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Evaluation of the Coronavirus Community Support Fund

Value for Money Report

NPC: David Pritchard, Peter O'Flynn and James Noble

Ipsos MORI: Meera Craston and Stella Capuano

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Executive summary

Introduction and background

In the Spring of 2020, a total of **£187m** was awarded to **8,247 organisations** in the Voluntary, Community and Social Enterprise (VCSE) sector as part of the Coronavirus Community Support Fund (CCSF). The CCSF had two primary objectives:

- **Increase community support to people disproportionately affected by the COVID-19 crisis**, through the work of civil society organisations.
- **Reduce temporary closures of essential VCSE organisations and social enterprises**, ensuring services for people disproportionately impacted by COVID-19 had the financial resources to operate, and so reduce the burden on public services.

Ipsos MORI, in partnership with New Philanthropy Capital (NPC) and The Tavistock Institute of Human Relations (TIHR), was commissioned to undertake an evaluation of the CCSF. This document addresses the question of **whether the grant spending provided value for money (VfM)** by considering three aspects of the CCSF programme¹:

Cost-benefit analysis

How the value of benefits created or supported by the CCSF to staff, volunteers, beneficiaries and the Exchequer compared to the costs to society

Economy

Whether more was spent on the CCSF grant programme than was needed

Efficiency

How the costs of activities and outputs funded by CCSF compared to similar activities and outputs funded at other times and in different circumstances

Overall conclusions

The VfM analysis is exploratory and results are tentative because of the caveats discussed below. However, our overall conclusions are:

- **We cautiously conclude that the value of the benefits of the CCSF programme exceeded the costs (cost-benefit analysis).** Our best estimate is that for each £1 of resources used by grantholders for CCSF-supported activities, the benefits are worth £1.38 if all funding that supported those activities is included in the costs, and £1.86 if only CCSF grant funding is included in the costs. We provide both estimates because we are not certain how much the CCSF-funded activities were also supported by other funding in addition to the CCSF grants.
- **We cautiously conclude that the funding of the CCSF programme was economic and not excessive (assessment of economy).** The risk of over-spending is limited as most grants were small and went to small organisations working in difficult circumstances to meet increased needs. There is no indication the total value of the CCSF grants was excessive given the outputs and

¹ The individual VfM assessments have been developed on the basis of the 8,171 CCSF grant recipients (hereafter referred to as grantholders) that were eligible to take part in the evaluation, which were awarded approximately £186.5 million. This more precise figure is used to ensure that readers can verify the calculations and ratios that are provided in the report.

outcomes produced. However, there is not a clear objective way to assess this given the highly unusual context of the pandemic and absence of a comparator.

- **We are confident the CCSF grants were used efficiently (assessment of efficiency).** Spending by grantholders on the main activities they conducted and on the key outputs of the grants, namely recruiting volunteers, hiring new staff, and returning existing staff from furlough or avoiding putting staff on furlough, are reasonable and in line with what would be expected in other times.

Cost-benefit analysis

Cost-benefit analysis compares the total benefits of a programme against the costs using a ratio. Generally, a programme is considered value for money if the ratio is greater than one.

Box 1: Results of cost-benefit analysis of CCSF

- The costs of resources used to create the benefits of the CCSF likely fall between £216 million and £291 million.
- The net benefits are estimated to be valued at £402 million.
- These give a **benefit-cost ratio for CCSF** that lies between **1.86**, which only includes the costs of CCSF, **and 1.38**, which considers all sources of funding in the costs.

The £216 million and £291 million in costs are made up of:

- The £186.5 million CCSF programme;
- Between £0 and £75 million from other funders²; and
- Volunteer time estimated at £29.6 million².

As we cannot be sure how much of the other (£75 million) funding was used alongside the CCSF grant to support the activities, we provide two estimates for the benefit-cost ratios and efficiency analysis, one that uses CCSF funding alone and one that includes all of the aforementioned other funding.

The net benefits of the services, compared to what would have happened if not for the CCSF grants, are estimated to be £402.0 million, comprising:

- £18.6 million of value to grantholder staff;
- £35 million of value to volunteers;
- £337.5 million of value to beneficiaries; and
- £10.9 million in value to government through reduced use of public services.

These create benefit-cost ratios of 1.38 if all funding that supported those activities is included in the costs, and 1.86 if only CCSF grant funding is included in the costs.

² Estimates derived from grantholder survey responses.

However, there is a high degree of uncertainty associated with these estimates, in part because the estimates of net benefits relied on a review of secondary data in addition to primary data from grantholders and volunteers (see caveats below). Accordingly, the estimates above are the best estimates of ranges (for details see Section 2.8), the extremes of which are unlikely:

- The range of costs is between £191 and £320 million.
- The range of benefits is between a low of £71.3 million and a high of £1,097 million.

Accounting for this uncertainty and ranges in the possible estimates of the benefits and costs leads to a corresponding range in the benefit-cost ratios, which fall between:

- 0.37 and 4.46 when only considering the costs of CCSF.
- 0.27 and 3.42 when considering all funding in the costs.

The lowest and highest ends of these ratios are unlikely and should not be used as the best estimates of the benefit-cost ratio.

Economy

The CCSF programme cost £186.5 million in grants³. These were offset by **estimated saving to government of £7 million from ending or preventing staff furloughs** leading to a direct net cost of c.£180 million.

Box 2. Results of analysis of economy of CCSF

- While there is not a clear and objective way to determine if the net c.£180 million of CCSF grants was the minimum amount of funding needed to procure the inputs that produced the outputs and outcomes described below, there is no evidence to suggest that the grants were, as a whole, excessive.
- The cost to the Exchequer of £186.5 million in grants was offset by an estimated saving of £7 million from ending or preventing staff furloughs, leading to a direct net cost of c.£180 million.
- The combination of the distribution of grants—most were small (£10,000 or less) and were made to small organisations—and the qualitative research suggests the risk of over-spending was limited. Generally, grantholders faced challenging financial and practical circumstances and were concerned with using their funds and resources carefully.
- Thus, it appears the CCSF was economical. However, without a comparable programme or situation to compare to the CCSF, it is not possible to make a more definite conclusion about the economy of CCSF.

³ In this report we use the total grant amount figure of £186.5m as opposed to £187m which appears in the Impact Report to be more precise. Also, a further £12.5 million was spent on administration and evaluation but we have not assessed this in this report and therefore exclude it from our analysis.

This funding:

- Allowed grantholders to reach just over an estimated 6.5 million people⁴ (see CCSF Impact Evaluation Report).
- Enabled grantholders to respond to increased demand for their services:
 - 44% of the 8,171 grantholders reported that the grant helped them respond to increased demand from existing beneficiaries;
 - 56% of the 8,171 grantholders reported that the grant allowed them to reach new beneficiaries.
- Helped an estimated 183,200 volunteers⁵ work with grantholders. Just over a quarter of these volunteers (approximately 47,200⁶) had not worked with these grantholders previously.
- Helped grantholders end or avoid furloughs of an estimated 6,210 staff.
- Helped avoid the closure of some VCSE organisations. Only 8 charities out of 5,479 charity grantholders deregistered from the Charity Commission during the grant period and only 72 (1.5%) out of 4,667 companies that received grants closed down or plan to close down. However, it is important to note that charity closures are uncommon, and only 2.8% of companies who were *unsuccessful* in applying to the CCSF have closed down or are in the stages of closing down.

Most of the 8,171 grants were small - 5,353 were £10,000 or less with a combined value of £45.3 million – and were made to small organisations. Approximately half of the grantholders (3,816) had annual income less than £100,000 and for most (4,272) grantholders the grant was less than 25% of their normal annual income. Small organisations are not necessarily more economical, but this distribution of grants combined with the qualitative research presents a picture of grantholders who were facing challenging financial and practical circumstances and using their funds and resources carefully. There was limited opportunity for excessive spending.

Efficiency

Assessing efficiency of the CCSF grant programme involves assessing how the costs of activities and outputs funded by CCSF compare to the costs of similar activities and outputs funded at other times and in different circumstances.

⁴ This figure may include some double counting, as it is based on an extrapolation of the findings reported by individual organisations in the grantholder survey, and individuals may have been supported by more than one grantholder.

⁵ Please note that this figure may include some double counting, as it is based on an extrapolation of the findings reported by individual organisations in the grantholder survey, and volunteers may have worked with more than one grantholder.

⁶ This figure may also include double counting for the same reasons as noted above.

Box 3: Results of analysis of efficiency of CCSF

- The values of the CCSF grant per beneficiary are in the range of per beneficiary costs incurred during non-pandemic times for similar types of services. This suggests the use of the CCSF grants was efficient given the unusual circumstances.
 - There are two different ways to calculate the average spend (or cost) per beneficiary of the CCSF. From the perspective of the fund as a whole, we can simply divide the total cost of £186.5 million by the estimated number of beneficiaries (6.58m), which gives us an average spend of £28 per beneficiary. However, amongst grantholders there was a very wide range of spend per beneficiary, with some delivering high intensity / low volume services and others delivering low intensity / high volume services, and this simple average spend calculation is heavily biased towards the later. As an alternative, we can look at the distribution of spending amounts across all grantholders, and when we calculate the average spend this way the mean spend was £235 per beneficiary and the median spend was £98.
 - Our estimated average costs of three main outputs of the CCSF—volunteers recruited, staff returned from furlough or avoiding being furloughed, and the cost of hiring new staff—are within the expected range. These results suggest that the CCSF grants were used efficiently to conduct activities and obtain key outputs.
- We found a wide range of costs per beneficiary, including many outliers, which reflects the diversity of the services provided. The costs per beneficiary also differ by the specific activity. Personal care has the highest range of costs and highest cost—with a mean of £420 and median of £200 (and a mean of £614 and median of £257 when all sources of funding are considered)—whilst meeting material needs has the lowest cost and range—with a mean of £165 and median of £38 (£256 and median of £55 when all sources of funding are considered).
 - Similarly, the estimated average costs of three main outputs of the CCSF are reasonable. Specifically:
 - The cost of bringing staff back from furlough is £9,442 per staff person (£9,718 when considering all sources of funding). While we do not know the average length of the furlough period avoided, this is within a reasonable range.
 - The cost to recruit new staff was £7,415 per staff person (£9,718 when considering all sources of funding). As with the cost of avoiding furloughs, we do not know the duration of the employment this covers: the minimum is zero months and the maximum is 6 months. But again, as above, the cost is within a reasonable range.
 - The cost of recruiting volunteers is low at £138 per volunteer (£175 considering all sources of funding).

Caveats and limitations

There are several caveats and limitations with the analysis (see Appendix A for more detail):

- The multiple uses of the CCSF grants by grantholders made it difficult to allocate costs to specific uses, activities, outputs, and outcomes.

- The huge variety of grantholders and services made aggregation and comparisons especially difficult. To estimate values, we had to summarise all grantholders' work at a high level, but we know that this oversimplifies complex effects and hides pockets of very low and very high VfM.
- The unprecedented nature of the pandemic, and the resulting unusual nature of the six-month grant period—during which grantholders had to incur new costs to modify their services and develop new ones—meant we had little to compare CCSF expenditures, costs, and benefits with. To assess economy and efficiency we compare costs of CCSF against what would be typical during normal times rather than costs in times of crises. For cost benefit analysis we provide a best estimate of what would have happened without the CCSF grants (referred to as the Business As Usual case) based on grantholder perceptions rather than evidence from a similar crisis. Neither comparison is ideal.
- Data on who benefitted from the grantholder services came from grantholders rather than beneficiaries themselves. We have applied a standard discount for optimism bias to reflect this.
- Similarly, data on how much beneficiaries benefitted from grantholder services and the value of those benefits is based on our review of the literature rather than from beneficiaries themselves. The literature has limited applicability:
 - We found limited robust quantitative evidence on the effectiveness of VCSE organisations and the value of their services to users – although this does not mean VCSE organisations are ineffective.
 - The literature on both value and effectiveness was written before the pandemic so may not be directly applicable.
- Some costs and benefits are excluded from this analysis:
 - The cost of avoiding any disruption and cost from grantholders having to stop services and then restart;
 - Outcomes which are difficult to monetize such as support during bereavement; and
 - Longer-term benefits of the grant such as preventing damage to the VCSE sector and more sustained effects for beneficiaries⁷. An analysis of these longer-term effects would be speculative as there has been little research to date on the resilience of the VCSE to short-term financial crises.

In responding to all these challenges, we have sought to develop estimates that are simple to understand, transparent, and, where a choice is clear, conservative. We concluded that a more complex and detailed approach would create an illusion of precision, when in fact it would be no more accurate and harder to understand.

Summary assessment of the VfM of the CCSF

Table 1 summarises the conclusions for five standard but different aspects of VfM, namely the three aspects discussed above and Equity and Effectiveness which are addressed by the [CCSF Process Evaluation Report](#) and the [CCSF Impact Evaluation Report](#) respectively. The table includes a rating for

⁷ The exception here is education for young people, where we have sought to monetise longer term benefits.

the degree of confidence in the conclusions. This rating takes into account whether the evidence relies on direct or indirect (e.g. grantholders perceived outcomes for beneficiaries) data and the appropriateness of comparisons made. The table shows that across each component, the CCSF has likely provided VfM, with varying degrees of confidence in this conclusion.

Table 1: Summary assessment of VfM of CCSF

VfM Assessment	Conclusion	Degree of confidence	Relevant report / chapter
Cost-benefit analysis: How did the overall benefits compare with the costs?	The estimated benefits of the CCSF programme exceeded the costs. Our best estimate is for each £1 of resources used by grantholders for CCSF-supported activities, the outcomes are valued between £1.38 and £1.86. The estimates are tentative as the value of the benefits to grantholder beneficiaries is based on secondary research rather than the impacts of grantholders.	●	Chapter 2
Economy: Were the grantholder services were procured at the lowest possible cost?	The costs of the CCSF programme appear to be appropriate. There was limited opportunity for over-spending as most grants were small and went to small organisations working in difficult circumstances to meet increased needs. But there is not a clear way to assess economy so this is a tentative conclusion.	●	Chapter 3
Efficiency: Did the inputs (funding) produce the maximum level of outputs (goods or services)?	The CCSF grants appear to have been spent efficiently given the difficult circumstances. Spending per beneficiary by grantholders and the cost of key outputs of the grants (i.e. recruiting volunteers, hiring of new staff, and returning existing staff from furlough or avoiding putting staff on furlough), were reasonable and in line with what would be expected in other times.	● ●	Chapter 4
Effectiveness: Were the intended results (outcomes) achieved?	The impact evaluation of CCSF concluded the evidence supports the overarching hypothesis that: (a) the CCSF funded organisations worked with the individuals and communities who have been disproportionately affected by COVID-19, (b) these organisations funded activities and support for individuals and communities, and (c) the CCSF has also contributed to the financial health, capacity and capability of some organisations.	● ●	CCSF Impact Evaluation Report
Equity: Were the services fairly distributed?	The Process Evaluation report concluded that CCSF was successful in reaching the organisations as set out in the funding criteria and in reaching those people and communities in need. Most of the funding went to small or medium sized organisations who intended to deliver targeted support to people and communities disproportionately impacted by COVID. The regions with the highest levels of CCSF funding were also those with the highest concentrations of deprivation.	● ●	CCSF Process Evaluation Report
Cost-effectiveness: Were the results (outcomes) achieved at the lowest cost?	Unable to assess as it was not possible to isolate cost of specific outcomes.		

1. Introduction

Ipsos MORI, in partnership with New Philanthropy Capital (NPC) and the Tavistock Institute of Human Relations (TIHR), was commissioned to undertake an evaluation of the Coronavirus Community Support Fund (hereafter referred to as the CCSF).

The evaluation had four interrelated strands:

- A **process strand** to understand how the funding process worked and to inform future emergency response funding;
- An **impact strand** to assess the difference the CCSF made to the organisations that were funded, the people and communities that were supported, volunteers and wider society;
- A **value for money** strand (VfM) to assess the value to different stakeholders that the funding achieved; and
- A **learning strand** which aimed to generate a range of real-time learning opportunities and outputs throughout the life of the programme for the benefit of grantholders and the wider sector.

This document reports the findings from the **VfM strand**. Findings from the other three strands have been reported separately and can be found at: <https://www.tnlcommunityfund.org.uk/insights/covid-19-resources/responding-to-covid-19/ccsf-granholder-evaluation>.

1.1 Context and background

COVID-19 and the associated lockdowns (the first of which began in late March 2020) disproportionately affected vulnerable people and communities. It also disrupted the income of the VCSE organisations who were therefore caught in a double bind of more needs and fewer resources. In response, the Government pledged £750 million in April 2020 to ensure VCSE organisations could continue to support people disproportionately affected by the COVID-19 crisis. This included the £199 million CCSF. After deducting administration and evaluation costs of £12.5 million the final figure awarded was c. £186.5 million⁸, taking account of grant variations and withdrawals.

The CCSF had two primary objectives:

- To **increase community support to people disproportionately affected by the COVID-19 crisis**, through the work of civil society organisations; and
- To **reduce temporary closures of essential VCSE organisations and social enterprises**, ensuring services for people disproportionately impacted by COVID-19 have the financial resources to operate, and so reduce the burden on public services.

The CCSF was funded by the Department for Digital, Culture, Media and Sport (DCMS). The National Lottery Community Fund (The Fund) was appointed as Principal to manage, distribute and oversee the funding. Grant management and evaluation expertise was provided by PricewaterhouseCoopers (PwC), who were appointed by DCMS to support the delivery of all emergency funding, including the CCSF.

⁸ This presents a slightly different figure from the £187 million is used in the other reports as part of the CCSF evaluation. We use this slightly more precise figure throughout this report as it is more appropriate for a VfM analysis.

The funding window for applications was open between the 22nd of May and the 17th of August 2020. The first grants were awarded in early June 2020, and grants continued to be awarded until the end of November 2020. All successful applicants (hereafter referred to as grantees) were given up to six months to spend their grant.

The CCSF was distributed via The Fund's existing products:

- Simple product: grants up to and including £10k delivered via National Lottery Awards for All.
- Standard product: grants over £10k.

The nature of the pandemic meant the context continued to change for people, communities and grantees, even whilst funding was being awarded. There were two England-wide lockdowns, as well as a range of local and tiered restrictions in different regions. This made it challenging for organisations, staff and volunteers to deliver the activities and support funded by the CCSF. This changing context has been considered in the reporting of the evaluation findings.

1.2 Aims of this report

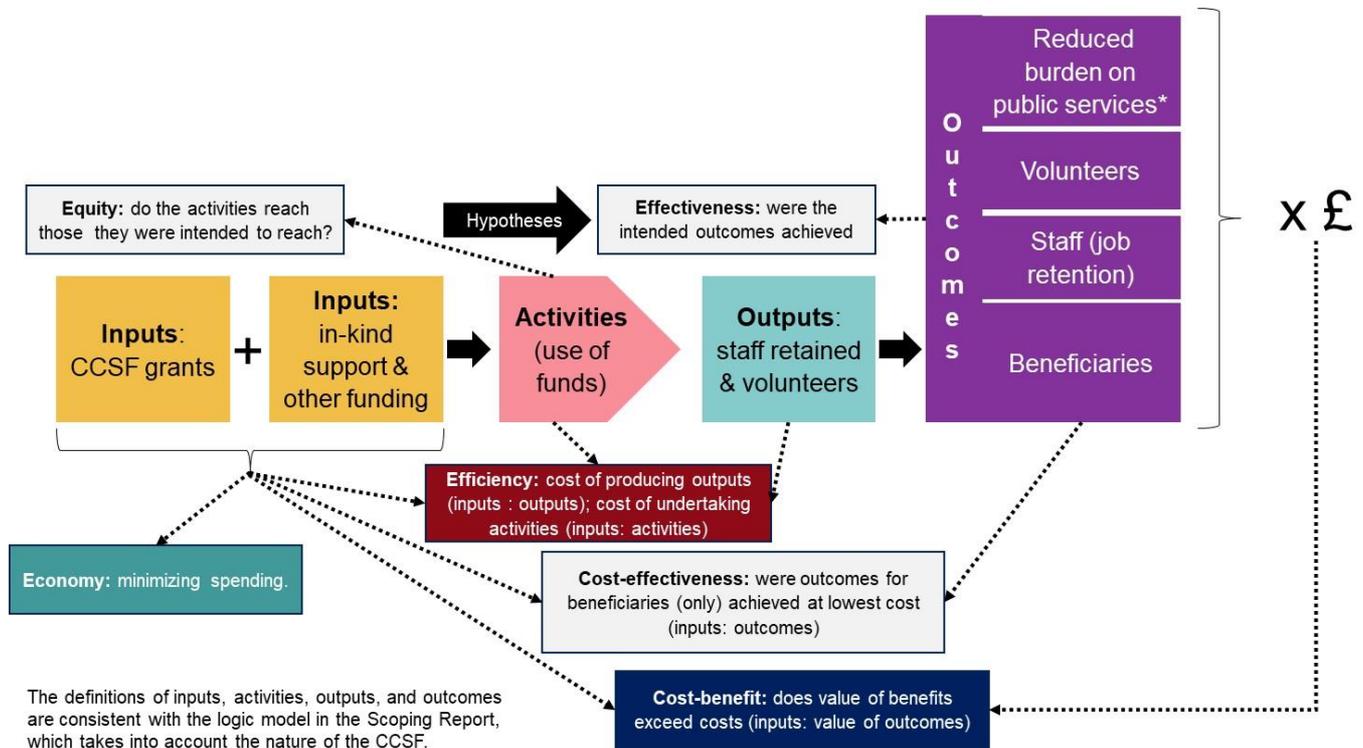
This report sets out the findings from assessing the Value for Money (VfM) of the CCSF. There are several ways to assess whether any purchase or programme provides VfM and no single or simple answer to whether the CCSF programme provided VfM. Economists typically ask six questions to assess VfM:

- **Economy** – were the grantee services procured at the lowest possible cost?
- **Efficiency** – did the inputs (funding) produce the maximum level of outputs (goods or services)?
- **Effectiveness** – were the intended results (outcomes) achieved?
- **Equity** – were the services fairly distributed? Were they available to the people that they were intended to reach?
- **Cost-effectiveness** – were the results (outcomes) achieved at the lowest cost?
- **Cost-benefit analysis** – how did the overall benefits compare with the costs?

Figure 1.1 shows how these different assessments relate to the CCSF logic model⁹.

⁹ The full CCSF logic model can be found in the accompanying CCSF Impact Evaluation report. Available here: <https://www.tnlcommunityfund.org.uk/insights/covid-19-resources/responding-to-covid-19/ccsf-grantee-evaluation>.

Figure 1.1: How different assessments of VfM relate to the CCSF logic model



We have analysed the CCSF against three of these six assessments:

- **Cost-benefit analysis** – how does the value of benefits created or supported by the CCSF to staff, volunteers, beneficiaries, and the Exchequer compare to the costs? (see Chapter 2).
- **Economy** – were the inputs purchased (by CCSF grants) at a minimum cost? (see Chapter 3).
- **Efficiency** – how do the costs of activities and outputs funded by CCSF compare to similar activities and outputs funded at other times and in different circumstances? (see Chapter 4).

Box 1.1: What we mean by Value for Money (VfM)

As an example, if a grantholder uses its grant to upgrade its information technology to facilitate recruitment and management of volunteers, we can assess VfM in different ways:

- Did the grantholder get value for money by getting the lowest price it could for the hardware and software (economy)?
- Did the grant provide value for money by increasing volunteer time and freeing up staff time at a low cost (efficiency)?
- Did the grant provide value for money by leading to additional benefits (due to the additional volunteers and staff time) for beneficiaries that exceeded the cost of the upgrade (cost-benefit analysis)?

These don't necessarily point in the same direction. For example, the grantholder could have got a good deal on the upgrade (yes to economy) but if staff found the volunteer software too difficult and ignored it, the upgrade would not have been efficient or had a positive benefit-cost ratio.

This is what this report tries to assess by aggregating data from all 8,171 grantholders.

Equity and Effectiveness of the CCSF are discussed in the corresponding [Impact and Process Evaluation Reports](#). This showed that the CCSF represented an equitable route to distributing emergency response funding. For example:

- 89% of grantholders were small organisations.
- 45% of grantholders were new to the National Lottery Community Fund.
- 24% targeted people with disabilities.
- 19% targeted people from Black, Asian and Minority Ethnic communities¹⁰.

It also showed that the CCSF had been largely effective in meeting its stated hypothesis. For example:

- The evidence suggests that the CCSF **achieved its first objective to increase community support to vulnerable people affected by the COVID-19 crisis**, through the work of civil society organisations. CCSF grantholders were successful in reaching people and communities disproportionately affected by COVID-19 and most organisations reported they would have **delivered fewer services without their CCSF grant**.
- The evaluation also found **promising evidence in support of the CCSF's second objective to reduce temporary closures** of essential charities and social enterprises, though this was less notable for larger organisations. Overall, the evidence supported contribution claims that the CCSF helped **ensure organisations had financial resources to operate and continue to provide their support**. However, the evidence on the **impact on public services was less clear**.

