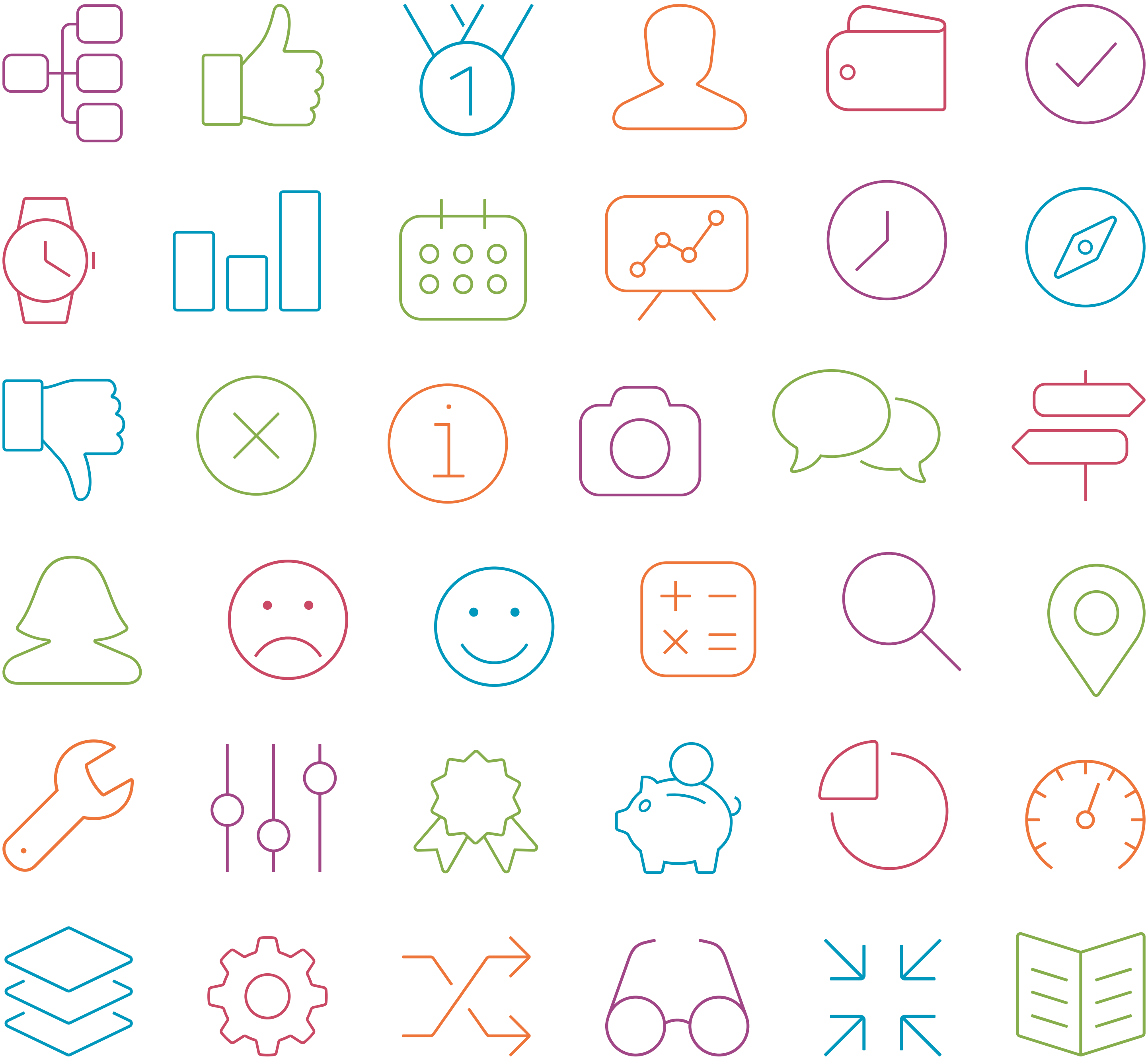
2016

supporting voluntary organisations that work with offenders and their families



The state of the sector

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

Written by Nicola Drinkwater, Policy Officer, Clinks.

Acknowledgements

This report would not have been possible without the voluntary sector organisations who kindly gave 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 the Learning and Work Institute for their work on the survey questions and data analysis. Special thanks go to Clinks staff for the helpful insights and comments provided throughout.

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The state of the sector

2016

Foreword

Anne Fox Chief Executive Officer, Clinks

Our state of the sector report has consistently painted a picture of a diverse, resilient, creative, and inspirational voluntary sector that works hard to support people with their desistance from crime.

The voluntary sector working in the Criminal Justice System has had to adapt to a great deal of change in policy and in the needs of their service users; it is having to plan around more change in the future, think about fundraising in a changing climate, stay true to its mission and maintain quality staff and volunteers that make the work possible. The last year has not been without its challenges for the voluntary sector, but it is responding to them.

Voluntary sector organisations told Clinks that they are working under increasing pressure to meet a complex range and rising level of need among their service users. Demand for services is high, the range of assistance people need is diverse, and the routes toward desistance from crime remain complex and require a person-centred and flexible package of support.

At a time like this we believe that the voluntary sector, and other partners in the Criminal Justice System, must look to increase genuine service user involvement. The voluntary sector has led the way in developing service user involvement in the design, delivery and management of services but more could be done.

Many organisations are increasing their partnership work to address increasingly complex needs, and are developing new services and approaches, but they also tell us it is challenging. For instance, the sector raised concerns that they are often unable to focus on their core purpose. They are also spending far more time on fundraising than ever before, which for smaller organisations might mean that frontline staff have less time to deliver vital services.

Getting the right staff and volunteers, skilling them up and then retaining them, is crucial for the development of a healthy voluntary sector. The sector has reported a mixed picture of stability, growth and decline for the sector; some organisations having to make redundancies and others taking on new staff. Volunteers remain a consistent feature in the workforce, however, pressure on staff in other areas can make the training and retention of volunteers more challenging than ever.

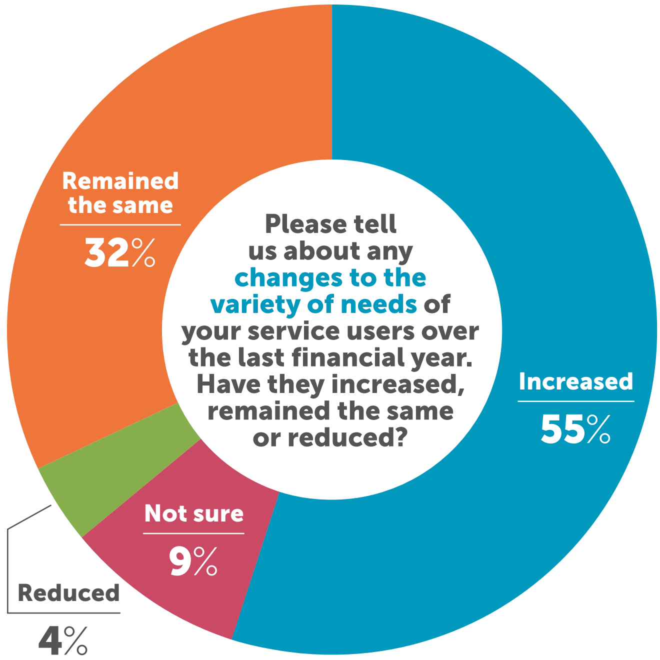
Worryingly Clinks is being told that organisations are concerned that they will not have sufficient resources to operate for another whole year. This is particularly concerning given the pace and scale of change in the Criminal Justice System, especially in our prisons, ongoing changes to probation and the future changes to youth justice. This level of change can distract organisations from delivering support to their service users, leading them to spend more time on understanding the changing landscape around them. As a sector we must try to protect vulnerable service users from any negative experiences associated with these changes.

Despite the challenges faced, the voluntary sector Clinks hears from remains focussed on delivering creative solutions and responding to changing need, developing new services where possible. Clinks remains focussed on supporting the sector in the years ahead in what looks to be another period of considerable change.

Executive summary

This report presents the findings from our state of the sector survey, which was open during June and July 2015. The survey explores how the voluntary sector working in criminal justice is faring, what new or existing challenges organisations are facing and whether there have been any changes in the way organisations are funded. Importantly, the survey also asks whether the needs of service users have changed and how organisations have been able to respond to this, or not.

We continued to work with the Learning and Work Institute[1] on the development of the survey questions and the weighting of the data, to ensure it is as representative as possible of the voluntary sector working in criminal justice.



Key findings

The survey responses show that the voluntary sector continues to be diverse – in terms of its size and the services it provides, as well as the geographical locations served. The majority of organisations work either locally or regionally rather than nationally and **the majority of organisations are small and employ less than 50 members of staff.**

Impact on clients

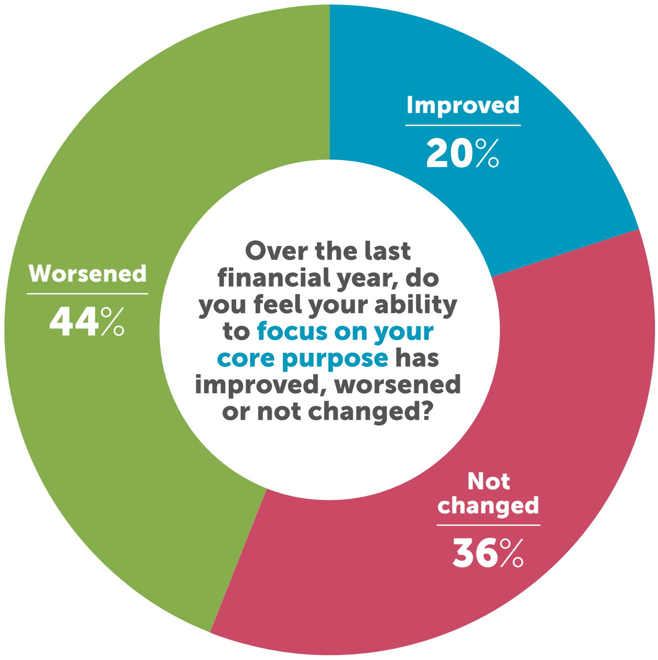
Clients' needs have changed and become more severe. 71% (n= 58) of organisations told us that the variety of their clients' needs have changed in the last financial year, whilst 55% (n= 58) told us that the severity of their needs has increased.[2] This led many organisations to **develop and deliver new services to respond to changing service user need.** 56% (n= 69) of organisations who developed and delivered new services in the last financial year did so to respond to the needs of their clients; demonstrating the flexibility and vibrancy of the voluntary sector working in criminal justice. Although the needs of clients are changing, **the average number of clients has remained stable over the last three financial years.**

