out there working with those people in need, directly with the families, and they know absolutely everything going on about that family, taking it right down to the sort of the micro level of what's happening in the community ... And also making it real, because you suddenly realise why you're a manager in the safety of an office and not out there doing that sort of work.*

(commissioner, PCT)

4.3.5 Does the sector provide value for money?

The sector was seen to provide good value for money in a number of ways, though there was not as much consensus among interviewees about this as with the other strengths of the sector.

First, the use of volunteers was said to provide value for money. In one sense, this was due to reduced staffing costs; and a number of organisations included in the research were entirely or largely volunteer run. For example, a play service for disabled children was largely staffed by volunteers and would not be able to run otherwise:

> *[the local authority pay] two members of staff, but we have 25 members of staff who are made up of parents and volunteers. And if it wasn't for volunteers, the club wouldn't be able to open the doors. We've got a one-to-eight minimum ratio, we'd be stuffed.*

(manager, children and young people's voluntary organisation)

A home-visiting service that provided parent support outlined how volunteers are currently supporting 81 families for two hours a week, equating to approximately 160 hours of support time. Another small charity, supporting families of children with autism, was entirely run by volunteers and home-based.

Some interviewees stressed the importance of an infrastructure to support volunteers and volunteering, and the fact that volunteering is not free but needs resourcing to cover training, expenses and management costs. One commissioner described a situation in their local authority where a lack of resources meant that it was difficult to accommodate a high level of volunteering.

> *[They've] got more people volunteering than they can train and manage effectively because they've got no money ... they haven't got the resource. And so for the first time we're struggling to match the desire of people to volunteer with supported places for them to work in. Because, of course, even free volunteering, as in giving one's time up for free, to be done effectively requires professional support, supervision and training.*
>
> (commissioner, local authority)

Second, and in some instances linked to volunteers, voluntary sector provision was seen as providing additional outcomes on top of the ones they were contracted to deliver. For example, the organisation providing home-visiting support through volunteers highlighted the individual and community level capacity building that stemmed from their work. All volunteers lived within a deprived geographical area and the volunteering gave them learning and skill development opportunities. It was also noted that it was not uncommon for families who had been recipients of support to go on to train and become a volunteer, delivering support to others.

Third, the ability of the sector to bring in additional funding was cited as evidence that the sector provides value for money, by both interviewees from the voluntary sector and by commissioners. For example, an organisation included in the research was funded by the statutory sector to employ two members of staff to deliver a support service to families. The service also undertook additional fundraising and developed some income-generating projects that meant they could deliver considerably more support to families than would have been possible with just the two funded posts.

In another example, the local authority provided funding to a small organisation offering a service to disabled children and young people – the only one of its kind in the area. A representative of the organisation described the additional resources, which supplemented the local authorities' contribution and therefore enabled the service to function.

So they pay for the building, but we bring in £15,000 to £20,000 a year in funding, which is through hard work and banging drums. And [the local authority] pay transport at the moment to allow some of our young people who wouldn't be able to get there ...

(manager, children and young people's voluntary organisation)

This view was shared by a commissioner in the same authority, who saw creative funding approaches as essential for commissioners in their current climate of spending cuts.

We're all facing significant cuts at the moment so we're all having to look at what we're delivering ... it's how do we work with the voluntary sector, where they can bring funding in and deliver against what we need to be delivering? And I think it's just something that we need to start being creative with, by working with the voluntary sector ... by saying, we'll give you resourced people but can you pull the funding down to deliver on blah, so we're just supporting one another? I think the new world is trying to be a bit more creative really, with one another.

(manager, Connexions service)

Finally, there were some mixed views with regard to whether the voluntary sector's costs were competitive in the tendering context. Some felt the sector did demonstrate value for money, whilst some commissioners differentiated between large and small organisations, believing that the former were not always the most competitive.

Some of the bigger voluntary sector organisations have maybe got too big in some respects, have too much infrastructure, too much management, too much administration perhaps.

(commissioner, local authority)

particularly some of the bigger national ones, where they're fairly management heavy, for quite small services ...

