

Beyond the Cuts

Children's charities adapting to austerity

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Foreword



The children and young people's charity sector works to support some of society's most vulnerable children, young people and families. From play services to parenting and relationship support, drug and alcohol services to youth work, these organisations add value to the lives of the children and families they work with and to the statutory services they work alongside.

This timely report from the National Children's Bureau (NCB) adds to our understanding of the current state of the children and young people's charity sector and what lies ahead. Addressing the lack of detailed information about what and how governments spend on children's charities, this report gives us a best estimate of what is to come. The finding that these charities face public funding cuts of almost £405 million over the Spending Review period represents a real challenge to all of us – central and local government included – who know and value the role the charity sector plays in tackling childhood disadvantage.

However, this report also takes the debate beyond the cuts, reflecting the views and experiences of children's charities that are working hard to thrive in a challenging economic context. It gives us a flavour of the range of measures charities working with vulnerable children and young people are taking to manage the cuts, as well as the barriers they face to doing so. Clearly collaboration and more joint working will be vital as resources become ever more scarce. This can include advocacy and policy work, service delivery to children and young people and back office functions.

I believe NCB's report provides us with a good grounding for further analysis and debate about what austerity will mean for children's charities and the children, young people and families they serve. What is more, I hope it will encourage central and local government, children's charities themselves, business and services users to come together to ensure the children and young people's voluntary sector can continue to thrive and be effective in challenging times.

A handwritten signature in black ink that reads "Claire Tyler".

Baroness Tyler of Enfield

Member of the House of Lords and Chair of the Cafcass Board

Key findings from the report

- Children and young people's charities face public funding cuts of almost £405 million over the five years from 2011/12 to 2015/16.
- Compared to the voluntary sector as a whole, children's charities will see a greater proportion of its public funding cut.
- Children's charities are taking action to manage the cuts. Most commonly, those we consulted are reducing staff levels, reducing the level and/or range of services and reviewing their fundraising strategy. However, a substantial minority of those we consulted believe it is 'likely' or 'very likely' that their organisation will have to close in the next year.
- While charities are working to find solutions to the financial challenges they are experiencing, many face barriers to doing so, including: a lack of capacity to develop partnerships; a lack of understanding and experience of new business and funding models; and confusion about service reforms.
- As we move deeper into a period of austerity, central government should facilitate the development of a strategy for the children's charity sector, working with local partners and children's charities to ensure the sector can continue to thrive and support the children, young people and families that depend on their services while demonstrating their impact and providing good value for money.

Introduction

All the three main political parties have made a welcome commitment to strengthen the voluntary and community sector.¹ For the coalition government, driven by the concept of the Big Society, there is an emphasis on investing in charities to deliver public services and work in partnership with their clients and local leaders to shape services and communities for the better.²

NCB's *The Ripple Effect*, published in 2011, painted a picture of a vibrant voluntary and community sector, with 64,000 charities working with children and young people and over half of these with children and young people as their primary beneficiaries. Our research demonstrated the important and unique role that children's voluntary organisations play in reaching diverse communities, engaging service users, and providing flexible, innovative and cost-effective services that centre around the needs of the child. The concept of 'the ripple effect' indicates the ways in which children's charities add value to and improve statutory services.

However, our research revealed early signs of the children's voluntary sector struggling under both the burden of an economic downturn and decreasing sources of public funding. In fact, we showed that children's charities were particularly vulnerable to the spending cuts: with public funding providing a greater proportion of their income compared to the voluntary and community sector as a whole. At the same time, children's charities were less likely than the rest of the voluntary sector to receive income from private businesses – a source of funding which has been increasingly identified as a means of addressing gaps in the public purse.

So, looking to the future, what do government's spending plans from now until 2015/16 mean for children's voluntary organisations and the children, young people and families they support? This report provides our best estimate of the extent of reductions in public funding that the children's voluntary sector can expect to see over the next five years. The report then takes the debate beyond the cuts, and, based on consultation with NCB's network members, explores how children's charities are responding and adapting to austerity measures and the barriers they face to doing so. Finally, we offer recommendations for what can be done to ensure that children, young people and families – and the statutory sector – can continue to benefit from a thriving charity sector.

Acknowledgements

NCB would like to thank David Kane from the National Council for Voluntary Organisations (NCVO) for carrying out the public spending analysis for this report. Thanks also go to Jenny Clark (NCVO). We would like to thank members of NCB's networks who gave up their valuable time to take part in our consultation. Finally, our thanks go to Baroness Tyler of Enfield for championing charities that work with children, young people and families and supporting this work.

1 Civil society is the subject of one of Labour's policy reviews.

2 HM Government (2010) *Building a Stronger Civil Society*; and Cabinet Office (2011) *Open Public Services White Paper*

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

Half of all charities in England work with children and young people in one way or another³. Over half of these – almost 34,000 – have children and young people as their primary beneficiaries (the 'core' children's voluntary sector). Most of the children's charities, 91 per cent, could be described as 'small', securing £100,000 or less per year; and 94 per cent operate entirely at the local level. Children's charities work in a wide range of areas: from social services to employment and training; from culture and recreation to housing.

While core children's charities make up a quarter of the whole voluntary sector, they attract only a tenth of all voluntary sector income, securing approximately £3.3 billion per year. The composition of their income makes them stand out from the voluntary sector as a whole: a greater proportion comes from public funding (52 per cent and 38 per cent respectively); and the reverse is true for income from private businesses (1 per cent and 4 per cent respectively). What is more, the sector's income is not spread equally between organisations: the 37 largest charities account for 36 per cent of the total income.