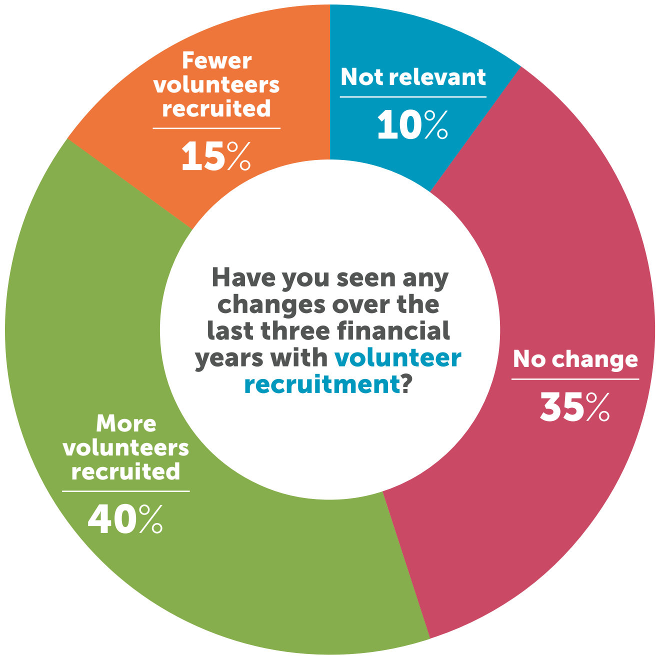
Service user involvement needs to be increased. Just over a third (35%, n= 55) of organisations reported that they have consulted service users about the design and delivery of their services in the last financial year. Hearing and responding to the views of clients enables organisations to improve the design and delivery of services that meet the needs and aspirations of the people they are supporting. Clinks would like to see an increase in the number of organisations running good quality and meaningful service user engagement.

Service delivery

Partnership working is important but can be challenging. 43% (n= 53) of organisations report that there is an increasing willingness to work in collaboration; providing an effective way of working when there are limited resources. However, some organisations told us that due to the policy and funding environment, relationships with other organisations are becoming challenging because of "rivalry and competition."

Organisations report they are less able to focus on their core purpose, with 44% (n= 44) telling us that in the last financial year their ability to focus on their core purpose has worsened. This is concerning and could indicate that organisations are experiencing 'mission drift.' This trend might be explained by the fact that organisations are **spending more time on generating income, which is often having a negative impact on their ability to deliver services.** 80% (n= 86) of organisations told us that they have spent more time on income generation over the last





financial year; just under half 47% (n= 38) of the organisations who report this say it is having a negative impact on their ability to deliver services.

Increasing time spent on income generation is more likely to have a negative impact on small and medium sized organisations. 36% (n= 12) of the small organisations that responded to our survey say that the increasing time they spend on funding applications and income generation is having a negative impact on their organisation. This was also true for 35% (n= 11) of medium sized organisations but only 10% (n=3) of large organisations reported this.

Staff and volunteers

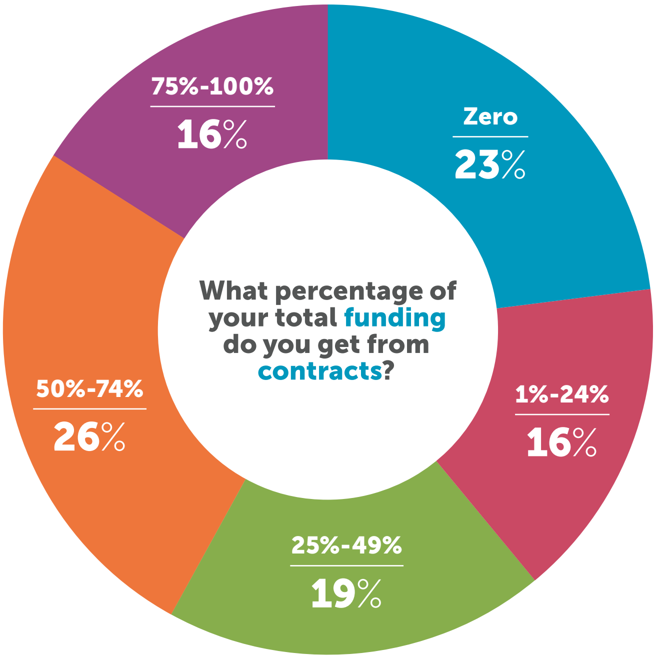
When we asked about staff numbers, **organisations reported a mixed picture of stability, growth and decline.** For the financial year 2015/16, whilst some organisations (36%, n= 19) reported that they had or expect to make redundancies, other organisations (69%, n= 41) told us that they expect to recruit staff to new positions.[3] This indicates that although some organisations are experiencing significant challenges, other organisations have either been able to retain existing staff numbers or employ new members to their staff team.

Volunteers continue to be vital for the sector, with many organisations increasing their reliance on volunteers to respond to the changing needs of their clients; **but retaining volunteers can be challenging.** Some organisations report that they struggle to balance the demands of training volunteers with the short-term involvement that volunteers can sometimes have with their service.

Funding

The majority of organisations have a turnover of less than £1m with funding levels remaining stable for organisations over the last three financial years. Given the range of services the voluntary sector delivers, it is unsurprising that **organisations continue to receive funding from a range of sources,** including from the statutory, voluntary and private sector. Organisations who receive statutory funding are more likely to report that it is from a local source, indicating that many voluntary sector organisations provide support to local communities.

Grant funding continues to be important with 98% (n= 63) of organisations receiving grants, **but organisations are also reliant on contracts** as 77% (n= 29) of organisations are funded this way. However, **organisations are unlikely to achieve 'full cost recovery' on the contracts they deliver;** only 11% (n= 10) of organisations report achieving 'full cost recovery'.[4] This is leading to some organisations having to subsidise their work, through either using their reserves or accessing alternative funds, whilst others are scaling back their services and making staff redundant.



The majority of organisations are not delivering contracts with a Payment by Results element. Many organisations are unable to shoulder the financial risks associated with these contracts, whilst others told us that focusing on achieving results under a Payment by Results contract deflects attention and resources from their clients, especially those with more complex needs.

Organisational resilience

More organisations report they are at risk of closure compared to last year with 23% (n= 21) of organisations reporting this; a rise from 11% (n= 9) from Clinks' 2015 state of the sector report. It is likely that some organisations will close, but for those that don't, this can put strain on staff and lead organisations to respond to immediate issues rather than being able to strategically plan for future challenges.

Nearly half of organisations are using their reserves, which puts them at risk of closure. 48% (n= 32) of organisations are using their reserves and of these, 41% (n= 13) say their reserves will take less than three months to run out if they continue to use them at present levels. We have seen this picture consistently and it shows the insecurity that some organisations continue to face.

Notes

1 Formerly the Centre for Economic and Social Inclusion.
2 Each question received a different response rate. The amount of responses for each answer is given as a number (represented as n=).
3 These responses were to different questions.
4 Full cost recovery is defined by the Big Lottery Fund as "securing funding for all of the costs involved in running a project. This means that you can request funding for direct project costs and for a proportionate share of your organisation's overheads". More details can be accessed here: www.biglotteryfund.org.uk/funding/funding-guidance/applying-for-funding/full-cost-recovery#

Introduction

About the survey

The voluntary sector consists of charities, community groups, and social enterprises; ranging from large organisations to small and unstaffed groups. These organisations provide a vast range of successful interventions for people in contact with the Criminal Justice System (CJS), their families and the wider community, both in and outside prison, and have done so for over a century.

Clinks conducts an annual survey of voluntary sector organisations who work with people in contact with the CJS and their families, to collect information about how healthy the sector is, whether there are existing or emerging challenges, the impact of recent commissioning and policy changes, and the wellbeing of their clients.

Clinks has over 600 members, including the sector's largest providers as well as its smallest, and our national network reaches 4,000 voluntary sector contacts. Overall, through our weekly e-bulletin Light Lunch and our social media activity, we have a network of over 15,000 contacts, which include individuals and agencies with an interest in the CJS and the role of the voluntary sector in the resettlement and rehabilitation of offenders.

We rely on having this up-to-date information to advocate on behalf of the sector and inform the support we provide to our members, enabling them to continue their vital work.

The Learning and Work Institute[5] continued to support Clinks develop the survey questions and analyse the data, to ensure it is as representative as possible of the voluntary sector working in criminal justice. To do this, and to make the responses comparable to last years' survey, we continued to weight[6] the data using the National Survey of Charities and Social Enterprises (NSCSE).[7] Again, this has allowed us to more accurately reflect the issues affecting the sector and create a more robust evidence-base to inform our work.

In order to add to the quantitative data we captured through the survey, the Learning and Work Institute also carried out interviews with a further five voluntary sector organisations, which has enabled us to add more depth to the report. The interviewees were selected to fill in gaps where organisations working in certain areas were under-represented, as demonstrated after the Learning and Work Institute weighted the data and compared respondent characteristics to the NSCSE.

In August 2015 Clinks launched a survey to assess the voluntary sector's role in new probation services, brought about by the Transforming Rehabilitation reforms, called Track TR.[8] This has meant that our state of the sector survey did not ask any direct questions about the impact of these reforms.

Notes on the data

We included three additional questions in the survey, introduced last year, to allow the Learning and Work Institute to weight the data. Organisations needed to fill out these questions in full to ensure their responses could be weighted and used at the data analysis stage. This meant that although 125 organisations completed the survey, only 73 responses were valid.

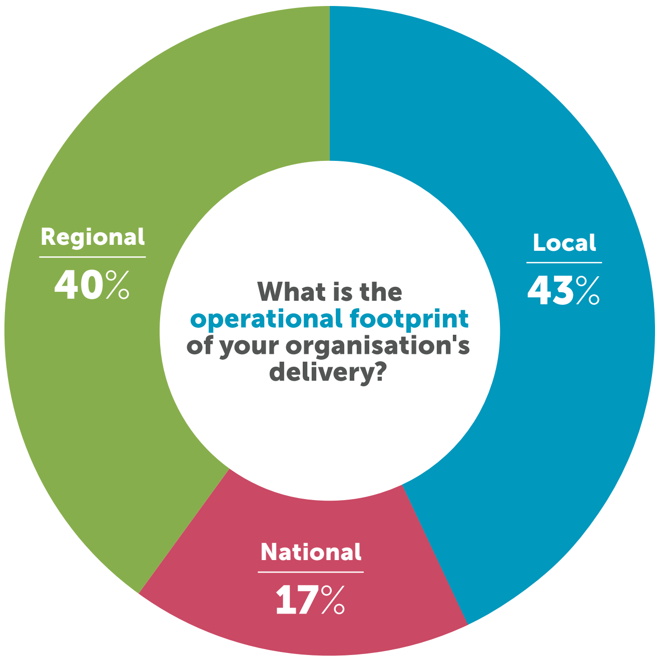
As is common with surveys, the response rate for each question differed. Some questions had a particularly low response rate, which means that for these questions it is not possible to draw sector-wide conclusions. This is indicated in the text, where relevant.