(commissioner, local authority)

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SROI or other forms of economic analysis had been undertaken by a couple of organisations, and they found it useful to be able to articulate to others how their provision saves money in a broader sense. For example, one interviewee, whose service provided support to improve school attendance and prevent exclusions, reported that for every £3 their service costs the Treasury, it gets £20 back.

4.4 Summary

The literature reviewed and our primary qualitative research have shown consistent evidence on the strengths of the voluntary sector in relation to service delivery. Strengths identified related to the flexibility, user-focused and engaging nature of voluntary services, reflecting the fact that voluntary organisations emerge from and are based within the communities whose needs they aim to meet. The study has also highlighted the range of impacts that voluntary sector organisations and their services have. Given the diversity of the sector, one needs to be cautious about attributing these strengths and impacts to the sector as a whole. Nevertheless, the consistency of the findings in relation to some key features of voluntary sector organisations and their services, and how they can make a difference, suggest that they are unique in a number of different ways and fill some important gaps in reaching and effectively delivering services to children, young people and their families.

An accurate picture of the impact of voluntary sector organisations is difficult because current contractual monitoring and evaluation processes are inconsistent and do not appear to capture the full range of positive outcomes or the quality and effectiveness of local service delivery. Most voluntary organisations are unlikely to have the capacity to undertake expensive impact assessments outside of what their contractual agreements demand. In particular, three types of impact did not appear to be adequately captured, though they were widely reported by our respondents:

- as children are less isolated than other groups or individuals, outcomes that have an impact on them directly can have a strong indirect impact on their family, peer group, and class or school

- voluntary sector service delivery has a significant impact on how effectively mainstream services are implemented and reach communities and individuals

- voluntary sector service delivery appeared suited to achieving 'soft' and short-term outcomes that act as important and sometimes necessary levers for 'hard' outcomes, but are difficult to measure.

The study has also found some examples of organisations providing good value for money using small investments from local authorities, and making these go a long way in meeting the needs of local residents when pooled with wider funding streams and community fundraising. In some areas, voluntary sector provision was the only one of its type, and where this was provided on a medium to large scale, it could be written into statutory care pathways and care plans. Voluntary sector provision also yielded additional capacity to statutory services – evidenced by the level of referrals made across sectors.

Volunteers delivered a large amount of the provision that was encountered in the research, some of which was part statutory-funded but much was also funded by other grants and community fundraising. However, volunteering clearly requires dedicated support, funding and infrastructure, which could be delivered through infrastructure organisations and local volunteering projects.

Conclusions and implications

In this final chapter we bring together the key messages that emerged from the research on the role and impact of the children and young people's voluntary sector in the commissioning of public services for children and young people. The study has highlighted the sector's highly diverse and localised nature, its impact in levering positive outcomes for individuals, families and communities and its role in improving the landscape of local support and services available. Within this broad context, the chapter specifically focuses on:

- progress in embedding commissioning in statutory agencies and the role of the children and young people's voluntary sector in this

- commissioning for children's health and well-being

- measuring the impact of children and young people's charities

- the implications of funding cuts

- the challenges faced by the children and young people's voluntary sector

- the role of infrastructure organisations in supporting the sector.

5.1 Embedding commissioning and the role of the children and young people's voluntary sector

The role and influence of the children and young people's voluntary sectors have grown in the last decade and, despite its many implementation difficulties, commissioning has played a part in this development.

The task for commissioners in engaging with 64,000 diverse charities, just over half of which don't employ any paid staff and are volunteer led, is vast and complex. Infrastructure organisations and large national charities play a significant role in representing or communicating with the wider sector. But there is a danger that relying, mainly or wholly, on the views of intermediaries and 'large players' will fail to fully capture the perspective of smaller organisations more embedded in the fabric of communities. So there is scope for statutory agencies and government to improve the quality of their consultation activities, making them more inclusive and representative, and ensuring the flow of valuable knowledge and information from the local level upwards.

