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Scaling up for the Big Society

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Introduction

If you are a civil servant, you may be trying to identify new ways of delivering better outcomes for public services on a reduced budget. But how can you achieve more with less? If charities and social enterprises* are part of your thinking, this paper provides you with a guide to identifying proven, cost-effective approaches and organisations that could be scaled up to meet that challenge.

If you are a charity chief executive, you may be trying to determine how to position your work in a new policy environment and a climate of financial austerity, facing rising demand. How can you demonstrate that your organisation can help meet the challenge of the Big Society? This paper outlines the tests you should be able to pass, and poses the questions you should be able to answer, if you are to prove your potential for investment and scaling up.

If you are the Minister for Civil Society, or even his boss, you may be trying to work out how to deliver on the promise of the Big Society. Of the tens of thousands of charities, social enterprises, approaches and programmes that exist, which ones can deliver real impact, and how can you focus resources to bring them to the scale that is needed? This paper helps you to scan the horizon for approaches with real potential, and to narrow them down to find solutions that will create a maximum impact.

* Throughout the rest of this report, we use the term 'charities' to refer to both charities and social enterprises.

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1. The challenge

The new government is facing a huge challenge. It needs to tackle entrenched social problems and reduce the budget deficit to manageable proportions. Its 'Big Society' idea seems to incorporate a beguilingly simple solution: use charities to fix social problems, and at the same time reduce government borrowing. But is the solution that simple? Can charities really offer sustainable and scalable solutions to the toughest problems in our country?

Many charities are demanding more funding. Others, more modestly, are asking to be spared from cuts. Some of these requests are presented as offers to help government by contributing to the Big Society and dealing with the sort of problems government wants to address.

There have been two examples of this in the past week. The National Council for Voluntary Organisations (NCVO) issued a statement in response to the Queen's Speech, which outlined the government's legislative agenda. The statement quoted Stuart Etherington, NCVO chief executive, saying:

*'The government has recognised that the voluntary and community sector must play an important role in realising our shared vision of the good society. But our organisations will need to receive the right support and resources, if they are to play their full role in civil society and to deliver high quality, responsive public services.'*ⁱ

Stephen Bubb, head of the Association of Chief Executives of Voluntary Organisations (ACEVO), made somewhat similar comments in a thoughtful lecture this week, and noted:

*'Resources that the state takes for granted—strategic and financial planning, HR, research and development or evaluation—are [either] underfunded or nonexistent.'*ⁱⁱ

Responding to the challenge

The challenge for ministers and civil servants is responding to these claims and offers. Pressures on finances raise scepticism and caution, which charities need to overcome. In addition, the sector has received a lot of money from government in the past decade, and some might question whether this produced as much as was hoped. Politicians have already expressed concerns about the claims many in the sector make about the 'value-added' of charities in delivering public services. We are surely in for a long period of doubt.

How should this doubt be addressed, while exploring the potential of charities to tackle the most entrenched social problems? Is it possible to equip ministers with the tools to assess charities' claims and services properly, and to assess their capacity to be scaled up with more funding?

This report outlines such a decision support tool. It is an aid to ministers and civil servants, helping them to ask the right questions and decide where to focus resources on charities seeking to contribute to the Big Society. But it is not a counsel of despair to charities. Rather, it is a challenge to charities to prove their worth and provide compelling evidence of performance. It can be used by charities to ask the right questions of themselves before they pitch for more funding.

ⁱ Stuart Etherington (25 May 2010) *NCVO responds to Queen's Speech*. <http://www.ncvo-vol.org.uk/news/election-2010/ncvo-responds-queens-speech>

ⁱⁱ Steven Bubb (27 May 2010) *The Big Society: Moving from romanticism to reality*. ACEVO.

There are three essential components of how ministers should think about charities delivering public services:

- First, it is impact that matters. At NPC, we hold a basic premise that charities should be assessed on how they perform and what they achieve. There should be no room for sentimentality, valuing charities simply for their existence.
- Second, government can use charities to take on problems and deliver services where the state has historically failed.
- Third, while tackling society's deep-rooted problems, charities can also deliver value for the taxpayer.

With these principles in mind, the next challenge is to identify successful approaches or organisations, then to scale them up.