Assessing **cost-effectiveness** of the CCSF proved unfeasible because many grantholders reported that their beneficiaries received multiple outcomes from their services. This made it unfeasible to accurately assign costs to individual outcomes, which is necessary to assess cost-effectiveness.

1.3 Exploratory nature of assessing VfM of CCSF

Assessing the VfM of large public programmes is not new, but several unusual features of the CCSF make this assessment exploratory and the results tentative (see also section 5.1 for more further discussion of the challenges involved):

- The CCSF was emergency funding provided to help VCSE organisations respond to the COVID-19 pandemic. Assessing VfM requires predicting what would have happened if not for the emergency funding and this is particularly difficult because emergencies of this scale are very rare and the pandemic, and its effects on society, were unpredictable.
- The unique nature of the pandemic and the unique response of setting up the CCSF mean there are no assessments of comparable programmes we could use as a methodological guide.
- The 8,171 grantholders used their grants in many different ways to achieve multiple and diverse goals within the two broad objectives described above. Assessing VfM of the CCSF as a whole involved aggregating and accounting for these diverse goals, but at the risk of oversimplifying and missing relevant impacts.

¹⁰ We recognise that there are issues with this term as it emphasises certain ethnic minorities and excludes others. However, it has been used here as that is the name of the field that records this data on The Fund Grant Management System.

- With the exception of some case studies, in no part of the CCSF evaluation were beneficiaries contacted directly to ask about what difference CCSF funded services made to their lives. This was for several reasons: mainly we did not think it was appropriate to ask grantholders and their beneficiaries to arrange this during such a difficult period, but also the cost and logistics of conducting this research robustly would have been prohibitive. This has meant we are reliant on: grantholder views on who benefitted from their services; secondary research on the typical impacts of services similar to those supported by CCSF; and our judgment on the plausible degree and value of these impacts. Each of these introduces uncertainty: grantholders may not fully know who their services help and how; the secondary research on the impacts of VCSE services is, in the main, not very robust; and our judgments may not always be correct.

Together these features mean our analysis should be seen as the 'best estimate' we can make given the limitations in the information available.

1.4 Overview of approach

We combined several approaches and techniques to make the three types of VfM assessment:

- **Cost-benefit analysis (CBA)** was conducted by summing the benefits that accrued to four groups of stakeholders: grantholder employees, grantholder volunteers, beneficiaries of grantholder services, and government - and comparing this to the costs. This was based on an approach proposed by Frontier Economics in a 2019 report for the Charity Commission¹¹. CBA was by far the most complex of the three assessments, for reasons we go into below. Consequently, the results of this assessment are the least certain and robust.
- **Economy** was assessed by reviewing the overall distribution of grant values and estimating the cost of CCSF grants, minus what it would have cost the Exchequer to pay for staff who would have been furloughed if not for the CCSF grants.
- **Efficiency** was assessed by comparing how much it cost to deliver the activities and outputs that the grantholders provided with benchmarks from sector-wide studies. The 8,171 CCSF grantholders undertook a very wide range of activities and produced a mix of outputs with their grants. Hence the comparison is based on a broad range of costs of activities and outputs.

¹¹ Frontier Economics. (2019). The Value Of The Charity Sector: An Overview. Charity Commission of England and Wales. Retrieved July 1st 2021 from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/835686/Value_of_Charity_-_Oct_19_-_published.pdf

Box 1.2: The scope of work prepared by The Fund anticipated the following benefits (in italics) would be included in the VfM analysis. We note how these are covered in this report.

- *Direct value to society and the public in receipt of charitable services:* The cost-benefit analysis assesses the value to grantholder beneficiaries and other key stakeholders. The potential for broader societal impacts, such as avoiding long-term scarring to the VCSE sector, are noted in this report but not valued in monetary terms.
- *Value to volunteers at VCSE organisations, including analysis of social capital benefits.* The value of improved wellbeing for volunteers is included in the cost-benefit analysis and reflects part of the value of having a strong sense of connection to their community.
- *Economic assessment of the benefit of activities funded that provide health and social care services.* The cost-benefit analysis section (Chapter 2) looks at the value to grantholder beneficiaries of improved access to health and social care and provides a tentative assessment of the value to government of grantholders helping prevent the need for downstream public services.
- *Economic benefits of VCSE organisations remaining solvent and continuing to employ staff.* The cost-benefit analysis (Chapter 2) includes the economic benefits that accrue to grantholder staff by staying employed, and the economy section (Chapter 3) estimates the value to government from avoiding paying for furloughed staff.

We discuss some further key features of the overall approach below¹².

Mixing primary and secondary data sources

All three assessments are based on some primary data (i.e. data collected for the purpose of this study) and some secondary data (i.e. collected by others for other purposes). Table 1.1 shows the key data used for each assessment and the sources. Key elements of this hybrid approach are that:

- Estimates of the value of the CCSF to staff, volunteers, beneficiaries, and government come from organisations similar to the CCSF grantholders, not from the grantholders themselves.
- The evaluation did not include extensive primary research with beneficiaries, although a small number of beneficiaries were included in qualitative case studies.

The estimates of VfM, and especially of the cost-benefit analysis, should therefore be seen as indicative rather than definitive.

Box 1.3: Pioneering approach to assessing the value of the VCSE sector

The Value of the Charity Sector by Frontier Economics quoted Andy Haldane, chief economist of the Bank of England, on the challenges of estimating the value of the charity sector. Using the example of volunteers he states “...very little of the value created by the volunteer sector is easily visible to statisticians, to policymakers, to politicians, to companies, indeed to the volunteers themselves”. We are not aware of other attempts to assess the VfM of a large scale and diverse grant programme. Thus, our approach to this strand has been innovative and without much precedent. As such there are lessons to be learned from the process of the assessment as well as from the results (see Chapter 5 – Approach and lessons learned).

¹² See also Section 5.1 and Annex A for reflections on this approach and more detail on the methodology respectively.

The table below summarises the sources of data used for each type of analysis.

Table 1.1 Main sources of data used to assess VfM

Data source	Data elements	Economy	Efficiency	Cost-benefit Analysis
Primary data sources				
Grant data	Value of CCSF grant	✓	✓	✓
Volunteer Survey	Positive and negative outcomes experienced by volunteers			✓
	Personal wellbeing estimates			✓
Grantholder survey	Type of grant-funded activities conducted		✓	
	Supplementary funding from other sources		✓	✓
	Number of staff returned from furlough or avoided from being furloughed	✓	✓	✓
	Number volunteers engaged		✓	✓
	Number of beneficiaries served		✓	✓
	Number of beneficiaries who experienced improved outcomes			✓
Qualitative Interviews with grantholders volunteers, beneficiaries, and partners	Review of services provided by grantholders		✓	
	Review of outcomes experienced by beneficiaries, volunteers, and staff			✓
Secondary data sources				
Multiple sources	Unit costs of services comparable to CCSF funded activities		✓	
	Effectiveness of organisations in achieving outcomes			✓
	Estimated value of outcomes for staff, volunteers, and beneficiaries			✓
	Estimated value of CCSF services to government			✓

Accounting for multiple sources of funding

Some grantholders also received other funding for their CCSF-supported projects. In this case, funding could have been ringfenced or combined with CCSF money into a bigger pot, out of which they funded their work. While we asked grantholders specifically what they thought their CCSF grant achieved (e.g. the number of beneficiaries reached, volunteers recruited, etc.), this pooling of funding means it is likely that the outputs and outcomes grantholders reported were to some degree a result of the pooled funds, not just the CCSF grant.

Therefore, in calculating the costs of the CCSF supported activities, we show figures both including and excluding the additional funding grantholders reported receiving. For example, in the cost-benefit analyses, if outcomes are attributed to CCSF funding alone the best estimate of the ratio of benefit to costs is 1.86 but if this additional funding is included, it becomes 1.38.

Joint costs

Most grantholders used the CCSF itself for multiple purposes and activities but we could not collect detailed information on how they allocated the grant between these different things. The general implication of this is the risk of overestimating the cost of conducting an activity or producing an output or an outcome. This issue is discussed more fully in Section 4.1.

Estimating Business As Usual (i.e. what would have happened anyway without the CCSF)

For the cost-benefit analysis, we estimate which costs and benefits are above and beyond what would have taken place if the CCSF grants had not existed. This is known as the Business As Usual (BAU) case or counterfactual, or deadweight loss in economic terms.

It is generally unfeasible to predict with certainty what would have happened if not for particular funding. It is especially difficult in the case of the CCSF grants because the time period covered by the grant was a time of increased uncertainty due to the nature of the pandemic. Additionally, the grant period was short at six months.

The grantholder survey asked grantholders what services they provided, the numbers of staff they retained and how many volunteers they deployed, as well as the outcomes they achieved as a result of the CCSF. To account for how many of these outcomes would have happened anyway, we primarily rely on grantholder estimates on what would have happened to their services if not for the CCSF grant. These responses are shown in Table 1.2 below. For example, 17% of grantholders reported they would have had to close or stop services altogether if not for the CCSF grant.

Table 1.2: Estimated impact of CCSF grant in relation to what would have happened in the absence of CCSF funding

Which of the following applies to your organisation? Without the CCSF grant our organisation...				
...would have had to close or stop services altogether	...would have delivered significantly fewer services than we did in the prior six months	...would likely have delivered slightly fewer services than we did in the prior six months	...would have delivered a similar level of service as we did in the prior six months	Don't know
17% (1,116)	56% (3,739)	21% (1,440)	5% (305)	2% (112)
Assumed level of grantholder services provided under each scenario without CCSF grant				
0%	33%	66%	100%	
Weighted average of grantholder services (1 st row X 2 nd row) provided without CCSF grant				Sum of columns
0.0% (17% x 0%)	18.5% (56% x 33%)	13.9% (21% x 66%)	5.0% (5% x 100%)	37.4%

Base: All Grantholder Survey respondents.

Source: Ipsos MORI Grantholder Survey (not extrapolated)

The second row of the table shows our assumptions, based on the survey of responses, about the level of services that would have been delivered or stopped by grantholders if they had not received the CCSF grant. Namely, we assume that:

- Stopping services would lead to 0% of grantholder services delivered under BAU;
- Significantly reducing services would lead to 33% of grantholder services delivered under BAU;
- Slightly reducing services would lead to 66% of grantholder services delivered under BAU; and
- Delivering a similar level of services would lead to 100% of grantholder services delivered under BAU.

Grantholders that received large grants were no more or less likely to state they would have to significantly or slightly decrease their services or close altogether compared to grantholders that received small grants, so there was no need to weight these responses by grant size.

The weighted average is shown in the final row of Table 1.2 (our assumption multiplied by the frequency of grantholders selecting that response in the survey). Overall, we therefore estimated that 37.4% of services would have still been delivered without the CCSF grant. We round this up to 37.5% as our best estimate of services delivered under BAU.

However, as described in the CCSF Impact Evaluation Report, analysis of Companies House data showed a significantly different closure rate between successful vs. unsuccessful applicants to the CCSF (i.e. whether they were still operating by July 2021) of 1.5% and 2.8% respectively and, for the smallest VSCE organisations with less than £100,000 annual turnover, 2.4%, compared to 5.3%. Closing down completely is a radical and unusual step in the charity sector and the 17% estimate in Table 1.2 may be an over-estimate of the number of grantholders who would have closed. To account for both an over-estimate and an under-estimate of the effect of grantholders not receiving a CCSF grant on their services we also estimated a high and low range of BAU. The basis for these calculations is described in Annex A.

The result is we estimate the BAU case to lie within 36% and 42% of the reported impacts, with the medium estimate of 37.5% as described above. In other words, we estimate 37.5% of the impacts reported in the grantholder survey would have happened even without the CCSF grant. We apply this estimate of the ‘additionality’ (i.e. what the CCSF added, which is the same as $1 - \text{BAU}$) of the CCSF throughout our analysis below.

“Substitution” and “displacement” effects—where the effects of reductions in services and closures on beneficiaries are mitigated as they find alternatives provided by other VCSE organisations—are too complex and speculative to estimate. Also, it is not clear if beneficiaries would have been able to find alternatives to grantholder services. The literature review suggests that over this period needs increased and there were still unmet needs (see Annex C), even with the CCSF support. With no CCSF grant, beneficiaries may have struggled to find similar services despite the increase in informal support. For these reasons we did not attempt to estimate substitution and displacement effects.

Accounting for self-reporting bias

Self-reported data is subject to optimism bias. The Treasury’s 2014 guidance, *Supporting public service transformation*, recommends a downward adjustment of 15% to correct for optimism bias when using data based on practitioner monitoring of outcomes.

Table 1.3 shows how we have adjusted the various data to account for both BAU and optimism bias.

Table 1.3: Adjustments to quantitative data used to assess VfM

Data source	Data elements	Reported value	Adjustment for BAU	Adjustment for reporting bias
Grant data	Value of CCSF grant	£186.5 million	No adjustment; funding would be zero without the programme	None: data provided by The Fund
Grantholder survey	Supplementary funding from other sources used for CCSF supported activities	Up to £75 million	No adjustment; the BAU applies to the estimate of the additional benefits. How much supplemental funding was used to fund those benefits is captured in the range of ratios.	No adjustment; assumed to be accurate
	Estimated number of staff returned from furlough or avoiding furlough	6,210	BAU is estimated at high = 42%, medium = 37.5%, and low = 36%	No further adjustment
	Estimated number volunteers engaged	183,200		No adjustment; assumed to be accurate
	Estimated number of beneficiaries served	6.58 million		No adjustment; assumed to be accurate
	Estimated number of beneficiaries who experienced improved outcomes	Differs by outcome		Reduced by 15% to reflect optimism bias

Base: All CCSF grantholders.

Source: Ipsos MORI Grantholder Survey.

Extrapolation of results to account for non-respondents of the grantholder survey

Of the 8,171 grantholders, 6,712 completed the grantholder survey. To get a more accurate assessment of the VfM of CCSF, key data from the survey have been extrapolated to account for those who didn't respond. For simplicity, the extrapolations, which should be interpreted as estimates, have been calculated assuming that the numeric figures would increase proportionately for the grantholders that did not respond to the survey. The extrapolation therefore increases the survey base sizes by 21.8%.

Sensitivity analysis

Because of uncertainty over the data sources and estimates, it would be misleading to give a single estimate of VfM. We therefore present the results of the VfM assessment as a range—comprised of high, medium, and low estimates—rather than a single point estimate. The key variables that are adjusted are shown in the relevant tables in the sections below.

Transparency

We have sought to be transparent in how we have assessed VfM. To that end the figures we present in this report are to the closest £0.1 million so that readers can verify the calculations and research with the same results without being concerned about rounding errors. The risk is that this gives an illusion of precision; the figures should be viewed as indicative rather than precise.

1.5 Caveats and limitations

The executive summary described the challenges faced in assessing the value for money of the CCSF. These are described in more detail in Annex A. Throughout the report it is important to remember that most figures reported on costs and benefits are estimates and that all our conclusions are tentative.

It is also important to note that the VfM assessment contained within this report is based on the evidence gathered and subsequent interpretation of this by the experienced NPC and Ipsos MORI evaluation teams. NPC and Ipsos MORI did not predict or assume any particular substantive results of the evaluation in advance, nor do they accept any liability for (i) Client's interpretation of the Ipsos MORI/NPC reports or data produced as part of the evaluation, or (ii) any inaccuracies caused by errors in the data provided to Ipsos MORI/NPC.

1.6 Report structure

The rest of this report addresses each of the three elements of VfM noted above, we start with **cost-benefit analysis** and then go on to discuss **economy** and **efficiency**. The report also has three annexes:

- Annex A provides a detailed methodology for conducting the various components of the VfM analysis.
- Annex B provides a bibliography for the main report.
- Annex C (which is available as a [standalone document](#)) outlines our evidence summaries for the outcomes addressed in the cost-benefit model.

2. Costs and benefits of the CCSF

Key findings

- Cost-benefit analysis (CBA) is the most ambitious form of VfM analysis we attempt in this report. Its aim is to estimate two sides of an equation (costs and benefits) and calculate a ratio between the two to show whether benefits exceeded costs.
- The chapter is structured in two parts. We begin by discussing the three different components of the overall cost of the CCSF (the grants themselves, funding from other sources, and the value of the time invested by volunteers) and provide an estimate of each.
- We then address the much more challenging question of estimating benefits for the four key stakeholder groups:
 - Staff – which focuses on the ‘non-pecuniary’ benefits of remaining employed in the VCSE sector (i.e. beyond salaries themselves);
 - Volunteers – which focuses on wellbeing benefits people gain from volunteering;
 - Beneficiaries – which is by far the largest component of the estimated value of the CCSF; and
 - Government – any reductions in use of public services or other cost savings we can reasonably attribute to the CCSF.
- In doing this analysis, the key hypothesis we are testing is that the benefits to society of the CCSF exceeded the costs, hence we end the chapter by aggregating the estimates above and drawing conclusions.
- Finally, it is important to remember that this analysis is ambitious and based on limited evidence, so our conclusions are tentative. Throughout the chapter we highlight the limitations and rationale for our approach.

2.1 Introduction

Cost-benefit analysis of a programme compares the value of the resources used to achieve a set of benefits (henceforth costs) with the value of those benefits (henceforth benefits). If the latter is greater than the former (i.e. if benefits > costs), then the programme provides VfM.

In this chapter we briefly summarise the costs of the programme (which are described more fully in Chapter 3) before discussing the most complex part of the VfM assessment: valuing the benefits of the programme. We conclude with a discussion of the resulting cost-benefit ratios.

This CBA takes the perspective of society as a whole rather than any one stakeholder group and thus takes the broadest view of the potential benefits. A Return on Investment or financial analysis that takes the perspective of a single stakeholder like Government or Grantholders might have different (and lower) costs and significantly lower benefits. For example, from the perspective of society as a whole, the time volunteers invest is a cost, while the wellbeing they achieve from volunteering is a benefit to them, and both appear in the cost-benefit ratio.

2.2 Costs of the CCSF

The costs incurred by grantholders to provide the services funded by the CCSF consist of three elements, as shown in Table 2.1.

Table 2.1: Costs of CCSF funded services

Cost element	Costs (£millions)		
CCSF grants	£186.5		
Costs provided by other funders	£75		
Cost of volunteer time	£4.6	£29.6	£59.2
Total	£266.1	£291.1	£320.7

Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS
Base: All CCSF grantholders.

£186.5 million was the **amount distributed in grants**.

£75 million is our best estimate of the **amount of funding used from other sources to deliver CCSF projects**. It is based on the grantholder survey, in which grantholders reported they had received an additional £263 million in funding, of which approximately £62 million had been used to help fund the projects and services supported by the CCSF. This estimate rises to an estimate of £75 million if we take into account non-response to the survey¹³.

The cost of **volunteer time** is defined as the opportunity cost: if the volunteers were not volunteering, they would have been doing something else of value instead, such as enjoying their own leisure time (see box below). There is no consensus on how to value this opportunity cost. There is an argument that the volunteer cost should be zero, or close to zero because (a) it is not clear under the circumstances of the pandemic volunteers were giving up much valuable time, and (b) the estimate we use for the benefit of volunteering (see Section 2.5) are best thought of as estimating the net benefits of volunteering, already taking opportunity cost into consideration. (For further discussion see Annex A: Methodology.)

However, to be conservative, we have taken as our estimate the prevailing median hourly pay for full time employees (£16.74)¹⁴ discounted by 20% to reflect that volunteers could have been furloughed at the time so the opportunity cost was lower.

Volunteers provided an estimated additional 170,300 hours per week¹⁵, so the opportunity cost of volunteering was £2.275 million per week. We do not know exactly how many weeks volunteers worked for, so we assume a range (low = two weeks, medium = three months, and high = six months). This gives a range of costs of volunteer time between £4.6 million (2 x £2.275 million) and £59.2 million (26 x £2.275 million) with a medium estimate of £29.6 million (13 x £2.275 million).

¹³Some grantholders provided a range to estimate the value of the additional funding they received that was used to support the CCSF funded activities. Using the minimum of the ranges the value is £61,843,974; using the average of the ranges the value is £63,027,161. We used the minimum estimate to be consistent with the use of minima for other ranges.

¹⁴ Derived from ONS Annual Survey of Hours and Earnings (ASHE) 2020.

¹⁵ See CCSF Impact Evaluation Report (page 20).

Adding the cost of the grants, additional sources of funding and the opportunity cost of volunteers gives an estimated total cost c. £291 million¹⁶, and £216 million if the additional funding is excluded (see Table 2.1).

Box 2.1: Why is volunteer time treated as a “cost” in cost-benefit analysis?

From a grantholder perspective volunteers are nearly a free resource. It takes time, effort and expenses to recruit and manage volunteers, but they are paid zero or a nominal amount for their time. So, for CCSF grantholders having volunteers is a benefit. Thus it may seem counter-intuitive that volunteers are considered a cost in a cost-benefit analysis. The reason is that, from society’s perspective (the perspective we have applied our CBA analysis), volunteer time is a resource used to create the benefits, and any resource used is a cost as it could have been used to create other benefits in other ways. The value of these other benefits is known as the opportunity cost. If volunteers were not volunteering, they could or would be doing something else of value, such as working for pay, spending time by themselves or with family and friends, and so on. Everyone values free time, so giving up it to volunteer involves giving up something of value. In practice, some volunteers may feel they give up very little to volunteer because they have more free time than they want. In this case the opportunity cost of volunteering may be close to zero. This is why there are disagreements about the best way to value volunteer time (see Salamon et al (2011) for greater detail). It is not clear what the opportunity cost really is. A conservative (i.e. high estimate of cost) and conventional approach is to value volunteer time at the prevailing wage rate, as in theory volunteers are giving up work to volunteer.

In taking this approach of treating volunteers as a cost we are following the standard method for CBA, which we think is necessary for producing a credible estimate (see for example Dayson & Wilson 2011).

2.3 Overview of benefits

Estimating the benefits of the CCSF is more complicated. The benefits accrue to four groups of stakeholders:

- Grantholder staff;
- Volunteers;
- People and communities served by the grantholders (i.e. beneficiaries); and
- Government, namely the Exchequer and local governments.

Table 2.2 summarises our estimates of the range of benefits received by each stakeholder group.

Table 2.2: Estimated value of benefits from CCSF by stakeholder

	Benefits (£ million)		
	Low	Medium	High
Grantholder staff	£7.3	£18.6	£30.1
Volunteers	£3.7	£35.0	£90.3
Beneficiaries	£58.0	£337.5	£958.6
Government	£2.2	£10.9	£18.0
Total	£71.2	£402.0	£1097.0

¹⁶ Note that we have not included the savings from avoiding the cost of furloughing staff if not for the CCSF (see Section 3.2). This is a financial benefit to the Exchequer but does not affect the level of resources used (expressed as costs) to create the benefits, which is the appropriate figure to use in cost-benefit analysis.

The benefits accruing to each are addressed in turn, followed by a comparison of the sum with the costs of the CCSF.

2.4 Benefits to grantholder staff

Value of benefits = Σ (No. of staff x estimated non-financial value of VCSE sector employment)

Being employed in the VCSE sector has value to employees above and beyond the value of the salary they receive (Kamerāde, D., & McKay, S., 2015). This is the non-pecuniary value of working in the VCSE sector and includes things like additional feelings of contributing to society and job satisfaction. This value would have been lost if grantholders were not able to retain staff during the pandemic.

The financial value of employee salaries is not included in the value created by CCSF because it is offset exactly by the value that employees place on the time they give up to do the work to receive their salary. As such, the value of what the employees provide through their work is counted in the value to beneficiaries. Counting the salaries, without subtracting the value of time employees put in, would therefore represent double counting.

Based on a review of a sample of CCSF applications, The Fund estimated that salaries comprised 24% of CCSF grants¹⁷.

For the purpose of this report, we estimate the non-pecuniary value of employment to range between 20% and 75% of salary with a mid-point of 48%. The high estimate is based on estimates by Knabe and Rätzel (2011) on the value of being employed in general, and by Binder (2016) on the psychological value of working in the non-profit sector. We discount this high estimate to account for the likelihood that, if not for the CCSF grant, staff may be furloughed or reduced their hours rather than be made redundant. Under these circumstances the loss in non-pecuniary value would likely be much lower than 75% of annual income.

The following table summarises our range of estimates of the value gained by staff in grantholder organisations. It shows a range of values for the total value of the CCSF to grantholder staff between £7.3 million and £30.1 million.