Many of the challenges in embedding effective commissioning models were due to frequent reorganisations within statutory agencies. The development of new, personalised and marketised procurement models also adds complexity to this. The applicability of such frameworks varied, and practices in some areas were still rather underdeveloped and not always effective. Too high a level of standardisation in commissioning could stifle voluntary sector delivery which was in fact valued because of its flexible, innovative and user-centred nature.

The increasing emphasis on expecting tendering organisations to provide evidence of impact and value for money presented a barrier for organisations that had not collected this kind of evidence in the past – often because they had not been required to by previous funders. There appears to be a lack of shared understanding of what evidence is required to assess impact, how this can be collected and what its limitations are.

Commissioning frameworks and protocols provide mechanisms that in theory enable the competitive, fair and transparent configuration of locally appropriate services. Yet it was also felt that, at times, commissioners' expectations about outcomes from services were inappropriate: for example, when modest inputs were expected to lead to major changes very quickly, which contrasts with evidence showing that longer timescales are required to see significant and detectable changes. This suggests that rigid approaches to commissioning are not necessarily feasible, realistic or effective.

5.2 Commissioning for children and young people's health and well-being

Reorganisations in the health service are underway and responsibilities for securing positive outcomes in children and young people's health and well-being are shifting from PCTs to clinical commissioning groups. The voluntary and statutory sectors must therefore establish new relationships to ensure effective commissioning – and infrastructure organisations have a clear role to play in this. Where strategic planning groups for 'children and young people' and 'health and well-being' are not effectively linked, there is a risk that small children and young people's organisations with a narrow or specialist remit might be unintentionally excluded, and opportunities for invaluable insight and delivery lost.

The precise remit of the new clinical consortia is still unfolding. Our research highlighted an anxiety that clinical consortia might operate in isolation: using too narrow a definition of 'health' that leaves a gap between that and 'well-being' and ignoring the interrelated nature of social and medical factors in determining health outcomes. There was also a lack of clarity around whether responsibilities for preventative provision lay with local authorities or clinical consortia, and whether the remit of clinical consortia was of any relevance to the voluntary sector. Clear communication at a national level might help ensure that opportunities for productive engagement are not missed.

5.3 Measuring the impact of children and young people's charities

The research has clearly shown that many voluntary sector organisations are aware of the need to demonstrate their impact and value. We identified examples of the positive impact of voluntary programmes and initiatives, though the quality of evidence for these assessments was sometimes variable. In the current financial climate, where it is crucial for voluntary sector organisations to improve efforts to monitor their work and its impact, we consider how the sector can be supported with this task.

First, central and local government and other large funders (for example, the Big Lottery) have a responsibility to support evaluation activities: for example by setting up evaluation frameworks and tools that allow providers to efficiently collect consistent and robust data on inputs and outcomes from the services they fund. It is also important that, when evaluations of national programmes are commissioned, the analysis explores the contribution, strengths, weaknesses and impact of services provided by the voluntary, private and statutory sectors.

Second, commissioners and policy-makers must be realistic about the threshold at which measuring outcomes becomes feasible. Bearing in mind the different size and scale of organisations in the sector and their levels of funding, at what point is it acceptable or appropriate to insist on evidence of outcomes? For example, it might be more useful to research the 'role' of very small community organisations – in order to establish the extent to which it is important that they remain on the 'map' given their characteristics and role in encouraging community cohesion and participation – even if economic impact cannot be measured.

Third, it seems important for statutory agencies to have a better understanding of how procuring services from the voluntary sector impacts upon them operationally. For example, how providing additional capacity and effective routes into communities influences the realisation of statutory objectives. This additional evidence might be useful in supporting decision-making in procurement, on a case-by-case basis, where other evidence is missing.

Finally, there is a tendency at times to make very general claims about the weakness, strengths, impact and value of the voluntary sector as a whole but, given the huge diversity of the sector, these claims are of very limited value. A more sophisticated analysis is required to gain a better and more in-depth understanding of how different parts of the sector operate, and the many and varied ways in which they can impact on the lives of children, young people, families and communities.

