Cost Benchmark Report
National Citizen Service (NCS)
Final Report – 7th February 2018
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Executive Summary

Background and Approach

1. NCS is open to 16 and 17-year-olds across England and Northern Ireland. The programme involves groups of 12 to 15 young people completing a series of activities lasting up to four weeks. This includes an outdoor residential week aimed at building teamwork (Phase 1), a residential for participants to learn ‘life skills’ (Phase 2) and a community-based social action project, ranging from building a sensory garden for a hospice to arranging a family fun day (Phase 3), culminating in a rite-of-passage celebration (Phase 4).

2. This review focuses on directly addressing questions raised by members of the Public Accounts Committee (PAC) around the cost of the National Citizen Service (NCS) programme and specifically the recommendation for the NCS Trust and Department to publish benchmarking of its costs in advance of the next commissioning round in 2018. The finding of this work can also be factored into the process for re-commissioning the service through 2018.

3. In preparing benchmarks we have recognised the limitation of comparators, acknowledged in the Government response to the PAC recommendations, listing various factors which limit direct comparability such as awareness, duration, residential/non-residential and intensity.

4. Our work provides a set of industry benchmarks, giving comparative information for core components of the NCS programme.

   i. We focus principally on the operational delivery costs of the four phases of the programme. For each of the phases we compare costs from the perspective of a taxpayer, i.e. we are investigating the components which might be separately purchased by a parent or guardian on behalf of a young person. Whilst some cost comparators are relatively straightforward (e.g. a week-long activity/adventure holiday), there are notable additions which supplement off-the-shelf comparators. For example, residential phases of the programme typically include the presence of a young person’s mentor to track progress, guide reflection and ensure that the programme outcomes are met. For such supplemental services, our approach makes allowances by adding an imputed cost of these services onto the cost of comparators.

   ii. In addition to the four phases of the programme, we have benchmarked the commissioned acquisition costs of the programme i.e. the average cost of recruiting a new participant into the programme. Taking together the operational phases and acquisition costs, the comparable costs account for £925 of the £1,755 unit cost of the programme (53%). This benchmarking of core components excludes costs such as regional and national oversight, quality assurance, evaluation and central marketing.
iii. To provide a broader contextual analysis of overall unit costs, we have also compared the unit costs of the NCS programme with other international programmes (France, Germany and USA).

Findings

5. By comparing like-for-like component costs we have been able to draw conclusions around the effectiveness of the purchasing power leveraged by the NCS Trust and hence views around the current approach to commissioning the programme.

6. Findings include:

i. Our benchmarking of the separate operational phases of the programme shows that the average costs per young person for each of the core phases of the programme compare well to the costs that would be incurred by separately procuring these at market rates.

   i. The aggregate comparator cost per young person across all operational Phases (1-4 and acquisition) of the NCS programme is £1,006. At £925 the NCS programme is currently below this median.
   ii. The average costs per young person for the core Phase 1, Phase 2 and Phase 4 components of the programme are below their comparator medians. However, it is more difficult to draw strong conclusions for Phase 3, where suitable comparators are scarce.

ii. It is not straightforward to find suitable comparators for the acquisition costs of the programme and our report highlights issues which affect comparability. The closest equivalent is the acquisition cost incurred by higher education organisations. The benchmarking exercise shows that NCS acquisition unit costs are broadly in line with benchmarks, being £21 (17%) above the median cost. However, this figure excludes £52 associated with central marketing spend, to assist in achieving a like-for-like comparison.

iii. Overall programme costs per person are significantly lower than international comparators of a similar scale. However, these programmes have a fundamentally different setup, reflected in factors such as duration, intensity, reach and payment.

Recommendations

7. Our recommendations, based on this analysis are:

i. Contract data collection – For most of the programme we can make useful comparisons where valid comparisons exist. NCST maintains good useful, segmented cost data which is helpful for tracking costs and value for money.
This position could be improved in the future with greater consideration given to collecting additional data, which may be a factor in the forthcoming re-commissioning round. An example of this is a transport cost per mile, in addition to overall transport costs.

ii. Service specifications – The NCST adopts service specifications, setting out expected components and content of all phases of the programme. For some elements of the programme there is benefit in considering either more tightly specified requirements in the forthcoming re-commissioning round or, where flexibility is required, a concept of variable pricing for different levels of service delivered.

