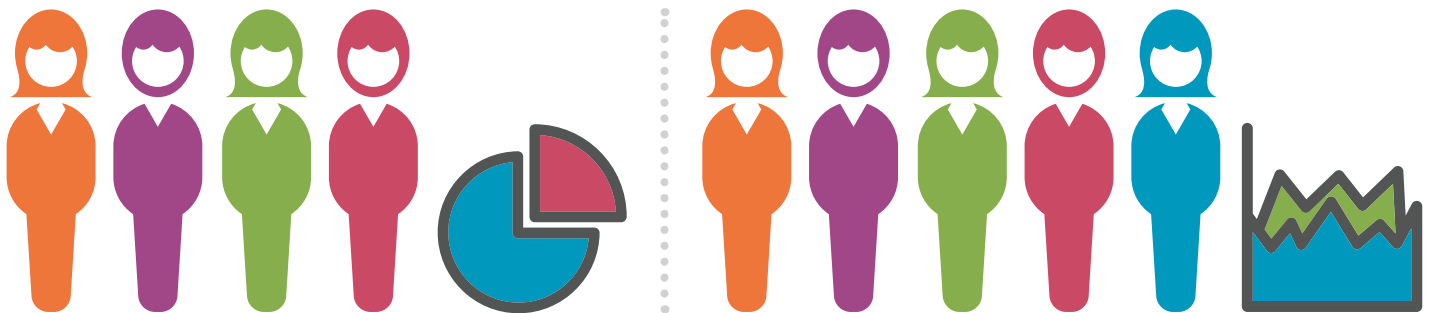


The state of the sector

Key trends for voluntary sector organisations working with offenders and their families





in partnership with



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Written by Nicola Drinkwater, Senior Policy Officer, Clinks.

Acknowledgements

This report would not have been possible without the voluntary sector organisations who took their time to fill out the online survey or take part in the interviews, so thanks goes to them first and foremost. I would also like to thank colleagues at NCVO, namely Véronique and Lisa for all their fantastic work on the survey questions and data analysis. And finally, special thanks goes to Clinks staff, especially colleagues in the communications and policy teams, for their helpful insights, comments and support provided throughout the project.

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The state of the sector

Key trends for voluntary sector organisations working with offenders and their families



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Foreword



Anne Fox
Chief Executive Officer, Clinks

For the last five years Clinks has been collecting information about how voluntary organisations working in criminal

justice are faring. Our state of the sector surveys have consistently demonstrated that organisations are diverse in terms of their size, the services they deliver, who they support, and how they are funded.

This year a new partnership with NCVO has allowed us to develop our methodology which has meant we have been able to analyse and represent more detailed data. This is the best information we have on voluntary organisations working in criminal justice and it shines a light on how we can all support a thriving voluntary sector. I am so grateful to all of the organisations who took the time to tell us about their experiences and to the Clinks and NCVO staff that made this report possible.

Something that unites all voluntary organisations is their resilience, the passion of staff and volunteers alike, and their adaptability to respond to the challenges they encounter. But we should all be concerned that organisations have told us that the needs of their service users are more complex and immediate. We received detailed information about why this is, such as changes to the welfare system and the impact of other services closing or reducing due to a lack of funding. The safety net is shrinking and the people our sector supports are finding it harder to access the help they need. Voluntary organisations play an essential role in people's lives, but the challenges they experience are significant and ignoring them is not an option.

We know that the prison system is in desperate need of reform. Voluntary organisations tell us that poor conditions are preventing them from delivering

much needed services in prisons. In a time of heightened need we must ensure that the sector can and is encouraged to work in our prisons.

Some organisations have had to take on higher caseloads to meet demand, but they know that this is not sustainable. They know that staff will struggle to support more people with increasingly acute and complex needs. They are working to support their staff and volunteers, thinking through creative solutions.

Voluntary organisations providing specialist support to families, women, young adults or people from black, Asian and minority ethnic (BAME) communities are experiencing specific challenges. They are less likely to be expanding their services, more likely to be maintaining or reducing their services and organisations who provide a specialist BAME service are more at risk of closure. These specialists are vital to the vibrant nature of the voluntary sector and we should find ways to nurture them.

Voluntary organisations working in criminal justice continue to be small and although they receive funding from a variety of sources they remain reliant on grant funding, especially from trusts and foundations. Organisations delivering contracts tell us that they struggle to achieve full cost recovery and that to deliver a quality service they are having to subsidise with funding from other sources.

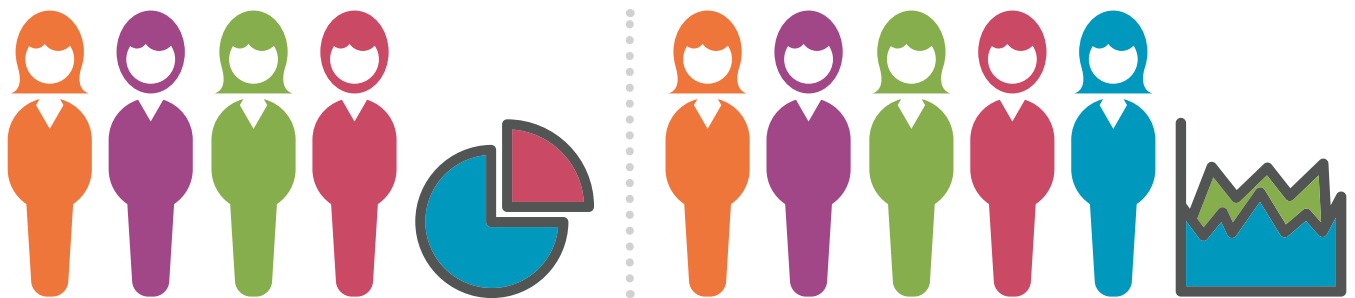
Through all of this the sector remains innovative and creative. For example, organisations routinely tap into the expertise and experiences of people in the system to advise on and improve their services. Organisations are partnering more and collaborating to develop new services. They are designing new services to meet emerging need and responding to a changing landscape.

The information we have gathered this year will inform our priorities and the support we provide to voluntary organisations. We will communicate what we have heard to government, key decision makers, and commissioners. In order to truly reform the criminal justice system we must ensure that we have a vibrant and healthy voluntary sector that can deliver change.





Executive summary and key findings





Clinks has been collecting information about how voluntary organisations working in criminal justice are faring for the last five years. The results from our state of the sector surveys have helped us to determine not only what successes and challenges organisations have been experiencing but how Clinks should respond to ensure we are providing the best support to our members.

This report explores how voluntary organisations working in criminal justice are faring. This year, we have worked in partnership with NCVO (National Council for Voluntary Organisations). They have helped us develop our methodology, enabling us to develop a better and more detailed understanding of the challenges and successes voluntary organisations working in criminal justice are experiencing.

To collect the information, we utilised the following three data sources:¹ a survey, in-depth interviews and an analysis of the financial information that voluntary organisations have submitted to the Charity Commission. We have also included an analysis of information submitted by community interest companies and social enterprises to Companies House.

The term 'organisations' is used throughout the report to refer to voluntary organisations working in the criminal justice system.

Key findings

Voluntary organisations working in criminal justice exist to meet a range of needs presented by their service users. They do this through providing a variety of services such as: mentoring, befriending or coaching; information and support; education and learning; peer support; providing accommodation; family support; and through the gate provision.

The organisations who completed our survey deliver their services across a broad geographical area and 43% deliver their services locally. The majority of organisations (55%) work both in the community and in prison, which is a consistent finding from our previous state of the sector surveys and indicates that most organisations work with people both whilst they are in prison and after their release.

The people organisations support

Organisations are supporting more people, with 57% saying that the number of service users had risen in the financial year 2015/16. Organisations who told us that they are supporting **more service users are more likely to be working in partnership and developing new services**. 70% of organisations supporting more service users developed new services in the last financial year and 61% worked in partnership.

Service user need continues to change with needs becoming more complex and immediate. 80% of organisations agreed or strongly agreed that needs had become more complex, and 79% said they had become more immediate. Organisations told us that **a range of factors are impacting on service user need** including changes to the welfare system, a general lack of funding and resources resulting in a reduction of other services and prisons that are in serious need of reform.²

Rather than turn people away, organisations are responding creatively to changing service user need with 65% of organisations working more flexibly with their clients, 55% working to improve the skill set of their staff and volunteers through engaging with training opportunities and 51% increasing their volunteer numbers to enable them to meet service user need.

Service user involvement is common. 80% of organisations have consulted service users about the design and delivery of their services, 58% recruited service users as staff and/or volunteers and 41% have a service user forum or council. 20% recruited service users as a member of their board, with some in the process of doing so.



What services they deliver

Organisations are flexible and responsive, and are developing new services to respond to changing needs. Of the organisations who told us they had developed and delivered new services, 82% said a very important factor was to respond to changing service user need and 80% said filling a gap in existing provision was very important.

Organisations are expanding and maintaining their services. Almost half of the organisations we heard from were expanding their services and another 40% were maintaining them. Only 8% said they were reducing their services. Organisations that deliver specialist services to specific client groups were less likely to be expanding their services and more likely to be maintaining or reducing their services. 30% of organisations delivering a specialist service said they were at risk of closure in the financial year 2015/16. When we asked why this had taken place the vast majority told us that **services have scaled back or closed due to a lack of funding.**

The majority of voluntary organisations work in partnership to provide better services and use resources more effectively. 91% of organisations said one of the main reasons they work in partnership is to meet the needs of their service users, whilst 72% work in partnership to share and use resources effectively.

We found that **partnerships are working, but they can be challenging.** Organisations told us that there are many benefits to collaboration, but that it can be a significant challenge. Sometimes partners have different values, cultures and practices; all of which needs to be successfully navigated if they are to work together effectively. Navigating and adapting to this is not only challenging for organisations but can be time consuming and resource intensive.

Organisations use a variety of ways to assess the quality of their service. 93% told us they assess the quality of their services and, of those, the overwhelming majority (87%) told us that they do this through informal feedback from their clients. 65% of organisations use a quality framework they have developed, 60% use a quality framework required of them by others and 47% commission external research to assess the quality of their service.

The workforce and volunteers

According to information submitted to the Charity Commission **the workforce of voluntary organisations working in criminal justice has risen** by 20%. Further to this, 92% of survey respondents told us they involve volunteers and 38% of them recruited more in the last year. However, organisations also told us that **recruiting staff and volunteers is challenging.** Half of the organisations we heard from said it was slightly or very difficult to recruit volunteers and 57% reported this to be the case for staff recruitment.

Volunteers provide essential services and often work directly with service users. 57% of organisations told us volunteers befriend or mentor people, 47% said that volunteers give advice, information or counselling support and 29% said volunteers visit people. We estimate that there are an average of two volunteers for every member of staff.

Working with increasingly complex clients and taking on higher caseloads can have an impact on staff morale and their wellbeing; which organisations are acutely aware of. We found that **organisations are proactively supporting staff wellbeing** through offering counselling, having consistent line management support and facilitating peer to peer support within their staff team.





Funding and fundraising

Organisations receive income from a variety of sources, from the government, charitable trusts and foundations, and individuals. **Generating income can be challenging** due to a more competitive funding environment caused by a reduction in funding opportunities and the high level of resources required to respond to them.

Specialist criminal justice organisations are smaller than non-specialist criminal justice organisations. 44% of non-specialist criminal justice organisations generate income of more than £1m per year; this is only the case for 25% of specialist criminal justice organisations. 3% of specialist organisations have an income of £10m and over, whilst this is true for 12% of non-specialist criminal justice organisations.

Specialist criminal justice organisations have experienced a reduction in income from local government but a rise in income from national government. Organisations experienced a 40% decrease in funding from local government over seven years, but a 68% increase in real term funding from national government.

Smaller organisations rely on grant funding. Criminal justice specific organisations, with income of between £100k and £500k, received 60% of their income as income given freely by a donor, which includes grant funding. **Grant funding from government has significantly declined for organisations who are criminal justice specialists.** In the financial year 2008/09, government grants for organisations whose core purpose is to work in criminal justice were worth £23.9m but this dropped by 50% for the financial year 2014/15. During the same time period, non-specialist criminal justice organisations experienced an increase in government grant funding.

Small specialist criminal justice organisations are more likely to rely on income from trusts and foundations which is supported by findings from the interviews. The majority of the interviewees, mainly from smaller to medium sized organisations, highlighted that the largest proportion of their funding comes from trusts and foundations; in some cases 70% of their funding.

Criminal justice specialist organisations are less likely to receive donations. In 2014/15 individual donations made up 5% of the total income of organisations whose core purpose is to work in criminal justice, whilst this accounts for 14% of the total income of organisations who are not criminal justice specific. Further to this, organisations whose core purpose is to work more broadly than criminal justice received 14 times the value of donations than organisations working specifically in criminal justice.

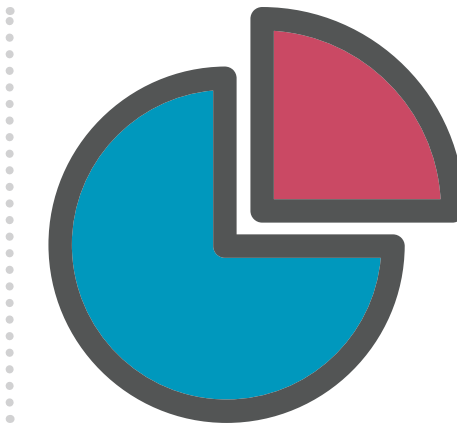
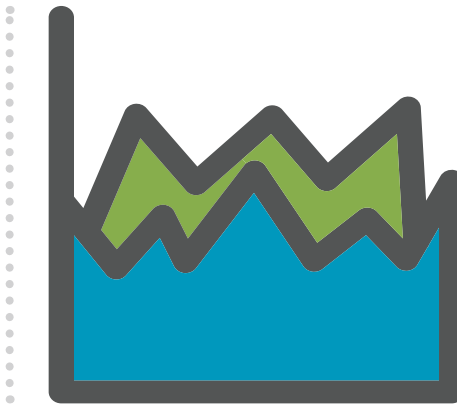
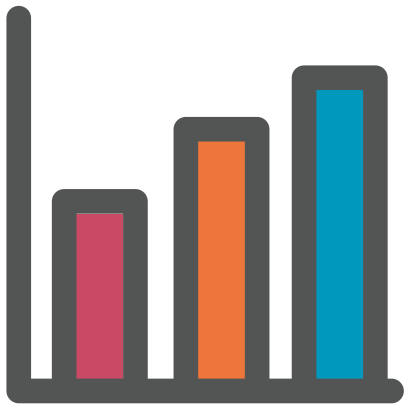
Criminal justice specialist organisations are more likely to receive earned income. The funds that organisations working specifically in criminal justice received through earned income—which includes income from delivering services such as running a café or shop—rose by 100% between 2008/09 and 2014/15.

Organisations struggle to achieve full cost recovery on the contracts they are delivering. 22% of organisations told us they always achieve full cost recovery on contracts they deliver and 14% never receive full cost recovery. 62% of organisations told us that they are currently delivering contracts.

All voluntary organisations working in criminal justice have fewer reserves than the wider UK voluntary sector. Voluntary organisations as a whole in the UK had on average around 6 months of reserves in 2013/14.³ For the same year, organisations working specifically in criminal justice had an average of 1.9 months of reserves, which fell to an average of 1.7 months of reserves in 2014/15.



How we collected our results





This year we worked in partnership with the National Council for Voluntary Organisations (NCVO) and together we developed a methodology that will help us to better understand what challenges and successes voluntary organisations experience when working in the criminal justice system.

We developed our methodology to increase the response rate and the quality of our data. We made the survey easier to navigate, selected interviewees to get a broad range of perspectives, and analysed a broad range of financial data. This data paints a clearer picture of who voluntary organisations are supporting, how they are working to support them and where they get their funding from.

We used three data sources:⁴

Survey

We launched a survey on 2nd November 2016 and closed it on the 22nd December 2016. We received a total of 224 usable responses; over double the responses we received to last year's state of the sector survey.

Interviews

We conducted ten in-depth interviews with voluntary organisations working in criminal justice who are delivering diverse services to a range of service users. The interview data provides some additional information on specific issues organisations raised in the survey. We preserved the anonymity of interviewees so that people could speak openly and honestly about their experiences.

Financial data

The financial data analysis was split according to organisations' legal status and based on financial accounts either submitted to the Charity Commission or Companies House. In total, the financial data of 752 charities and 220 companies (including social enterprises and community interest companies) was analysed.

The data sources have limitations, such as whether they represent all voluntary organisations working in the criminal justice system. These are explained in Appendix 1.

Rounding

Note that for some graphs percentages add up to over 100%, due to rounding.



Who we heard from





This section analyses information from voluntary organisations who completed the survey. We found that voluntary organisations working in criminal justice support a range of people who have many different needs. They deliver services across the country at local, regional and national levels and work predominantly in both prison and the community.

Who voluntary organisations support

As with our previous state of the sector surveys, we found that organisations work to support many different people:

- 80% of organisations support men
- 73% support women
- 67% support young adults (aged 18-25)
- 57% support people from black, Asian and minority ethnic (BAME) communities.

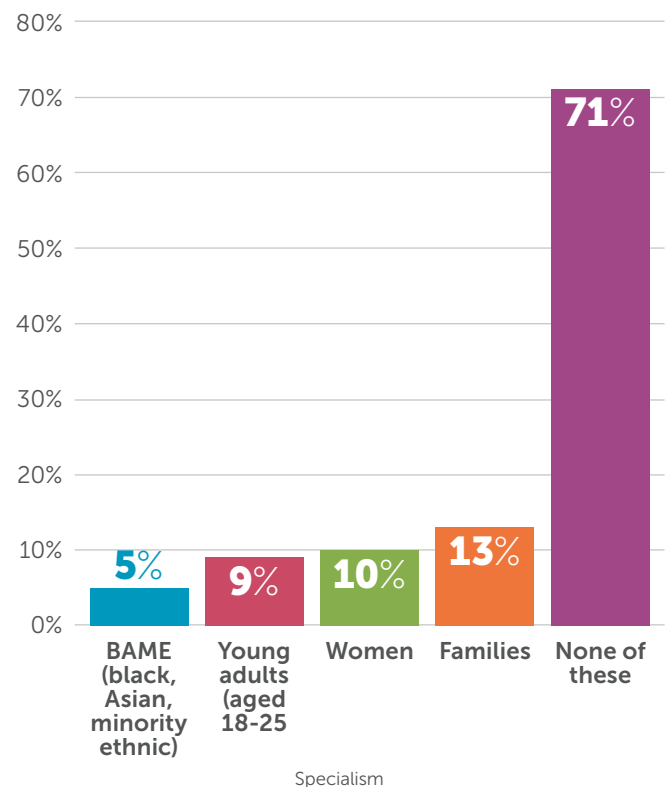
We asked organisations if they provide a specialist service for women, families, young adults and/or BAME people. 71% of organisations reported that they did not have these specialisms whilst 13% said they provide a specialist service for families and 10% provide a specialist service to women.

Reflecting the diverse and often complex needs of people in contact with the criminal justice system, we found that:

- 61% of organisations support people with mental health needs
- 60% support people with problematic substance misuse issues
- 45% support people who are homeless.

60% of respondents told us they work with people under supervision from the National Probation Service (NPS), whilst 54% work with people under supervision from Community Rehabilitation Companies (CRCs). The NPS supervises people who present a high risk of harm to the public, whilst CRCs supervise people who present a low to medium risk.

FIGURE 1 / Percentage of organisations that described themselves as being a specialist organisation



Services organisations deliver

Voluntary organisations meet a variety of needs through a range of services including mentoring, befriending or coaching, providing peer support and providing finance, benefit and debt support. See Figure 2, page 15.