5.4 Implications of funding cuts

The research has provided some evidence of how reductions in public sector spending were affecting the children and young people's voluntary sector. Reductions or cessation of funding were causing organisations to restructure, resize, merge and, in some cases, close. Where funding was removed, organisations were put at risk, along with the valuable investments of match- and joint-funders. The research evidence suggests that reductions in voluntary sector funding will lead to increased demand on statutory services, due to the reduction of a preventative layer of provision and to meet the needs of individuals and families previously supported by the voluntary sector. While the repercussions of cuts to the voluntary sector may not be instantly apparent to policy-makers, the reduction of local provision will be experienced most immediately by individuals and families.

5.5 The challenges faced by the sector

The children and young people's voluntary sector has grown considerably over the last decade, in size and influence, locally and nationally. This growth has been part of a strategy to enhance the involvement of the sector in the improvement and delivery of children's services – a strategy supported by initiatives introduced by successive governments. While political commitment to the voluntary sector remains high, the drastic reduction in public expenditure presents a key challenge for the sector, as half of its income comes from statutory sources.

As fiscal austerity requires an increasing emphasis on making more effective use of resources, the cost-effectiveness of the sector will come under close scrutiny. Organisations like scouts and parent–teacher associations, which largely rely on volunteers and survive on very small incomes, may be assumed to represent good value for money and be potentially more resilient in the current climate. However, in key areas such as social services, education and health, many charities are funded to provide services

employing a largely professional workforce. This raises the question of whether a large number of organisations represents a sensible way of organising the delivery of these services overall. This does not necessarily mean that smaller charities need to grow in order to improve their effectiveness – it is important that the characteristics of voluntary sector organisations, associated with being responsive and grounded, are retained. However, (more) charities may need to come together to deliver outcomes for children and young people more effectively and to have a greater impact. Initiatives to enhance collaboration within the sector have proved difficult to realise in a competitive environment. Yet the necessity remains, particularly for smaller organisations with a limited workforce and an unfunded 'core', to explore joint-working models.

Our research has found that charities that focus primarily on children and young people are more heavily reliant on public sector funding than the voluntary sector as a whole. On the one hand, this could be viewed as indicative of the success of policies aimed at engaging children and young people's charities in public service delivery. On the other hand, this reliance on statutory funding means the sector is very vulnerable at a time of large cuts in public expenditure. The government expects private investors to fill the gap left by cuts in public funding; however, as the core children and young people's sector only attracts 1 per cent of funding from private business, this strategy seems unlikely to succeed in a short timeframe. Going forward, the children and young people's voluntary sector needs support in developing skills and expertise to engage with the corporate sector. This may apply particularly to smaller charities, as they tend to invest less on fundraising activities than larger ones.

5.6 The role of infrastructure organisations supporting the sector

The importance of voluntary sector infrastructure organisations became clear in the research, supporting existing evidence of its role in strengthening the sector and giving it visibility and voice. At a local level, infrastructure organisations provide a 'neutral' representation role, whereas individual voluntary sector providers are perceived as having vested interests. They also promote and disseminate tendering and consultation opportunities to their membership. As such, they are greatly valued by statutory and voluntary sector agencies alike.

A further role of infrastructure organisations is emerging in the new economic and political context of 'protecting' the local sector against cuts in funding that are disproportionate or not Compact-compliant. Their flexibility and responsiveness to emerging issues is also proving key in making sure that the sector is active in new strategic planning groups – such as in relation to the new arrangements in health commissioning.

Appendix: Research methodology

A.1 Literature review

A systematic review of the literature involved defining inclusion criteria and search terms (Table A.1) and extracting information from identified sources including government departments, research bodies and national organisations. A search was also made of the NCB ChildData electronic database. At the outset it was recognised that the inclusion criteria would need to be fairly broad. It was anticipated that there would be more 'grey' than 'published' literature; and more literature on the wider voluntary sector than on the children and young people's voluntary sector.

