Turning the tables in England

New Philanthropy Capital

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Putting English charities in control of reporting

A guide for charities and funders

Cabinet Office
Office of the Third Sector

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Ministerial foreword

Charities and other third sector organisations are a fundamental part of our society, playing leading roles in campaigning for change, strengthening communities, and in the design and delivery of public services. It is important that the regulatory environment for the sector strikes the right balance; protecting accountability and public confidence whilst minimising administrative burdens.

We have taken a number of steps to reduce the burden of regulation on charities. The Charities Act 2006 introduced a number of de-regulatory changes particularly for small charities, and we have followed that up with a review of financial thresholds, which is expected to lead to further de-regulatory changes. Despite this progress, many charities tell us that it is processes around applying for funding and the monitoring and reporting associated with funding that create the most significant administrative burdens for them.

We recognise that effective commissioning is essential in making the relationship between the sector and Government work. For the first time the Treasury has made explicit the expectation that departments will pass down three-year funding settlements so that they become the norm and not the exception. We have the programme to train 2,000 commissioners of public services. Departments are increasingly recognising the importance of the third sector, for example through developing their own third sector strategies.

Monitoring and reporting are important activities in demonstrating outcomes and the effective use of funds. However we accept that charities often spend too much time meeting burdensome monitoring and reporting requirements, and we want to address that.

The *"Turning the Tables in England"* research pilot is a welcome step forward, in building the evidence base by quantifying the costs of monitoring and reporting, and in recommending practical changes for both Government and the sector to take on board. I would particularly like to thank those charities who took part in this study for their commitment. We will carefully consider how we can take forward the recommendations and suggestions addressed to us, with the aim of reducing the administrative burdens of monitoring and reporting. This, in turn, should free up additional time and resources for charities to focus on doing what they do best.

Phil Hope MP
Minister for the Third Sector

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Introduction

Currently, charities are required to provide multiple bespoke reports for funders, often completing different reports for each different funder. New Philanthropy Capital (NPC) believes that this inefficient process does not encourage good reporting and in fact diverts valuable resources away from charitable activities.

It is ultimately charities' beneficiaries who lose out as time that is spent filling out reports and collecting data cannot be spent delivering services.

This report aims to turn the tables on the dominant culture of monitoring and reporting for funders—encouraging charities to develop a more streamlined standard reporting process for all of their funders.

The cost of complexity

Charities receive money from funding bodies of all kinds. Almost all of these funders ask charities to account for the money they have spent. This involves demonstrating that the money has been spent for the purpose it was intended and can also involve showing the impact of that money.

Reporting to funders can include many different activities—from photocopying receipts and invoices to collecting information on the people charities work with, to filling out forms and spreadsheets. All of these activities take time. Clearly it is in the interests of funders, charities and the people they are trying to help that this time is kept to a minimum, at the same time as maintaining transparency and effective management.

The dominant system of reporting requires charities to create a bespoke report for each of their funders. This inevitably leads to duplication of effort, as the same information is converted into different formats, and charities are required to collect information that is often not useful to them. There is much anecdotal evidence that the current system of monitoring and reporting to funders is an unnecessary drain on charities' resources.

The National Association for Voluntary and Community Action (NAVCA) has highlighted several case studies of unnecessary reporting in its *For good measure* report.[1] In one example, a small charity was audited eight times in six weeks by local public partners.

Monitoring and reporting demands are rarely coordinated among funding bodies, despite several attempts to streamline the process. This applies equally to public sector funders and independent grant-makers. For example, the director of Newcastle Council for Voluntary Service told the *Guardian*: 'each set of funding requirements is different, and often quite inappropriate. Charities actually often spend far too much of their available time on trying to meet all these demands, rather than concentrating on quality improvements.'[2]

Funder response

The fact that reporting burdens might prove to be a barrier for charities seeking public funding is a particular concern for the government, which has made a conscious commitment to increase the involvement of the third sector in delivering public services.[3] It is widely acknowledged that this lack of coordination is a bad thing, and the government has issued several sets of guidelines urging better practice from funders including the Compact on Relations between Government and the Voluntary Sector in England,* HM Treasury guidelines and more.[4-10]

Attempts by funders to coordinate and implement these guidelines have not worked. The Lead Funder Pilot, chaired by the Department of Work and Pensions (DWP), was an attempt to encourage funders to coordinate their monitoring and reporting requirements by assigning a lead funder whose requirements would satisfy other funders.[11] This programme was launched in 2003 but never published its full report. The draft report noted that: 'It became clear, quite early on, that joined-up monitoring would be a near impossible task.'

Despite this, a Better Regulation Task Force report in 2005 on 'quasi-regulation' again recommended that government departments should work together to measure and reduce the administrative burden.[12]

A year on this had still had little success. As Stuart Etherington, Head of the National Council for Voluntary Organisations (NCVO), said: 'On the anniversary of the publication of the Better Regulation Task Force report, we should be celebrating the changes and achievements that have taken place since then, rather than waiting for the wheels to be set in motion.'

* The Compact is the agreement between the government and the voluntary and community sector to improve their relationship for mutual advantage and community gain.[4]

Indeed, research conducted by Charities Evaluation Services (CES) found that two thirds of respondents from voluntary organisations felt that accountability requirements had become more demanding, for some 'to the point where the monitoring requirements of our funders are dictating how we do all of our work.'[13]

Independent funders have also responded to problems with reporting. For example, the Tudor Trust tested three different types of reporting formats, and concluded that a reminder system would be the most effective way of cutting down on late and incomplete reports.[14]

However, when it comes to cooperation, independent funders have had little more success. An attempt by the Charles Hayward Foundation in 2005 to collaborate with other funders on a shared grant evaluation system failed to change the status quo as funders felt their requirements were too individual.[15]

Encouraging funders to cooperate on reporting has not worked. NPC believes that a new approach is needed.

A new approach

Last year in Scotland, NPC piloted a new way of reducing the reporting burden—the standard report. The idea is that each charity develops its own standard report, which it offers to all of its funders. The findings from this pilot are explored in detail in NPC's report, *Turning the tables*.[16] The key feature of this approach is that it involves both charities and funders, and empowers charities to collaborate with their funders to determine their reporting requirements.

Funders and government have begun to recognise the need for an approach that involves charities more actively. The first Scottish pilot report was commissioned by the Scotland Funders' Forum and funded by the Big Lottery Fund (BIG).*

The pilot presented in this report has been funded by the Office of the Third Sector and focuses more on the potential for standard reports within public funding agreements rather than independent funders. This is in line with its report, *Partnership in Public Services—An action plan for third sector involvement*, which called on government departments to 'systematically measure the administrative burdens associated with contracts held by the third sector' and then 'to reduce the administrative burdens on third sector service providers.'[3] This report can be seen as a complement to *Turning the tables*, which focused more on reporting to independent funders.

Sizing up the problem

This report estimates the amount of time spent by each charity in the pilot on monitoring and reporting for funders. It then places a financial value on this time.

We received data from 16 charities about a total of 231 funding agreements (a list of the charities taking part in this pilot can be found in Appendix 1). The size of funding agreements ranged from £250 to £30m. These included funding agreements of all types, from small private donations to large public contracts.

The average reporting burden for the 16 charities in this pilot, *over and above* what they would report on for their own purposes, was 6% per funding agreement. This figure hides much variation: over half of the funding agreements had a burden of less than 2.5%, while one quarter of funding agreements had a burden of over 7%. A more detailed description of the data is presented in Section 1, along with an analysis of what leads to a high reporting burden.

Putting an estimate on the average burden of monitoring and reporting provides an economic incentive for both funders and charities to change the system. If they know the size of the burden then they know how much money can be saved.

Quantifying the benefits in this way should be more persuasive than issuing guidance that appeals to a sense of fair play and offers no way of balancing the funder's desire for information with the demands this makes on a charity's resources.

Cost vs value

The word 'burden' can have negative associations. It is not the intention of NPC to imply that all reporting, or even most of reporting, is unnecessary and unwelcome. Indeed, NPC's whole philosophy is based on reporting impact. We use the word 'burden' in this report simply to show that it is something charities are obliged to do as part of funding agreements, meeting the requirements of the Charity Commission† and for their own good management.

Nearly every funder requires monitoring and reporting from charities, and both funders and charities benefit from this process. Being able to demonstrate the outcomes of activities, and learning from success and failure, are important for charities' development, and receiving an outcomes-based report can help funders to understand the impact they are having. Reporting on financial information allows a funder to understand the costs of services and

* The Scotland Funders' Forum is a group of public and independent funders that are working together to share information, learning and best practice. BIG chairs the Forum and supports its development.

† All registered charities whose gross income exceeds £10,000 must submit accounts and the Trustees' Annual Report to the Charity Commission within ten months of the end of the financial year.[17]

enables the charity to demonstrate its propriety. Public funders must demonstrate public accountability of taxpayers' money too.[18]

However, the time spent producing and delivering this information must be commensurate with the value of the information, both to the funder and the charity. Where demands and requirements vary from funder to funder, charities spend considerable time and money tailoring reports to individual funders. Hence funders should fully understand the value of each piece of information they request.

Section 2 explores in more detail the value that funders and charities are getting out of the current reporting system.

Trying out a solution

Section 3 describes the experiences of the charities in this pilot as they attempted to 'turn the tables' and reduce their reporting burdens by creating their own standard report. The initial pilot study carried out by NPC in Scotland during 2007 concentrated largely on trust funders and showed that standard reports had the potential to:

- reduce the time spent monitoring and reporting;
- increase the quality of reports; and
- increase communication between funders and charities.

This report builds upon the initial pilot and places more emphasis on how standard reporting might work for public funding arrangements, although independent funders are still included.

Eighteen charities attempted to produce a standard report between February and April 2008. A total of five charities were successful, while other charities made progress on coordinating their funders' requirements.

At a meeting held in London on 10 April 2008, the charities came together for a roundtable. They shared and discussed both the experience of compiling a standard report and feedback from funders. The second half of Section 3 examines the success of trying out a standard report from the point of view of charities and funders. A timetable of the project can be found in Appendix 3.

During the project NPC has been advised by a steering group with a range of perspectives on the monitoring and reporting process (for members of the steering group, please see Appendix 2). The steering group was consulted throughout the project and offered advice and direction while we undertook our research.

Section 4 describes other approaches suggested both by charities and the steering group over the course of the pilot. These include funders specifying their reporting requirements at the beginning of funding; providing more specific guidance for funders on reporting; and promoting a measurement culture within charities. These approaches have not been thoroughly researched but may be taken as a starting point for any future research into reducing the monitoring and reporting burden for charities.

At the end of each section we present recommendations based on the research from that section. These recommendations are for funders, public bodies and charities themselves. These recommendations are brought together in the final chapter.

Based on this pilot NPC believes that standard reports should be considered by charities and funders as a viable alternative to the current system. How suitable a standard report is will depend on how the charity itself is run, the mix of funding the charity has and the relationships the charity has with its funders.

Any attempt to reduce the amount of time spent on monitoring and reporting, whether through standard reports or otherwise, will be more successful if both charities and funders know the costs of reporting, the value they are getting from this reporting and hence what they stand to gain from changing the system.

Technical notes

For the sake of brevity we will substitute 'reporting' for 'monitoring and reporting' from now on. However, when we say 'reporting' we are referring to the process of data collection and monitoring, as well as writing up reports.

A whole range of income streams from contracts and service level agreements to straightforward grants are considered in this report. For convenience all sources of income will henceforth be referred to as 'funding agreements'.

Throughout this report we will talk about the importance of focusing on 'outcomes' in reports. This means concentrating on what *difference* a project or service has made to people's lives, rather than just reporting on what services or products were offered and taken up (outputs) or what resources were invested and how (inputs).

Except where stated otherwise the views presented in this report are those of NPC.

Based on this pilot NPC believes that standard reports should be considered by charities and funders as a viable alternative to the current system.

The cost of reporting

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Is monitoring and reporting for funders costing charities too much? This question is often answered based on a perception of how long these activities are taking, or should take. Funders and charities often do not know whether these perceptions correspond to reality or what proportionate reporting actually means in practice.

Estimating how long charities are spending monitoring and reporting for funders is necessary to understanding the reality of the reporting burden. Based on the data given to us by 16 charities, we estimate that their average reporting burden is approximately 6%. Although most funding agreements have burdens of less than this mean—the median is about 2.5%—a quarter of funding agreements have burdens of over 7%.

This section discusses the method we used for estimating the cost of reporting. It then unpicks the average, which hides a lot of variation, depending on the funder and the charity it is funding. Some patterns emerge, the most striking being that public funding has a much higher burden than independent funding. The section concludes that measuring reporting burdens is the first step to knowing whether or not reporting is value for money.

The overall cost

The method

NPC asked a selection of charities to estimate the number of hours spent monitoring and reporting for each of their funders. The charities were either nominated by members of the steering group or were already known to NPC.

Sixteen charities were able to provide us with data on current funding agreements; however, not all provided data on all of their funding agreements.

Appendix 1 gives further details on the 18 charities taking part in the project, including the 16 organisations that submitted data. Charities working in a variety of sectors—from homelessness to child abuse to sexual health—were included. The charities also vary in size, with annual expenditures ranging from under £400,000 to over £140m, and geographic coverage ranging from local to national.

There was broad agreement about which activities should be considered 'monitoring and reporting for funders'. Monitoring activities were included in the estimate, which is in contrast to NPC's Scottish pilot (see Box 1). The charities agreed that the actual report writing was the most time-consuming activity, with financial reporting contributing significantly to this.

Time spent collecting data for the charity's own purposes was not included in the estimate. This is an important point, as although there is an inevitable grey area here, the cost estimated below should not be taken as the cost of the entire reporting system, but the *extra* cost imposed by charities reporting to multiple funders.

We asked the charities to specify, for each funding agreement, the time junior staff spend and the time senior staff spend on monitoring and reporting. We then valued time according to whether a junior or senior employee was engaged in a particular activity. From a charity's perspective, the cost of an employee's time is the cost of employing that person for that time, which we take to be £20 per hour for junior staff and £40 per hour for senior staff, including overheads.

For more information about the method used and how it potentially affects the results below, see Appendix 4.

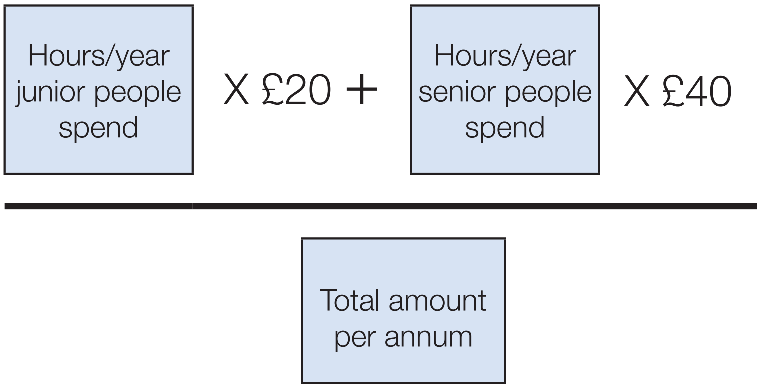
Box 1: Comparison to NPC's Scottish pilot

The overall figure of 6% is higher than the 4.5% burden we found in Scotland. The purpose of the English pilot was to cost the reporting burden for charities with more public funding than those of the Scottish pilot, for which the funding was more from trusts and foundations. The fact that public funding incurs a reporting burden of about 9% in England, over four times as much as that of independent funding, suggests that the difference between the two pilots results from the different mix of funding. The charities in our Scottish pilot also did not include time spent monitoring in their estimates, which makes the two averages not directly comparable.

The cost

The reporting burden is the value of time spent by junior and senior staff on monitoring and reporting for funders as a proportion of the total funding agreement (see Figure 1).

Figure 1: The cost calculation



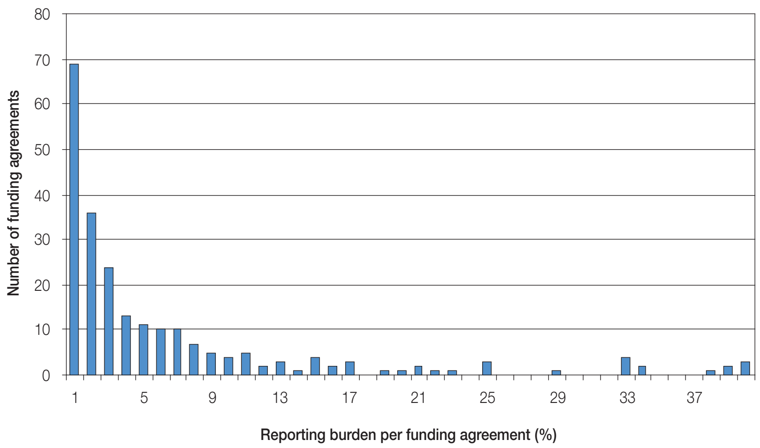
From the data submitted by the 16 charities, an average of approximately 6% of each funding agreement is being spent on monitoring and reporting for the funder. We are cautious about extrapolating this estimate to charities beyond our sample, or claiming that this is the average reporting burden for all charities. We have only considered funding agreements here and have ignored any voluntary income, which may be considerable and come with no reporting burden. However, we do briefly note how this compares to our Scottish pilot (see Box 1).

A more detailed description of the data is given in Appendix 5.

An average

This headline figure of 6% is the average reporting burden of all 231 funding agreements on which we received data. The distribution of funding agreements is far from normal and is skewed towards the lower end (see Figure 2).

Figure 2: Reporting burdens vary



The middle value (the median) is several percentage points below the average (the mean): half the funding agreements have reporting burdens of less than 2.5%.