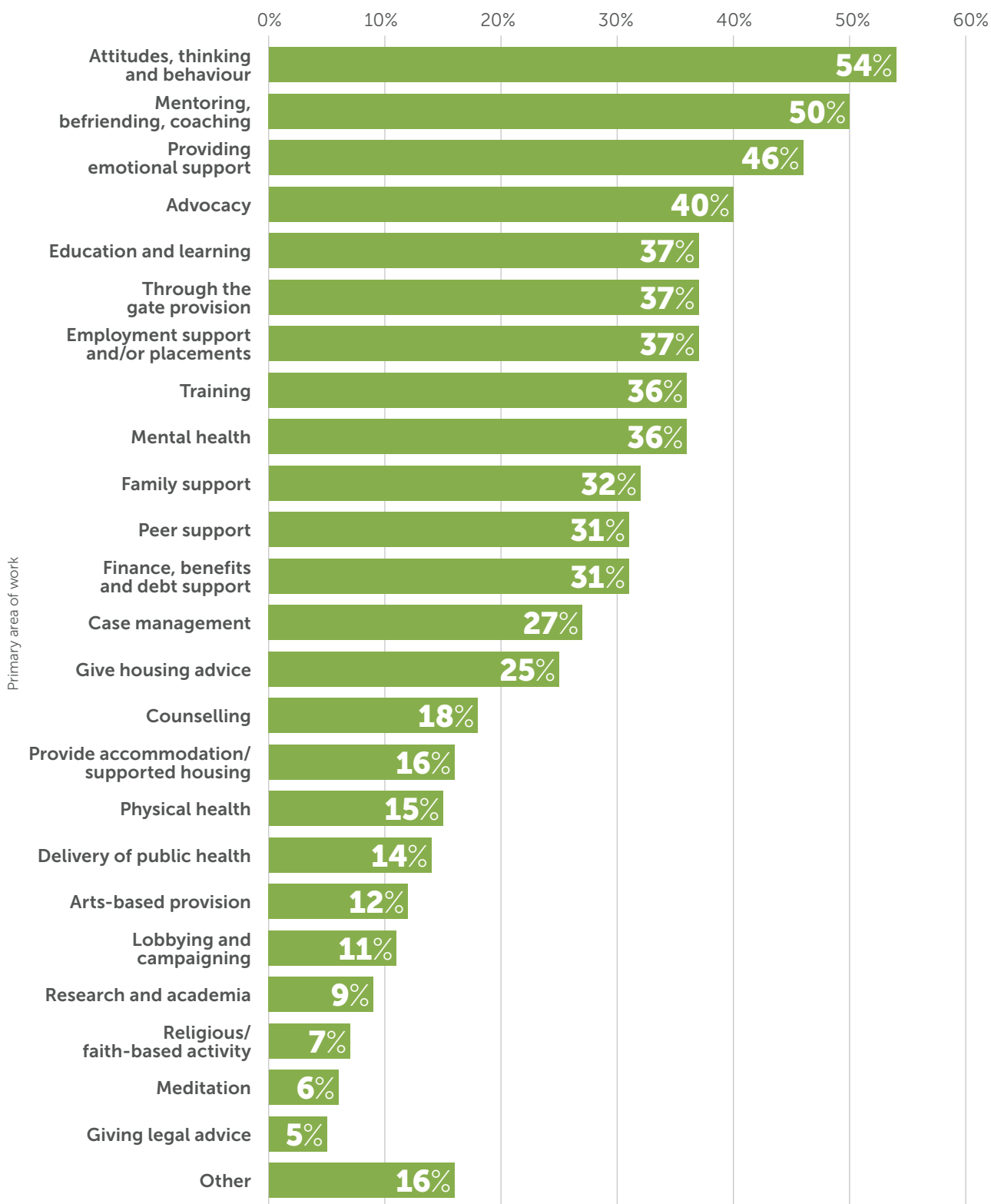
Organisations receive referrals from a variety of places, including public services such as the police (36%) and prisons (66%). The majority (76%) of organisations said that their clients self-refer to their service, which indicates that these organisations are known and trusted in the communities they operate in. 55% receive referrals from another voluntary sector organisation which alone indicates that voluntary organisations are working in partnership with each other. 52% of organisations receive referrals from a CRC and 50% from the NPS. See Figure 3, page 16.

Where organisations work

We heard from a good geographical spread of organisations. In England 43% deliver their services in Greater London, 36% in the South West, 31%



FIGURE 2 / Organisations' primary area of work





in the North West and 29% deliver services in the North East. 19% deliver their services in Wales.

Just over a third of organisations deliver their services nationally, whilst just under a third said they deliver their services regionally. 43% organisations told us they deliver their services locally. This is in line with findings from the voluntary organisations in the financial data analysis, of which 77% operate at a local or regional level, and 37% operate at a national level.

When we asked people if they work in prison, in the community or both we found that the majority of organisations (55%) work both in the community and in prison. This is a consistent finding from our previous state of the sector surveys and indicates that most organisations work with people both whilst they are in prison, and after their release.

FIGURE 3 / Where organisations get their referrals from

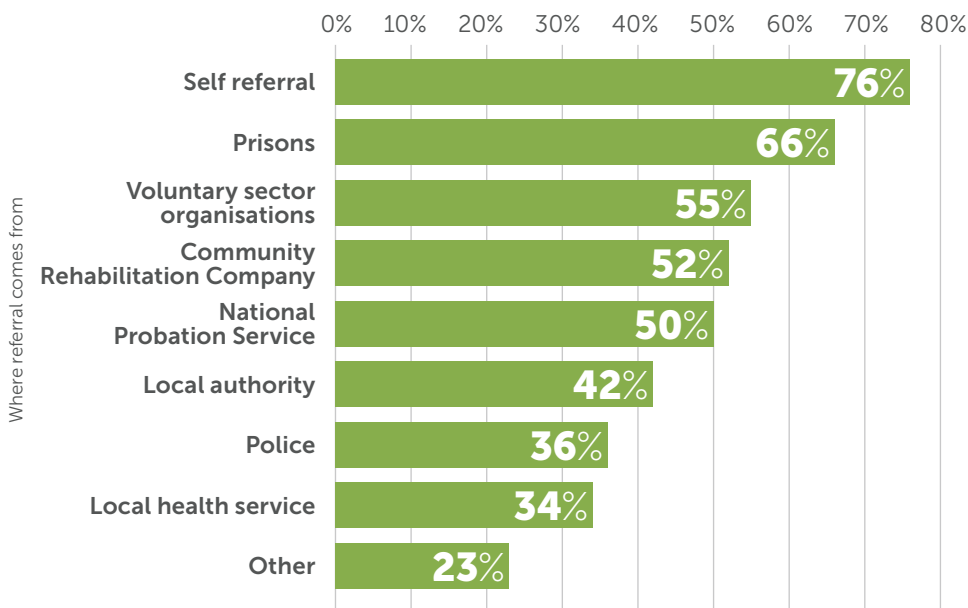
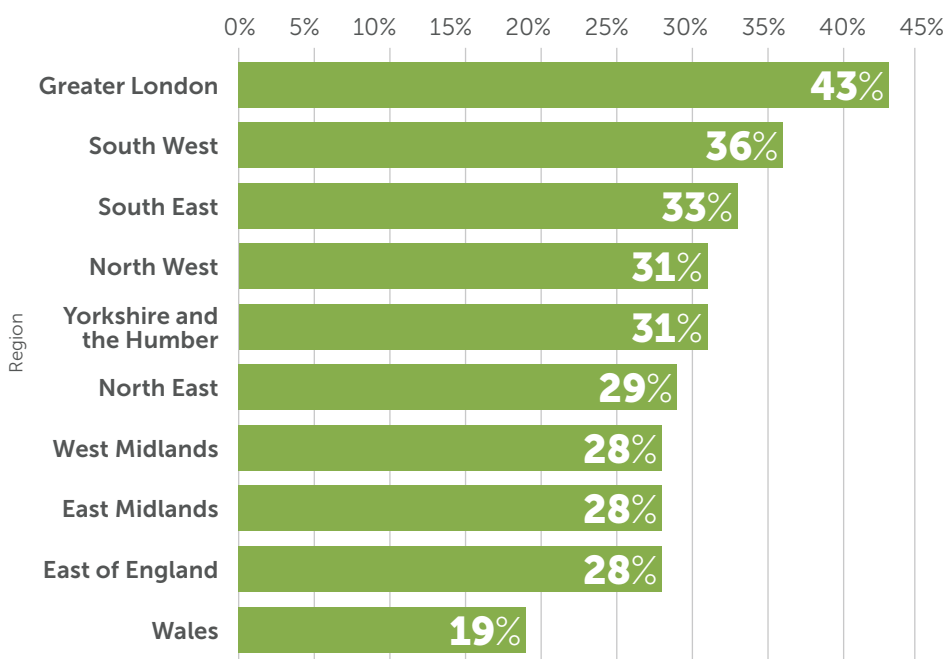


FIGURE 4 / Where organisations deliver services





The people voluntary organisations support





The needs and characteristics of the people that voluntary organisations in criminal justice support are as diverse as the voluntary organisations themselves. Organisations often have to respond to the multiple and complex needs their service users present with; needs that organisations tell us are becoming even more complex and immediate.

“ [...] the needs vary from homelessness, rough sleeping, drugs and alcohol, social and cultural isolation, health, poverty and debt, a very holistic picture of needs that we are presented with and often very complex needs. ”⁵

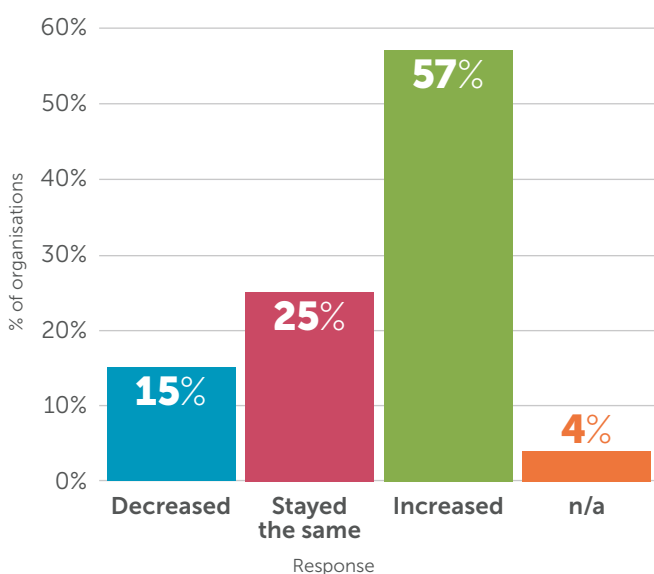
Interviewee

KEY FINDING

Organisations are supporting more people

We asked organisations if the number of service users had changed in the last financial year – 2015/16. 57% of organisations said the numbers of service users had increased, whilst 25% said that it had stayed the same.⁶

FIGURE 5 / Change in number of service users



KEY FINDING

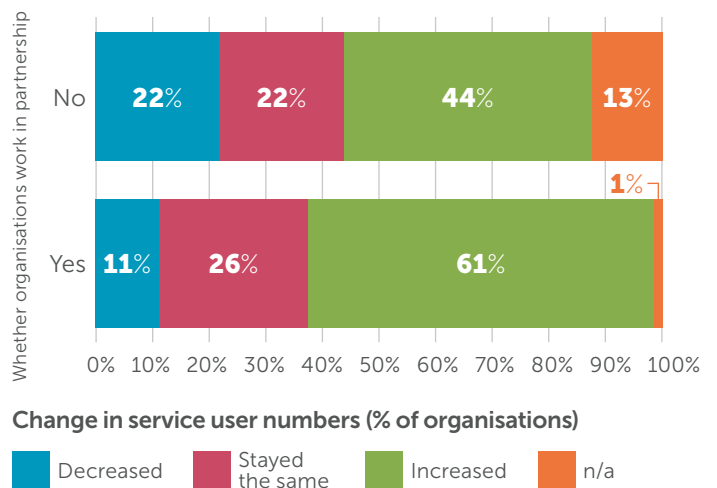
Organisations supporting more service users are more likely to be working in partnership and have developed new services

Organisations who reported that the number of their service users had increased were more likely to tell us that they work in partnership with other organisations and that they have developed new services.

- 61% of organisations who said the number of service users had increased in the last financial year said they work in partnership.
- 70% of organisations who said the number of service users had increased developed new services in the last financial year.

Please see page 26 for more information about partnership working.

FIGURE 6 / Relationship between organisations reporting changes in service user numbers and whether they work in partnership



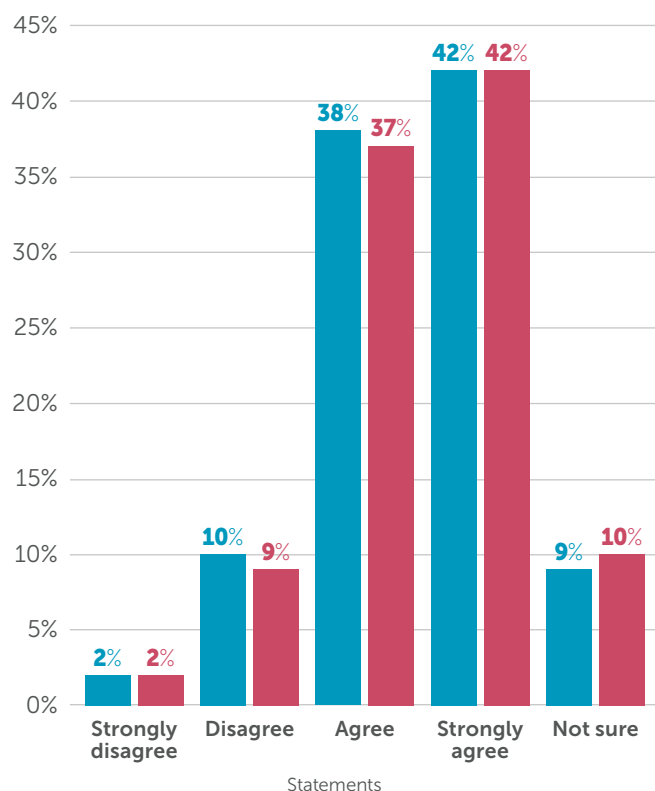


KEY FINDING

Service user need continues to change with needs becoming more complex and immediate

An overwhelming majority of organisations told us that the needs of the people they are working with has become more complex and more urgent. 80% of organisations agreed or strongly agreed that needs have become more complex, and 79% said they have become more urgent.

FIGURE 7 / How strongly organisations agree or disagree that the needs of their service users have become more complex and urgent



■ The needs of our service users have become more complex
■ The needs of our service users have become more urgent

The needs of service users have changed in a variety of ways. Organisations told us that they are seeing increased needs in relation to housing, debt and financial management, problematic substance misuse and poor mental health.

“ We are seeing more clients presenting with homelessness and debt related issues, as well as there being a growing use of alcohol and substances, especially cannabinoids, but also opiates and prescription drugs. ”

Survey respondent

“ More people are living in poverty, more are isolated, more have fallen through the nets of other organisations. ”

Survey respondent

One organisation who took part in the interviews gave more detail about how the needs of their clients has changed and said:

“ Our organisation works in criminal justice and [the] immigration system. Needs that have changed are increased poverty ... anxiety in relation to immigration status, housing and accommodation [and] people are more anxious about what is going to happen to them in the community. ”

One of the most common themes raised by respondents was that accessing stable and appropriate housing is becoming an increasing problem for their service users. Organisations cited many reasons for this including challenges in the prison environment and limited housing options for people.

“ There is less housing provision and benefits are more difficult to access. Prisons have declined to the extent that it is difficult to engage a prisoner in a meaningful conversation about living differently after release as prisoners seem to be absorbed by the situation they are dealing with on a daily basis and disinclined to think of a possible future. ”

Survey respondent

Further to this, one of the organisations who took part in the interviews said that the main reason accommodation is becoming more of an issue for their service users is that roles and responsibilities between different statutory organisations are unclear.



“The problem seems to me that it is kind of nobody’s problem. The probation say, well there is not enough housing, and the housing people say, it’s the responsibility of somebody else. So it’s where do you go with the housing problem? Nobody is taking responsibility for it.”

Interviewee

Housing was specifically highlighted as an issue for women, with one interviewee saying:

“There is a lot less accommodation for women available than before, especially in the North. Most accommodation is predominantly for men and very little for women, or it is too far away—which is a problem if your family lives in another area.”

Interviewee

KEY FINDING

A range of factors are impacting on service user need

The reasons for a change in service user need are varied, but organisations’ views can be grouped into three main themes:

- A reduction in other services
- Prisons that are in need of immediate reform
- A changing policy landscape.

The following section looks at each of these themes in more detail.

A reduction in other services

A few organisations, including two of the interviewees, were keen to stress that the needs of their service users hadn’t changed but were being exacerbated as other services were unable to meet their needs.

“I’m not sure that the needs of service users have become more complex but it’s more a reflection of diminishing resources and a lack of robust responses by statutory services to service users as they are becoming increasingly fractured and fragmented.”

Survey respondent

One interviewee explained that some of the adults they are working with didn’t receive the support they needed when they were children due to cuts in statutory services, which has meant that they were more likely to present with more embedded and complex needs.

“When previously people may have been, if they are younger and were showing mental health issues, then they would have been signposted to mental health services, there may have been resources in schools to help and manage them, they may have moved somewhere else. All of that has been cut. So now we are seeing the impact of those cuts in older people coming to us with more complex needs.”

Interviewee

A reduction in other services has led to increasing demand on voluntary organisations, which is putting staff under pressure and stretching their resources.

“Due to cuts in statutory services and the prisons/housing and probation... little access has been made by our clients to those services—they are therefore reliant on smaller organisations like us to ensure they achieve positive outcomes.”

Survey respondent

Prisons that are in need of immediate reform

Organisations who work in prisons explained how the prison environment, such as the use of psychoactive substances and rising violence, suicide and self-harm, was having an impact on the needs of their service users.

“[The] advent of new psychoactives has had a devastating effect. Rising violence, disorder, and shortage of staff means that regimes are suffering, and too many are stuck in cells 23 hours a day. Levels of anxiety for families are increasing – [there is a] huge increase in number of people contacting us due to concerns about safety and welfare of family members in prison.”

Survey respondent

We found that the conditions in prisons are not only having a negative impact on the needs of the people in prison and their families, they are preventing some voluntary organisations from delivering their services as they aren’t able to access the prison.



“If the wings aren't open, we can't work. If people are locked out, we can't work. If people are suffering from mental health challenges and can't get out of their cells, then we can't work.”

Interviewee

A changing policy landscape

Any change to policy will inevitably have an impact on service users and the organisations working to support them. When organisations told us about the impact of policy change on their services users, they overwhelmingly highlighted that welfare reform is having a negative impact on their clients.

“Each time the benefit system changes – our service users' needs become more complex as we need to help them fit into a system not designed for them.”

Survey respondent

Other organisations told us that changes to the welfare system are creating additional challenges for their service users, as in some cases it is leading them to have increased anxiety and in others is impacting their ability to access housing.

“Welfare reform has impacted our SU's [service users] in terms of their financial position and ability to access housing.”

Survey respondent

“The issues remained the same. I think the welfare reform has affected people terribly. I think the new medical assessments are causing more anxiety and it is unnecessary anxiety.”

Survey respondent

KEY FINDING

Rather than turn people away, organisations are responding creatively to changing service user need

If organisations reported that they had seen a change in service user need we asked them how they had responded to these changes. The majority of organisations (65%) said they are working more flexibly with their clients and

55% said they are working to improve the skill set of their staff and volunteers through new training opportunities. Indeed, 51% increased the number of volunteers they recruit to help them meet the needs of their service users.

Further to this, over half (53%) of organisations said that they are increasing their partnership working to respond to the changing needs of their service users. Responding in this way may become more challenging in the future as organisations told us that there is a reduction in other services, especially those in the statutory sector, meaning that there are likely to be fewer organisations to rely on.

Only 8% of organisations said that are responding to the changing needs of their clients by making their criteria narrower (which would reduce the amount of people able to access the service). This indicates that organisations will only turn potential clients away as a last resort and will invest in other ways to deliver their services to ensure they can meet the needs of their existing or potential clients. Although this is a real strength of the sector, working with rising numbers of increasingly complex clients is challenging and is likely to be stretching organisations' capacity, as well as putting strain on staff and volunteers. 41% of organisations said their staff were taking on larger caseloads to respond to the changing needs of their service users, which is not sustainable and could have a negative impact on the quality of the services they are able to deliver.

Organisations are acutely aware of the impact on staff of taking on larger caseloads of increasingly complex clients – please see page 35 for how they are responding.