Table 2.3: Estimated value of CCSF funded services to grantholder staff¹⁸

Stakeholder	Estimates (millions)		
	Low	Medium	High
Total value of CCSF grants and other project funding	£261.5		
% of grant spent on staff salaries	24%		
Adjusted value of CCSF grants spend on staff salaries	£62.8		
Non-pecuniary value of working in charity sector	20%	48%	75%
Additionality of CCSF funded services (=1-BAU)	58% (100-42%)	62.5% (100-37.5%)	64% (100-36%)
Estimated value to grantholder staff	£7.3	£18.6	£30.1

¹⁷ To calculate this figure The Fund used an AI based keyword search of their Grant Management System to identify the proportion of the grant spent on staff and volunteers. The sample includes the 75% of CCSF grants which explicitly referenced staff or volunteer costs in their application.

¹⁸ Note these input figures presented are rounded estimates, therefore totals may vary compared to manual calculation.

2.5 Benefits to volunteers

Value of benefits = Σ (No. of volunteers x (Wellbeing benefits gained by volunteers))

CCSF grantees worked with an estimated 183,200¹⁹ volunteers, of whom an estimated 47,200²⁰ were new volunteers for the grantees²¹. Among those grantees who worked with volunteers, three in five (60%) reported using the grant received to increase volunteer hours at their organisation, with a total of 170,320 estimated additional hours per week made available as a result of the funding. Additionally, two in five (42%) grantees used the CCSF grant to train staff and/or volunteers (although we do not include this in our valuations because it is hard to monetise and many of the benefits would be felt beyond the grant period). It is widely accepted that volunteering creates value for volunteers themselves, for example life satisfaction and wellbeing, and we have two sources that help us to estimate the value of this.

Firstly, we conducted an online survey of 9,466 CCSF volunteers. The survey was distributed to grantees, who then sent a survey link to their network of volunteers. This means the sample is non-random and self-selected, and so these results need to be treated with some caution. Overall, data from our surveys indicate that the experience of volunteers was positive; and produced a variety of outcomes for beneficiaries (see Box 2.2 for a more detailed description).

Secondly, we reviewed studies from the secondary literature on the benefits of volunteering on wellbeing. What is particularly helpful is that estimates of the monetary value of volunteer wellbeing in the secondary literature provide an aggregate figure per volunteer, as opposed to individual outcomes experienced by volunteers (as in our survey). However, these figures typically do not always look at all sources of value (for instance of new skill development), so our estimates may understate the value to volunteers.

Box 2.2: Findings from the CCSF volunteer survey

Volunteers participating in the survey stated a variety of positive benefits. Almost all (99%) of those who volunteered experienced at least one positive benefit; including approximately half (48%) reporting an improvement in mental health and wellbeing; 66% that volunteering provided a sense of purpose and/or personal achievement; while a third stated that it helped reduce perceptions of loneliness and isolation. Volunteers also reported an increase in confidence and new skills development (39%). A relatively small proportion of volunteers experienced a negative outcome (10%).

Volunteers surveyed had higher ratings of individual wellbeing compared to the general population. The volunteer survey included the ONS's four personal wellbeing questions. CCSF volunteers who completed the survey experienced higher levels of life satisfaction, happiness, worthwhileness, and lower levels of anxiety (see ONS 2021). This is to be expected, as noted by Lawton et al (2020), when addressing the wellbeing impacts of volunteering, we need to think about 'reverse causality' i.e., does volunteering make people happier; or are happier people likely to volunteer? The authors used data from the British Household Panel Survey and Understanding Society longitudinal panel datasets finding that people who volunteer typically are wealthier and have more leisure time (Ibid).

Table 2.4 below summarises our estimates of the value to volunteers based on these two sources. Our lower bound estimate of the value of volunteering is based on estimates by Lawton et al (2020), who estimate the subjective wellbeing premium for volunteers as £911 per volunteer per year. The estimate

¹⁹ Please note that this figure may include some double counting, as it is based on an extrapolation of the findings reported by individual organisations in the grantholder survey, and volunteers may have worked with more than one grantholder.

²⁰ This figure may also include double counting for the same reasons as noted above.

²¹ Please see Chapter 2, Section 2.6 of the CCSF Impact Evaluation Report for greater detail. Available here:

<https://www.tnlcommunityfund.org.uk/insights/covid-19-resources/responding-to-covid-19/ccsf-grantholder-evaluation>

has been created using the British Household Panel Survey and Understanding Society longitudinal panel datasets to isolate the impact that volunteering has on people's wellbeing, controlling for the issue of reverse causality (i.e. people with higher wellbeing are more likely to volunteer).

The Lawton et al (2020) estimate is the lowest estimate of the wellbeing premium gained by volunteers we have found in the literature, but perhaps the most robust. We have based our higher bound estimate against the second most robust estimate in the literature: Binder et al (2015); which values the wellbeing premium faced by volunteers at £1,541 per year.

Table 2.4: Estimated value of CCSF funded services to volunteers

Stakeholder	Estimates		
	Low	Medium	High
Estimated number of volunteers working with grantholders (after extrapolation)	183,200 ²²		
Value to volunteer of volunteering per annum	£911	£1,226	£1,541
Estimated duration of volunteering	0.038 (2 weeks)	0.250 (3 months)	0.500 (6 months)
Additionality of CCSF funded services (=1-BAU)	58% (100-42%)	62.5% (100-37.5%)	64% (100-36%)
Estimated value to volunteers	3.7	35.0	90.3

Base: Extrapolated from those grantholders who completed the grantholder survey to all grantholders (6,712 to 8,171)
Source: Ipsos MORI Grantholder Survey.

2.6 Benefits to people and communities

For each outcome, the value to beneficiaries = Σ (No. of beneficiaries who experience the outcome as reported by CCSF grantholders X Value of outcome)

The grantholder services supported by CCSF grants were intended to help their beneficiaries through the pandemic. The grantholder survey asked grantholders to report the extent to which their services helped improve one or more of thirteen outcomes for beneficiaries. However, it was not feasible to use the survey to gather further evidence about the extent to which each outcome was achieved or the value derived by beneficiaries for each outcome (see discussion in section 1.3).

Therefore, to estimate these we reviewed secondary research (see Annex C) to understand the following for each outcome:

- **Context:** how has the pandemic affected the needs of people and communities?
- **Effectiveness** of VCSE organisations in promoting the outcome: how much of a difference could grantholders (or similar organisations) make to outcomes?
- **Value:** what is the possible value to beneficiaries of those outcomes?

We found:

²² Please note that this figure may include some double counting, as it is based on an extrapolation of the findings reported by individual organisations in the grantholder survey, and volunteers may have worked with more than one grantholder.

- **Context:** The problems for people and communities caused by COVID-19 have been well documented and map well to the outcomes above. Table 2.5 qualitatively describes how grantholders created value for beneficiaries in the context of the pandemic.
- **Effectiveness:** For most outcomes there is agreement in the qualitative literature that VCSE organisations can and do make a difference, but—as many others have also noted—we were not able to find robust quantitative estimates of how much of a difference grantholders are likely to have made for any of the outcomes, which would normally be required of a cost-benefit analysis.
- **Value:** There are estimates, of varying degrees of robustness, of the value of the outcomes that apply to the population in general. However, we found few robust estimates that could be readily applied to sub-groups of beneficiaries (for example, young people or people from BAME backgrounds).

Table 2.5 summarises our review of the secondary literature for each outcome relevant to CCSF grantees. For each outcome, the effect of the pandemic is both intuitive and supported by research that took place during in 2020-2021 (much of which was high quality). The CCSF also created value by helping grantholders continue to meet existing beneficiary needs. We also briefly describe how grantholders helped people based on their application forms, survey findings and qualitative research (see both Annex C and the other reports from the CCSF for a more thorough description). The final two cells (shaded dark grey) outline four outcomes that are not monetised because they are either inappropriate for economic valuation or are too broad to value.

Table 2.5: Value that grantholders provided to beneficiaries

Outcomes	Benefit provided by grantholders during COVID Outcomes
People’s physical health was better	<p>The NHS significantly reduced its provision of health services for treatments other than COVID-19 during the pandemic.</p> <p>Physical health is highly valued. Grantholders helped mitigate the effects of this by helping people access public services they needed, find alternatives, or otherwise better manage their health than they would have done if not for the support they received.</p>
People’s short-term basic needs were met (e.g. financial, food, clothing, shelter) better	<p>The pandemic led to a shortage of certain supplies and economic difficulties for many people, such as those who could not work and those who were shielding or needed to isolate.</p> <p>Providing short-term basic needs by grantholders ensured that beneficiaries did not go into economic or personal crisis. Intervention types varied from provision of food, toiletries and household items, financial support (such as emergency cash grants) and help on housing, including emergency housing for homeless people. This helped improve physical as well as mental wellbeing.</p>
People had more social contact And People felt less lonely	<p>The pandemic and lockdown led to significant restrictions on people’s ability to connect with each other. Consequently, levels of loneliness and social isolation increased, particularly in the early period of the pandemic. These in turn typically increase the risk of physical and mental illnesses (including obesity, anxiety and depression).</p> <p>Grantholders helped people connect with each other in different ways, leading to improved wellbeing, reduced loneliness, and better quality of life.</p>

Outcomes	Benefit provided by grantholders during COVID Outcomes
<p>People of all ages were better protected from harm, violence, or abuse</p>	<p>The pandemic meant that some people have faced an increased risk of harm, as many victims live with the perpetrators of abuse. This has increased demand for support from grantholders, at the same time as many victims struggled to access statutory services.</p> <p>Grantholders were involved across the domestic violence intervention cycle, helping both reduce the likelihood of harm occurring, alongside mitigating the effects of harm on victims physical and mental wellbeing.</p>
<p>Children and young people's education and development was better</p>	<p>School closures reduced young people's interactions with friends and significantly disrupted their education and personal development. Estimates are that generally children are two months behind in their education, which will have repercussions for many years.</p> <p>Grantholders helped mitigate the effects of school closures, support children's learning, and otherwise support the personal development of young people during this difficult time.</p>
<p>People's mental health and wellbeing was better</p>	<p>There is evidence that mental health of individuals faced a decline during the pandemic. Depression, stress, suicidal ideation and anxiety were substantially higher than regular population norms.</p> <p>Grantholder interventions supported people's mental health, sustained their wellbeing, and mitigated the effects of a significant decrease in mental health.</p>
<p>People were better supported to access the health care they needed</p>	<p>As noted above, the NHS significantly reduced its services because of the need to focus on COVID and because of lockdown restrictions.</p> <p>Grantholders helped mitigate the effects of this reduction on people's health by helping people access public services they needed or to find alternatives.</p>
<p>People were better supported to access the social care services they needed</p>	<p>The social care system was disrupted by the pandemic. Many providers had difficulty maintaining their services and many care homes were unable to take in new admissions. At the same time demand for services went up.</p> <p>Grantholders helped mitigate the effects of this by helping people access social services they needed or find alternatives.</p>
<p>People developed better skills, strengths, and assets</p> <p>And</p> <p>People were better able to respond to changing circumstances</p>	<p>Grantholders helped people manage through the crisis in many different ways and built resilience within communities by encouraging volunteering and helping people to connect in new ways.</p>
<p>People were better supported to die with dignity</p> <p>And</p> <p>People were better supported through bereavement or loss</p>	<p>The number of deaths during the pandemic was higher than is typical, both because of the virus itself, but also because of knock-on effects on health and public services.</p> <p>The restrictions on provision of health and social care and the lockdown, as well as the effects of COVID-19 directly, meant that many people spent their final days separated from family and / or in otherwise very difficult circumstances. Similarly, the loss felt by their loved ones was enhanced.</p> <p>Grantholders helped both people who were dying and their loved ones in order to minimise the pain of this time.</p>

2.7 Our approach to estimating values

For the outcomes specified in Table 2.5 we identified a standardised value for this outcome from the literature (which we refer to as the ‘unit value’) in Table 2.6 below. For example:

- For “People’s physical health was better” the standardised outcome was one Quality of Life Adjusted Year (QALY) valued at £60,000 by HM Treasury.
- For “People felt less lonely”: the standardised outcomes on moving between mild and moderate loneliness using the value of £6,429 to £8,157, and moderate to severe loneliness (£8,157 to £9,537) were used per the DCMS report on monetising loneliness (Peytrignet et al, 2020) adjusting for the proportion of the population facing chronic loneliness.

The simplest approach would be to then take unit values and multiply them by number of beneficiaries who experience the outcome as reported by grantholders. However, this would significantly over-estimate the value created.

This is because we should not assume that every one of these beneficiaries received the full value of that outcome because of the CCSF funding and grantholder activity. If we take the QALY as an example, such a claim would in effect be saying that the grantholders had been the sole cause of people having one year of life in perfect health during the whole course of the pandemic. Less dramatically, we estimate that the value of having social contact is between £1,850-£3,848 (see table 2.6 below), but what this actually refers to is the value of going from no social contact at all to having lots of social contact, and while there might be some occasions where a grantholder did achieve this for someone, this will have been an exception rather than the norm: it might happen for one beneficiary out of 100 but most times the effect will be more marginal. We therefore have to adjust the likely effect of the grantholder interventions downwards to reflect each of the following:

- **The level of need in the community.** We cannot assume all beneficiaries were in the worst possible state before grantholders came along (although the context of the pandemic might have meant it was more likely that people were struggling – see discussion below).
- **The potential of grantholder interventions to have the intended effect.** As our evidence review suggests, effect sizes for most charitable interventions are generally quite small, even when measured robustly.
- **The extent to which improvements in outcomes might be directly attributable to the grantholder’s services.** Often VCSE services are one of many sources of support people received (although this might have been affected by the pandemic).
- **The duration of the intervention and effect.** All benefit estimates are shown as an annual figure but many grantholder activities were much shorter.

To adjust for these factors, we have used our review of the literature and information from the grantholder survey to estimate a plausible degree of change in the standardised outcome. This is referred to below as the “**unit change**” in standardised outcome. In practice, for most outcomes we have used what might seem like a low estimate of between 1-5% of the full annual value of the unit of outcome.

This is not to say grantholders only made 1-5% difference or only achieved 1-5% of their outcomes. Rather the values we are importing from the literature represent the annual total of going from zero to everything that a person needs. For example, a grantholder delivering food parcels to an out-of-work family for 12 weeks may have found these parcels well received and think that they made a difference, but they still only represented a fraction of what the family needed for the whole year (in terms of food, social contact, mental health etc.). And the family would have also been receiving help from other sources, not least the welfare state. Hence, to be credible our analysis must reduce the value estimates from the literature.

However, we should also mention two counterarguments that could be made to push our estimates in either direction (i.e. nearer to 1-2% and above 5%).

- On the one hand, evidence from most robust studies of voluntary sector effectiveness would suggest very small effect sizes are the norm. Relevant examples from UK studies include: the majority of analyses conducted by the Justice Data Lab—using a robust quasi-experimental approach with Police National Computer data—which have found a small effect size of around 2 percentage points on programmes designed to reduce reoffending (Adler & Coulson 2016); the Education Endowment Foundation report, which found similar average effect sizes for randomised control trials (RCTs) of school based programmes (Katsipataki & Higgins 2016); and the Realising Ambition Programme which did not find statistically significant positive results in two RCTs conducted with projects of charities aiming to improve outcomes for young people (Axford, et al 2017). These kinds of results reflect both the range of effects VCSE sector organisations can have but also the inherent challenges of robustly measuring the intangible benefits that these organisations have for people (as discussed elsewhere in this report).
- On the other hand, the specific context of the pandemic may well have made needs more acute and VCSE services more valuable. This argument is supported by the qualitative research conducted for this evaluation. We interviewed over 250 organisations, and each told us about the extra difficulties their beneficiaries faced and how their organisations mitigated these, often in quite stark terms. Moreover, our literature review (Annex C) describes a range of research conducted during 2020-2021 that highlights how people were affected both by the pandemic itself and associated cuts to services. In this context it is reasonable to argue that the VCSE sector met an exceptional set of needs and filled new gaps, and thus the values in Table 2.6 underestimate the true value of grantholder services. This is discussed further in the caveats and limitations section in Chapter 1.

We acknowledge both these arguments but our aim with this analysis is to provide the ‘best estimate’ we can, *based on the data we have*. In our judgement the 1-5% estimate for ‘unit change’ seems the most sensible choice as it minimises the risk of overclaiming and keeps our analysis as credible as possible by not stretching the limited evidence base beyond what can be justified.

2.8 Our approach to estimating duration

For **duration** (the period over which an outcome is experienced) we have also taken a conservative approach of saying there will be no value beyond the period of the grant itself. Hence, if a beneficiary’s mental health improves, we assume this stops once the grant period is over. The one exception to this is where we estimate the value of education for young people, because the value of education is especially likely to be felt over the long-term rather than in the moment (see further discussion in Table 2.5 below). We take this approach for simplicity, because estimating legacy effects would be very speculative. But it

does mean that we might be underestimating value for some beneficiaries who gained long-term benefits such as lasting friendships. Conversely, assuming benefits lasted for six months may in some places be an overestimate because grantholder services were shorter than this. So, on balance we think the range of benefits we show in Table 2.6 is a sensible compromise.

To calculate duration estimates we used survey data which asked grantholders to say how long people typically engaged with them for different types of activities. Looking across these results—and taking into account the frequency of different activities delivered across the CCSF—we have derived an average duration of 0.3 of a year (roughly three and half months), with a lower end estimate of 2.4 months (0.2 of a year) and high estimate of 4.7 months (0.4 of a year). These are the ranges used in Table 2.6 below.

2.9 Summary of our approach

To summarise, our estimate for each outcome area is based on applying the following formula to calculate the value to beneficiaries:

Box 10: Formula to calculate value to beneficiaries

$$\begin{array}{c}
 \text{Value} = \text{Scale (i.e., no. of beneficiaries who experience the outcome as reported by grantholders)} \\
 \times \\
 \text{Unit value (in monetary terms) of the standardized outcome} \\
 \times \\
 \text{Change per beneficiary in units of the standardized outcome (expressed as a \%), the estimate of which was} \\
 \text{informed by the literature} \\
 \times \\
 \text{Duration, the period over which outcome is experienced.}
 \end{array}$$

Overall, we think this is a consistent and systematic approach to deriving a quantitative estimate of the value of these benefits based on the limited underlying quantitative and qualitative data. This combined with the unprecedented context, the heterogeneity of services, and the (expected) high-level and self-reported results coming from the grantholder survey, makes the cost-benefit component of the VfM assessment very uncertain. Even when the survey results, qualitative research, and secondary evidence are combined, there are still gaps in information. For example, interviews undertaken for the qualitative research highlighted the wider range of possible effects of services for people, from instances of significant effects and high value through to briefer and more marginal effects.

2.10 Results of the Cost-Benefit Analysis

Below we provide two tables summarising the results of our CBA analysis.

Table 2.6 details the estimates of the 'Unit value' and 'Change' in the standardised outcomes for each outcome value estimated. It also offers a brief description of the rationale for our approach and links to the relevant section in the literature review and our assessment of how robust the evidence is: red = not robust, amber = moderately robust, and green = robust, but we make further adjustments based on that assessment. A full write up of the evidence base for each outcome can be found in Annex C.

Table 2.6: Value of grantholder outcomes used in the cost-benefit assessment to beneficiaries

Outcomes	Estimated unit value of standardized outcome	Est. change in units of outcome	Value x change	Source / rationale of standardized outcome and its value
People were better supported to access the health care they needed	£3,034-£3,708	1-5%	£30-£185	<p>Unit: Our literature review (Annex C, 1.3) found no accepted value for ‘accessing better healthcare’ (as opposed to the value of healthcare itself). Hence, we have used the value of per capita spending in the UK on health care (for 2019) on the grounds that it approximates people’s willingness to pay for access to health care.</p> <p>Change: We estimate grantholders being able to increase access to health care within the 1-5% range. This is our default value for outcomes where, because the external evidence base is limited, we have no basis for making an alternate estimate (see discussion above in Section 2.6 and Annex C, 1.2).</p>
People were better supported to access the social care services they needed	£351-£429	1-5%	£4-£21	<p>Unit: Similar to health care, the value here is approximately per capita spending in the UK on adult and children social care for 2019-2020 on the grounds that it approximates willingness to pay for access to social care. The reader will note that the estimated value for social care is well below the estimated value for health care, which intuitively feels right to us.</p> <p>Change: As above we estimate grantholders being able to increase access to social care within the 1-5% range to account for the very limited evidence base (see Annex C, Chapter 2).</p>
People were better supported to die with dignity	Not applicable	Not valued	Not valued	Monetary value is not meaningful for this outcome
People were better supported through bereavement or loss	Not applicable	Not valued	Not valued	Monetary value is not meaningful for this outcome
People’s physical health was better	£60,000	0.27-1.37%	£164-£822	<p>Unit: The value here is the Quality-of-Life Adjusted Year (QALY), which is widely used in assessing health benefits.</p> <p>Change: Grantholders typically did not seek to increase health directly (it is one of the least common outcomes selected). There is also little quantitative evidence on how much of a difference community-based health interventions make, particularly in terms of a QALY (see Annex C, 3.2). The evidence that does exist shows large variations in effectiveness. Hence our conservative estimate of change in units of outcome is 1-5 days of a QALY (i.e. 0.27% - 1.37%)</p>

Outcomes	Estimated unit value of standardized outcome	Est. change in units of outcome	Value x change	Source / rationale of standardized outcome and its value
People's short-term basic needs-- food and basic supplies-- were met	£1,593-£9,428	1-5%	£16-£471	<p>Unit The estimate of value for beneficiaries comes from HACT Social Value Bank. The lower bound value is being debt free (£1,593) and the higher bound estimate is “Living comfortably or doing alright compared to just about getting by or finding it quite / very difficult”.</p> <p>Change: We found the literature regarding the effectiveness of foodbanks on individuals to be fairly weak (see Annex C, 4.2). There were some positive results on the effectiveness of food support on mental health from the grey literature and alleviation from crisis. Hence, we estimate the change in units of outcome within the 1-5% range for several reasons: 1. The period of increased food insecurity being prior to the period covered by the CCSF grant 2. Variation in intensity of support provided by grantholders. 3. Evidence on the limited nutritional quality of food bank packages 4. Evidence from the qualitative research that some food-based support delivered was more important for increasing social contact, presenting marginal benefit in ensuring people’s basic needs were met.</p>
People's short-term basic needs— homelessness and housing support-- were met	£7,347-£8,036	1-5%	£73-£402	<p>Unit: The estimate of value for beneficiaries comes from the HACT social value bank. The lower bound estimate comes from individuals feeling like they’re “Able to pay for housing” vs. the higher bound estimate of moving an individual from temporary to secure housing (without dependent children).</p> <p>Change: The evidence suggests that high intensity interventions to address homelessness and improve housing stability (in terms of number of days homeless and days of stable housing) are probably effective over 12-18 months (see Annex C, 4.2). However, it is less clear whether low intensity case management improves housing stability or reduces homelessness. We do not know the distribution of grantholders between high and low intensity case management, but assume the balance is towards the lower end because this accords with the typical size of grant. Therefore, as elsewhere, we estimate the change in units of outcome within the 1-5% range.</p>
People had more social contact	£1,850-£3,848	1-5%	£19-£192	<p>Unit: The estimate of value for beneficiaries comes from the HACT Social Value Bank, ranging from individuals being a “member of a social group” (lower bound) compared to “talk to neighbours regularly” (higher bound estimate).</p> <p>Change: The estimate of 1-5% for depth is based on the mixed literature on the effectiveness of loneliness and social isolation interventions; some systematic reviews report no effect of interventions on loneliness and social contact while others report a small and significant effect (see Annex C, 5.2). Accordingly, we base the estimated change in unit of outcome within the 1-5% range.</p>

Outcomes	Estimated unit value of standardized outcome	Est. change in units of outcome	Value x change	Source / rationale of standardized outcome and its value
People felt less lonely	£7,405-£8,061	1-5%	£74-£403	<p>Unit: The estimate of value for beneficiaries is derived from wellbeing estimates from Peytrignet et al (2020). We assume that 5% of beneficiaries will be experiencing chronic loneliness (moderate to severe loneliness) in line with ONS estimates²³, and the rest of the population is experiencing mild to moderate loneliness (using the midpoint).</p> <p>Change: As above, the estimate of the unit change in outcome is based on mixed literature on the effectiveness of loneliness and social isolation interventions. We estimate change in unit of outcome within the 1-5% range.</p>
People of all ages were better protected from harm, violence, or abuse	£9,431-£11,527	5-10%	£524-£1,047	<p>Unit: The estimate of value for beneficiaries is derived from New Economic Foundation (2021), from “Willingness to pay to avoid serious physical trauma” along with the “Willingness to pay to avoid psychological trauma.” (see Annex C, 6.3)</p> <p>Change: Estimates from the empirical literature states that there is a medium effect to medium-large effect of domestic violence interventions on outcomes related to victim suffering (by public and non-public sources) – Annex C, 6.2. Therefore, we base the estimated change in unit of outcome as higher than for other outcomes - within the 5 -10% range.</p>
Children and young people’s education and development was better*	£260-£2,600	1-5%	£3-£130	<p>Unit: The economic value is the potential loss in income given a 2-month loss of education, using the Institute of Fiscal Studies estimate that earnings increase by 8% for each year of education (approximately a 1% per 2 months). Using the estimate of median income in 2020 of £25,780, that equates to £260 per year for as long as that loss is experienced. The value range here is estimated between 1 and 10 years. Note that our estimate does not include the value of personal development, which is difficult to estimate quantitatively.</p> <p>Change: We estimate the potential improvements in education within the 1-5% range to account for the relatively weak quantitative evidence on the effectiveness of out-of-school programmes in improving education outcomes (see Annex C, 7.2).</p>

²³ Please see the literature review in the annex for greater detail; or review the ONS’s publication here:

<https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/bulletins/coronavirusandlonelinessgreatbritain/3aprilto3may2020>

Outcomes	Estimated <u>unit</u> value of standardized outcome	Est. <u>change</u> in units of outcome	Value x change	Source / rationale of standardized outcome and its value
People's mental health and wellbeing was better	£12,470-£36,766	0.27-1.37%	£34-£504	<p>Unit: The estimate of the value is taken from HACT Social Value Bank estimate of individuals “feeling in control of life” (lower bound estimates) and “relief from depression or anxiety (adult)” (higher bound estimate).</p> <p>Change: There is little quantitative evidence on how much of a difference either charity or community-based health interventions make to mental health outside a clinical setting. While positive effects have been noted, there is no community-intervention specific effect size. Review of grantholder interventions suggest that a lot of the support provided is broad in nature – with the majority being light touch but for some individuals the value of support is very high value. Furthermore, the literature notes that improvements in mental health experienced can be conflated against natural recovery rates which shows that people often tend to get better without help, and therefore there is a risk of overestimating the effect of grantholder interventions. This estimate reinforces our cautious approach to valuing the estimated change (see Annex C, Chapter 8). Hence our estimate of the change in outcome is between 1 (low) and 5 (high) days out of 365 days (i.e. 0.27% - 1.37%) in alignment with our estimate for physical health.</p>
People developed better skills, strengths, and assets	Not applicable	Not valued	Not valued	This outcome is not specific enough to identify an appropriate monetary value for.
People were better able to respond to changing circumstances	Not applicable	Not valued	Not valued	Resilience is notoriously difficult to assess quantitatively and separate from other outcomes.

