

## THE FUNDING LANDSCAPE

### First in a series of meetings to review and analyse changes in the funding of the voluntary and community sector in London

#### Children and young people

**Monday, 31 October 2011 at Schroders**

The Big Squeeze 2011 identified children's and young people's services as more at risk from cuts and changes in funding than any other part of the voluntary sector. London Funders organised this meeting for its members to discuss the impact of changing patterns of funding on these services in London with invited contributors to throw light on service provision, changing needs and the impact of funding changes. The aim is to encourage funders to learn and think together, combining knowledge and experience to illuminate the current situation and think about the future they want to see for children and young people in London and what that means for funding choices.

#### **Chair**

Kristina Glenn, Chief Executive, Cripplegate Foundation and Chair of London Funders

#### **Speakers**

Caroline Boswell, Head of Children and Young People's Unit, Greater London Authority

Helen Hibbert, Strategic Director, Partnership for Young London

Erik Mesel, Grants and Public Policy Manager, John Lyon's Charity

Calum Murdoch, Senior External Funding Officer, London Borough of Ealing

Ruth Pryce, Grants and Policy Officer, BBC Children in Need

Kevin Ramsey, Connexions Service Manager, Royal Borough of Kensington and Chelsea

Chris Robinson, Chief Executive, The Mayor's Fund for London

Nick Wilkie, Chief Executive, London Youth

#### **1 Setting the scene**

The opening speaker was **Helen Hibbert** who reminded funders of the impact of the current tough times on all sorts of groups in the sector. She felt that it was getting harder for groups to decide whether or not even to use precious time applying for funding. Current uncertainty over the availability of resources discourages applications for new work as against seeking to sustain existing work. Many applications are of poorer quality and this is a direct result of pressure on time. Increasing complexity in types of funding confuses some groups, unversed in the nature of e.g. social investment bonds.

The VCS believe partnerships are in favour with funders but they are work-intensive – the better the process the longer it takes to create them. Similarly, if funders like to see applicants drawing on the services of local or regional support organisations, this seems increasingly unrealistic as administrative and training budgets are cut and infrastructure being eroded. This adversely affects data collection and workforce development.

Commissioning brings its own quirks and challenges – specialist youth commissioners understand the voluntary groups they are dealing with, but centralised commissioners may not. Borough commissioning is increasingly based on symptoms (e.g. the provision of services for NEETS) and to meet borough objectives rather than the applicants'. National funders (especially government) are more tightly specifying outcomes and developing ever bigger contracts which limit the ability of the VCS to address the needs of specific beneficiary groups. The scope for advocacy and campaigning is severely reduced.

Helen made the point that the August riots were not a young people's issue though many 19-25 year olds were caught up in them. Rising unemployment and pressure on benefits are

making the 19+ age group increasingly vulnerable, especially as in most areas there is a gap between children's and adult services.

The loss of regional structures is beginning to be felt yet the need for children's and young people's services to liaise and be coordinated across Greater London remains. CYP Engage continues to fill this role despite the loss of other regional structures. Helen chairs this group which represents over 7,000 organisations and she invited London Funders to meet the network and discuss some of these rather pressing funding issues.

**Caroline Boswell** confirmed concern about the health of the sector and helped funders think about the twin ideals of addressing the complexity of issues in this field and of maximising the value of their funding. She teased out some of the decisions funders have to make in deciding whether to support universal services or high need/high risk young people.

She reminded the audience of some key factors ([see her presentation](#)):

- London's high levels of **child poverty and complex need** – e.g. the interaction of poverty and child health or poverty and ethnicity - and shocking statistics about the situation of children in care. London's child population is growing (0-4 year olds rising by 12% from 2008-33). There will be a shortfall of 70,000 school places in the next four years.
- **Youth unemployment** in London affects one in four (compared with one in five nationally). The number at school-leaving age not in education, employment or training (NEETs) is reducing but Caroline confirms the rapidly worsening situation for the 19+ age group.
- **Tight financial settlements** for local authorities and change in health commissioning have resulted in front-loaded cuts in 2011-12. The requirement on boroughs to hold council tax static in 2012-13 will add to the pressure. Local authorities account for at least 60% of spending on funding for children's and young people's services. Safeguarding and schools budgets have been protected from cuts because of statutory requirements. The next largest area of protected expenditure is late intervention for high risk/high need children and young people - despite the overwhelming evidence of the effectiveness of sustained and universal services such as good youth work and early years support which deliver the greatest return on investment. The GLA is seeking accurate data on youth spending but the Department for Education website shows planned spending down by one third from 2010-11 to 2011-12.
- Some London boroughs are trying to maintain their investment in **preventative services** and to invest in voluntary organisations. Richmond and Kingston, for example, are involved in setting up social enterprises for children's services and Caroline is actively seeking out other good examples of new ideas for cost-effective service provision including redesign of integrated services, community hubs, shared health, adult care and children's services, multi-borough youth provision, and alternative education provision.