However, the lower end of the distribution is dominated by only a few charities. For example, of the quarter of funding agreements with the lowest reporting burdens, half of them belong to the **NSPCC**. Not including the sample provided by the NSPCC increases both the mean and the median by one percentage point, to 7% and 3.5% respectively.

More generally, charities that provided data on more funding agreements are weighted more heavily in the overall mean. The mean of each charity's reporting burden is approximately 4.5%. This statistic weights all charities equally, regardless of whether they provided data on one funding agreement or 50, but hides the high burden of particular funding agreements as each charity is likely to have a mix of funding agreements with high and low burdens.

Which funding agreements come with higher reporting burdens?

An overall average serves as a headline figure but obscures any potentially interesting variation in reporting burdens. In this section we discuss which factors we found to be positively correlated with higher reporting burdens. A summary of the main findings from the data can be found in Table 1.

Funder factors

Whether or not the funder is public is predicted to be an important factor in the size of the reporting burden. We would expect public funding to be more burdensome than independent funding because public funders are required by law to account for how public money is being spent, and whether this spending is good value for money. Independent funders, in contrast, have the freedom of having to prove value for money and probity only to themselves.

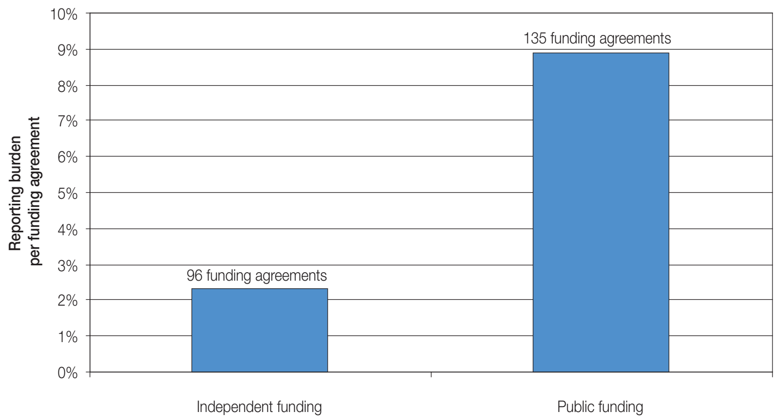
Across all charities, the burden on public funding is over four times as large as that on independent funding (see Figure 3).

From our sample, public funding attracts a reporting burden of approximately 9% compared to the burden of just over 2% on independent funding. See Appendix 5 for a histogram of public funding agreements only.

The most obvious interpretation of this is that public funders ask for more information. However it is worth asking whether public funders are funding organisations for which reporting is necessarily more time-consuming—for example, a charity reporting on the outcomes of individual beneficiaries. We have found that a higher reporting burden for public funding persists at the charity level, which suggests this is not the case.

The categories of 'public' and 'independent' are quite broad. Looking at the public funding agreements in more detail, central government funding in our sample has a higher reporting burden than local government funding (see Figure 4). Central government funding includes central government departments and national non-departmental public bodies such as the Learning and Skills Council (LSC). It does not refer to money disbursed by the European Social Fund (ESF). Local government funding includes both local authorities and Primary Care Trusts (PCTs). It refers to money disbursed by a local funder regardless of where the funds came from originally.

Figure 3: Public funding is more burdensome



This difference is not quite as striking as that between public and independent funding agreements, but substantiates the anecdotal evidence from the participating charities that local funding agreements are more personal and therefore less risk-averse. It would be interesting to do further research to see whether this is universally true, or whether the autonomy of local government means that their reporting burdens vary more widely than those of central government.

Table 1: Summary of findings

Factor that might affect reporting burden	Is this true for our sample?
Public vs independent funding	Data from our sample indicates clearly that public funding has a much higher burden than independent funding.
Central vs local government funding	Data from our sample indicates that central government funding agreements carry a higher burden than local ones.
Length of funding agreement	Data from our sample indicates that shorter funding agreements might come with higher reporting burdens.
Maturity of charity	Data from our sample indicates a weak link between maturity of charity and reporting burden.
Size of charity	Data from our sample indicates a weak link between size of charity and reporting burden.
Grants vs contracts	NPC did not collect enough data to analyse any difference in burden between grants and contracts.
Size of funding agreement	Data from our sample gives conflicting evidence on whether a link between the size of funding agreement and size of reporting burden exists.
Having multiple funders for the same project	Anecdotal feedback from charities suggests this increases the reporting burden.
Funders having different aims to the charity	Anecdotal feedback from charities suggests this increases the reporting burden.
Funders asking for information to inconvenient timescales and formats	Anecdotal feedback from charities suggests this increases the reporting burden.
Negotiating reporting requirements after funding has been agreed	Anecdotal feedback from charities suggests this increases the reporting burden.

Figure 4: Central government funding has a higher monitoring and reporting burden

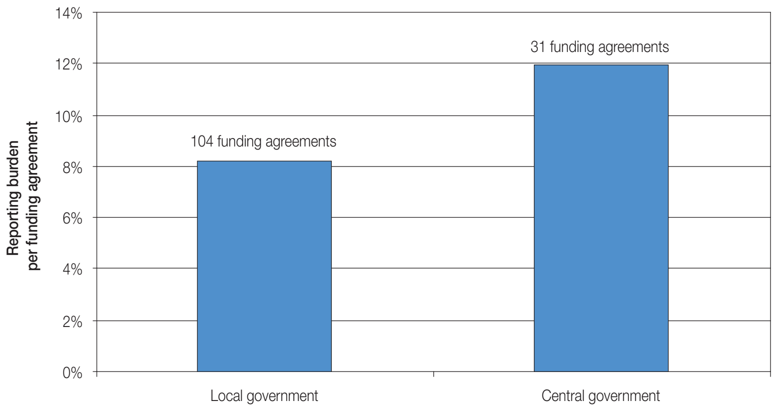
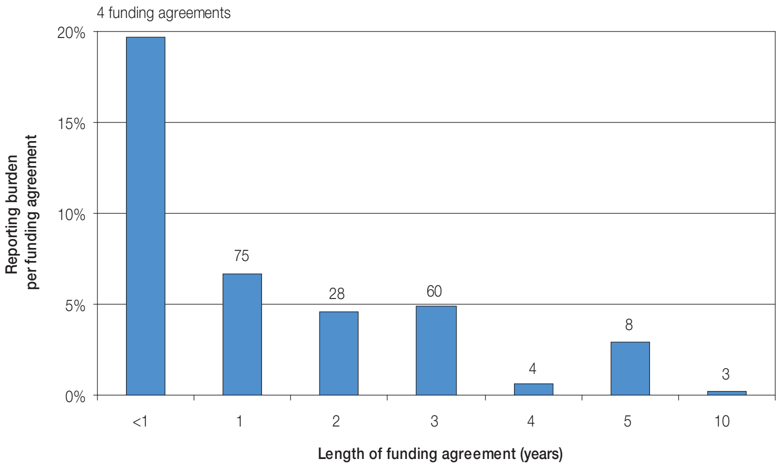


Figure 5: Shorter funding agreements might have higher burdens



Agreement factors

Regardless of the funder and the charity it funds, we would expect certain characteristics of the funding agreement to be important in determining the size of the reporting burden.

Size of funding agreement

There is much guidance recommending that funders ensure their reporting requirements are proportionate (see Introduction). This means proportionate to the size of the 'funding agreement' and also to its risk.

Without proportionality, smaller grants automatically end up with higher burdens if the same thing is asked regardless of the amount of money involved. We did not assess the risk level of the charities in our pilot, so we cannot comment on this aspect of proportionality.

From our sample, across all funding agreements, there is not an obvious relationship between the size of the funding agreement and the size of the reporting burden. However, at the charity level, smaller funding agreements do have higher burdens. This apparent contradiction probably results from the anecdotal nature of the data collected, and a more representative sample would be required to investigate this relationship further.

Length of funding agreement

There are two main reasons to expect a higher reporting burden for shorter funding agreements.

Firstly, if a funding agreement is long then the more costly, one-off aspects of reporting can be spread over several years. For example, if the charity has to set up a new monitoring structure for a funder, then funding over a longer period of time will ensure that a burdensome initial cost is made more manageable by the number of years it is used for. Similarly, if an end-of-funding report is time-intensive, a shorter funding agreement will have a higher burden.

Secondly, length of funding agreement may be acting as a proxy for the relationship between funder and charity. It is reasonable to assume that, the better this relationship, the more likely the funder is to extend a funding agreement. A better relationship may also mean a lower reporting burden, either directly through the length of the funding agreement, or indirectly—eg, knowing exactly whom to speak to or requiring less financial information.

Of course, this relationship between the length of funding agreement and size of reporting burden may be driven by the risk of the funding agreement, which we did not assess.

Figure 5 suggests that there is a relationship between length of funding agreement and reporting burden. However, the vast majority of funding agreements are between one and three years. The spike in the reporting burden for funding agreements of less than a year and the near non-zero reporting burden for funding agreements of ten years represent just seven funding agreements, and cannot lead to a conclusion either way.

Grants vs contracts

There is a concern within the third sector that contract-based funding comes with a higher reporting burden than grant-based funding. This may mean that smaller charities are moving away from public service delivery as they are not able to cope with this increase in reporting.

Unfortunately, we were not able to test whether this was true for our sample. Because of lack of available data, we did not look at any differences between grants and contracts, although this distinction would be interesting given the trend towards contract-based funding.

Charity factors

We now look to see whether a charity's particular characteristics are contributing to the size of the reporting burden.

We do not identify individual charities in the figures. Not all charities gave a representative sample of funding agreements, and we do not want to give a misleading impression of the overall burden or the funding mix of the participating charities.

Size of charity

We would expect the size of the charity to be important for size of the reporting burden. Smaller organisations will have relatively high overheads and may not have the capacity to implement efficient systems of reporting. Reporting may take up more senior staff time; the organisation may not have the junior staff to do so or junior staff may not have the skills.

The smallest charities do have high reporting burdens and the largest charities do have low reporting burdens as expected, but the relationship is not strong (see Figure 6).

Funding mix of charity

There is a much more consistent relationship with the percentage of public funding the charity receives (see Figure 7).

The fact that the charities in our pilot with more public funding have higher reporting burdens reinforces the previous finding that such funding is more burdensome. However, this finding comes with the caveat that not all charities chose to give data on all funding agreements. The average burden of a charity's sample may therefore not be the average burden of the whole charity.

Maturity of charity

We also looked at the maturity of the charity as a possible determinant of the reporting burden. There is no clear relationship. Older charities appear to have lower reporting burdens, but with some important exceptions. It may be that older charities have had more time to diversify their funding base and so are less reliant on public funding.

Other things that may increase the reporting burden

In addition to the data we collected about the time spent monitoring and reporting for funders, we received feedback from the charities on other factors that contribute to a high reporting burden. Four particular conditions were identified:

1) If the charity has multiple funders

When a charity receives money from several funders for the same project, reporting costs are increased by each funder requiring reports with different information, in different formats and at different times. This issue is discussed in more detail in Section 3.

2) If a funder has different aims from the charity

When the aims of the charity are only loosely aligned with the aim of the funder then the associated reporting requirements will be additional to the information the charity would collect for its own purposes.

For example, a charity that provides counselling for people with mild mental health problems may increase employment amongst the people it helps, although its main aim is to improve mental health. If this charity takes money to improve employment then it must track and report on employment, something that may prove very difficult if the charity has not had any experience with tracking employment outcomes before.

Figure 6: Size of charity does not matter

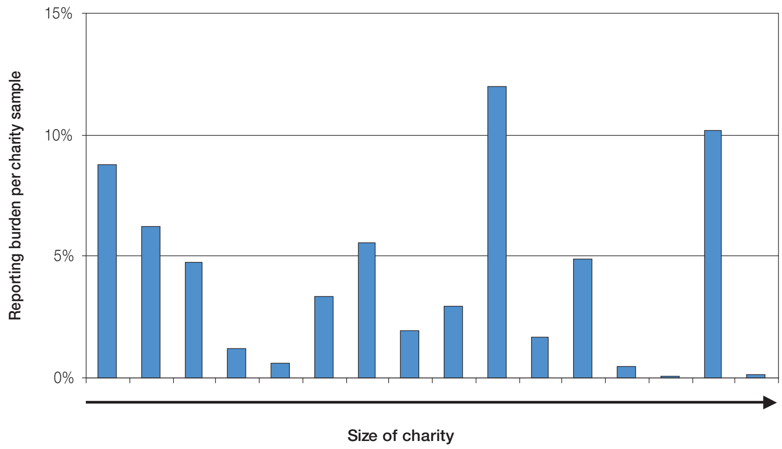
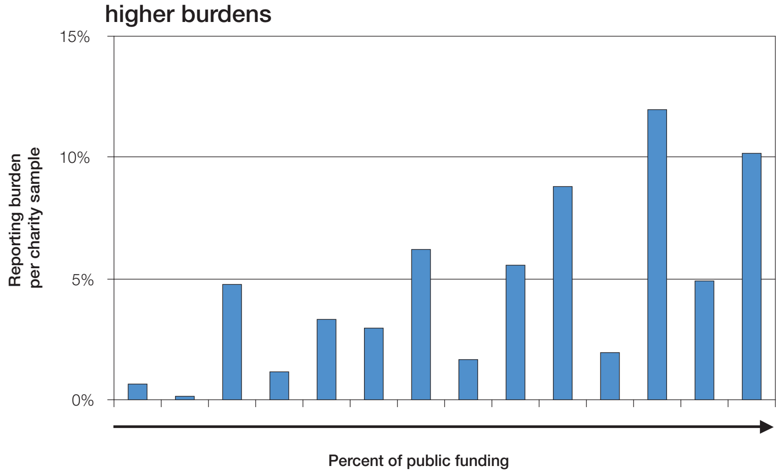


Figure 7: Charities with a greater percentage of public funding have higher burdens



3) If a funder asks for information on inconvenient schedules and in inconvenient formats

Funders will very rarely ask for reports on a schedule that is convenient for the charity. For example, charities working in schools find it most helpful to collect information on a termly basis, whereas many funders will require reports to be submitted quarterly. This requires the time-consuming manipulation of both financial and outcomes information based on different time periods. Putting the information into different formats for different funders compounds the problem.

4) If reporting requirements are negotiated after funding has been agreed

It is not unusual for reporting requirements to be left out of funding agreements. Many of the charities in our pilot had had the experience of being involved in lengthy negotiations over reporting requirements after funding had been received. Sometimes the negotiations revolve around particular requests being too burdensome. However, it is also common for information requests from funders to contradict directly the core values of the charity—for example, by compromising the confidentiality of service users.

Not all of the burden comes from funders

NPC does not believe that reporting costs should be reduced to zero. Both funders and charities stand to gain from the process of reporting. It is only through reporting that a charity may learn from its successes and failures, or a funder may understand its impact.

We would also expect some funding agreements to have higher burdens; even with proportionate reporting, not all funding agreements would have the same burden.

Independent of funders' reporting requirements, charities that are not well-run organisations will have higher reporting burdens. Charities need people trained to manage the organisation effectively, and the appropriate systems to do so, in order to minimise the time spent monitoring and reporting. A good IT system, for example, is necessary to keep track of the time spent on monitoring and reporting in the first place.

Charities without this capacity should not receive a black mark from funders; instead, advice on improving organisational effectiveness should be given along with funding.

Even when charities are comparatively well organised to report to funders, they may have little idea of what they would report on for their own purposes. Reporting has historically been a funder-driven process, and so this distinction may not have been made. Where a charity does not know how much of a burden an additional funder is imposing, it will not be able to factor this cost into its full cost recovery and so will not be adequately covering core costs.[19]

Section 3 discusses how having a standard report can help charities to calculate the extra time spent reporting to its funders.

Summary and recommendations

Calculating how long charities are spending reporting to funders is the first step towards understanding what the burden is, and which funding agreements are likely to have a higher burden. From our sample of charities, the average burden per funding agreement is approximately 6%.

The most striking finding is that public funding is much more burdensome than independent funding. Charities that have a greater proportion of public funding in their sample of funding agreements are more likely to have a higher reporting burden.

From our sample of charities, it is clear that reporting burdens vary substantially. Although we have identified several factors that are likely to produce a higher reporting burden, it is also clear that an estimate cannot be made of a charity's reporting burden without the charity actually costing how much time is spent on reporting. Our recommendations follow from this:

1.1 Charities should, for each funding agreement, estimate the time spent reporting.

This will allow them to:

- show funders how much of their money is being spent on reporting;
- show whether efforts to reduce reporting burdens have worked;
- assess whether taking money from a particular funder will be worth the effort; and
- put the cost of reporting into their full cost recovery.

In order to get an accurate estimate of the amount of time spent on reporting, charities must have some way of tracking how their employees' time is spent. This requires charities to have some kind of basic timesheet system and the software to support this; or, for smaller charities, a way for staff to give regular, consistent estimates of the time they spend reporting.

1.2 Charities should understand their own burdens.

Charities should use their measurements of their reporting burdens to understand what is taking the most time. Understanding how long reporting takes will allow charities to make sensible decisions about what reporting requirements they can agree to.

The person within a charity with the responsibility for securing funding will probably not be the person with the responsibility for reporting. This often leads either to more reporting being promised than the charity can deliver or to reporting requirements being left out of initial agreements and then being decided after lengthy negotiations once the funding has been received.

If the reporting burden is known upfront by everyone in the organisation then, when the terms of funding are being agreed, terms more favourable to the charity should be agreed from the start.