Three candidates for scaling up

The challenge for charities to measure their impact is considerable, but not insurmountable. Charities that have evidence and could be scaled up are sometimes the most compelling organisations tackling the hardest problems. (Incidentally, they are often also the organisations that engaged donors find most exciting and worth supporting.)

Many charities are happy to claim the need for funding without being able to show the results they achieve. Others make claims about their own impact drawing on research from elsewhere. It is commonplace, for example, to use research from the US to make claims about a charity's work, rather than to provide direct evidence. This weakens the claims—they may or may not be true, and we simply cannot tell for sure.

Here we describe three projects that are run by excellent charities. Each has direct data on its effectiveness, and each has the potential to be scaled up.

St Giles Trustⁱ

St Giles Trust works with offenders on issues of housing, training and employment. In July 2008, it began a pilot project called Through the Gates, which provided intensive, one-on-one support to 1,500 medium to high risk offenders leaving prison across 14 London boroughs.

An independent evaluation of the project, commissioned by Pro Bono Economics, showed clearly that the project lowered re-offending rates.ⁱⁱ The ex-prisoners helped by the scheme were 40% less likely to re-offend than a comparable group of medium to high risk offenders.

Offending is an apparently intractable problem that costs society huge amounts of money and also damages the lives of victims and offenders. The evaluation found that Through the Gates can ease this cost—every £1 spent on the project, which was initially funded by the London Probation Service, saved the taxpayer £10. It is a clear candidate to be made permanent and scaled up. Indeed, it would seem perverse not to do so. Whether the project should be scaled up through St Giles Trust or by some other means is a matter for debate.

ⁱ To see NPC's research into homelessness, please visit our website:

<http://www.philanthropycapital.org/publications/community/homelessness.aspx>

ⁱⁱ Pro Bono Economics & Frontier Economics (2010) *St Giles Trust's Through the Gates: An analysis of economic impact*.

Volunteers in Child Protectionⁱ

Volunteers in Child Protection (ViCP) is a programme of the national charity Community Service Volunteers (CSV). ViCP uses volunteers to provide support to chaotic and vulnerable families, where children are suffering neglect and are at risk of harm. The scheme began in 2003, and was imported from California following the report by Lord Laming into the death of Victoria Climbié in Hackney.

A perennial problem for child protection services is that many children are taken off the Child Protection Register, only to be put back on it again. One in seven children joining the Child Protection Register have been on it before, and one quarter of children referred to social services are repeat referrals.ⁱⁱ By listening to families, acting as a strong role model and giving practical help and support, ViCP's volunteers aim to help families stabilise and keep children off the 'at risk' register.

Keeping children off the register also benefits the taxpayer. It costs as much as £40,000 to develop a child protection plan, and that is just the start of it. Looking after a child away from his or her family is very expensive. For one child, foster care costs £489 a week, and a children's home costs almost £2,500 a week. In contrast, CSV estimates that it costs £2,400 to match a family with a volunteer for a year.

ViCP is working in five local authorities with 130 families and 400 children. Most of the children it helps are or were on the Child Protection Register, and the charity reports that after the volunteer has helped the family, none have been put back on to the register.

This is a successful scheme that could be scaled up. However, local authorities are not yet able to invest sufficiently in such preventative services, and CSV probably lacks the capacity to scale up the work as much as it could be. A full cost-benefit analysis or social return on investment calculation is needed to establish the true financial benefits. This is a straightforward, if time consuming, exercise, which should add to the case for growing this work.

The Brandon Centreⁱⁱⁱ

The Brandon Centre provides free, confidential support for 12 to 25 year olds who are experiencing mental and sexual health problems. The charity has a long tradition of serious research and evaluation, and its focus on analysis and reflection helped it to realise that almost half the young people it provided counselling for exhibited violent behaviour and were offending. It also observed that these young people were least likely to benefit from counselling, and many of them dropped out.

In response to these findings, The Brandon Centre introduced Multisystemic Therapy (MST), which, like ViCP, was an idea imported from the US. MST is delivered in the home by a trained therapist who works with young people and their families to help change behaviour patterns, resolve conflicts, and reduce opportunities for delinquent behaviour.