**Despite funding challenges there is effort to assemble evidence for "what works".**

New ideas from the GLA include scaling up evidence-based programmes and exploring social finance and new structures. London's complexity means it is a hard place to identify impact. Despite funding challenges there is effort to assemble evidence for "what works". The GLA's Project

Oracle is developing a London-wide framework for measuring impact by strengthening voluntary organisations' ability to collect and analyse evidence. There is also a London learning community developing a good practice dissemination hub around early intervention.

Among good examples of voluntary sector programmes, Caroline singled out the Peer Outreach Team and Lynk Up Crew, volunteering and mentoring programmes, parenting programmes that address the value of early intervention, and programmes which address child poverty. Primary sources of new funding at present are to do with out of school learning and youth opportunities, e.g. the Mayor's London Youth Offer, the Young Londoners' Fund, ESF funding targeted at NEETs, some sport and culture programmes and, post August riots, prevention of serious youth violence.

Caroline left participants with her list of vital steps and questions:

- How best to influence commissioning by GPs, children's centres and schools
- How important it is that funders distinguish between local community groups and large service providers, and value services that use social media, co-production and social enterprise
- Can funders find ways of maximising the combined value of statutory, private and voluntary funding and, despite the pressures, maintain some streams of income for capacity-building and strategic development and for innovation in service delivery and advocacy?

## 2 Borough approaches

Practical advice came from **Calum Murdoch** who links local VCS groups with new streams of funding, especially from complex sources like the European Commission where his help assists in building partnerships and writing high quality bids. This approach has achieved success in bringing money into the borough (and the sub-region) from external sources. The Borough has particular strengths, like a strong CVS (where the Borough has part-funded a development post) as well as workers in additional umbrella organisations in Southall and Acton. These work closely with the Borough on new funding sources. Calum also keeps 80-90 Council colleagues updated on new opportunities and ways of connecting to the VCS.

His work sits within Borough standards and plans, and in relation to children and young people the Borough plan is strong and helps set good priorities. He has worked with internal and external groups on funding for youth offending and youth justice work, e.g. in European funding that addresses the roots of youth offending in speech and language disorders. He focuses work on some 30 to 40 particularly innovative and influential organisations and believes they succeed in funding bids because they build analysis of their fields and their impact and remain alert to developments in relevant policy areas. Among the work Calum has seen recently funded in Ealing is a European four-country programme on young people's welfare, including tackling unemployment.

A "creativity group" is made up of 15 or so people working in early intervention and aiming to bring together the Police, sports and arts interests and others whose thinking could influence a different approach to service provision and collaboration.

**Kevin Ramsey** outlined the brave new world of employee-led mutuals, describing how the Royal Borough of Kensington and Chelsea is proposing to outsource its youth services: his quick overview of the demanding skills and different mind-set needed in those leading this spin-out can be seen [here](#). The idea has high level support inside the Council and has to achieve 90% agreement in a vote amongst current staff. The new structure needs to cut costs by 33% so the shadow board, set up soon, will be facing decisions on what can be cut, how local expectations can be met, and perhaps what other funding sources might be identified. Kevin was quizzed hard by the audience on sustainability plans and the future of voluntary services that have up to now been supported by the Borough to deliver complementary youth services. Kevin confirmed that those most involved in planning the mutual are committed to maintaining good relations with the VCS, including policy links.

## 3 Charitable foundations

London Funders asked several funders of children's and youth services to think aloud about what is most important to them in the current climate. **Erik Mesel of John Lyon's Charity** talked about the long-term commitment of his Charity to funding youth clubs and its success in extending to fund new services using unconventional methods and places ([presentation](#)).

He quoted a recent article in EPolitix by Baroness Royall of Blaisdon ([read here](#)):

- Young people spend 85% of their waking hours outside school yet government spends over 55 times more on formal education than on youth services outside school
- Spending on young people's services has fallen to just 28 pence per young person per day (less than the price of a first class stamp, noted Erik).

John Lyon's Charity funds projects for under 25s in nine boroughs in North West London. With some £5 million to allocate annually, the Charity's experience is both focused and localised. They have funded numerous youth clubs over the last 20 years, developing long-standing relationships with the local authority children's and youth services as well as voluntary and community organisations. Erik and colleagues meet Heads of Youth Services in the boroughs regularly to discuss funding and other pressures for programmes targeting young people. This year they are using a higher proportion of their funding on youth clubs than previously (2009-10 £588,000 out of £5 million; 2010-11 £857,000 out of £4.5 million). Despite extensive outreach work, they have received fewer applications for grants this year: among the reasons are severe cuts in local authority funding that have led to closure of many small and medium groups working with children and young people, and a reduction in staff working on development and fundraising.