Several companies provide outsourced administration for charities. Sometimes it may make sense for a charity to pay someone else to do its reporting. Again, a decision can only be made if charities know what they are currently spending on reporting.

1.3 Funders should give guidance on reporting time before the beginning of the funding agreement.

Even when funders have an idea of how much time this should take, they do not know whether this corresponds to reality and rarely is this figure communicated to charities.

As charities move into new areas of service delivery and their relationship with public funders becomes more formal and professional, it is important that funders give charities as clear an idea as possible of what they are letting themselves in for. This includes making charities aware what increased reporting requirements mean in practical terms.

Explicitly setting out the expected reporting burden before funding is agreed allows charities to make considered decisions about which types of funding to apply for and to factor reporting costs into their bids. It also enables informed negotiations about reporting requirements to take place right at the beginning of the commissioning process, when they are most effective.

This in turn helps funders to know whether reporting requirements are proving to be a barrier for parts of the third sector, in particular small local charities.

Clearer guidance might also prevent charities from going into a lot of detail where the funder had only expected a brief response.

1.4 Funders should know how much reporting is costing the charities they fund.

Several members of our steering group were surprised that reporting burdens were so high. Knowing how much time it is taking to report back on their funding agreements will allow funders to:

- have a baseline against which they can measure whether efforts to reduce reporting burdens have worked;
- track the reporting burden within and between funders; and
- look at patterns across funding agreements, and work to reduce particular burdens. For example, although we have not found that smaller funding agreements had higher burdens for the charities we looked at, a funder may discover that its funding agreements are disproportionate. It can then work to reduce reporting burdens for smaller funding agreements.

This is particularly important for public funding agreements, which our data indicates have the highest burdens.

Photograph supplied by Julie McEver

The value of reporting 2

Section 1 attempted to put a cost on the current system of monitoring and reporting. Although this information is useful, it is impossible to know whether or not the burden of reporting is too high without knowing the value of the information reported.

This section is an attempt to describe the value of the current reporting system. First, it looks at the underlying rationale for various reporting requirements. Then it looks at how reported information is used in practice. This is not a quantitative assessment, but an overview of how the information charities provide is used, how it could be used better and whether some information is being gathered unnecessarily.

To a large degree, this analysis is hampered by a lack of transparency in how funders decide what they ask for. This is particularly the case with financial information. Funders are also opaque on the subject of how reporting requirements relate to the perceived risk of the funded charity. This may be because funders themselves have not examined their reporting requirements in detail.

Where do reporting requirements come from?

In order to understand the value of reporting, it is first necessary to understand the rationale behind reporting requirements. We describe below the three major drivers of these requirements and then discuss what special consideration is given by public funders to third sector providers.

Accountability

The primary reason for most reports requested from charities is accountability (ie, the assurance that the money given was used for the purpose for which it was intended). All registered charities must submit themselves to a basic level of scrutiny by submitting a Trustees' Annual Report, along with audited accounts, to the Charity Commission.[17] However, many funders require more detailed information about exactly how money was spent. This is particularly true in the case of public funders, often because they are accountable to parliament for the expenditure of public funds.

HM Treasury has laid down guidance on how government departments and non-departmental public bodies should account for their spending.[18, 21] This guidance consists of general principles around the level of propriety expected from those with responsibility for public funds. It does not contain specific advice on what information funders should ask for (eg, receipts for expenditure above a certain amount). Hence, despite stemming from the same guidance, there is a great variety in reporting requirements across government.

Guidance on meeting accountability requirements for European funding is, in contrast, very specific and detailed. Funding from the European Social Fund (ESF) in particular has been identified by charities as having an extremely high reporting burden (see Box 2).

Accountability goes beyond reporting on financial details. Public expenditure must achieve 'value for money'. This means that charities receiving public money are required to show that, for the amount of money given, they are providing an adequate level of service. Again the guidelines governing how value for money can be assured are vague and consequently reporting requirements vary enormously.

The opportunity is there for charities to convince local authorities that the outcomes they already measure for their own purposes will also meet national targets.

Box 2: The European Social Fund—high reporting burden

The European Social Fund (ESF) was set up to improve employment opportunities in the European Union and so help raise standards of living. It aims to help people fulfill their potential by giving them better skills and better job prospects. The English ESF programme will invest £4bn in 2007–2013, of which £2bn will come from the ESF and £2bn will be national funding.[20]

In both the Scottish and English pilots, ESF funding was notorious among the participating charities for its reporting requirements in particular, financial reporting requirements. In this pilot, there were five ESF funding agreements, both direct from ESF and through the Learning and Skills Council (LSC). The lowest reporting burden for these grants was 10%; the highest was over 20%.

The ESF acknowledges that its reporting requirements are high because they must reflect additional requirements in EU regulations. In England, ESF funding agreements are administered through co-financing arrangements where public bodies such as the LSC oversee much of the grant administration. Co-financing organisations (CFOs) can claim up to 5% of their contract to cover ESF management and administrative costs. Co-financing was designed to reduce the administrative burden on providers, including individual charities, that access ESF through CFOs.

However, the reporting burden for ESF funding agreements is now liable to increase as the pressure to sign off on the European Commission accounts grows, leading to more emphasis on financial probity.

Box 3: Commissioning on the basis of outcomes

Statutory bodies are increasingly moving towards commissioning services on the basis of outcomes. This means that money is only paid to the charity if a particular outcome is achieved (eg, getting someone into paid employment).

On the one hand this means that, if charities fail to achieve the outcomes they promise, then they do not receive any money. This makes entering into an outcomes-based contract an inherently risky exercise.

On the other hand, outcomes-based commissioning should reduce the amount of financial information that charities submit to their funders. However, the balance between less reporting on financial information and more reporting on the outcomes achieved means that the overall burden may not be reduced. However, the information produced is likely to be of greater value to the charity itself (see Box 5).

Where funders are paying a fixed price for an outcome, then they should not be concerned about what the money is actually spent on. The tendering process is supposed to ensure that the most value for money is obtained. If a private contractor made a profit from delivering a service this would be perfectly acceptable. Hence funders should not be concerned if a charity uses a surplus to fund other charitable activities. This mirrors other commercial relationships that a funder might have with, for example, a firm of cleaners.

The charities participating in our pilot said that outcomes-based commissioning had not always led to a reduction in the amount of financial information requested. This style of commissioning is still quite new and so practice may improve. However, there might be value to a piece of research that showed whether the experiences of charities in the two pilots are representative.

The Association of Charitable Foundations (ACF) has published guidance urging funders to consider the amount of time it takes for charities to report and to consider how the reports will be used.[22] As with statutory guidance, these principles are expressed in very broad terms. In addition, Charities Evaluation Services (CES) offers training and guidance to funders on proportionate monitoring and evaluation requirements. However, this has yet to create a wider culture change.[23]

Both public and independent funders may reduce their reporting requirements for organisations with a lower level of perceived risk. This is discussed in more detail in Section 4.

Tracking and developing policy goals

Often money will be given to charities as part of an overarching policy objective (eg, increasing employment). In this case, a charity will receive money for a particular outcome that the charity can achieve (see Box 3). This is true for all organisations but particularly for public funders.

This tracking is very likely to include outcomes information but may also include the collection of specific pieces of information that the charity would not otherwise collect (see Box 4). If the aims of the funder and charity are well aligned, then the outcomes information the charity is required to collect is likely to be of high value (see Box 5).

The information received from reports can also be used to judge the success of certain approaches for particular groups of people and so help shape future policy.

Changes in local government

On 1 April 2008, Communities and Local Government (CLG) published the final list of 198 national indicators for local authorities. Local strategic partnerships agreed in summer 2008 which 35 of these indicators they will be assessed on.[24]

This is a time of enormous change in the way that local areas, including local authorities and Primary Care Trusts (PCTs), report to government and will require a shift in the data that local authorities collect. Although the 198 indicators are quite well defined, it is not necessarily clear what specific outcomes local authorities should be basing their commissions upon. For example, indicator number two is '% of people who feel that they belong to their neighbourhood'. Local authorities will report to central government the results of a survey asking this question. However, they may commission services on the basis of anything from 'increased use of local shops' to 'attendance at community arts events'.

This is an excellent time for charities to start conversations with local authority funders around the outcomes they can offer that will count towards whichever of the 35 indicators a particular local authority has chosen. The Audit Commission has recognised that the most effective local authorities develop their indicators in partnership with a range of local stakeholders, including the third sector, and that there should be local third sector representation on the Local Strategic Partnerships that will be selecting the indicators. There is an opportunity for charities to convince local authorities that the outcomes they already measure for their own purposes will also meet national targets.

Performance management

The reporting requirements of funders and charities are most likely to be closely aligned when funders use reports for performance management. This means using the information contained within reports to feed back to charities on how well they are doing, flagging up any concerns or discussing changes to the original plan.

Levels of engagement vary from funder to funder. Some funders do not use reports for performance management at all; some, such as the Big Lottery Fund (BIG), use reports only to track when something has deviated too far from the original plan. Some funders use reporting as an opportunity to take an active role in the service delivered, as is the case with the funders of **Norwood** (see Box 6).

Sector blind?

Much of what has been said above could be applied to all organisations paid to deliver services, from charities to social enterprises to private companies. However, charities are relatively new to the world of government contracts and may be less well equipped to supply the information required.

Most central government departments are committed to being sector blind. The charitable status of an organisation cannot affect the terms of the commissioning process, although it may be taken into account during the reporting process in assessing the risk of a particular organisation. There is anecdotal evidence suggesting that charitable status can lead to greater trust between the funder and the funded organisation, but there is also evidence to suggest that charities are likely to be perceived as incurring tighter monitoring and auditing controls.[25]

In contrast, local authorities are able to pursue specific policies in favour of third sector organisations.

What is done with the information?

The previous section outlined the motivation behind what funders ask for in reports. We will now look at how these reports are used and whether funders are getting maximum value from the reports they receive. The value of information depends both on what it is and how it is used. We shall attempt to address both of these points in this section.

Going up the chain

We define 'up the chain' information as information that is used by the funder for the purposes of accountability or assessing progress towards a particular policy target. Up the chain information may not be used straight away but may be kept in case a funder is audited or a question is asked in parliament.

Financial information

Financial information forms the backbone of accountability requirements. Audits are a frequent occurrence within government. Public funders will use financial information to satisfy themselves that all funds have been spent with propriety and in accordance with value for money and to identify any future issues.

Detailed project budgets might also be used by a funder to understand what reasonable costs are for a particular service and identify potential cost savings.

There is no 'minimum requirement' for financial information, as the appropriate information required varies depending on the type of agreement (eg, contract versus grant or outcomes-based versus inputs-based agreement).

The variation in financial information requested by public funders suggests that sometimes more information is requested than would be necessary to meet audit requirements. However, as there is no guidance on what specific items of information should be requested (eg, setting the threshold for receipts at £250 rather than £5), it is very difficult to identify the boundary between reasonable and demanding requests. There must be scope for some funders to reduce the amount of financial information they ask for.

Box 4: Collecting information only for the funder can be burdensome

Many of the charities in our pilot resented being asked to collect very detailed information on the individuals they work with. For example, one charity was asked to note the sexuality of everyone who received its advice.

Although this information request presumably comes from the funder's interpretation of equal opportunity laws, this was not information that was at all useful to the charity and compromised the trust built up between the charity and those people it was trying to help.

Outcomes information

More outcomes-focused information is used both for accountability and for tracking progress towards policy targets. It would seem reasonable for departments to be able to specify before funding starts what the objectives of the funding are and which outcomes will need to be tracked and reported on in return for the money. This would imply that all data collected by a charity for its funder will be used.

Unfortunately, this is not always the case. When particular funding streams have existed for a long time, new outcomes may be added to reporting requirements as policy targets change.

The precise outcomes to be tracked may also be decided after the money is disbursed. Both independent and public funders have been known to do this. This leads either to far more outcomes being reported on than necessary or to organisations being asked to report retrospectively. The first scenario leads to inefficient over-reporting and the second leads to unreliable information.

Box 5: First Step Trust—relevant reporting

Outcomes-focused reporting may be demanding, but First Step Trust (FST) has found the experience to be a good example of relevant reporting.

FST received funding from HM Treasury's Invest to Save Budget (ISB) for a recycling project that provides work experience and training for people in long-term unemployment, including people with mental health problems.

The focus of the grant was whether the project saved the government money through its outcomes—for example, how many people were able to come off benefits—rather than in how FST delivered these outcomes. Reporting requirements reflected this, focusing on outcomes achieved.

The application process was quite academically demanding, as FST had to provide justification for the project through a cost-benefit analysis. FST felt that the amount of work involved here was substantial, but appropriate given the significant size of the grant. However, demonstration of success was then straightforward: were the expected outcomes achieved? FST comments that a focus on outcomes rather than outputs, and measuring in terms of cost benefits, allowed for a 'very simple and clear measure of effectiveness' in reporting and in organising a successful delivery strategy.

This 'focus on essentials' carried through to financial reporting. A minimal cash flow budget, based on the expenditure required to reach certain milestones in the delivery programme, ensured that money was paid as funds were spent, and an annual auditor's statement ensured there was no financial mismanagement. This gave 'extraordinary flexibility' to adapt how funds were spent if FST discovered certain milestones were better reached in different ways than originally planned.

Overall, FST thinks the relationship has been highly productive, enabling it to deliver an innovative project successfully.

The top of the chain

Government departments are ultimately accountable to parliament and the public for their expenditure. This is entirely appropriate as they are spending public money. However, in setting out their reporting requirements, departments should not simply rely on 'parliamentary accountability' as a justification. This is particularly the case where guidance on reporting for accountability is so vague.

Sometimes information will be collected to be used by a funder (eg, the cost of particular services). Sometimes information is collected in case it will be asked for by parliament (eg, geographical patterns of expenditure). Funders should differentiate between information they are collecting for themselves and information they are collecting for parliament. This ensures that parliament knows the cost of the information it receives.

Feeding back down to the charity

Most funders use reports to check that charities have complied with funding agreements. Some local authorities and independent funders use reports to feed into future applications for funding, although this is rare. More commonly, a good report can lower the perceived risk of an organisation. This is often an informal process for smaller-scale funders.

Larger national funders do not have a framework for using reports to change the level of risk attached to a particular organisation, although the LSC does have plans to build such a framework at some point in the future. NPC believes that using reports to adjust the perceived risk of charities in a transparent way is good practice.

Unless there is a problem, most funders do not feed back comments—be they written, or in the form of a phone call or meeting—to the funded organisation. Although receiving feedback from a funder takes up a charity's time, all the charities in our pilot agreed that they enjoyed the experience.

Indeed, there was a consensus that more face-to-face meetings would be valued and taken as a sign that funders were really engaged with what they were trying to do. This reinforces the need to balance the time spent on reporting with the value of reporting.

Wider dissemination

The reports that charities produce on their work contain, if they are of high enough quality, evidence on how to tackle social problems. This information is potentially of great interest, both to the funding organisation and, more widely, to academics and the general public. Only by disseminating the findings of reports will maximum value be extracted from them. This will also have the added benefit of making the reasons behind reporting requirements clear to charities.

There are several examples of good practice in wider dissemination, including, but not restricted to, BIG's recent overview of its evaluations and the Supporting People outcomes database.[26, 27] Despite these examples, all too often reports from charities are left to gather dust once a funding stream has come to an end. The potential for improvement in this area is huge, and the resultant data that would be liberated so valuable, that it is incredible how rarely dissemination happens.

To counter this, NPC is proposing the creation of an online 'Results Library' where charities, funders and researchers could share evidence of the results of social projects.

Value for money?

Based on what we know about the costs of reporting to funders (presented in Section 1) and what we know about the use to which reports are put, do charities' reports to funders represent value for money?

To a large degree this question cannot be answered because most funders do not know either how much the process of reporting costs (see Section 1) or what the value of that information is.

Lack of transparency means that no one knows the worth of information they are giving. For example, it would seem reasonable to increase reporting for high-risk organisations. However, funders do not have a transparent way of assigning particular reporting requirements to levels of risk.

NPC believes that no organisation should be asked to spend time providing information without an explanation of what that information will be used for.

NPC also believes that, where an organisation has taken the time to report information, it is entitled to receive any analysis done on this information by the funder. Although sometimes the value of a piece of information is obvious (eg, improvement in truancy rates), its full value is not realised due to limited dissemination.

Box 6: Norwood—high burden, high value

Norwood is a charity working with Jewish children and their families, and children and adults with learning disabilities, so that they can achieve their personal goals in life. It receives funding from local authorities to support learning disabled adults, both those in registered residential care and those living more independently in their own homes.

As part of its reporting arrangements for these services Norwood must sit around the table twice each year with the funding authority, the person being supported and his or her advocate, as well any other relevant stakeholders. This is a time-consuming process. However, Norwood sees this process as integral to the services it provides, because it ensures that the support provided is person-centred and tailored to the needs of the individual. These meetings allow the people being supported to express their wants and needs to all the people involved in their care. They also allow the whole support team to understand how these wants and needs have changed over time and whether more, less or different support should be provided for the future.

For example, some people being supported by Norwood within registered residential care homes have expressed their wish to live more independently. Through these review meetings, support has been reconfigured to meet these wishes and to allow people to lead more fulfilled lives.

What can be said is that there is scope to reduce the reporting burden and increase the value of reports, thus increasing value for money. The variation in reporting practice suggests that some funders could be asking for less. Indeed, a report from the Public Accounts Committee in 2006 noted: 'monitoring, control and audit of the voluntary sector can be more rigorous than that applied to private sector suppliers.'[125]

Section 3 describes one approach to reducing the reporting burden—the idea of a (standard report) that is unique to each charity. Section 4 discusses other ways charities and funders might reduce the reporting burden.