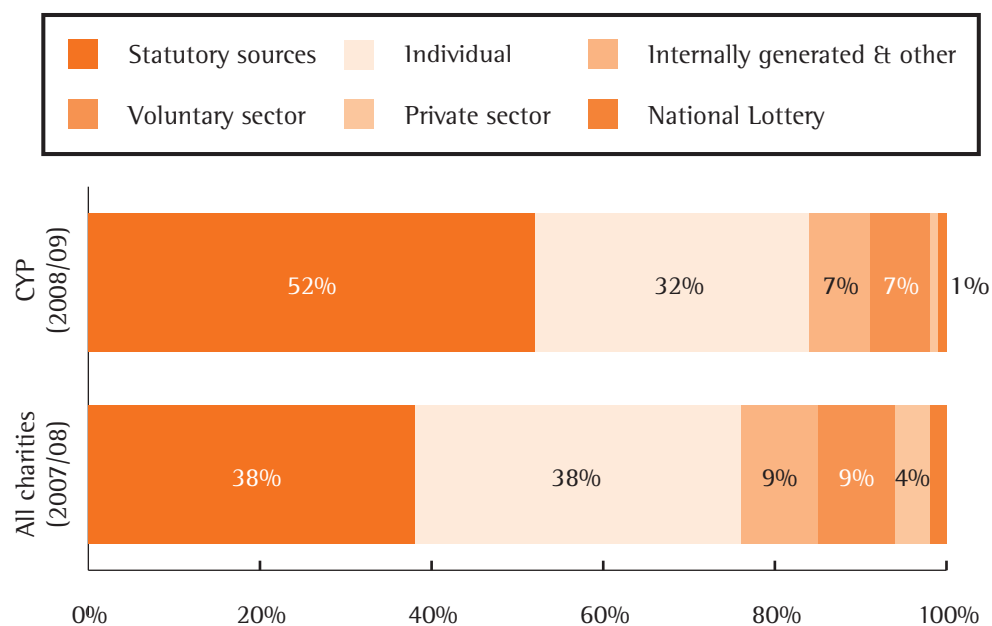


Figure 1 Proportion of income by sources for registered core CYP organisations and for the voluntary sector as a whole in England

Source: NCVO, Charity Commission

³ Evidence taken from NCB (2011) *The Ripple Effect: The nature and impact of the children and young people's voluntary sector*. *The Ripple Effect* was based on analysis of Charity Commission data for 2008/9; interviews with voluntary sector staff, infrastructure organisations and local authority and Primary Care Trust managers, in five local authority areas; and a literature review.

One of the key strengths of children's charities is that they not only benefit children, young people and families, they also add value to and improve statutory services: by supporting outreach; using early intervention to reduce dependency on statutory support; and informing statutory service development to ensure services respond to local need.

In addition, research demonstrates that children's charities are:

- 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 the 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.

Children and young people's charities face public funding cuts of £405 million over the next five years

'funding for children and young people's work has been cut simultaneously from many different angles (children's services, education, youth, local authority arts, etc.) so the cumulative impacts are devastating to the sector'

(NCB network member)

Key messages from our estimates

- Children and young people's charities face public funding cuts that will rise year on year, reaching losses of almost £129 million in real terms in 2015/16 compared to 2010/11. This signifies a cumulative loss of almost £405 million over the 2011/12 to 2015/16 period. This is a cautious estimate.
- The most significant cuts in direct central government spend on the children's voluntary sector are expected to come from the Home Office/Ministry of Justice; Department for Education; and Department for Culture, Media and Sport. This is likely to hit services like youth offending teams, early childhood and youth services, and those providing cultural and sporting opportunities.
- Compared to the voluntary sector as a whole, the children's charities will see a greater proportion of its public funding cut: 7.7 per cent and 8.2 per cent respectively.

NCB worked with the National Council for Voluntary Organisations (NCVO) to calculate what cuts to statutory funding the core children's voluntary sector⁴ might expect to see over the five years from 2010/11 to 2015/16. Our analysis draws on data from the most recent available accounts⁵ of the 34,000 charities whose primary beneficiaries are children and young people, and on central and local government spending forecasts from HM Treasury, the Office for Budget Responsibility, the Institute for Fiscal Studies, and the Department for Communities and Local Government.⁶

4 Core children's charities are those for which children and young people are their primary beneficiary.

5 Accounts for year 2008/9.

6 Appendix 1 provides a summary of the methodology used.

We found that core children's charities face public funding cuts that will rise year on year, reaching a loss of almost £129 million in real terms in the year 2015/16 compared to 2010/11. Overall, this signifies a cumulative loss of almost £405 million over the 2011/12 to 2015/16 period. Our findings add to the growing body of research which indicates that charities working with children and young people are facing tough financial times.⁷