Profile of respondents

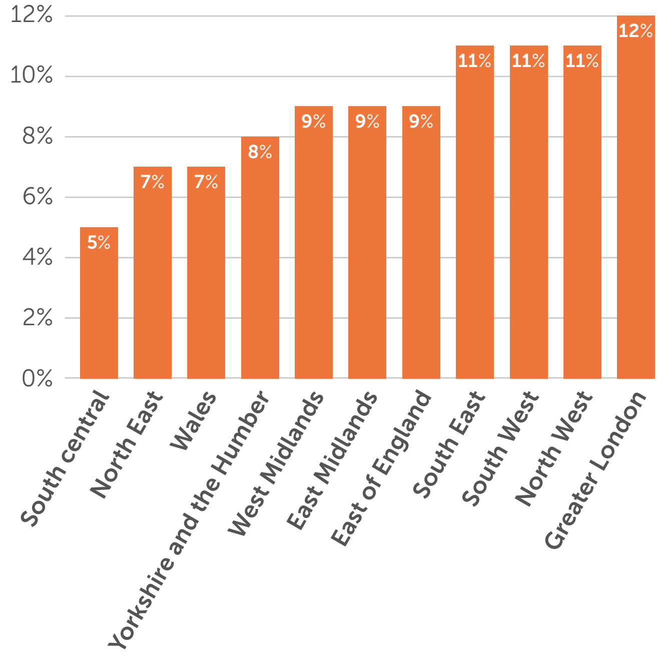
In total, the survey had 73 valid responses, an increase from 64 last year. The majority of respondents, 43% (n= 30),[9] are operating at a local level, whilst 39% (n= 29) are working regionally. This is an increase from last year's survey, where 32% (n= 20) reported they were working at a regional level. Again, organisations were least likely to report they were working nationally; 17% (n=14) of organisations in this year's survey work nationally, a decrease on last year when 21% (n= 13) of organisations reported this to be the case.

Location of service delivery

Organisations deliver their services over a range of geographical areas. The highest response rate was from organisations delivering services in Greater London (12%, n= 23), closely followed by



Where do you deliver services? (tick all that apply)



the North West (11%, n= 19) and South West (11%, n= 24). A smaller number of organisations report delivering their services in the South Central (5%, n= 11) and North East (7%, n= 14) regions, whereas 7% (n= 13) report that they work in Wales.

People that organisations support

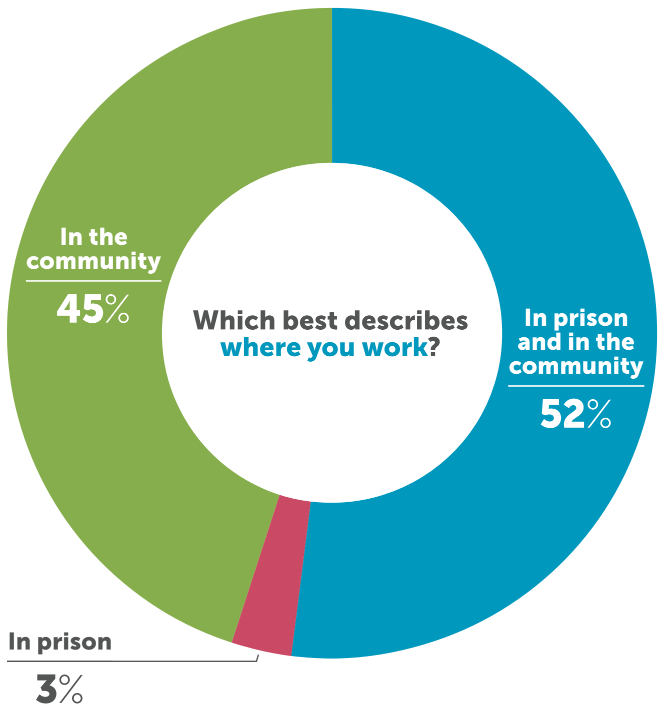
We asked organisations to tell us about their clients and beneficiaries, including the groups of people they specifically design their services to support. Organisations could tick as many categories as were relevant to them in terms of all the clients they support but were asked to only tick a maximum of three groups when indicating their main beneficiaries. The results show that voluntary sector organisations not only work with people experiencing a wide range of needs but that they are likely to be experiencing these different needs at the same time. We found that:

- 63% (n= 49) of organisations work to support people who are homeless;
- 65% (n= 51) of organisations work with people with problematic substance misuse issues;
- 67% (n= 52) of organisations work with people with mental health needs.

Some voluntary sector organisations provide specialist support to their clients and our results showed that 32% (n= 25) of organisations said their main beneficiaries are women, and 29% (n= 23) said their main beneficiaries are young people (aged 16-24).

Services that organisations deliver

To support people experiencing multiple needs, the voluntary sector provides a wide range of services. We asked respondents to tell us about the type of services they provide, again outlining their overall roles as well as selecting two or three of the main roles they undertake.



Many, 51% (n= 40), told us their main role is to provide emotional support through befriending and mentoring. Other findings include:

- 38% (n= 30) undertake advocacy, campaigning, representation, or provide information and research;
- 40% (n= 31) deliver public services;
- 50% (n= 39) help people to access services or welfare support.

The question, "Which best describes where you work, in prison, in the community or both?" elicited an almost identical response to the one we received in last year's survey. The majority (52%, n= 39) of organisations work in both prison and the community, whilst 45% (n= 33) work in the community. The results to this question in last year's survey were 55% (n= 31) and 42% (n= 26) respectively. Only 3% (n= 3) of respondents told us that 'in prison' best describes where they work.

About this report

The organisations featured in this report aim to have a positive impact on their clients, local communities and wider society. They do this by utilising and working with a variety of resources or 'capital'. This 'capital' needs to be maintained and enhanced by voluntary sector organisations if they are to be sustainable, survive, and thrive.

We have chosen to analyse the results using this as a framework because it allows us to represent a broad picture of the issues impacting on the sector, and it has also enabled us to maintain consistency with past Clinks' state of the sector reports.

Clinks' state of the sector reports assess the voluntary sector in each of the following areas:

- **Impact capital:** the effect of spending cuts and policy changes on an organisation's service users.
- **Organisational capital:** the ability of an organisation to focus on its core purpose and maintain its services.
- **Human capital:** the health, knowledge, skills and motivations of an organisation's staff and volunteers.
- **Financial capital:** the financial situation of an organisation and the ways in which it is funded.

This is based on work carried out by Forum for the Future.[10]

Notes

5 Formerly the Centre for Economic and Social Inclusion.

6 When data is weighted, it takes into account the proportional relevance of each statistic, rather than just measuring each statistic equally.

7 For more detail about the data analysis and methodology, please see the Appendix.

8 More information about the Track TR project, please visit here: www.clinks.org/trackTR

9 Each question received a different response rate. The amount of responses for each answer is given as a number (represented as n=).

10 Forum for the Future (2015) The Five Capitals, Online: www.forumforthefuture.org/project/five-capitals/overview (last accessed 18.02.2016).

Findings

Impact capital

The effect of spending cuts and policy changes on an organisation's clients or beneficiaries

Responding to and meeting the needs of their beneficiaries is why voluntary sector organisations working in criminal justice exist. For this reason, we asked survey questions about the number and needs of the beneficiaries organisations are working to support, focusing on whether these needs have changed over the last financial year and why.

Key finding

Average client numbers remain stable

The mean average number of clients organisations have seen over the last three financial years has remained fairly stable – fluctuating from 3,902 clients in 2013/14 to 3,923 in 2014/15. The number for 2015/16 was slightly lower at 3,725, but as organisations answered the survey in the summer of 2015 they would not have seen the total number of service users for that financial year, meaning we would expect that number to increase.

In contrast to this, respondents who took part in the qualitative interviews reported an increase in the number of clients, with one organisation saying:

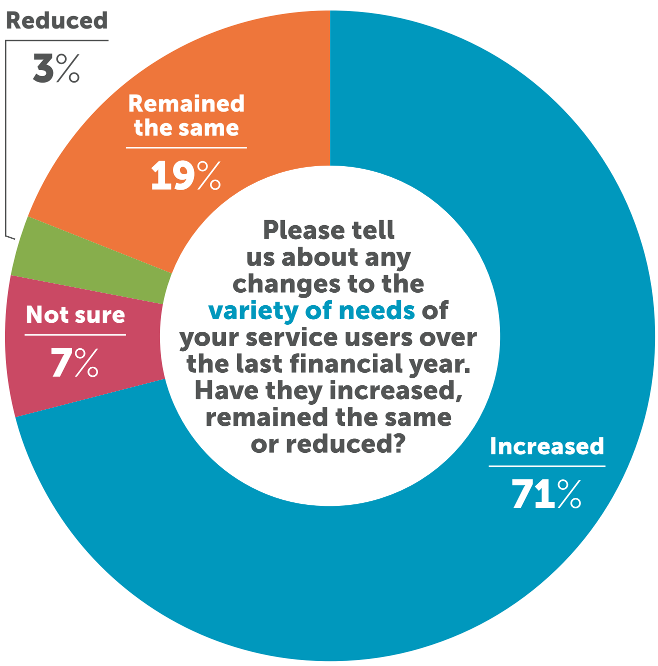
"Demand has increased and it's difficult to manage so we are thinking about making our criteria more narrow."

There may be a variety of reasons for this. The organisations interviewed might have seen an increase in service user numbers, which is unusual in relation to the rest of the sector. Alternatively, they may perceive that numbers have risen when in fact they are experiencing a reduction in resources or are responding to increasing needs experienced by their clients.