Summary and recommendations

The appropriate level of reporting depends on the type of funding agreement between charity and funder, how long particular information takes to report on and how valuable that reporting is.

The three main reasons for reporting—accountability, tracking policy goals and performance management—are all important and there is great potential for reporting to be of high value.

The reality is that the development of most reporting requirements is far from transparent and very few funders provide justifications for their requirements as a matter of course. This means it is very difficult to judge how much value there is in the current reporting system.

Box 7: The Big Lottery Fund—transparency in action

The Big Lottery Fund (BIG) was the only large funder NPC found that has begun to justify each of its reporting requirements. It has identified all of the information it needs to report 'up the chain' and has started to streamline the information it reports to the Department of Culture, Media and Sport, concentrating on aggregated outcomes. The success of this approach is yet to be seen, but it will ultimately result in a lower reporting burden for all of the charities that receive funding from BIG.

NPC believes that no organisation should be asked to spend time providing information without a justification of what that information will be used for.

There are two particular areas where the value of reports could be greatly increased. First, by using the information in reports to feed back down to charities and second, by sharing the information in reports more widely. Charities must also play their part by asking for justifications from funders and clarifying the reporting requirements they would impose themselves.

The value of reports is greatest to all parties when funders and charities share the same aims. Where these do not entirely overlap, both funders and charities should seek to align their aims as much as possible. Our recommendations follow from this:

2.1 Funders should track how they use information from reports.

This will help funders to estimate the value of what they are asking for. This should then be compared to the cost of collecting that information and a judgement can be made on whether this represents value for money.

It will also highlight areas where greater value could be added to reported information, such as increasing dissemination of findings.

2.2 Funders should be able to justify each piece of information they ask for.

It is a basic principle of good regulation that any information collected by a public body should be used for the public good in some way.

Justifying how each information request will contribute to the public good will ensure that reporting requirements are not a legacy of previous policies but are focused on current priorities (see Box 7). It should also motivate funders to consider whether they are balancing increased requests for outcomes information with reduced requests for inputs information.

The justification should include a transparent account of the framework a funder uses for assessing risk and how reporting burdens should vary with different levels of risk.

Funders may even wish to establish a 'gatekeeper' whose function would be to ensure that each reporting requirement in a funding agreement has been adequately and transparently justified. BIG has just such a gatekeeper who ensures that every information request is backed up by a clear rationale and a valid use.

2.3 Funders should share more of the information they receive.

Reports to funders contain a wealth of information on performance and impact of particular approaches to social problems. Often information that is collected for the purpose of accountability (eg, number of people receiving counselling), might be useful to other audiences (eg, a social researcher trying to map the provision of counselling services in the UK).

The analysis of any information given should be shared with the charity that provided it (eg, how well it has performed compared to other funded organisations, what the funder thinks has gone well/badly, how it has contributed to the overall aims of the funder etc).

The information in reports could also be shared more widely, both with other funders and with anyone interested in social policy. This information could be presented on an aggregate level or anonymised.

2.4 Funders should try to identify other sources for the information they require.

When funders set their reporting requirements, they should first consider whether there is another way of getting the information. For example, many small trusts and foundations will use audits performed by BIG instead of asking for financial information themselves.

Because all funders may have objectives that overlap with other funders, NPC believes that there is particular scope for greater sharing of data between the Department for Work and Pensions (DWP) and the LSC. Both of these entities are often concerned with getting people into work, but each asks the organisations it funds to report on slightly different outcomes to different timetables. Given that the DWP keeps records of the employment status of everyone with a National Insurance number, it may be less burdensome for the DWP than for a charity to provide evidence of employment.

2.5 Charities should know what information is most useful to them.

Charities would also be able to extract more value from reports if they knew what information they would collect in the absence of funders. They would be better placed to make good use of the information they send to funders, either to articulate their impact or to improve their own services.

Knowing what information is most useful may also prevent charities from entering into agreements where time is spent collecting unnecessary information. It is important for charities to acknowledge that public funders operate under their own accountability requirements. The further a public funder's aims are from its own, the more likely it is that the charity will have to spend time collecting detailed information that it does not find useful.

If charities think that funding is focused on the wrong thing, they should attempt to use their influence to change the commissioning environment. Applying for money when it is not entirely appropriate for that charity can also risk reputational damage and damage to service users by going into an area in which the charity is not experienced.

2.6 Charities should question funders' requirements.

Once a charity has a good idea of what it would report for its own purposes, it is in a strong position to question the additional demands of funders. This is particularly important as many funders do not regularly review their funding requirements and may be unaware that their requirements are perceived as onerous. It is the charities themselves that are best placed to point out areas of potential overlap between their funders.

One good example of this comes from the previous *Turning the tables* pilot in Scotland. In 2007, the environmental arts charity **NVA** received £30,000 from a local council. At the end of the project, the council asked the charity to provide photocopies of all receipts, not just for £30,000, but for the *entire* £600,000 project. Staff were asked to indicate on every receipt whether it related to the council's money or not.

NVA's executive director rang the council to challenge this excessive request and explain how long it would take the charity to fulfill it. As a result, the council not only dropped the request for photocopies of receipts but also agreed on a shorter reporting form. NVA commented that as soon as it made contact with the council to question its demands there was little trouble negotiating a better deal.

Photograph supplied by Julie McEver

Photograph supplied by Julie McEver

Standard reports

3

Section 2 concluded that, despite little being known about whether the current system of reporting represents value for money, there is scope for reducing the reporting burden. One possible way of doing so is through a standard report—one report that a charity produces to send to all its funders.

In theory, a standard report has the potential to reduce the reporting burden. However, in practice, standard reporting will not work for every charity, or for all a charity's funders. This section draws on the experiences of the charities participating in the pilot to discuss under what conditions a charity may consider producing a standard report. It concludes with recommendations for both charities and funders.

What is a standard report?

The key feature of a standard report is that it is one report produced by the charity to send to all of its funders. It is not a standard template to be filled in by all charities. It is designed by each charity in a way that is most appropriate for its own situation. This is in contrast to the current reporting system, in which a charity produces a different report for each of its funders.

A standard report is created by the charity itself, and it should therefore ideally contain the information that demonstrates it is a well-run organisation achieving impact. Practically, however, this does not mean reinventing the wheel. Charities can build on existing reports such as the Trustees' Annual Report to the Charity Commission. For this pilot, NPC suggested a possible structure for a standard report (see Appendix 6) for charities that did not know where to start. We encouraged charities to design their own report, possibly adapting the template or drawing from other reports.

Potential benefits of a standard report

Several potential benefits follow from producing just one standard report. The most obvious is the potential to reduce the reporting burden. Improvements in quality and clarification of the value for money question are also possible.

Reduce the reporting burden

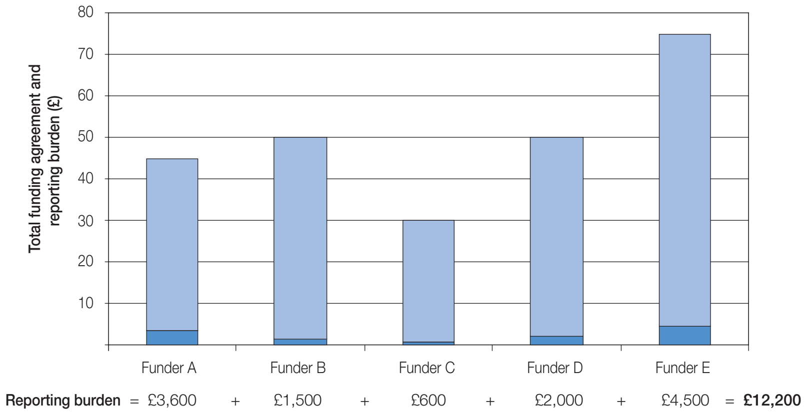
A standard report has the potential to reduce the reporting burden resulting from having multiple funders, each with bespoke reporting requirements. The key feature of standard reporting is that each funding agreement does not have a different report but uses the same report. There is therefore no marginal cost to adding another funder.

We reasoned that an upper bound estimate of how long a standard report would take to create is approximated by the funding agreement that is currently taking the longest to report on. This is conservative, but we did not want to overestimate the potential cost savings to producing a standard report, given the improvements in quality of reporting, and therefore increase in cost that may be required.

Using this model, the charity will necessarily reduce its overall reporting burden by producing one report for all funders.

Photograph supplied by Julie McEver

Figure 8: Standard reporting has the potential to reduce the reporting burden



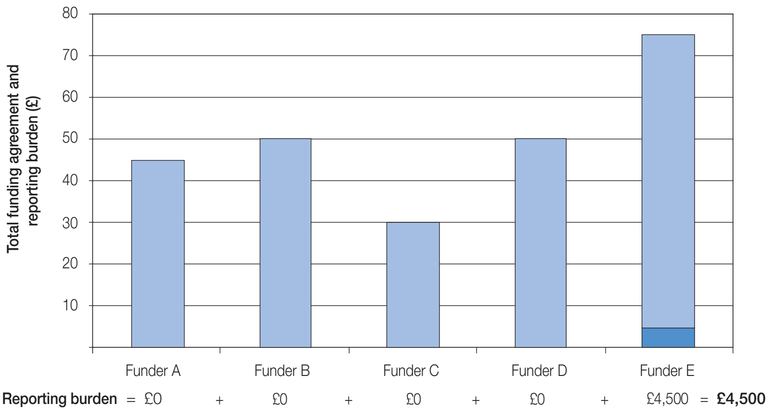


Figure 8 gives an example. The charity has five funding agreements totalling £250,000. The time spent reporting for each varies, and takes up various proportions of each funding agreement. These are represented by the darker blue portions of the top graph.

The bottom graph represents the reporting burden once standard reporting has been implemented. In this example the funding agreement E had the costliest report, and so we make the assumption that this would be the cost of the charity producing a standard report. Reporting burdens for the other four funding agreements are eliminated, as the standard report fulfils their reporting requirements. This reduces the charity's reporting burden from 5% (£12,200) overall to less than 2% (£4,500), saving more than £7,000.

Improve the quality of reporting

A standard report has the potential to improve the quality of reporting because it is created by the charity itself. It should therefore ideally contain the information that the charity thinks best demonstrates its impact.

However, achieving this may not be without cost. A charity may or may not have a clear understanding of how best to demonstrate its impact. If not, this will take time to develop.

A standard report therefore has the potential to increase the cost of reporting. Whether this should be equated with an increase in the reporting burden is disputable. It could be argued that a charity without this information is not as well run as it could be; hence costs from increased reporting are outweighed by benefits from increased effectiveness. The participating charities agreed; they argued that any increase in time spent reporting that was useful and meaningful for the charity would be welcome.

Clarify the value for money question

This distinction between the cost of reporting and a reporting burden connects with the value for money question. A standard report has the potential to clarify this question because it establishes the link between the time spent reporting and the quality of reporting.

Producing one report for all funders accomplishes two things:

- It establishes what the charity itself thinks is valuable to report on.
- It indicates clearly to funders which of their requirements are not valued by the charity and so place an additional cost on the charity.

If funders value the information gleaned through additional requirements, then they should be willing to pay. If they do not value them, then the requirements are imposing a burden on the charities with no additional benefit to the funder. By allowing for a clear delineation of costs, standard reports should allow such extraneous requirements to be dropped.

For the charity, a standard report should maximise the value of reporting. A standard report should ideally contain the information that the charity finds valuable to report on and that a funder would be interested in (there will of course be plenty of management information that a charity will need to collect that would not be of interest to a funder).

For a funder, a standard report should maximise the value of reporting to the extent that the charity and funder value the same information. If the standard report is not providing information that the funder values, then additional resources should be provided to allow the charity to report on this.

Piloting a standard report

NPC proposed that participating charities test the idea of a standard report. In particular, we wanted to know whether:

- charities are able to produce a standard report; and
- funders are willing and able to accept a standard report;

For those charities that were able and those funders that were willing and able, we then wanted to know which of the potential benefits were realised.

Which charities will be able to produce a standard report?

To create a standard report, a charity must have:

- a clear understanding of its aims and objectives and how reporting would ideally demonstrate progress towards these;
- an understanding about what it would report on for its own purposes; and
- the systems in place to deliver this reporting efficiently.

In the pilot, these three requirements were stumbling blocks for several charities. Understanding what they would report on for themselves in the absence of any funders was particularly hard. Many are on the road to developing a coherent reporting system across their organisations. However, producing a standard report would require substantial investment of time and capacity.

Some charities are already well placed in meeting these preconditions, but suffered from a lack of capacity. This may be a question of the right person finding enough time in an overstretched work plan, or it may require a more concerted effort of drawing on the knowledge of several people.

The charities in our pilot found that lack of time was one of the main barriers to producing a standard report. This was partly to do with the timescale and the timing (at the end of the financial year) of the project, but is symptomatic of charities often being hard-pressed for time more generally. Having the capacity to create a standard report was another barrier. The charities stressed that, in order to succeed, a standard report should have an advocate within the organisation who understands the benefits of reporting this way.

These barriers were considerable and only five charities managed to complete a standard report (**First Step Trust, Groundwork, NSPCC, Rathbone and St Giles Trust**). The report produced by First Step Trust followed the NPC guidelines and can be found in Appendix 6.

Some charities did not manage to or chose not to complete a report, but they still benefited from participation in the project as it helped them to find alternative ways of reducing the reporting burden (see Boxes 8 and 9).

Unfortunately, the timescale of this pilot was such that only First Step Trust and St Giles Trust were able to get feedback from funders.

Which funders are likely to accept a standard report?

Creating a standard report is in many ways about changing the power imbalance that currently exists between charity and funder. However, this cannot be accomplished without considering what funders need from reporting.

To work as a system of reporting, a standard report must be accepted by funders. NPC spoke to several groups of funders to see whether a standard report would satisfy current reporting requirements or if not, whether these requirements were open to negotiation. We were particularly interested in their feedback on the standard reports the charities produced.

Central government

The DWP and the LSC commented that the reports did not contain the statistics they required to report against targets, assess performance and judge value for money.

Box 8: Cambridge House—renegotiating reporting burdens

Cambridge House is a charity working in Southwark to alleviate the local effects of poverty and to support social change. It receives a large proportion of its funding from local authorities, particularly the London Borough of Southwark (LBS).

Taking part in the pilot highlighted to Cambridge House how much time it spends reporting. Four funding streams that it receives from LBS and Southwark Primary Care Trust (PCT) are administered by three different commissioners with three different reporting requirements, despite coming from the same local authority. Cambridge House estimates that it spent 6% extra of its funding agreements on reporting and negotiating because of the complexity of dealing with multiple commissioners.

Halfway through the pilot these four funding streams were cut by 30%. By using its estimate of 6%, Cambridge House was able to negotiate for the LBS to administer the four funding streams through just one contract and just one commissioner. As a result, even though this particular funding stream income is being cut by 30%, Cambridge House will only have to cut its front-line services by 24%.

Box 9: Naz Project London (NPL)—reducing the reporting burden

Naz Project London (NPL) is a charity providing sexual health advice and HIV prevention and support services to black and minority ethnic communities in London. It receives funding from 12 London PCTs and must send them 4 reports quarterly. NPL estimates that this takes up 19 weeks' worth of staff time per year.

NPL was not able to complete a standard report during the course of the pilot due to unforeseen time constraints. However, it had managed to put together a plan for a standard report to send to all of its PCT funders.

At the same time as this pilot was running, the London Strategic Health Authority (SHA) started to look at ways of standardising relationships with providers of sexual health advice across the London PCTs. One option was a single commissioner and joint contract for each key pan-London provider. Because NPL had been taking part in this pilot, it suggested a standard report.

The London SHA saw this as fitting with its efforts to promote diversity and help smaller organizations. The arrangement will benefit all charities working in sexual health across more than one London PCT, not just NPL.

NPL estimates that, once all of the London PCTs that fund it are on board (a process that is likely to take at least a year), it will save about two weeks of staff time per year.

They found information about the organisation as a whole interesting, but more likely to be used at the beginning of the commissioning process. Having the capacity to look at all charities' individual standard reports on a regular basis was identified as an issue.

The charities anticipated this somewhat. One commented that it did not even send a standard report to any central government funders, because it knew that it would be dismissed out-of-hand as not providing the necessary data for them to report against monthly government targets.

Local authorities

Local authorities, perhaps because of the autonomy they have in determining their reporting requirements, seemed more receptive to standard reporting in general. Unlike central government, local authorities are not required to be sector blind, and so are not bound by the requirement that treatment of funding arrangements is the same across the board.

Some local authorities, recognising that funding agreements are often uncoordinated and therefore burdensome, are taking a proactive approach to addressing this. North Yorkshire County Council and North Yorkshire and York PCT hold joint review meetings with some groups that they jointly fund and the PCT also undertakes similar joint processes in the City of York area. Such joint review meetings halve the time commitment for the voluntary sector groups involved. This approach is being extended and also includes joint meetings with the sector attended by North Yorkshire, the City of York and the PCT, especially around commissioning.

Because of their autonomy, however, local authorities cannot be considered as a uniform body. They have varying current reporting practices and potential for change. Indeed, one charity participating in this pilot had previously had a very bad experience with trying to reduce reporting to a local authority funder (see Box 10).

This means that change will rely as much on the individuals working within local authorities as top-down guidance from Communities and Local Government (CLG). The Department of Health (DH) has comparatively more control over PCTs although again change is very much reliant on the culture at the front line.

