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Dame Meg Hillier MP
Chair, Public Accounts Committee
House of Commons
London SW1A 0AA
Sent by email only

31st January 2022

Dear Chair

Update on the evaluation of the Covid charities support package and additional information on monitoring the health of the charity sector following the recall hearing of 4 November.

In June 2021 the Committee published its findings from its inquiry into government support for charities during the COVID-19 pandemic. Following a previous update in September 2021, the Department agreed to provide a further update on the evaluation of the Funding Package, including publication of the Scoping Report for the evaluation.

Following the Department's hearing with the Committee in November, you asked that we write and explain how we will use more detailed data to better understand the financial health of the charities sector, and what more we think we need to do to ensure we have a full picture of the sector.

Update on the evaluation of the Covid Support Package

The Scoping Report for the overarching evaluation of the £750m emergency Covid-19 funding package was published on 21st January 2022. [A copy of the report can be found here](#). It was produced by the National Centre for Social Research (NatCen) which is carrying out this evaluation, in partnership with RSM UK Consulting. The report sets out the research plan including the Theory of Change, the evaluation framework and the evidence gaps it hopes to address.

Before conducting primary research, the evaluators carried out a documentary analysis on each of the individual funding streams that made up the overall package. This helped to identify evidence gaps and boost understanding of each funding stream. It also identified barriers, facilitators and initial lessons learned for each stream, to be explored further in the full evaluation. Key themes include:

- Collaboration and partnership: Funding streams were able to provide more effective support when there were close working relationships and knowledge sharing between grantholder organisations, funders and government.



- Applications process: Smaller, or less experienced, grant applicants sometimes struggled to access funding due to the complexities and/or tight timelines of the grant application process. Where grant application processes had more relaxed eligibility criteria and longer deadlines there was improved reach to these organisations.
- Monitoring and evaluation: In some cases grantholders were not aware of evaluation and monitoring requirements from the start of the grant. Future emergency funding packages should include explicit monitoring and reporting clauses in grant agreements.
- Digital delivery: In some cases, digital delivery meant that grant recipients were able to reach more end service users, but that wasn't universally true. The benefits and challenges of digital service delivery should be taken into account in shaping future funding programmes.
- Sustainable funding: There was uncertainty among some organisations about how they would continue to fund services after the funding package came to an end. The pandemic is still ongoing with longer-running impacts for some organisations and service users. In future, the longer term needs of grantholder organisations could be considered.

The evaluation framework - detailed within the Scoping Report - includes the following primary research strands:

- a grantholder survey sent to all final organisational recipients of the funding, focused on the impact the funding had on their organisation
- a volunteer survey sent to grantholder volunteers, focused on understanding the volunteer experience during the period in which the funding package was in operation
- interviews and focus groups with grantholders, sector representatives, and funding partners
- case studies for each funding stream which includes insight from end service users

All fieldwork for the evaluation was completed by 20th January. The evaluators are now conducting a 'contribution analysis' through which all primary and secondary data will be compared against the Theory of Change to provide evidence on the impact of this funding package. This will be determined by:

- understanding what processes worked most effectively to achieve the initial objectives of the fund
- understanding which grantholder organisations and service users were reached and where
- understanding all the outputs achieved
- provide lessons to the Department on our stewardship strategy

The full evaluation findings will now be published in April 2022. This represents an additional delay to the revised publication date. This is largely because we have extended the fieldwork period for some of the survey strands to maximise response rates. But it is also the case that some of the initial issues (around contract negotiations and data availability) have had knock-on effects that

have compressed the time for analysis and write up. Given the complexities and importance of this evaluation it was right to delay publication to allow time to conduct a thorough analysis of primary and secondary data and ensure the highest quality final product. This will provide the best possible insight into the effectiveness of the funding package, including key lessons for government in developing future funding initiatives. We are confident there will be no further delays to publication.

Additional information on monitoring the health of the charity sector

The goal of our work to improve the monitoring of charity sector health is to strengthen our ability to support the sector to maintain its vital services and maximise its potential to address the needs of communities across the country. By securing more timely, accurate and granular data and evidence on the sector, government and sector partners will be able to improve our collective understanding of the challenges and opportunities facing civil society, and shape informed policy that supports the sector to thrive.

Delivering this ambition requires a long-term approach. Gathering and sharing data and evidence from arms length bodies, government departments and sector partners brings challenges. These include identifying relevant data sources, introducing appropriate data sharing arrangements, and ensuring data is comparable. We are fostering close collaboration to address these challenges and ensure effective sharing and robust analysis of evidence and data available. It is essential that we take the time to get this right in order to deliver the long term benefits that will result. We are securing resources for the coming spending period to deliver this ambition.

We have started with making better use of existing data to support our sector analysis. We have developed a monitoring system that pulls data from a range of sources to build a more detailed picture of sector health, including the latest Companies House and Charity Commission Annual Returns data. This means we can now use the latest financial data to identify trends at the sub-sector level (e.g. education, health etc.), and down to Local Authority level, to identify whether different trends exist in different geographic areas for particular sub-sectors. We continue to refine and expand this tool.

We are now working on ensuring the data is timely, granular and comprehensive. For example, annual returns to the Charity Commission are submitted after the end of the financial year to which they relate, leading to a lag in our understanding of charity finances. To provide a more timely understanding of charity finances we are exploring the possibility of using surveys, as well as data modelling, to estimate charity financial data in-year. We are also in discussions with other government departments to try and secure access to administrative data they hold that could address data gaps impeding our understanding of unregistered charities and non-charitable civil society organisations (e.g. Community Interest Companies).

As previously outlined DCMS is supporting the Charity Commission to revise how charities are classified and displayed on the register of charities, focussing in particular on what charities deliver and how they deliver it. Currently, charity classifications are fairly broad. This revision will provide more granular descriptions of a charity's work – for example, whether a charity involved in education is in fact an after school club, a think tank etc. When combined with more detailed financial information, this will enable us to identify the need for targeted interventions. For example,

understanding the landscape of charities addressing known social challenges would allow government and sector partners to target funding at areas where there are cold spots in sector provision, or identify opportunities for cross sector partnerships working to enable organisations to make best use of shared expertise and resources.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Sarah Healey', with a stylized, flowing script.

Sarah Healey
DCMS Permanent Secretary