The Brandon Centre was the third organisation in the UK to provide MST, and the first to conduct a randomised controlled trial—the gold standard in research practices—to test its effectiveness with persistent young offenders and their families. The trial is being funded by the Department of Health, which, together with the Department for Children, Schools and Families (as was), committed £17.5m to piloting MST in 12 sites across the UK. The methodology and

ⁱ To see NPC's research into child abuse, please visit our website:

http://www.philanthrocapital.org/publications/community/child_abuse.aspx

ⁱⁱ Alison Butler (2009) *Referrals, assessments and children and young people who are the subject of a Child Protection Plan, England, Year ending 31 March 2009*. Department for Children, Schools and Families.

ⁱⁱⁱ To see NPC's full analysis of The Brandon Centre, please visit our website:

http://www.philanthrocapital.org/how_we_help/research/examples_of_charity_analysis/Brandon_Centre.aspx

findings of The Brandon Centre's randomised controlled trial will inform the development and evaluation of these pilots.

Preliminary results from the trial are very promising. Data collected from criminal records shows a significant decrease in offending for the group receiving MST, compared to the control group who received usual services. The trial was completed in March 2010, and full results will be available later this year. Indications are that it will show improvements in behaviour plus savings to the taxpayer, if rolled out more widely.

The Brandon Centre is a small charity with a turnover of less than £1m a year. In light of this, its serious approach to evaluation and measurement is particularly commendable. Given its size, the charity seeks to share its findings so that others can benefit from its learning. The promising initial results give good reason to believe that it should be scaled up once the full results are in. As with ViCP, a full cost-benefit analysis would be straightforward to carry out and should provide quantitative backing for rolling out the service more widely.

Successfully scaled up

There is direct evidence of the effectiveness of each of these programmes, and each is housed within a well-run organisation. This highlights an important point—to scale up an approach requires both a good model of working and a sound organisation.ⁱ We can therefore be confident that these three programmes should be scaled up. The next question to consider is whether this can be done from such a local and limited start. The domestic violence sector provides an example of how to do this.

Ten years ago, there were a number of small-scale projects, in places including Cardiff, Leeds and Hammersmith, tackling domestic violence in an innovative way. Their approach involved supporting an abused woman after the police are first called out, rather than waiting for her to turn up battered and bruised at a refuge after multiple assaults.

This approach has become codified in 'independent domestic violence advocates' (IDVAs), who work with women to help them get safe and tackle the many issues they face, such as housing, education and relations with the police. A further innovation has been to combine IDVAs with 'joined up' working by statutory agencies. This has been codified in 'multi agency risk assessment conferences' (MARACs).

A charity called Co-ordinated Action Against Domestic Abuse (CAADA) was set up to support this multi-agency response to domestic violence. CAADA provides nationally accredited training for IDVAs, and it has established standards and training for MARACs. IDVAs and MARACs are now incorporated into existing bodies and organisations around the country.

Such a consistent approach to tackling domestic violence has helped to scale up a novel approach. A recent evaluation shows that 57% of victims helped in this way report no further domestic violence.ⁱⁱ A cost-benefit analysis suggests that for every £1 spent, the taxpayer saves at least £6.ⁱⁱⁱ

There are two important points here. First, it is possible to scale up effective, small-scale interventions. Second, this need not be done within a single organisation. It can be done by establishing clear standards of delivery and using existing organisations.

ⁱ NPC's approach to analysing charities takes into account a number of aspects of an organisation, not just evidence of its effectiveness. For more information, see *The little blue book*, our guide to analysing charities: Copps, J. & Vernon, B. (2010) *The little blue book: NPC's guide to analysing charities, for charities and funders*. New Philanthropy Capital.

ⁱⁱ Howarth, E., Stimpson, L., Barran, D. & Robinson, A. (2009) *Safety in Numbers*.

ⁱⁱⁱ CAADA (2010) *Saving lives, saving money: MARACs and high risk domestic abuse*.

2. Deciding what to scale up

Politicians can become enamoured with individuals—with exciting social entrepreneurs who appear to have created new ways of fixing old problems. Such individuals can be inspiring but, while they have an important leadership role to play, they cannot themselves be scaled up. If the government is going to achieve its goal of encouraging charities to tackle challenging social issues as part of the Big Society, it needs to move beyond individuals and look for robust approaches and interventions to scale up. Such approaches might have begun with individuals, but they need to be codified and replicable across the country to have a real impact.