This makes a strong case for action by charities as they may have more influence over local practices than a central government department.

First Step Trust received positive feedback about the quality of its standard report from the London Borough of Lambeth. However, it did not contain all of the individual-level information that the council wanted. This confirms that there is likely to be a gap between what charities want to offer and what funders want. Creating a report that works for both will require feedback, negotiation and an appreciation of the costs involved in reporting.

Trusts and foundations

Although the pilot was more focused on public funders, we were interested in what non-public funders, particularly trusts and foundations, thought of standard reporting.

St Giles Trust received positive feedback on its standard report from one of its trust funders. However, that particular funder did not have any set reporting requirements and so this report was not challenging the status quo.

A much wider range of feedback was received from the Scottish pilot, where four foundations out of fifteen approached were willing to accept standard reports (the Laidlaw Youth Trust, the Lloyds TSB Foundation for Scotland, the Tudor Trust and one other small trust).[16] The Lloyds TSB Foundation in particular was very impressed by the quality of the standard report it received. Seven other foundations liked particular aspects of the reports and were willing to compromise on reporting requirements.

This indicates that independent funders are at least willing to compromise, perhaps because they too have more autonomy over what information they ask for. As a generalisation, trusts and foundations are also more interested in the organisation as a whole.

One report for all funders?

What is clear from this project is that producing one standard report for all funders may not be possible. A charity's different funders may have reporting requirements that cannot be reconciled into one document.

A charity may be more successful in producing a standard report for a particular group of funders—for example, local authorities or PCTs. Indeed, from the pilot, we think that this has greatest potential at the local level. NPL and Cambridge House thought that producing a standard report for all funders would not work; instead, they started negotiations with groups of local funders (see Box 8 and Box 9). In contrast, **Nacro**, which receives about 55% of its funding from Supporting People,* thought that rationalising reporting even for this government programme would be extremely difficult.

Benefits of a standard report

So, once a charity has managed to complete a standard report and has sent it to a receptive funder, do the potential benefits highlighted earlier in this section follow in reality?

Reducing costs

We did not attempt to estimate the time spent producing the standard reports for this pilot. As with any new process, the consultation involved in creating the reports would inflate the time spent, making it unrepresentative of how long a standard report would typically take to produce.

Box 10: The difficulties of coordinating funders

The following case study comes from a charity that supports people to move from welfare to work.

In 2006 this charity decided to use the financial information it reported to the European Social Fund (ESF) as the basis for all of its financial reporting, adapting it slightly for different funders. It felt that the ESF requirements were so onerous that they should satisfy the needs of any other funder.

The charity agreed with a local authority that it could report to it using the standard ESF information. This was particularly reasonable as the money from this local authority was ESF money that the council itself had bid for from the LSC.

Four months into the funding agreement the local authority decided that the evidence from the charity was not enough and asked to receive copies of all expenses and invoices. It asked for copies of all staff timesheets, signed and countersigned by members of staff and carrying the local authority's logo. One of the charity's finance managers estimated that she spent at least one week every month reporting to the local authority.

When the charity quoted the terms of the Compact the local authority said that the Compact did not apply to European funding.

Using the 16 charities' estimates of time spent reporting, it is possible to give a rough estimate of the potential cost savings to standard reporting. Following the same reasoning as before, the 16 charities would save a total of almost £1.5m on the funding agreements in this sample—just over 1% of the combined income from their funding agreements. Of course, the amount of money saved varies from charity to charity depending on its funding mix. In this sample, the highest potential saving was over 9% while the lowest stood to gain under 1%.

The above calculation is a simplification. In reality the charities in our pilot identified two main reasons why standard reporting may not automatically lower costs:

- If funders are funding single projects, then the same standard report cannot be given to all funders.
- If the charity decides that it wants to collect more data across its projects then this will increase reporting.

The cost savings due to standard reporting are potentially substantial. Although there is likely to be a short-term increase in the costs in the time spent piloting the charity's standard report, there is also reason to believe this will then result in a decrease in time spent reporting. For an example from Scotland of how this could work in practice, see Box 11 in the next section. More anecdotally, **Circles** and the **Tullochan Trust**, which took part in the Scottish pilot, managed to get quite far along in their standard reporting system and are now saving a considerable amount of time.[16]

* The Supporting People programme was set up in 2003 by Communities and Local Government (CLG) to offer vulnerable people the opportunity to improve their quality of life by providing a stable environment that enables greater independence.

Increasing quality

The value of reporting to the charity should greatly increase with standard reporting as the charity is reporting on exactly what it needs to know.

The charities that did produce a standard report thought that it allowed them to demonstrate their impact in a way that they had not previously done before. For example, the NSPCC commented that, although it was already working to standardise reporting practices, participating in the pilot allowed it to produce an impact report for external purposes. The standard report eliminated jargon and communicated in a clear way the impact of money spent.

For the charities that did not produce a standard report, the fact that several cited an incomplete understanding of what they would like to report on as a barrier to producing a standard report is encouraging. This suggests that they did not view a standard report as just another document that could be cobbled together from previous ones.

The value of reporting to funders will vary depending on how closely aligned their aims are with those of the charities it funds. When these aims are not aligned, standard reporting needs to be an iterative process so that a middle ground can be found where reporting is as valuable as possible to both parties.

Clarifying value for money

Sections 1 and 2 discussed the difficulty of assessing the value for money of the current reporting system. This is partly due to a lack of clarity around which information is useful for the charity to collect anyway and which information is an extra burden imposed by a particular funder.

Producing a standard report requires charities to make an assessment of which pieces of information they would collect anyway, even if they never had to report to funders. It is then much more straightforward to see which pieces of information are needed for which purpose and how much extra time any additional requirements would take.

Other benefits of a standard report

The pilot also identified the ways in which a standard report could be a useful tool, even if it is not used for reducing the cost of reporting to multiple funders.

Clarifying aims and objectives

Producing a standard report is a good test of whether or not a charity has a clear understanding of its aims and objectives and what information needs to be collected to demonstrate its impact. If the charity does not have a clear grasp of this, a standard report can then serve as a helpful framework for doing so.

Having a standard report may also prevent mission-drift, where charities ‘follow the funding’ rather than sticking with their original core aims. A document that forces a charity to explain how each activity will contribute to its aims may highlight activities that have evolved away from its original purpose or may prevent new, inappropriate activities from being taken on.

Demonstrating impact

Although much of the information that would go into a standard report probably already exists in various different documents, several of the charities in the pilot felt that it would be useful to draw together all their evidence of impact into a standard report.

The standard report could then serve as a marketing tool for potential funders with a focus on outcomes. First Step Trust, Groundwork and St Giles Trust all commented that the standard reports they produced would serve as a useful marketing tools.

A standard report may also feed into, or be the same as, such documents as the Trustees’ Annual Report, and submissions to the Charity Commission. As the pressure grows on charities to demonstrate their public benefit, it will become increasingly important for them to provide evidence of their positive impact.[17]

Improving communication

A standard report is not a substitute for a good charity–funder relationship but in the right circumstances can promote one. Depending on the type of relationship that exists already, a standard report may serve as a springboard for negotiation about reporting requirements. Many participating charities emphasised that this would only be possible at the beginning of a funding agreement but noted that having a concrete example of a standard report, and also having been through the thought processes to create it, would make them ideally placed to instigate negotiations about standard reporting.

Creating a standard report could also improve communication within a charity, demonstrating to frontline staff how the data they collect is used.

Summary and recommendations

The idea of a standard report was piloted with 18 charities to see whether it had potential for reducing the extra costs incurred from reporting to multiple funders. Although there is a clear logical argument for why standard reports should work, the reality is not so straightforward.

On the charity side, the majority of charities struggled to produce a standard report. The most common barriers were not having a clear idea of what they would report for themselves and not having the time and capacity to try to change the current system. Only five charities managed to produce a standard report.

On the funder side, many funders were not willing to accept standard reports. Central government funders in particular are highly inflexible over their reporting requirements. It seems that the most effective approach towards standardising reporting to some extent is targeting groups of similar funders (eg, local authorities or PCTs).

Standard reports were also thought by the participating charities to have other benefits, in particular providing a clear demonstration of impact and promoting good relationships between charities and funders. Our recommendations follow from this:

3.1 Charities should identify groups of funders that would accept a standard report.

A charity may not consider a standard report to be appropriate for all its funders. The charity should then think about which groups of funders would be best to target (eg, PCTs or local authorities). It could then discuss with these defined groups of funders what a standard report for them would contain.

A degree of standard reporting is more likely across a group of funders with similar views on what a standard report should contain.

3.2 Charities should consider producing a standard report.

For some charities standard reports have the potential to reduce the reporting burden. This is more likely to be successful if:

- the charity has clear aims and objectives;
- the charity has an efficient system of data collection;
- the charity has the time and staff to devote to producing the report;
- the charity has to report to several different funders;
- the charity has a good relationship with its funders; and
- the charity has funding from
    - local authorities;
    - PCTs; or
    - charitable trusts.

A charity may also wish to consider producing a standard report if it feels that a standard report could help to:

- increase the value of its reporting;
- clarify the reporting burden from different funders;
- clarify its own aims and objectives;
- demonstrate its impact; and
- improve communication.

A standard report is by no means the only way to achieve the above benefits. Many charities have very clear aims and objectives and do not have a standard report. The experiences of the charities in this pilot simply suggest that producing a standard report can provide a focus for, or complement, the implementation of these improvements. A logical place to start producing a standard report is by building on the Trustees' Annual Report to the Charity Commission.

3.3 Funders should encourage standard reports.

A standard report allows for a clear delineation of costs between reporting that is useful to the charity, and reporting that is not useful for the charity and is done for the funder. This allows the funder to understand what proportion of the costs of reporting are due to them, and the potential it has for reducing this burden.

If standard reports can reduce the reporting burden, then the funder benefits from more efficient use of its money.

In addition, NPC believes that funders should take an interest in the whole organisation albeit on a far less frequent basis than reporting for the funded project. Funders are often unaware of which other funders are supporting the same projects and organisations and thus miss opportunities to work with other funders and increase efficiency.

Reading standard reports would also allow funders to spot innovation and opportunities in other projects that a charity runs. A funder might also be able to identify potential risks to the whole organisation coming from organisational changes such as staff turnover or the loss of large funding streams. Such analysis is quite common at the beginning of a funding agreement but is by no means universal and is often not repeated on an annual basis.

Photograph supplied by Julie McEver

3.4 Funders should pilot standard reporting.

NPC recommends that the Office of the Third Sector should work with the DH and CLG to carry out their own, more focused pilots to test standard reporting. This builds on recommendation 3.2, which recognises that standard reports are likely to be more effective if they are aimed at a subset of funders.

Judging from the results of our pilots, local authorities and PCTs have the greatest potential for accepting standard reports. CLG and the DH should run these pilots involving charities, frontline commissioners and policy-makers at a more strategic level. The Office of the Third Sector should work with both departments to draw on common lessons from the pilots.

Local pilots could fit in well with the work that CLG is currently undertaking with the Office of the Third Sector on three-year commissioning.

As the new basket of indicators comes into force for local authorities, it may be appropriate to structure pilots around particular indicators. It would also be interesting to see whether standard reporting could work for groups of very small charities. National Association for Voluntary and Community Action (NAVCA) would be willing to be involved in this process.

Although the experiences of this pilot have shown greatest potential at a local level, there are also reasons to consider working at a national level. Coordinating national departments avoids the duplication of infrastructure costs and means that outcomes can be shared and applied more broadly. These benefits must be balanced with the inevitable loss of local detail which comes with working at the national level.

Other solutions

4

Section 3 described the piloting of one idea to reduce the reporting burden of charities—the standard report. The pilot showed that, while standard reports do have some potential to reduce the reporting burden for some charities, it is not a one-size-fits-all solution.

In this section we examine some other ways that the reporting burden might be reduced or the value of reporting increased. These approaches fall into two broad categories:

- **changes NPC believes should lead directly to lower reporting burdens; and**
- **cultural changes that provide an environment where direct changes are more likely to be successful.**

These approaches come out of discussions with charities, funders, auditors, commissioners and a review of guidance already available. The points made below should be considered more as suggestions than formal recommendations, as they were not the primary focus of this research.

Concrete action

These suggestions are concrete ideas for charities, funders and other stakeholders to follow and have the potential to reduce the reporting burden. They are motivated by the assumption that both charities and funders want to work more efficiently.

Charities should coordinate their funders.

The approach to creating a standard report outlined in Section 3 places great emphasis on encouraging charities to design their own report. Another approach would be to get funders actively participating in the process.

There are times when it will never have occurred to funders to harmonise their reporting requirements with other funders of a particular project. A funder may not even be aware who else is funding the projects that it funds. In this case, charities can make a real difference to their reporting burden by getting all of the funders of a particular project in the same room to discuss reporting.

This process is clearly more involved than the process of creating a standard report. Hence, it may be more difficult for charities that are already stretched for time. However, by recognising that funders are key stakeholders in a charity's reporting framework, this approach has potential for more lasting change and buy-in from funders (see Box 11). NPC knows charities that have been successful in using this approach and **Toynbee Hall** is also exploring it.

This approach is more likely to be successful for charities when they represent a sizeable proportion of a funder's funding. For example, a small charity is likely to have more leverage with a small community funder than with BIG.

Box 11: Young Scot—bringing funders together

The solution of getting all a charity's funders together in one room to discuss reporting requirements seems unachievable, but several years ago one Scottish charity did just that.

Young Scot, a national youth information and citizenship charity, decided to convene regular meetings with its funders from different Scottish Executive (now Government) departments. Previously, different departments had different reporting requirements, which resulted in significant amounts of time being spent preparing separate work plans and monitoring reports.

Young Scot now meets quarterly with its central government funders, and these meetings have been useful in fostering communication among all involved. Last year, in consultation with their funders, Young Scot produced one work plan, which the charity now reports to all government funders against. The charity estimates that it saves approximately **half** the time it used to spend. This has also helped to develop a good sense of shared objectives, as well as improved communications, a joined-up approach and the sharing of evidence and good practice.

Young Scot receives approximately one third of its funding from the Scottish Government, but thinks that the idea of extending this to more of their funders is interesting and potential options are worth exploring.

Photograph supplied by Julie McEver

Funders should specify reporting requirements at the beginning of funding.

It is clear from the experiences of charities producing a standard report that negotiating reporting requirements is easiest at the beginning of the commissioning process. Agreeing reporting requirements right from the start avoids lengthy negotiations placing an extra burden on charities. It also helps charities to assess how aligned the funders' outcomes are with their own, how much value they will get out of the reports and ultimately whether the money justifies the amount of time spent on reporting.

Specifying reporting requirements right from the start allows charities to assess what the costs of reporting will be and allows them to factor this into their bids. It also means that charities can question funders over how the information they supply will be used. This could lead both to unjustified requirements being removed and to identifying more audiences for the information that is collected.

The charities in our pilot also stressed the need to relate the information required at the tendering stage to the reporting requirements throughout the contract, and to the information required when decisions are taken to renew contracts. It is impossible to separate the reporting process from the whole commissioning cycle. It would clearly reduce the reporting burden on charities if they were required to monitor and report the same information at all points in the cycle.

More specific and transparent guidance on reporting should be produced for funders.

It was noted in Section 2 that a wide range of financial reporting requirements stem from the same guidance for public funders: that they must ensure financial propriety and value for money. No guidance is available for how these broad principles map onto specific information requests. This absence of more specific guidance contributes to a lack of transparency around why some organisations are asked for different things from the same funder.

No minimum reporting requirement exists for funders to benchmark themselves against due to the sheer range of funding agreements that exist. However there certainly are common areas across this range and much more could be done to give concrete examples of best and worst practice.

NPC believes that there could be great value in mapping current reporting practices. This could highlight best practice examples of reporting systems and lead to a more specific set of guidelines that refers to particular items of information.

The Compact sets out the government's commitments for effective working with the third sector. It seems appropriate that any findings from this work should feed into adding less vague guidance on reporting to the Compact. This would provide a tougher code for funders and provide a firmer basis for charities to raise concerns with their funders or the Office of the Compact Commissioner.

The results of this mapping could also complement the National Audit Office (NAO)'s Decision Support Tool, which is designed for people working in the public sector who are responsible for financial relationships with the third sector.[28] There might also be value in developing this tool into something more targeted at local funders.

The responsibility for this mapping could lie within a body or bodies that have an interest in improving the efficiency of public money, (e.g. the Audit Commission or the NAO).

Funders should consider asking for less information…

… through a system of exception reporting.

Funders will often ask for a lot of information at the beginning of a funding agreement. This will normally include a detailed plan of how the charity expects the project to develop, what costs will be incurred when and what outcomes or outputs are expected.

If funders already have this information, many will only want to know if anything has deviated from this plan. Asking charities simply to report on exceptions where things are significantly different to what was expected is much less time-consuming than asking for raw data to compare to the original plan.

… by evaluating a sample of charities.

Sometimes a funder may not need to have detailed information on each project it funds. It may be acceptable simply to know the results of a representative sample of projects, or the funder itself may not have the resources to analyse information from all of the projects it funds.

In this case funders should consider evaluating a sample of projects in-depth, either choosing a representative sample so that the lessons learned are as broad as possible or inviting charities to volunteer so that it is the charities most equipped to deal with the demands of evaluations that are chosen.

Culture change

These suggestions are ideas for how the culture of charities and funders might be changed to provide an environment where it is easier to lower the reporting burden.

More specific guidance for charities on producing reports should be produced.

It was highlighted in the previous section that charities might use their annual reports to the Charity Commission as a standard report. However, charities are not currently required to demonstrate their impact in a clear and structured way so many annual reports do not contain adequate information on outcomes.