Table 2.7 summarises the different strands of information discussed in this chapter and provides a range of estimates of the value gained by beneficiaries from the CCSF programme.

- In the second column we show the estimated number of potential beneficiaries who could have received this outcome based on the number of grantholders selecting this outcome for their CCSF funded service. This figure is extrapolated to take into account non-response to the survey and rounded to the nearest hundred.
- The third column shows an estimation of the actual number of beneficiaries who received this outcome based on two adjustments:

In the survey, grantholders were asked a separate question to estimate what proportion of their beneficiaries achieved each outcome. Therefore, we have discounted based on this proportion.

We have applied a further standard reduction of 15% to reflect likely optimism bias (based on Treasury recommendations – see Section 1.4).

- In columns 4-6 we show the range of possible values we estimate grantholders could have achieved for the beneficiaries based on the Unit Value and Unit Change calculation described above.
- In columns 7-9 we show the potential range of adjustment for duration as described above.
- In columns 10-12 we show the potential range of adjustment for Business As Usual (BAU – see Section 1.4) which reflects the fact that a certain amount of the outcomes estimated would have happened anyway without the support of CCSF grantholders.
- And in columns 13-15 we show the range of possible estimates—rounded to the nearest £1,000—from the very lowest to the very highest and the mid-point. Please note that the mid-point is not actually equidistant between the low and high estimates because the multiple calculations have a compounding effect on both extremes.

To provide a worked example using the top row of Table 2.7: We estimate that c.1.12 million people (column 3) were supported to access better health care and that the range of values received by these people was between £30 - £185 – so a total of between £34m and £208m if this is added up. We then adjust these estimates down because grantholders did not provide the benefit for the whole year. The possible range here is from 0.2 of a year to 0.4, reducing our estimates at either extreme to between £6.7 million and £81 million. Finally, we adjust for BAU. Again, looking at the extremes, £7.8 million is multiplied by 0.57 to get £3.9 million and 93.6 is multiplied by 0.68 to get £52 million.

The two blue-shaded boxes (“people had more social contact” and “people felt less lonely”) indicate outcomes where we reduced beneficiary numbers to offset the risk of double counting with the outcome ‘people’s mental health and wellbeing was better’. Our approach to this is described in Section A1.

The final row shows all these figures added up. We expect this will be of particular interest as it represents our best estimate of the possible range of values for beneficiary outcomes caused by the CCSF programme. While the lowest estimate is well below the cost of the CCSF and the highest is well above, both extremes are very unlikely. The true figure is most likely to be found in the middle which is above the cost of the CCSF (see Section 4.8 for a further discussion of the comparison between costs and benefits).

Table 2.7: Value to beneficiaries by outcome

Outcome	Estimated number of beneficiaries		Unit Value X Change (see Table 16)			Est. of duration of outcome (in yrs)			Additionality (= 1-BAU)			Total Value to Beneficiaries (Gross Additional) - millions		
	Served by grantholders (after extrapolation)	Who received outcome *	Low	Medium	High	L	M	H	L	M	H	L	M	H
1. People were better supported to access the health care they needed	2,816,600	1,120,200	£30.34	£101.13	£185.41	0.197 (10.2 weeks)	0.293 (15.2 weeks)	0.388 (20.2 weeks)	58% (=100-42)	62.5% (=100-37.5)	64% (=100-36)	£3.876	£20.732	£51.625
2. People were better supported to access the social care services they needed	2,459,000	830,200	£3.51	£11.70	£21.45							£0.332	£1.778	£4.426
3. People were better supported to die with dignity	412,300	86,200	£0.00	£0.00	£0.00							£0	£0	£0
4. People were better supported through bereavement or loss	1,642,200	442,300	£0.00	£0.00	£0.00							£0	£0	£0
5. People's physical health was better	2,812,900	1,211,500	£164.38	£493.19	£822.00							£22.716	£109.353	£247.547
6.a. Food and basic supplies were met	2,544,800	1,573,600	£15.93	£165.32	£471.40							£2.859	£47.609	£184.389
6.b. Homelessness and housing support-related needs were met	173,900	93,100	£73.47	£230.75	£401.80							£0.78	£3.932	£9.299
7. People had more social contact	4,478,900	23,700**	£18.50	£85.47	£192.40							£0.052	£0.356	£1.062
8. People felt less lonely	5,432,000	163,100**	£74.05	£231.99	£403.04							£1.378	£6.926	£16.344
9. People of all ages were better protected from harm, violence or abuse	1,165,000	285,800	£471.56	£785.93	£1,152.69							£15.371	£41.105	£81.883
10. Children and young people's education and development was better	1,753,200	796,000	£2.60	£42.90	£130.00							£0.236	£6.250	£25.722
11. People's mental health and wellbeing was better	5,666,200	2,685,900	£34.16	£202.36	£503.69							£10.466	£99.467	£336.280
12. People developed better skills, strengths and assets	2,973,300	1,276,600	£0.00	£0.00	£0.00							£0	£0	£0
13. People were better able to respond to changing circumstances	4,879,600	2,469,400	£0.00	£0.00	£0.00	£0	£0	£0						
Total	6,584,800					£58.066	£337.506	£958.579						

Base: All CCSF grantholders (8,171)

Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

*As described above, the column adjusts for two things; grantholders' perceptions of the proportion of beneficiaries achieving this outcome; and a 15% reduction for potential optimism bias.

**After adjusting for double counting; please see Section A.5.6 in the annexes. This adjusts for the potential overlap between social contact, loneliness, and improvements in mental health and wellbeing.

The total row may not equal the sum of the columns due to rounding of both

2.11 Benefits to the government

Unlike benefits to staff, volunteers, and beneficiaries, the benefit of the CCSF to the government is mixed. As noted in the CCSF Impact Evaluation Report, the work of grantholders may both increase and decrease the need for public services, and hence the use of resources by government (see Box 2.3). This is because the relationship between the work of VCSE organisations and public services is dynamic and complex.

In Weisbrod's classic three sector model, VCSE organisations provide services and meet needs that neither the private nor public sector meet (Weisbrod, 1986). But many VCSE organisations also:

- Are commissioned by government to deliver public services.
- Identify unmet needs in the community and bring them to the attention of relevant public services.
- Prevent people's cases escalating to a level where they need to turn to public services.
- Advocate for improved services and often higher levels of public sector funding for the cause they address.

Disentangling the net effects of these impacts on the use and cost of public services is a difficult task under normal circumstances and the COVID-19 pandemic has been far from normal. Public services have been reduced and

some parts of the private sector—notably the hospitality sector—have been badly affected. Accordingly, unmet social, health and economic needs have increased and efforts by grantholders to help beneficiaries access public services to meet these needs may not have been possible. Indeed, one purpose of the CCSF programme was to help grantholders respond to increased needs due to the emergency nature of the pandemic and its impact on the availability of public services²⁴.

The responses to the grantholder survey and the qualitative research illustrate the complex relationship between CCSF funded activities and the use of public services. Table 2.8 shows how grantholder activities related to the use of public services among grantholders who said they helped beneficiaries access the healthcare and social care. They may be expected to report that their activities *supplement* public services. Many do, but the most common response was their services reduce or prevent the need for public services. This is consistent with the idea that VCSE organisations can help reduce the need for

Box 2.3: Economic value vs financial value

When estimating the value of the CCSF activities to government it is important to distinguish the **economic value** from the **financial value**. The economic value is the value created by an activity regardless of who pays for it; the financial value is taken from the perspective of who pays. When the value of a CCSF activity is counted as improving the lives of beneficiaries, the economic value has been captured and should not be counted again. For example, if a grantholder uses their CCSF grant to provide home help that would normally be provided by the local authority at the same cost, the economic value is captured by the improved wellbeing. Counting the costs avoided by the local authority as an additional economic value would be incorrect; it would imply one can create economic value just by changing who provides the service. Who provides and pays for the service is a financial issue.

The CCSF grants can create economic value for government by: (1) using fewer resources (providing services for less money) than would be used by the government, though the Efficiency analysis (Chapter 4) neither supports nor counts against that; and (2) by reducing or preventing the need for further use of public services downstream. The estimate below is based on this latter effect.

²⁴ Grantholders were made aware as part of their Terms and Conditions that funding should not be used to cover what should be statutory provision and to substitute for where public services should be provided. Due to the emergency nature of the pandemic, some grantholders reported their activities may have taken the place of public services, this is likely to be due to the emergency nature of the pandemic.

downstream services, even while increasing access to public services, by addressing a need before it becomes acute and costly to address.

Table 2.8: Relationship between activities undertaken by grantholders to help beneficiaries increase access to health and social care, and the use of public services.

	Number of GHs who report they have helped beneficiaries access healthcare services (GHS who received standard and large grants) ²⁵	Number of GHs who report they have helped beneficiaries access social care services (GHS who received standard and large grants)
Activities took the place of public services that beneficiaries could not access or receive	36%	37%
Activities helped reduce or prevent the need for public services by beneficiaries	69%	70%
Activities supplemented the use of public services by beneficiaries	66%	65%
Activities were not related to use of public services by beneficiaries	19%	19%
Don't know	2%	2%
Base: All CCSF grantholders provide access to health and / or social care	2,239	2,088

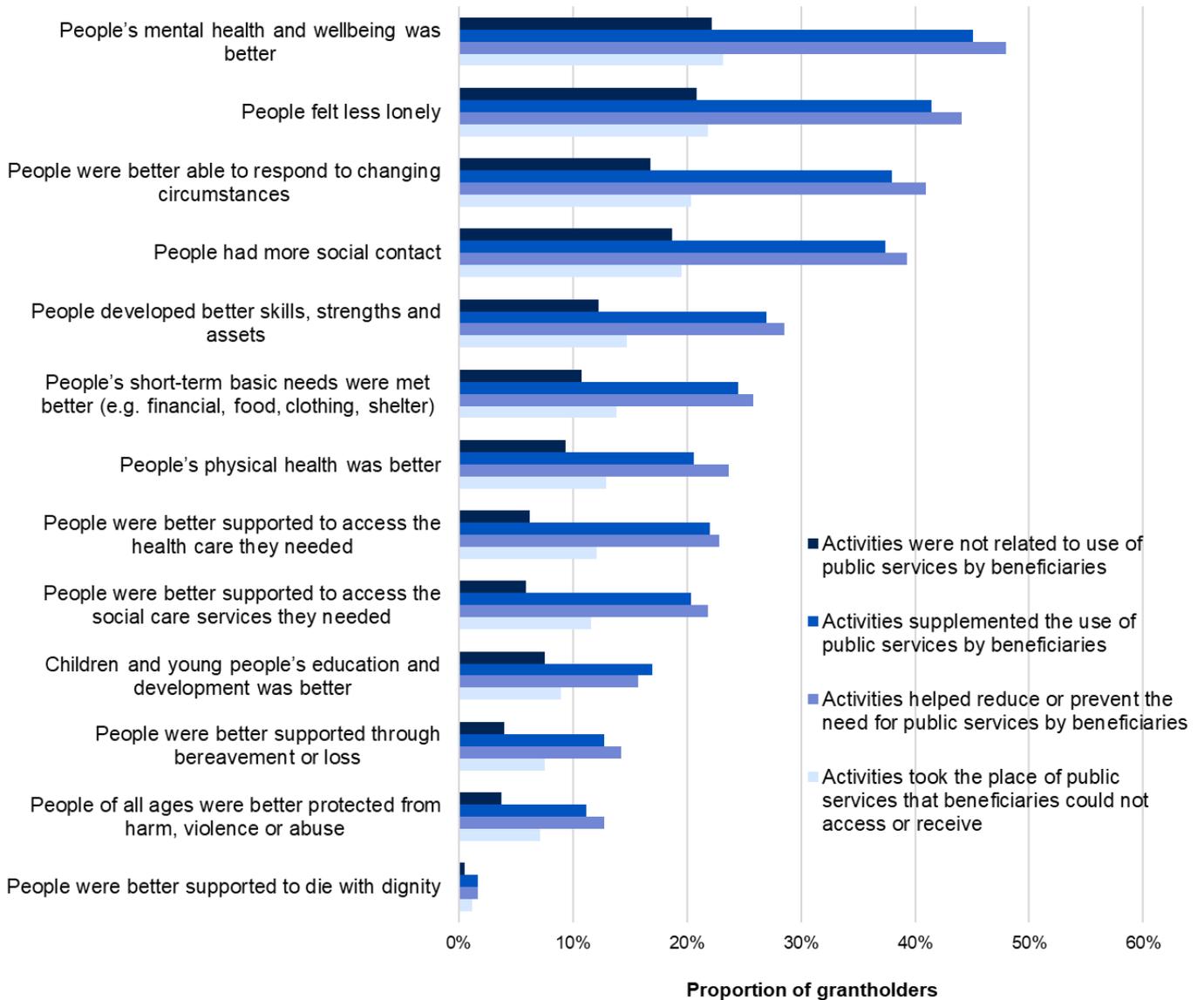
Source: Ipsos MORI Grantholder Survey.

It is difficult to collect robust evidence about preventative savings like this. While there are individual examples of this in the secondary literature, applying the results of individual cases to all grantees carries a significant risk of misstating the relationship between the CCSF grantees and public services. The central concern is that our estimates of beneficiary outcomes are already very tentative and making further estimates about the knock-on effect of outcomes on public services risks being too speculative and not credible.

Figure 2.1 shows how grantholder answers to this question are overlaid with their answers as to which beneficiary outcomes they reported. Regardless of the outcome, grantholders most frequently report that their activities prevent or reduce the need for public services or supplement public services. However, the responses are complex. Across the whole survey sample, approximately 10% of respondents reported that their activities were **both** unrelated to the use of public services **and** are related to use of public services in one or more of the other ways. This may result from misunderstanding the question or that grantholders provided multiple activities with the CCSF grant, some of which were related to public services while others were not.

²⁵ Note: This was a 'multi-code question' i.e. respondents could select more than one response.

Figure 2.1: Relationship between how grantholder services relate to use of public services by the different outcomes that grantholders report achieving



Another way to highlight the range of ways in which grantholders interacted with public services is to use the words of some grantholders who were interviewed for this study.

“ They couldn't get hold of the Jobcentre. They were saying, 'I've tried the Jobcentre, so I thought I'd come to you.' Or, 'I can't get any word out of the Jobcentre.' The Jobcentre weren't being very honest towards the people who didn't need a lot of support. They were leaving them to it. That's the reality of the situation they were in, I guess.

Grantholder ”

“ Obviously, it varies massively depending on everybody's circumstances, but we have managed to make a lot of referrals into early health and social services. We've had adults phone in and contact the Child and Adolescent Mental Health Services (CAMHS) in their area to make referrals in their behalf.

Grantholder ”



We do offer culturally specific or culturally sensitive mental health support and that is not very common or actually even delivered in the NHS. So, while we did not substitute to some extent, we provided a service that was needed most by those who needed it most that was appropriate to them because of the CCSF fund.

Grantholder



We take a lot of pressure off social care without a doubt. We make referrals regularly to social care, but we also work with families. As soon as we have a concern that may not reach the threshold for a social care referral, we will try and put more support in for those families, particularly, with family support, so that they don't reach that point where they need social care involvement.

Grantholder



The literature reviews in Annex C also describe how the reduction in public services during the pandemic had affected people.

Based on both sources of evidence it is reasonable to assume that by directing people to the right place to access public services, grantholders both benefited people and saved time / cost for public services, for example in triaging and connecting them to the right support (although because of constraints on the public sector during the pandemic, this does not mean that those services would actually have been received by beneficiaries). It is also plausible that some grantholder services did take the place of public services (as illustrated by the quotes above).

To bring this together and simplify the complex relationship between grantholder activities and the use of public services, we estimated the net change in use of public services by finding the difference between:

- the estimated **reduction** in use of public services based on the number of beneficiaries supported by grantholders who stated their activities reduced or prevented the need for public services; and
- the estimated **increased** use of public services based on the number of grantholders who report they increased access to health and social care services for their beneficiaries (which is entirely appropriate if this was the goal of the VCSE service, and we can presume people benefited from that public service).

This provides an indicative estimate of likely change in the downstream use of public sector services from the CCSF grant funding (see Table 2.9). The net change is a decrease in the use of public services because the reduction in use is greater than the increased used. However, this is not a very robust estimate of the net change as there are several simplifications, assumptions and caveats:

- It assumes the average cost of instances of public services that increase are the same as the average cost of the instances of public services that decrease.
- We do not know the exact nature and hence cost of the services that grantholders both help beneficiaries access and also help avoid. In Table 2.9 we use three examples, one relatively low cost, one relatively high cost, and one in the middle, to estimate possible financial impacts on public services.

- Grantholder support only leads to increased or decreased use of public services if there is not excess demand for public services, which there has been during much of the grant period as described in the appendices. When there is excess demand the effect of signposting activities etc. by grantholders will mainly affect queuing and who receives the services when, rather than on the level and costs of services provided. Similarly, when there is excess demand, helping prevent the need for public services will reduce the waiting period rather than reduce the level of public services provided. Grantholder activities such as signposting etc. may still be appropriate and useful for beneficiaries and may provide some efficiencies in terms of triage and helping beneficiaries connect with the appropriate services. But the net effect on the level and cost of services provided by public services is unlikely to be large during periods of excess demand.

Bearing these reservations in mind, Table 2.9 shows we estimate the potential benefit of the CCSF grants is to reduce the level of public services by approximately 98,000 cases which reduces the cost of public services by between £2.2 million and £17 million, with a best estimate of £10.9 million. This is based on low, medium, and high cost values for different types of public service use prevented (described in the final row). The three specific values were selected on the following basis:

- They illustrate the low, medium, and high end of the cost spectrum.
- They are public services for which a community alternative is plausible (e.g., we exclude medical treatments).
- The sources are reliable.

Table 2.9: Estimate of change in use of public services by grantholder beneficiaries

	Activities helped reduce or prevent the need for public services by beneficiaries	People were better supported to access health and / or social care they needed	Net change in number of beneficiaries using public services (2 nd column minus 1 st)
Est. number of grantholders	4,300	3,400	Not applicable
Est. number of beneficiaries with a positive outcome	2,233,100	2,118,200	(114,900)
Reduction by 15% to account for optimism bias	1,898,100	1,800,500	(97,600)
	Low	Medium	High
Est. change in beneficiaries using public services	(97,600)		
Additionality (1-BAU)	58%	62.5%	64%
Cost of public service per beneficiary	£39	£178	£288
Savings from reduced use of public services	-£2,208,000	-£10,859,000	-£17,991,000
Public service (i.e., how we have defined cost of public service per beneficiary)	Unit cost of GP consultation ²⁶	Unit cost of brief advice in primary care to encourage physical activity ²⁷	Unit cost of outpatient appointment at Children and Adolescent Mental Health Services ²⁸

Source: Ipsos MORI Grantholder Survey; see footnotes for sources on unit costs.

The numbers are estimated after extrapolating from survey results to account for non-respondents. The number of grantholders is rounded to the nearest ten, the number of beneficiaries is rounded to the nearest hundred, and savings are rounded to the nearest thousand. Accordingly, the results may differ slightly from the calculations of the numbers presented.

²⁶ Source: Curtis et al (2020)

²⁷ Source: Anokye et al (2014)

²⁸ Source: Curtis et al (Ibid)

2.12 Comparison of costs and benefits

Table 2.10 below summarises and compares the costs and benefits of the CCSF. The best estimate of the ratio between the benefits and costs respectively of the CCSF is:

- 1.86 (216.1: 402) when only considering the costs of CCSF.
- 1.38 (291.1: 402) when considering all funding in the costs.

The first ratio means that for every pound value of resources used for CCSF grant-funded services (but excluding sources of funding besides CCSF), the benefits to the four groups of stakeholders when added together equal £1.86. Similarly, the second ratio means for every pound value of resources provided by all funders on the grantholder services, the sum of the benefits was £1.38. Generally, a programme is considered value for money if the ratio is greater than 1.

An important caveat to the ratio of 1.86 is that it assumes the impacts captured by the grantholder answers to the survey do not depend on the non-CCSF funding. If the other funding also supported these impacts, this ratio overestimates the benefits of the CCSF. We are unsure if this is the case as the survey question asked respondents to think specifically about the difference the CCSF grant made. However, unpicking the outcomes that directly result from different sources of funding can be challenging.

There is also a wide range in these estimated ratios when the uncertainty is included. The uncertainty arises because we have had to use judgement and estimates in the absence of rigorous data either from the grantholder survey or secondary data. We provide low, medium, and high estimates for each piece of data that was not rigorous. The low end of the range comes from using all the lowest estimates in all the calculations; the high end of the range comes from using the highest estimates. Accordingly, the lowest and highest estimates are possible, but very unlikely. The best, or most likely, estimate is the middle estimate. The range should be interpreted as the lowest and highest cost or value that we consider plausible, while the central estimate (and ratios presented) above is our best estimate. The reader should always remember these figures are estimates and that 'real' figure cannot be stated definitively.

Economic analyses like this would be stronger if there was more robust evidence of the impact of VCSE organisations. As we note elsewhere (see Chapter 5), the sector struggles to produce robust evidence because of difficult methodological challenges, the costs involved in collecting data, and the difficulty in attracting funding for evaluation and research.

The resulting range around the cost-benefit ratio above is between:

- **0.37 and 4.46** when only considering funding from CCSF.
- **0.27 and 3.42** when considering all sources of funding in the costs.

It is important to bear in mind that:

- Including all sources of funding may overestimate costs (and underestimate the benefit to cost ratio), as noted in Section 1.3.
- There are some benefits to beneficiaries that we have not tried to capture in monetary values.

- We also did not seek to assess the value of avoiding long-term damage to the VCSE sector due to the pandemic and longer-term effects for beneficiaries. Such effects may be as or more important than the short-term impacts.
- This type of cost-benefit analysis is not the only perspective to consider when looking at the value of the CCSF. The programme provided emergency funding to help organisations, individuals, and communities address a crisis. The tools of cost-benefit analysis are not the only way of assessing the value of the CCSF programme.