**Spending on young people's services has fallen to just 28 pence per young person per day**

Despite this there has been a resurgence in applications from youth clubs which have proved resilient due, often, to strong support in the local community and long-standing experience of applying for grants from foundations. The Charity is also funding new services especially in areas where traditional youth clubs are lacking.

The Charity's close links with a restricted number of boroughs means they can tailor their giving effectively in each one. They have been concerned to see closures in Barnet and Harrow (and want to help avoid this being repeated in other boroughs). Erik noted that a number of struggling youth club premises have reverted to housing – a service lost. Three of the boroughs (Harrow, Ealing and Brent) are building new youth clubs as integrated hubs with Myplace and central government support.

A number of boroughs have made dramatic changes to the structure of children's services, e.g. as integrated services with a single point of access; or with teams locality-based rather than built around traditional specialisms. Youth services are not a statutory requirement for local authorities, so dedicated youth teams may be the first to be cut and integrated into a larger children's service. Barnet's youth services are shrinking by 75% over three years. Harrow and Westminster have no separate Council youth services. Conversely, Camden has cut its own youth services drastically but kept high levels of investment in voluntary youth services.

The overall impact for John Lyon's Charity is that while they have a preference for universal services, and youth clubs in particular, in practice universal youth services are being cut and in some cases abolished, leaving in place more targeted services aimed at young people with specific needs or deemed at risk of offending. The Charity is trying not to let youth facilities close and is keen to work with partners in London Youth: an example is their support of the extension of the London Youth Quality Mark to youth clubs in the Charity's area.

**Chris Robinson's** focus at the Mayor's Fund is on child poverty and what will improve children's and young people's prospects. For the two and half years of its existence, the Fund has been building links with the private sector and has raised around £7 million, mainly from companies based in the City of London. The Fund bases its grantmaking decisions on evidence (which its donors increasingly expect) but Chris noted that there is still a lot of "muddy thinking" about what constitutes good evidence. Chris' experience of building up the Fund has convinced him that though money is tighter, for crucial areas like the support of children there is money to be found. There is also a greater appetite in the private sector for employee engagement in the VCS. There are 630,000 children living in poverty in London, and the fund's view is that it is only through greater employment opportunities and better distribution of those opportunities that their long-term prospects will improve – "everything else is sticking plaster". Chris believes that the future of London's children is a priority for City firms but that there is a huge unwillingness to compensate for cuts in public sector funding.

**Ruth Pryce** explained that BBC Children In Need fund only projects for children and young people up to 18 years of age and experiencing some form of disadvantage. Their grantmaking is decided regionally and takes account of local context, and this helps them steer through increasingly grey areas such as the challenge of not replacing statutory funding.

They are finding a big spike in applications for small grants, while not receiving as many bigger applications as in recent years – although they acknowledge their role in this, having created demand through a new grants programme. The average value requested is rising. There is a noticeable drop in quality of applications – the evidence of a scatter gun approach to fundraising. The quality of projects and services may well be higher than their applications suggest but teasing this out can be a challenge for assessors. Other factors which are making CIN reflect on its normal criteria include recognising that applicants' free reserves are shrinking. The area of decision-making around the loss of public sector funding is needing new thinking too, with crucial services losing support from Connexions or Sure Start budgets, CIN is supporting some applications that would not in earlier years have been considered but they maintain funding focused on outcomes for disadvantaged children in all of these cases.

The work supported relates to poverty and deprivation (especially in London), disabled children and other marginalised groups. £1.2 million of last year's grants in London were on youth services, and £1.19 million went to supplementary schools and extended schools projects, with substantial amounts also in the arts, counselling and play. There is a noticeable increase in support for mentoring and befriending work in youth services. More applications are being received for sports projects though these are only likely to be supported if there is focus on change for disadvantaged children/young people rather than competitive sports or sports development as the focus of funding. BBC Children in Need will not be able to 'plug the gap' or fund services that should be or have been funded by statutory authorities in the past. They recognise their vital role in ensuring funding for a range of projects working with disadvantaged children and young people, from open access youth services to more expensive targeted interventions. This, however, does increase pressure on already stretched grants budgets.