Table A.1: Key search terms

Term	Other key words
Voluntary sector	Third sector
	Voluntary organisations
	Community organisations
	Charities/charity
	Volunteers
Children and young people	Children
	Young people
	Families
Engagement	Commissioning
	Partnership working
	Decision-making
	Children's Trusts
	Children and young people's partnership
	Service delivery
	User involvement
	Participation

Term	Other key words
Value	Outcomes
	Impact
	Added value
Measuring value	Evaluation
	Cost–benefit analysis
	Value for money
	Full cost recovery
Children's services	Children and young people's services
	Children's Trusts
	Local authorities
Primary Care Trusts	Health

After the comprehensive initial screen, a smaller number of documents (n=96) were selected for inclusion in the review (not all feature in the final report).

A.2 Analysis of Charity Commission data

Defining the children and young people's sector

The population frame for the analysis presented in Chapter 2 was the Register of Charities in England and Wales, which is maintained by the Charity Commission. As registration is a legal requirement for most charities in England and Wales (excluding only those with incomes below £5,000 and some special cases), the register is the most comprehensive record of the voluntary sector in England.

The extract provided for research purposes contained a record of every charity's income and expenditure, as well as a number of other regulatory records for each organisation, including their address, objects and classification details.

To build up a population of voluntary organisations working with children and young people, the register was taken as a base and organisations were then excluded for any of the following reasons.

1. They are not a currently registered charity.

2. They are based outside of England – according to their registered address.

3. They are a subsidiary charity.

4. They are a grant-making foundation – defined as being in International Classification of Non-profit Organisations (ICNPO) categories 4300: Social services – income support or maintenance, or 8100: Grant-making foundations.

5. They are a charity that primarily operates overseas.

6. They do not meet NCVO's 'general charities' criteria.[35]

Using this population frame, organisations were then identified as meeting either a 'core' or a 'wider' sector definition. The core children and young people's voluntary sector includes those organisations that have children and young people as their primary beneficiary and focus of activities.

To be included in the core sector, within its Charity Commission registered information, an organisation must have both:

■ selected 'children and young people' as a beneficiary

■ met at least one of the following criteria

    – selected a maximum of one other beneficiary category

    – have one of a set of keywords in its name[36]

    – is classified into a qualifying category in the ICNPO.

Voluntary organisations were also manually classified into this sector. This is particularly important for large organisations as they account for a large proportion of the sector's financial weight. To classify an organisation manually, we examined their annual accounts, Charity Commission record and website to see if their primary beneficiary is children or young people. This will always be a subjective judgement, given the wide range of activities undertaken by voluntary organisations. Young Men's (and Women's) Christian Associations are excluded from this definition as, although they contained the word 'young' and were included by the keyword searches, they were judged not to be primarily focused on children and young people. They have therefore been manually excluded from the core children and young people's voluntary sector.

The wider sector includes all charities for which, in its Charity Commission registered information, one of the following apply:

■ it selected 'children and young people' as a beneficiary

■ it has one of a set of keywords in its name[37]

■ it has one of a set of keywords in its charitable objects.

Financial analysis

The financial analysis in Chapter 2 is based on a stratified random sample of 235 organisations with an annual income above £10,000. Stratification of the sample was weighted towards the larger organisations in order to sample a greater proportion of the sector's finances. The data relate to annual accounts with a year end in the financial year 2008/09.

Table A.2 shows the number and proportion of organisations and their income included in each stratum of the sample. This method is also used in the *UK Civil Society Almanac* series.

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35 These criteria have been developed for the *UK Civil Society Almanac*: www.ncvo-vol.org.uk/almanac

36 The following keywords were used: 'child', 'kids', 'kidz', 'youth' and 'young'.

37 The following keywords were used: 'child', 'kids', 'kidz', 'youth' and 'young'.

Table A.2: Sample sizes for accounts analysis, 2008/09

	Number of organisations		Sample as proportion of population (% of organisations)	Income (£m)		Sample as percentage of population (% of total income)
	Population	Sample		Population	Sample	
Small	12,870	76	0.6%	£443.8m	£3.0m	0.6%
Medium	2,652	66	2.4%	£737.1m	£28.4m	3.7%
Large	331	61	18.2%	£847.7m	£168.0m	19.7%
Major[4]	37	32	84.2%	£1,187.6m	£1,090.6m	90.8%
Total	15,890	235	1.4%	£3,216.2m	£1,289.9m	39.4%

Source: NCVO, Charity Commission. Base: population N=15,890; sample n=235.