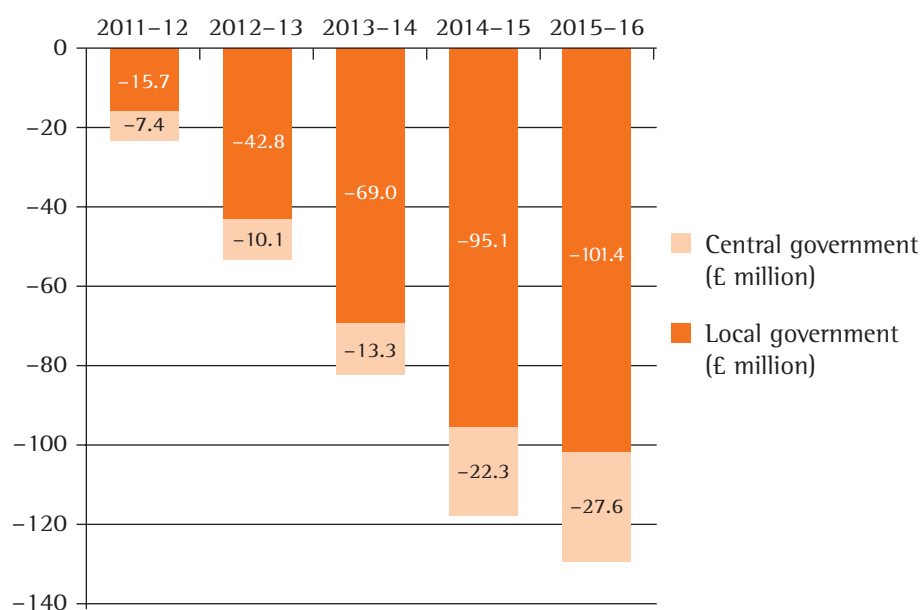


Figure 2 Change in central and local government spending on core children's charities, compared to 2010/11

Source: NCVO and NCB estimates based on Office for Budget Responsibility (2011) Economic and Fiscal Outlook Supplementary Tables

This is a cautious estimate. In the absence of more detailed spending information, our analysis assumes that the proportion of statutory funds going to core children's charities will remain the same over the next five years: 0.2 per cent of central government spending and 0.9 per cent of spending by local government. This provides us with a picture of what austerity might mean for the thousands of voluntary organisations working with children, young people and families. However if, as has been found⁸, the voluntary sector continues to experience disproportionately high cuts to the public funding they receive, the future may be even more challenging.

⁷ For example, Children England (2011) *Counting the Cuts: The impact of public sector spending cuts on children's charities*, and NCVYS (2010) *Comprehensive Cuts Report on Funding Changes in the Voluntary and Community Youth Sector*

⁸ NCVO (2011) *Counting the Cuts*. Freedom of Information requests carried out for *Counting the Cuts* found that over 50 per cent of the local areas that responded had made cuts to the voluntary sector that were disproportionate to the changes in their financial settlement.

Central government spend for children's charities

When forecasting direct spend by central government on the children's voluntary sector, we estimate that the most significant spending cuts will come from the Home Office/Ministry of Justice,⁹ followed by the Department of Education and the Department for Culture, Media and Sport. This will have implications for a range of services including youth offending teams, early childhood and youth services and those providing cultural and sporting opportunities.

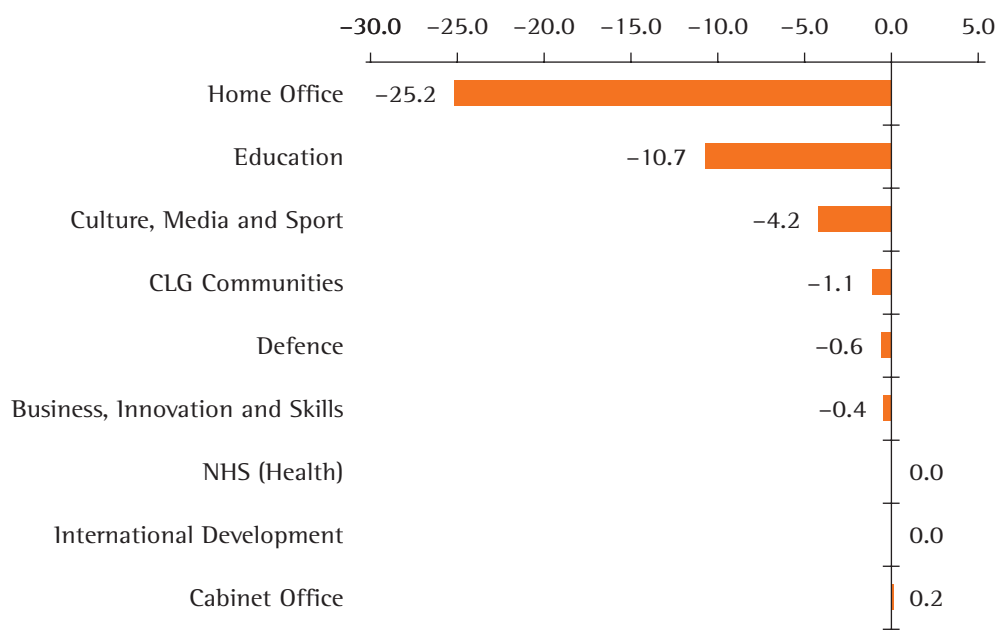


Figure 3 Change in government department spending on core children's charities in 2014/15, compared to 2010/11 (£ millions)

Source: NCVO and NCB estimate, based on Entered Data, PESA 2011. Note: based on data from prior to establishment of Ministry of Justice.