Furthermore, many charities do not have a clear idea of what information they require for their own purposes as reporting has been so funder-driven. The Trustees' Annual Report to the Charity Commission seems a natural place to start drawing this information together.

NPC believes that much progress could be made if the Charity Commission* amended the SORP requirements for the Trustees' Annual Report to include the kind of impact information that a charity would need anyway to run itself effectively. These requirements should be accompanied by clear and specific guidance.

Charities should promote a measurement culture.

The charities taking part in this pilot acknowledged that more could be done to encourage a culture of measurement amongst frontline staff. It is commonplace for charity employees not to know why they are collecting some information, even though someone else in the charity does.

In the past charities have not done as much as they might have in countering the idea that the beneficial impact of their work is self-evident. This is beginning to change as charities recognise the value in measuring outcomes, both as a way to attract the attention of potential donors and as a way of improving their own performance.

Creating a pro-measurement and research-friendly environment increases the quality of the information collected and increases its value within an organisation. It could also reduce the time spent reporting as the burden is spread in a more efficient way across the organisation and less time is spent correcting errors.

Charities should use advocates and professional bodies that are already out there.

There are already several bodies that advocate on behalf of charities. In particular, the National Council for Voluntary Organisations (NCVO) runs the Compact Advocacy Programme, which provides practical support and wider campaigning to the sector in cases where local or national government bodies have breached the Compact.[29] Where funders make very unreasonable demands, charities should consider using this service. Any challenge to a funder will be more successful if the charity ensures that it gathers concrete evidence in support of its case.

Charities should also take more advantage of local umbrella organisations, seeking advice and highlighting areas of good or bad practice. The charities participating in our pilot felt that becoming involved in umbrella organisations and trying to influence policy on issues such as reporting requirements can be useful but also quite time consuming. They noted that local umbrella groups work best for very local charities and do not always make sense for larger multi-regional or national charities.

* This is the Statement of Recommended Practice issued by the Charity Commission, which was updated in April 2008.[17]

Photograph supplied by Julie McEver

Funders and charities should ensure better handovers for staff.

A frustration expressed repeatedly by the charities in our pilot was the high turnover of staff in funding organisations. Not having a continuous relationship with one person within the funding organisation can lead to reporting requirements needing to be constantly renegotiated. Funders should ensure that reporting requirements are an integral part of handover procedures when staff move on.

There was also anecdotal evidence that not all commissioners properly understand the concept of outcomes and how commissioning on outcomes should reduce the need for detailed financial information. There is a lot of training available on all aspects of commissioning and NPC would urge all funders to take full advantage of these opportunities.

The same is also true for charities and charities must ensure that a good understanding of current reporting arrangements is part of any staff handover.

Funders should make better use of technology.

Some funders still request reports in hard copy format. Submitting reports on paper is costly, due to paper, printing and postage costs. It is also a barrier to sharing information.

If funders set up systems where reports can be submitted online then these costs would be saved, reports would only be printed when necessary, and funders can easily change the format of the information they have without the need for expensive data entry. Sport England is an example of a funder that accepts reports online and finds the system has a much lower administrative burden, facilitates information sharing and allows them to concentrate on the content of reports.

Funders should recognise where they overlap.

Funders should be interested in which other organisations are funding the charities that they fund. From the funder's perspective this will reveal common aims with other funders that they may not have been aware of and will lead to better policy coordination. From the charity's perspective this should encourage funders to recognise where duplication of reporting is unnecessary and agree to share data. The charities in our pilot were particularly keen that just one funder could be responsible for ensuring financial probity.

The idea that one 'lead funder' could coordinate reporting on behalf of all other funders is not new. As noted earlier, the Lead Funder Pilot, chaired by the Department for Work and Pensions (DWP) and focused on relationships with the Learning and Skills Council (LSC) and Jobcentre Plus, was launched in 2003 but never published its final report and made less progress than hoped.[11] Any new initiative will need to learn from this experience.

The suggestion in this report that pressure from charities on coordinating funding requirements is more promising than a funder-led approach is not intended to imply that funders should sit back and wait for charities to come to them. Funders should advertise that they are open to charity-led initiatives and should take the initiative themselves, particularly for funding streams acknowledged to have a greater reporting burden.

Summary and recommendations

If implemented, many of the approaches outlined above should reduce the reporting burden. However, several of the suggestions for cultural change are already covered by guidance in the Compact as well as guidance from the Audit Commission, Charities Evaluation Services, the Association of Chief Executives of Voluntary Organisations, the NCVO and others.[4, 23, 30-32] It is not known whether it is the norm for funders and charities not to follow this guidance or whether anecdotes come from isolated cases of bad practice. Hence it is not clear whether a high reporting burden persists because:

- the guidance is not followed;
- the guidance is followed and the reporting burden would be higher if it were not; or
- the guidance is followed but in practice it does not lower reporting burdens.

This situation needs to be clarified. NPC recommends:

4.1 Further research

NPC recommends that research should be commissioned into how effective the suggestions presented here might be in reducing the reporting burden. This research should have two key strands:

- investigating the implementation of the direct action suggestions, such as coordinating funders, giving guidance on reporting time and mapping reporting requirements; and
- investigating to what extent existing guidance is implemented, such as adherence to the Compact, and how it could be made to have more impact on the reporting culture.

Aspects of this research could be addressed by the new Third Sector Research Centre, funded by the Office of the Third Sector, the Economic and Social Research Council and the Barrow Cadbury Trust. Research should be carried out in partnership with other bodies such as the Audit Commission and the NAO.

Photograph supplied by Julie McEver

Photograph supplied by Julie McEver

Conclusions and recommendations

5

The current system of reporting must change. While we do not know to what extent this system represents value for money, we do know that costs could be reduced and value could be increased.

The benefits of increased efficiency are obvious. The less time that is spent reporting on unnecessary information, the more time is spent delivering services to those who need them. This is ultimately what all funders and charities want.

Changing the reporting system will require more analysis of the cost and value of the information that is currently collected. This analysis should drive which areas of reporting are targeted for improvement.

This change will not happen on its own. If the Office of the Third Sector, along with the rest of government and other funders, are to succeed in their aim to reduce the administrative burden for third sector providers, they will need to continue exploring and promoting new approaches to reporting. In addition, both funders and charities will have to be proactive for any change to be effective.

Change is needed

NPC is passionate about the need to measure and report on effectiveness and recognises the need for financial transparency and accountability. However, there is always a tension between the desire to reduce reporting to a minimum and the need to demonstrate both effectiveness and accountability.

The findings of this report suggest that many funders are not striking the right balance. The imbalance in the power relationship between charities and funders has led to funders asking for information without being compelled to consider the cost of reporting that information.

Section 1 demonstrated the enormous range of reporting burdens that exist. Higher reporting burdens arise where different funders ask for a diverse range of information, where reporting requirements are added on after funding has been agreed, and where an extremely onerous level of financial information is routinely required.

In addition, charities may not be well placed to cope with reporting requirements they have agreed to. This is because charities do not have a good idea of how long reporting will take them and funders do not offer guidance on how long they expect it to take.

Section 2 argued that we can only know whether reporting is value for money if we know its value. Most funders are not able to assess the value of the information they receive; transparent justifications of reporting requirements are rare. There is great potential for increasing the value through increased sharing of information and more transparency.

Why bother?

Public funders shocked by the amount of time spent reporting may be put off funding charities over other private or public service providers. For some, it might seem easier to abandon charities altogether than change the system.

This is by no means the intention of this report. Including the third sector in the delivery of public services is an explicit aim of the current administration and this report aims to highlight one particular barrier, namely reporting, to greater involvement.

Two of the main reasons for high reporting burdens for the charities in our pilot arise directly from those characteristics of charities that make them so desirable as deliverers of public services.

Firstly, charities are likely to have a diverse range of funders with disparate reporting requirements because their services are driven by the needs of the people they work with. For example, the needs of a victim of domestic violence will not fit neatly into one government department and a charity working with these victims will be likely to apply for funding across departments from the Department of Health to the Home Office.

Secondly, charities may be more likely to take on reporting requirements they are not equipped to deliver because of their commitment to the people they serve. Charities are often in a position where they believe that if they do not provide a particular service then that service will not be delivered properly, or will not be delivered at all. This leads them to take funding even if it will not cover their reporting costs, if that is the only funding available. This desire to keep running at all costs contributes to the power imbalance between charities and funders.

The less time that is spent reporting on unnecessary information, the more time is spent delivering services to those who need them.

The charities in the pilot that spoke to their funders about reporting requirements had positive conversations, even if the funders were not prepared to accept a standard report.

Change is possible

The case studies highlighted in Sections 3 and 4 show that it is possible to reduce the reporting burden on charities. One way of reducing the burden is for charities to produce one 'standard report', which they send to all of their funders. The experiences of charities such as NPL and Cambridge House (see Boxes 8 and 9) show that this approach is most likely to be successful where a standard report is initially targeted at a group of similar funders.

The standard report approach will not be appropriate for all charities (as discussed in Section 3), and in these cases the other approaches outlined in Section 4 might be more appropriate.

However charities or funders decide to reduce the reporting burden, they will be more successful if they clearly demonstrate the benefits of reducing the reporting time, if they measure how much reporting time has been reduced and if they implement changes at the right time.

Change requires incentives

NPC believes that the slow progress of both public and independent funders towards reducing the reporting burden is in part due to a lack of incentive. Most funders would agree with the laudable guidance on good practice mentioned in the introduction and see the benefits of increased efficiency.

However, these benefits are often realised at some unspecified time in the future. In contrast the benefits of asking for information are immediate. More importantly perhaps, because no one knows the true extent of the reporting burden, it is impossible to quantify the benefits of increased efficiency.

Measuring the current costs of reporting and assessing the value derived from the information within reports demonstrates clearly what funders and charities stand to gain.

Change needs measurement

Funders have been concerned about the amount of time spent on administration, including reporting, and some departments have changed commissioning structures in order to try to reduce this burden. For example, the Department for Work and Pensions (DWP) has recently moved to a 'prime contractor' model, one effect of which is that one large organisation is responsible for all reporting to central government while subcontractors are spared much of the administrative burden of large contracts.

Reducing the reporting burden was not one of the principle aims of this shift. However, the DWP felt that in theory this should lower the reporting burden on smaller charities. However, the anecdotal evidence from our pilot suggests that this is not the case. The DWP has no way of assessing whether or not this is true as it did not measure the reporting burden before or after the change in policy.

No attempt to reduce the reporting burden should rely on theory alone: burdens must be measured before and after change to see the actual effect of a change in reporting policy.

Change must be timely

Any attempt to change the reporting system is much more likely to work if it coincides with some other change in the funding environment. This might be during a renegotiation of funding (as with Cambridge House proposing a standard report to Southwark Council) or during some larger overhaul of the funding system (as with NPL asking the London Strategic Health Authority to standardise its reporting requirements).

The change in reporting requirements for local authorities to central government represents a great opportunity for charities that receive local government funding. Charities should demonstrate to local authorities how they can deliver and report on the outcomes that local authorities have selected from the new basket of indicators. Local authorities in turn can take this as an opportunity to streamline their reporting requirements and use the increased focus on outcomes to reduce the focus on financially-based reporting on inputs.

There is also an increased move towards three-year commissioning amongst government departments. Where commissioning practices are already changing, this represents an opportunity to introduce changes to reporting requirements as well.

Change needs confidence from charities

Many funders may not know that their reporting requirements are not proportionate because charities are reticent about telling their funders how much time it is taking them. Ultimately it is charities that will have to measure their own burdens and communicate the results of this to funders.

Change will not happen unless charities enter into a dialogue with their funders about reporting. Engaging with funders and asking them to justify their requirements need not be confrontational. Funders are interested in the efficiency of their money and so a charity with an idea for reducing the reporting burden is presenting their funder with an opportunity for positive change. The charities in the pilot that spoke to their funders about reporting requirements had positive conversations, even if the funders were not prepared to accept a standard report.

Change needs effort from funders

Funders must make sure any effort made by charities is worthwhile and work with other funders to agree on how the burden should be reduced. Where there is not time to feedback to individual charities, funders must provide transparent justification for what they ask for and ensure that charities are aware of how much time reporting might take.

Identifying other funders with similar or identical requirements and cooperating with them will, of course, take some effort but the benefits from increased efficiency are worth it.

The experience of NPL (see Box 9) shows how effective change is if funders are willing to invest time in trying to reconcile their reporting requirements.

The benefits of increased efficiency accrue to both funders and charities and so both must play their part in changing the system. All stakeholders, including both charities and funders, need to contribute to achieving consensus on what needs to be reported.

Change requires support

The experience of charities taking part in this pilot shows that producing a standard report takes time to think strategically and to produce a document the organisation can believe in. Many charities do not have this time or do not know where to start. Appropriate support is available from organisations such as Charities Evaluation Services, Triangle Consulting and Evaluation Support Scotland.[23, 33, 34]

Some funders also provide support. Examples include the Lloyds TSB Foundation, which offers training on outcomes reporting to some of its grantees, and the Learning and Skills Council (LSC), which has set up a third sector peer coaching scheme where charities new to LSC funding can seek advice and support from more experienced organisations.[35]

Whichever route charities choose to go down in reducing their reporting burdens they will need help. Both funders and charities should be realistic about this and devote adequate resources to make change possible.

Change is worth it!

The case studies in this report provide a glimpse of what might be achieved by a more streamlined reporting system. NPL stands to save 12 weeks per year of staff time, Cambridge House has been able to offset its funding cuts by 6%, and Young Scot has been able to halve the time it spends reporting to funders.

NPC is committed to helping charities improve how they measure, manage and communicate their results (see Box 12). Improving how charities report to their funders is an important step in ensuring that charities have as much impact as possible on the lives of those they are trying to help.

The broad principles outlined above are reflected in the recommendations throughout the report. These recommendations are brought together below and retain their original numbering for ease of reference.

Recommendations for charities

1.1 Charities should, for each funding agreement, estimate the time spent reporting.

This will allow them to:

- show funders how much of their money is being spent on reporting;
- show whether efforts to reduce reporting burdens have worked;
- assess whether taking money from a particular funder will be worth the effort; and
- put the cost of reporting into their full cost recovery.

In order to get an accurate estimate of the amount of time spent on reporting, charities must have some way of tracking how employees' time is spent. This requires charities to have some kind of basic timesheet system and the software to support this, or, for smaller charities, a way for staff to give regular, consistent estimates of the time they spend reporting.

1.2 Charities should understand their own burdens.

Charities should use the measurements of their reporting burdens to understand what is taking the most time. Understanding how long reporting takes will allow charities to make sensible decisions about what reporting requirements they can agree to.

Box 12: Share your experience

Are you a charity that has tried to produce a standard report? Do you want to reduce your reporting burden? Are you a funder trying to balance the need for accountability with the efficiency of your funding?

NPC would like to collect as many case studies as possible, of both success and failure, so that charities and funders can learn from your experiences. Please email npctools@philanthropycapital.org to share your experience or to give us feedback on this report.

The person within a charity with the responsibility for securing funding will probably not be the person with the responsibility for reporting. This often leads either to more reporting being promised than the charity can deliver or to reporting requirements being left out of initial agreements and then being decided after lengthy negotiations once the funding has been received.

If the reporting burden is known upfront by everyone in the organisation then, when the terms of funding are being agreed, more favourable terms for the charity should be agreed from the start.

Several companies provide outsourced administration for charities. Sometimes it may make sense for a charity to pay someone else to do their reporting. Again, a decision can only be made if charities know what they are currently spending on reporting.

2.5 Charities should know what information is most useful to them.

Charities would also be able to extract more value from reports if they knew what information they would collect in the absence of funders. They would be better placed to make good use of the information they send to funders, either to articulate their impact or to improve their own services.

Knowing what information is most useful may also prevent charities from entering into agreements where time is spent collecting unnecessary information. It is important for charities to acknowledge that public funders operate under their own accountability requirements. The further a public funder's aims are from its own, the more likely it is that the charity will have to spend time collecting detailed information that it does not find useful.

If charities think that funding is focused on the wrong thing, they should attempt to use their influence to change the commissioning environment. Applying for money when it is not entirely appropriate for that charity can also risk reputational damage and damage to service users by going into an area in which the charity is not experienced.

2.6 Charities should question funders' requirements.

Once a charity has a good idea of what it would report for its own purposes, it is in a strong position to question the additional demands of funders. This is particularly important as many funders do not regularly review their funding requirements and may be unaware that their requirements are perceived as onerous. It is the charities themselves that are best placed to point out areas of potential overlap between their funders.

One good example of this comes from the previous *Turning the tables* pilot in Scotland. In 2007, the environmental arts charity NVA received £30,000 from a local council. At the end of the project, the council asked the charity to provide photocopies of all receipts, not just for £30,000, but for the *entire* £600,000 project. Staff were asked to indicate on every receipt whether it related to the council's money or not.

NVA's executive director rang the council to challenge this excessive request and explain how long it would take the charity to fulfill it. As a result, the council not only dropped the request for photocopies of receipts but also agreed on a shorter reporting form. NVA commented that as soon as it made contact with the council to question its demands there was little trouble negotiating a better deal.

3.1 Charities should identify groups of funders that would accept a standard report.

A charity may not consider a standard report to be appropriate for all its funders. The charity should then think about which groups of funders would be best to target, (eg, PCTs or local authorities). It could then discuss with these defined groups of funders what a standard report for them would contain.

A degree of standard reporting is more likely across a group of funders with similar views on what a standard report should contain.