38 In this income band, the aim was to provide 100 per cent coverage. However, five of the annual reports were not available at the time of data collection so could not be included. The largest organisations in this income band were included.

A.3 Qualitative research

We carried out interviews in five local authority areas between November 2010 and February 2011. Qualitative research methods were used to gain an in-depth understanding of the nature and impact of voluntary sector services commissioned and delivered to children, young people and families. Local authority areas were selected to ensure variation in region, local authority type and area (for example, rural, urban, and nature of population), and to include a range of examples of the voluntary sector's involvement in the development and delivery of local services.

In each area we sought the perspectives of people who either delivered services, supported voluntary sector organisations, or funded them in some way. Participants in each area included:

- managers of voluntary sector organisations

- children and young people's leads in infrastructure organisations

- commissioners or senior managers in local authorities or Primary Care Trusts (PCTs) responsible for commissioning services, grant funding or working with the voluntary sector in some way.

Overall, a total of 24 interviews were carried out with 34 individuals (see Table A.3).

Table A.3: Sample profile

	Interviews	Individuals
Commissioners: local authority	5	5
Commissioners: Primary Care Trusts	3	3
Infrastructure organisations	5	6
Voluntary and community sector organisations	11	20
Total	**24**	**34**

Data were collected through face-to-face in-depth interviews and one focus group. Interviews generally lasted for an hour to an hour-and-a-half, and were based on topic guides that listed key issues and topics for exploration.

The topic guides covered:

- the organisation (for example, services provided, how it was funded, who used the services, and the needs the services met)

- the local children and young people's voluntary sector (nature, size, strength and challenges)

- experiences of commissioning and/or being commissioned, contracting, or providing and receiving grants

- experiences of statutory engagement with the children and young people's voluntary sector in relation to service delivery and deciding local priorities

- the value and impact of specific children and young people's voluntary sector organisations (on service users, communities or statutory objectives) and how this was captured or measured

- recent and anticipated changes to the children and young people's voluntary sector, including changes to the funding environment, commissioning practice and initiatives such as the Big Society.

All interviews were digitally recorded and transcribed verbatim. They were analysed using Framework, a systematic and in-depth qualitative analysis method (Ritchie and Lewis 2003). A series of thematic charts were drawn up, in each of which there were separate columns for key topics and a row for each informant. The themes and topics emerged from the data and reflected the objectives of the study. Data from each transcript were then summarised in the relevant cell, with the page number noted so that the transcript could be examined and data extracted for verbatim quotation.

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The Ripple Effect

### The nature and impact of the children and young people's voluntary sector

This timely report provides a comprehensive analysis of the children and young people's voluntary sector in England. Using a combination of quantitative analysis of Charity Commission data, qualitative interviews with commissioners and practitioners, and a summary of the existing literature on the sector, *The Ripple Effect* provides an insight into the make-up and work of the sector, the relationship between the sector and government and the difference the sector makes to the lives of children and families across the country.

'This evidence is essential to the work of policy-makers and practitioners in the sector, and it makes a difference. Not only does this report fill [the] gaps by providing rigorous and robust intelligence, it also provides the base from which we can begin to identify and explore how the children and young people's voluntary sector will change over the coming years, particularly when funding cuts are forcing a major re-think of how children and young people's services are developed, delivered and funded.'

Sir Stuart Etherington
Chief Executive
National Council for Voluntary Organisations (NCVO)

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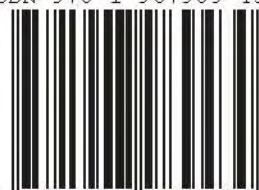
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