iii. Volume and market management/development - Continuing to deliver on volume increases is an important factor in being able to deliver lower unit costs through further economies of scale. We understand that participant numbers for the programme are currently agreed on an annual basis. However, the forthcoming re-commissioning round provides an opportunity to clarify future participant volumes.

iv. Phase 3 delivery model - It was difficult to source meaningful comparators for Phase 3 of the programme and therefore our conclusions are less clear-cut for this phase. Although volunteering opportunities can typically be sourced by parents for zero / low cost, this type of activity alone omits the youth mentor wrap-around role and the inclusive team approach that the NCS additionally provides. The social action delivery and subsequent follow-up volunteering creates significant value, (independently estimated to be over £60m in 2016). The benefit of that value is largely bestowed upon local organisations, either as the recipients of the social action volunteering programmes during Phase 3 of the programme, or through follow-on volunteering which continues after graduation. Given this value-creation, the NCST may wish to explore in its future commissioning how it can even better encourage those organisations, benefitting from social action carried out by the programme, to more actively participate in the delivery of Phase 3 or other phases of the programme i.e. for those organisations benefitting from the Phase 3 social action initiatives to play an even greater role in the delivery of future programmes.

v. Acquisition costs – the NCST has a good record of accomplishment of attracting a wide spectrum of young people and it continues to target a further reduction in the unit cost of acquisition. We understand that with changes in legislation, the NCS programme may be able to communicate with young people and their parents/carers more directly. We would expect this change to assist any efforts to achieve a lower cost of acquisition, through utilising more direct channels or potentially cross-marketing with other government departments, agencies or public bodies, subject to a full evaluation of cost effectiveness. Also, our comparison of acquisition unit costs excludes £52 associated with central marketing spend, to assist in a
like-for-like comparison. We would expect all marketing costs to be included in future comparisons, once the brand is better established.

vi. Alumni resource – The programme is already making use of alumni to assist in the delivery of subsequent phases. Exploring the impact of alumni resource, as both a cost-effective measure and as an ongoing outcome measure of the programme’s success, is important.

vii. The cost per participant of the NCS programme is lower than other international programmes. However, our analysis notes limitations with these comparators, given the significant differences in scope, reach and duration of such programmes, which makes meaningful comparison difficult. To better compare these programmes, more work is required to examine the relative cost-effectiveness of these programmes. This collaborative undertaking would focus on building-up a better understanding of what works well across these other programmes (for example, the French scheme has been successful recently in growing participant numbers). From this comparative analysis it may be possible to develop an enhanced model which takes the best of all approaches.

viii. Also, in terms of international programmes, we note that other programmes, particularly in the USA have a successful record of accomplishment of sourcing external contributions (for example with $0.5bn of funding for AmeriCorps coming from public-private partnerships). Further consideration could be given to the merits of this approach either as supplementary funding to enhance the programme or to substitute DCMS funding.
1. Introduction

The NCS Trust was established in 2013 as an independent community interest company to manage and grow the NCS. The introduction of the National Citizen Service programme has now enabled almost 400,000 young people across the UK to take advantage of opportunities to engage in 2-4 weeks of activities with the goal of improving skills, confidence and employability.

1.1 Context for the Review

The funding received by NCS represents a significant investment in the UK’s young people, with over £1 billion available to deliver and expand the programme over the current Spending Review period\(^1\). Budgets are set on a yearly basis, in-line with participation targets which are also set yearly. Whilst work is ongoing to examine the efficacy of this programme, in terms of measurable qualitative outcomes and benefits for those participating, and other studies have already demonstrated the programme’s ability to deliver a return over and above the cost of delivery, this project examines the unit costs of delivering the range of commissioned activities. This review stems from a very real need to demonstrate that taxpayers’ money is being invested wisely and to understand whether the unit costs of delivering the components of the service are competitive.

Our work directly addresses questions raised by the Public Accounts Committee (PAC) in March 2017 around the cost of this programme vs. comparable youth activity exercises, specifically:

\[\text{The NCS Trust and Department need to [...] publish benchmarking of its costs in advance of the next commissioning round in 2018.}^2\]

Some of these can be purchased individually or collectively (by families, schools, youth groups & societies). The issues raised by PAC follows similar concerns previously also raised by the National Audit Office in January 2017, which concluded:

\[\text{To date, the Trust’s spending has been within the funding made available as part of the Spending Review process. Considering all NCS costs, OCS and the Trust currently expect to spend £1,863 for each participant in 2016. However, the autumn 2015 Spending Review implied a unit cost of £1,562 per participant in 2016, lower than the Trust’s target unit cost of £1,794 agreed between the Trust and OCS in the grant agreement. The cost per participant needs to fall by 29%, to £1,314 in 2019, for the Trust to provide 300,000 places and stay within the funding envelope made available as part of the autumn Spending Review}^3.\]

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\(^1\) National Citizen Service Evaluation, December 2017
\(^3\) NAO, National Citizen Service, January 2017
To address these concerns DCMS has commissioned us to provide a set of industry benchmarks, giving comparative costs for components of the NCS programme. These benchmarks may also be of value in contributing towards the intelligence base for the re-commissioning of the service through 2018.