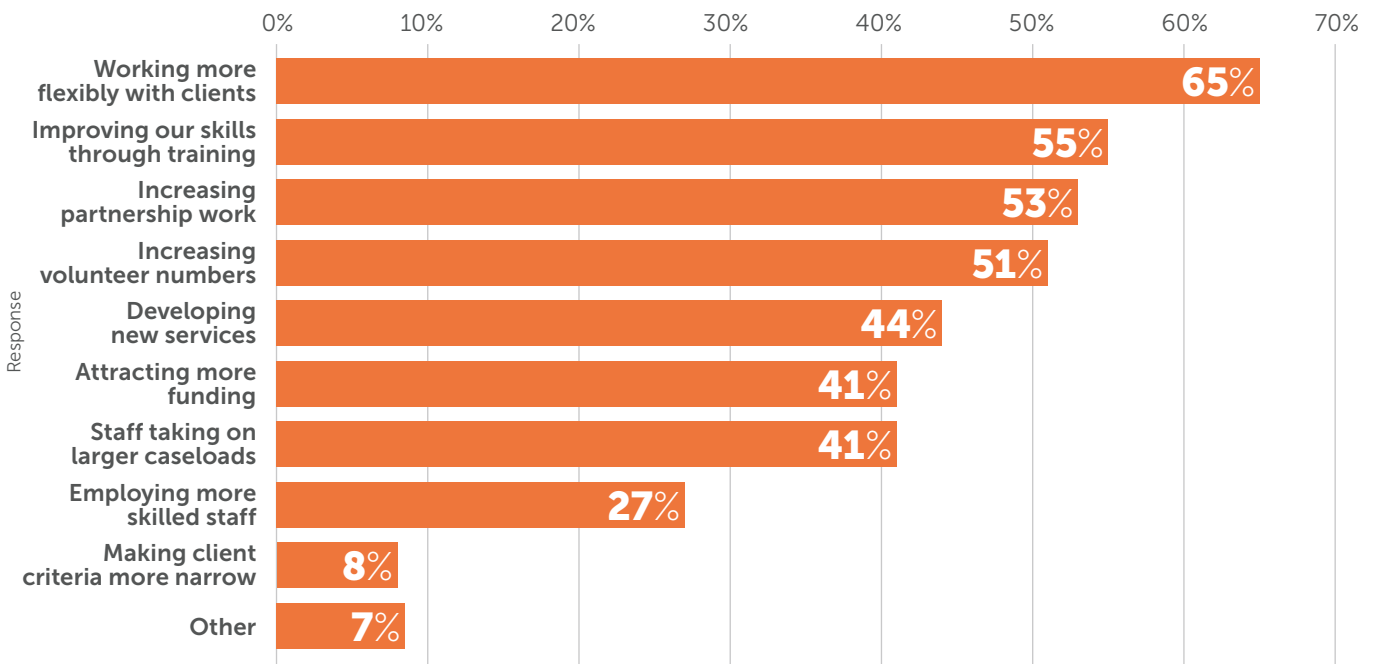
KEY FINDING

Service user involvement is common

Listening to and responding to the views of the people organisations are working to support is essential, as it helps to ensure services are as effective as they can be and are indeed working to meet service users' needs. It also helps services to determine what those needs are and identify any changes. In Clinks' previous state of the sector survey we found that only 35% of organisations had consulted service users



FIGURE 8 / How organisations are responding to the changing needs of their service users

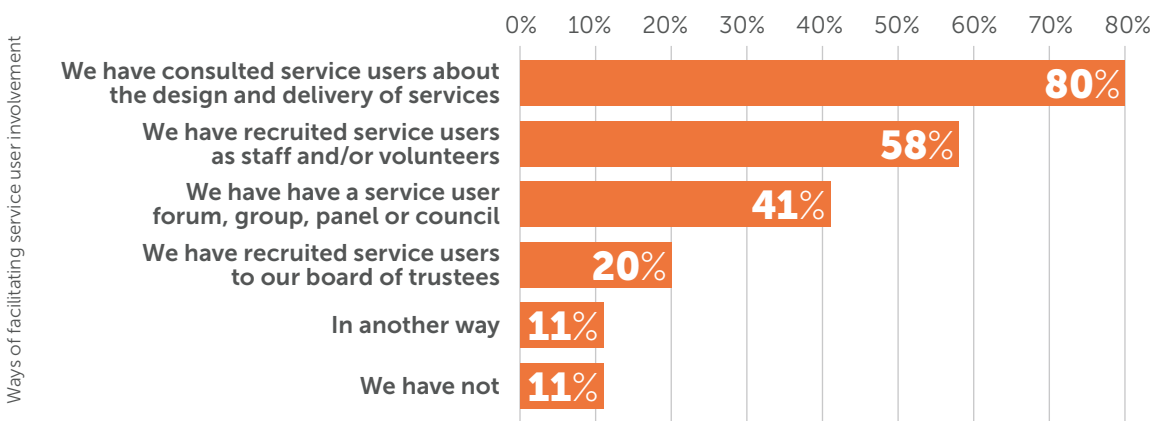


about the design and delivery of services, leading us to deliver a programme of support and publish guidance on how to deliver service user involvement.

When we asked organisations if they had facilitated service user involvement in the last financial year, 80% said they had consulted service users about the design and delivery of their services and 58% had recruited service users as staff and/or volunteers. Further to this, 41% of organisations told us that they had a service user forum, group, panel or council. Only 11% of organisations had not facilitated service user involvement.

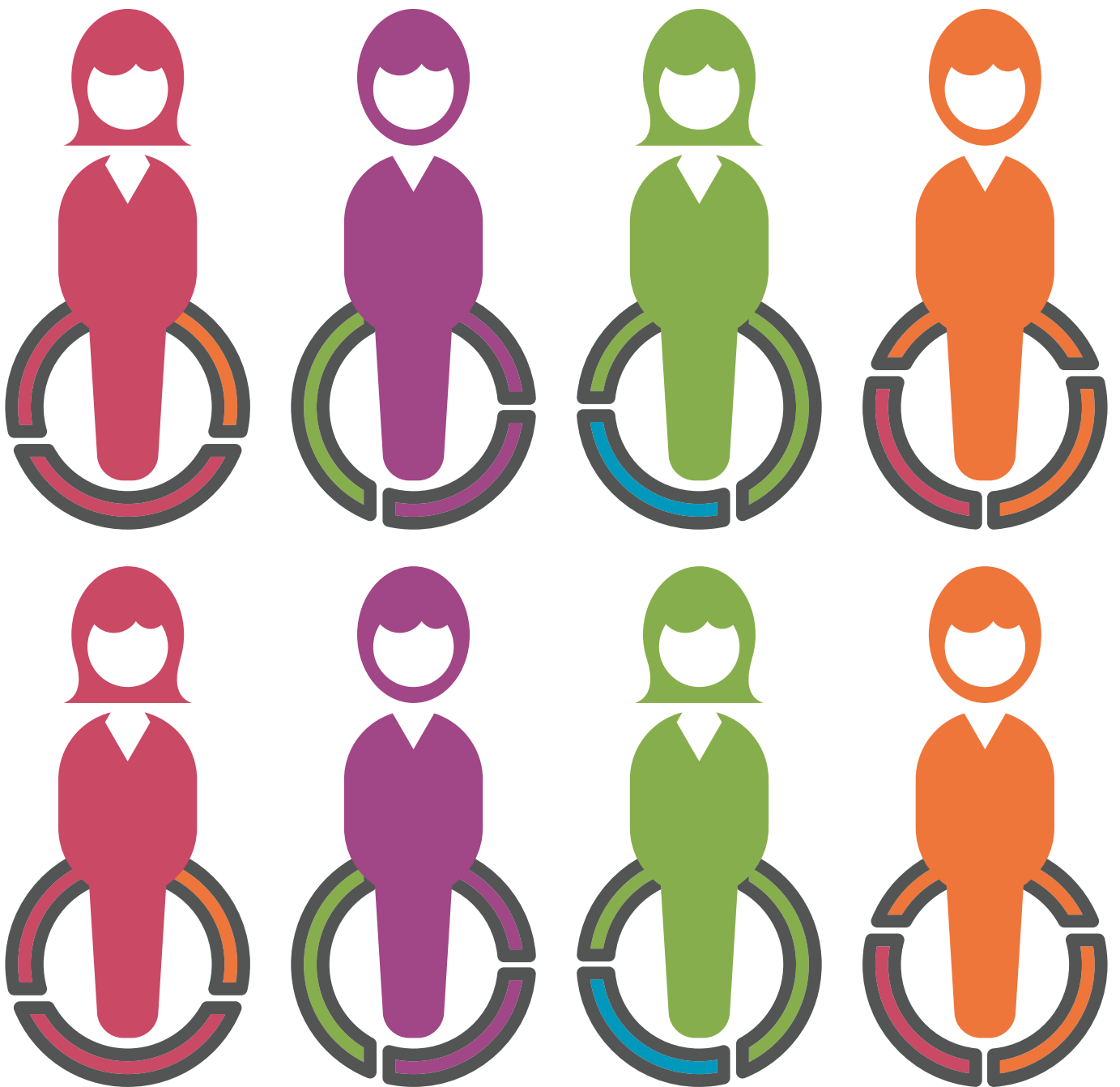
It is also important that service users are able to have strategic input into the development of the service and are represented on organisations' boards of trustees. 20% of organisations had recruited service users as a member of their board, and some organisations told us that they were in the process of doing so. It is important that organisations take proactive steps to recruit service users to their board of trustees,⁷ and Clinks would like to see this rise in the future.⁸

FIGURE 9 / Ways organisations have facilitated service user involvement





The services being delivered





We found that voluntary organisations continue to be driven by the often changing needs of their clients. They work creatively and flexibly to ensure they are able to respond to new challenges, such as adapting their services in response to the needs of their clients, the availability of funding, or to fill gaps in existing provision.

“We are expanding and diversifying in some areas – but mainly to offset cuts in other areas. We are not static, but not necessarily growing or shrinking overall!”

Survey respondent

KEY FINDING

Organisations are expanding and maintaining their services

Almost half (47%) of survey respondents said that they were expanding their services. We found that 40% of organisations were maintaining their services and only 8% reducing their services.

Worryingly those organisations delivering specialist services are less likely to be expanding and more likely to be maintaining or reducing their services. Organisations providing specialist support for BAME communities were also more at risk of closure with 30% reporting this to be the case compared to 5% of all survey respondents.⁹ We know that people from BAME communities continue to be over-represented in our criminal justice system, yet services appear to be in decline.¹⁰

KEY FINDING

Organisations are developing new services to respond to changing needs

70% of organisations who completed the survey told us they developed and delivered new services in the financial year 2015/16. Examples include through the gate services, accommodation services for women, specialist services for people with dementia and a training programme to enhance

and support relationships between staff and people in prison. We were told the following:

“Through the gate service for prisoners who have engaged with us in prison. We started offering training, volunteering and mentoring support to help ex-prisoners get into work in the textiles industry or set up their own business.”

Survey respondent

“We have extended our services to prisons – to increase the awareness of dementia among prisoners and staff so that dementia symptoms can be identified and diagnosed.”

Survey respondent

“A new British Sign Language advice service for deaf clients.”

Survey respondent

“We’re piloting a new programme to enhance relationships between prison staff and prisoners, to try and help with the violence / tense culture in some facilities and wings.”

Survey respondent

“We’ve developed support for women who have had their children removed into care. We’ve developed new emotional health and wellbeing services.”

Survey respondent

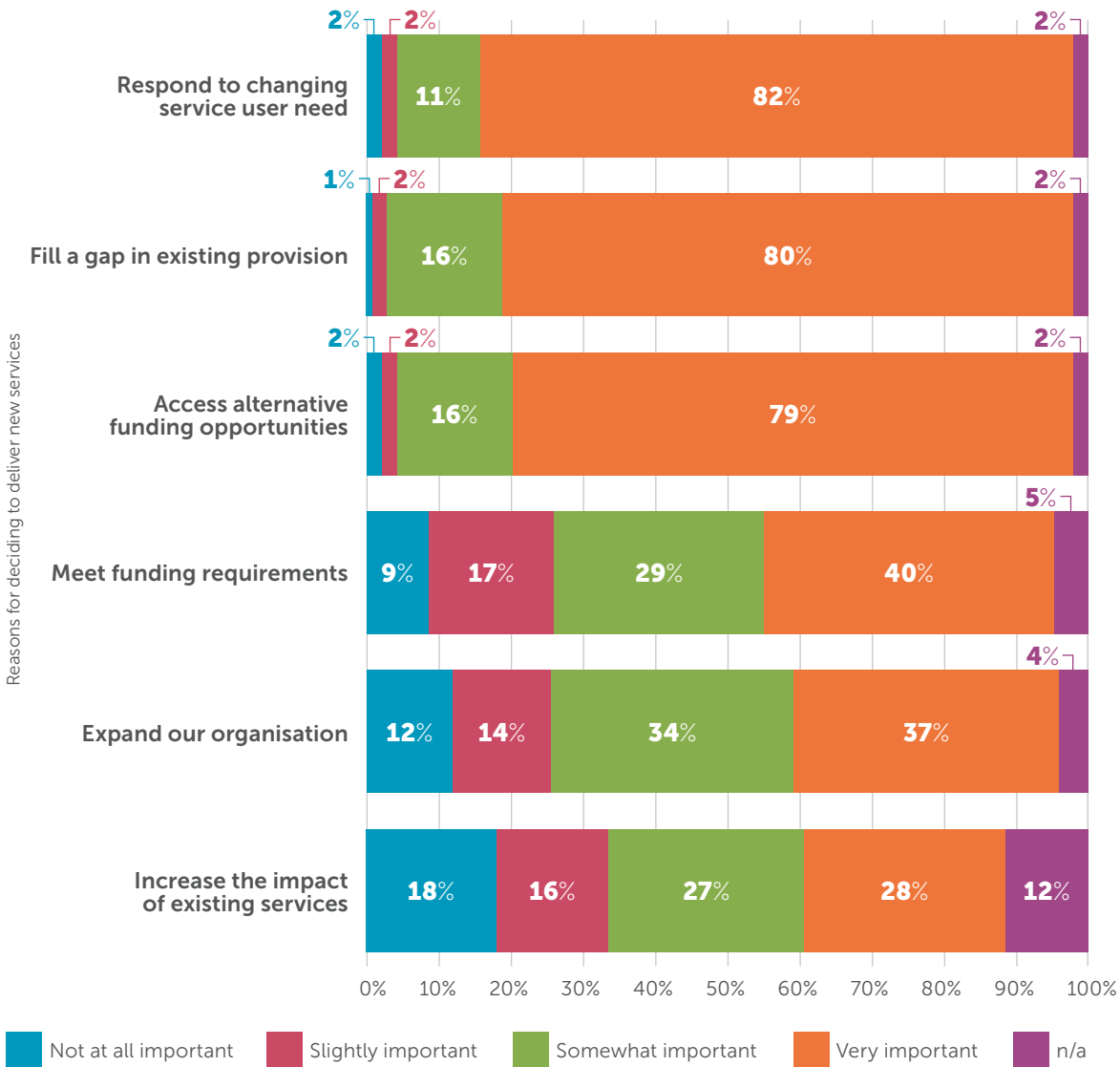
“One of our twelve accommodation schemes has become women only in response to the high number of women we are now housing.”

Survey respondent

We asked organisations about the importance of different factors in their decisions to develop and deliver new services. 82% of organisations said responding to changing service user need was a very important factor, whilst 80% reported filling a gap in existing provision as very important. We are encouraged that organisations are pro-actively plugging gaps in existing services and believe this will better meet the needs of service users and support positive change in the justice system. Almost four out of five (79%) organisations we heard from said a very important motivation to develop new services was to access alternative funding



FIGURE 10 / Reasons organisations developed and delivered new services



opportunities. However, only 37% of organisations said expanding their organisation was a very important factor when deciding to deliver a new service.

KEY FINDING

Organisations have scaled back or closed services due to a lack of funding

30% of organisations had reduced and 21% had closed services in the financial year 2015/16. The majority of organisations told us that they had to reduce or close services because they could not secure funding to support them. 82% of organisations who had reduced their services said not being able to secure funding was a very important factor and 72% of organisations had closed services for the same reason.

35% of organisations who reduced their services and 37% who closed them said that their services not being needed due to changing service user need was not an important factor in their decision making. These results indicate that service users still need to access the services that had closed or reduced.

FIGURE 11 / Reasons organisations reduced their services

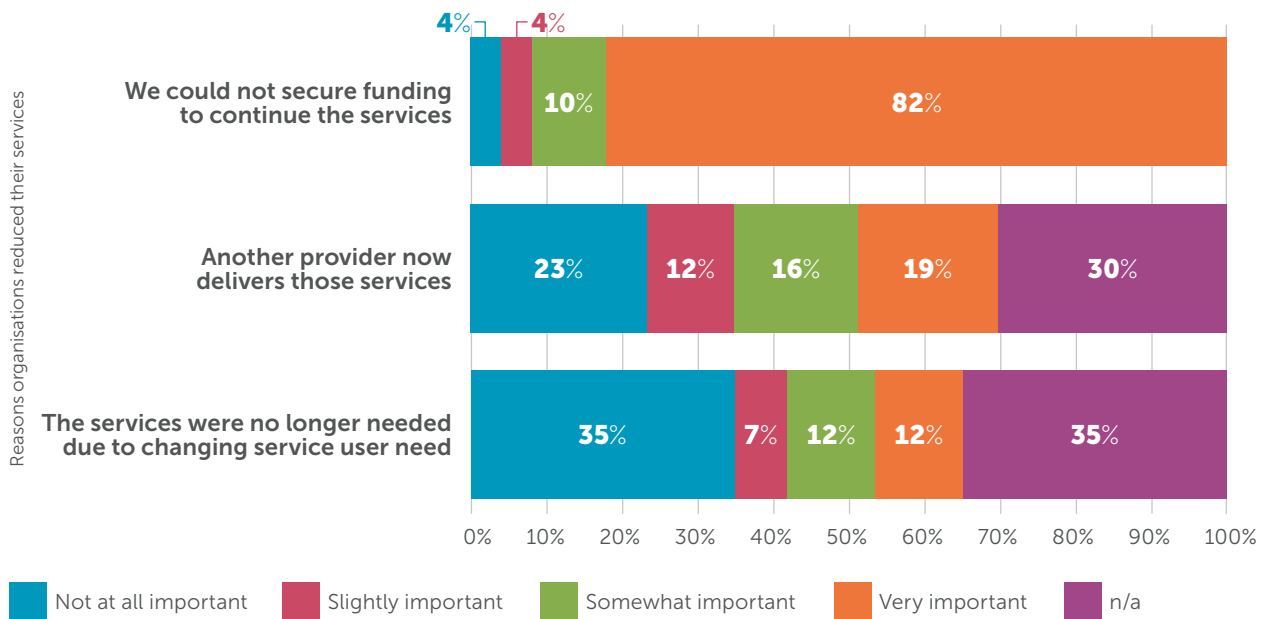
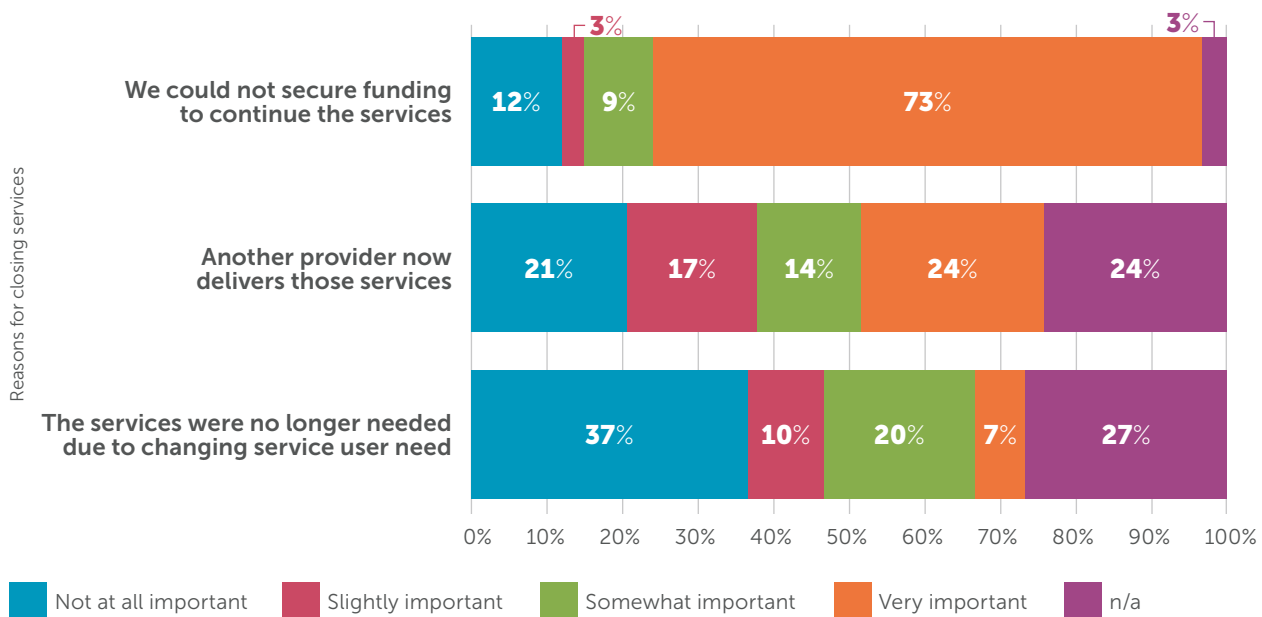


FIGURE 12 / Reasons organisations closed services



KEY FINDING

Organisations work in partnership to provide better services and share resources more effectively

81% of organisations told us that they work in partnership. 53% of organisations said the majority of these are informal partnerships and 47% said they are formal. Partnerships have the potential to allow a

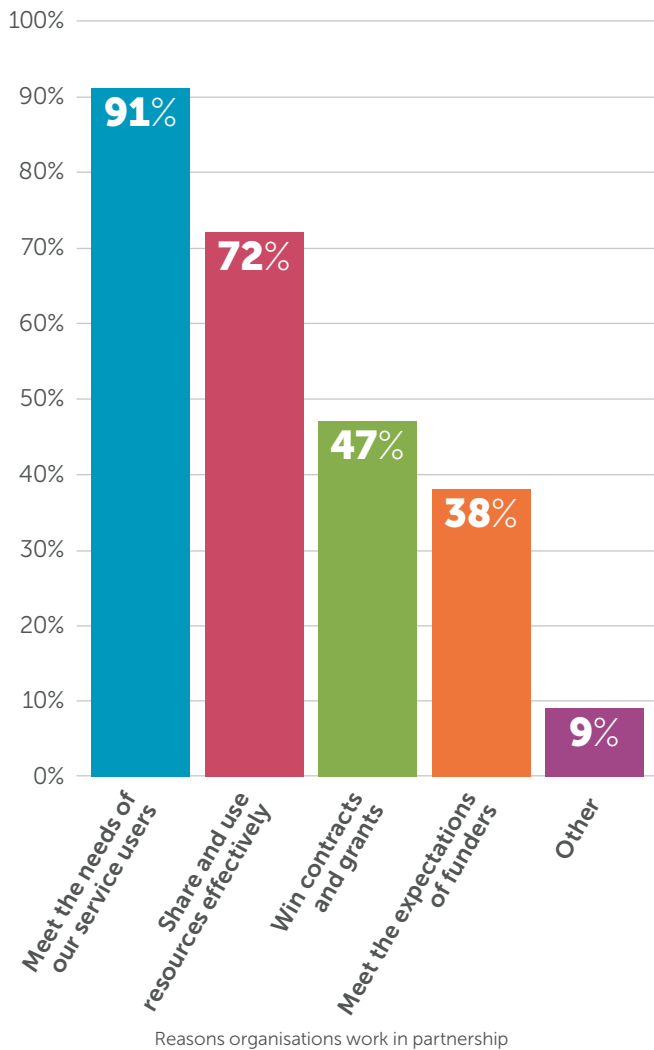
sharing of resources, knowledge and expertise to better meet the needs of service users. The overwhelming majority (91%) said the main reason they work in partnership is to meet the needs of their service users. 72% said they do it to share and use resources more effectively; this is potentially in response to a reduction in funding opportunities and budget cuts that organisations reported they are experiencing.