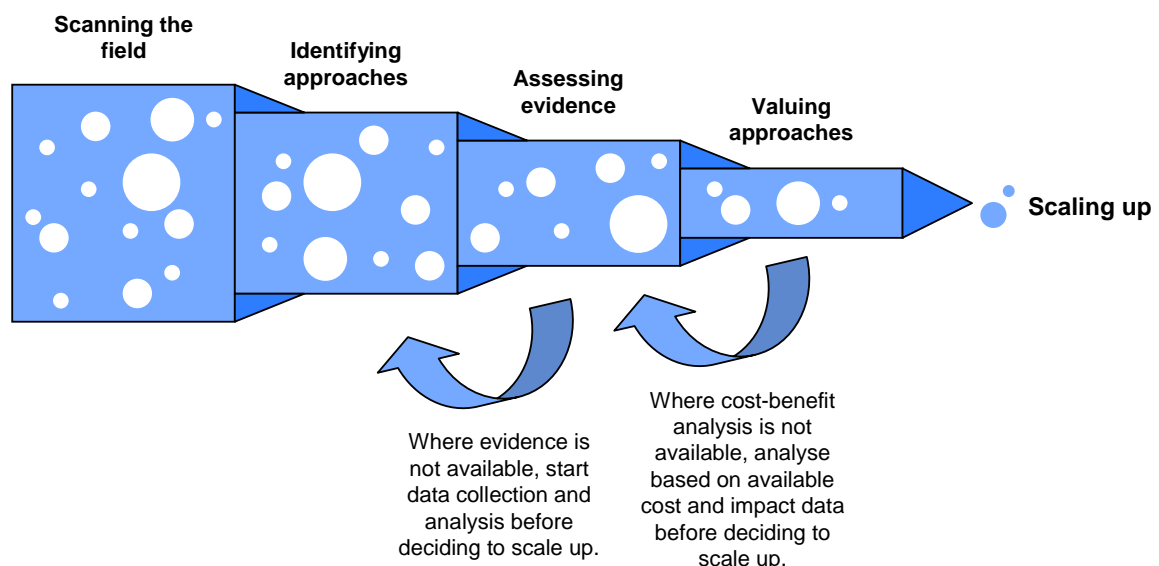
This section outlines a framework and process for choosing which approaches to scale up. It is necessarily more analytical and dispassionate than supporting an individual social entrepreneur. It includes analysing data, crunching numbers, making choices about types of intervention, and, finally, choosing whether to grow organisations or build networks of providers. It may seem less exciting than the charismatic leader. But it provides a greater chance of getting to grips with and solving social problems.

If you have identified a particular social problem, and want to explore effective, scalable approaches to tackling it through charities, there are four stages to deciding what to scale up:

- scanning the field;
- identifying approaches;
- assessing evidence; and
- valuing approaches.

As Figure 1 shows, this is a filtering process, starting from a review of all the approaches across a particular field, and ending up with a set of candidates for scaling up—proven, cost-effective approaches to tackling social problems. In order to progress along this process, research, evidence of impact and cost-benefit data are needed. Where these are not available, there are feedback loops in the process, returning to an earlier stage to gather and analyse data before being able to proceed.

Figure 1: Filtering candidates for scaling up



Stage 1: Scanning the field

Starting from the problem in question, you need an overview of the field to understand how charities are involved. Using existing literature and reviews, such as NPC's sector reports and government reports, you rapidly establish an outline of the scale, scope, and the nature of the activity in the field, and the relationship between charities' areas of focus and existing public services.

The key output of this stage is a brief overview of the field and an outline of charities' roles.

Key questions

- What is the size and nature of the social problem that you want to address?
- What is the scale and distribution of charities in the field? What size are they, where are they located, and what is their reach?
- Are charities already delivering public services in this field?
- What are the distinctive roles of charities in the field?
- What other organisations (such as private companies) are addressing the problem?

Stage 2: Identifying approaches

Having scanned the field, you then need to identify potential candidates for scaling up. You need an understanding of what charities do in terms of activities, models, targets and strategies (also described collectively as 'theories of change'). These may be new or established, but are likely to be distinct from dominant models of existing public service delivery. You also need to understand the stage of intervention—from tackling root causes to dealing with symptoms. Using existing research, by academics, practitioners, think tanks and government, you build an initial list of approaches.