Table 2.10: Summary of costs and estimated benefits of CCSF

	Costs and Benefits (£ millions)		
	Low	Medium	High
Costs (by resource)			
CCSF grants	186.5		
Costs provided by other sources of funding	75		
Cost of volunteer time	4.6	29.6	59.2
Total Costs (excl. other sources of funding)	191.1	216.1	245.7
Total Costs (incl. other sources of funding)	266.1	291.1	320.7
Benefits (by stakeholder)			
Grantholder staff	7.3	18.6	30.1
Volunteers	3.7	35.0	90.3
Beneficiaries	58.1	337.5	958.6
Government	2.2	10.9	18
Total Benefits	71.3	402.0	1097
Benefits to Costs (excl. other sources of funding)	0.37	1.86	4.46
Benefits to Costs (incl. other sources of funding)	0.27	1.38	3.42

2.13 Conclusion

CCSF grants were not the only resource used to support CCSF-funded projects: grantholders also had help from volunteers and some other sources of funding. While volunteers have zero cost from the perspective of the grantholder, from a societal perspective there is cost, as volunteers could, in theory, be producing benefits in other ways. Therefore, our best estimate is the costs of the CCSF-funded projects were made up of:

- The CCSF grants of £186.5 million.
- Between £4.6 million and £59.2 million (best estimate of £29.1 million) for the cost of volunteers.
- Up to £75 million in funding from other funders.

These lead to a best estimate of a cost of £291 million—or £216 if the £75 million in other funding is excluded—but costs could be between £191 million and £321 million (see Table 2.10).

Turning to benefits, we identified four groups of stakeholders who benefitted from CCSF grants:

- **Grantholder staff** benefitted from continuing to be employed. If they had lost their jobs, they would have lost their salary, but from a societal perspective this loss would have been exactly offset by the savings to donors and funders from not paying salaries. But what would have been lost and not offset would be the non-pecuniary value to staff of working in the VCSE sector—the value of working over and above their salary. We estimated the value of this to be between £7.3 million and £30.1 million, with a best estimate of £18.6 million.
- **Volunteers** benefitted from increased wellbeing through volunteering, which is well-documented. We estimated the value of this between £3.7 million - £90.3 million with a best estimate of £33m.
- **Beneficiaries of grantholders benefitted from the services they received.** Estimating this value was challenging because of the diversity of grantholders' projects. We combined views of grantholders about who benefitted from their services and how, a review of secondary research, and, where needed, our own judgment and experience. We estimate the value to beneficiaries between £58.1 million and £1,097 million, with a best estimate of £337.5 million.
- **Government** benefited by grantholders helped preventing future need for future public services. This has been very difficult to estimate; while we know that the pandemic put strain on public services, we cannot be sure what would have happened without grantholder services. Using grantholder estimates of their effect on public services—especially health and social care—we estimated the value of downstream savings to government of between £2.2 million and £18 million, with a best estimate of £10.9 million.

Across these four groups of stakeholders our best estimate sums to £402 million.

When costs and benefits are combined in a ratio, our best estimate is the ratio falls between 1.38 and 1.86 (see Table 2.10). But taking into account the uncertainty and ranges, we estimate the benefit: cost ratio will fall between:

- 0.37 and 4.46 when only considering the costs of CCSF
- 0.27 and 3.42 when considering all funding in the costs.

While we believe the extremes are unlikely, this broad range reflects the high degree of uncertainty in the best estimate.

Much of this uncertainty lies in the estimate of how much of an impact grantholders made to the lives of their beneficiaries. The most robust research says VCSE impacts (or “effect sizes” in the language of evaluation) are, on average, modest. However, the pandemic and corresponding temporary cuts in public services may have made the VCSE sector more important to beneficiaries than under normal conditions when such research was undertaken. Hence our broad ranges for estimates of the impact of the grantholders on beneficiaries reflect this uncertainty.

Uncertainty can mean either under or over-estimating the costs and benefits. In some cases, we have deliberately taken a conservative approach to estimating the costs and benefits. These are:

- Using a relatively high estimate of the value of volunteer costs.
- Excluding benefits that are difficult to measure, namely:

- The value of helping people cope with bereavement, die with dignity, develop skills, assets, and capabilities, and adapt to changing circumstances.
- Aside from education, the value of CCSF grants beyond the six-month grant period. This includes not estimating how far the CCSF prevented long damage on the VCSE sector due to the pandemic, which may be significant.
- Wider benefits for communities beyond immediate beneficiaries.

In conclusion, given our generally conservative approach, our answer to the question “did the CCSF represent value for money?” is — when comparing the benefits vs. the costs — a tentative yes.

3. Economy

Key findings

- Economy is one of the six main approaches economists use to assess VfM and one of the three approaches that we are using in this report. In short, assessing economy involves determining whether more was spent on the CCSF grant programme than was needed.
- In assessing the economy of the CCSF it is important to bear in mind the CCSF was launched in the unique context of high uncertainty and unprecedented challenge, and its goals were distinct to 2020 (to keep VCSE organisations operating while helping them to adjust and increase services in response to needs created by the pandemic). The unprecedented nature of this situation is a problem for assessing economy objectively - because we have no information about alternative approaches that might have been used to achieve the same goals (we need some kind of benchmark and here there is none). As such the assessment of economy is a matter of judgement.
- This chapter presents information to inform that judgement:
 - We describe the cost of the CCSF and how grants were distributed, as well as estimated saving to government of £7 million from un-furloughing staff and preventing furloughs.
 - We summarise what the CCSF achieved.
 - We describe the distribution of the grants.
 - We refer to findings from the CCSF Impact Evaluation Report and the qualitative interviews.
 - We conclude by asserting that there is no evidence to suggest expenditure on the CCSF was excessive and thus the programme was economical, but also that it is not possible to make a more refined judgement on the economy of CCSF.
 - This conclusion is tentative because of the absence of a good comparator.

3.1 Introduction

The government has a responsibility to use taxpayers' money wisely and make purchases at a reasonable cost. This is what is meant by economy: spending no more than is needed. The difficulty is that it was far from clear what was needed during the pandemic to meet the combined aims of helping the VCSE sector to keep operating while adjusting and increasing services to meet growing and changing needs, as well as keeping staff, volunteers, and beneficiaries safe.

Hence there is no objective or definitive assessment of whether the CCSF grants were economical in terms of minimizing the costs. Different stakeholders may make different judgements on this. To help inform these judgements, this section describes some of the key economic features of the grant funding and provides an estimate of the net cost of the CCSF programme after accounting for savings from not

having to pay furlough. The CCSF programme enabled grantholder staff and volunteers to respond to increased demand rather than be furloughed at precisely the time when they were most needed.

It is also useful to keep in mind some of the main outputs and outcomes from some of the other strands of the evaluation.

- **Reaching beneficiaries:** We estimate that up to 6.58 million people²⁹ were reached in some way by projects at least part funded by the CCSF.
- **Responding to increased demand from existing beneficiaries:** Out of 8,171 grantholders, 44% reported using the CCSF grant to respond to an increase in demand caused by the pandemic, while 46% said the CCSF helped them increase their capacity to do more of what they were already doing.
- **Reaching new beneficiaries:** 56% of grantholders reported that the CCSF grant enabled them to do activities which would reach new beneficiaries; and 84% of grantholders supported new beneficiaries that they had not worked with before with the grant funding.
- **Helping grantholders adapt their services:** In our qualitative research, grantholders described the various ways that the CCSF had supported them to change their delivery models, specifically moving to online/virtual delivery or continue face-to-face delivery and helped them reach beneficiaries they may not have otherwise reached. Some grantholders began supporting different types of beneficiaries to reflect changes in need within their community, such as by delivering food or other parcels.
- **Engaging volunteers.** An estimated 183,200³⁰ volunteers were involved with activities funded through the CCSF, with an estimated 47,200³¹ of these (just over a quarter) being new volunteers that grantholders had not worked with previously. Grantholders reported changes in the volume and profile of volunteers they worked with during the pandemic. Some were unable to work with their usual volunteers due to them being older and / or vulnerable and therefore having to shield. At the same time, many experienced a high volume of enquiries about volunteering opportunities including from those who were on furlough.
- **Employing staff.** We estimate that the CCSF helped grantholders to return or avoid c.6.000 staff from being furloughed. Grantholders also used the CCSF funding to cover core costs, including staff salaries. There were several examples of where this had prevented them from having to put key team members on furlough or losing them altogether (e.g. if they were not eligible for furlough). On average, grantholders increased staff hours by a median of 16 hours per week (totalling an estimated 10,200 additional hours per week) and recruited a median of one new staff member (totalling an estimated 4,240 new staff members).
- **Provide training to new and existing staff:** This included training in online delivery, safeguarding, inclusion, mental health awareness and health and safety issues specific to the pandemic (e.g. the use of PPE).

²⁹ Please note that this figure is likely to include some double counting of individual beneficiaries that were supported by more than one of the grantholders.

³⁰ Please note that this figure may include some double counting, as it is based on an extrapolation of the findings reported by individual organisations in the grantholder survey, and volunteers may have worked with more than one grantholder.

³¹ This figure may also include double counting for the same reasons as noted above.

- **Avoid closing services:** One of the two objectives was to reduce temporary closures of essential VCSE organisations. Very few grantholders ended up closing their services. According to Charity Commission data only 8 charities out of 5,479 charity grantholders deregistered during the grant period (although charity de-registrations are generally rare, and at present we have no way of knowing how this compares to the average across the sector). Similarly, looking at the register of businesses maintained by Companies House, 72 (1.5%) out of 4,667 companies that received CCSF grants either left the register or have a current proposal to strike off compared to 2.8% of companies who applied to the CCSF but were unsuccessful.

3.2 Calculating the net cost of the CCSF

The combined aims of the CCSF grant were to help the VCSE sector operating while adjusting and increasing services to meet growing and changing needs, as well as keeping staff, volunteers, and beneficiaries safe. One other benefit was that the £186.5 million direct cost to the Exchequer (plus £12.5 million in administration fees) was offset by avoiding the cost of furloughing grantholder staff that would have been likely if not for the CCSF grants. Enabling staff to continue working helped keep services operating and mitigated disruption and cost of having to stop services and then restart when funding allowed.

In the survey, 1,267 grantholders reported they used the grant to bring back a total of 5,101 staff who had been furloughed or to prevent furloughing them in the first place (see Table 3.1). This averages approximately four staff per grantholder who reported that the CCSF affected their use of the furlough scheme (5,101/1,267). After extrapolating the responses to account for non-respondents, an estimated 6,210 (5,101 x 1.218) staff would have been furloughed if not for the CCSF.

Table 3.1: Use of CCSF funding to bring back or prevent staff from furlough by grant type and organisation size

	All	Grant type				
		Simple	Standard			
Base: GS respondents who used the Furlough Scheme	2,731	1,338	1,393			
Used the CCSF funding to bring back or prevent staff from furlough	46% (1267)	36% (480)	56% (787)			
	All	Organisation size				
		Micro	Small	Medium	Large	Major/ Super Major
Base: GS respondents who used the Furlough Scheme	2,731	34*	630	1,512	440	67
Used the CCSF funding to bring back or prevent staff from furlough	46% (1267)	41% (14)	49% (310)	47% (718)	43% (191)	25% (17)
Number of staff brought back for furlough or prevented from furlough	5,101 (includes 65 where org. size is missing)	36	784	3,032	1,061	2

*Small base size (n<100)

Base: All CCSF grantholders who used the furlough scheme

Source: Ipsos MORI Grantholder Survey. Information on grant type and organisation size was taken from the GMS – the difference in base sizes is the result of missing information.

Grantholders who used the CCSF grant to bring staff back from furlough or avoid furlough collectively received £47.8 million in grants, extrapolated to an estimated £58.2 million. We estimate that £14.0 million of that was used for staff salaries, which we equate to bringing staff back from furlough or

avoiding furlough. This is based on The Fund's estimate, following a review of CCSF applications, that salaries comprise 24% of CCSF grants.

After accounting for BAU, we estimate the Exchequer avoided £7 million (between £6.5 and £7.1 million, see Table 3.2) in furlough costs. These savings are the most direct of the several economic and financial benefits of the CCSF discussed in this report. The direct costs to the Exchequer are £186.5 million in grants which leads to an estimated net direct cost to the Exchequer between £179.4 million and £180 million.

Table 3.2: Estimated savings to government from avoiding furloughs

	Low	Medium	High
Estimated number of staff brought back for furlough or prevented from furlough	5,101		
Value of CCSF grants for the 1,267 grantholders	£47,800,000		
Value of CCSF grants extrapolated to account for non-respondents	£58,200,000		
Estimated staff salaries as % of grant value	24%		
Estimated staff salaries of cohort of grantholders	£14,000,000		
Furlough costs avoided (@ 80% of salary)	£11,200,000		
Additionality of CCSF funded services (=1-BAU)	58%	62.5%	64%
	(100-42%)	(100-37.5%)	(100-36%)
Net Furlough costs avoided (@ 80% of salary)	£6,500,000	£7,000,000	£7,100,000

Base: All CCSF grantholders who used grant to bring staff back from furlough or prevent furloughs (1,267)

Source: Ipsos MORI Grantholder Survey.

3.3 Spending by grantholders to deliver services

The total value of the 8,171 CCSF grants made, and the cost to the UK Exchequer, was £186,478,120. The average value was £22,822 and the median value was £10,000.

As discussed in Section 2.2 above, we estimate the grantholders used between £186.5 million and £261.5 million (£186.5 million in grants + up to £75 million from other funding sources) to support the CCSF funded projects and generate the outputs and outcomes reported in the grantholder survey (see discussion on multiple sources of funding in Section 4 below). The grantholders also used volunteer resources valued at £30 million (see Table 2.10) but this was not a financial expenditure for grantholders (the volunteer time was "free" from their perspective) and so is excluded from the analysis of economy.

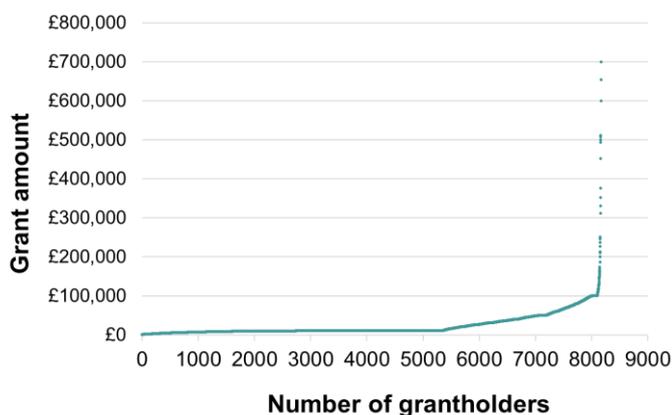
3.4 Size of grants³²

Of the 8,171 grants, 5,353 (66%) were £10,000 or less, with a combined value of £45.3 million; 2,749 (33%) were between £10,000 and £100,000 with a combined value of £127.3 million; and 69 grants were above £100,000, with a combined value of £13.9 million (see Figure 3.1)³³.

Grants were made to a wide range of organisations. Approximately half of them (3,816) had annual income less than £100,000, while only 785 had annual incomes greater than £1,000,000 (see Figure 3.2)³⁴.

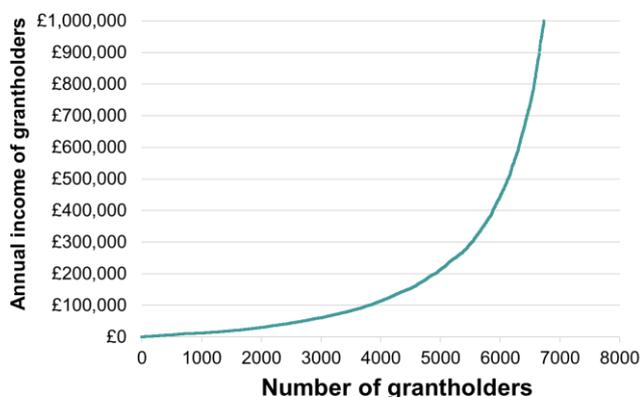
Figure 3.3 compares grant size to organisational income using grantholders original application data. The grant was less than 25% of income for most (4,272) grantholders. Yet for 817 grantholders the grant exceeded their annual income, although for many of these their annual income was very small.

Figure 3.1: Distribution of the size of CCSF grants



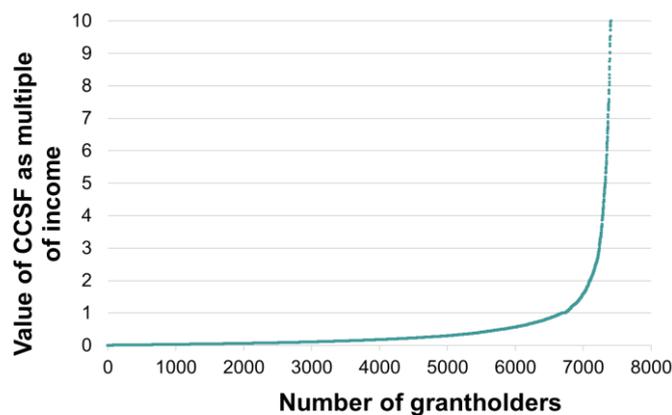
Base: 8,171 grantholders

Figure 3.2: Distribution of annual incomes of CCSF grantholders



Base: 7,523 grantholders (785 outliers not shown)

Figure 3.3: Distribution of value of CCSF as multiple of grantholder income



Base: 7,523 grantholders (785 outliers not shown)

³² Data in this section were taken from The Fund’s Grant Management System rather than the survey. As such extrapolation for non-response is not needed.

³³ Note the CCSF Impact Report states 8,171 grantees, Information on grant type and organisation size was taken from the Grant Management system – the slight difference in base sizes is the result of missing information

³⁴ Source: The Fund’s Grant Management system. Information on grant type and organisation size was taken from the GMS – the difference in base sizes is the result of missing information

3.5 Conclusion

We found no evidence to suggest the level of funding was excessive and thus the programme was economical. The following collectively suggest expenditure was reasonable.

- The net direct cost of £186.5 million is offset by estimated savings to the Exchequer of c. £7 million from not having to pay furlough, which leads to an estimated net direct cost to the Exchequer of c. £180 million.
- The qualitative research included interviews with many small organisations who were doing a lot to meet the needs of their beneficiaries with very little at a time when the level of need in the community was high while public services were strained and reduced in response to the pandemic.
- Most grants were small and made to small organisations; two-thirds of the grants were £10,000 or less; approximately half of the grantholders had annual incomes less than £100,000; and 99% of grantholders had annual income less than £1,000,000. Small grants and small organisations are not necessarily more economical than large ones; economies of scale suggest otherwise. But the distribution of grants combined with the qualitative research present a picture of mostly small organisations facing both practical and financial challenges trying to get the most out of their grants. There was little room for excessive expenditures by grantholders.
- The CCSF Impact Evaluation Report found that the CCSF helped organisations who provided support for individuals and communities who have been disproportionately affected by COVID-19 and contributed to the financial health, capacity and capability of some organisations.

However, there is not an objective benchmark against which to assess the economy of CCSF so the conclusion that the CCSF grant funding was economical is tentative.

4. Efficiency

Key findings

- Assessing the efficiency of the CCSF grant programme involves assessing how the costs of activities and outputs funded by CCSF compare to similar activities and outputs funded at other times and in different circumstances. This assessment is complicated by:
 - The multiple uses of CCSF grants. This makes it difficult to estimate whether the grants were an efficient way to produce specific outputs or support specific activities.
 - The diversity of the grantholders in size and type of service. Grouping activities and outputs carries the risk of comparing apples and oranges.
 - The unusual nature of the grant period. We would expect costs to be higher during the pandemic than during other times.
- The chapter explores:
 - The range of costs per beneficiary reported by grantholders
 - Estimates of costs for different activities, and
 - Estimated costs (mean and median) for the three outputs of the CCSF: bringing staff back from furlough, recruiting new staff and recruiting volunteers.
- Together these results suggest that the CCSF grants were used reasonably efficiently to conduct activities and obtain key outputs, in spite of the difficult circumstances facing grantholders.
- Confidence in this conclusion comes from the fact that the cost and output data were collected directly from the grantholders, and the sources of the costs of similar services were robust. Confidence is weakened as we are not entirely sure how similar the services provided by the grantholders are to the comparators. Hence, on balance we have a moderate level of confidence in this conclusion.

4.1 Introduction

Efficiency compares the ratio of inputs to outputs produced.

- For this assessment, inputs are the value of CCSF grants and the additional funding received by grantholders as described above in Table 2.1. The analyses and figures below show both, i.e., including and excluding this additional funding in the value of inputs.
- Outputs, as described in the CCSF logic model, are activities delivered, staff maintained or unfurloughed, new staff hired, and new volunteers recruited and deployed.

We refer to the ratios between inputs and outputs as cost per output, though more accurately we calculate CCSF grant per output, because for each grantholder we simply divide the value of the grant by the number of outputs.

A key challenge is that grantholders used the grants for various activities and outputs rather than exclusively for one. We refer to this as the joint costs problem. Specifically, it is not possible to calculate the cost per beneficiary for a given activity if a grantholder used their grant to fund multiple activities. Similarly, a grantholder that used a grant of £10,000 to hire 1 staff member and 2 volunteers might be assessed as having a cost per staff of £10,000 and a cost per volunteer of £5,000 (£10,000 divided by 2). This would overestimate the true cost.

To avoid the joint cost problem when assessing costs of activities delivered, we identified a subgroup of grantholders who said in the survey that they only delivered one of the following activities:³⁵

- Information, advice, and signposting to other support (often referred to as 'Information, Advice, and Guidance' or IAG)
- Personal and care services, such as mentoring, counselling, psychological therapy, self-help groups, health provision, medical care, and bereavement support
- Material and welfare support, such as support packages, household items, food, and emergency accommodation
- Social connections, such as community support networks, community activities and events, community forums, peer groups and befriending
- Activities and support for education and learning, such as support with home learning and educational materials.

This helped us provide a somewhat clearer estimate of outputs per grant awarded. For comparison we also show values and outputs for all other grantholders (i.e. grantholders who said they provided more than one activity).

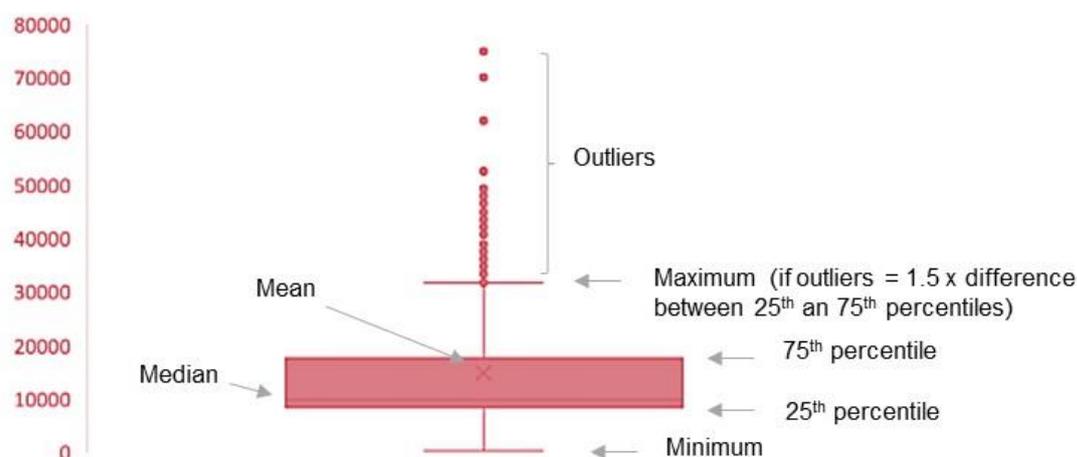
To get around the joint cost problem when assessing costs of the three outputs (staff maintained or un-furloughed, new staff hired, and new volunteers recruited and deployed), we used multiple regression analysis to compare the CCSF grant value with these three outputs at the same time.

Accordingly, this section provides:

- Cost per beneficiary for each of the five activities above
- Cost for the three outputs above (i.e., staff members who have been un-furloughed or avoided being furloughed, additional staff hired, new volunteer recruited) when analysed together

In Annex A3, we provide additional detail on the cost for the same three outputs when considered separately, to show the range of costs per output.

³⁵ These were the categories grantholders were asked to select as most applicable to their services in the grantholder survey)

Figure 4.1: Example Box and Whisker Plot

The costs are compared to other sources of cost data to assess the comparative efficiency of CCSF funds. The results are shown in tables and as box and whisker plots (see Figure 4.1 for how to read a box and whisker plot).

4.2 Cost per beneficiary

On a per beneficiary basis, there is a wide range of spending by the CCSF grantholders. As shown in last column in Table 4.1, half of the 6,587 grantholders³⁶ who provided more than one activity spent between £33 and £244 of their CCSF grant per beneficiary (column 8). This range increases to between £43 and £309 if other funds are included in the spending (the number of beneficiaries does not change).