About half of central government direct spending on the core children's voluntary sector comes from the Department for Education. It is estimated that this will be cut year on year, with losses of £10.7 million in the year 2014/15 compared to 2010/11. However, the 2010 Spending Review¹⁰ included a commitment to protect spending on schools, which could mean that voluntary organisations providing *other* essential services – such as early childhood services, youth and play services and family support – are likely to bear the brunt of the cuts. Along with the reduced Early Intervention Grant, provided to local authorities to fund anything from early years services to mental health support in schools, this paints a challenging picture for a range of children's charities providing early support services outside school.

9 Note: Forecasts draw on data from the period before the establishment of the Ministry of Justice, which took on responsibility for aspects of the Home Office remit. We have therefore forecast Home Office and Ministry of Justice spending as a whole.

10 HM Government (2010) *Spending Review*

'Not only [do] the cuts to our funding affect the services we offer but other agency cuts are having dramatic effects, in particular the cuts to the statutory children services and sure start centres'

(NCB network member)

Government has committed to protecting spending on the health service. Therefore our analysis predicts no decrease in Department of Health funding for the children's voluntary sector, as we have assumed no change to the proportion of public funding directed to children's charities. However, as indicated below, changes to the way health services are planned and delivered could negatively affect the children's voluntary sector and lead to a decrease in the proportion of health funding they receive.

Children's charities to lose out more than the voluntary sector as a whole

Reflecting findings from *The Ripple Effect*, our forecast indicates that the core children's voluntary sector will see a greater proportion of its public funding cut, compared to the voluntary sector as whole: down 8.2 per cent and 7.7 per cent respectively.¹¹

This difference could be explained by a combination of two factors. First, recent data indicates that the majority of statutory funding that goes to core children's charities comes from local authorities. In 2008/9, for example, over 70 per cent of total public spending on these charities came from local government; compared to 55 per cent for the voluntary sector as a whole. Second, local authorities now have access to far fewer resources: with their spending power estimated to fall by 25 per cent in real terms in the four years from 2011/12 to 2014/15.¹² Local authorities, which were once the chief source of income for children's charities, having access to far fewer resources adds up to a real challenge for the sector.

11 NCVO (2011) *Counting the Cuts: The impact of spending cuts on the UK voluntary and community sector*

12 Hastings A and others (2012) *Serving Deprived Communities in a Recession*, Joseph Rowntree Foundation

Children's charities' experiences of funding reductions

Key messages from our consultation with NCB network members

- Of the children's charities that received funding from central government or a local authority in 2010/11, the majority saw this funding reduced in 2011/12.
- Children's charities are taking action to manage the cuts. The most common responses, identified by the children's charities we consulted, were reducing staff levels, reducing the level and/or range of services, and reviewing fundraising strategies.
- A substantial minority believe it is 'likely' or 'very likely' that their organisation will have to close in the next year.
- While charities are working to find solutions to the financial challenges they are experiencing, many face barriers to doing so, including a lack of capacity to develop partnerships, a lack of understanding and experience of new business and funding models, and confusion about service reforms.

NCB carried out a consultation with its voluntary sector network members to find out what changes to funding they are facing, and how they are responding and adapting. Altogether, 74 charities responded to the survey, of which about three-quarters were directly involved in delivering services to children and young people, while the rest provided infrastructure support. Respondents were operating in a wide range of areas. Very small charities were underrepresented in our sample, but otherwise there was a good spread of different-sized organisations.¹³

¹³ Appendix 1 provides a summary of methods used and further information about the sample.

Experience of statutory funding cuts in 2011/12

Consultation with our members and networks gives a picture of children's charities' recent experiences of statutory funding.

Local authority funding

Just under two-thirds of charities had secured funding from local government in 2010/11. Of those, just over two-thirds saw this funding reduced in 2011/12.

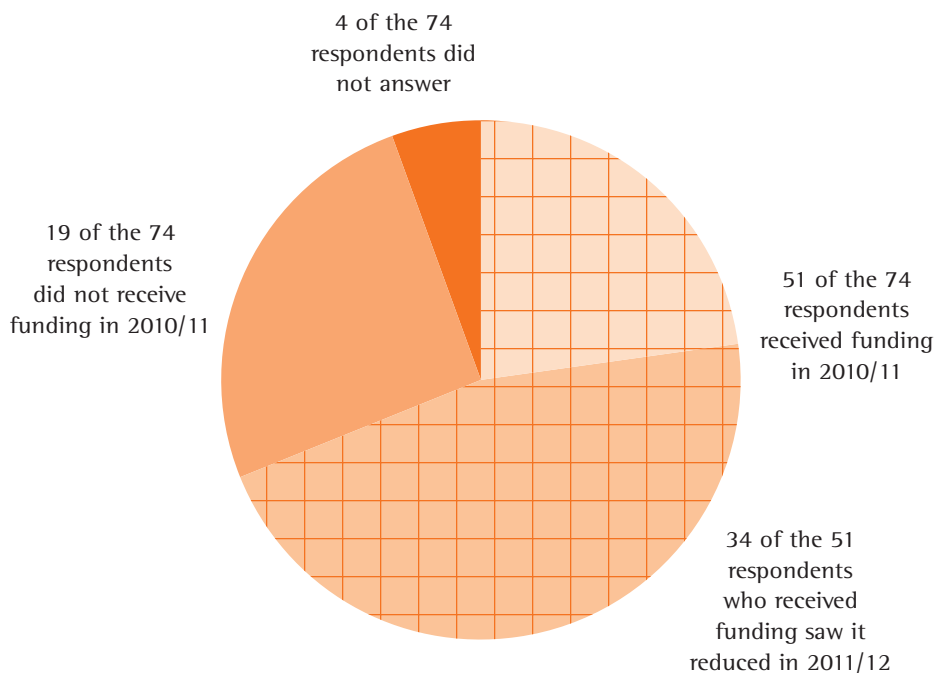


Figure 4 Local authority funding for charities in 2010/11 and 2011/12

Source: NCB network member consultation

Central government funding

Four in ten of the charities we consulted received central government funding in 2010/11. A large majority of those saw this source of income decrease in 2011/12.