The key output of this stage is a shortlist of potential approaches, organisations and models for further investigation.

Key questions

- What interesting approaches are charities pioneering?
- Which approaches are particularly complementary or integral to achieving policy objectives?
- How are approaches targeted—who are the beneficiaries, and at what stage are they intervening?
- Do the approaches have clear, documented theories of change and goals?
- Are any of these approaches growing? Or have any already been scaled up, either in the UK or elsewhere?
- Is government funding any of these approaches?

Illustrations

In the field of **child abuse**, charities' roles are largely additional to, rather than within, the child protection system. ChildLine, a project of the NSPCC, provides an important channel for children to report abuse, as it is child-friendly and approachable in contrast to statutory services.

In the field of **numeracy**, there are few active charities, so approaches like a proposed National Numeracy Trust would need to be established before there is any potential for scaling.

In the field of **autism**, charities and social enterprises, such as the Danish software-testing social enterprise Specialisterne, play a specialist role providing supported employment that is designed around the needs of autistic people, and therefore much more effective than mainstream employment.

In the field of **community development**, locally-based multi-purpose community organisations (also known as community anchors) are important for reaching beneficiaries in deprived communities, and often act as a channel, partner or venue through which public services are delivered.

Illustrations

In the field of child protection, charities actively preventing abuse and reducing the risk to children are relatively rare. The **Lucy Faithfull Foundation** works with potential abusers to decrease their likelihood of offending, rather than not intervening with these people until they emerge as offenders within the criminal justice system. The outcome of its work is a reduction in the prevalence of sexual abuse.

Chance UK provides mentoring for children with behavioural difficulties. It has refined its model over the years through evaluation, and has been able to establish and document the core components of a successful mentoring model, including how to engage with rather than alienate parents, and how to respond to changes in young people's circumstances. The outcome of its work is improved well-being, resilience and life chances for young people.

The Clubhouse model, as delivered by the charity **Mosaic**, provides targeted intensive support and a work-ordered day to adults with significant mental health needs. Few of its beneficiaries transition to full employment, because it is working with beneficiaries with complex needs who are harder to work with than more work-ready beneficiaries.

Stage 3: Assessing evidence

Having shortlisted potential approaches for scaling up, you need to assess the evidence of their impact and social benefit, using published evaluations, academic research and evidence reviews.

Given the scarcity of evidence in many fields, you may need to contact experts and practitioners directly to find evidence that is unpublished or poorly disseminated. You may also need to look beyond the UK for research and evidence. Finally, you may have to encourage data collection, analysis and evaluation in order to build a new evidence base. This takes time, but is critical if you are to ensure that scaling up is based on evidence.

The key output of this stage is a shortlist of proven and promising approaches, together with data on their social impact.

Key questions

- Is there data about the approaches?
- Has this data been analysed? If so, what does it show about impact and effectiveness?
- If data has not been collected, are the approaches still promising? Is there evidence from overseas about the approaches?

Stage 4: Valuing approaches

Having identified a shortlist of proven approaches, you need to assess their cost-effectiveness and social value. This requires costs and benefits to have been documented. This data may be found in academic research, Social Return On Investment studies, or data published by charities. If cost-benefit analysis is not available, it may need to be carried out in order to ensure that approaches to be scaled up are cost effective. You also need to map where benefits arise in relation to how costs are met by public funding, as benefits often accrue to spending departments other than those funding the intervention.

The key output of this stage is a final list of proven, cost-effective approaches that make excellent candidates for scaling up.

Key questions

- What are the costs to the taxpayer of the social problem?
- How much do the most effective approaches cost, and what are the costs per success?
- How do the costs per success compare with the costs of the social problem?

Illustrations

The homelessness charity **Edinburgh Cyrenians** pilots innovative approaches to gaps in public service provision, such as training and employment for drug users. It evaluates its work in order to advocate for the take up of its piloted approaches, showing, for example, that 47% of the people on its training and employment programmes enter formal employment.

The Place2Be provides counselling services to children in 155 primary schools across the UK. It uses a sophisticated tool that records the perceptions of children, parents and teachers. Using this tool, it can prove its impact on the emotional well-being of the children who use its services. It can also demonstrate improvements over time, compare branches, and pinpoint areas of strength and weakness.

