Dear Damian,

Civil Society expenditure: Request for further information

Thank you for your letter dated 7th March 2019. I have responded below to your request for further information pertaining to civil society expenditure in light of the Department’s Supplementary Estimates for 2018/19.

If you have any questions about the content of this letter then please don’t hesitate to contact me.

Rt Hon Jeremy Wright QC MP
Secretary of State for Digital, Culture, Media and Sport
Can you explain what assumptions lay behind the Department’s original estimates of participation and subsequent costs, particularly in view of the fact that participation targets for the National Citizen Service were significantly revised downwards in 2017?

**National Citizen Service**

The Government purposefully set an ambitious participation envelope for NCS to drive rapid growth, value for money, mobilise policy support and to ensure the 2015 manifesto commitment of ‘an [NCS] place for every young person who wants one’.

The three year 2015 Spending Review commitment of £1.26bn (undertaken when NCS was the policy responsibility of the Cabinet Office) was to ensure funding was made available for up to 300,000 places in 2019/20. This was aspirational and reflected the maximum level of participation expected; it was not a participation target. Rather it set a ceiling on the maximum number of participants that HM Treasury would budget for.

The Government (Cabinet Office until 2017 and DCMS since) and NCS Trust used this SR settlement to agree both annual targets and budget. Participation forecasts also included an assumed level of Government policy support. In particular, that the Department for Education would introduce a statutory duty on schools to promote NCS. These assumptions were realistic at the time: duties on schools and local authorities were announced in the 2016 Queen’s speech as part of the NCS Bill. Based on this policy support assumption, as well as forecast demand, participation was forecast by NCS at 175,000 (2017), 225,000 (2018) and 300,000 (2019).

These statutory duties did not form the final NCS Act, and based on more accurate projections of demand, target participation ceilings and budgetary projections were revised in conjunction with HMT and the NCS Trust. In 2017, the target was revised from 175,000 to 101,000 for FY17/18.

The 2019 SR bid will take into consideration historical participation figures alongside more accurate demand forecasts when setting the annual participation ceilings.

**The Life Chances Fund**

The £80m LCF is a nine-year programme (2016 - 2025) which contributes ‘top up’ funding for outcome payments for locally commissioned social impact bonds. The full fund has now been committed in principle to projects.

The programme is being delivered in stages including an application process to select local commissioners who would receive in principle offers of funding for their projects, and a development period when they are supported to commission and launch their projects.

The original spending profile was based on estimates of the likely period required for the application process, the time selected projects would take to develop and commission, and the time it would take for the resulting services to deliver the outcomes that would trigger payment.

In practice, the application and project development processes have taken longer than expected in order to ensure a high quality of projects are supported. The programme has also adjusted the assumptions about when payments for outcomes will be made in the light of selected projects’ plans.
The assumptions about participation and costs in the LCF remain unchanged, but the payment profile has been adjusted.

Can you tell us how participation in these initiatives has been encouraged by the Department?

National Citizen Service
Since NCS began, around 500,000 young people have taken part in this life changing opportunity, and in 2017 almost 100,000 people took part alone. DCMS has encouraged young people to participate in the National Citizen Service in a number of ways:

- by providing adequate funding to the NCS Trust to deliver and promote the programme; this includes marketing activity which has been supported by DCMS communications expertise;
- by working closely with other Government Departments to promote the programme: for example, engaging with the Department for Education on expanding a school coordinator pilot and publishing guidance for schools and colleges to help students get involved in NCS; working with the Ministry of Housing, Communities and Local Government to produce guidance on NCS for local authorities; and creating linkages with the Department for Environment, Food and Rural Affairs on the 2019 Year of Green Action;
- by encouraging the inclusion of the NCS Programme in various cross-government strategies, such as DEFRA’s 25 Year Environment Plan, the Department for Health’s Five Year Forward View on Mental Health and the Home Office’s Serious Violence Strategy;
- by working with the NCS Trust to trial variations to the programme that would focus on Sports and Arts, to appeal to a wider range of young people;
- by funding a yearly evaluation of the programme where we highlight the many benefits of participation; and by providing evidence that the programme consistently delivers more confident, capable, and engaged young people. For example, the most recently published evaluation shows that 79% of participants in NCS Summer 2016 left the programme feeling more confident about getting a job; and
- by raising the profile of the programme and promoting it to new audiences: for example, NCS graduates took part in the Passchendaele memorial and shared their experiences with the wider public and a NCS graduate had the honour to lay flowers on a soldier’s grave in front of the Queen at last year’s National Service of Remembrance; and recently DCMS arranged an EU showcase event to promote the programme and share learning and best practice with other EU countries.