The range varies by the type of activity provided as shown in Table 4.1 and Figures 4.2 and 4.3. These show the distribution of costs for the 1,394 grantholders who only provided one activity. Unsurprisingly, the least amount was spent per beneficiary on material support and providing information, advice and signposting, while the most was spent on personal care. Outliers, where per beneficiary spending exceeded £1,000, are a small fraction of grantholders. One quarter of all grantholders spent less than £33 per beneficiary.

The large number of grantholders that provide more than one activity are in the “middle of the pack” when it comes to the distribution of per beneficiary costs. For example, the mean of £235 per beneficiary is much lower than the mean for grantholders that only provide personal care or education and learning, but higher than the mean of per beneficiary cost of grantholders that provide material support and information, advice and signposting. This is to be expected, as higher cost activities will be mixed in with lower cost activities. It is not possible to tell from this data alone whether specializing leads to higher or lower costs. That would require further analysis.

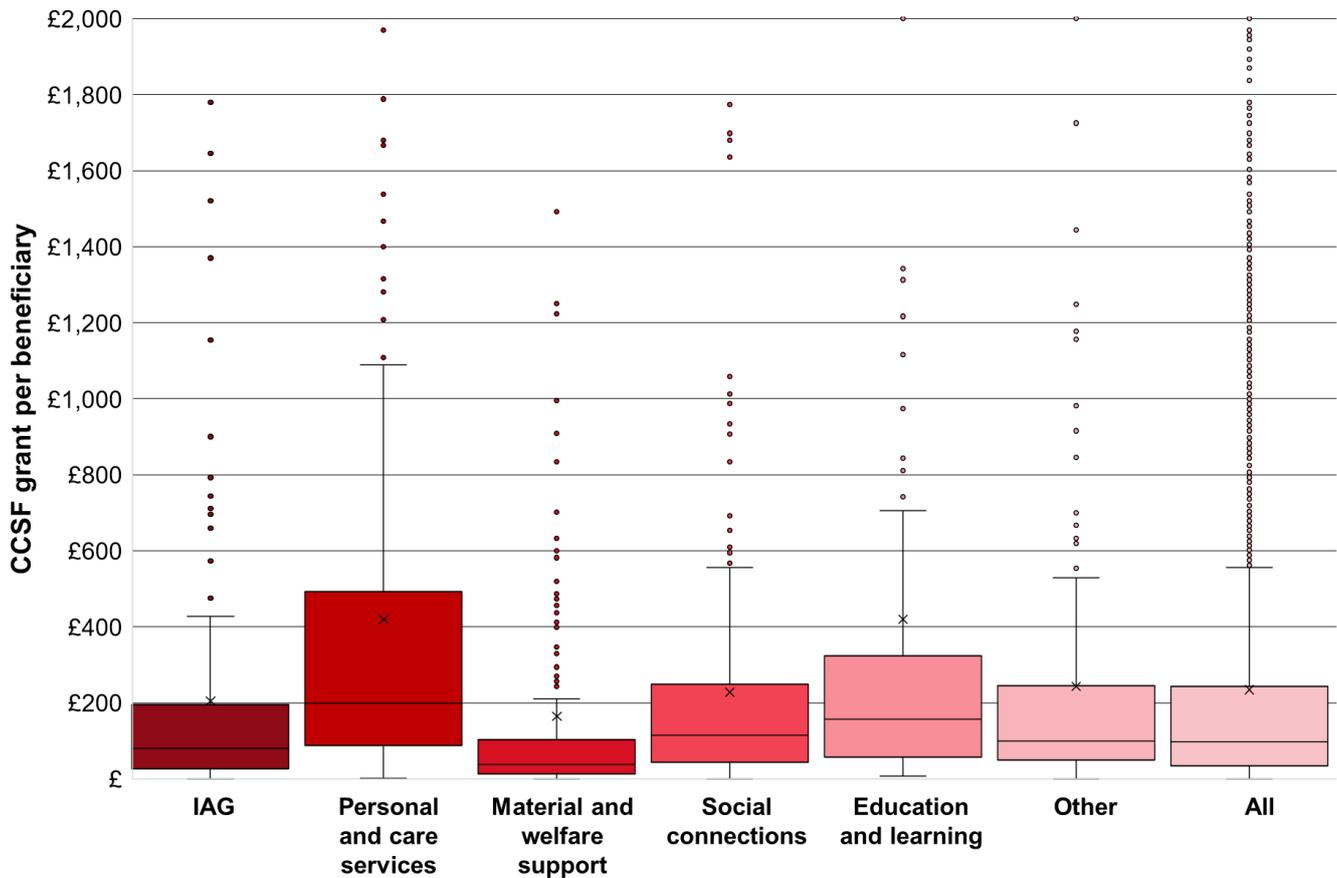
³⁶ Unlike other sections, the number of grantholders noted in this chapter are based only on the survey results and not extrapolated to account for non-respondents. This is because the findings are on a per beneficiary basis or are averages. Extrapolating the survey results would mean multiplying both the numerators and denominators by the same amount and they would cancel each other out. Such extrapolation would therefore be an unnecessary step.

Table 4.1: Costs per beneficiary for grantholders that undertook only one activity compared to all grantholders

	Information, Advice, and Signposting	Personal Care	Material Support	Social Connections	Education & learning	Other	All Grantholders
No. of GHs	159	298	323	296	154	164	6,587
CCSF grant only							
Mean	£205	£420	£165	£228	£420	£244	£235
Median	£80	£200	£38	£114	£157	£100	£98
25 th percentile	£27	£89	£13	£44	£57	£49	£33
75 th percentile	£196	£493	£103	£249	£324	£245	£244
Including all sources of funding							
Mean	£249	£614	£256	£282	£490	£292	£318
Median	£95	£257	£55	£134	£167	£117	£122
25 th percentile	£35	£120	£17	£55	£66	£59	£43
75 th percentile	£250	£629	£158	£297	£414	£328	£309

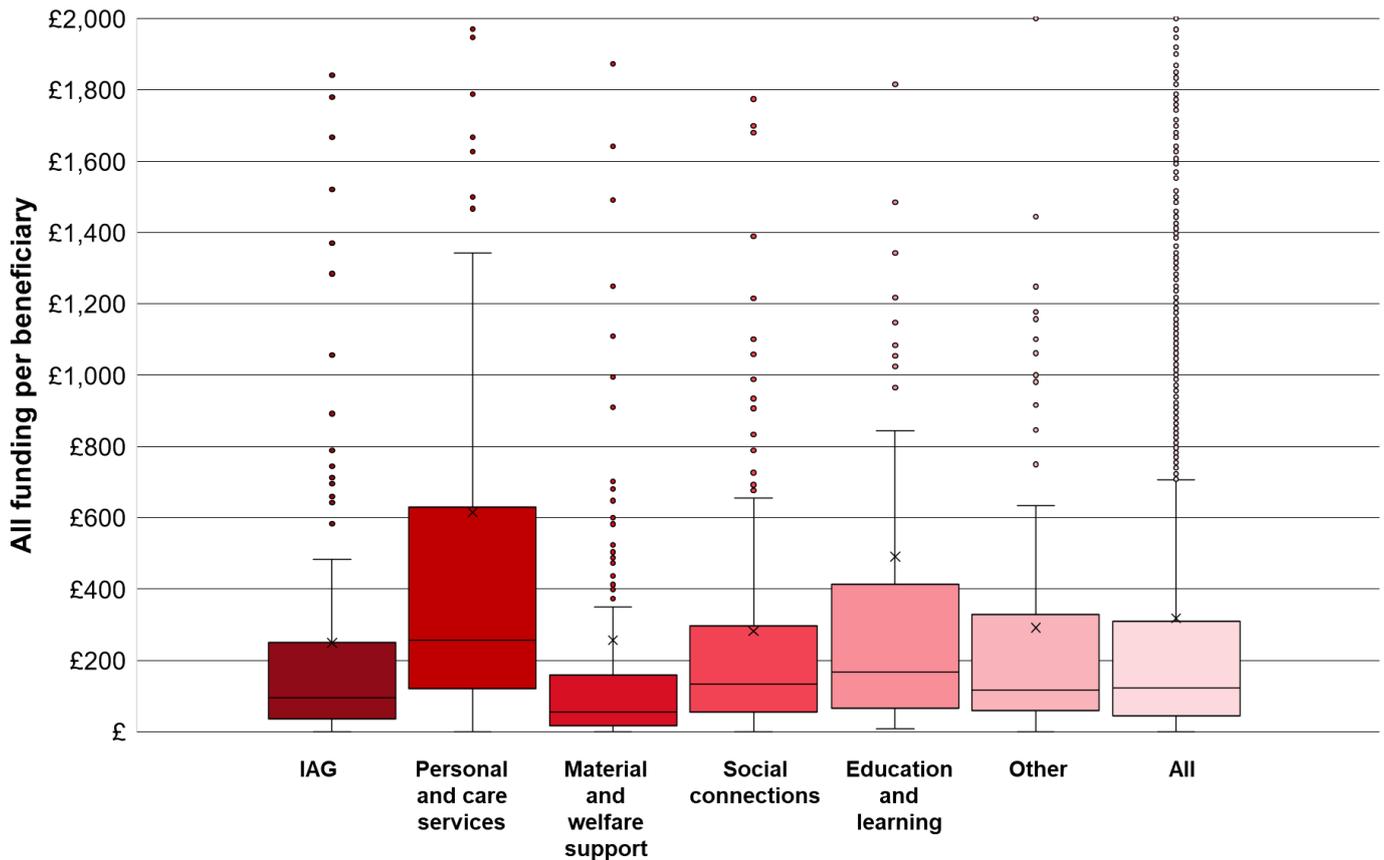
Base: Grantholders who reported they provided one or more activity in the grantholder survey (6,587)
 Source: Ipsos MORI Grantholder Survey. Information on grant amount taken from the GMS.

Figure 4.2: Cost (CCSF grants only) per beneficiary by activity



Base: Grantholders who undertook only one activity (1,394)
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

Figure 4.3: Cost (all sources of funding) per beneficiary by activity



Base: Grantholders who undertook only one activity (1,394); 34 outliers greater than £2,000 not shown
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS.

When considered at the level of the CCSF programme as a whole, spending per beneficiary, both including and excluding other sources of funding besides the CCSF grants, seems on par with costs per beneficiary for similar types of services. Table 4.2 provides a selection of unit costs for services similar to those provided by some CCSF grantees and provides a sense of the wide range of costs of services. These are from publicly available sources and preference was given to authoritative sources (such as PSSRU) and academic journals, but the research was not exhaustive. Comparators that are shaded are usually provided by the public sector rather than VCSE organisations and are included as a further point of comparison.

However, there are some limitations with this comparison:

- First, the variation in spending per beneficiary is an expression of the diversity of services delivered using the CCSF grants. This diversity makes it difficult to assess accurately whether the funding was used efficiently. The portfolio was too broad to make definitive judgements.
- Secondly, assessing efficiency of grant spending using a per beneficiary measure may be misleading as some grants were used by the grantees to adapt to the pandemic rather than provide frontline services.
- Thirdly, these comparators were included because the figures are publicly available, rather than matched directly to the CCSF grantees. It is not clear how closely these comparators match to CCSF grantees.

Hence while this comparison suggests the CCSF grant funding was efficient, it is not possible to draw very confident conclusions because the CCSF was so unique.

Table 4.2: Unit costs for services comparable to those provided by CCSF grantholders

Service	Cost	Type of service	Source
IAG: for CCSF/all funding sources, mean = £205/£245 and median = £80/£93			
Average cost of providing an advocacy service for parents with learning disabilities (based on 95 hours)	£5,016	Learning disability support	PSSRU Unit Costs of Health and Social Care 2020
Cost of a homelessness prevention or housing options scheme that leads to successful prevention of homelessness	£747	Housing provision	GMCA Unit Cost Data Base 2.0
Cost per client of providing advice on through the homeowner mortgage support scheme (Shelter)	£300	Housing advice	Ahmed et al. (2010) Results and Recommendations: Outcomes of advice for struggling homeowners
Cost per carer receiving support through the START programme	£253	Support for carers of people with dementia	Bauer et al. (2019) A coping programme for family carers of people living with dementia: economic evidence
Unit cost of brief advice in primary care to encourage physical activity	£178	Patient information services	Anokye, et al. (2013) Is brief advice in primary care a cost-effective way to promote physical activity?
Cost per contact with older person	£52	Information and signposting for older people	Bauer, et al. (2019) Signposting and navigation services for older people: economic evidence
Average cost of an appointment at Jobcentre Plus	£11.15	Benefits Advice	DWP FOI 2017
Personal Care: for CCSF/all funding sources, mean = £420/£590 and median = £200/£248			
Cost per participant of universal provision of a workplace cognitive behavioural therapy (CBT) service (1000 employees)	£3,493	CBT	Commissioning Cost-Effective Services for Promotion of Mental Health and Wellbeing and Prevention of Mental Ill-Health (2017)
Cost per person for six months of telecare support*	£517	Telecare for older people	Tinelli et al. (2019) Telecare for older people: Economic evidence
Cost of practical home help for older people of the Help at Home Service for Older People for six months*	£425	Older people's practical support	Bauer et al. (2019) Help at home for older people: economic evidence
Cost per person of the 'Support at Home' hospital discharge scheme	£169	Support for those discharged from hospital	Knapp et al. (2019) British Red Cross 'Support at Home' hospital discharge scheme
Unit cost of providing an community contact NHS service for substance addiction	£121	Support for substance abuse	PSSRU Unit Costs of Health and Social Care 2020
Unit cost per client attendance (assumed 4.8 times per week)	£72	Local authority run day care for adults with learning disabilities	PSSRU Unit Costs of Health and Social Care 2020

Service	Cost	Type of service	Source
Unit cost per hour of counselling services in Primary Care	£57	Counselling for adults	PSSRU Unit Costs of Health and Social Care 2014
Material Support: for CCSF/all funding sources, mean = £165/£258 and median = £38/£50			
Cost per person for 6 months of long term supported accommodation	£12,030	Housing provision	PWC (2018) Crisis Assessing the costs and benefits of Crisis' plan to end homelessness
Weekly unit cost to local authority in England	£690	Local Authority Care Home Fees for Adults	Allan and Nizalova (2020) Care home markets in England: changes over time and impact of local authority expenditure on supply
Median total support cost per person of Housing First	£3,747	Housing provision	Pleace and Bretherton (2019) The Cost Effectiveness of Housing First in England
Cost per person per week of emergency accommodation in England	£190	Emergency accommodation	PWC (2018) Crisis Assessing the costs and benefits of Crisis' plan to end homelessness
Temporary accommodation – average weekly cost of housing a homeless household in hostel accommodation	£125	Preventing homelessness	GMCA Unit Cost Data Base 2.0
Cost of a food bank diet per week	£18.55	Cost of a food parcel	Furey, S., & Caraher, M. (2018, April).
Social Connection: for CCSF/all funding sources, mean = £228/£266 and median = £114/£129			
Cost of befriending for Home Service for Older People	£90	Older people's welfare advice	Bauer et al. (2019) Help at home for older people: economic evidence
Unit cost per client attendance at a local authority day service	£64	Local authority provision for adults with learning disabilities	PSSRU Unit Costs of Health and Social Care 2020
Education and learning: for CCSF/all funding sources, mean = £420/£556 and median = £157/£1172			
Cost of a course of individual cognitive behavioural therapy (CBT) for child trauma (and for depressed adolescents)	£1,606 (£2,061)	CBT for children	Dartington Investing in Children Website
Funding provision per week for alternative placements in education	£596	Behavioural problems among children and young people	FOI request, Devon County Council
Unit cost of community contact with a child and adolescent mental health service	£225	Child and adolescent mental health service	PSSRU Unit Costs of Health and Social Care 2020
Cost per participant in youth services for six months*	£157-£204	Youth Services	NPC (2021) Youth Investment Fund: Learning and Insight Paper Eight
Cost per participant in Triple P parenting programme	£138	Early years support for parents and their children	Dartington Investing in Children Website
Cost per child for six months of a school based emotional learning programme*	£78	Children's wellbeing and school readiness	GMCA Unit Cost Data Base 2.0

Box 4.1: The different ways to calculate cost per beneficiary and why they give us such different results

There are two different ways to calculate the average spend (or cost) per beneficiary of the CCSF.

From the perspective of the fund as a whole, we can simply divide the total cost of £186.5 million by the estimated number of beneficiaries (6.58m), which gives us an average spend / cost of £28 per beneficiary.

However, there was a very wide range of spend per beneficiary by grantholders. On one end of the spectrum, we found services like counselling and schools who provided comprehensive services to a small number of people over the whole of the grant period (meaning, as figure 4.2 shows, they sometimes spent up to £2,000 per beneficiary). While at the other end, we found services like libraries, information provision and helplines who reached a lot of people but with much less intense interventions. To illustrate this, three percent of CCSF grantholders served over half (53%) of all 6.58m beneficiaries at an average cost of just over £3 per beneficiary, and only 20 percent of grantholders had average costs per beneficiary of £28 or less.

Hence, our calculation in table 4.1 shows the alternative approach to calculating the average spend (or cost) per beneficiary of the CCSF, which is to take the perspective of the average grantholder. Here the effect of high volume / low intensity services are down-weighted because they are not typical of all grantholders. What we find is that amongst the wide range of spend by grantholders, the mean spend was £235 per beneficiary and the median spend was £98.

4.3 Cost per output

To better understand the costs for the three key outputs (i.e., staff members who have been unfurloughed or avoided being furloughed, additional staff hired, new volunteers recruited) we conducted regression analysis using a subgroup of grantholders who produced one or more of these outputs (n=3,318) and with the grant size as a dependent variable. This enables us to estimate the average amount that grantholders spent on each element. The results are shown in Table 4.3.

Our simple regression model is³⁷:

Box 4.2: Output regression model

$$\text{CCSF Grant} = \beta_1 \text{ volunteers recruited} + \beta_2 \text{ staff un-furloughed} + \beta_3 \text{ new staff recruited} + e$$

The results show that for:

- Each new volunteer recruited the CCSF grant value increased by £138 while the value of the CCSF grant and additional funding increased by £175;
- Each staff member un-furloughed or who avoided furlough, the CCSF grant increased by £7,415 and the value of the CCSF grant and additional funding increased by £9,865; and
- For each new staff member recruited, the value of the CCSF grant increased by £7,442 and the value of the CCSF grant and additional funding increased by £9,718.

More intuitively these “coefficients” in Table 4.3 can be thought of as **the average amount spent on each of these outputs by the 3,318 grantholders**. These results are statistically significant (i.e. based on the survey and GMS data we can be confident the estimated average costs of each output is not zero). These are reasonable estimates of the cost of these outputs of CCSF because they avoid the joint

³⁷ This model has no constant. We also tried a model with a constant and got somewhat different results in terms of lower coefficient values, which suggests the results in Table 4.3 may be an overestimate, reflecting our conservative approach. See methodology section.

cost problem, and they show low variability (i.e. the standard errors, which are estimates of the standard deviation of the coefficients, are low compared to the value of the coefficients).

These estimates also seem realistic. For example, the cost per new staff implies an average annual salary of £19,436 (2 x £9,718). On average returning a staff from furlough or avoiding furloughing staff was £9,865 per staff member. Although we do not know the duration of the furlough avoided, this seems a reasonable cost compared to what government would have otherwise paid for furloughed staff.

These results suggest the CCSF grants, along with additional funding, did, on average, provide for new volunteers, new staff, and avoiding furloughs efficiently.

Table 4.3: Estimated average costs of outputs based on regression analysis

	CCSF grant only			All sources of funding		
	Coefficients	Std. Error	p-value	Coefficients	Std. Error	p-value
Cost per new volunteer	£138	11.746	<0.001	£175	18.1	<0.001
Cost per staff un-furloughed or avoiding furlough	£7,415	24.442	<0.001	£9,865	467.485	<0.001
Cost per new staff	£7,442	26.878	<0.001	£9,718	443.875	<0.001
Number of grantholders	3,318			3,318		
Adjusted R ²	0.332			0.257		

Base: All CCSF grantholders who used CCSF grant to un-furlough staff, recruit new staff and / or recruit new volunteers (3,318)

Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS
Coefficients are rounded to nearest £

4.4 Range in costs per output

Table 4.3 provides the best estimate for the cost of the three outputs. But it does not give a sense of the range of those costs across the different grantholders. Section A3 (in Annex A) provides an indicative sense of the range of these costs across the grantholders by dividing the grant value, both with and without the additional sources of funding described in Section 2.2. This is done for grantholders who reported using the grant to achieve only one of the three outcomes discussed in this section to reduce—though it does not eliminate—the problem of joint costs discussed in the overview of approach in section 1.4. As it does not eliminate the problem of joint costs, this alternative approach overestimates the cost per output.

The results of this alternative analysis are presented in Annex 3 rather than in the main body of the report to avoid confusion due to the unwarranted comparison with the results of Section 4.3 above, which are more accurate estimates of the average costs per output. For example, the average cost of bringing back staff from furlough or preventing furloughs using this alternative approach is between 1.5 and 2 times the estimate shown in Table 4.3.

But what the tables and figures in Section A3 do show is that there is a wide variation in cost per output. This should be borne in mind when reviewing the estimates produced by the multiple regression.

4.5 Conclusion

The efficiency of the CCSF grant programme - one measure of value for money - involves assessing whether the costs of activities and outputs funded by CCSF compares to similar activities and outputs funded at other times and in different circumstances.

Assessing efficiency of the CCSF grants is complicated by:

- The multiple uses of the grants, which makes it difficult to estimate whether the grants were an efficient way to produce specific outputs or activities.
- The diversity of the grantholders in size and type of service. Grouping activities and outputs carries the risk of comparing apples and oranges.
- The unusual nature of the grant period. We would expect costs to be higher during the pandemic than during other times.

The diversity in the grantholders is partly reflected in the large difference between the mean and median spending per beneficiary and per output, as well as the size of the inter-quartile ranges in the figures above. The large difference shows that the means are skewed high by relatively few high values.

Nevertheless, the mean and median costs per beneficiary are within a reasonable range. As shown in Table 4.7, for all grantholders the mean and median per beneficiary cost is £235 and £98 (increasing to £318 and £122 when all sources of funding are included). These estimates are comparable to per beneficiary costs for what appear to be similar services during a more normal time period.

Table 4.7: Summary of CCSF grant spending by beneficiary and by output

Spending per beneficiary	Mean	Median	Mean	Median
	CCSF only		All sources of funding	
Information, Advice, and Signposting	£205	£80	£249	£95
Personal care	£420	£200	£614	£256
Material support	£165	£38	£257	£55
Social connections	£228	£114	£282	£134
Education and learning	£420	£157	£490	£167
Other	£244	£100	£292	£117
All activities	£235	£98	£318	£122
Spending per output	Mean		Mean	
	CCSF only		All sources of funding	
Un-furloughing staff or avoiding furlough	£7,415		£9,865	
New staff hired	£7,742		£9,718	
New volunteer recruited	£138		£175	

Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

These costs differ by the activity. Unsurprisingly, personal care has the highest range of costs and highest cost — with a mean of £420 and median of £200 for just the CCSF grants whilst meeting material needs has the lowest cost and range.

The estimated average costs of three main outputs of the CCSF are reasonable, suggesting the CCSF spending on these outputs was also efficient under the circumstances. Specifically:

- The cost of bringing staff back from furlough is £7,415 per staff person (£9,685 when considering all sources of funding). While we do not know the average length of the furlough period avoided, this is within a reasonable range.
- The cost to recruit new staff was £7,742 per staff person (£9,718 when considering all sources of funding). Again, we do not know the duration of employment this covers, but this is within a reasonable range.

- The cost of recruiting volunteers is very low at £138 per volunteer (£175 considering all sources of funding).

In conclusion, the data suggests that the CCSF grants were used efficiently under the circumstances to conduct activities and obtain key outputs. It is not possible to be more definitive as to exactly how efficient because of the wide range of costs per beneficiary and costs per outputs, including many outliers, reflecting the diversity of the services provided.

We are confident in this conclusion because the cost and output data was collected directly from the grantholders, and the sources of the comparator costs were robust. But this confidence is tempered by the fact that we are not entirely sure how similar the grantholders are to the comparator organisations.

5. Approach and lessons learned

Key findings

- A description is provided of the challenges we faced in assessing VfM given the approach described in Section 1.4, how the approach evolved, and lessons learned.
- Estimating the VfM of the CCSF to beneficiaries, staff, volunteers, and government has been a significant undertaking with numerous methodological and practical challenges, and very little precedent.
- As a general principal we have sought to develop estimates that are simple to understand, transparent, and, where a choice is clear, conservative. We concluded that a more complex and detailed approach would create an illusion of precision, while in fact being no more accurate and a lot harder to understand.
- The authors of this report were supported in addressing these challenges through an Economic Advisory Group (EAG), which provided support throughout the analysis period³⁸.