1.2 Our Approach

The approach that we have taken for the NCS cost benchmarking project, is based on:

- An initial exploration of viable comparators
- Review of the proposed approach to costs analysis and cost buckets
- Stakeholder discussions with the NCS Trust and the Department for Digital, Culture, Media & Sport (DCMS) team at the project initiation meeting (8th December 2017) and subsequent emails
- A methodology refinement report, shared with DCMS in mid-December 2017.

In preparing benchmarks we have recognised the limitation of comparators, acknowledged in the Government response to the PAC recommendations, below.

Given the unique nature of NCS, direct comparison with other youth programmes is not straightforward. Examples include but are not limited to: differing levels of existing programme awareness; relative lengths of programmes; intensity; residential; whether staff are voluntary or paid; and whether or not programmes are residential. Benchmarking will only be possible for those elements of the programme that are comparable to other organisations.

For each of the operational phases of the programme we have compared costs from the perspective of a taxpayer, asking the question “what would be the 2018 costs of self-commissioning the services provided by the NCS Trust?” i.e. we are investigating the components which might be separately purchased by a parent or guardian on behalf of a young person. In using this approach, we recognise that there may be limitations in the potential discounts offered by providers for volume, which we would expect the NCST and its supply chain to be able to negotiate in preference to an individual family or school. Also, whilst some cost comparators are relatively straightforward (e.g. a week-long activity/adventure holiday), there are notable additions which supplement off-the-shelf comparators. For example, residential phases of the programme typically include the presence of a young person’s mentor to track progress, guide reflection and ensure that the programme outcomes are met. For such supplemental services, our approach makes allowances by adding an imputed cost of these services onto the cost of comparators.

To adequately compare market-rate prices from a basket of comparators we have used 2018 as our basis for pricing. 2018 is used because firstly, most of our comparator data

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Treasury Minutes, Government responses to the Committee of Public Accounts on the Forty Second to the Forty Fourth and the Forty Sixth to the Sixty Fourth reports from Session 2016-17, October 2017.
reflects published prices for 2018. Also, the comparators are set against projected unit costs for NCS in 2018, largely reflecting costs which have already been set into contract through NCST’s supply chain. These costs are unlikely to vary significantly, provided participation levels remain broadly in-line with expectations.

Our work provides a set of industry benchmarks, giving comparative information for core components of the NCS programme.

- **Direct Delivery Partner and Programme Costs**
  
  o We have benchmarked the four individual operational phases of the NCS programme. In our analysis of programme phase costs, we have focused principally on the delivery partner and direct programme costs. These costs typically reflect the costs of activities and accommodation and, for local delivery partners, will reflect a market rate.
  
  o We have also looked at acquisition/marketing costs (the delivery partner and direct programme costs associated with recruiting participants into the programme).
  
  o These comparable costs account for £925 of the £1,755 unit cost of the programme (53%). Note, that this analysis excludes central/national marketing costs to ensure a like-for-like basis to our analysis.

- **Overall NCS spend per participant, compared with international comparators (France, Germany and USA).**

Valid benchmarks are not obtainable where useful data is currently not collected or where activities are unique to the NCS programme. Our benchmarking of core components therefore excludes costs such as: regional and national oversight, quality assurance and evaluation. The components of each phase and more detail on the key exclusions are shown in Figure 1, below,

The areas of focus in our review are shaded light blue in Figure 1, overleaf.
### Figure 1: Scope of cost analysis.