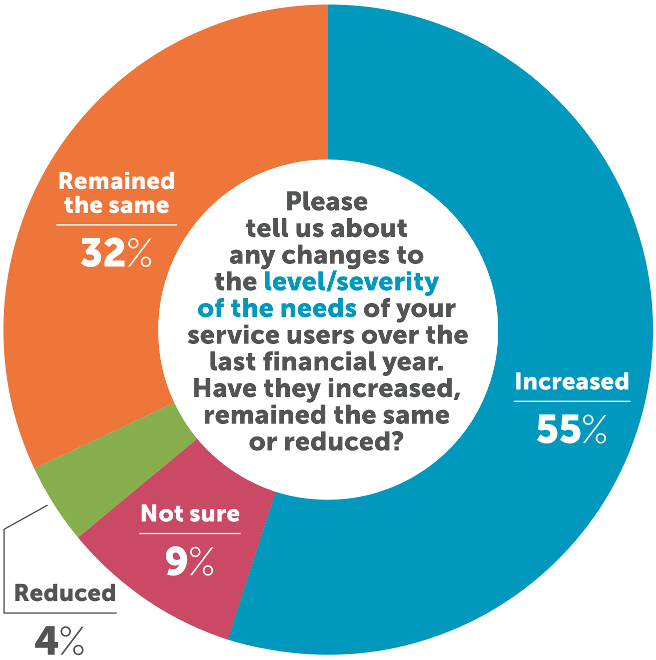
Key finding

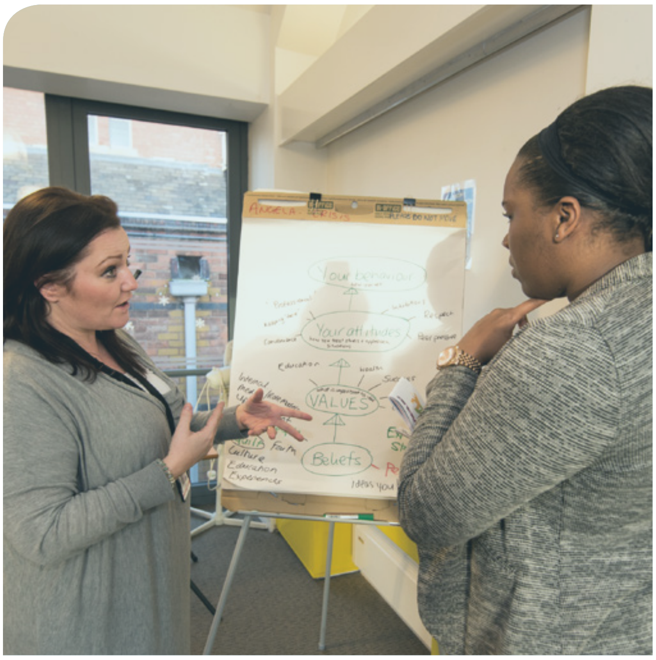
Clients' needs are becoming more severe

When we asked whether the needs of beneficiaries had changed over the last financial year, 71% (n= 58) of organisations said the variety of need has increased, whilst 55% (n= 58) of organisations said the level or severity of needs has increased.



We added an additional question to this year's survey and asked the organisations that reported that their clients were experiencing additional needs, how they have adapted services to meet these needs. Some organisations report that the changing needs of their service users means their services are being put under increasing pressure, with staff taking on larger case loads. One respondent told us:





"We have just continued to work harder, we have skilled staff who have taken it in their stride but that is not sustainable."

This could in part explain the perception of organisations that the number of service users has increased over the last financial year. However, the majority of organisations tell us that they have been able to respond to these changing needs, with respondents telling us they are working more flexibly with clients and that they have increased their partnership work to meet diverse needs. This demonstrates the resilience and adaptability of the voluntary sector working in criminal justice.

Other responses we received include:

"We have improved our knowledge and training available."

"By attracting more funding to meet the emotional needs of our clients."

"By depending increasingly on volunteer help."

We also asked organisations whether recent policy changes (introduced over the last three financial years) have had an impact on their clients, with 67% (n= 51) of organisations saying they have. When asked for more detail, organisations told us that policies including changes to welfare and benefits, the Transforming Rehabilitation reforms[11] and the reduction in prison staff are having the greatest impact on their clients. Some examples of the responses include:

"Changes in policies around benefits – driving people in to food and fuel poverty whilst in a period of being sanctioned."

"TR … [as there is] less support available through-the-gate."

"Reduction in prison officers deployed in prisons has strained resource and removed vital support systems for inmates."

Key finding

Service user involvement needs to be increased

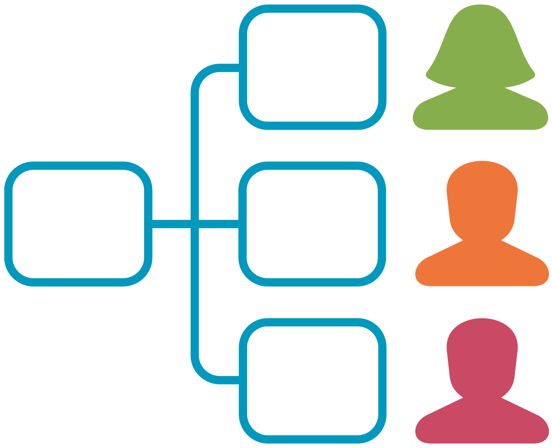
People and families who have experienced the CJS are a vital source of intelligence about how to improve services. Listening and responding to the views of service users is essential to supporting someone on their journey to desistance. It can help ensure services are 'done with' someone, rather than 'done to' them, giving the individual autonomy over the decisions that impact on their life.

We asked respondents to tell us if they had facilitated service user involvement in the last year. We define service user involvement as "the process by which the people using a service become involved in the planning, development and delivery of that service to make changes and improvements."[12] A small minority of organisations, 3% (n= 5) told us that they had not facilitated any service user involvement in the last financial year. However, organisations also told us that:

- 35% (n= 55) of organisations have consulted service users about the design and delivery of services
- 31% (n= 46) have recruited service users as staff and/or volunteers
- 22% (n= 30) have a service user forum/group/panel/council
- 9% (n= 13) told us that they have recruited service users to their board of trustees.

Although the findings are encouraging and show that the voluntary sector is involving their clients in a number of different ways, Clinks aims to encourage the voluntary sector to do more in relation to meaningful and quality service user involvement. We will explore this further in future state of the sector surveys.

Facilitating service user involvement can be resource-intensive and sometimes challenging, especially in a criminal justice environment, where the practice has historically been less commonplace. Clinks will seek to work with experts in this area to provide the best possible support to the voluntary sector.



Organisational capital

The ability of an organisation to focus on their core purpose and maintain their services

All voluntary sector organisations should work to meet their own charitable aims, or core purpose, which enables them to provide the best support to meet the needs of their clients. We have therefore continued to ask if organisations feel they are able to focus on their core purpose and whether they have been able to maintain the services they deliver.

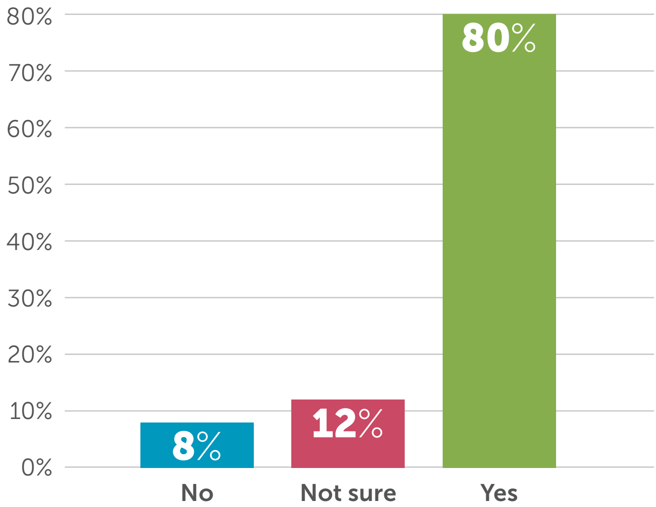
Key finding

More time is being spent on generating income, which is impacting on service delivery

The overwhelming majority, 80% (n= 86) of organisations, told us that they were spending more time on funding applications over the last financial year. Just under half, 47% (n= 38) of organisations, report that this is having a negative impact on their ability to deliver their services. In response to this question, one interviewee said:

> *"Yes, probably, and I've certainly worried about it a lot."*

Have you spent more time on funding applications and other types of income generation over the last financial year?



Key finding

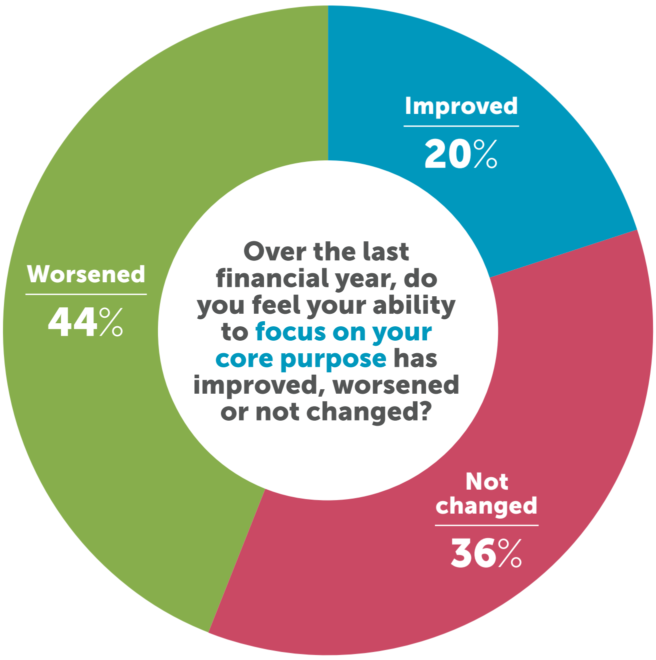
More time spent on generating income is having a negative impact on small and medium-sized organisations

Of those who responded to the survey and were small, 36% (n= 12) said that increasing the time they spend on funding applications and income generation is having a negative impact on their organisation. This was true for 35% (n= 11) of organisations that responded to the survey and were medium-sized but only 10% (n= 3) of large organisations reported this to be the case.

Another respondent said that due to the increasing amount of time they have to spend collecting evidence, undertaking needs assessments and writing bids, they "have less time to work with prisoners." As many organisations report that the needs of service users are becoming more complex, it is worrying to see that some organisations are spending less time supporting their service users and more on processes. As the core purpose of many voluntary sector organisations is to support the needs of their clients, this lends further support to another finding of the survey: that organisations are less able to focus on their core purpose.