38% of organisations said one of the main reasons they work in partnership is to meet the expectations



of their funders. This not only demonstrates how the decisions and expectations of funders can shape the way voluntary sector organisations work operationally, but also highlights the pressures that organisations are responding to.

FIGURE 13 / The main reasons organisations work in partnership

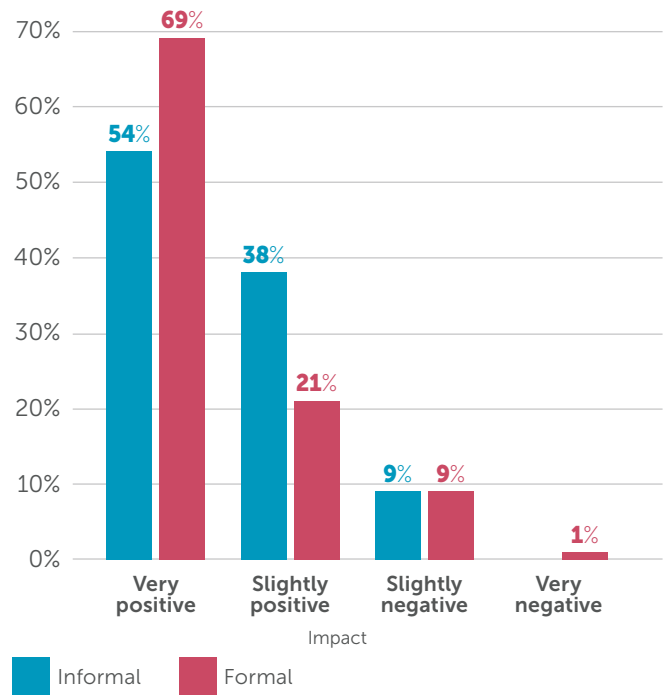


KEY FINDING

Partnerships are working, but they can be challenging

Overall, organisations who completed the survey said they had positive experiences of both formal and informal partnership working. 90% of organisations said their experiences of formal partnership working were slightly or very positive and 91% of organisations who worked in informal partnerships said this was the case.

FIGURE 14 / The impact formal and informal partnership working has had on organisations



Benefits of working in partnership

Organisations gave a range of reasons why partnership working has been positive. They said that it has enabled them to:

- Share expertise and knowledge with other organisations
- Have additional reach into areas they hadn't worked in before
- Raise their profile
- Support their staff to develop skills and expertise
- Sign post clients to other services to meet their needs.

One organisation who described their experience of partnership working as very positive explained that this was because it allowed them to better achieve outcomes and share knowledge and expertise with other organisations.

“There are numerous benefits - here are two. Partnership working in service delivery enables us to achieve better outcomes by working with agencies with different expertise, and enables us to avoid the risk of mission drift or over stretching our resources. Partnerships with organisations with similar aims and expertise with different footprints allow us



to share know how and practice, and develop nationally applicable service models that mean service users receive some consistency of support regardless of what prison they are in or visiting. ”

Survey respondent

Some organisations told us that they would struggle to deliver their services if they did not work in partnership with other organisations.

“ We work in partnership with one of the other charities in [a prison] and they have ensured that we have a space to teach prisoners, that prisoners have access to our groups and that prison staff are aware of what we are doing. This has been pivotal in helping us run our group at the prison. ”

Survey respondent

Challenges of partnership working

Although working in partnership can have many benefits it can also be challenging. Partners often have different values, cultures and ways of working; all of which they need to navigate to enable them to work together effectively. Navigating and adapting to this is not only challenging for organisations but it can be resource intensive.

Some survey respondents focused on the contractual relationships they have with other organisations. In some cases the role and responsibility of each organisation was not made clear at the beginning of the partnership which created challenges later, whilst others highlighted that the requirement to work in partnership was driven by some commissioners.

“ Some of our partnerships are in fact contractual relationships - subcontracting arrangements in effect. Often this was not made clear to partners during the process of submitting a tender, which can lead to difficulties managing the partnership later in the relationship. ”

Survey respondent

“ Some contracts require partnerships, even though we have had expertise and capacity to deliver the whole contract. This has resulted in additional costs for collating outcomes and reporting/auditing, which could be viewed as unnecessary. Others have been positive where we are working with partners to enhance/fill gaps, but we would

have done this anyway even if not commissioned as we want holistic support for our customers. ”

Survey respondent

One organisation who described a very negative experience of working in partnership said they felt “partnership working seems to be a way for commissioners to reduce costs whilst still expecting everyone to deliver more.” Further to this, some organisations highlighted that due to the competitive funding environment there were fewer opportunities to work in partnership and organisations had become less collaborative.

“ We do try to work in partnership but we are mindful that with the funding, that actually people we have worked more collaboratively with in the past, are now our competitors. ”

Interviewee

It is important to note that although organisations highlighted challenges with partnership working, overall they cited it as a positive, necessary and valuable way of working.

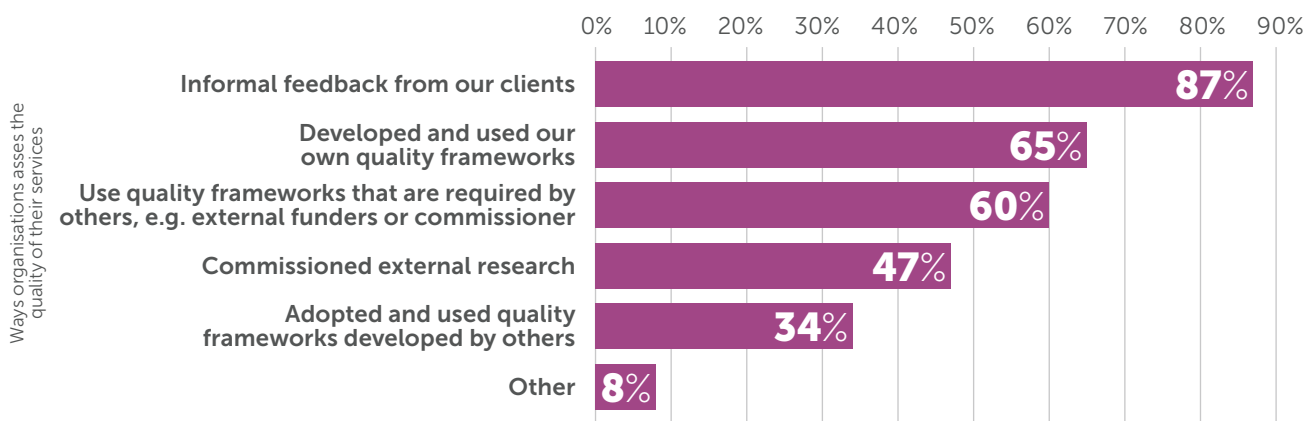
KEY FINDING

The quality of services is measured using feedback from service users

93% of organisations who completed the survey told us they assess the quality of their services, and they do so through a variety of different ways. The overwhelming majority (87%) told us that they do this through informal feedback from their clients, whilst 65% of organisations have developed their own quality framework, or way of measuring the success of their service. 60% use a quality framework that is required of them by others, such as a commissioner. As it is likely that organisations will be commissioned from many different sources, it will be challenging and resource intensive for them to demonstrate the quality of their service if they need to use different methods of doing so.



FIGURE 15 / How organisations assess the quality of their services





The people delivering services





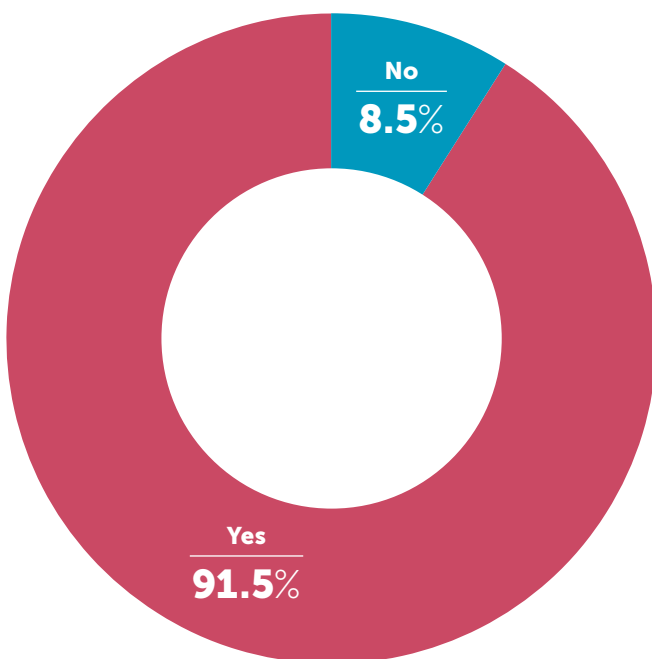
The following section looks at staff and volunteer recruitment, the roles and responsibilities taken on by volunteers and how organisations are working to ensure the needs of their staff are met as they work with people who have increasingly complex needs.

KEY FINDING

The workforce of voluntary organisations working in criminal justice has increased

92% of survey respondents told us they have volunteers and 38% of these reported they have recruited more volunteers in the last year. Based on average numbers of staff and volunteers from the survey, we estimate that on average there are two volunteers for every member of staff.

FIGURE 16 / Percentage of organisations who have volunteers



According to our analysis of information held by the Charity Commission we know that the number of staff working for voluntary organisations has increased in the seven year period between 2008/09 and 2014/15.

During our analysis of data submitted to the Charity Commission, we split organisations into two groups:

- **Specialist criminal justice organisations** – whose main purpose is to work specifically in criminal justice
- **Non-specialist criminal justice organisations** – whose service users might include people who have a conviction, but their main purpose is not to work in criminal justice.

There are 326 organisations in the specialist criminal justice group and 426 organisations in the non-specialist criminal justice group.

We found that specialist criminal justice organisations employed a total of 10,400 staff in 2014/2015, whilst non-specialist criminal justice organisations employed 55,944 people in 2014/ 2015. Non-specialist organisations employed over five times the amount of staff than specialist criminal justice organisations in 2014/15. From 2008/09 to 2014/15 the workforce of non-specialist organisations increased by 24%, which is more than specialist criminal justice organisations, whose workforce increased by 20%.

KEY FINDING

Volunteers provide essential services

On average volunteers spend 16 hours a month volunteering for organisations that filled out our survey. Organisations told us that on average, the maximum time someone volunteers per month is 80 hours, whilst the minimum time is 8 hours.

Volunteers undertake a variety of roles, which include working directly with service users. 57% of organisations told us that volunteers befriend or mentor people, 47% said that volunteers give advice, information or counselling support and 29% said volunteers visit people. Organisations often recruit volunteers who have specific skills to support their work, such as research or marketing.



FIGURE 17 / Staff employed by specialist criminal justice voluntary organisations

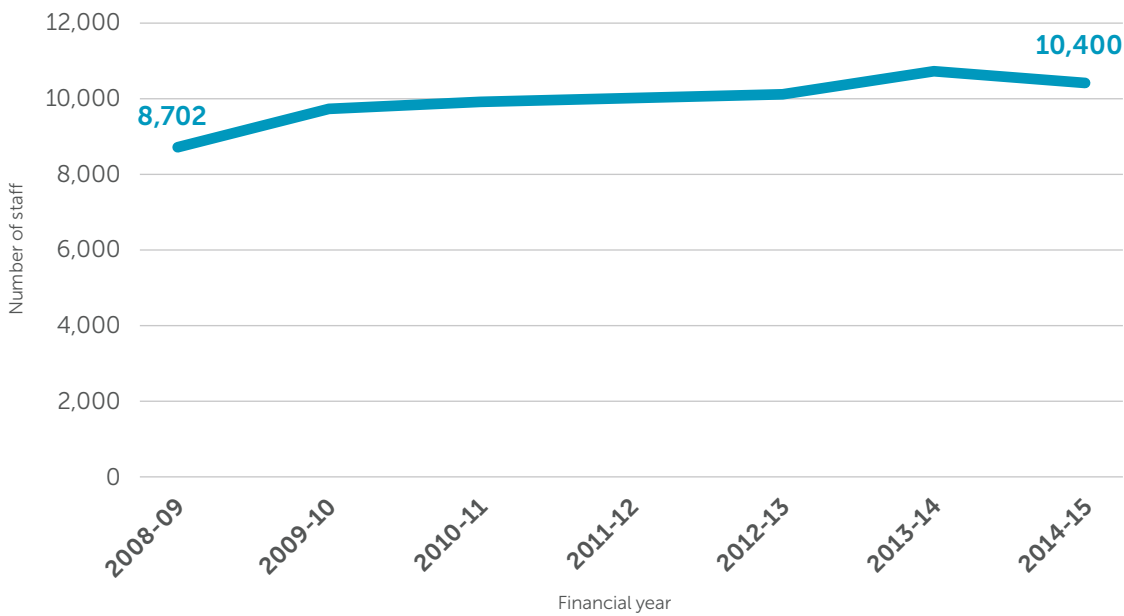
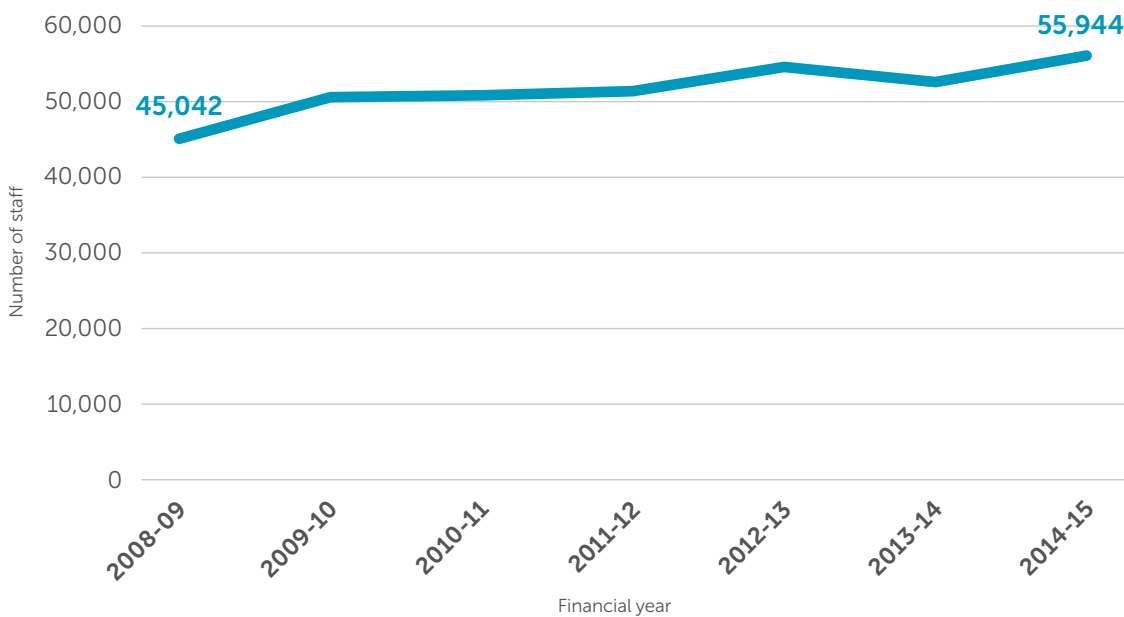


FIGURE 18 / Staff employed by non-specialist criminal justice voluntary organisations



“The key task [our volunteers provide] is training prisoners who can read to mentor those that need help and offer ongoing support to mentors through monthly meetings in their prison, and support to prison staff in developing the reading plan. Area Coordinators lead quarterly volunteer meetings, Area Secretaries plan meeting venues and each month request data from volunteers and prison staff.”

Survey respondent

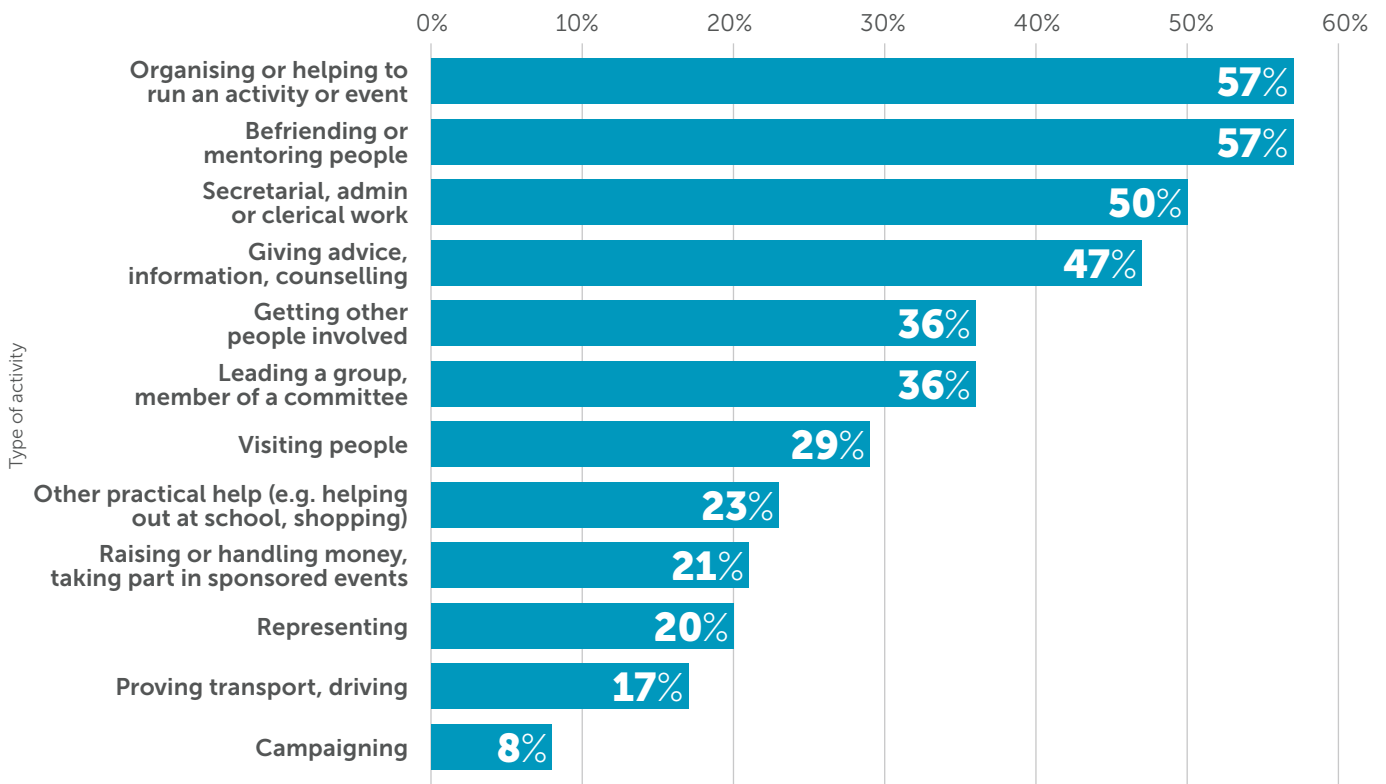
Volunteers also provide important and much needed back office support which can be challenging for organisation to raise funds for. 50% of organisations said that volunteers provide secretarial, administration or clerical support whilst 57% organise or help to run activities or events.