5.1 General challenges faced in calculating VfM and our response

This section discusses some of the key challenges we faced and how we addressed them. These are referenced in other parts of the report as well but discussed in more detail here.

The variety of services delivered by grantholders

The CCSF deliberately funded an enormous variety of different things for different people and communities across England. It included direct services to people, some of which were a continuation of what was done before, some were adapted, and some were brand new. Some organisations used the funding to keep themselves going as the pandemic had reduced their income.

The most accurate assessment of VfM of the CCSF possible would entail economic assessment of each individual grant (all 8,171), but this would be very time consuming and costly. Therefore, we had to find some way to group grantholders and summarise the key features of different grants. To support this, we devised a grantholder taxonomy that sought to categorise outcomes, beneficiary groups and activities conducted by grantholders. This taxonomy was the basis for the survey questionnaire that provides most of the primary data used in this report. The survey was conducted online and needed to cover a lot of issues alongside the data needed for the VfM analysis. Ideally, we would have asked respondents to estimate the number of beneficiaries they think received each individual outcome and to what extent. We would also have liked to ask respondents to provide more detail on how they divided the grant across different activities. But these questions would have made the questionnaire unappealing and very long, and we would not have achieved the exceptional response rate of 82% if we had gone down this route. Also, even if we had been able to ask these questions, we would have had doubts about the reliability of the data collected. In NPC's experience VCSE organisations do struggle to measure the impact of their work, particularly smaller organisations who make up the bulk of grantholders. This is no fault of their

³⁸ The Evaluation Expert Advisory Group for the impact and VfM strands of the evaluation comprised of: Geoff White, an associate of Ipsos MORI with over 30 years' experience of advising UK Government departments and agencies on policy and programme evaluations and appraisals; George Barrett, an associate of Ipsos MORI who was the Chief Economist and Research Director for the Ecorys Group for over 20 years; Dan Corry, the Chief Executive of NPC; and Professor John Mohan, the Director of the Third Sector Research Centre.

own but rather due to resource and cost implications of collecting robust data, as well as intrinsic methodological challenges³⁹.

In response to these challenges our approach was to:

- a) Use the grantholder survey to collect general estimates about the **scale** of outcomes achieved. The implication of this was a risk of bias and inaccuracy in grantholder responses, which prompted some further standardised adjustments to estimates. Also, we were unable to apportion individual grants to specific types of activities and resultant outcomes.
- b) Use secondary evidence from previous evaluations in the secondary literature to help us estimate the **likely depth and value** of outcomes achieved. However, because there was very little evidence that was directly relevant to the CSSF, we had to use some judgement in assigning the potential amount of change experienced and its value.

Another implication of this variety is that we have needed to be very cautious about calculating CCSF wide measures of VfM because they would not be meaningful when the underlying data is so diffuse. Hence, CCSF wide measures are only applied to measures of economy and efficiency while for CBA analysis we segmented grantholders into cohorts, which provided similar services/intended outcomes. However, even within cohorts we are still oversimplifying complex effects, and this analysis is likely to hide pockets of very low and very high VfM.

The lack of data from beneficiaries themselves

Ultimately the intended benefits of the CCSF were people and communities, especially those affected by the pandemic. To measure these benefits accurately we would need to conduct some primary research with people who had received services from grantholders. This would not have been realistic to conduct for all grantholders and beneficiaries, furthermore it would have placed an extra burden on grantholders at a difficult time and cost a significant amount of money (often more than the size of the grant itself).

In the absence of data from beneficiaries our estimates are reliant on two data sources:

- Grantholders' perceptions of the type and amount of outcomes achieved for people - collected through our survey and qualitative research. In some cases these perceptions will have been based on research conducted by grantholders themselves, but, as noted above, more usually they will not have been.
- Secondary data from the research literature which gives us some indication of what type and amount of outcomes beneficiaries might have experienced.

Another source of data was the Grant Management System (GMS) compiled and used by The Fund to process applications. This provided a wealth of information but much of it was in either free text or not aligned to the evaluation objectives, hence it has not been a main source for the VfM analysis.

The implication of this is that our analysis of CBA is very tentative, and we present wide ranges of possible results to reflect this uncertainty appropriately.

³⁹ See for example: <https://www.thinknpc.org/blog/what-does-impact-measurement-really-mean/>

Limitations of the external literature

In the absence of data from beneficiaries themselves, our estimates on how much people benefitted from grantholder services, and the value of those benefits, is based on our review of the literature (see Annex C which can be found in a stand-alone document⁴⁰).

However, across all the outcome areas our literature review found few firm quantitative conclusions that helped our analysis of the CCSF. This observation refers to both a lack of robust / quantitative studies in general and their applicability: studies were often either too general to be applicable to a CCSF subgroup or too precise for us to be able to generalise from them. This lack of evidence is not primarily a failure of VCSE organisations themselves, who rarely have the funding or expertise required for robust research⁴¹, and it does not mean that the VCSE sector has little impact. Rather it is because measuring impact to the standard required for economic analysis is inherently difficult and costly and it is difficult for VCSE organisations to find funding to support evaluation. Indeed, in a 2019 report for the Charity Commission by Frontier Economics, Andy Haldane, previously chief economist of the Bank of England, is quoted speaking about the challenges of estimating the value of the VCSE sector as a whole, noting that "...very little of the value created by the volunteer sector is easily visible to statisticians, to policymakers, to politicians, to companies, indeed to the volunteers themselves".

Another drawback of the literature on both the value and effectiveness of VCSE services is that it was written in non-pandemic times so may not be applicable to the CCSF period.

In the absence of robust quantitative evidence on how much beneficiaries benefitted from grantholder services or the value of those benefits, it is important to understand that this work is not a direct assessment of the benefits of CCSF, but an estimate based on benefits of similar services. Moreover, to produce estimates we have had to use our judgement and experience—informed by the literature reviews—to create ranges of likely estimates.

Lack of precedent

To our knowledge nobody has attempted an economic evaluation of such a funding programme like this before — the key characteristics being its large size, the involvement of the VCSE sector, and the wide variety of different activities undertaken. This meant that there were no off-the-shelf sector-wide VfM models to be used and few previous reports to model our approach from. The two main exceptions are described below:

In 2019 the Charity Commission commissioned **Frontier Economics (2019)** to draft a paper on how best to measure the value of the charitable sector, noting that standard economic measures are incomplete as they fail to pick up many of the key impacts of charitable giving and receiving. The report identified five components of value that could be analysed:

- Direct value to the public who receive charitable services.
- Value to members of the public who volunteer for charities.
- Value to people who donate to charities (beyond the value of their donation).
- Value to employees of charities (beyond their salaries).

⁴⁰ Available here: <https://www.tnlcommunityfund.org.uk/insights/covid-19-resources/responding-to-covid-19/ccsf-grantholder-evaluation>

⁴¹ See, for example, New Philanthropy Capital 2015 "Under the Microscope: Data, charities and working with offenders"

- Benefit to society through their broad role as distinct to their specific impacts on individuals.

We used these as the basis for our approach. Donors were excluded as they were not applicable to the CCSF grants, although there is an argument that by supporting the VCSE sector the CCSF grants indirectly created value for other donors to grantholders by helping *them* survive through the pandemic crisis. We did not attempt to capture the wider benefits to society through their broad role as this would be extremely difficult (conceptually and methodologically) and the period of the analysis was limited to the six-month grant period. We also included the value for government and public services as this was part of the terms of reference.

To estimate values, we made frequent use of the HACT Social Value Bank. This provides monetary values for a variety of outcomes based on regression analysis of national survey data on the wellbeing and circumstances of people's lives (Fujiwara et al, 2013). For example, the value of being able to pay for housing is estimated at £7,347. This is based on the finding that answering "no" to the question: "In the last 12 months have you had any difficulties paying for your accommodation?" has an impact on wellbeing equivalent to an increase in annual income of £7,347.

A final point to note is that, as well as the general issue of a lack of precedent, we also had to consider the unique context of the pandemic itself. This meant that where we did draw on previous research for some elements of our approach, we had to be mindful that this was applicable to a different time and might not be as relevant.

Scope and timeframe

There are three main ways in which we limited the scope of our VfM assessment and several potential benefits that are not included.

Firstly, and most significantly, we decided to limit the scope of VfM assessment to the 6 months covered by the grant. We did this for simplicity, because anticipating longer term effects would have been entirely speculative. The exception is when estimating the benefits of education for young people where the benefit is clearly seen in the future rather than immediately.

Most notably, we did not try to estimate the value of the CCSF in avoiding any long-term damage to the VCSE sector through loss of assets, expertise, experience, and profile in the community as well as actual closures and reductions in services. This may be one of the most valuable effects of the CCSF, but it is very hard to capture, and impossible to do so during the period of this evaluation.

The second limitation in scope was that we only focussed on immediate beneficiaries of the grants. While there is a strong theoretical argument for CCSF having some knock-on effects for friends, families, and communities as a whole, these would have been too speculative for credible economic analysis.

Thirdly, some outcomes, such as support during bereavement, are difficult to monetize and therefore also not included.

5.2 Evolution of the approach

The original brief focused exclusively on cost benefit analysis (CBA) and whether the programme had provided a positive net benefit and ideally concluded whether or not the value of the outcomes created by the CCSF were greater than its costs. CBA is the most ambitious interpretation of VfM, with the potential to deliver the most interesting results but also most challenging to deliver. As such, Ipsos MORI, NPC and the EAG were concerned whether cost-benefit analysis would be feasible at all, so we

opted to include other interpretations of VfM into our analysis. The table below demonstrates how our interpretation of VfM expanded during the analysis period.

Table 5.1: Evolution of the VfM design

Interpretation of VfM	Stage		
	Proposal	Interim stages	Final report
Economy: A programme is economic if its costs are low . Economy focuses on ensuring the services were procured for the lowest possible cost rather than trying to assess the outputs or value created by the spending	X	X	Partial, to allow for govt. savings from avoiding furlough in lieu of a full-blown financial analysis of impact of CCSF on govt.
Efficiency: A programme is efficient if it produces a high quantity of outputs given the inputs or spending . Efficiency considers the level of outputs created, but not whether the outputs created help meet the programme objectives.	X	✓	✓
Effectiveness: A programme is effective if it achieves its objectives (or outcomes) . Effectiveness does not consider whether the programme was the least costly way to achieve the objectives, or the value of those objectives.	Covered by the impact strand.		
Equity: A programme is equitable if it provides services to and reaches people that they are intended to reach based on their level of need . Equity does not consider whether a programme is delivered in a cost-effective way.	X	Covered through the process and impact evaluation strands.	
Cost effectiveness: A programme is cost-effective if the objectives (or outcomes) are achieved at lowest cost possible . Cost effectiveness does not consider the value of those outcomes.	X	✓	X: many GHs selected multiple outcomes for their beneficiaries, and it was not possible to identify reasonable estimates of cost per outcome.
Cost-benefit: A programme has a positive net benefit if the value of the outcomes created by the programme are greater than its costs .	Yes, for four groups of stakeholders: staff, volunteers, beneficiaries, & govt. For latter two, benefits would be only for <i>selected cohort / segments</i> of grantholders (i.e., not all) where we could identify discrete group of beneficiaries experiencing similar outcomes.		Yes, but expanded benefits to beneficiaries for <i>all GHs</i> . As part of the research, we also conducted segmentation analysis (discussed in Annex A) which did not provide the discrete groups of beneficiaries + outcomes we expected, so we valued the generic outcomes for all beneficiaries instead.

5.3 What have we learnt?

There are several lessons to be taken from the challenges described above.

For ourselves, we were clear at the outset this would be a difficult VfM analysis to undertake, and that the methodology would need to be adapted as the work progressed, as it did. A positive lesson was the

structure of the cost-benefit analysis, developed from work undertaken by Frontier Economics and referenced above, was useful. It helped with a central question of VfM analysis, which is 'value for whom?'. The standard VfM framework used by the National Audit Office⁴² was also useful, though we note the challenges associated with each interpretation of VfM in Section 5.1 above.

Another positive lesson is that it is possible, though difficult, to undertake a VfM analysis of a large portfolio of projects using a common approach. Notwithstanding the many caveats and limitations made clear throughout this report, we believe the analysis is useful as it provides indicative benefits of the CCSF programme. Planning an appropriate survey design and grantholder taxonomy (indicating the different services provided, populations supported, and outcomes achieved) proved crucial in understanding the grantholders at an aggregate level.

While some of the challenges identified above were known ex-ante, such as the issue relating to transfer payments; some data challenges were harder than expected to resolve, such as the question of how to appropriately segment grantholders based on the available information. We relied heavily on the grantholder survey to collect impact data, which leads to several difficulties and limitations. We acknowledge that any grantholder taxonomy can only go so far before it is too detailed for grantholders filling out the survey. We had designed the survey in part to identify cohorts of similar type of grantholders such that the value of grantholders of the same type could be assessed in the same way. In practice we found that grantholders were so diverse and a proportion of our survey questions too general that the survey data did not distinguish different types of grantholders easily.

We assessed the value of the grants based on the number of beneficiaries and reported outcomes and in doing so aggregated the impacts of grantholders that, with a closer look, might appear quite different. As an example of this, our survey could identify a set of grantholders who provided personal care services, via face-to-face group support, to 1000 older and disabled people, leading to improvements in mental and physical health. Even with this amount of information on grantholders and not accounting for other outcomes/services provided by the grantee to beneficiaries, the underlying activities provided by grantees could still vary widely. In this case personal care services could include group mentoring, group counselling, psychological therapy, peer self-help groups, exercise classes, medical care and more. Each of these activities could produce a different value to improving beneficiaries' mental health and wellbeing and/or physical health.

This is part of a more general lesson about whether, in assessing the economic impact of a portfolio of projects, it is better to focus on collecting general light-touch data for the programme as a whole or more in-depth data for a sample of projects. We are not sure there is a simple answer to this; that trade-off needs to be made based on the specifics of the programme and context. Possibly, the VfM analysis may have been more valuable if we had shifted the balance a bit towards collecting more in-depth data from a sample of projects, while still collecting some data from all grantholders, but this is far from certain. From the qualitative research conducted to support all strands of the evaluation⁴³, we again saw a myriad of support (and value) created for different beneficiary groups, which may have proved difficult to generalise across the whole fund.

Similarly, we also faced the difficulty of trying to construct a Business As Usual estimate of charitable service delivery during the crisis; when no robust counterfactual is possible. While analysis of Companies House data indicated slightly lower rates of closure of CCSF grantees compared to

⁴² <https://www.nao.org.uk/successful-commissioning/general-principles/value-for-money/assessing-value-for-money/>

⁴³ Please review the Impact Report for greater detail. Available here: <https://www.tnlcommunityfund.org.uk/insights/covid-19-resources/responding-to-covid-19/ccsf-grantholder-evaluation>

unsuccessful applicants between July 2020 and July 2021⁴⁴, there are many reasons why this would not be an appropriate counterfactual; including, most importantly, the reasons why they were rejected, but also the tendency for charities to close down very slowly over a number of years. Our response was based on grantholders' perceptions of the likely effect on their organisation had they not received the grant, with some adjustment to reflect the difference between the perceived likelihood of having to close down during the pandemic with the likelihood based on analysis of business registration data. This was the best option for constructing a counterfactual in the unique circumstances of the pandemic. A more robust analysis may be possible in time once the official data tells us about the longer-term effects of the pandemic on the VCSE sector.

Another general lesson when dealing with significant caveats and challenges in this economic evaluation is that we have had to make judgements; and be clear on what judgements we are making and where. This is particularly the case on our estimates for depth and value of beneficiary outcomes (see the cost-benefit section below and Annex C). Two important factors support the strength of these judgements:

- We have aligned with the evidence base as far as possible, even where it is not particularly strong or directly relevant. Similarly, we have resisted any ideas that feel speculative or anecdotal.
- All judgements have been discussed and mediated within the central NPC team and the wider team at Ipsos MORI and the EAG.

There are two key lessons for the VCSE sector, its funders, and supporting organisations.

First, the economics profession can and should do more in helping the sector improve understanding of what is meant by VfM, how it is assessed, and how it can be increased. The multi-dimensional aspect of VfM is not always clear and intuitive and different stakeholders may have only one or two particular dimensions in mind. For example, some may think of VfM as the ability to reduce public sector expenditures—which is typically more of a financial than an economic analysis—or that the VCSE sector can provide services more cheaply than the public or private sector. These are components of VfM but not the full story.

Secondly, the VCSE sector as a whole should create better evidence. This requires a shared responsibility involving funders, umbrella bodies, academia, and independent researchers as well as individual VCSE organisations. For example, funders can provide funding and incentives for creating evidence, sector-wide bodies can support collaboration in evaluating what works, and academic and researchers can help identify and remove barriers to evaluation. Individual VCSE can also take steps toward creating better evidence by adopting good measurement and evaluation practices and collaborating in research studies. One specific suggestion is that the databases that contain data on the efficiency and effectiveness of multiple organisations are, once appropriately anonymised and within GDPR limits, made available to the public and researchers to allow for further analysis.

⁴⁴ Please refer to the CCSF Impact Report for more detail.

6. Conclusion

The VfM of CCSF was assessed in five ways:

- **Cost-benefit analysis** – how did the overall benefits compare with the costs?
- **Economy** – were the grantholder services procured at the lowest possible cost?
- **Efficiency** – did the inputs (funding) produce the maximum level of outputs (goods or services)?
- **Effectiveness** – were the intended results (outcomes) achieved?
- **Equity** – were the services fairly distributed? Were they available to the people that they were intended to reach?

Because it was not possible to isolate the cost of particular outcomes reliably, we were not able to assess the CCSF's cost-effectiveness, i.e. whether the results (outcomes) were achieved at the lowest cost, the sixth way of assessing VfM used by economists.

Considering each of these in turn:

- We estimate the **benefit-cost ratio** for CCSF lies between 1.86 and 1.38. A ratio greater than one is seen as demonstrating value for money. This ratio is based on estimated costs between £216 million and £291 million and the value of the benefits—over and above what would have occurred without the CCSF—estimated at £402 million. The costs include the value of the grants (approximately £187 million), the value of volunteer time used (estimated at approximately £30 million), and resources provided by other funders (estimated between £0 and £75 million). The low and high ends of the range of the benefit-cost ratio assume that of this £75 million in other funding, all and none respectively was used by grantholders to produce the benefits of the CCSF.

The estimates are tentative as there are a number of uncertainties involved. Taking these uncertainties into account means the benefit-cost ratio could potentially be lower than 0.5 or almost as high as 4.5, though we believe these extremes are very unlikely.

- There is no evidence to suggest that the grants were, as a whole, excessive and thus it appears the CCSF was **economical**. However, this is also a tentative conclusion as without a comparable programme or situation to compare to the CCSF, it is not possible to make a more objective and definite conclusion about the economy of CCSF.
- The cost of the key outputs of the CCSF grants, namely the cost per beneficiary and the average costs of three main outputs of the CCSF—volunteers recruited, staff returned from furlough or avoiding being furloughed, and the cost of hiring new staff—are within the range of costs incurred during non-pandemic times for similar types of services. This suggests the use of the CCSF grants was **efficient** given the unusual circumstances.

We are moderately confident in this conclusion because the cost and output data were collected directly from the grantholders, and the sources of the comparator costs were robust. However, we are not entirely sure how similar the grantholders are to the comparable services.

- The **effectiveness** of CCSF was assessed in the CCSF Impact Evaluation report. That concluded the evidence supports the overarching hypothesis that: (a) the CCSF funded organisations worked with the individuals and communities who have been disproportionately affected by COVID-19, (b) these organisations funded activities and support for individuals and communities, and (c) the CCSF has also contributed to the financial health, capacity and capability of some organisations.
- **Equity** was considered in the CCSF Process Evaluation report which concluded that CCSF was successful in reaching the organisations as set out in the funding criteria and in reaching those people and communities in need. Most of the funding went to small or medium sized organisations who intended to deliver targeted support to people and communities disproportionately impacted by COVID. The regions with the highest levels of CCSF funding were also those with the highest concentrations of deprivation.

In conclusion, the CCSF has likely provided VfM when assessed in each of these five ways, though there are varying degrees of confidence in this conclusion because of the very unusual nature of the pandemic and the programme and the caveats and limitations that are discussed elsewhere in this report.

Annex A: Detailed methodology

This annex provides a more detailed description of various approaches referred to in the main report⁴⁵, namely the three assessments of VfM: cost-benefit analysis, economy, and efficiency.

Data related to grantholder services and the level of grant funding came from the Fund's GMS system and the grantholder survey. These data sources are discussed in Annex A of the CCSF Impact Evaluation Report.

A1 Chapter 2: Cost Benefit Analysis

Transfer payments

There are some grants where we determined that some interpretations of VfM do not apply, an example is where Transfer Payments occur. To give an example while grants that provide material support meet real needs, they may not create economic value beyond meeting that need. In the language of cost-benefit analysis these are called 'transfer payments', because they represent a transfer of value (e.g., taxes paid by taxpayers given to another group in the form of food) but the net value—according to cost-benefit analysis—is zero because nothing new has been created. As such, these types of grants are not appropriate for cost-benefit analysis, though it is still possible to assess them in terms efficiency, equity, and cost-effectiveness.

The implication of this is that when assessing the benefits of the outcomes around meeting short-term basic needs we have not included the value of food, toiletries themselves but only the additional benefits felt by people by having their needs met.

We also excluded the financial costs of the transfers as well as the benefits in the cost-benefit analyses. This avoids such methodological complexities of estimating the opportunity cost of food which is coming close to its sell-by date being provided to food banks by supermarkets. We also did not try to estimate any benefits to donors from giving donations to food banks etc., even though the Frontier Economics report proposes assessing value to donors. In the scale of the CCSF grants, we do not think trying to make such estimates would have been a cost-effective use of the time.

Dealing with multiple outcomes and multiple stakeholder groups

As described above in Section 5.2, the heterogeneity of grantholders has been the main challenge running through this project. We explored two ways to segment grantholders before settling on the final approach used to create this report.

1) Before seeing any survey data, we developed **preliminary cohorts** of grantholders based on what we expected to find. These cohorts combined specific outcomes with specific target populations. For example, one cohort was grantholders who promoted social connections of older people who were experiencing loneliness, and another cohort was improving mental health for people with mental health conditions. We prioritised cohorts based on those:

- That represented the highest value of spending across the CCSF.

⁴⁵ For the methodology on the grantholder survey and the wider evaluation; please refer to the Impact Report; available here: <https://www.tnlcommunityfund.org.uk/insights/covid-19-resources/responding-to-covid-19/ccsf-grantholder-evaluation>

- That had the potential to create the largest economic value.
- For which outputs and outcomes from responses to the grantholder survey and the GMS data can be reasonably mapped.
- For which outputs or outcomes can be converted to approximate monetary values using secondary data.
- That were of most interest to The Fund and government from a policy perspective (e.g., support provided to most vulnerable).

However, this approach became unworkable because in the survey grantholders generally stated that they were achieving several outcomes for multiple populations while conducting many different activities. Moreover, we did not have a mechanism within the survey to distinguish the priority outcomes grantholders sought to achieve from secondary (indirect) outcomes, except through grantholders' estimates of the proportion of beneficiaries who received each outcome. We also found a smaller proportion of grantholders who did not fit neatly into any of our preliminary cohort segments.

As a consequence, there was a high degree of overlap between cohorts. This led to two concerns:

1. Potential double counting of overlapping cohorts. This issue of double counting (aka overlapping cohorts) would have been acceptable if the intention was to review cohorts discretely, but our ambition was to present an aggregate view of the CCSF where double counting would have led to a considerable overestimate of the value of benefits.
2. Counting very different outcomes as the same due to the breadth of the cohorts. One grantholders' interpretation of improvement in mental health for beneficiaries could be starkly different than another but the outcomes would be counted as the same.

2) Our second strategy was to explore '**data driven segmentation analysis**' which assigned grantholders into discrete / non-overlapping segments.

We used Latent Class Analysis (LCA) to segment the responses. LCA involves specifying, in advance, the number of classes, i.e. segments, to be used in the segmentation solution. A probability is then calculated for each of the variables belonging to each class.

The variables used to create the segmentation were taken from the responses to three questions in the grantholder survey: Q3: activity type; Q7: target groups; Q13: outcomes.

To determine the appropriate number of segments a series of LCA models were developed, starting first with three latent classes and then incrementing the number of classes by one, up to a maximum of eight classes. The entropy statistic was used to identify which solution provided a better fit. This found a 6-class solution to be preferable; with 83% entropy reached.