Key finding

Organisations are less able to focus on their core purpose



Worryingly, 44% (n= 44) of organisations said that their ability to focus on their core purpose has worsened, which is an increase from 33% (n= 28) last year. As the core purpose of many organisations is to provide support to their beneficiaries, this finding is of particular concern given that organisations have also reported that the needs of service users are increasing and becoming more severe.

When asked why organisations are finding it challenging to focus on their core purpose, the majority of organisations told us this is due to time spent fundraising and responding to changes in policy. Examples of responses include:

> *"This is because of increased focus on trying to acquire and maintain funding for existing services."*

"Uncertainty of [the] Transforming Rehabilitation agenda, public sector austerity, constant call to fund innovation and lack of interest in core funding."

As mentioned, this supports the prior finding that the majority of organisations are spending increasing time on funding applications, which is having a negative impact on their ability to support their service users.

Key finding

More organisations report they are at risk of closure compared to last year

Most organisations are maintaining their services, with 38% (n= 46) reporting this to be the case. This is a slight increase from last year's survey and supports the earlier finding in this report that many organisations are able to maintain existing staff numbers.

It is concerning to see that 23% (n= 21) of organisations report that they are at risk of closure – a rise from 11% (n= 9) from last year's report. Small and medium-sized organisations were more likely than large organisations to report that they are at risk of closure, with the proportions being 12% (n= 4) and 10% (n= 3) respectively, compared to 2% (n= 1) of large organisations.[13] Although this is concerning, it is worth noting that although organisations may feel they are at risk of closure, this might not take place. As previous state of the sector reports have shown, voluntary sector organisations are resilient, flexible and are able to respond to changes in the needs of their service users, as well as responding to the external policy environment.

However, feeling at risk of closure can be very debilitating and puts strain on staff. It could also lead to organisations spending more time on generating income, supported by the earlier finding that 80% (n= 86) of organisations are doing exactly that. As 44% (n= 44) of organisations report their ability to focus on their core purpose has worsened, it might be reflective of organisations feeling at risk of closure and spending increasing time dealing with issues that are of immediate concern or 'fire fighting' rather than strategically delivering their services.

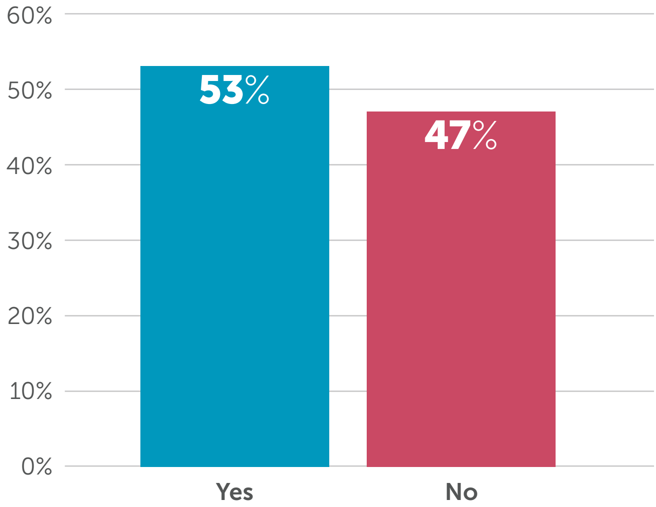
When asked whether they had to reduce or make cuts to the services they deliver in the last financial year, organisations gave a mixed response. 41% (n= 52) of organisations did not have to make any cuts or reduce their services, yet 12% (n= 14) report that they had to close their services. Interestingly, 17% (n= 17) of organisations told us that they had closed some services whilst simultaneously delivering new services, which could show that organisations were able to secure alternative funding sources. It is possible that some organisations have become more sustainable as they are less reliant on one source of funding.

Key finding

New services are responding to changing service user need

The majority of organisations (53%, n= 66) told us that they had been able to develop new services in the last financial year.

Have you developed and delivered new services over the last (2014-15) financial year?



If organisations told us they have developed and delivered new services in the last financial year, we asked why they did it. 56% (n= 69) of the organisations who said they have developed and delivered new services did so to respond to changing service user need and/or to fill a gap in existing provision.[14] This demonstrates the flexible nature of voluntary sector organisations working in criminal justice, as well as how the sector is adapting to the changing needs of their service users. However, developing these new services could be taking organisations away from their core purpose.

When we asked what services organisations have developed, we received a whole range of responses that show the diversity of the sector and the services they provide. Examples include:

"A furniture project with funding from the PCC to offer training opportunities to those in [the] Criminal Justice System and a social enterprise café designed to offer employment training to our service users."

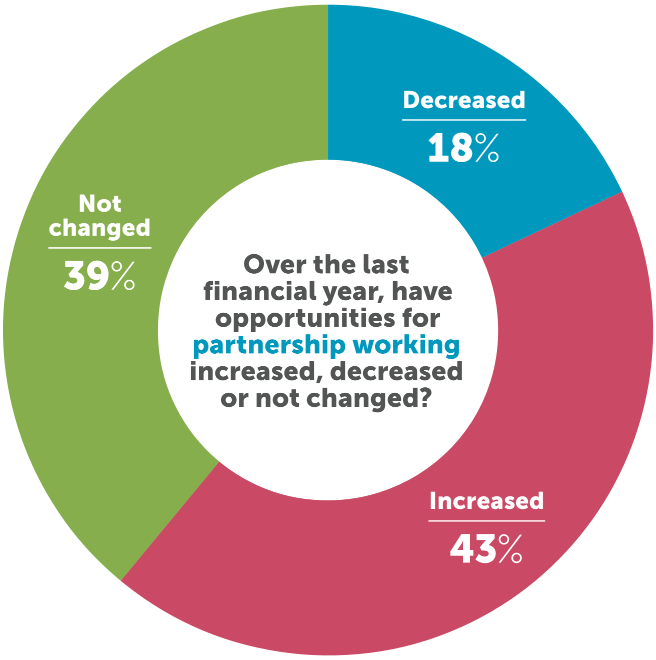
"Introduced community prison visits aimed at reducing the stigma and shame attached to offending. This message is then taken back to different communities with the aim of increasing support for prison leavers."

"We have started to provide employment related support services for customers who are aged 50+ and also delivering mental wellbeing support."

Developing this range of services highlights the diverse needs voluntary sector organisations work to meet.

Key finding

Partnership working is important to the sector but can be challenging



To enable them to meet the diverse needs of their service users, many voluntary sector organisations rely on working in partnership with others, including those in the statutory, private and voluntary sector. When we asked organisations whether opportunities for partnership working have increased, decreased or not changed, 43% (n= 53) reported that it has increased.

When explaining why this is the case, organisations report that there is a growing willingness to collaborate as it can provide a way of effectively using resources. One organisation said:

"As resources are becoming increasingly stretched opportunities to share resources and for proper partnership working are increasing."

Other organisations report that they have strengthened their relationships with partner organisations so they could meet the changing needs of their service users through buying in services, receiving training from specialised providers or signposting their clients to other organisations.

Some highlight that opportunities for partnership working have increased in response to funding opportunities, as organisations are submitting joint bids for contracts and grants because they are unable to deliver these services alone. This is especially the case for small organisations. One organisation outlined that some funders are actively encouraging partnership working between organisations:

"Many funding grants and contracts are now expecting partnerships to apply especially around financial resilience and advice work."

Working in partnership is not without challenges; whilst many organisations outlined their positive experiences, others highlight that it can often be resource-intensive. Some organisations pointed to policy changes, such as the Transforming Rehabilitation reforms, or systemic changes such as increased competition for reduced funding pots, making the case that these have changed the nature of partnership working between organisations. One respondent commented that:

"There is a lot more willingness [to engage in partnerships] although there is also more rivalry and competition."

Another organisation supports this, and outlines how the relationship between their partners has changed due to competition for funding opportunities:

"We're hesitant to get too close to some potential partners. Two years ago a close partner bid for one of our services and won the contract. They couldn't have done that without the inside information."

Human capital

The health, knowledge, skills and motivations of an organisation's staff and volunteers

In order to meet the needs of their clients and provide them with a high quality service, it is essential that voluntary sector organisations working in criminal justice have proper levels of well-trained staff, and are able to effectively recruit, train and support their volunteers. Clinks has continued to ask questions about the number of staff and volunteers, focusing on what changes, if any, organisations across the sector have experienced in the last financial year.

Key finding

The majority of voluntary organisations are small

We asked respondents about the number of staff they had in April 2015 and the results show the real diversity of the sector, with one organisation reporting that they have no paid staff but 40 volunteers, whilst another has over 3,500 members of staff. Overall:

- 47% (n= 32) of organisations have less than 10 members of staff which we would describe as small
- 41% (n= 28) are medium-sized organisations with between 10 and 50 staff
- 12% (n= 7) are larger organisations with over 50 staff.

This is broadly the same pattern as last year's state of the sector report, but this survey has a greater representation of small organisations.

Key finding

A mixed picture of stability, growth and decline

When asked whether the number of paid staff has changed since 2012, respondents presented a mixed picture: 38% (n= 27) said there has been no change; 31% (n= 23) said numbers have increased; and 30% (n= 24) said they have decreased.

Many organisations in the sector still face considerable challenges and worryingly 36% (n= 19) report that they have or expect to make redundancies in the financial year 2015/16. This is an increase from last year's survey where 27% (n= 14) of organisations reported this was the case for the financial year 2014/15. The results also show that between April 2013 and March 2016 organisations are expecting to make 210 staff redundant, which represents a considerable loss in expertise and skill from voluntary sector organisations' staff teams.

However, 41 organisations are recruiting and/or expect to recruit 224 staff to new positions in the same year. Indeed, the majority of organisations, 69% (n=41) report that they expect to be recruiting staff to new positions in 2015/16. This indicates that although some organisations are experiencing significant challenges, other organisations are either able to retain existing staff numbers or employ new members to their staff team.