Blue Sky is a charity working to prevent re-offending. It employs ex-offenders to carry out grounds maintenance work for six months, then helps them to move into permanent employment. The charity has moved almost 45% of participants into full-time work—more than double the 20% expected through similar statutory employment schemes. NPC calculates that with an investment of £350m, Blue Sky could scale up its approach and get over 25,000 ex-prisoners into full-time employment. This could prevent nearly 12,000 reconvictions and over 6,000 people being sent to prison.

Illustrations

St Giles Trust supports offenders leaving prison, helping them to reintegrate into society and avoid re-offending. The ex-prisoners supported by its Through the Gates programme are 40% less likely to re-offend than a comparable group of medium to high risk offenders. Work by Pro Bono Economics showed that for a cost of £1, £10 of savings were produced for the public purse.

RSVP, the retired and senior volunteer programme (within the charity Community Service Volunteers), supports more than 1,300 older volunteers. Despite a lack of robust data on costs and benefits, the extensive use of volunteers to provide much-needed services in local communities results in a high net benefit to the public purse.

Dance United engages young offenders and those at risk of offending through dance programmes. Participants have higher rates of transfer into education, training and employment than their peers, and are less likely to re-offend. NPC calculates that by stopping one young person re-offending, Dance United saves the taxpayer £82,639, at a cost of just £7,000.

3. Deciding how to scale up

Once you have identified a list of proven, cost-effective approaches, you need to decide how best to scale them up. There are two main approaches: scaling up the approach by replicating or 'franchising' it; or scaling up the delivery organisation and its work. The best approach depends on a number of factors.

Replicating an approach

It is only possible to replicate an approach beyond the organisation that initiated it if the approach is very well-documented and understood. This means that the theory of change, strategy, activities and key success factors must all be catalogued, as well as the business model (costs, unit costs, success rates, revenue sources) and implementation success factors (how to maintain quality and manage programmes, and how to share learning). In addition, it must be very clear which aspects of the model are essential for success in multiple locations with multiple beneficiary groups, and which can be tailored to local contexts.

This model of scaling up is most appropriate when looking for a significant and rapid increase in scale, which is beyond the scope of the originating organisation. It requires significant central coordination and management, investment in identifying and developing franchise partnerships, and strict adherence to well-defined practices, policies and standards to ensure success.

Key questions

- Is the approach standardised and comprehensively documented? Are key components, standards and success factors captured?
- What is core to the model, and what can be tailored to different contexts and beneficiary groups?
- Can partners be readily identified for replication?

Illustrations

The Nurse Family Partnership (NFP) is a community-based health programme that provides vulnerable first-time mothers with regular visits from nurses, from early pregnancy through to the second birthday of their child. The regular support from nurses helps mothers to improve their health during pregnancy, improve their care and parenting as a new mother, and plan for life as a parent.

Over 30 years of evaluation and research, the programme has been well-proven to reduce child abuse, improve educational outcomes for children, and increase the number of mothers entering employment. The NFP is one of the best-evidenced social programmes in existence. It has been replicated extensively in the US, and now in the UK (as the Family Nurse Partnership, as advocated by the WAVE Trust). NFP has absolute clarity on core components of the model, practices and standards expected of participating agencies and through a national office supports scaling across the US.

Quaker Social Action (QSA) tackles poverty and isolation in east London. It runs an innovative financial education project called Made of Money, which helps low-income families to make the most of their finances by looking at attitudes, values, fears and communication around money.

QSA is a community-based charity with strong local roots, and its strength lies in knowing its community well and tailoring projects to local needs. It does not therefore want to expand outside east London. However, Made of Money has proved particularly successful, and QSA recognises the value it could bring across the UK, so it has started to scale up the approach by providing training and resources to other organisations that work with families. In the last year, it has provided training to 29 organisations, including housing associations, primary schools and family charities.

Building an approach within a charity

It is also possible to scale up charities directly, by investing in organic growth and providing support. While it is important for an approach to be well-documented, proven and understood before attempting to scale it up, it is less important that the approach is comprehensively codified and standardised if it is to be scaled up within a growing organisation. However, it is critical to understand the organisation itself through intensive due diligence, both of the approach and of the organisation. Such a due diligence approach is outlined in NPC's guide to analysing charities, *The little blue book*.¹

This model of scaling is most appropriate where it is not possible to codify the approach completely, due to specific factors associated with the organisation (for example, staff expertise), and where the organisation is already planning or engaged in deliberate efforts to expand its programmes.