<table>
<thead>
<tr>
<th>Component</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
<th>Phase 4</th>
<th>Recruitment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description:</td>
<td>Outdoor Residential Week, Aimed at Building Teamwork</td>
<td>Residential for Participants to Learn ‘Life Skills’</td>
<td>Community-Based Social Action Project</td>
<td>Rite-of-Passage Celebration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery Partner Cost</td>
<td>£263</td>
<td>£133</td>
<td>£185</td>
<td>£18</td>
<td>£147</td>
<td>£925</td>
</tr>
<tr>
<td>Other Direct Programme Cost</td>
<td>£90</td>
<td>£88</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Activity</td>
<td></td>
<td></td>
<td></td>
<td>Regional Activity</td>
<td>£391</td>
<td></td>
</tr>
<tr>
<td>National Activity</td>
<td></td>
<td></td>
<td></td>
<td>National Activity</td>
<td>£189</td>
<td></td>
</tr>
<tr>
<td>Total Phase Cost</td>
<td></td>
<td></td>
<td></td>
<td>Total Phase Cost</td>
<td>£1,504</td>
<td></td>
</tr>
<tr>
<td>Extension &amp; Other Costs</td>
<td>Extension &amp; Other Excluded Programme Costs include: post-programme activities, transport, insurance</td>
<td></td>
<td>Extension &amp; Other Excluded Programme Costs include: post-programme activities, transport, insurance</td>
<td></td>
<td>£125</td>
<td></td>
</tr>
<tr>
<td>Other Central Costs</td>
<td>Other Central Costs include: central marketing, investment &amp; innovation</td>
<td></td>
<td>Other Central Costs include: central marketing, investment &amp; innovation</td>
<td></td>
<td>£126</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
<td>£1,755</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** The figure shows NCS projected cost for 2018 for each component.
2. Cost Benchmarking - Findings

Our benchmarking of the separate operational phases of the programme shows that the average cost per young person for each of the core phases of the programme compare well to the cost that would be incurred by separately procuring these at market rates. This analysis, in aggregate, suggests that the cost of delivering the NCS programme (Phases 1-4 and acquisition) is £925. This is 8% lower that the median comparator cost (£1,006) and close to the lower quartile cost (£896). A possible exception is Phase 3 of the programme where paid-for comparators are scarce and therefore definitive conclusions are hard to reach.

The programme acquisition costs, relating to spend incurred in attracting young people to NCS, and preparing them for the programme, are above the median cost of the comparators. However, we have noted limitations in the use of this comparator.

Overall programme costs per person are significantly lower than international comparators of similar size. However, these programmes have a fundamentally different setup, reflected in factors such as duration, intensity, reach and cost structure. With other countries, for example, actively paying young people to participate. Further, the NCS programme places greater emphasis on diversity/inclusivity.

2.1 Benchmarking of Operational Phases

Our analysis looks separately at each of the operational phases of the NCS programme. For the purposes of comparability, we have standardised comparators using a set of assumptions for each phase (see overleaf) and we have selected the typical Standard programme, which relates to the summer programme, rather than the Spring/Autumn programme. Further, we have excluded some activities for which there are no suitable comparators.

A summary of the phases and the assumptions used is shown in Figure 2 overleaf and a full list of other specific and overarching assumptions is included in Appendix 1.
The remainder of this section discusses the comparative costs for the four key programme phases.

### 2.1.1 Phase 1 – Activity-Based Residential

The activity-based residential is perhaps the simplest phase to compare and has components which can be readily sourced from private sector or voluntary/community-based organisations.

The range of provision for these types of activity is relatively formulaic, with this being a common and established option for families, schools and youth groups. For the purposes of comparison, we have taken published prices by a range of activity-break providers, a selection of private, public and third sector outdoor-adventure and outward bounds providers. Where appropriate we have then pro-rated the duration to five days and four nights, for comparability. We have also added a small supplement to comparator prices to adjust for places suitable for those with special needs, which are typically more costly than standard places. This is particularly pertinent to the activity-based residential phase.

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5 NCST, Excerpt from Provider Contracts; DCMS, NCS Operating Model
Examples of our comparators for this phase include:

- **Outdoor scouting and girl guides activity centres**, staying in tents/lodges and including activities such as abseiling, orienteering and team-building
- **Specialist outdoors adventure holiday providers**, including a menu of activities such as abseiling, archery, canoeing, high ropes, mountain-biking
- **Local authority outdoor education centres**, offering educational outdoor residential, including activities such as: abseiling, canoeing, caving, rock climbing.

For this phase of the programme we compare this basket of comparators with the NCS programme’s raw unadjusted local delivery partner costs (i.e. we look at benchmarks without allocating regional costs or NCS central costs, to isolate the specific cost of the activity residential). The NCS costs of are relatively favourable, with the average NCS cost for Phase 1 at £263, which is 12% below the median comparator cost for this Phase (£305). The cost benchmarks are shown in **Figure 3**, below.