“[Volunteers] deliver training, provide refreshments, provide play services, organise activities for children and young people.”

Survey respondent



FIGURE 19 / Tasks or activities volunteers do with organisations



KEY FINDING

Recruiting staff and volunteers is challenging

Organisations find it challenging to recruit staff and volunteers, with 50% saying it is slightly or very difficult to recruit volunteers and 57% reporting this to be the case for staff recruitment.

The conditions in some prisons, such as high levels of violence, staff shortages and a rise in the use of psychoactive substances, is having a negative impact on organisations' ability to recruit and retain staff.

“The emotional resilience that they need to be able to deliver is huge. The turnover is greater. It's harder to recruit because people see negative documentaries of what life is like in prison and then they don't want to do anything there.”

Interviewee¹¹

Organisations find it more challenging to retain volunteers than staff, with 70% of organisations reporting it is slightly or very easy to retain or keep staff, with 59% of organisations reporting this to be the case for volunteers. On average, organisations reported that it is slightly or very easy to train both staff

and volunteers. When discussing the training needs of their staff and volunteers, one interviewee said that due to the changing needs of their service users, they are having to develop a different approach to training.

“I think it means that we have to have a different approach to training our people. Our people need to be excellent all rounders, they need to be able to understand and recognise mental health challenges. They need to be able to signpost people to different services that can meet their complex needs. We are dealing with people who are in much more challenging situations, they need to be aware of gang dynamics, they need to be aware of de-escalation tactics.”

[attribution]

We asked about obtaining security clearance for staff and volunteers and found that 34% of organisations find it very easy to obtain for staff, whilst 26% reported it as very easy for volunteers. However, 36% of organisations find it difficult to obtain security clearance for staff and 38% said this is the case for volunteers. Organisations that work only in prisons seem to have more difficulties in obtaining security clearance than organisations working in the community or in both prisons and the community.



FIGURE 20 / Staff – how difficult is it for organisations to recruit, train, keep staff and obtain security checks?

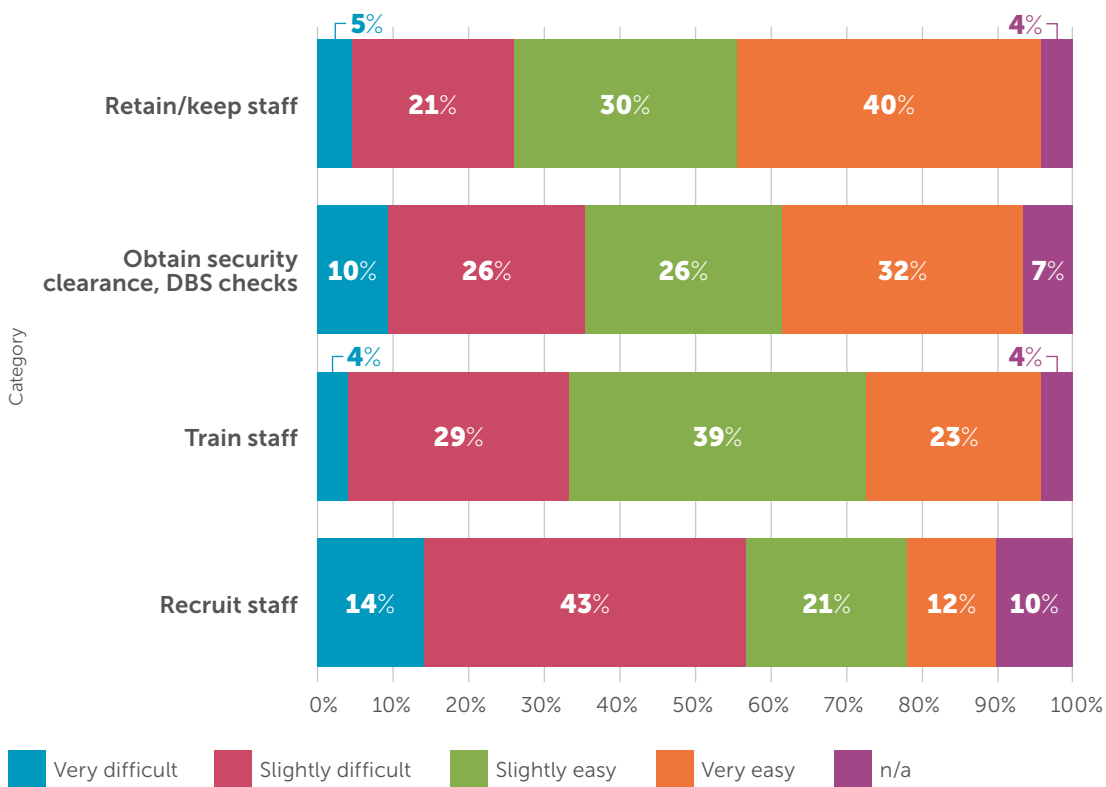
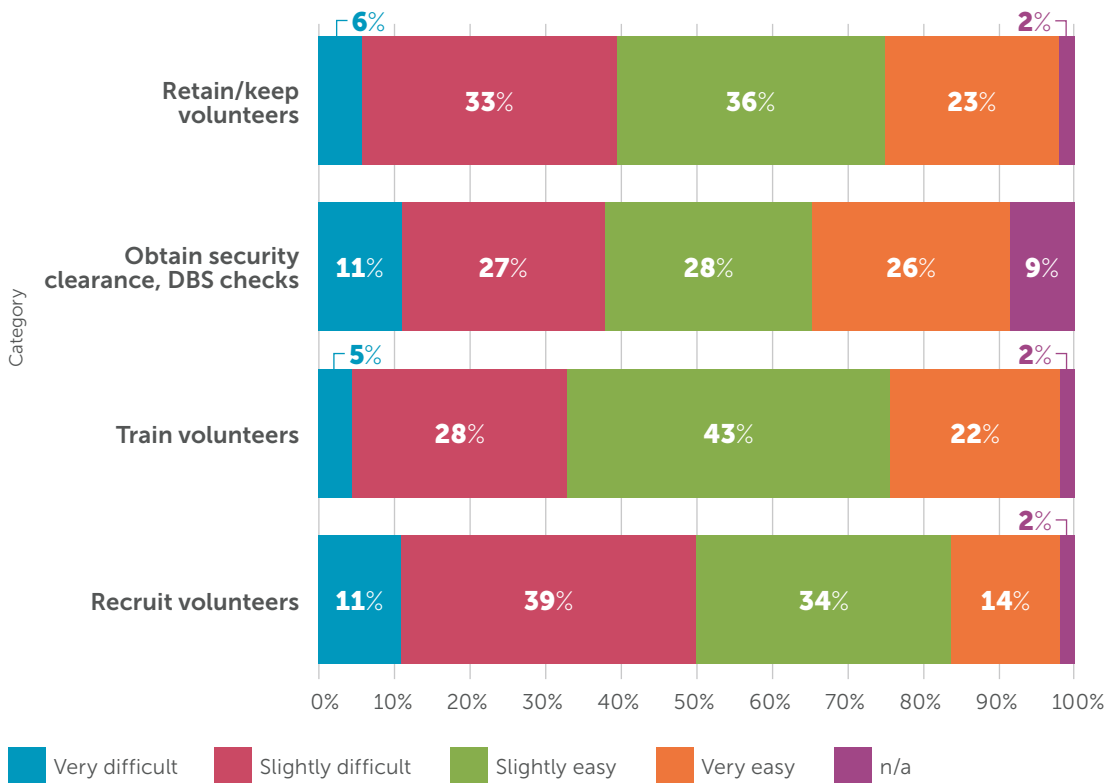


FIGURE 21 / Volunteers – how difficult is it for organisations to recruit, train, keep volunteers and obtain security checks?





 **KEY FINDING**

Organisations are proactively supporting staff wellbeing

Voluntary organisations tell us that the needs of service users are becoming more complex and immediate, caused in part by the current prison environment and changes to policy (especially welfare reform). At the same time they tell us that there is less support available for service users from other agencies due to reductions and restrictions in public sector services. These pressures have led to some staff being asked to take on bigger caseloads of service users with more complex needs. This is highly likely to have an impact on staff morale and on their wellbeing.

“I think people will still continue to work hard, still continue to be positive, but actually there is a lot of exhaustion there, a lot of frustration as well. Because other services are stretched as well and people are really falling through the net. When you talk about a quality service and people want to give a quality service, but there is only so much that we can do, that is really frustrating. That affects on staff morale, on staff feeling pride. Our team really wants to do a good job, but unfortunately we can't do things the way we used to do things.”

Interviewee

Organisations are aware of the additional pressures on staff and told us they are working to address them. They offer counselling to their staff, have consistent line management support and facilitate peer to peer support within their staff team.

“We have really good line management, good trustee support, regular meetings and we are really trying to get the team together and to support each other. They have really good ideas of how to improve the way we work together. We also have a skills team who have transferable skills, so where there are gaps, people can support each other. Which is especially helpful in the restructure now.”

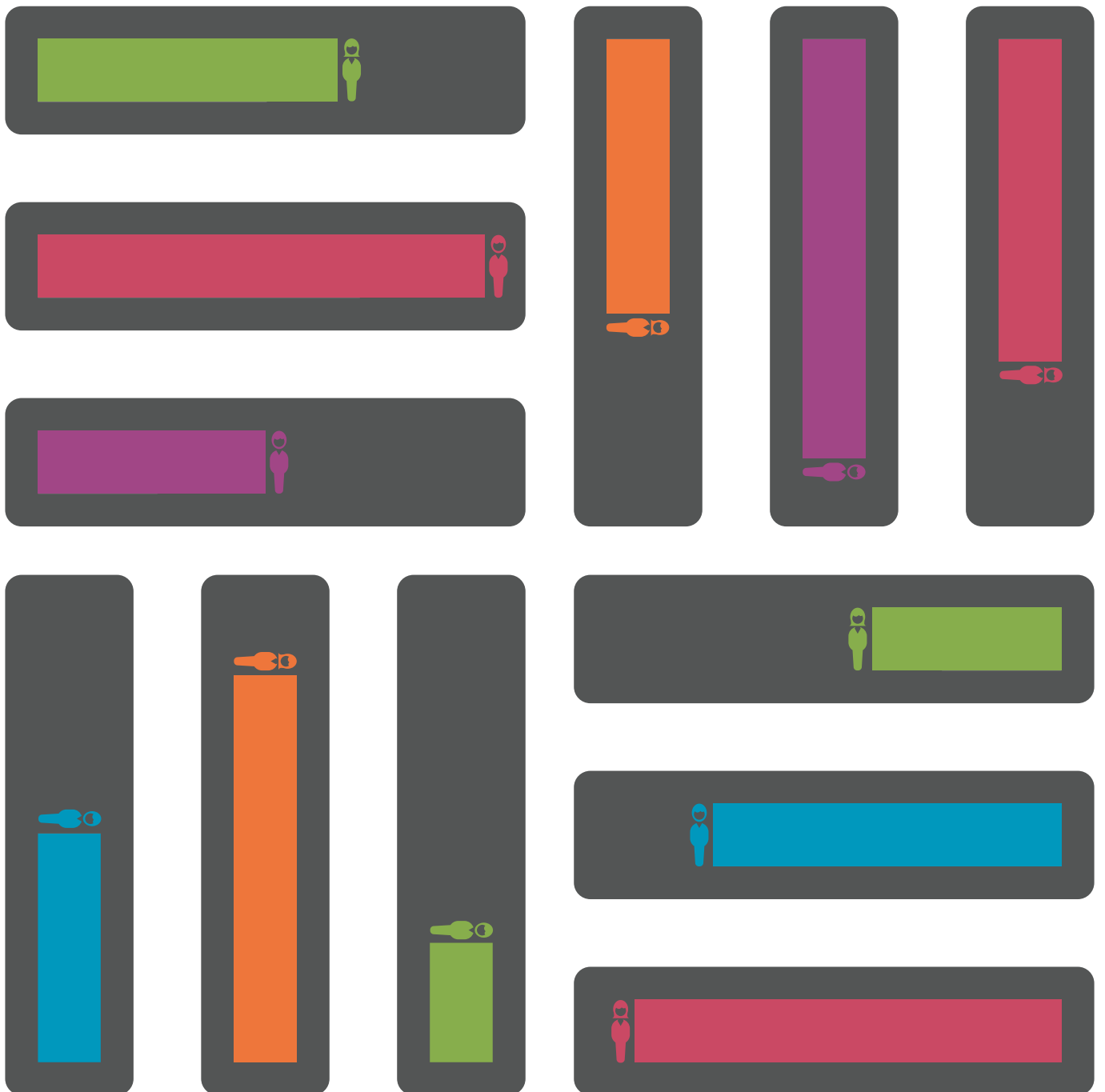
Interviewee¹²

“We try to build resilience for our staff and to support them as best as we can. For example, we have supervision with access to counselling and other support mechanisms. For example we have a yoga class every week, we have access to wellbeing activities.”

Interviewee



How services are funded





Voluntary organisations working in criminal justice often have a mixed funding portfolio. The following section explores where voluntary organisations receive their income from, the type of income they receive, how they are spending their income and what levels of reserves organisations have.

This section focuses on our analysis of financial accounts that registered charities have submitted to the Charity Commission. Our analysis of organisation size has been complemented with data from information that organisations submitted to Companies House.

During our analysis of data submitted to the Charity Commission, we split organisations into two groups:

- **Specialist criminal justice organisations** – whose main purpose is to work specifically in criminal justice
- **Non-specialist criminal justice organisations** – whose service users might include people who have a conviction, but their main purpose is not to work in criminal justice.

We did this to see if there are differences between these two groups. We have focused on information about specialist criminal justice organisations but have given information about non-specialist criminal justice organisations where there are notable similarities and/or differences in the data.

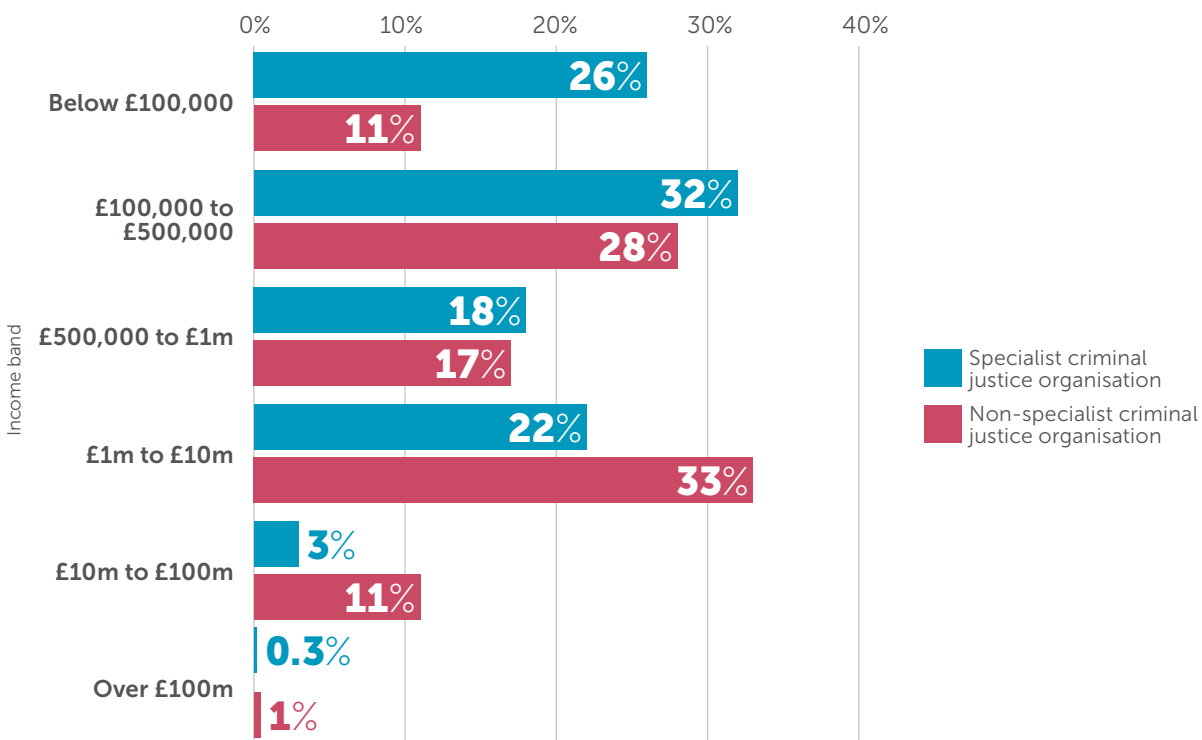
KEY FINDING

Specialist criminal justice organisations are smaller than non-specialist criminal justice organisations

When looking at organisations’ income, the data shows that specialist criminal justice organisations tend to be smaller than non-specialist criminal justice organisations. We found that:

- 26% of specialist criminal justice organisations have an annual income of less than £100k, compared to 11% of non-specialist criminal justice organisations
- 25% of specialist criminal justice organisations generate income of more than £1m per year, but this is true for 44% of non-specialist criminal justice organisations
- 3% of specialist criminal justice organisations have an income of £10m and over, whilst this is true for 12% of non-specialist criminal justice organisations.

FIGURE 22 / Income – comparison between specialist criminal justice and non-specialist organisations





The financial data analysed from Companies House shows that 153 organisations working in the criminal justice system that are not registered charities have a total annual estimated turnover of £17.4m. According to the definition used by Companies House to categorise organisations, the majority of them (95%) are small.

KEY FINDING

Organisations receive income from a variety of sources

Voluntary organisations receive income in a variety of ways which can be categorised into two areas – the source of the income (who provides it) and the type of income (such as a grant, contract, or donation). Tables 1 and 2 below show the type and source of income for the financial year 2014/15 for both specialist and non-specialist criminal justice organisations. For both groups

the largest source of income is from government, which makes up 70% of the total income for specialist criminal justice organisations and 62% for non-specialist criminal justice organisations.

The definitions for the type of income are as follows:¹³

- Voluntary income is given freely by a donor (whether from an individual, foundation, government or a company). It can include grant funding.
- Earned income is received in return for providing a service. For income from government this includes contracts, for individuals it consists of fees for services.
- Investment income is received as a return on investment assets – property, stocks and shares or other similar assets.

FIGURE 23 / Type and source of income for specialist criminal justice organisations in 2014/15 (£m)

Source of income	Type of income (£m)			
	Voluntary – including grants	Earned – including contracts	Investment	Total
Government (including the NHS)	12.6	358.6	0.0	371.2
Individuals	26.2	74.9	0.0	101.1
Corporate	2.6	5.5	0.0	8.1
Voluntary sector (including trusts and foundations)	24.1	13.1	0.0	37.2
National Lottery	6.5	0.0	0.0	6.5
Investment	0.0	0.0	3.8	3.8
Total	72.1	452.0	3.8	528.0



FIGURE 24 / Income and source of income for non-specialist criminal justice organisations in 2014/15 (£m)

Source of income	Type of income (£m)			
	Voluntary – including grants	Earned – including contracts	Investment	Total
Government (including the NHS)	52.3	1,618.9	0.0	1,671.3
Individuals	374.7	454.5	0.0	829.2
Corporate	40.5	-21.3	0.0	19.1
Voluntary sector (including trusts and foundations)	34.5	54.2	0.0	88.7
National Lottery	27.5	0.0	0.0	27.5
Investment	0.0	0.0	52.8	52.8
Total	529.6	2,106.3	52.8	2,688.6

KEY FINDING

Generating income can be challenging

Many interviewees told us that they found it challenging to generate income due in part to the more competitive funding environment, caused by a reduction in funding opportunities and the resources needed to submit a funding application.