Life Chances Fund
DCMS encouraged participation in the LCF by partnering with the National Lottery Community Fund which administers the Fund. They held events for bidders ahead of and during the roll out. Additionally, through our relationship with the Blavatnik School of Government, we established the Government Outcomes Lab to support commissioner involvement in SIBs through workshops, advice surgeries and online tools.

Over three rounds of bidding, the LCF was oversubscribed. In-principle offers have been made to the strongest bids.
Can you tell us how the policy intentions of the National Citizen Service and Life Chances Fund will be met within the current financial year?

National Citizen Service

DCMS had three main policy intentions for the 2018/19 financial year for the National Citizen Service Programme:

1. Transition of the NCS Trust to the status of DCMS Arms’ Length Body, incorporated by Royal Charter;
2. Re-commissioning the provider network for the NCS programme; and
3. Continuing to deliver a high quality once in a lifetime voluntary and social development programme.

A brief update against each of these is as follows:

1. The NCS Trust became an official DCMS Arms’ Length Body in December 2018 following the passing of the NCS Act, Royal Assent to the Royal Charter and a smooth transition process managed by both DCMS and NCS Trust. This transition will help ensure that the National Citizen Service programme has permanence and increase accountability to Parliament, whilst maintaining the NCS Trust’s operational independence.

2. DCMS continues to support the recommissioning of the NCS provider network. The intention is to reduce unit cost, deliver savings and thus, achieve better value for money. This will be achieved by:
   a. centralising key functions (such as procurement of programme accommodation);
   b. reducing the number of layers and introducing greater efficiency;
   c. reducing the number of NCS regions from 19 to 9 which will reduce management overhead and deliver efficiencies; and tightening contractual terms and conditions to ensure greater programme consistency.

3. DCMS has continued to sponsor a high quality and impactful NCS programme over the 2018/19 financial year. Since NCS began, around 500,000 young people have taken part in this life changing opportunity, and in 2017, almost 100,000 people took part alone. DCMS has ensured the delivery of high quality and socially mixed NCS programmes. Subject to compliance checks, the following indicators will have been achieved in the 2018/19 financial year: the Net Promoter Score\(^1\) - gauging the NCS participants’ overall satisfaction with the programme - has remained high at 57, 31% of NCS participants have come from minority ethnic backgrounds, 15% of NCS participants were young people on free school meals and 5% of participants were young people with special educational needs. These indicators have either achieved or surpassed the targets set out at the beginning of the financial year.

---

\(^1\) The **Net Promoter Score** is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.
Life Chances Fund

The LCF’s policy intentions and the scale of the programme remain unchanged. During 2018/19 we have supported the development of 43 projects in the policy areas of young people and children’s services, homelessness, youth unemployment, drug and alcohol misuse, promoting healthy lives and supporting older people. Eight of these have been launched so far.

Can you explain why underspends from the National Citizen Service budget have been reallocated to fund UK Sport, 5G and full fibre networks when these funds were originally ring-fenced and comprise a significant part of government youth funding?

Within 2018-19 there were two reviews performed, one in February 2018 and one in July 2018, to reallocate funding not required for NCS towards existing commitments and new proposals in order to meet manifesto commitments, with the agreement of HM Treasury. £22m of underspends were reassigned to fund the UK Sport Lottery Underwrite, and the 5G and LFFN resource. A further £26m was allocated to new proposals, including £5m for uniformed youth, and the remaining £2.6m was returned to the Treasury.