3.2 Charities should consider producing a standard report.

For some charities, standard reports have the potential to reduce the reporting burden. This is more likely to be successful if:

- the charity has clear aims and objectives;
- the charity has an efficient system of data collection;
- the charity has the time and staff to devote to producing the report;
- the charity has to report to several different funders;
- the charity has a good relationship with its funders; and
- the charity has funding from
    - local authorities;
    - PCTs; or
    - charitable trusts.

A charity may also wish to consider producing a standard report if it feels that a standard report could help to:

- increase the value of its reporting;
- clarify the reporting burden from different funders;
- clarify its own aims and objectives;
- demonstrate its impact; and
- improve communication.

A standard report is by no means the only way to achieve the above benefits. For example, many charities have very clear aims and objectives and do not have a standard report. The experiences of the charities in this pilot simply suggest that producing a standard report can provide a focus for, or complement, the implementation of these improvements. A logical place to start producing a standard report is by building on the Trustees' Annual Report to the Charity Commission.

Recommendations for funders

1.3 Funders should give guidance on reporting time before the beginning of the funding agreement.

Even when funders have an idea of how much time reporting should take, they do not know whether this corresponds to reality and rarely is this figure communicated to charities.

As charities move into new areas of service delivery and their relationship with public funders becomes more formal and professional, it is important that funders give charities as clear an idea as possible of what they are letting themselves in for. This includes making charities aware what increased reporting requirements mean in practical terms.

Explicitly setting out the expected reporting burden before funding is agreed allows charities to make considered decisions about which types of funding to apply for and factor reporting costs into bids. It also enables informed negotiations about reporting requirements to take place at the beginning of the commissioning process when they are most effective.

This in turn helps funders to know whether reporting requirements are proving to be a barrier for parts of the third sector in particular, such as small local charities.

Guidance might also prevent charities going into a lot of detail where the funder had only expected a brief response.

1.4 Funders should know how much reporting is costing the charities they fund.

Several members of our steering group were surprised that reporting burdens were so high. Knowing how much time their funding agreements are taking to report on will allow funders to:

- have a baseline against which they can measure whether efforts to reduce reporting burdens have worked;
- track the reporting burden within and between funders; and
- look at patterns across funding agreements, and work to reduce particular burdens. For example, although we have not found that smaller funding agreements had higher burdens for the charities we looked at, a funder may discover that its funding agreements are disproportionate. It can then work to reduce reporting burdens for smaller funding agreements.

This is particularly important for public funding agreements, which our data indicates have the highest burdens.

2.1 Funders should track how they use information from reports.

This will help funders to estimate the value of what they are asking for. This should then be compared to the cost of collecting that information and a judgement made on whether this represents value for money.

It will also highlight areas where greater value could be added to reported information, such as increasing dissemination of findings.

2.2 Funders should be able to justify each piece of information they ask for.

It is a basic principle of good regulation that any information collected by a public body should be used for the public good in some way.

Justifying how each information request will contribute to the public good will ensure that reporting requirements are not a legacy of previous policies but are focused on current priorities. It should also motivate funders to consider whether they are balancing increased requests for outcomes information with reduced requests for inputs information.

The justification should include a transparent account of the framework a funder uses for assessing risk and how reporting burdens should vary with different levels of risk.

Even when funders have an idea of how much time reporting should take, they do not know whether this corresponds to reality.

Funders may even wish to establish a 'gatekeeper' whose function would be to ensure that each reporting requirement in a funding agreement has been adequately and transparently justified. BIG has just such a gatekeeper who ensures that every information request is backed up by a clear rationale and a valid use.

2.3 Funders should share more of the information they receive.

Reports to funders contain a wealth of information on performance and impact of particular approaches to social problems. Often information that is collected for the purpose of accountability (eg, number of people receiving counselling), might be useful to other audiences (eg, a social researcher trying to map the provision of counselling services in the UK).

The analysis of any information given should be shared with the charity that provided it (eg, how well it has performed compared to other funded organisations, what the funder thinks has gone well/badly, how it has contributed to the overall aims of the funder).

The information in reports could also be shared more widely, both with other funders and with anyone interested in social policy. This information could be presented on an aggregate level or anonymised.

2.4 Funders should try to identify other sources for the information they require.

When funders set their reporting requirements, they should first consider whether there is another way of getting that information. For example, many small trusts and foundations will use audits performed by the BIG instead of asking for financial information themselves.

Because all funders may have objectives that overlap with other funders, NPC believes that there is particular scope for greater sharing of data between the DWP and the LSC. Both of these are often concerned with getting people into work but each ask the organisations they fund to report on slightly different outcomes to different timetables. Given the DWP keeps records of the employment status of everyone with a National Insurance number, it may be less burdensome for the DWP than for a charity to provide evidence of employment or otherwise.

3.3 Funders should encourage standard reports.

A standard report allows for a clear delineation of costs between reporting that is useful to the charity and reporting that is not useful for the charity and is done for the funder. This allows the funder to understand what proportion of the costs of reporting are due to them, and the potential it has for reducing this burden.

If standard reports can reduce the reporting burden then the funder benefits from more efficient use of its money.

In addition, NPC believes that funders should take an interest in the whole organisation, albeit on a far less frequent basis than reporting for the funded project. Funders are often unaware of which other funders are supporting the same projects and organisations and thus miss opportunities to work with other funders and increase efficiency.

Reading standard reports would also allow funders to spot innovation and opportunities in other projects that a charity runs. A funder might also be able to identify potential risks to the whole organisation coming from organisational changes, such as staff turnover or the loss of large funding streams. Such analysis is quite common at the beginning of a funding agreement but is by no means universal and is often not repeated on an annual basis.

3.4 Funders should pilot standard reporting.

NPC recommends that the Office of the Third Sector should work with the Department of Health (DH) and Communities and Local Government (CLG) to carry out their own, more focused pilots to test standard reporting. This builds on recommendation 3.2, which recognises that standard reports are likely to be more effective if they are aimed at a subset of funders.

Judging from the results of our pilots, local authorities and PCTs have the greatest potential for accepting standard reports. CLG and the DH should run these pilots involving charities, frontline commissioners and policy-makers at a more strategic level. The Office of the Third Sector should work with both departments to draw on common lessons from the pilots.

Local pilots could fit in well with the work that CLG is currently undertaking with the Office of the Third Sector on three-year commissioning.

As the new basket of indicators comes into force for local authorities, it may be appropriate to structure pilots around particular indicators. It would also be interesting to see whether standard reporting could work for groups of very small charities and the National Association for Voluntary and Community Action (NAVCA) would be willing to be involved in this process.

Recommendations for further research

4.1 Further research

Research should be commissioned into how effective the suggestions presented in Section 4 might be in reducing the reporting burden. This research should have two key strands:

- investigating the implementation of the following direct action suggestions:
    - Charities should coordinate their funders.
    - Funders should specify reporting requirements at the beginning of the funding process.
    - More specific and transparent guidance on reporting should be produced for funders.
    - Funders should consider asking for less information.
- investigating to what extent existing guidance is implemented and how it could be made to have more impact on the reporting culture. The particular suggestions highlighted in this report are:
    - More specific guidance for charities on producing reports should be produced.
    - Charities should promote a measurement culture.
    - Charities should use advocates and professional bodies that are already established.
    - Funders should make better use of technology.
    - Funders should recognise where they overlap.
    - Funders should ensure better handovers for staff.

Aspects of this research could be addressed by the new Third Sector Research Centre, funded by the Office of the Third Sector, the Economic and Social Research Council and the Barrow Cadbury Trust. Research should be carried out in partnership with other bodies such as the Audit Commission and the NAO.

If standard reports can reduce the reporting burden then the funder benefits from more efficient use of its money.

Photograph supplied by Julie McEver

Appendices

Appendix 1: Charities participating in the pilot

Name	Sector	Geographic area	Total expenditure, 2006/2007
Age Concern England	Older people	National	£92,764,000
Brook Advisory Centres	Sexual health	National	£733,000
Cambridge House	Community	London	£2,046,000
Counsel and Care	Older people	National	£950,000
First Step Trust	Mental health	London, North West, South East, West Midlands, Yorkshire	£2,792,000
Groundwork UK	Environment	England, Northern Ireland and Wales	£27,434,000
Lucy Faithfull Foundation	Child abuse	National	£2,358,000
NACRO	Prisoners	England and Wales	£57,085,000
Naz Project London	Sexual health	London	£522,000
Norwood	Community	London	£32,353,000
NSPCC	Child abuse	National	£142,400,000
Rathbone	Young people	England, Scotland and Wales	£31,479,000
Refuge	Violence against women	National	£8,186,000
RSVP	Older people	England, Scotland and Wales	£1,818,000
Ryedale Voluntary Action	Community	Yorkshire	£355,000
Shaw Trust	Disabled people	England, Scotland, Wales	£62,885,000
St Giles Trust	Prisoners	London and South East	£3,366,000
Toynbee Hall	Community	London	£3,402,000

Appendix 2: Members of the steering group

- Akhil Patel, National Audit Office
- Ben Harrison, Office of the Third Sector
- Cherron Inko-Taraiah, Communities and Local Government
- Cheryl Turner, Learning and Skills Council
- Clive Fleming, Better Regulation Executive
- Colin Nee, Charities Evaluation Services
- David Emerson, Association of Charitable Foundations
- Gail Mills, Department for Work and Pensions
- John Allison, Better Regulation Executive
- Liz Atkins, National Council for Voluntary Organisations
- Martin Sutton, Department of Health
- Richard Cordon, Office of the Compact Commissioner
- Rob Prideaux, National Audit Office
- Rob Wormald, Jobcentre Plus
- Sarah Mistry, Big Lottery Fund
- Tim Pope, Communities and Local Government

- Tim Ward, Learning and Skills Council
- Tony Clark, Department for Work and Pensions
- Warren Escadale, National Association for Voluntary and Community Action

Appendix 3: Timetable of the project

- **January–February 2008:** Charities estimated the cost of monitoring and reporting
- **13 February 2008:** First charity roundtable
- **22 February 2008:** First steering group meeting
- **February–April 2008:** Charities drafted a standard report and sent to some funders. Funders gave feedback.
- **10 April 2008:** Second charity roundtable
- **18 April 2008:** Second steering group meeting

Appendix 4: Cost calculation

This appendix lays out caveats of the cost calculation made in Section 1.

- The charities were either nominated by members of the steering group or known to NPC. Our sample of charities is therefore quite likely to have better than average relationships with their funders. It seems reasonable to assume that charities with better relationships with their funders are more likely to have lower reporting burdens.
- Not all charities detailed the time spent monitoring and reporting for all funding agreements. Some provided what they thought to be a representative sample, while others chose to focus on a 'top slice' of funding agreements or on large-scale public funding, for example. The average reporting burden that we calculated for each charity may not be representative of the overall reporting burden for the charity if all its funding agreements were included.
- A few charities estimated how long it takes to monitor and report on a category of funding—for example, all Supporting People funding—rather than allocating the time spent on the individual funding agreements within that category.
- As noted in the main text, the charities were in broad agreement about what activities they included under the heading of 'monitoring and reporting'. However, the ease of actually estimating how much time these activities took depended on whether or not the charity had a timesheet system in place. Charities that did not were more likely to provide a much rougher estimate.
- The participating charities thought that some monitoring and reporting was definitely 'for funders', and included this time in their estimates. There is an inevitable grey area, however, with monitoring and reporting that is done for both charity and funder. The distinction is often not possible. As discussed in the Introduction, whether this time should be considered a 'burden' is debatable. However, what should be noted is that, given these caveats, the estimates are of time spent monitoring and reporting for funders, and as such are a lower bound estimate of the entire reporting system.
- From a charity's perspective, the cost of an employee's time is the cost of employing him or her for that time. Different charities will employ people on different pay scales; some may even have volunteers engaged in monitoring and reporting. Valuing time this way would have the advantage of giving the actual financial cost for a particular charity of employees' time spent monitoring and reporting. This approach is complicated, however, and does not allow for comparison across charities.
- Instead of using one salary across charities, we asked the charities to detail what proportion of time spent monitoring and reporting was by either junior or senior staff. The charities thought this division was natural, and it has the advantage of giving a more accurate estimate of the value than using one salary, regardless of whether the activity was a junior or senior one.

Appendix 5: Descriptive statistics

Whole sample

Mean	6.2%	**Minimum**	0.0%
Standard error	0.6%	**First quartile**	0.8%
Median	2.3%	**Median quartile**	2.3%
Standard deviation	9.2%	**Third quartile**	7.0%
Count	231	**Maximum**	48.8%

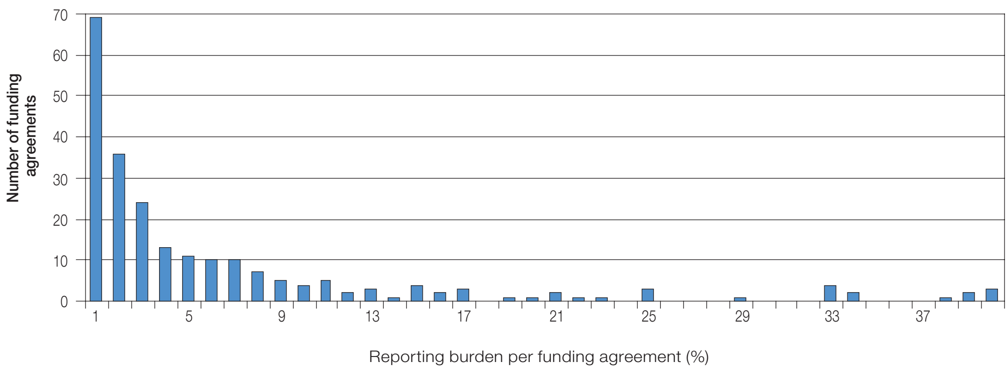
Whole sample without NSPCC

It is interesting to look at the data without the data supplied by the NSPCC as they provided half of the funding agreements with the lowest quartile reporting burdens. This means they skew the data towards the lower end.

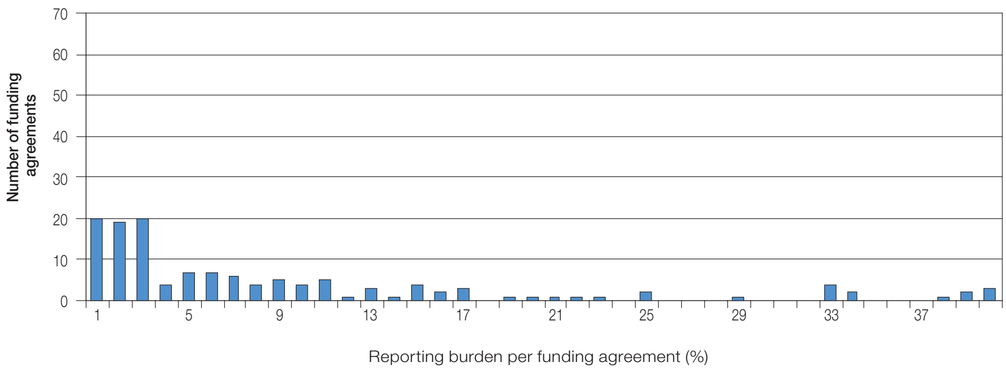
Mean	7.1%	**Minimum**	0.0%
Standard error	0.7%	**First quartile**	1.2%
Median	3.2%	**Median quartile**	3.2%
Standard deviation	9.6%	**Third quartile**	8.4%
Count	200	**Maximum**	48.8%

The two histograms below show the distribution of funding agreements that make up the overall average for the whole sample and for the sample of public funding agreements. Neither follow a normal distribution, but the latter is less skewed towards the lower end.

Histogram for the whole sample



Histogram for the sample of public funding agreements



Appendix 6: Example of standard report following NPC guidelines

This report was produced by First Step Trust following the template and guidelines provided by NPC. A more general example can be found in the first *Turning the tables* report.[16] The other charities that produced standard reports followed their own style, drawing on existing reports. Examples will become available on our website in summer 2008.

Report to Funders

1. Core report – whole organisation

Organisational information		
Organisation Name	First Step Trust (FST)	
Address	32-34 Hare Street Woolwich London SE18 6LZ	
Telephone Number	020 8855 7386	
Contact Person	Carole Furnivall	Job title: Joint Chief Executive
		Date 13/03/2008

What are you trying to achieve?

Overall aims

To enable people who would not otherwise be able to access employment because of mental health problems, disabilities and other disadvantages to gain the benefits of work by operating as a voluntary workforce running small, not for profit, businesses.

To involve people at all levels of the organisation, sharing responsibility as colleagues, in order to help individuals gain more control over their own lives, assistance to understand the pattern of breakdown or behaviour that contributes to their social exclusion or disadvantage and the means to deal with these.

To enable people to develop the confidence, skills and work history to move on to employment and to assist them to do so.

To provide the structure and opportunities through work that enable those with more severe and enduring problems to keep themselves well and maintain a good quality of life.

How are you doing this?

Summary of main activities this year

FST aims to enable people to access the benefits of work by engaging them as voluntary workforce, operating small not for profit businesses. We currently have 13 such businesses across the country, trading in a range of areas: garden maintenance, painting and decorating, garage services, restaurant and catering services, print design and production, office administration and finances. Four of these operate in secure psychiatric settings.

Within each project, the workforce are fully involved in all aspects of the work, supervising specific work areas, dealing with customers, driving the works vans, handling petty cash, holding keys to the safe and the premises and training other members of the workforce.

We also assist people to move on to employment, offering individually focused support through a personal development plan, running regular job clubs at each project and arranging work placements with other employers to expand their experience.