Key questions

- Are components of the approach specific to a particular charity?
- Does the charity have the capacity to cope with expanding the approach? Is it ambitious, well-managed and financially sound?
- Is scaling already underway, or are there plans for expansion?

Illustrations

In 1995, the national children's charity **Barnardo's** set up its first project for sexually exploited children and young people. Since then, the service has been developed on a regional basis, and there are now 19 of these projects spread across the UK, with plans for more. The projects differ from region to region, but all work directly with children and young people at risk of or engaged in sexual exploitation. They receive around half their funding from government.

This is an excellent example of building an approach within a charity. Being large and well-run, Barnardo's has the capacity to cope with the expansion of its services against sexual exploitation. But it is not just size that matters. Barnardo's also has the strength of expertise in the field: it was the first charity to work with sexually exploited children in the UK, and NPC has been impressed by its commitment to measuring results. Detailed case notes are kept on each child, and a comprehensive evaluation has shown a significant reduction in risks associated with sexual exploitation as a result of its interventions.

Christians Against Poverty (CAP) was founded in Bradford in 1996, as a local debt counselling service. It is now a national network of centres based in local churches. CAP helps people on low incomes to overcome problem debt, offering face-to-face advice delivered through centres. It has an effective model to help people organise their finances, get out of problem debt, and build up savings. It records its impact using sophisticated IT systems to track debt repaid and money saved, and stays in touch with clients long term.

CAP is scaling up its services by increasing the number of centres, but keeping them small and focused on their own local communities. The head office in Bradford provides administrative support, freeing up the debt counsellors to focus on providing face-to-face advice. There are now 125 CAP centres throughout the UK, and the charity has plans to continue opening centres as long as there is a need for face-to-face debt advice for vulnerable people.

¹ Copps, J. & Vernon, B. (2010) *The little blue book: NPC's guide to analysing charities, for charities and funders*. New Philanthropy Capital.

4. Should I scale up this approach?

The process described in Section 3 is the ideal. It starts with identifying a social problem and works from there. But in practice, questions about scaling up will also come from individual charities putting their case to ministers and officials. This may well be the most common situation, as charities lobby for political support for their approaches and for resources to grow. How do ministers or civil servants then decide whether they are really candidates for scaling up?

The stages of decision-making are the same as we describe above, but they become tests for a specific organisation to pass, rather than a filtering process for the whole field.

Stage 1: Putting the organisation in context

- How does it compare to other charities?
- Is its role distinct from, and potentially additional to, existing public services?

Stage 2: Understanding the approach

- Can the charity explain clearly what it does—the problem it addresses, its activities, what constitutes success, and its measurable objectives?
- Is it clear that its intervention aims to deliver greater public benefit or value? For example, does it intervene earlier than public services or target beneficiaries who are hard for public services to reach?

Stage 3: Assessing the evidence

- Does it have direct evidence of its impact?
- Does it have a results-based culture, involving planning, data collection, analysis, learning and continuous improvement?

Stage 4: Valuing the approach

- Has a cost-benefit analysis been carried out?
- If not, does it have cost data and evaluated outcomes that would enable a cost-benefit analysis?

Deciding how to scale up

If the charity you are considering has answered these questions satisfactorily, it is a candidate for scaling up. You then need to decide whether it is the organisation itself that should be scaled up, or its approach. As discussed more fully above, there are two options:

- **Replicating the approach in different organisations:** In this case, the model is well documented and standardised, it is a candidate for rapid growth beyond the scope of the existing organisation, or the organisation itself is not prepared for rapid growth.
- **Building an approach within the organisation:** In this case, the charity is already planning to scale up or being scaled up, the model is not comprehensively documented and standardised enough to allow replication, or there are specific features of the model associated with the organisation itself.

5. What next?

The purpose of this paper is not to provide detailed guidance on how to scale up social interventions—there is already a well-developed literature on the subject.ⁱ Rather, this paper provides you with a practical guide on how to identify what to scale up. So what next?