“I think there are a lot of opportunities. But one of the difficulties we have is the resource. The work that we do to bring in our current income generation is probably full time...”

Interviewee

Some interviewees went on to highlight the impact this was having, with one saying their role had significantly changed recently due to the resources they were investing in fundraising, whilst another told us that fundraising was reducing the time they could spend delivering services.

“Having less time for other project work because of fundraising.”

Interviewee¹⁴

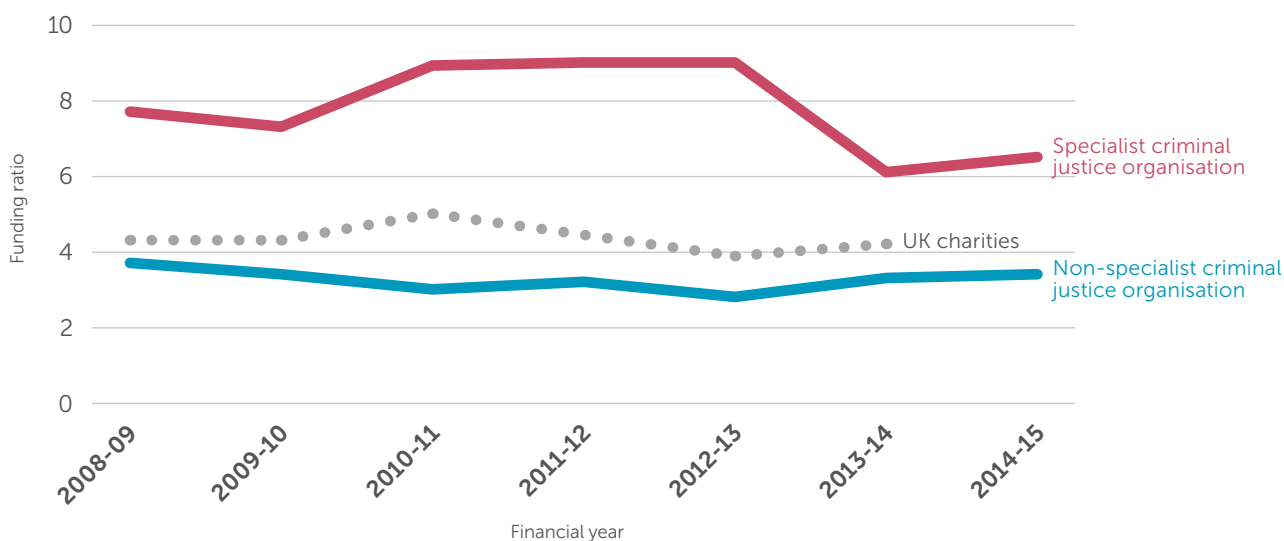
“It doesn’t affect so much the services we deliver but it makes planning ahead difficult.... A thing that has changed is my role. I am the project manager but I could also be called funding manager. Whereas I’ve been working more directly on the project before, now 90% of my time I spend on income generation.”

Interviewee¹⁵

Analysis of the data organisations submitted to the Charity Commission allows us to calculate a fundraising ratio,¹⁶ which measures the income generated for every pound spent on generating funds. Specialist criminal justice organisations spent 2% of their total expenditure on generating funds in 2014/15 and raised £6.5 for every pound they spent. In comparison, non-specialist criminal justice organisations spent 9% of their total expenditure on generating funds in 2014/15 and raised £3.4 for every pound they spent. The average for all UK charities was £4.21 in 2013/14.¹⁷ As smaller organisations (who make up the majority of the specialist criminal justice group) spend much less on fundraising, the relative returns they receive are likely to be higher.



FIGURE 25 / Fundraising ratio (amount generated per pound spent): 2008-09 to 2014-15 financial years



KEY FINDING

Specialist criminal justice organisations have experienced a reduction in income from local government but a rise in income from national government

Between 2008/09 and 2014/15 the total income from local and national government for specialist criminal justice organisations remained stable overall. However, the composition of this funding has changed as organisations have experienced a reduction in funding from local government and an increase in income from national government between 2008/09 and 2014/15.

In 2008/09 specialist criminal justice organisations received a total of £230.2m from local government in real terms (i.e. taking into account the impact of inflation), which reduced to £137.2m in 2014/15. This represents a 40% decrease in funding from local government over seven years. During the same period, organisations experienced a 68% increase in funding, in real terms, from central government. In 2008/09 they received a total of £138.8m from central government, which rose to £233.6m in 2014/15. This means that organisations received £96.4m more funding from central than local government in 2014/15.

Non-specialist criminal justice organisations still receive more income from local rather than central

government, a trend that has remained stable since 2008/09. Further to this, these organisations experienced a 16% rise in income from government overall between 2008/09 and 2014/15.

KEY FINDING

Grant funding from government has significantly declined for specialist criminal justice organisations and contract funding has increased

As well as experiencing changes in the level of funding received from local and national government between 2008/09 and 2014/15, the data analysed from the Charity Commission also shows that organisations have experienced a change in the grant and contract funding they receive from the government.

In the financial year 2008/09, government grants for specialist criminal justice organisations was worth £23.9m, but this dropped to £12.7m for the financial year 2014/15. This represents a 50% reduction in grant funding from government between 2008/09 and 2014/15. During the same time period, specialist criminal justice organisations experienced a 4% increase in contract funding from government.

Non-specialist criminal justice organisations experienced a different trend. Between 2008/09 and 2014/15 they saw a 91% increase in government grants and a 14% increase in contract funding.



FIGURE 26 / Real term income from local and central government for specialist criminal justice organisations

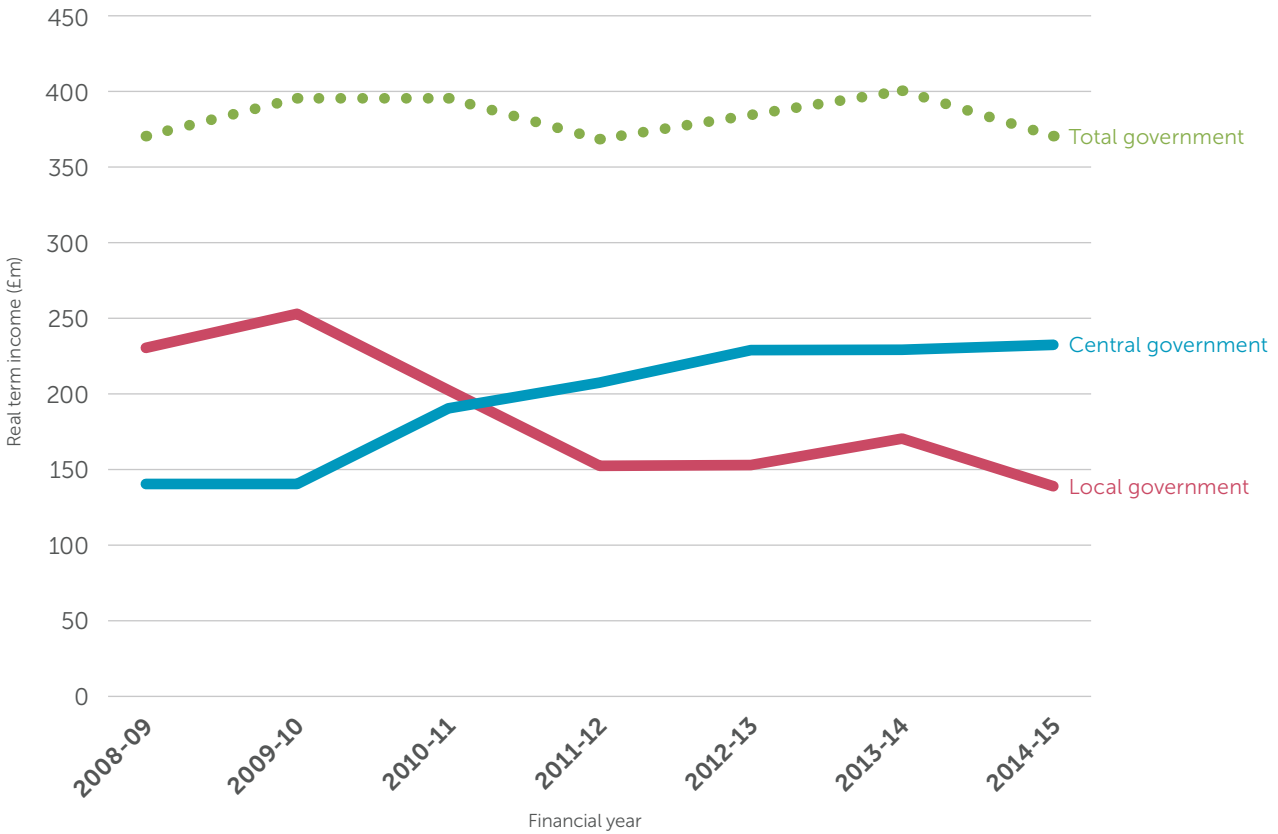
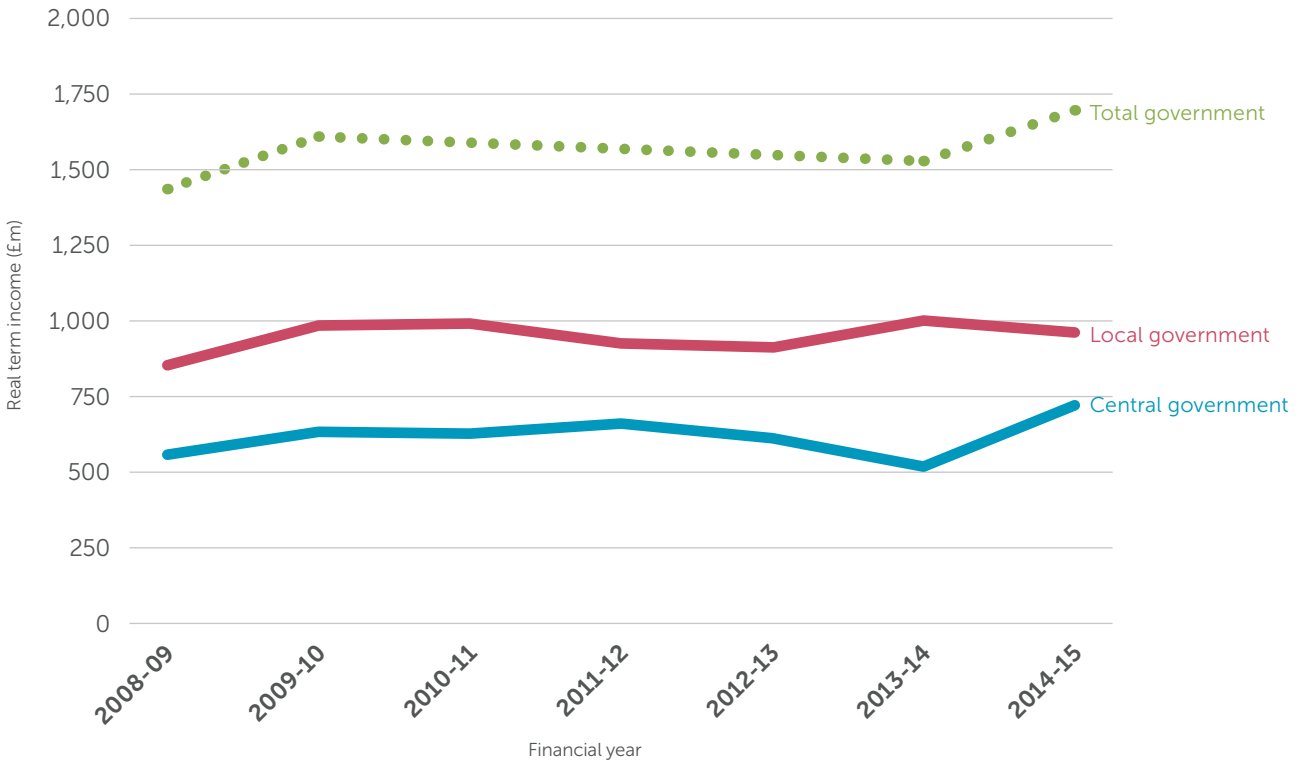


FIGURE 27 / Real term income from local and central government for non-specialist criminal justice organisations



KEY FINDING

Small specialist criminal justice organisations are more likely to rely on income from trusts and foundations

When we looked in depth at the financial data organisations submitted to the Charity Commission, we found that larger specialist criminal justice organisations are more likely to receive income from government sources (which includes central government, local authorities and the NHS), whilst smaller specialist criminal justice organisations are more likely to rely on income from voluntary sector sources (including grants from trusts and foundations).

For 2014/15 specialist criminal justice organisations, whose income was between £10m and £100m, received 68% of their income from government sources. Yet smaller organisations, whose income was between £100k and £500k, received 24% of their income from government sources and 39% of their income from voluntary sector sources.

This trend is repeated when we analyse the data according to the majority income source. The majority income is where one source of funding accounts for over 50% of the total income for that organisation.

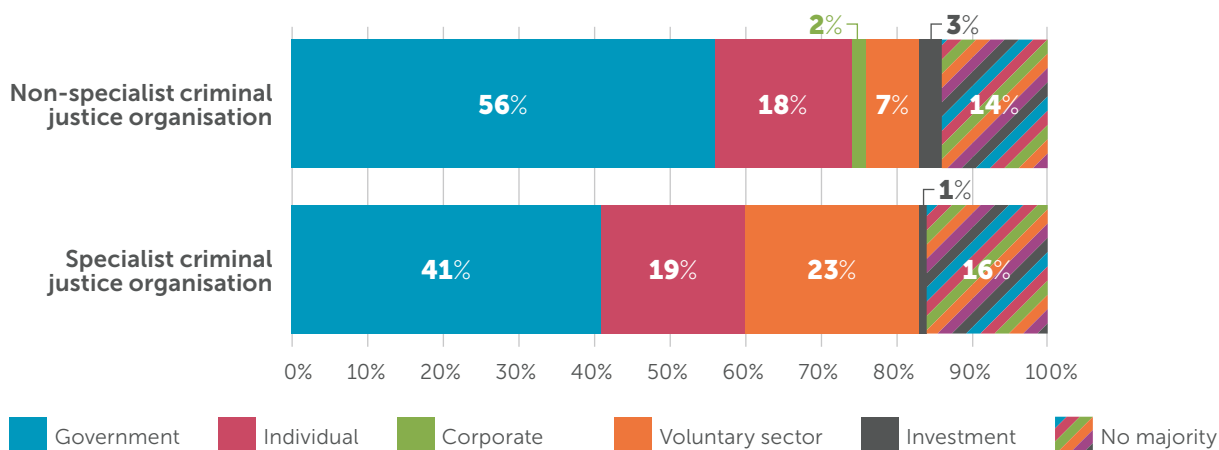
Organisations in both groups were most likely to receive the majority of their income from

government sources; this is the case for 41% of specialist criminal justice organisations and 56% of non-specialist criminal justice organisations. Organisations were more likely to receive over 50% of their income from the voluntary sector; this is true for 23% of specialist criminal justice organisations but only 7% of non-specialist criminal justice organisations.

Analysing this information according to the size of the organisation shows that smaller organisations were more likely to receive over 50% of their income from voluntary sector sources (which includes grants from trusts and foundations) than larger organisations. We found that:

- 38% of specialist criminal justice organisations, whose income is between £100k and £500k, received the majority of their income from the voluntary sector
- 6% of non-specialist organisations whose income is between £100k and £500k received the majority of their income from the voluntary sector
- No organisation whose income is between £10m to £100m or over £100m in either group received the majority of their income from the voluntary sector.

FIGURE 28 / Proportion of organisations by majority income source in 2014/15





This is supported by findings from the interviews. The majority of the interviewees, who are mainly from smaller to medium sized organisations, highlighted that the largest proportion of their funding comes from trusts and foundations; in some cases 70% of their total funding.

During the interviews, some participants went on to say that accessing grant funding from trusts and foundations is becoming more challenging. They cited two main reasons for this: first, that a reduction in available funding opportunities leads to more organisations applying for the same resources, and second a belief that some trusts and foundations are moving out of funding work specifically in the criminal justice system.

“The sector is very competitive, which means that all charities fight for the same pots of money. Most of the large foundations and trusts have seen an increase in applications.”

Interviewee¹⁸

“I feel like some of the big trusts and foundations are very aware that the criminal justice system is very wobbly.... And I feel a bit more reluctance from some of the big trusts to fund a criminal justice charity because of how inefficient [the criminal justice system] is.”

Interviewee

One interviewee said they are at risk of closure as they are finding it increasingly difficult to access funding from charitable trusts and foundations. When discussing the challenging funding environment, another interviewee said that even if they are successful with fundraising, they do not always get the money they have bid for.

“We spend a significant amount of time fundraising. There is a lot of competition with the same funds and foundations. In one case the funders were really pleased with our application but they couldn't decide between three projects, so they split the funds. We see that more and more now. This means that even if we are successful in fundraising, we don't always get the actual money we have asked for.”

Interviewee¹⁹

KEY FINDING

Smaller organisations rely on voluntary income, especially grant funding

When looking at the type of income organisations receive overall, it remains clear that smaller organisations receive more voluntary income (defined as income given freely by a donor, including grant funding) than earned income (income organisations receive for providing a service and includes contract funding). Indeed, specialist criminal justice organisations whose income is between:

- £100k to £500k receive 60% of their income as voluntary income
- £500k to £1m receive 54% of their income as voluntary income
- £10m to £100m receive 4% of their income as voluntary income.

Overall, specialist criminal justice organisations are more reliant on voluntary income, including grant funding, than those who are non-specialist. Larger organisations in both groups are more likely to generate earned income, through contracts or service fees. One specialist criminal justice organisation whose income is over £100m receives 100% income from contracts, whilst this is true for 96% of organisations whose income is between £10m and £100m.

It is perhaps unsurprising that their income is weighted towards grants rather than contract funding when we consider these organisations' key characteristics. Bidding for contract funding can be challenging, especially for small organisations, and the majority of specialist criminal justice organisations are this size. This is supported by one interviewee working in a small organisation, who said that small organisations are often squeezed out of bidding for contracts.

“[There is] a lot more procurement for contracts which is difficult for a small organisation because we don't have the resources or the capacity to compete with larger organisations that have specialised fundraising teams [...] for a small organisation we really get squeezed out. That is a big challenge that we but also many organisations are facing.”