#### **4 Points from group discussion**

In small groups, funders explored what is at risk in this tough financial environment and compared notes on high-achieving projects and effective funding programmes. They talked about what they might do together to stretch resources, how to support replication of good work and how best to unleash young people's creativity to develop services. At the meeting the groups highlighted their main concerns and ideas (see bulleted list below) and more detailed notes from their discussions are listed on page 7:

- Funders could encourage small groups to pool facilities
- Funders need to see better impact measurement
- Encourage voluntary organisations to share data
- Together we could be identifying and drawing attention to London-specific needs: "being young and poor in London means .....".
- The principle of not replacing public sector funding is becoming meaningless in the face of drastic cuts and needs serious exploration by funders together
- More important than ever to target money to what young people say they want
- Less consultation – and more use of what funders already know!
- Funders could share knowledge, e.g. on replicating/franchising/scaling up good projects
- Funders could share experience more, e.g. changes in different sectors, in larger and smaller groups, in quality and quantity of applications (and why the changes are happening)
- Funders could do more to support sustainability, e.g. sharing examples of diversified income
- Help young people set up and run their own projects well – financial development skills, legal expertise, ideas on where to find equipment, links with local businesses, etc.
- Use funding to enable and encourage groups to work together.

## 5 A vision for youth in post austerity Britain

**Nick Wilkie** brought the meeting to a close with a glimpse of a forthcoming report, *Hunch*, on the role of youth work (in all its diversity) in preparing young people for careers and adult life.

Nick encouraged participants to remember what was most helpful to them as they were growing up: for many, open-access services, sometimes centre-based, with the support of a trusted adult, outside the family, were key. *Hunch* make the case for these factors which “build character” and create positive change – “old-fashioned” youth work helping young people find what they are good at and giving them a chance to pursue it. Access to such opportunities is positively correlated with better GCSE results, and lower youth offending, as well as softer outcomes. London Youth, in publishing the report and articulating the value of youth work, is also aiming to drive up the quality and consistency of youth work in London.

The August 2011 disturbances were not unexpected to many young people but the events have hardened attitudes (e.g. a different policy attitude in the Metropolitan Police). The lack of work opportunities casts a shadow over young people in London. Lack of funding for work with children and young people is forcing choices between broad-based youth work and targeted intervention. Caroline noted most youth work is not expensive but its lack is very damaging.

**....most youth work is not expensive but its lack is very damaging**

In closing the meeting and thanking speakers, **Kristina Glenn** noted young people’s need of jobs and support. She saw many new, practical ideas emerging from discussion and many that funders held in common. She promised that London Funders would look at these and follow up what it could, and suggested that members return to today’s discussion a year on to review progress and generate new thinking. She thanked Schrodgers warmly for hosting this meeting.

## Points from small group discussion

### What is most at risk?

- Early years; closure of children's centres (where even statutory funding seems to be shrinking). Early intervention is an area of increasing interest for funders (ref. Graham Allen review)
- Universal services (play services, open access services)
- Youth services for 14-19 year olds (especially if funder interest moves towards early years!)
- 19-25 year olds
- Small groups (not registered charities) which find it harder to prove results - versus medium/larger organisations
- Preventative services (difficult to prove impact) **"Everything feels at risk"**
- Connexions services
- Activities that are difficult to measure
- Innovation – because of lack of time to plan and strategise
- Continuation funding
- Partnership work.

### Good examples of continued or new funding? (e.g. smart use of money, really constructive approaches, funder or VCS collaboration)

- BIG Lottery Fund's support of delivery joining up VCS and statutory authorities. LB Ealing using this as a way to encourage voluntary organisations to work together
- Community First - where young people are seen as the future
- Universal services with integrated targeted work within it, rooted in the whole community
- Piloting new approaches which replace statutory funding **"There is plenty of innovation but a risk that it cannot be sustained"**
- Working with the private sector
- RB Kensington and Chelsea supplementary schools project: groups collaborating for mutual benefit (one grant covering 34 schools)
- Exploiting resources/facilities (schools and youth services) for out of hours activity
- Match funding, e.g. see Localgiving.com
- Working in partnership
- Social enterprise.

### What should London's funders (and London Funders) be following up as a result of this meeting?

- Understand the context for organisations e.g. the need for capacity building for organisations to improve their access to funding
- Understand why application numbers have dropped
- Work together to plug the gaps, i.e. supporting preventative services
- Support to enable voluntary organisations to access collaborative partnerships
- Do things funders are confident/experienced in
- Encourage small groups to pool back office resources
- Support organisations to measure their impact better (e.g. promoting Project Oracle)
- Encourage voluntary sector to share data more widely
- Draw attention to London-specific needs – share what funders understand to be young and poor in London
- Target money more effectively to where young people want things to happen. Consult less now and share and use existing results of consultation - there has been plenty done
- Share more information on good examples of small and local funding that works well
- Find ways of sharing knowledge
- Issue of replacing statutory funding - can funders refine the issue and as grantmakers move toward this?
- Build the case for closing gaps- e.g. in supporting universal youth services, early years
- Sustainability
- Resources for young people - legal expertise, getting on in business, etc.