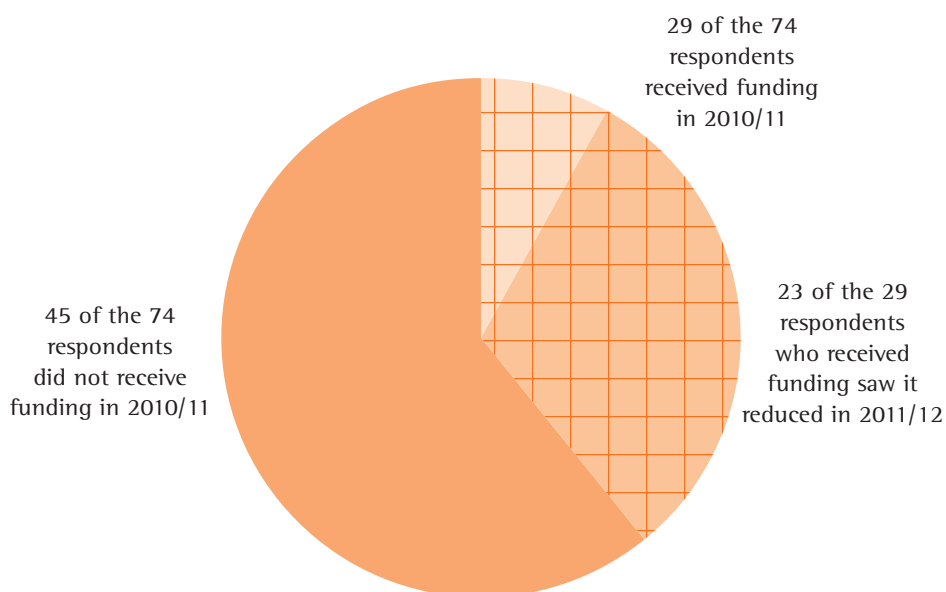


Figure 5 Central government funding for charities in 2010/11 and 2011/12

Source: NCB network member consultation

Local health funding

Just over a third of respondents had received funding from local statutory health bodies like Primary Care Trusts¹⁴ in 2010/11. The majority of these said that this funding stream had been reduced in 2011/12.

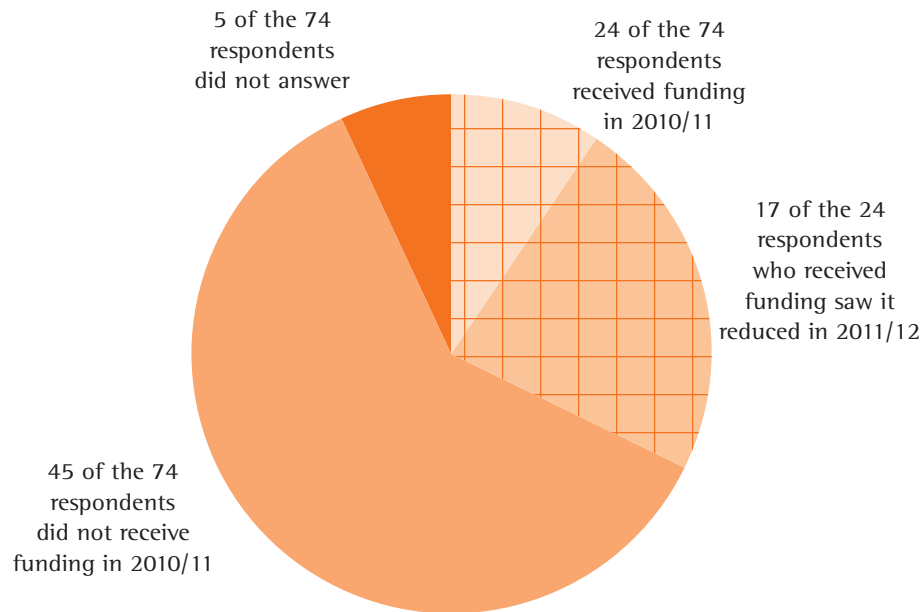


Figure 6 Local statutory health body funding for charities in 2010/11 and 2011/12

Source: NCB network member consultation

Experience of private sector funding in 2011/12

Our consultation also asked about charities' experiences of private sector funding.

Just under a third of respondents had received private sector funding in 2010/11. Over half of these had experienced a reduction in this area. This is a worrying finding, given that the government is expecting private sector investment to fill part of the gap left by cuts in public sector funding.