Once you have identified an approach to be scaled up, and decided whether to replicate it or expand an organisation, there are three main types of resource that need to be brought to bear:

- **Financial resource:** Whether replicating an approach or expanding an organisation, financial resources will be required, both capital and development funding, and start-up and revenue funding.
- **Non-financial resource:** Successful scaling up requires support for the organisation or approach being scaled up, to plan expansion, document and refine the operating model, polish and update the business model. The team leading the change also requires support, to help ensure they have the skills required to manage expansion and deliver the approach effectively on a much larger scale.
- **Political support:** Scaling up requires significant lobbying, partnership development and business development support. Most rapidly-scaled up social interventions have considerable political support to assist with the development of models in new regions, and encourage new funders to come on board.

The most compelling and successful programmes to scale up social interventions tend to combine all three types of support. We believe the potential for such programmes in the UK is huge and exciting.

Illustrations

The Social Impact Bond, as developed by Social Finance, is a recent example of a financial vehicle that supports scaling by providing a mechanism for long-term funding against expected social returns.

Inspiring Scotland is an example of a compound approach to scaling, providing financial resources and capacity-building support to charities identified as delivering exemplary social impact through a comprehensive research process. As with the Social Impact Bond, this has the added attraction of being designed to include private as well as public funding.

The Edna McConnell Clark Foundation's Growth Capital Aggregation Pilot is an example of a compound mechanism to identify proven nonprofits and bring them to scale. Its most successful programmes, including the Nurse Family Partnership (also described here as an example of an intervention that is being replicated) have all received support from both the Nonprofit Finance Fund (focus on financial resources) and Bridgespan (focus on capacity resources through strategy and impact measurement). The Clark Foundation has become a key adviser to the US Social Innovation Fund based on its success at scaling proven approaches.

The Social Innovation Fund (SIF) is a US grant fund established in 2009 by President Obama's administration, to scale up effective, innovative nonprofit organisations working in deprived areas. It will distribute \$50m in 2010, via grant-making foundations, and announced recently that its commitment will be matched by \$50m from independent foundations. SIF is explicitly focused on effective, evidence-based approaches, but also expects to invest in the capacity of nonprofit organisations to measure and analyse their impact, as an integral part of efforts to scale up their work and results.

ⁱ For example, see Bradach, J. (2003) *Going to Scale: The Challenge of Replicating Social Programs*. Stanford Social Innovation Review.
Also see Mulgan, G., Ali, R., Halkett, R. & Sanders, B (2007) *In and out of sync: The challenge of growing social innovations*. NESTA.

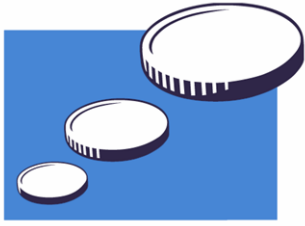
6. Conclusion

We have entered a new era in the relationship between charities, social enterprises and government. The coalition government has stated explicitly its desire to increase the third sector's involvement in public services, and it has committed itself to cultivating and supporting a Big Society to tackle longstanding social problems, harnessing the potential that voluntary and charitable approaches have to transform the nation.

But the Big Society will not become a reality unless it can overcome two huge obstacles. First, the fiscal situation threatens to overwhelm these plans—public spending will be so constrained that it will be incredibly hard to direct enough to charities that can achieve real social change. Second, flows of public spending through charities are not yet focused enough on evidence of impact, in part because such evidence is far too scarce for this to be possible.

Charities need to understand the pressure ministers are under to do more with less. They should work hard to demonstrate their impact and potential savings to the taxpayer, in programmes that can be scaled up. Those without evidence, and those not investing in building their evidence base, should understand that their work may be excluded from efforts to transform society through better public service delivery.

Ministers need better ways of assessing charities' claims and promises, and this report outlines a framework to help them. If it is applied properly, it could help to reduce the deficit, tackle deeply entrenched social problems, and help the most disadvantaged people in our society. That is not a modest set of aims, but the work of charities that test, measure, evidence and prove their work will make them possible. Ministers should be sceptical of charities that pitch for funding but do not demonstrate impact. The framework set out here can help them to assess what to scale up.



New Philanthropy Capital

New Philanthropy Capital (NPC) is a consultancy and think tank dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For **charities**, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For **funders**, it means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

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