Interviewee²⁰



FIGURE 29 / Income type for specialist criminal justice organisations (financial year 2014/15)

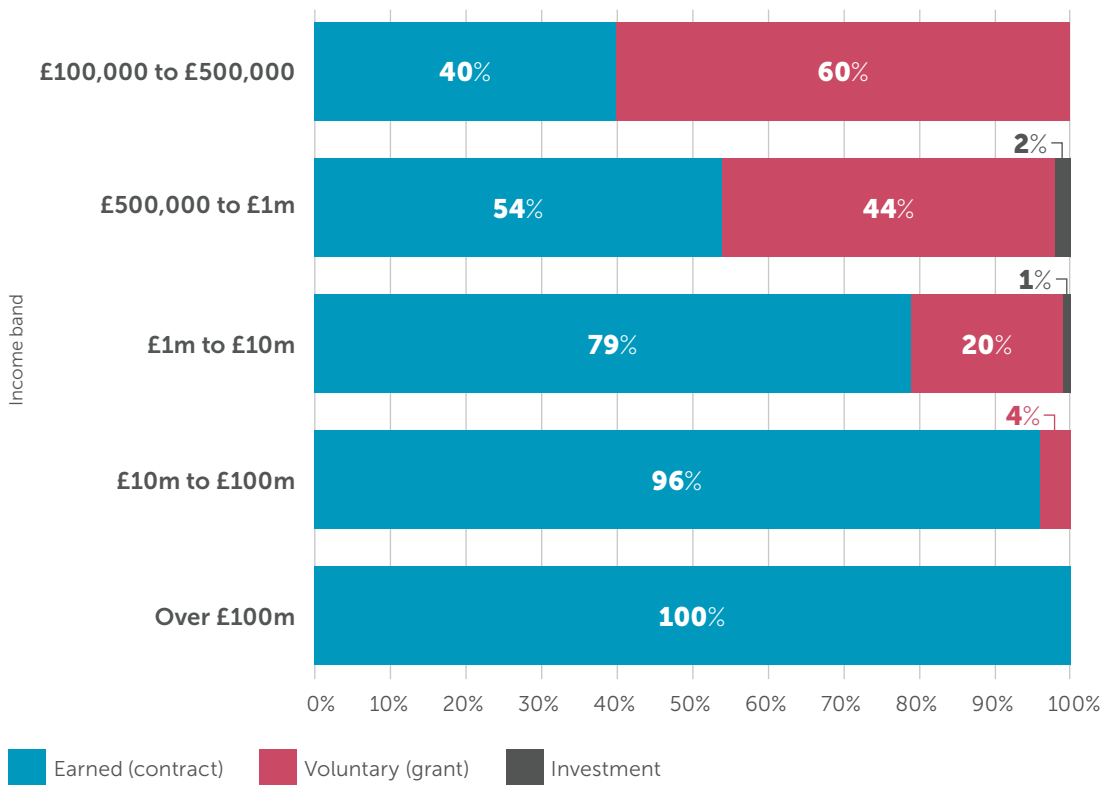
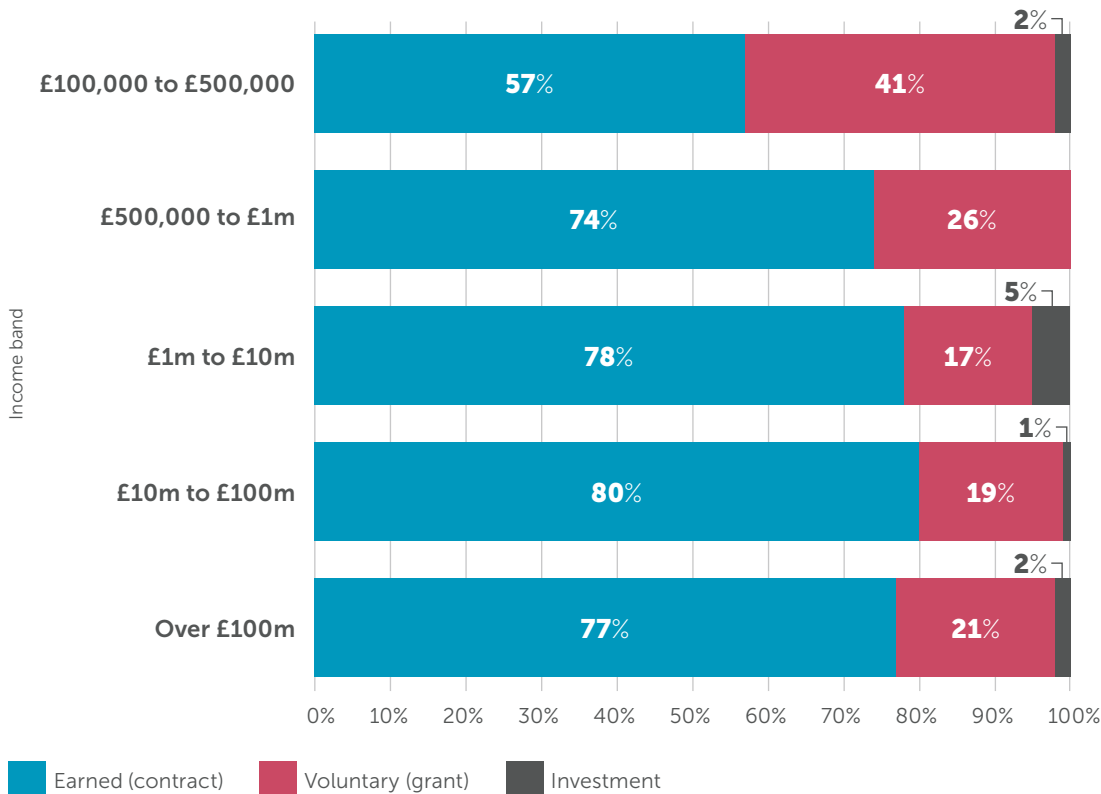


FIGURE 30 / Income type for non-specialist criminal justice organisations (financial year 2014/15)





In relation to government grants, the data that organisations submitted to the Charity Commission shows that for both groups, smaller organisations received a higher proportion of their income in the financial year 2014/15 from government through grants, whereas larger organisations received their income from government almost entirely through contracts.

Specialist criminal justice organisations whose income was £100k to £500k received 18% of their income from government as a grant, whilst this was the case for 7% of organisations whose income was between £1m and £10m.

 **KEY FINDING**

Organisations struggle to achieve full cost recovery on the contracts they are delivering

62% of organisations told us that they are currently delivering contracts. A consistent finding from our state of the sector surveys over the last five years has been that organisations struggle to achieve full cost recovery on the contracts they are delivering. This trend has continued as only 22% organisations who completed the most recent survey said that they always achieved full cost recovery on contracts they are delivering. 14% of organisations reported that they never received full cost recovery and for organisations who deliver a tailored service to women, BAME people, families and young adults, the percentage rose to 24%.

“Some services we have to cross subsidise. This is obviously not sustainable.”

Survey respondent

We asked organisations to tell us the impact this has had on their organisation. Some told us that working to achieve full cost recovery on the contracts they were delivering made their service more accountable and safer for their service users, whilst others said that it meant they had to be more cautious in terms of which contracts they bid for.

“It has meant that in order to achieve full cost recovery we have not been able to provide the level of service to reach as many service users as we had hoped. What it does mean though is that the services we provide are robust, accountable and safe and ensures that we look after our staff through responsive and uncompromised support and supervision arrangements.”

Survey respondent

Of the organisations who reported that they either sometimes or never achieve full cost recovery, the main way through which they plug the shortfall in funding is through subsidising it with income from other sources, namely those from charitable trusts and foundations. Many organisations not only recognised that this isn't a sustainable use of funds but also highlighted that it is resource intensive for staff to generate additional funding.

“It's challenging. We usually need to part-fund our work through philanthropy or grants, which means more paperwork, delays and restrictions (e.g., by location). The associated financial admin is tricky too.”

Survey respondent

Some organisations told us that they felt commissioners didn't recognise the full cost of delivering the services that they wanted to commission, meaning they rarely paid for services at full cost recovery level. In terms of contracts commissioned on a payment by results basis, organisations stated that the outcomes did not match how individuals meet these targets in reality, creating challenges for financial planning.

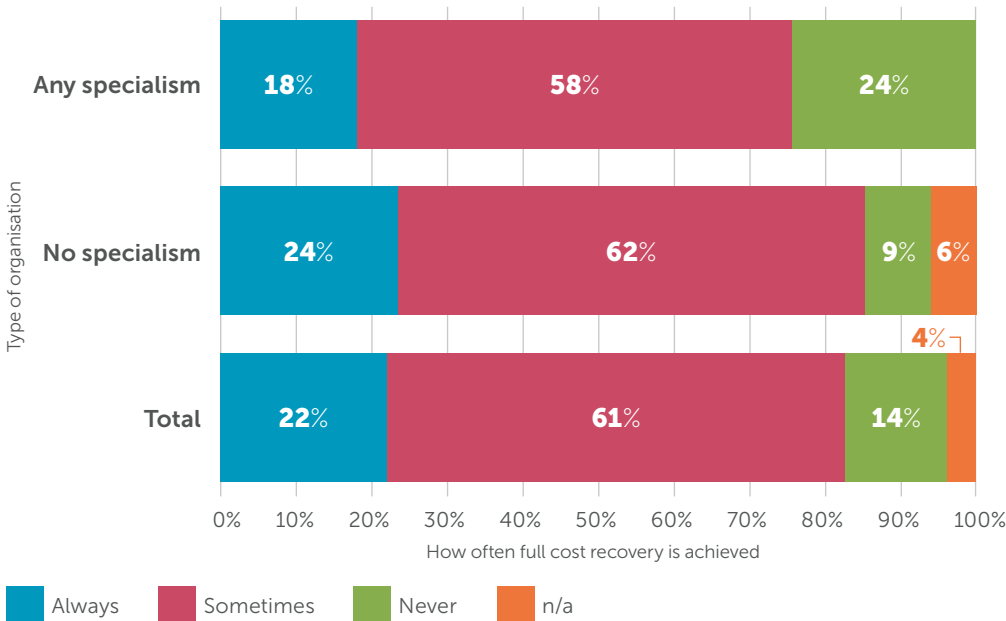
“Some statutory groups do not recognise the importance of full cost recovery, and the costs of overheads and will only pay up to a certain percent.”

Survey respondent

“Where the contract is part or all payment by results it makes financial planning more difficult and the financial modelling done by the funder doesn't always reflect the reality of how/when people achieve the outcomes.”

Survey respondent

FIGURE 31 / Comparison of organisations providing a specialist service for a specific client group (women, BAME, families, young adults) and those who don't, in relation to whether they receive full cost recovery on contracts



KEY FINDING

Specialist criminal justice organisations are less likely to receive donations but more likely to receive earned income

Excluding organisations whose income is over £100m, specialist criminal justice organisations in all income bands receive a similar proportion of their funding from individuals (which includes donation and legacy funding).

- Organisations whose income is £100k to £500k receive 29% of their income from individuals
- Organisations whose income is between £10m and £100m receive 28% of their income from individuals.

This trend is similar for non-specialist criminal justice organisations. For each income band organisations receive a similar proportion of their funding from individuals. Comparing organisations in both groups, we see that non-specialist criminal justice organisations receive a higher proportion of their funding from this source. Non-specialist criminal justice organisations whose income was between:

- £100k to £500k receive 35% of their income from individuals

- £10m-£100m receive 30% of their income from individuals.

Income from individuals can be split into different types of income, including donations (which is income given freely by individuals) and fees for service (which is income earned through providing charitable services). Data submitted to the Charity Commission shows that non-specialist criminal justice organisations received 14 times the value of donations than specialist criminal justice organisations. In 2014/15 individual donations made up 5% of total income of specialist criminal justice organisations and 14% of the total income of non-specialist criminal justice organisations. This is perhaps unsurprising given the stigma experienced by people in contact with the criminal justice system, which could prevent people from donating to voluntary organisations whose core purpose is to support people with a conviction.

Further to this, specialist criminal justice organisations were more likely to receive a larger proportion of their income from individuals through earned income (which includes income from delivering services such as running a café or shop for example or providing training) than through donations, compared to non-specialist criminal justice organisations. This source of income for specialist criminal justice organisations has grown substantially – by 100% between 2008/09 and 2014/15.



FIGURE 32 / Real term income from individual giving for specialist criminal justice organisations

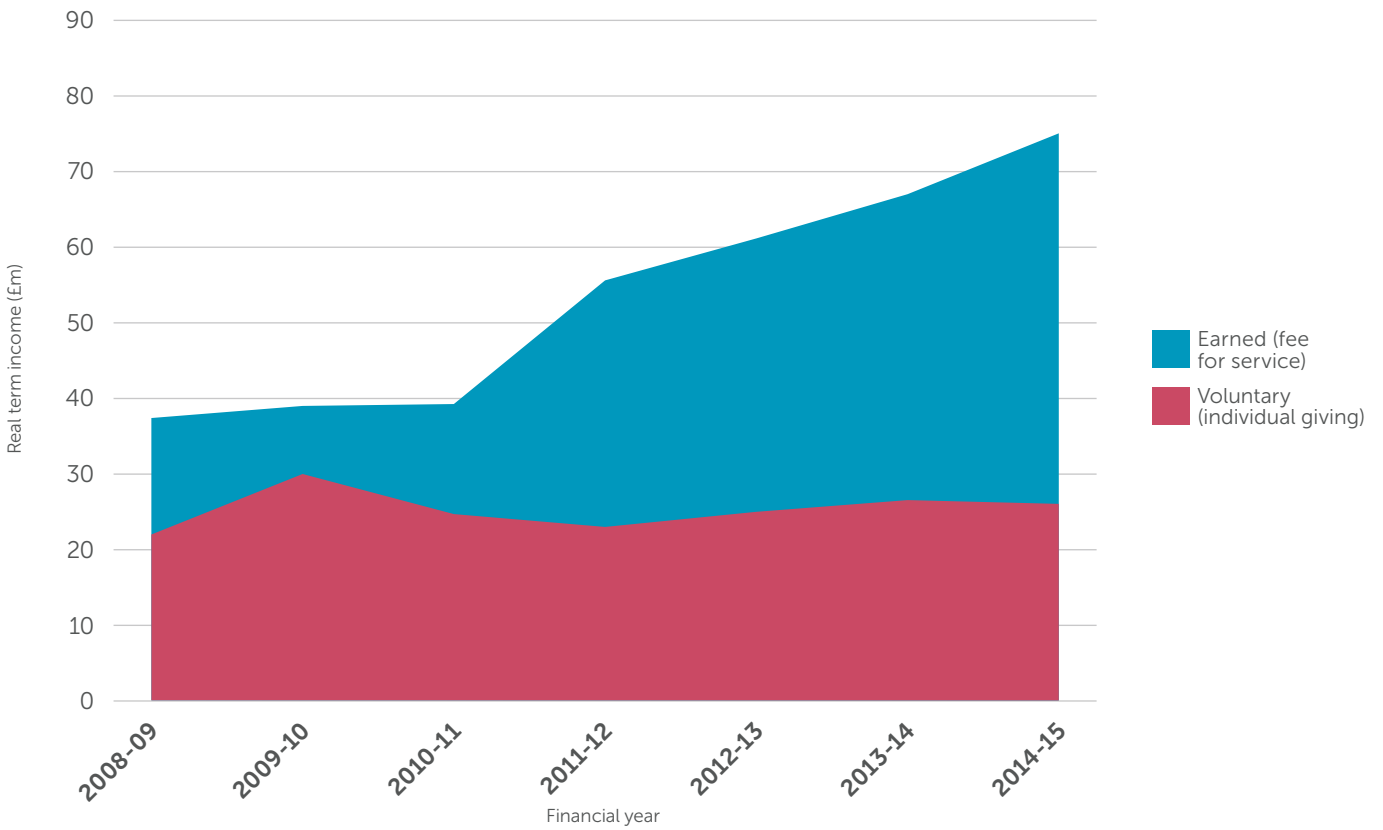
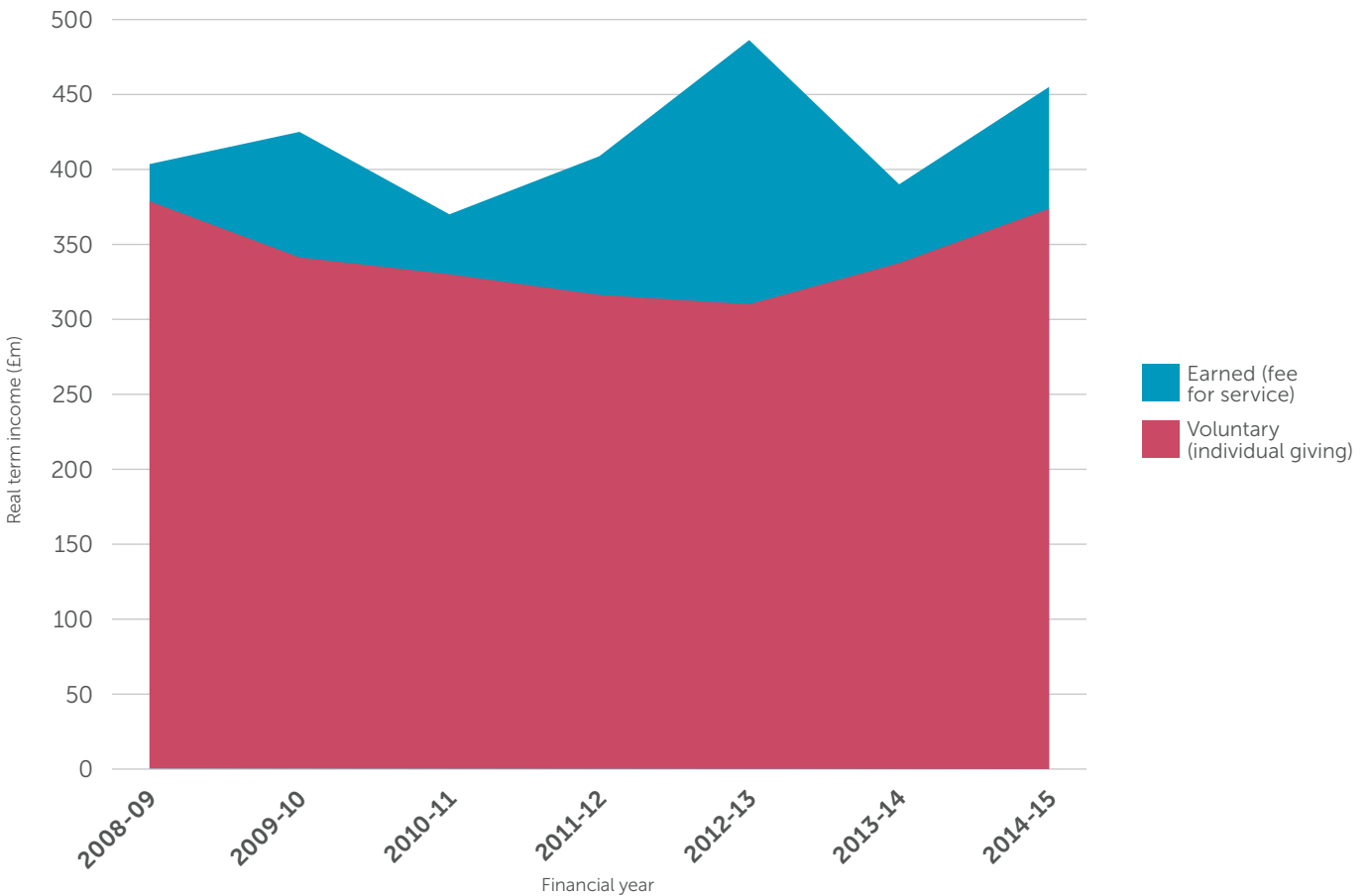


FIGURE 33 / Real term income from individual giving for non-specialist criminal justice organisations





One interviewee told us that they wanted to move to generating more independent income through the social enterprise arm of their work as they felt they would have more autonomy as to how to spend the funds.

“And we want to generate more ourselves because that way we can do what we feel is in the best interest of our clients rather than being told by funders.”

Interviewee

KEY FINDING

Organisations working in criminal justice have, on average, fewer reserves than the wider UK voluntary sector

An organisation’s level of reserves gives an indication of its financial stability. Free reserves (those assets that can be quickly realised) are often expressed in terms of the months of spending they represent. On average, specialist criminal justice organisations had 1.7 months of reserves available in 2014/15, which fell from 2 months in 2012/13. Non-specialist criminal justice organisations had more reserves available, an average of about 2.5 months in 2014/15. See figure 36, below.

Compared to the voluntary sector in the UK as a whole, which on average had around 6 months of reserves in 2013/14, both groups hold far fewer reserves.²¹ One interviewee told us that it is only in the last couple of years that their organisation has had reserves.

When looking at organisations’ reserves in 2014/15, we found that 78% of specialist criminal justice and 79% of non-specialist criminal justice organisations had less than 6 months of reserves available to them. This is a higher proportion than for the whole UK voluntary sector, with 66% of voluntary organisations holding less than 6 months of reserves.²²

When we asked organisations about the use of their reserves, those that were using them were doing so to address a shortfall or gap in their funding so they could continue to deliver their services to their clients.²³

“We have reserves of about 3 months, and we are using them. ...the reason we are using them is a cashflow thing primarily. Because we depend so much on foundations and trusts, and their timelines are quite long. Equally, voluntary income is unpredictable.”