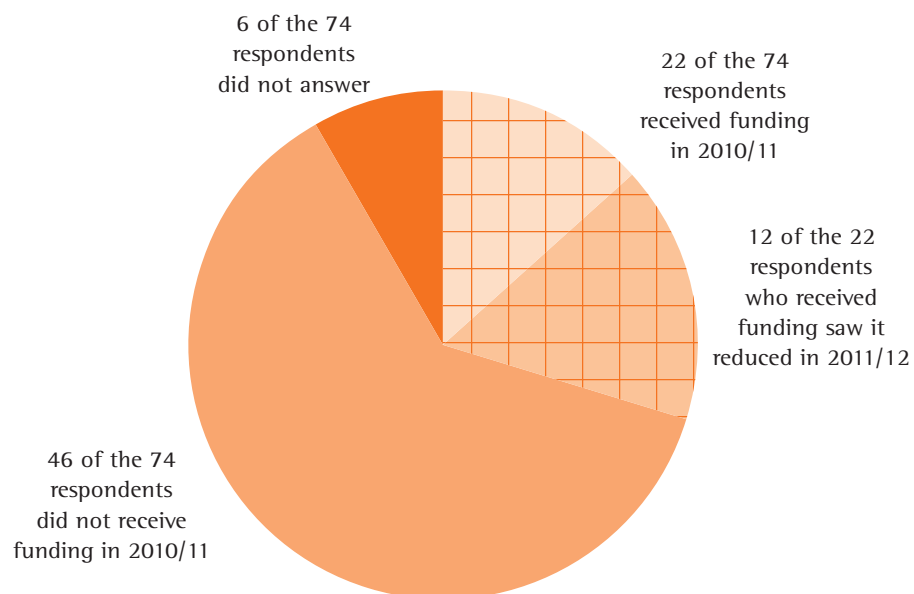


Figure 7 Private sector funding for charities in 2010/11 and 2011/12

Source: NCB network member consultation

¹⁴ Primary Care Trusts are to be abolished and replaced by GP-led clinical commissioning groups from April 2013. Primary Care Trusts' public health responsibilities will be transferred to local authorities.

Beyond the cuts: how are children's charities responding?

Our survey sought to establish not only how children's charities were experiencing the cuts but also what actions they were proactively taking to manage reduced resources.

Among the 44 charities that experienced funding cuts, the most commonly reported responses were:

- reducing staff levels
- reducing the level and/or range of services
- reviewing their fundraising strategy.

Each of these actions were identified by more than two-thirds of those experiencing cuts.

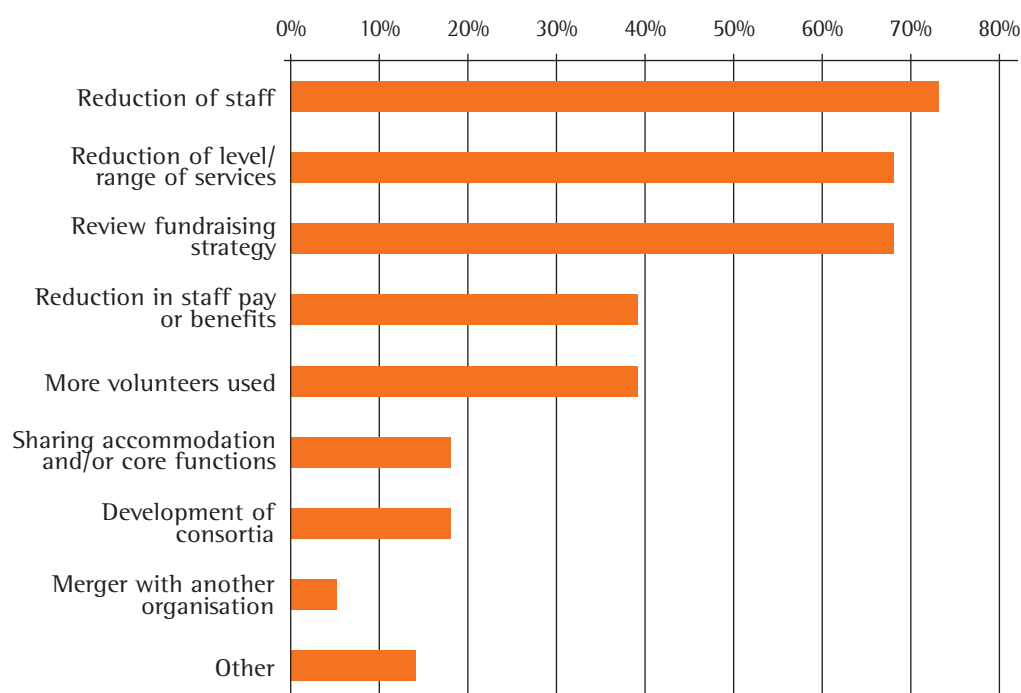


Figure 8 Response to funding reductions reported by charities that experienced cuts
N = 44

Source: NCB network members survey

'We are constantly looking for alternative ways of income generation, e.g. children's parties, hiring out the premises, corporate volunteering and sponsorship'

(NCB network member)

Reductions in the level and range of services offered by children's charities are of particular concern: they are likely to have a direct impact on the children and young people who currently benefit from a range of innovative support. There was some indication that posts that promote children and young people's participation were likely to be cut, but further investigation is needed to establish which types of posts are most likely to be reduced or altered.

'We have had to reduce both the opening hours of our provision as well as the number of staff and the hours they work.'

(NCB network member)

Over a third of respondents were giving more work to volunteers as a result of funding reductions, an option that has its own (at least short-term) cost implications in terms of recruitment, training and support. Furthermore, depending on which roles are being replaced, the greater use of volunteers has implications for the quality of services provided to users.

'We are building on a volunteer strategy to support our services and provide more direct support to our young people to facilitate activities'

(NCB network member)

Just under one in five respondents were developing consortia to provide a means of rationalising resources, such as sharing core or back-office functions like HR and finance.