*Figure 3: Phase 1 Cost Comparisons*

![Phase 1 Cost Comparisons](chart)

Phase 1 Comparators: Lower Quartile=£276, Median=£305, Upper Quartile=£318 (Excluding outliers)

To examine the network cost of this phase of the programme we have also included the cost of a youth team mentor role in place to support all the activities and post-activity sessions. Adding these costs into this phase also suggests that the costs compare well with alternatives in the market.

*Figure 4* below shows the benchmarking ranges for costs for Phase 1, including and excluding the youth mentor role.
**Commentary:** The unadjusted local delivery partner costs of the NCS appear lower than comparable brochure costs, both with and without adjusting for the mentor role.

### 2.1.2 Phase 2 – Skills-Based Residential

The skills-based residential (residential for participants to learn life skills) is more difficult to compare than the activity-based residential. Whilst there are some residential providers of skills-based learning for young people, the comparisons are not quite as precisely overlapping. The comparisons that we have used in our benchmarking have therefore involved slightly different types of skills acquisition, although these are still comparable in terms of duration and resource.

Our benchmarks for this phase include commercially available residential courses for young people to acquire a broad base of useful life skills or other specific skills such as conservation, or leadership. As with the activity-based residential courses, we have taken published prices by a range of course providers and, where appropriate, pro-rated the duration to five days and four nights, for comparability. For this phase there is no need to make any separate adjustment to add-in the cost of a youth mentor role to our comparators. This is because the resource cost of delivering the skills development programme in our comparators is broadly equivalent to the mentor/skills development lead within the NCS programme.

Examples of comparators that we used for this phase include residential weeks focusing on:

- Learning about and practising conservation work for a national charity
- Developing life skills and basic cookery techniques with a private provider
- Learning interpersonal skills and problem solving with a private provider.

Comparisons of costs for this phase are again favourable, with the average NCS cost being at £221, which is 14% below the median cost of £256, see **Figure 5** below.
Figure 5: Phase 2 Cost Comparisons

**Phase 2: Skills-based Residential**

- Skills Residential Cost (Comparators)
- Skills Residential Cost (NCS)

Phase 2 Comparators: Lower Quartile=£208, Median=£256, Upper Quartile=£320 (calc. excludes outliers)

**Commentary:** The average cost of provision of the skills-based residential is lower than comparable market courses. This is most likely to be associated with the staffing costs of the NCS phase of the programme, with many of our comparators using relatively highly paid tutors or skills-development specialists. Indeed, several of our comparator courses for specialist skills such as art or photography were significantly costlier.

### 2.1.3 Phase 3 – Social Action Planning and Delivery

The social action planning and delivery phases of the programme require the addition of a set of comparators to generate a like-for-like comparison.

Our benchmarks for this phase include commercially available non-residential courses for young people to acquire social action skills such as volunteering or citizenship. For this phase we have generated a comparison package comprising:

- Non-residential general volunteering, citizenship or life-skills development
- Oversight to a volunteering week (youth worker or equivalent).

To generate this package, we have taken the published prices of a range of course providers and then added in the cost of oversight to a second week of volunteering activities.

Examples of our comparators for this phase include:

- Learning about global citizenship from a UK college
- Learning about first aid from a charity
- Private college courses to learn about how to volunteer.
Our analysis of a relatively limited range of comparators indicates that where paid-for options are available, the costs for NCS are in the middle of the expected range for this phase. The cost comparisons for these benchmarks are shown in Figure 6, below.

**Figure 6: Phase 3 Comparisons**

<table>
<thead>
<tr>
<th></th>
<th>Lower Quartile</th>
<th>Median</th>
<th>Upper Quartile</th>
<th>NCS Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 3i + 3ii</td>
<td>£175</td>
<td>£202</td>
<td>£229</td>
<td>£185</td>
</tr>
</tbody>
</table>

**Commentary:** It is more difficult to draw strong conclusions for Phase 3, where suitable comparators are scarce. In our search for relevant comparators for the second stage of this phase (social action delivery), we typically see that few providers would charge solely for volunteering activities, with the typical model from charities being to offer free volunteering opportunities to young people, often offering to reimburse out-of-pocket expenses such as travel.

However, the difficulties in comparison come when we consider the additional oversight activities that the NCS programme brings in its approach to social action. For example, the programme offers more than a stand-alone volunteering opportunity by ensuring that there is adequate oversight for activities, that groups of young people are supported and can work collaboratively in their social action, and that activities are safe, effective and deliver the intended benefits.