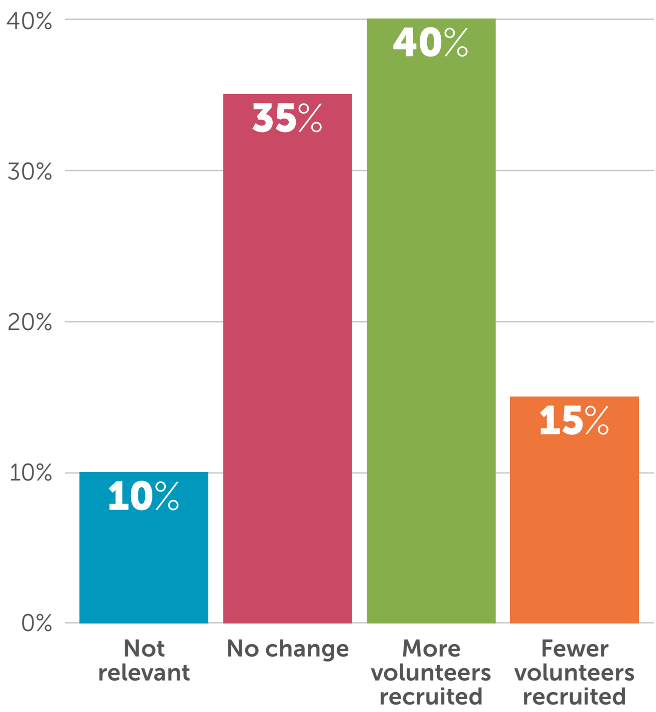
As these figures represent organisations' expectations, which are often dependent on funding, the actual number of people made redundant, or those recruited to new positions, may be lower or higher than these figures represent.

Key finding

Volunteers are vital, but retaining them is a challenge

It is clear from the responses that volunteers continue to be vital for many organisations in the sector. When asked whether volunteers support their work, 94% (n= 71) report that they do. Small and medium-sized organisations were more likely than large organisations to report that volunteers support their work. Of all the small organisations who responded, 36% (n= 11) said that they have volunteers, and 45% (n= 14) of medium-sized organisations also reported that this is the case.

Have you seen any changes over the last three financial years with volunteer recruitment?



Forty percent (n= 32) told us that they have recruited more volunteers over the last three financial years, with 35% (n= 24) of organisations reporting that there is no change in their recruitment of volunteers. Small organisations were most likely to say they have seen an increase in volunteer recruitment. 19% (n= 6) of small organisations that responded to the survey told us that they have recruited more volunteers over the last three financial years. Although volunteers are vital for many organisations in the sector, the qualitative interviews found that some organisations are struggling to retain volunteers and balance the demands of providing training for volunteers with the relatively short-term involvement some volunteers have in their work:

> ***"We recruit and train them [volunteers] and then that becomes a work demand in itself ... a lot want to come and do the training and then you don't see them again."***

Organisations also cite the nature of the work, as it is often sensitive and can be challenging, as further reason for high turnover of volunteers.

The mean average number of staff organisations report is 108 and the mean average number of volunteers is 166. This represents an average of 1 member of staff per 1.5 volunteer. This is similar to the ratio we found in the last state of the sector report for the financial year 2014/2015, which was 1 member of staff per 1.7 volunteer.

Financial capital

The financial situation of an organisation and the ways in which it is funded

This section of the report explores the sources of funding organisations have been able to access and whether this has changed over the last three financial years. It explores how organisations have been using their financial reserves, if at all, and the reported success of organisations who have bid for contracts and what this has meant for the services they have been able to deliver.[15]

Key finding

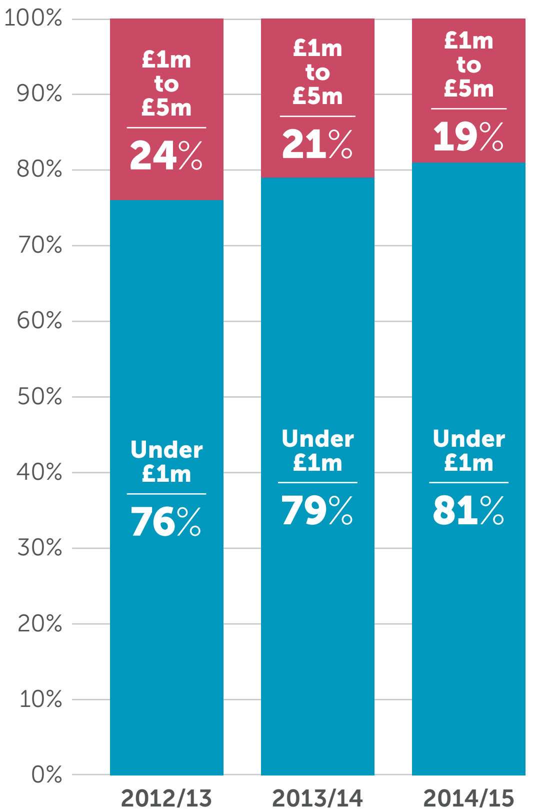
The majority of organisations have a turnover of less than £1m

Overall, organisations report that their annual income has remained stable over the last three financial years. For each financial year, the majority of organisations told us that their annual income is less than £1 million. Indeed, for the financial year 2014/15, 81% (n= 45) of organisations report this to be the case.

The results show that there is a slight reduction, from 24% (n= 12) in 2012/13 to 19% (n= 10) in 2014/15, of organisations reporting that they have an annual income of between £1m to £5m.

Interestingly, no organisations told us they receive an annual income of over £5m, yet last year's survey showed that this was the case for 4% (n= 1) of organisations for each of the financial years between 2011 and 2014. This demonstrates that although we have weighted the data to try and ensure it is as representative as possible of the voluntary sector working in criminal justice, this year's survey did not receive responses from organisations in the sector whose turnover is over £5m. We will work to rectify this in future surveys.

Annual turnover (income £) of organisations



Key finding

Funding comes from diverse sources

Organisations report a mixed range in terms of the funding they are currently receiving from voluntary, statutory and private sector sources. Respondents are slightly more likely to be receiving funding from voluntary (91%, n= 42) and statutory sector (92%, n= 29) sources than from the private sector (81%, n= 25).[16] The results show that organisations are likely to receive a similar proportion of their funding from voluntary and statutory sector sources, with 46% (n= 21) of organisations reporting that they receive between 50-100% of their funding from voluntary sector sources and 50% (n= 18) reporting this to be the case for the funds they receive from the statutory sector.

Similar to last year's survey, organisations were more likely to report that their statutory funding comes from a local source.[17] Indeed, 38% (n= 8) told us that they receive no national funding at all, yet a similar percentage (41%, n= 13) of organisations told us that 50-100% of their statutory funding is from a local source. This could indicate that the voluntary sector in criminal justice is more likely to work across a small geographical area supporting people in local communities, and less likely to be delivering national services at scale.

However, there were some notable changes in the regional funding received by the voluntary sector since last year's survey, these include:

- An increased percentage of organisations reporting they receive regional funding, up from 57% (n= 11) in 2014 to 70% (n= 20) in 2015.
- More organisations reporting that they receive 50-100% of their funding from regional sources, a rise from 21% (n= 4) to 32% (n= 8).
- Fewer organisations reporting they did not receive regional statutory funding, falling from 43% (n= 8) to 30% (n= 9).

When asked whether organisations have seen changes in the amount of national, regional and local statutory funding they received in the last financial year, the majority of organisations report that they have not. Although the data has been weighted to try to ensure it represents the voluntary sector working in criminal justice, the response rate is quite low for these questions and this could indicate that this survey was responded to by organisations with a different funding profile to those who responded last year.

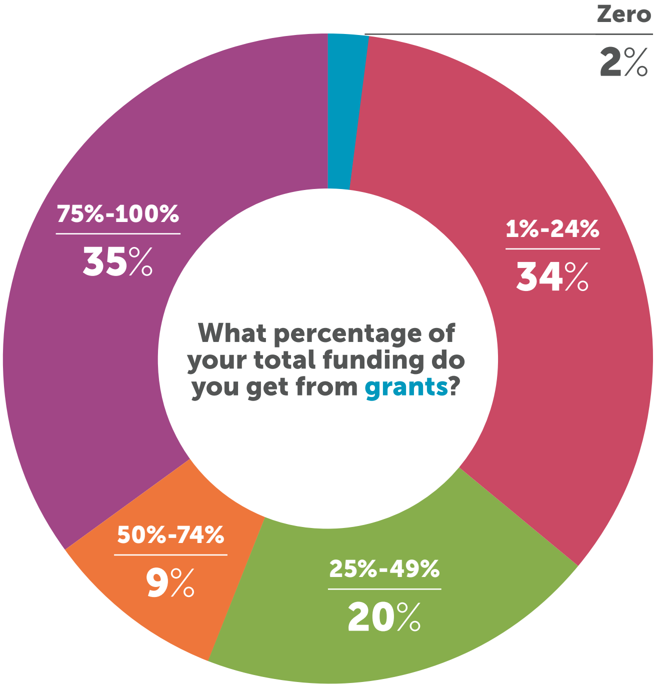
We also asked organisations whether they have had opportunities to diversify their income over the last three financial years. The responses were very mixed, with 21% (n= 14) reporting that opportunities have decreased, 34% (n= 25) saying they have increased, with another 34% (n= 23) saying that they have not changed. This makes it challenging to draw conclusions from this information.

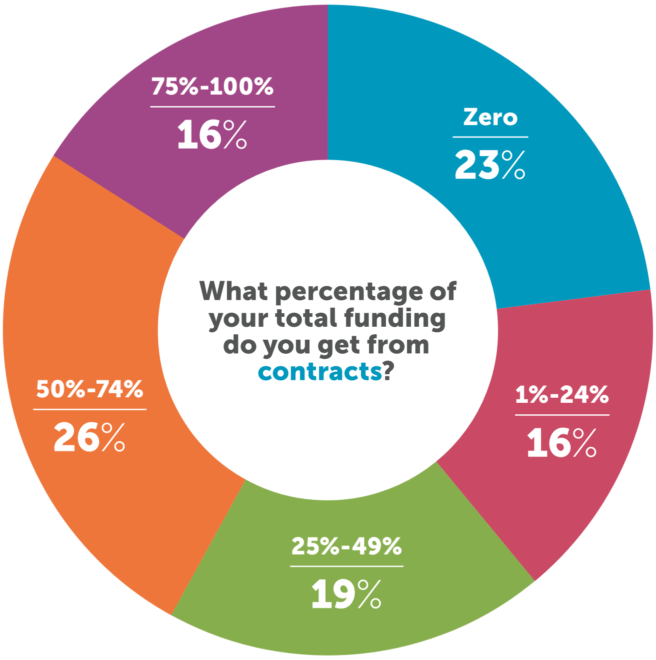
Key finding

Grant funding continues to be important, but so are contracts

Organisations are more likely to be receiving grant funding than contracts, with 98% (n= 63) of organisations in receipt of grant funding, compared to 77% (n= 29) of organisations reporting they are in receipt of contracts. In comparison to our last state of the sector report there has been a reduction in organisations reporting that they do not receive any contract funding, from 32% (n= 10) to 23% (n= 12) which indicates that more organisations are being funded through contracts. Indeed, 63% (n= 46) of organisations report that they have bid for new contracts to support their work with offenders and their families in the previous financial year.