Interviewee

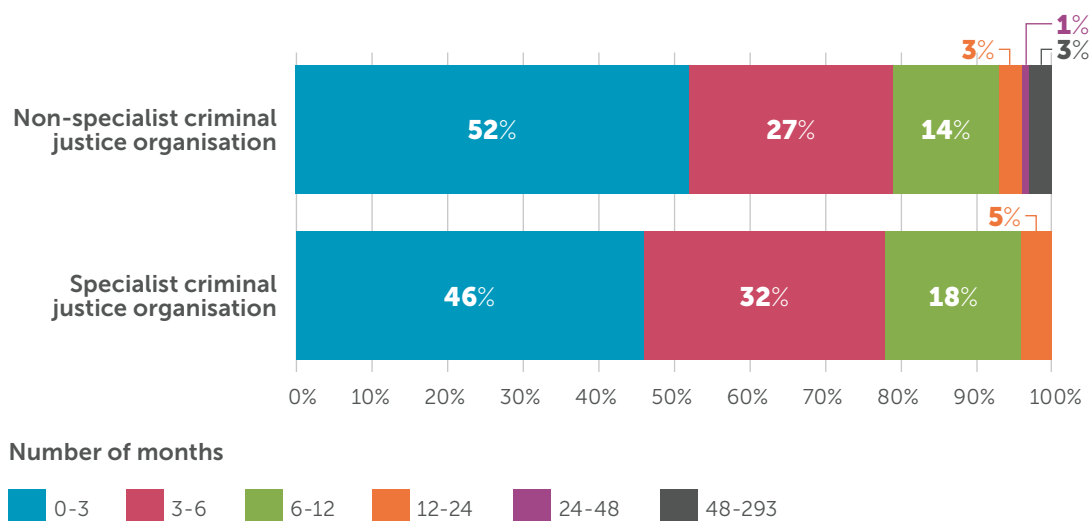
“There has been a 70% cut in our contracts, and in order to meet our clients’ needs, we had to use our reserves.”

Interviewee

“Yes, and we are using them. A lot of contracts move to PbR (payment by results), and if a contract is paying by result you don’t get the money until the results come in. So that’s where the reserves come in to pay staff salaries and ongoing costs until the results payment come in.”

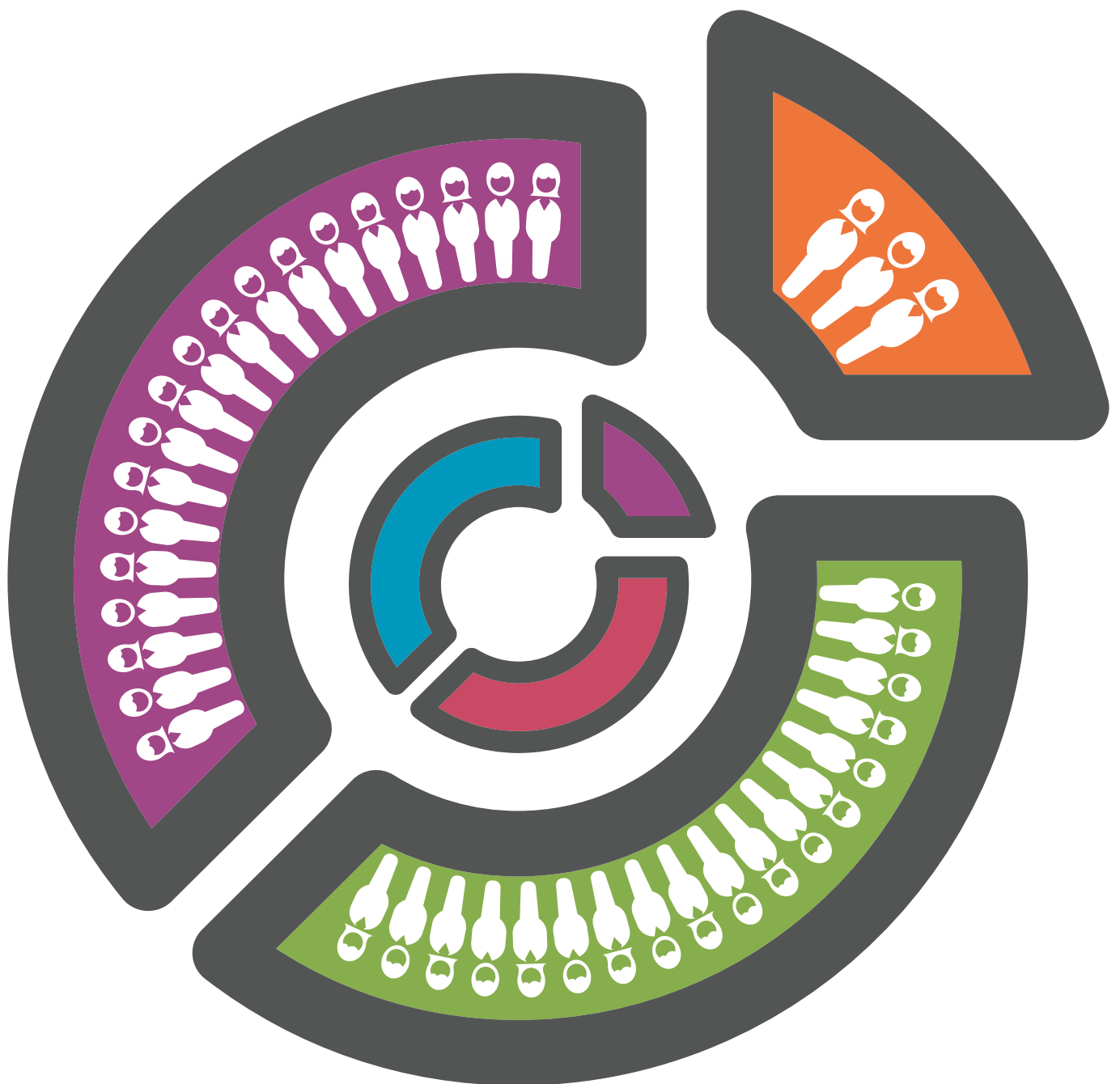
Interviewee

FIGURE 34 / Proportion of organisations by level of reserves for the financial year 2014/15





Where next?





Clinks has been collecting information about how voluntary organisations working in criminal justice are faring for the last five years. The results from our state of the sector surveys have helped us to determine not only what successes and challenges organisations have been experiencing, but how Clinks should respond to ensure we are providing the best support to our members.

How did we respond to the findings last year?

Improving service user engagement

Last year we found low levels of service user involvement overall. We said we would focus on supporting service user involvement, at all levels in organisations. Since then we have published a guide to Service User Involvement and Co-Production²⁴ alongside a collection of case studies that promote good practice.²⁵ We have also developed a Service User Involvement Managers' Network to help support organisations who already have established service user involvement or are looking to develop it in their work. We are pleased to see that when we asked about service user involvement this year, we found that service user involvement is common.

Valuing volunteers

We also said we would look at ways in which organisations can better support and utilise volunteers as a key resource. Our Valuing Volunteers project provided an opportunity to look in detail at volunteering in prison.²⁶ The resulting report includes case studies as well as practical recommendations to ensure that people in prison can be supported by volunteers. The recommendations aim to make recruitment and retention of volunteers easier, which may remove some of the barriers, faced by voluntary organisations working in criminal justice, referred to in the findings of this survey.

Supporting grants and better commissioning

Our third area of focus was on how criminal justice organisations can raise sufficient funds while not using disproportionate amounts of time and resource in doing so, especially if that funding is needed just

to continue to run daily services. We have been speaking to key stakeholders, including trusts and foundations about good practice for commissioning voluntary organisations and we are members of the Grants for Good campaign, convened by the Directory of Social Change.²⁷ We will continue to advocate for better and more appropriate models of funding for the voluntary sector.

How will we respond this year?

We have collected more information than ever before, which has helped us to determine trends with confidence and identify where voluntary organisations need support. We are holding a consultation event with key decision makers, funders and voluntary organisations in the summer to ask them what Clinks and others need to do next to address some of the challenges demonstrated in this report. This will inform a short recommendations report that Clinks will use to speak up on behalf of voluntary organisations working in criminal justice to key decision makers, to ensure that organisations are able to thrive and deliver their services. Below we have highlighted two of the key challenges, and how Clinks intends to respond.

Supporting staff and volunteers

We found that the needs of service users have become more complex and immediate, which organisations have universally recognised as having a negative impact on the wellbeing of staff. Although we heard many examples of how organisations are working to support their staff and volunteers – including having robust supervision structures, offering regular counselling sessions and facilitating peer support – more needs to be done. In the next year we will find out how we can practically support organisations to understand and address the impact on staff of working with people who have increasingly complex and immediate needs.

Good commissioning practice

The majority of voluntary organisations working in criminal justice are small, and although they receive funding from a variety of sources they are largely reliant on grant funding from trusts and foundations. We will continue to promote and encourage grant funding, especially for small voluntary organisations or those testing new and innovative services.



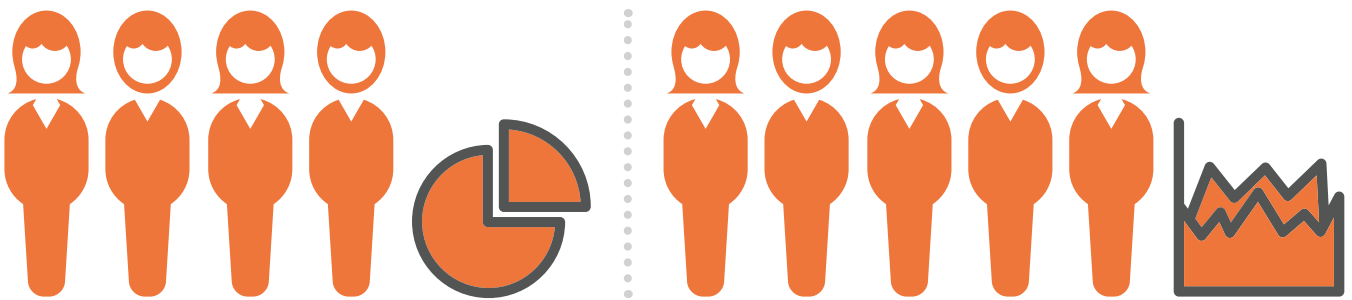
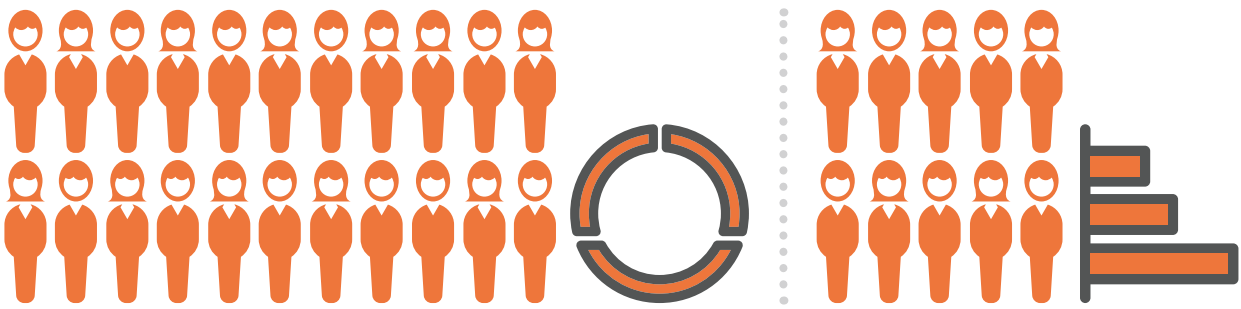
Organisations have continued to tell us that they struggle to achieve full cost recovery on the contracts they deliver, they often make up for this short fall by subsidising their funding from others sources. We will continue to engage with funders to improve commissioning practices. This will include supporting a good understanding of how best to commission voluntary organisations working directly with prisons, especially smaller organisations, in the context of reform.²⁸

How will we keep up to date with the sectors experiences?

It is essential that Clinks has the most up to date information about the experiences of voluntary organisations working in criminal justice. We will continue to gather this information through our ongoing engagement with voluntary organisations and Clinks' annual state of the sector work. The information we gather will directly inform our future work and priorities.



Appendix 1: Methodology





Appendix 1: Methodology

This year we have further developed our methodological approach to our state of the sector work. The data represented in this report was obtained through three different sources: a survey, financial data and interviews. The following outlines the methodology for each data source and includes notes on the representative nature of the results.

The survey

The survey was sent out to Clinks contacts (around 10,000 people) and shared through multiple communication channels. It was open for just over six weeks between 2 November and 22 December 2016. The survey focused on five main areas, including service users, service delivery, partnership working, staff and volunteers, and finance.

There were a total of 236 responses including 12 duplicate entries, leaving 224 valid responses for analysis. As the survey link was open to everyone, it was not possible to give response rates or to weight the responses according to a pre-defined population. Further to this, some organisations who completed the survey could not be identified as they chose not to leave their contact information or charity number which again makes it challenging to determine if the results are representative of voluntary sector organisations working in criminal justice.

Some of the responses are broken down further by other responses given by the organisations to determine whether there is a relationship between certain questions, for example to show differences between specialist women organisations and organisations with no specific beneficiary group. Due to the low numbers of organisations in these groups this information has to be handled carefully and represents trends, rather than facts.

The interviews

NCVO conducted ten interviews with organisations who had completed the survey. They were selected based on a set of criteria, including the size and specialism of organisations, and their survey responses related to funding and way of

working. They represent a range of organisations supporting a variety of service users. In general, the interview data is not representative of the population of the data analysis or the survey but gives some more additional information on specific issues, especially for smaller and specialist organisations. Interviewees were selected for follow up interviews to obtain more detailed information on service users, service delivery, financial resources, and general challenges and opportunities of working in the criminal justice system.

The interviewees have been assured anonymity for their responses which led to insights and details participants otherwise might not have revealed. Quotes from the interviews have therefore been selected carefully to ensure that their anonymity is retained.

Financial data

The financial data analysis was split according to organisations' legal status and based on financial accounts either submitted to the Charity Commission or Companies House. In total, the financial data from returns made by 762 charities and 220 companies—based on Clinks members and contacts—was analysed to give information about organisations' financial situation, including their income, spending and assets.

Charity data

The Charity Commission's register of charities was used to generate an overview of the charities within the population, including their geographical spread, their size, their total income and expenditure. Additional data submitted to the Charity Commission by organisations with an income over £500k was used to calculate numbers for staff and volunteers. The NCVO's proprietary Almanac sample of charities' annual accounts was then used to identify those charities of interest to Clinks and that are also in NCVO's sample, and to estimate a series of more detailed aggregate financial figures including income sources for the entire Clinks population of charities. All figures were produced for the financial years 2008/09 to 2014/15.



For the analysis of data submitted to the Charity Commission organisations were split into two groups: a core group, who are organisations that are primarily working in the criminal justice system (referred to as 'specialist criminal justice organisations' in the report); and a wider group, who are organisations whose primary purpose is not to work with people with a conviction, but some of their service users are in contact with the criminal justice system (referred to as 'non-specialist criminal justice organisations' in the report).

As the population for this analysis is solely based on charities that are Clinks members and contacts, a total of 762 charities, it does not represent a complete list of voluntary organisations working in the criminal justice system, and therefore is not representative for all voluntary organisations working in the criminal justice system.

The figures for the total income based on the Charity Commission register differ slightly to the total figures in the sections based on the NCVO Almanac sample. This is due to values in charity accounts that are not classified and fall into the 'other income source' category. These values are excluded and lead to slightly lower totals compared to the actual total values presented in the population and trends section.

Company data

The population for this analysis is based on Clinks members and contacts that are registered companies. In total 220 companies were identified. Data from accounts of a comparable set of organisations was used to calculate an estimated turnover for these companies.

Due to lack of availability of accounts, the analysis is fairly limited, and the report should reflect that the numbers are estimates. However, it does give an indication of the size of organisations and their income.



Appendix 2: Glossary of financial terms





Appendix 2: Glossary of financial terms

Income sources

Income **type** describes how the income is received:

- **Voluntary income** is given freely by a donor (whether an individual, foundation, government or a company).
- **Earned income** is received in return for providing a service. This service, provided by the charity, can either be in furtherance of the charity's objects, or purely carried out to raise income. For income from government this would include contracts, for individuals it would consist of fees for services.
- **Investment income** is received as a return on investment assets – property, stocks and shares or other similar assets.

The **source** of income describes who has provided the income:

- **Individuals** including the general public, high net worth donors and legacies. It is important to note that income from individuals can be in the form of donations or as fees for a service or product.
- **Government** including UK central government departments, local authorities, non-departmental public bodies, the NHS and other government bodies. It also includes overseas governments and supranational and international bodies such as the EU, UN and World Bank. Income can come as grants (voluntary income) or contracts and fees for provision of a service (earned income).
- **Voluntary sector** including grants from foundations and earned income from other voluntary organisations.
- **Corporate/business sector** including grants from businesses and any contracts with businesses to provide a service.
- **National Lottery** including grants from any of the UK's national lottery distribution bodies – notably the Big Lottery Fund, Arts Council and Heritage Lottery Fund.
- **Investment income** is received as a return on investment assets – property, stocks and shares or other similar assets.

Income from individuals

Income from individuals is split into four types:

- **Fees for services.** Income earned through charities providing charitable services – examples include tuition fees for training, micro-credit schemes, selling equipment and services.
- **Fundraising.** Earned income from providing other services. Examples include the selling of goods in a charity shop.
- **Donations.** Income given freely by individuals, mainly charitable donations.
- **Legacies.** An amount of money or property left to someone in a will.

End notes

- 1 More detailed information about our methodology can be accessed in appendix 1.
- 2 For more information please see: HM Inspectorate of Prisons (2017) *Report on an unannounced inspection of HMP/YOI Swinfen Hall*. Online: www.justiceinspectorates.gov.uk/hmiprison/inspections/hmpyoi-swinfen-hall-2/ (last accessed 4.04.2017); Justice Select Committee (2016) *Prison Safety*. Online: www.publications.parliament.uk/pa/cm201516/cmselect/cmjust/625/625.pdf (last accessed 4.04.2017); Ministry of Justice (2016) *Prison safety and reform*. Online: www.gov.uk/government/publications/prison-safety-and-reform (last accessed 4.04.2017)
- 3 <https://data.ncvo.org.uk/a/almanac16/assets-and-reserves/#Reserves>
- 4 More detailed information about our methodology and its limitations can be accessed in appendix 1.
- 5 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 6 This represents findings from the most recent financial year to present the most up to date information.
- 7 Clinks and Revolving Doors Agency (2017) *Guide to service user involvement and co-production*. Online: www.clinks.org/resources-guides-toolkits/guide-service-user-involvement-and-co-production (last accessed 08.04.2017)
- 8 In 2016 the Charities Act was passed, which allows the Charity Commission to disqualify people (i.e. prevent them) from holding senior management positions, or from being a trustee of a charity, if they have certain criminal convictions. More information about this can be found here: Clinks and Unlock (2016) *Charities Act 2016: disqualification of senior managers and trustees with convictions*. Online: www.clinks.org/briefings (last accessed 30.03.2017).
- 9 These results should be handled with caution as this analysis reflects the experiences of a small group of organisations – 65 organisations in total said they provided a specialist service.
- 10 For more information please see: Ministry of Justice (2016) *Black, Asian and Minority Ethnic disproportionality in the Criminal Justice System in England and Wales*. Online: www.gov.uk/government/publications/black-asian-and-minority-ethnic-disproportionality-in-the-criminal-justice-system-in-england-and-wales (last accessed 04.04.2017)
- 11 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 12 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 13 For more information please see Appendix 2.
- 14 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 15 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 16 The fundraising ratio measures the income generated for every pound spent on generating funds, ie, £ raised per £ spent.
- 17 Please see: NCVO (2016) *UK Civil Society Almanac*. Online: <https://data.ncvo.org.uk/category/almanac/> (last accessed 30.03.2017).
- 18 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 19 This is not a direct quote from the interviewee and has been altered slightly by the researcher.
- 20 This is not a direct quote from the interviewee and has been altered slightly by the researcher
- 21 <https://data.ncvo.org.uk/a/almanac16/assets-and-reserves/#Reserves>
- 22 <https://data.ncvo.org.uk/a/almanac16/assets-and-reserves/#Reserves>
- 23 These are not a direct quotes from the interviewee and has been altered slightly by the researcher.
- 24 Clinks (2016) *Guide to service user involvement and co-production*. Online: www.clinks.org/resources-guides-toolkits/guide-service-user-involvement-and-co-production (last accessed 20.06.2017)
- 25 Clinks (2016) *Good practice in service user involvement*. Online: www.clinks.org/resources-guides-toolkits/good-practice-service-user-involvement (last accessed 20.06.2017)
- 26 Clinks (2016) *Valuing volunteers in the criminal justice system*. Online: www.clinks.org/voluntary-sector-volunteering-mentoring/valuing-volunteering-criminal-justice-system (last accessed 25.04.2017)
- 27 Directory of social change (2017) Grants for Good campaign. Online: www.dsc.org.uk/grantsforgood (last accessed 19.06.2017)
- 28 More details about the Ministry of Justice's reform programme can be found here: *Ministry of Justice (2016) Prison safety and reform*. Online: www.gov.uk/government/publications/prison-safety-and-reform (last accessed 25.04.2017)



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