The main focus of development this year has been the consolidation of a large vehicle recycling project in Salford. Running as an MOT Centre and providing garage services, in addition to recycling end of life vehicles, this project represents a newer, more commercially productive model than FST's earlier projects. The project has piloted a number of new initiatives for FST, including targeting the wider population of those who are unemployed, especially under 25s; providing work activities to support the discharge of people from the local medium secure unit; partnership with the local PCT in running an occupational health service within the workplace offering assistance with stopping smoking, drug awareness and healthy living; and closer partnership with the local business community.

We have also reorganised our work project in Broadmoor Hospital, FST Berkshire, to offer more demanding work activities and higher level of skill development with facilities maintenance contracts and print design and production.

Outputs for the year– How many services have you run?	
1	1,000 people who were long-term unemployed attended FST's projects delivering over 240,000 hours of work in the community.
2	340 people from Black and Asian minority ethnic communities engaged with the projects nationally, exceeding the percentage in the local population at every project.
3	310 people attended FST job clubs within the projects gaining support in writing CVs, job search, and interview skills.
4	60 local businesses provided work experience placements for people preparing to move on from FST.
5	£630,000 was earned as trading income for reinvesting in the projects.
What difference have you made?	
Major outcomes	
1	**Dramatically increasing core skills:** 80% of those attending improved their employment potential, showing increases in work skills as measured by Personal Development Plan reviews.
2	**Tackling unemployment amongst the most disadvantaged:** 90 people succeeded in moving on to paid employment.
3	**Raising vocational qualification level:** 150 people gained nationally recognised certificates in ICT, Health & Safety, Food Hygiene, Automotive Skills, Office administration, First Aid and Literacy at levels ranging from basic Skills for Life to NVQ 2.
4	**Engaging people with most serious mental health needs:** 53% were people with severe and enduring mental health problems —ie, in receipt of the enhanced level of the Care programme approach
5	**Crime diversion:** Eight people discharged from forensic services successfully stayed away from re-offending.
Case studies, quotes and descriptions to illustrate outcomes	
a) Jack started at the project in November 2006, while still a prisoner at Thorn Cross Young Offenders Institution. He was accepted onto the FST SMaRT Driving Ambition scheme in January 2007 and quickly passed his driving license theory test. He successfully passed his driving test in June and left the SMaRT project in July. He is now working for DHL driving a van and is due to be released from prison towards the end of the year. *"If there's something I want I'll go out and get it, but I never liked the classroom environment. That's why I've enjoyed working at First Step Trust and have done well here—I wasn't given loads of paperwork to do. I've wanted to learn to drive ever since I could sit in a car, so it's a dream come true for me, and having my license will really help me get a job when I leave prison."* *"I like being here because I've gained loads of experience, been trusted with work and enjoy what I do—welding. I have learnt how to speak to people who are different to me, like customers, visitors and staff. Back in the West Midlands I used to go out and drink and that's how I would get my confidence, but here I've developed confidence because of the project and the work I do. I'm sure if it wasn't for getting this experience here I'd have ended up back inside—I've now realised there's nothing out there for me the way I used to live."* b) Mary who has since achieved a modern apprenticeship with Mitsubishi. *"For nine months I didn't leave the house. Now I want to get out of bed in the mornings. I have never enjoyed doing anything so much in my life—SMaRT has exceeded my expectations in terms of what I thought it would be possible to do. My future definitely lies in mechanics and here I am studying qualifications that will help me to get a job. The guys I work with are awesome! They treat me exactly the same as everyone else and they go out of their way to help me. I thought they might be 'anti-female' but this hasn't been the case; we all get on really well together. It's a really co-operative team—we all pull together as a team to get the job done."* c) Annie, gaining experience in FST's main finance office. *"I feel I have come a long way since joining the project, gaining in confidence. I have moved out of the hostel into my own flat. I have a better understanding of how accounts are kept and have improved my communication skills. I am also more hopeful of being able to gain paid employment now that my skills and qualifications are more up to date. It helps a lot that FST will give me a work reference based on my experience in the finance office."*	

Other developments for the organisation (e.g. new partnerships, staff, strategies, evaluations)
1. Piloting more commercial trading ideas In order to ensure that the projects provide the expectations of real work, we have been piloting a more commercially competitive project in Salford, providing MOT and garage services. This has proved highly successful, achieving a strong work culture, resulting in improved rate of move on to employment and modern apprenticeships The greater capacity for generating income is also a vital contribution to its longer term security. **2. Increased access to qualifications** We have also stepped up our capacity to offer vocational qualifications either within the projects or linking with local training facilities. Qualifications have been offered in automotive skills, office Administration, Health and Safety, First Aid, Basic Food Hygiene, IT and basic skills in literacy. **3. Improved monitoring systems** We have begun development of a new web-based database to improve management access to project monitoring data. **4. Developing Health promotion within the workplace** In Salford we have piloted, in partnership with local PCT, sessions for the workforce in stopping smoking, drug awareness and healthy eating. We have also nominated a trustee who is a GP to develop a health promotion strategy across all our projects. **5. Evaluation of FST benefits to local statutory agency funders** For some years we have observed the way people's usage of mental health services reduces as they become involved with FST. This year, we have developed a health economics survey to gather data over the coming year to measure this impact more systematically.
Why are your activities important?
There is growing concern nationally about the large numbers of people with mental health problems who are long-term unemployed (75% to 80% as compared with 50% for other disabilities). It is now clearly recognised that work is good for your mental health and assists both recovery and maintenance of good mental health. However, recent government initiatives to enable people who have been off sick for years to return to work (Pathways to Work) has been far less effective in assisting people with mental health problems than people with other disabilities. We believe the impact of years of illness and absence from the job market cannot be overestimated. People recognise they have become virtually unemployable as a result, lose all self belief and abandon any aspirations to employment. The growing number of schemes designed to place people directly in employment are not geared to deal with this. FST is one of very few organisations providing work opportunities to people who do not have the necessary confidence, skills or experience to even try for employment. We are also the only organisation offering such a service within secure psychiatric settings. FST's activities are important because they: a) Provide the opportunity to work to people who are not able to use the more usual employment support services; b) Thereby enable people to develop the confidence, skills and experience to go on to employment; and c) Continue to provide a place of work, all be it voluntary, for those who are not able to progress on to employment where they can still gain many of the social and personal benefits of working.

What have you learned and what will you do in the future?
What didn't work and why?
Integration of Jobcentre Plus and LSC contracts into the project: Having been successful in obtaining two small contracts for Jobcentre Plus and Learning and Skills Council to support people to access college and employment, we have decided not to do so again. The financial benefit of the contracts is far outweighed by the amount of administration required to run them, out of all proportion to the scale of the activity. It may well work better for large contracts but we concluded such activities are better left to large-scale specialist providers and we will supply our formal training needs through liaison with existing providers in future. **Moving people on into employment:** Once we exclude from the total of workforce those who are not eligible for employment because they are currently detained in secure services, the percentage of workforce members moving on into employment is around 15%. While we view this as a success in many ways because of the numbers of our workforce who have serious and enduring mental health difficulties, our original plans in introducing the Employment Development Workers and Personal Development Plans had anticipated a more focused progression through to employment. Some of the projects have been more impressive in achieving this than others and there is a need to ensure all projects are equally successful. The main barrier to achieving this is the difficulty in consistently maintaining a strong work culture where the expectations of individuals are driven by the need to meet the customers' requirements, rather than focusing on limitations arising from the workforce's difficulties.
Lessons learned and future plans
FST has 2 major objectives in the coming two to three years to address the wider issues raised by the points above: a) Development of existing projects towards more commercially competitive trading activities, particularly garage services (as piloted at FST SMaRT) where the customers' demands are more immediate and stringent than in gardening. This enables us to offer a wider range of more marketable job skills, as well as generating a workplace culture that challenges people to respond to the greater pressures of the work and assists them to become more employable. Along with this we will introduce a time limit of one year on people's stay, together with a commitment to work with us to move on into employment within the year. However, we remain committed to those whose disability is such that FST is their means of keeping themselves well in the community, and for whom paid employment is well into the future, if at all. So there will be a proviso that anyone needing to carry on attending after a year can do so if the objectives are agreed with their care coordinators. Alongside this will be more intensive support to assist people to move into employment. b) Increased income generation through shifting trading activities in this way and reducing financial dependence on certain forms of statutory funding.

2. Project A

Project information		
Project name	First Step Trust Bexley	
Location	School Lane Welling	
Contact Person	Warren Cox	Job title Project Manager
Date	13 March 2008	

What are you trying to achieve?	
Project aim(s): To enable people with a range of mental health difficulties, including those with more severe and enduring problems, to develop their confidence and skills and employment potential by participating in the business of the project and using its services to assist them to move onto employment.	
Specific aims for the year	
What did you plan to do?	
1	Engage 80 people in the work and employment support activities of the project, providing 25,000 hours of work activities in the year
What did you hope would come out of this?	
1	50 people improving their work skills and confidence
2	10 people gaining educational certificates in a range of areas: ICT, literacy and numeracy, health and safety, first aid
3	12 people gaining paid employment or full-time training

Who do you work with?
Number of beneficiaries: 90 people unemployed because of mental health problems
Further details of those worked with
All 90 have either mental health problems or personality disorders and are recruited mainly via mental health community teams (52%) and the forensic therapies team (23%). Before this project, they were not in education, employment or training. 45% have more serious and enduring mental health problems as indicated by the enhanced level of CPA. Despite being located in an area with few ethnic minorities, the project has succeeded in engaging 19% of its workforce from black and ethnic minority communities. It has also been effective in attracting a significant number of young people aged 25 and under (19%), a group that does not engage easily with mental health services.

How are you doing this?
Summary of the year's activities
The project has a busy programme of gardening, painting and decorating, removals and cleaning, along with the day-to-day operations of the office carrying out the administration and finance. The workforce were fully involved in delivering this. We are currently tendering for a maintenance contract with a Housing Association, and have had our decorating contract at the local hostel extended. Recruitment has had a major emphasis this year, liaising with mental health teams and local voluntary agencies. This resulted in 50 new starts during the year. We have also participated in a new programme within FST called Next Steps. This is a three-year programme, funded through the London Development Agency, with the objective of enabling Londoners, including those who are long-term unemployed because of mental health problems, to be in a position to benefit from the employment opportunities arising from the Olympic Games 2012. The programme offers access to educational qualifications in IT, English, Maths and Customer Services, as well as work experience within the tourist and hospitality sectors. Courses began in February and Bexley workforce have so far attended one ICT course and one Health and Safety course. Two of our section managers also took part in a two-month internal development programme aimed at recruiting onto a salary a co-ordinator for the Next Steps training courses. Neither were successful this time round but will apply again when the second post becomes available next year.

Outputs	
During the year 90 people attended the project carrying out 400 jobs: gardening, painting and decorating, removals and cleaning, producing £60,000 of trading income for reinvestment in the project. In addition, the project office has provided daily work in administration and finances. This all amounts to enabling people to deliver 29,000 hours of volunteering work. The job club now operates weekly with a good attendance. The majority of the workforce (70% to 80%) have up-to-date Personal Development Plans with individual reviews occurring monthly. Work experience placements are available with local employers but so far only one workforce member has felt confident enough to take it up.	
What difference have you made?	
Major outcomes for each activity	
1	• 56 workforce members showed increased work skills and an average of 20 per month increased their attendance times and involvement in the work of the project
2	• 12 workforce members gained qualifications in IT and Health and Safety
3	• 11 workforce members went on to full-time employment and 3 on to college
Case studies, quotes and descriptions to illustrate outcomes	
Michael – disabled by an accident that caused some brain damage and epilepsy, Michael thought he would never work again. But when he joined FST Bexley, he found his steady, reliable presence was a valued asset while others were struggling with the fluctuations of their mental health problems. He willingly involved himself in everything from gardening to removals, and painting and decorating to office administration. The "small family business" culture of the FST projects develops commitment, flexibility and loyalty. As Michael's confidence grew, he took on a voluntary work placement organised by FST, working in the local courts as an usher. They too recognised him as a willing and conscientious worker, and offered him a salaried position. **Jane –** "I'm leaving FST – for full-time employment. I just wanted you to know how much I appreciated the experience that you gave me. Working in the office, training other people in what I have learnt has given me back my confidence in full force! I owe everything I have achieved to FST. It has been part of my life for the last three years and I will never forget it." **Tom –** is a resident of the local Medium Secure Unit, having committed violent crimes while mentally unwell. He wanted to attend FST in Bexley because he wanted something to do during the day. He initially came escorted by a nurse but has gradually earned freedoms and privileges as a result of his growing sense of responsibility and commitment. First he needed his psychiatrist's permission to work with the sharp tools of the gardening team. Then he gained permission to remain at FST without escort once they had brought him there. Finally, he has been allowed to travel back and forth to the project on his own without escorts. This is a huge development for him and a major statement of trust in him and FST. The impact is seen in his increased confidence, social skills and a changed attitude to the future, planning now for discharge and rebuilding his life. **Mary –** diagnosed as schizophrenic when she was just 16, and receiving mental health services for almost 15 years, Mary's aim was to work in finance. She came to the project because she wanted to gain the skills and experience that would help her get a job. She works at the office, developing skills in finance, Excel and administration, and has joined the weekly job club where she works on job searching, CV compilation and interview skills. With these new skills and greater self confidence, she has been able to move out of her hostel and into her own flat. She continues to work at the project while seeking employment.	

What have you learned and what will you do in the future?
What didn't work and why?
The project has struggled to increase the number of women in the workforce. The current ratio of women to men is 20:80. As much of the work is practical manual work, we have to make a constant effort to ensure women are attracted to the opportunities offered. This means making sure there are places in the office for women to get involved, but also that the culture of the project remains welcoming to women and that sexism is a regular topic of discussion in workforce meetings. This has been done this year but so far with little impact on the number of women involved.
Lessons learned and future plans
In order to increase the number of women, we need to ensure that the mental health teams referring do not just see us as a manual work project for men. We will therefore be producing some recruitment literature specifically aimed at women and actively marketing this aspect of the opportunities we offer to the referral agencies.

Project budget	
	£
Total Cost	**149,921**
Funding Sources	
Bexley LA	52,000
Oxleas (for forensic team)	37,440
Sales/services	60,000

Summary of how evidence was collected
FST maintains detailed monthly monitoring of all its projects with information entered by the project manager and office team into a web based database on attendance, demographic details, trading activities, personal development plan reviews and finances. In addition, project managers are asked to supply individual case studies as required. Details given throughout the Project section include both the mainstream project, funded by the borough of Bexley and the South East Team, a specialist, separately funded unit for people referred through the forensic therapies team.

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- **Short Changed:** *Financial exclusion (2008)*
- **Lost Property:** *Tackling homelessness in the UK (2008)*
- **When I'm 65:** *Ageing in 21st Century Britain (2008)*
- **Not seen and not heard:** *Child abuse, a guide for donors and funders (2007)*
- **A long way to go:** *Young refugees and asylum seekers in the UK (2007)*
- **Home truths:** *Adult refugees and asylum seekers (2006)*
- **Inside and out:** *People in prison and life after release (2005)*
- **Grey matters:** *Growing older in deprived areas (2004)*
- **Side by side:** *Young people in divided communities (2004)*
- **Local action changing lives:** *Community organisations tackling poverty and social exclusion (2004)*
- **Charity begins at home:** *Domestic violence (2003)*

Education

- **After the bell:** *Out of school hours activities for children and young people (2007)*
- **Misspent youth:** *The costs of truancy and exclusion (2007)*
- **Lean on me:** *Mentoring for young people at risk (2007)*
- **Read on:** *Literacy skills of young people (2007)*
- **On your marks:** *Young people in education (2006)*
- **What next?:** *Careers education and guidance for young people (2005)*
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- **Making sense of SEN:** *Special educational needs (2004)*

Health and disability

- **A life less ordinary:** *People with autism (2007)*
- **What price an ordinary life?** *The financial costs and benefits of supporting disabled children and their families (2007)*
- **Don't mind me:** *Adults with mental health problems (2006)*
- **Valuing short lives:** *Children with terminal conditions (2005)*
- **Ordinary lives:** *Disabled children and their families (2005)*
- **Out of the shadows:** *HIV/AIDS in Burundi, Democratic Republic of Congo and Rwanda (2005)*
- **The hidden assassin:** *Cancer in the UK (2004)*
- **Caring about dying:** *Palliative care and support for the terminally ill (2004)*
- **Rhetoric to action:** *HIV/AIDS in South Africa (2003)*

Cross-cutting research

- **Striking a chord:** *Using music to change lives (2006)*

Improving the voluntary sector

- **Turning the tables:** *Putting Scottish charities in control of reporting (2008)*
- **On the bright side:** *Developing a questionnaire for charities to measure children's well-being (2008)*
- **Funding success:** *NPC's approach to analysing charities (2005)*
- **Surer Funding:** *Improving government funding of the voluntary sector (2004, published by acevo)*
- **Full cost recovery:** *A guide and toolkit on cost allocation (2004, published by NPC and acevo)*
- **Just the ticket***: Understanding charity fundraising events (2003)*
- **Funding our future II:** *A manual to understand and allocate costs (2002, published by acevo)*

Environment

- **Green philanthropy:** *Funding charity solutions to environment problems (2007)*

International

- **Philanthropists without borders:** *Supporting charities in developing countries (2008)*
- **Going global***: A review of international development funding by UK Trusts and Foundations (2007)*

Forthcoming research

- *How to fund (2008)*
- *Campaigning (2008)*
- *Child mental health (2008)*
- *Young offenders (2009)*
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