Similarly to last year's findings, organisations are more likely to receive a higher percentage of their income from grants, with 35% (n= 24) of organisations reporting they receive between 75% and 100% of their funding from grants, but this was only true for 16% (n= 9) of those who report they receive contract funding. Perhaps unsurprisingly, small organisations are most likely to receive a higher proportion of their income from grants. Of all the





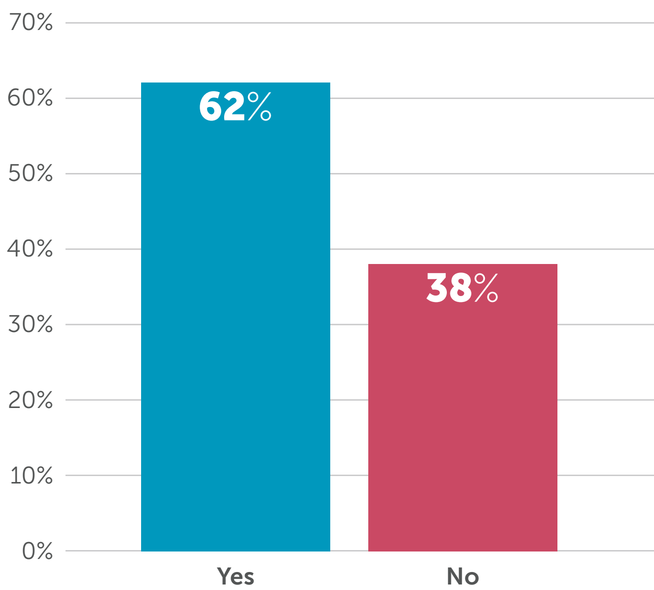
survey respondents who were small, 21% (n= 5) receive over 50% of their income from grants, where this was true for only 2% (n= 1) of large organisations and 9% (n= 2) of medium-sized organisations.

These results demonstrate that although grant funding continues to be crucial for many voluntary sector organisations working in criminal justice, especially smaller ones, many are also being funded through contracts. This could be in response to the external funding environment, as contractual funding becomes more widely used and organisations are able to work in partnership (as highlighted earlier) to submit joint funding bids for contracts that they previously would have been unable to access.

However, when asked whether there had been any changes in their funding portfolio in the last financial year, the majority of organisations report that it has not changed. For those that report it has changed, some say there is a "greater reliance on contracts" whilst others say that there has been a reduction in their contract funding, making them more reliant on grants.

This demonstrates the diversity of the voluntary sector's experience, not only in the services they deliver but also in the funding they continue to receive.

Did you bid for new contracts in the last financial year?



Although 62% (n= 46) of organisations bid for new contracts in the previous financial year, only 7% (n= 3) won all of the contracts that they bid for. 26% (n= 11) report that they did not win any contracts, with small and medium-sized organisations more likely to say this is their experience. Indeed, 9% (n= 2) of organisations who completed the survey and were small, and 16% (n= 3) of organisations that were medium-sized reported that they did not win the contracts they had bid for.[18]

Given the time and resource that organisations invest in funding applications, it is concerning that many organisations are unsuccessful in winning a large proportion of the contracts they have bid for. This is especially true given the earlier finding that investing resource in funding applications for many small and medium organisations inevitably means they are able to spend less time directly supporting their clients, whose needs are likely to be increasing.

Key finding

Very few achieve full cost recovery on their contracts

Only 11% (n= 10) of organisations told us that they achieve full cost recovery[19] on all of the contracts that they deliver. 71% (n= 54) of organisations said that they achieve full cost recovery either sometimes or never. This trend has remained consistent, with 72% (n= 33) of organisations reporting this was the case in the last survey. Those that completed the survey and were from a small organisation were the most likely to report that they never receive full cost recovery on the contracts they deliver – 10% (n= 3) report this compared to 6% (n= 2) of those who completed the survey and were medium-sized.[20]

To understand the results more fully, we introduced a question into this year's survey that asked

what impact not achieving full cost recovery on contracts was having on the organisation. The responses overwhelmingly outline that organisations have to subsidise their work, through either using their reserves or accessing alternative funds, whilst others told us that they have to scale back their services or make staff redundant (most frequently administration staff):

> ***"Meeting central costs has become increasingly difficult therefore some admin support staff had to be made redundant."***

> ***"Most of the new contracts do not cover full costs which means that [we] will need to invest from reserves."***

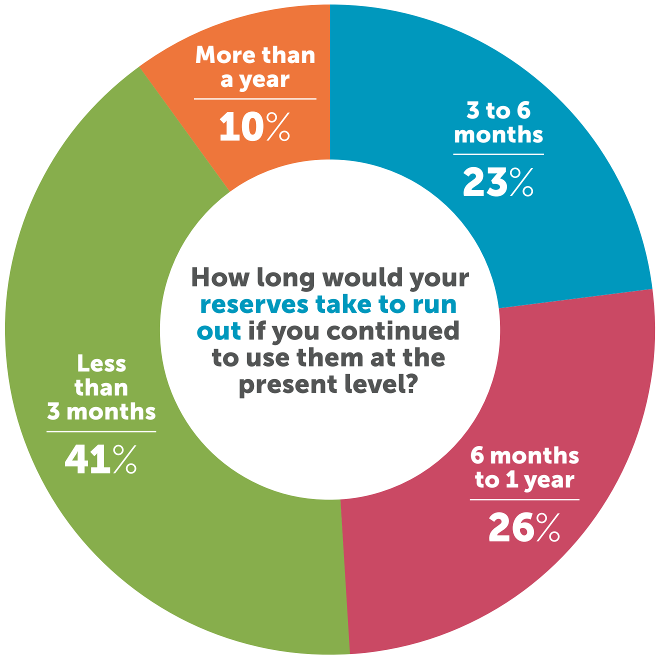
> ***"We have significantly reduced our services to the extent whereby we will not be able to sustain the charity if funding is not secured by the end of the year."***

Being unable to achieve full cost recovery on the projects voluntary sector organisations are delivering does undermine their resilience and sustainability. It is also likely to lead to an increased number of organisations using other sources of funding, such as their reserves, to support their work, making them less financially robust. This finding is particularly worrying given that we have seen the same trends occur over the last two financial years.

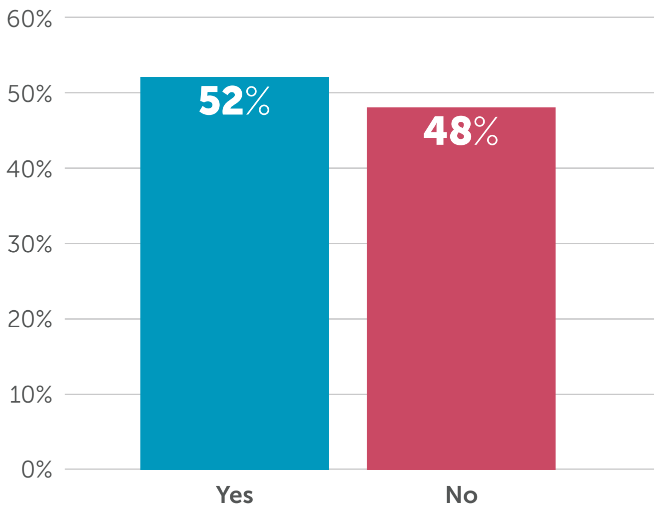
Key finding

Organisations using their reserves are at risk of closure

When asked if voluntary sector organisations were using their reserves, 48% (n= 32) told us that they are, and of those, 41% (n= 13) said their reserves would take less than 3 months to run out if they continue to use them at the current level. A further 23% (n= 7) of organisations told us that their reserves would take between 3 and 6 months to run out if they continue to use them at the current levels.



Are you currently using your reserves?



This finding is similar to the results in last year's survey and it indicates the continued insecurity faced by many voluntary sector organisations, whilst also demonstrating the resilience of many organisations in a difficult economic climate with reduced funding for services.

In order to increase the sustainability and future viability of the voluntary sector, organisations must be able to run services on a full-cost recovery basis, without having to use their reserves. The use of charitable reserves to run services is not a sustainable way to support people in the Criminal Justice System or their families and is likely to lead to short-term services that are frequently disrupted by funding difficulties.

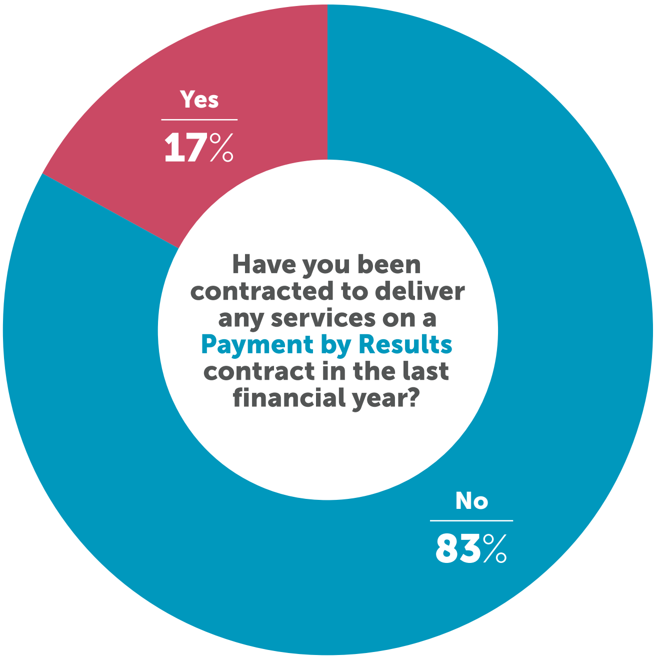
Key finding

Payment by Results contracts are rare

A large majority of organisations, 83% (n= 64) have not been contracted to deliver services on a Payment by Results (PbR) basis in the last financial year. Of those who took part in the interviews, none of the five organisations are currently delivering PbR contracts. Some feel it would be very difficult or even impossible for them to deliver under PbR due to the associated financial risks; others are concerned that they would be unable to attribute successes to their specific interventions. One organisation told us:

> ***"Our trustees made deliberate decisions to say we are a small organisation and we do not believe that we can sustain the Payment by Results programme. Given the amount of funding we have, it would be difficult to have enough money to deliver whilst we are waiting for the government to deliver us funding by results."***

One organisation also highlighted that as PbR contracts focus on organisations achieving a 'quantifiable result', this can



sometimes deflect attention and resources from clients' more complex needs:

> *"The problem is how the results are written on paper and to what extent trying to create a result actually helps clients on the ground."*

Of those who told us that they have been contracted to deliver a PbR contract in the last financial year, only 21% (n= 4) of organisations receive an upfront payment from the prime contractor to set up running costs before any results payments were achieved. This has risen marginally from 14% (n= 3) in last year's survey and remains concerning. Clinks recommends that all organisations delivering PbR contracts receive an upfront payment from the lead contractor.