Other options that the children's charities were exploring include:

- extending services into areas where there is greater need
- pursuing other business models, such as a social enterprise model
- exploring potential mergers
- training staff to take on new roles.

Alarming, of the 62 respondents who reflected on the possibility that their organisation would have to close in the next year or so, just over a quarter said that it was 'likely' or 'very likely'.

Barriers to taking forward solutions

Our consultation demonstrated the range of activities that charities are taking forward to proactively respond to the changing environment. However, there was also evidence of the barriers they are facing to doing so, particularly in relation to developing consortia; taking advantage of new business and funding models; and responding to service reforms.

Developing consortia

Some charities that had tried to develop consortia or other partnerships identified challenges stemming from structural differences between organisations and limited capacity to invest in developing relationships. With such large numbers of small children's charities operating in the sector (91 per cent have an annual income of £100,000 or less) many more may need to pool resources and functions in order to remain financially viable. There may be a role for larger charities – particularly infrastructure organisations – to broker more and stronger partnerships between charities facing financial difficulties.

'We are trying to accelerate consortium and collaborative working, but capacity in individual organisations is shrinking very rapidly so this is difficult.'

(NCB network member)

Taking advantage of new business and funding models

Challenges were also identified when we asked children's charities about their experience of emerging business and funding models. The coalition government has made clear its ambition to expand the role of social enterprise, mutuals and cooperatives in the delivery of public services.¹⁵ It also wants to see a greater use of funding models that stimulate private sector investment in public services (for example, social impact bonds) and which reward service providers for the outcomes they deliver (for example, payment-by-results, which is being tested in children's centres by the Department for Education¹⁶).

'We have had reduced capacity for fundraising due to an increase in demand for front-line services'

(NCB network member)

There was a high level of knowledge of social enterprise models. Of respondents from 62 children's charities, just under half said they knew 'a little' and four in ten 'a lot' about them. Among the latter, most had delivered or were in the process of delivering services through a social enterprise (16 charities). However, while the majority (seven in ten respondents) said they knew at least 'a little' about franchise models, only one respondent had experience of delivering services in this way.

¹⁵ HM Government (2011) Open Public Services White Paper; Cabinet Office (2010) *Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery*. For more information on social enterprise see NCB's *An Introduction to Social Enterprise*

¹⁶ Department for Education/Department of Health (2011) *Supporting Families in the Foundation Years*

Over a third of respondents to a question about payment-by-results said they knew 'nothing' about this approach. Only two had experience of delivering services on a payment-by-results basis; and just four felt that their charity was ready to do so.

To secure a payment-by-results contract, the provider must demonstrate the impact of their service on children and young people's outcomes. A minority of respondents to a series of questions on this issue (23 out of 58) stated that their organisation was able to demonstrate value for money using Social Return on Investment or another similar approach. Greater numbers (36 charities) reported that their organisation needed some sort of support in order to illustrate the difference their work made to the lives of children and young people.

'We can evidence outcomes but the goal posts keep changing and methods are becoming onerous'

(NCB network member)

Responding to service reforms

Our consultation revealed a sense of confusion among some children's charities about the implications for their business of the government's reforms to health and social care. Government is taking forward major changes to the health and social care system, which will alter the way many local health services are planned and delivered, with GPs playing a leading role in shaping local NHS services. Some respondents indicated that as these changes are being implemented it had become more difficult to identify and engage health budget holders. This echoes findings from interviews carried out for *The Ripple Effect*, in particular: that not all GPs have a sufficient understanding of the voluntary sector; that in some areas, statutory and infrastructure organisations have struggled to develop links between the emerging clinical commissioning groups and the voluntary sector; and that GPs' often clinical definition of health and well-being might result in a less 'holistic' approach to service planning.

'There are significant difficulties in trying to find who are budget holders – the PCTs are being evasive, the GPs don't know...'

(NCB network member)

Conclusion and recommendations

Our work with NCVO provides our best estimate of the impact of cuts in statutory funding on children's charities. The picture we see is a challenging one, with charities that support the most disadvantaged children and young people losing almost £405 million in the five years from 2011/12 to 2015/16. What is more, we can estimate that the children's voluntary sector will be hit worse than the voluntary sector as a whole, because a greater proportion of its income comes from public funding.

While we have provided the best estimate we can, we need an accurate picture of public spending on this sector in order to take strategic action to enable children's charities to thrive through austerity. It will require reliable, consistent and robust data from central and local government about how much they spend on children's charities. Even current government estimates of public funding cuts to the charity sector *in general* vary widely.¹⁷ We hope that this report will encourage government to address this evidence gap.

Our report also seeks to go beyond the cuts, and explore the actions that children's charities are taking to manage reduced income from their major funding source. Most of those we consulted were having to reduce staff and services, which could have a direct impact on the children and young people who have benefited from a range of innovative support from children's charities. This will also have implications for statutory children's services, which benefit from the existence of a thriving local voluntary sector providing preventative services and information about local needs.

At the same time, there are indications of other more creative solutions: such as reviewing funding strategies to take advantage of alternative funding sources; building up volunteer capacity; developing consortia and mergers; and forming social enterprises. However, our consultation also reveals significant barriers to taking these alternatives forward. Among some charities, there is:

- limited capacity to address the complexities of establishing consortia and sharing back-office functions
- limited knowledge and experience of alternative business and funding models, such as social enterprise and payment-by-results, and difficulties in demonstrating their impact
- confusion about major service reforms, such as those to the health and social care sector, that will change the way services are planned and delivered locally.