The 6-class solution proved quite difficult to interpret. For example, two of the segments, approximately one third of the sample, provided "General" or "Universal" support, provided all forms of activities/support to targeted groups, and resulted in all outcomes. In other words, these segments were broad, not narrow. Other segments demonstrated greater levels of specialisation: one focused on supporting children and young people while another focused on material and welfare support to families in financial hardship. But even within segments there appeared to still be significant variation among the

grantholders in terms of their services, the populations they served, and the beneficiary outcomes they achieved.

Nevertheless, we explored different ways to use the segmentation as part of the CBA. This included:

- Only valuing the main outcomes experienced by an individual segment. We ultimately decided against this as we wanted to include all sources of value experienced by beneficiaries and this approach would have underestimated the benefits and value of the grantholder services.
- Further segmenting the cohorts based on the available survey data. While this was possible for some cohorts (such as those reaching populations with material needs requirements), additional filtering was not possible for others. We also attempted to base further segmentation based on the case studies alongside reviewing a sample of project descriptions.

Ultimately, we decided not to deploy the segmentation analysis for the following reasons:

- The paucity of the evidence base, in particular the lack of information about how individual subgroups might benefit, meant we had no stronger basis for estimating value at a segment level that we did at a general level, so the segmentation did not improve the quality of estimates.
- The segments still contained a huge variety of different activities, outcomes, beneficiaries etc. so it did not solve our main problem while adding a layer of complexity that would have made explanation of the results more difficult.
- By only providing aggregate level values of outcomes to beneficiaries we acknowledge that this aggregation is likely to hide pockets of very low and very high VfM and oversimplify complex effects. But we found no way to reliably estimate or take account of these.

Estimating Business as Usual

For the cost-benefit analysis, we estimate which costs and benefits are above and beyond what would have taken place if the CCSF grants had not existed. This is known as the Business As Usual (BAU) case, counterfactual, or deadweight loss in economic terms.

It is generally unfeasible to predict with certainty what would have happened if not for particular funding. It is especially difficult in the case of the CCSF grants because the time period covered by the grant was anything but usual due to the unprecedented nature of the coronavirus pandemic and, at six months, was short.

The grantholder survey asked grantholders what services they provided, the numbers of staff they retained and how many volunteers they deployed, as well as the outcomes they provided as a result of the CCSF. To account for how many of these outcomes would have happened anyway, we primarily relied on grantholder estimates on what would have happened to their services if not for the CCSF grant. These responses are shown in Table A.1 below. For example, 17% of grantholders reported they would have had to close or stop services altogether if not for the CCSF grant.

Table A.1: Using grantholder predictions on effect of not receiving a CCSF grant for their services to estimate BAU

Which of the following applies to your organisation? Without the CCSF grant our organisation ...					
Option	...would have had to close or stop services altogether	...would have delivered significantly fewer services than we did in the prior six months	...would likely have delivered slightly fewer services than we did in the prior six months	...would have delivered a similar level of service as we did in the prior six months	Don't know
Survey result	17% (1,116)	56% (3,739)	21% (1,440)	5% (305)	2% (112)
<i>A: Range to allow for error in grantholder estimates of what would happen without CCSF grant:</i>					
Low	17%	56%	26%	0%	2%
Medium	17%	56%	21%	5%	2%
High	3%	70%	21%	5%	2%
<i>B: Assumed resulting level of grantholders services if CCSF grant had <u>not</u> been made:</i>					
	0%	33%	66%	100%	N/A
<i>C: Estimated level of grantholder services if CCSF grant had not been made weighted by grantholder expectations of what would happen to their services (= A X B)</i>					Sum of columns
Low estimate	0.0% (17% x 0%)	18.5% (56% x 33%)	17.2% (21% x 66%)	0.0% (0% x 100%)	35.6%
Medium estimate	0.0% (17% x 0%)	18.5% (56% x 33%)	13.9% (21% x 66%)	5.0% (5% x 100%)	37.4%
High estimate	0.0% (3% x 0%)	23.1% (70% x 33%)	13.9% (21% x 66%)	5.0% (5% x 100%)	42.0%

Base: All CCSF grantholders who responded to survey question about expected effect of not receiving the CCSF grant (6700).

Source: Ipsos MORI Grantholder Survey.

Based on these estimates we took three steps:

- 1) We created a range of the effects of not receiving a CCSF grant to allow for the possibility that grantholder estimates of what would happen may differ from what actually would have happened:
 - a. We took the survey results as the “Medium” estimate.
 - b. We created a “High” estimate, informed by the Companies House data referred to in Section 1.3, that predicted the probability that only 2.8% (rounded to 3%) of grantholders would close and an additional 14% (of the 17% who expected they would close) would instead cut their services significantly.
 - c. For the “Low” estimate we assumed that no grantholders would deliver a similar level of service without the CCSF grant, and the 5% who expected to would instead reduce services slightly.
- 2) We then assumed that grantholders reporting they would:
 - a. Stop services would lead to 0% of current grantholder services being delivered under BAU.
 - b. Significantly reduce services would lead to 33% of current grantholder services being delivered under BAU.

- c. Slightly reduce services would lead to 66% of current grantholder services being delivered under BAU.
 - d. Deliver a similar level of services would lead to 100% of current grantholder services being delivered under BAU.
- 3) We then took the weighted average of the percentage of services that would be delivered under each of the Low, Medium, and High estimates and rounded them to 36%, 37.5%, and 42% respectively.

Approach to estimating number of beneficiaries achieving each outcome

To calculate the number of beneficiaries achieving an outcome grantholders provided the following information in the grantholder survey:

- How many beneficiaries they reached (Q8, Q9).
- What outcomes were achieved by beneficiaries (Q13).
- The proportion of beneficiaries who experienced a particular outcome (Q15).

For our estimate of the number of beneficiaries achieving an individual outcome we applied the following equation.

Box A1: Equation for number of beneficiaries achieving a particular outcome.

Estimate of the number beneficiaries who achieved a particular outcome = Beneficiaries reached x proportion of beneficiaries achieving a particular outcome

As this number came from grantholders as opposed to the beneficiaries themselves, a discount factor of 15% was applied to control for optimism bias (following standard Treasury guidance).

However, we did not apply a weighting to account for the intensity of services provided to beneficiaries as this is already embedded within the “change in unit” estimate.

Reducing the risk of double counting

We made some adjustments to the final number of beneficiaries in relation to outcomes where we thought there would be a high likelihood of double counting beneficiary benefits. In these situations, we opted to only count the beneficiary value for the more prevalent outcome. For example, if a grantholder supports 10 people, 7 of whom all benefit from improved mental health and 5 people who experienced reduced loneliness, we expect the economic value of improved mental health would overlap with the economic value of reduced loneliness because the two outcomes are intertwined. If we counted both we would double count the benefit experienced by a beneficiary.

We identified the pairs of outcomes that are **most** prone to double counting as:

- **‘People’s mental health and wellbeing was better’** and “People who had more social contact”
- **‘People felt less lonely’** and ‘People had more social contact’
- **‘People’s mental health and wellbeing was better’** and ‘People felt less lonely.’

We first calculated the value to beneficiaries for the primary outcome, i.e. the first of each pair above. These were the outcomes, out of the two, that were selected more often and are shown in bold above. We estimated the values and benefits for these primary outcomes in the same way we would for non-overlapping outcomes.

We then calculated the residual number of beneficiaries for the secondary outcome as follows. Using the example above, after calculating (and valuing) the number of beneficiaries who had improved mental health and wellbeing, we calculated the number of beneficiaries in the sub-group who experienced a reduction in loneliness *without an improvement in mental health and wellbeing*. We multiplied this number of beneficiaries by the value of the secondary outcome.

Even by taking this approach we cannot be certain that other value estimates are free from concerns about double counting, but we judged that overlaps between other pairs of outcomes were less significant. While this was not a precise method, given the exploratory approach and our aim of being as transparent as possible we believe a more elaborate approach would have been more complex but not necessarily more accurate.

A2 Chapter 3: Economy

Our method of estimating the net direct costs of the CCSF is discussed in the main document. Prior to this we explored distinguishing the economic benefit of CCSF from the financial impact on the UK Exchequer (“Exchequer impact”). This would have involved estimating increased tax revenue and national insurance contributions from grantholder staff (inclusive of furlough) along with savings in public services resulting from grantholder activity. From this we would have deducted the cost of the CCSF grants and any downstream costs of public services that were incurred due to grantholder activities (such as individuals claiming benefits that otherwise would not have). This approach was eventually dropped as there was not a clear picture across outcomes on how the CCSF impacted public service use and there were concerns that the estimate of the financial impact on the Exchequer would have been too complicated and not very useful.

A3 Chapter 4: Efficiency

The central problem with efficiency was how to approach the issue of ‘joint costs’. This refers to the fact that grantholders used the grant for various outputs rather than exclusively for one. For example, a grantholder that used a grant of £10,000 to hire 1 staff member and 2 volunteers might be assessed as having a cost per staff of £10,000 and a cost per volunteer of £5,000 (£10,000 divided by 2). This would overestimate the true cost of both. To partially offset this, we used three approaches:

1. We identified a subgroup of grantholders who reported in the survey that they only delivered a single one of the five activities they were asked to select based on which most closely reflected their services.
2. To estimate the cost per output we used a simplified multiple regression model. The data was taken from the survey results and the CCSF grant data came from The Fund’s GMS system.
3. We identified a sub-group of grantholders who reported in the survey that they only funded one of the three key outputs of grant: staff un-furloughed or avoided being furloughed, new staff hired, or volunteers recruited. For each grantholder we divided the value of their grant by the number of each output (staff un-furloughed etc.) The results show the variation in costs per output but are not robust estimates of the average cost because they do not take into account other outputs and purposes of the funding (i.e. joint costs).

The first approach is described in the body of the report. The second and third are described in more depth below.

Estimating cost per output using multiple regression model

Box A2: CCSF Efficiency regression model

$$\text{CCSF Grant} = \beta_1 \text{ volunteers recruited} + \beta_2 \text{ staff un-furloughed} + \beta_3 \text{ new staff recruited} + e$$

This model has no constant on the grounds that these three outputs were key outputs of the CCSF grant and omitting the constant would lead to higher estimates of the cost of each output.

We developed an alternative model with a constant. Table A.2 shows the results. The differences are:

- Constants of £21,547 (CCSF grant only) and £30,014 (all sources of funding)
- Cost values / coefficients that are approximately half of those in Table 4.3.
- Lower values of R^2 which is a measure of how much the model explains the variability in the costs.

The constant can be thought of as the average value of a grant after excluding the amounts used to recruit new volunteers, new staff, and un-furlough staff or avoid the need for furloughing staff.

The main implication is the estimates in Table 4.3 may overestimate of the true cost of these outputs. Another implication is that the change in coefficients suggest, not surprisingly, that there are other factors driving the grant value beyond the three outputs.

Table A.2: Alternative regression model with constant

	CCSF grant only			All sources of funding		
	Coefficients	Std. Error	p-value	Coefficients	Std. Error	p-value
Cost per new volunteer	£77	10.448	<0.001	£91	16.58	<0.001
Cost per staff un-furloughed or avoiding furlough	£4,765	277.991	<0.001	£6,175	440.296	<0.001
Cost per new staff	£3,400	286.276	<0.001	£3,670	453.413	<0.001
Constant	£21,547	674.839	<0.001	£30,014	1068.844	<0.001
Number of grantholders	3,318			3,318		
Adjusted R^2	0.12			0.076		

Base: All CCSF grantholders who used CCSF grant to un-furlough staff, recruit new staff and / or recruit new volunteers (3,318)

Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS
Coefficients are rounded to nearest £

We attempted to apply a similar multiple regression analysis by using grant cost as the function of outcomes achieved for beneficiaries. This would have allowed us to estimate the cost-effectiveness of different beneficiary outcomes, such as improved health. However, the results of this analysis were not robust or statistically significant, as in the survey grantholders were able to choose multiple outcomes for beneficiaries. The results had little face validity, such as negative values for some outcomes.

Estimating cost per output by dividing grant value by number of outputs

While we knew estimating costs per output by dividing the grant value by the number of outputs would overestimate the true costs of each output, we also knew this method would help illustrate the range in costs. The results of this analysis are presented for each of the three key outputs noted above.

Cost per staff member un-furloughed or avoiding furlough

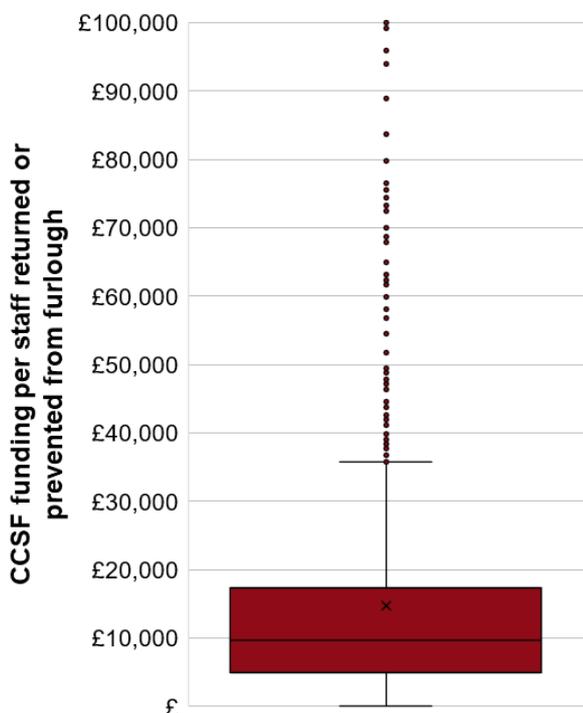
Just over 1,250 grantholders who responded to the survey used their grant for this purpose, but not exclusively. The mean values in Table A.3 of £15,037 and £21,437 overestimate the cost of bringing back staff from furlough or preventing furloughs as they are between 1.5 and 2 times the estimates in Table 4.3. The large differences between the means and the medians are driven by the few very high costs that skew the calculation of the means up. This skew is also shown in Figures A.1 and A.2.

Table A.3: Costs of bringing staff back from furlough or preventing furloughs

	CCSF grant only	All sources of funding
No. of GHs	1,263	
Mean	£15,037	£21,437
Median	£9,684	£11,859
25th percentile	£4,935	£6,235
75th percentile	£17,338	£23,896

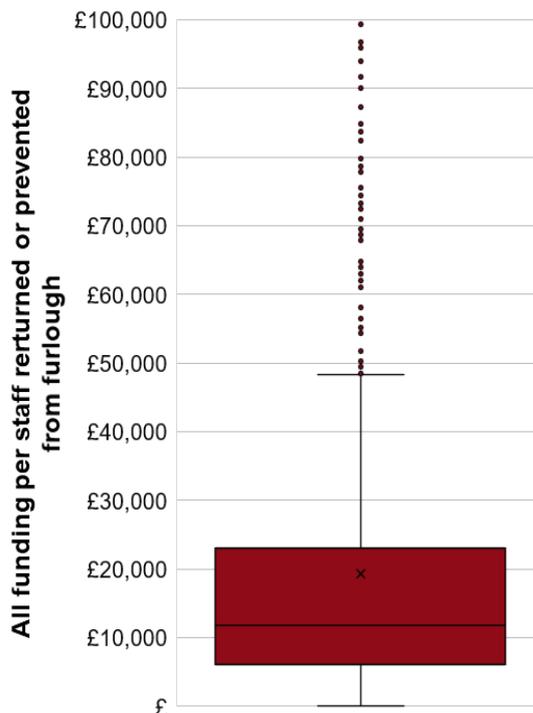
Base: All CCSF grantholders who used grant to bring staff back from furlough or prevent furloughs (1,263).
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS.

Figure A.1: Cost (CCSF grant only) of bringing staff back from furlough or preventing furloughs



Base: 1,263 grantholders
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

Figure A.2: Cost (from all sources of funding) of bringing staff back from furlough or preventing furloughs



Base: 1,263 grantholders
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

The survey data does not tell us whether un-furloughed staff were part-time, what their salaries were, what duration of furlough was avoided, or what proportion of the grant was used for staff salaries. Estimates produced by The Fund using their grantholder management system suggest that the average proportion of CCSF grants used for staff salaries was 24%⁴⁶. Notwithstanding these constraints, we know even if we assume that the grantholders used the CCSF grant only for this purpose, 75% of those grantholders who brought staff back from furlough (or avoided furlough) alongside any other purposes did so for less than £17,500 each.

While these estimates are overestimates, they are arguably not excessive considering that NCVO estimated that the average salary in the charity sector in 2017 is approximately £32,700, or £16,350 for six months (i.e. the period covered by the CCSF grant). The outliers were mostly larger VCSE organisations that used the CCSF grant for multiple purposes, not primarily to un-furlough staff. Of the 85 grantholders whose costs exceeded £40,000 per staff un-furloughed, 56 had annual incomes greater than £10 million.

Cost per additional staff recruited

More than 1,600 grantholders who responded to the survey used the grant to recruit an estimated 3,500 staff between them. As with the cost of un-furloughing staff, we do not know whether new staff were part-time, part-time, temporary or permanent, or what portion of the grant was used for salaries. Similar to the cost of returning staff from furlough or avoiding furloughs, the cost of recruiting new staff using this crude analysis overestimates the cost by approximately double, as can be seen by comparing the results of Table A.4 with those of Table 4.3.

Again, similar to the cost of returning staff from furlough or avoiding furloughs, there is a wide range in costs as shown in Figures A.3 and A.4. Even as overestimates, the mean and median are arguably not excessive as a mean of £20,776 implies an average annual cost of new staff of £41,552.

Table A.4: Costs of recruiting new staff

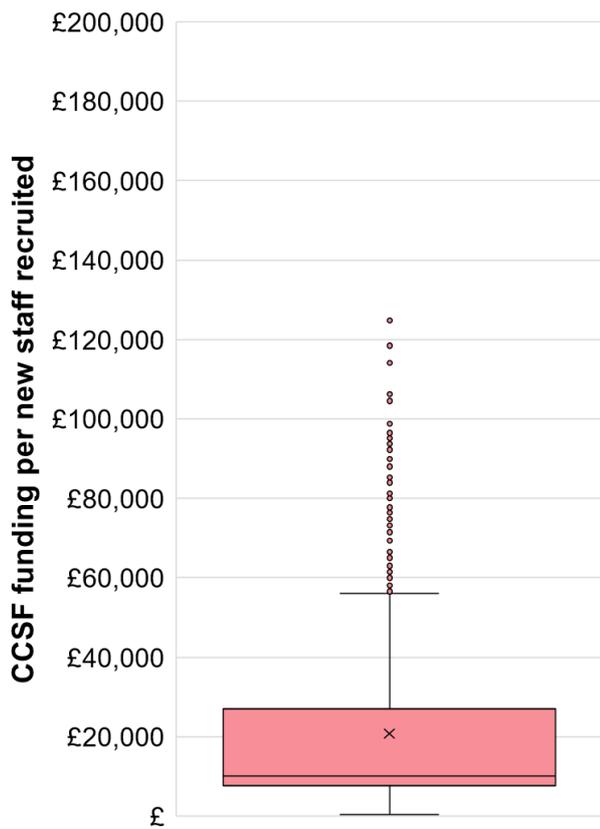
	CCSF grant only	All sources of funding
No. of GHs	1,620	
Mean	£20,776	£28,082
Median	£10,000	£15,380
25th percentile	£7,592	£9,157
75th percentile	£27,011	£34,470.78

Base: All CCSF grantholders who used CCSF grant to recruit new staff (1,620)

Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

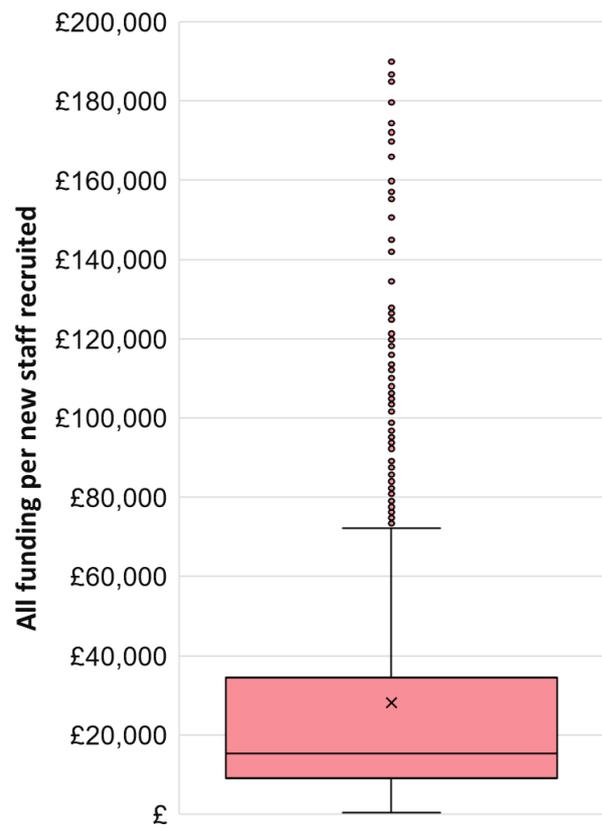
⁴⁶ To calculate this figure The Fund used an AI based keyword search of their Grant Management System to identify the proportion of the grant spent on staff and volunteers. The sample includes the 75% of CCSF grants which explicitly referenced staff or volunteer costs in their application'.

Figure A.3: Cost (CCSF grant only) of recruiting new staff



Base: 1,620 grantholders; 2 outliers >£200,000 not shown
 Source: Ipsos MORI Grantholder Survey Data on value of grant was taken from GMS

Figure A.4: Cost (all sources of funding) of recruiting new staff



Base: 1,620 grantholders; 10 outliers >£200,000 not shown
 Source: Ipsos MORI Grantholder Survey Data on value of grant was taken from GMS

Cost per additional volunteer

More than 2,000 grantholders used the CCSF grant to recruit 38,780 volunteers. But the significant difference between the means of £4,599 and £5,880 and those of £138 and £175 most likely show that these grantholders mostly used the grants for other purposes, not just to recruit volunteers. So while the range of costs illustrates the variation in how grantholders used the grant, these values are not representative of the actual costs of recruiting volunteers.

Table A.5: Costs of recruiting new volunteers

	CCSF grant only	All sources of funding
No. of GHs	2,068	
Mean	£4,599	£5,880
Median	£2,336	£2,923
25th percentile	£1,000	£1,251
75th percentile	£4,968	£6,000

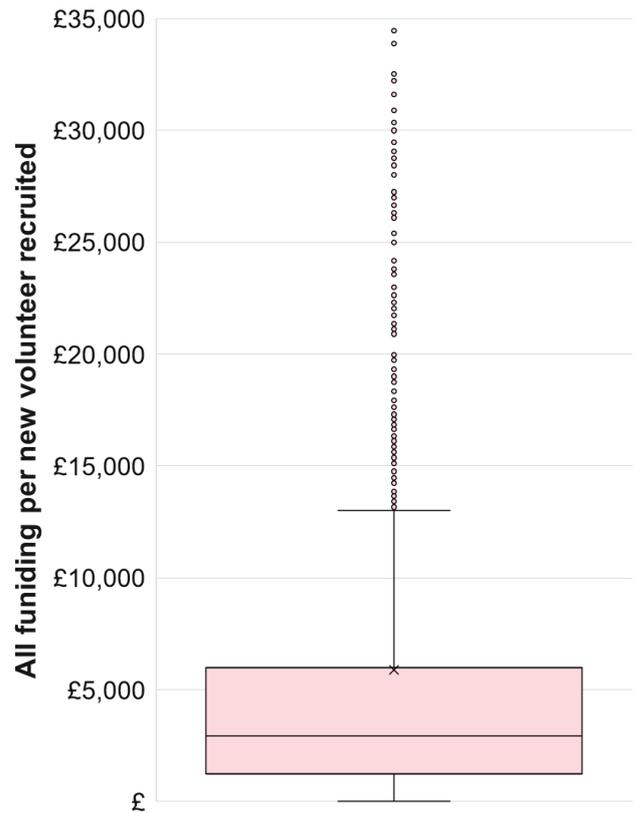
Base: All CCSF grantholders who used CCSF grant to recruit new volunteers (2,068)
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS
 Costs reflective of all grant spend; and not just the costs of recruiting volunteers.

Figure A.5: Costs (CCSF grant only) of recruiting new volunteers



Base: 2,068 grantholders; 28 outliers >£35,000 not shown
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

Figure A.6: Cost (all sources of funding) of recruiting new volunteers



Base: 2,068 grantholders; 41 outliers >£35,000 not shown
 Source: Ipsos MORI Grantholder Survey. Data on value of grant was taken from GMS

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For more information

3 Thomas More Square
London
E1W 1YW

t: +44 (0)20 3059 5000

www.ipsos-mori.com
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