27% (n= 4) of organisations told us they use their reserves, 10% (n= 1) access loan finance and 26% (n= 5) cross-subsidise finances from other work to set up running costs before results payments are received.[21] Operating in this way can be risky for organisations and could put them under financial strain, something that is especially true for organisations operating with low levels of reserves. However, due to the low response rate for this question, it is challenging to get a complete picture of the sector's experiences in terms of delivering PbR contracts.

Notes

11 Clinks has conducted a separate survey on the voluntary sector's experience of Transforming Rehabilitation. The Track TR, in partnership with the National Council for Voluntary Organisations (NCVO) and the University of Birmingham's Third Sector Research Centre (TSRC). For more information please visit www.clinks.org/trackTR

12 Clinks (2011) A review of service user involvement in prisons and probation trusts, Online: www.clinks.org/criminal-justice/service-user-involvement (last accessed 18.01.2016).

13 As the response rate for these questions was low, this data is not representative of the whole voluntary sector working with people in contact with the Criminal Justice System.

14 Please note that organisations were able to select as many options as were applicable to them.

15 NCVO publish a UK civil society almanac that provides detailed information on the funding and experiences of voluntary sector organisations. If you would like more information about this data, please visit this website: https://data.ncvo.org.uk

16 As we received different response rates to these questions the raw numbers are quite different.

17 We asked respondents 'If you receive statutory/public sector funding, approximately what percentage of that income would you say is: national; regional; local?' but did not define these categories.

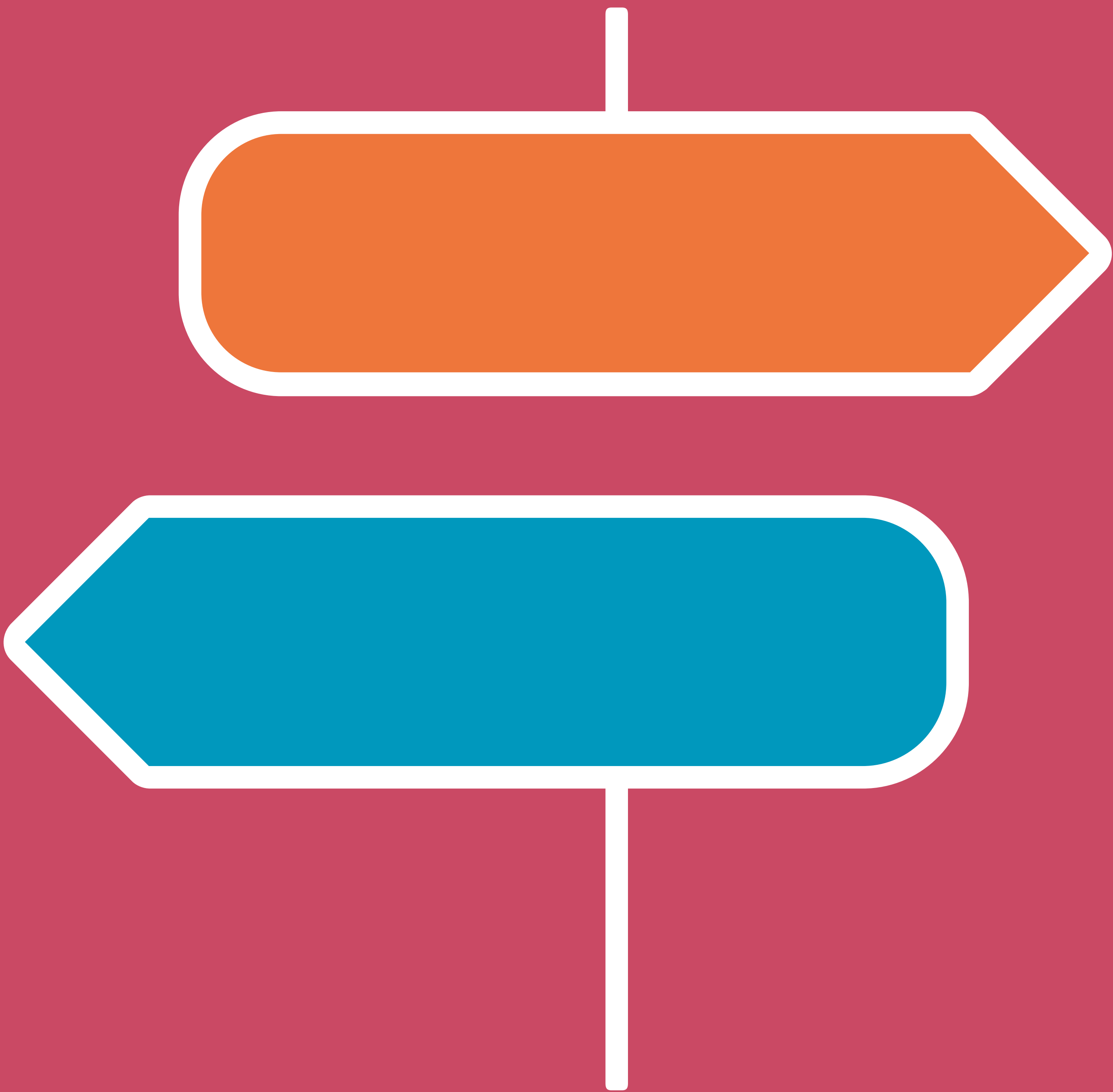
18 As the response rate for these questions was low, we advise caution with drawing sector-wide comparisons.

19 Full cost recovery is defined by the Big Lottery Fund as "securing funding for all of the costs involved in running a project. This means that you can request funding for direct project costs and for a proportionate share of your organisation's overheads". More details can be accessed here: www.biglotteryfund.org.uk/funding/funding-guidance/applying-for-funding/full-cost-recovery#

20 Please note that the response rate for this question was low, so it is not possible to draw sector-wide comparisons from this data.

21 Organisations were able to select as many responses as were applicable to them.

Where next?



"We have been resilient, we have been quite savvy, but we are certainly concerned that the overall direction of travel has not been beneficial for our service users."

The voluntary sector working in the Criminal Justice System continues to be diverse and provides successful and much needed support to people in the system, as well as their families. It is always challenging to summarise the different experiences of such a large voluntary sector, yet this report has identified common challenges, including the increasingly complex needs of service users, a need for more service user involvement, a more competitive funding environment, the sector having to spend increasing amounts of time on funding applications and the challenges of partnership work. All of this puts pressure on already busy staff who are trying to deliver quality services.

The picture is mixed, with some organisations thriving and being able to develop and deliver additional services to meet the needs of their clients, as well as employing more staff. Others are reducing their services and making redundancies. Some organisations tell us that they are at risk of closure, and nearly half tell us that they are using their reserves, which is neither desirable nor sustainable. It is testament to the passion, vibrancy, resilience and flexibility of the sector that these risks are often not realised, and organisations are able to continue delivering their essential work in a challenging environment.

At Clinks we will consider what the survey tells us in relation to each of our current areas of work and consider whether changes might need to be made so that the sector can be better supported. We will look specifically at meeting the needs of a sector that supports people in far more areas of their lives than just their involvement in the Criminal Justice System. We will also ensure we have support available to help services better responding to the changing and complex needs of the people they see, often without other services to refer on to or rely on for support.

We will focus 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
- Looking at ways in which the sector can better support and utilise volunteers as a key resource
- Supporting service user involvement – at all levels in the sector.

We will keep the sector up to date and informed about opportunities to further collaborate and innovate and we will make connections where possible, as well as looking at ways to support members more practically to get better outcomes from partnership working.

Clinks will continue to survey the voluntary sector working in criminal justice, using the results of future surveys to provide in depth information and analysis on what the voluntary sector needs to thrive. By listening to the voluntary sector we are able to speak out on their behalf and provide a positive catalyst for change by influencing government at all levels.

Appendix

Methodology and weighting the data

As with our previous state of the sector survey, Clinks commissioned the Learning and Work Institute to help us take steps to ensure the data collected from the survey is as representative as possible of what we know about the voluntary sector working with offenders and their families. To do this, and to ensure the results are comparable to last year's survey, we again chose to weight the responses we collected to match those gained from the National Survey of Charities and Social Enterprises (NSCSE).[22]

The NSCSE is funded by the Office for Civil Society that sits in the Cabinet Office and gathers the views of voluntary sector organisations in England. The most recent survey was carried out between September and December 2010 and had a response rate of 44,109 organisations.

The NSCSE survey is weighted to a sample frame based on a range of data sources including social enterprises as well as Charity Commission data.[23] To enable us to continue to weight the data, we again included three questions from the NSCSE survey. Only the data for organisations that filled out these three questions in full could be used for the final data analysis. So, although we had a response rate of 125, only 73 were usable as some organisations did not fill out these mandatory questions in full.

When the survey was open, the Learning and Work Institute analysed the profile of survey respondents weekly. Where organisations were underrepresented, Clinks were then able to target them with our communications activity and encourage them to take part in the survey. This helped us to plug some of the gaps in the survey responses, again making the results as representative as possible of the voluntary sector working in criminal justice.

Interviews

The Learning and Work Institute also carried out interviews with five voluntary sector organisations that did not fill out the survey, which has enabled us to add more depth to the report. These organisations were selected after the Learning and Work Institute weighted the data, and are organisations that were under-represented in the survey responses.

Survey questions

To enable the survey to elicit the most useful responses we continued to edit the survey questions. In most cases, we edited the questions to allow respondents to explain the impact of the things they were reporting, which has enabled us to get a clearer picture of the experiences of the organisations who responded to the survey. This does mean that in some cases the survey results are not directly comparable to last year. However, as we have kept the majority of the questions the same and have been consistent in how we have weighted the data, most of the results are directly comparable to last year's survey and we have been able to identify trends in the data.

22 More information about the National Survey of Charities and Social Enterprises can be found here: www.nscesurvey.com (last accessed 19.02.2016).

23 For more information please contact Nicola Drinkwater at nicola.drinkwater@clinks.org

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