There is a role for infrastructure organisations to work with children's charities to explore and tackle these barriers.

Of most concern is the suggestion, from a substantial minority, that their organisation is likely to close in the next year or so. While there may be some scope for effective mergers between, or coalitions of, charities, a contracting and unstable voluntary sector will pose a real challenge to government's ambition to support a thriving civil society. It is therefore vital that, as we move deeper into a period of austerity, the children and young people's voluntary sector is enabled to weather the storm so they can continue to support the children, young people and families that depend on their services.

¹⁷ NCVO (2011) *Counting the Cuts*

Our recommendations

- Central government should conduct a robust analysis of spending on the children's voluntary sector by central and local government, private businesses and charitable trusts; and commission a national survey of children and young people's charities to assess the impact of austerity measures on them and their service users.
- The Office for Civil Society should facilitate the development of a coherent strategy for the children's voluntary sector, working across government departments and with charity partners, with the aim of ensuring that children's charities can continue to deliver for children, young people and their families, while demonstrating their impact and providing good value for money. The strategy should address:
 - how government and children's charities will work with funders to secure investment in mechanisms that help build sustainable partnerships, such as mergers and shared services arrangements
 - how central and local government will continue to work with the children and young people's sector to enable children's charities to understand and take advantage of alternative funding models, such as social investment and payment-by-results
 - how government, business and infrastructure bodies will support the development of new relationships between children's charities and the private sector, building on existing models such as Business in the Community's Business Connectors¹⁸
- Central government should facilitate partners, including local government and major funders, to develop outcome frameworks for a range of issues that affect children and young people and their families, with a view to providing a more consistent approach to assessing the outcomes delivered by services and interventions. This work could build on the development of a framework of outcomes for young people, commissioned by the Department for Education¹⁸, and relevant measures in the NHS and public health outcomes frameworks.
- Local leaders – including directors of children's services and lead members for children and young people – should work with local children's charities to actively engage them in new and emerging local strategic partnerships around children's services, such as the new Health and Well-being Boards.
- Local government, public health leads and emerging GP-led clinical commissioning groups should develop strong partnerships with the voluntary sector, including disseminating information about local changes as they happen and ensuring that their staff understand the local children and young people's voluntary sector and the role it can play in improving children and young people's outcomes.
- Local authorities should work in accordance with Best Value statutory guidance: considering economic, environmental and social value when making decisions about services for children and young people; not passing on disproportionate reductions to local children's charities; and engaging the children's voluntary sector and service users in decision-making.

¹⁸ Business Connectors are a network of secondments recruited from business and supported and trained by Business in the Community to tackle social issues in local neighbourhood areas.
http://www.bitc.org.uk/business_connectors/

Appendix 1: Methodology

Forecast of public spending cuts to the children's voluntary sector: methodology

Data on central and local government spending on core children and young people's charities was gathered from charity accounts for 2008/9 (most recent available data).¹⁹ This data was used to calculate an estimated baseline for the proportion of central and local government spending which goes to the core children's voluntary sector.

Expected spending by central government and local authorities was then calculated using data from HM Treasury, the Office for Budget Responsibility, Institute for Fiscal Studies and the Department for Communities and Local Government. Trends in government spending were then used to extrapolate the expected changes to public funding received by core children's charities. It was assumed that the proportion of spend apportioned to that sector will remain the same over time. While this assumption may not accurately reflect central and local government spending decisions, using it can provide us with a best estimate of what proportionate cuts might look like.

In the absence of more up-to-date and accurate data from central and local government on their spending on the children's charities, this report provides a useful estimation of the impact of spending reductions on children's voluntary organisations.

NCB member and network survey: Methodology

NCB conducted a consultation with members of our voluntary sector networks to find out about their experiences of and responses to funding cuts. In the online consultation, we asked respondents about:

- changes to funding from statutory and private sources experienced in the current financial year (2011/12)
- the ways in which their charities are responding or adapting to changes in funding
- charities' knowledge and awareness of alternative funding models
- charities' ability to measure and demonstrate the impact of their services.

Of the approximately 700 NCB network members who were contacted, 74 responded to our consultation. Given that only a small minority responded, the figures in the report should be considered as indicative of the views and experiences of our network members as they cannot provide precise statistical estimates.

19 NCB (2011) *The Ripple Effect: The nature and impact of the children and young people's voluntary sector*

Although we had a small sample, they covered a diverse range of areas of work, including: childcare; education; children's centres; youth services; health; mental health; play; children in or leaving care; housing; work experience/employment; children's rights, voice or advocacy; services for disabled children or young people; creative/arts-based work; bereavement support; counselling/therapy; and social inclusion work with minority groups.

There was also a mix of charities in terms of their size, however very small charities were under-represented:

under £10,000	2 charities
£10,001 – £100,000	20 charities
£100,001 – £500,000	19 charities
£500,001 – £1 million	8 charities
over £1 million	20 charities.

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Registered Charity Number 258825

Useful numbers

Book Sales: 0845 458 9910
Conferences and Training: 020 7843 6041
Fundraising: 020 7843 6329
Information Centre: 020 7843 6008
Membership: 020 7843 6080
Young NCB: 020 7843 6099

www.ncb.org.uk