### 2.1.4 Phase 4 – Celebration Event

At an average cost to the NCS programme for this phase of £18, the cost of this phase accounts for <2% of the overall programme spend and is therefore less material to the overall cost effectiveness of the programme.

We compared this celebration event to the type of event that is typically arranged for/by young people to celebrate the end of term at the end of GCSEs/A-Levels. For this type of event there is a growing market for venue providers and the range of costs for a venue tends to range between £15 - £30 per head. Most venues offer an inclusive package, which includes venue hire, an event coordinator, catering and entertainment.

Examples of our comparators for this phase include:

- **Private hotel** evening venue hire with catering and support
- **Other large venue** hire (museum, sports facility).
Figure 7: Phase 4 Cost Comparisons

Phase 4: Celebration Event

<table>
<thead>
<tr>
<th></th>
<th>Lower Quartile</th>
<th>Median</th>
<th>Upper Quartile</th>
<th>NCS Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 4</td>
<td>£17</td>
<td>£21</td>
<td>£28</td>
<td>£18</td>
</tr>
</tbody>
</table>

**Commentary:** The unadjusted provider costs are at the lower end of comparable per-person rates for one-off venue hire for a celebration event. We note that the definition of this phase is open to considerable interpretation by providers.

2.1.5 Other considerations relevant to programme unit cost

In any analysis of overall costs of the NCS programme the impact of volume is a very significant factor in defining unit costs. We understand that NCST had an original strategic aspiration to achieve 360,000 places per year\(^6\). The volume projected in the NCST forecasts for 2018, shared with the NAO in 2017, was 151,000.

**Commentary:** It is not clear whether the longer term strategic objectives remain in-line with those volumes originally planned, given that volumes are agreed annually with DCMS. Also, given that it is likely that a significant proportion of the NCST’s overheads would remain fixed or semi-fixed with changes in volumes commissioned, volume therefore plays an important part in the programme’s ability to further reduce unit cost. The forthcoming re-commissioning round provides an opportunity to clarify future participant volumes.

\(^6\) Cabinet Office Single Departmental Plan, 2016
2.2 Benchmarking of Overarching Components

As well as looking at the individual operational phases of the NCS programme, we have also looked at two additional comparators:

- Comparison of the acquisition/marketing costs of the programme, relating to the recruitment of young people into the programme
- International comparators.

2.2.1 Acquisition/Marketing

The marketing and outreach costs of the NCS programme relate to the spend incurred in attracting young people to participate and preparing them for the programme. This mostly occurs through events run by providers in schools, but also includes the cost of gathering all the required information from young people and their parents/guardians and running warm-up events and information sessions in advance of the programme as well as local marketing/advertising campaigns. The unit cost per participant for these activities is £147.

Whilst there are no direct comparators for this set of activities, and we have noted many limitations in any potential comparisons, higher education establishments do have related activities associated with recruiting new students into courses. In terms of these university comparators, we estimate an overall sector spend of £96.2m, based on a survey covering two fifths of institutions\(^7\). This equates to an average spend of £126 per graduating student, see Figure 9, below.

Additional central brand and media spend, £52 per young person\(^8\), has been excluded from the acquisition cost comparison to maintain a fair comparison with universities - the closest (but imperfect) benchmark available. To successfully reach its mission, NCS must reach all young people in the country, regardless of their provenance or background. The brand must be present in every locality and appeal to all young people, and do so for a new type of voluntary programme which did not exist before. By contrast, universities generally do not have a duty to appeal to all (notwithstanding specific separately-funded outreach targets), and can benefit from the fact that the concept of going to university (and in many cases, their own brand) has been established for centuries. We have therefore excluded the central brand-building cost from the benchmarking exercise.

![Figure 9: Phase – Acquisition Cost Comparisons](image)

<table>
<thead>
<tr>
<th>Acquisition Cost</th>
<th>NCS Programme</th>
<th>Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td>£147</td>
<td>£126</td>
<td></td>
</tr>
</tbody>
</table>

Note: No quartile range available for this comparator.

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\(^7\) Times Higher Education, 2015

\(^8\) NCST, Actual spend for 2017. Note: Contrary to contracted unit prices, which are fixed costs for the Trust, the central media spend is variable. 2018 figures are therefore not yet available. The estimate for 2018 is for central media unit cost to reduce vs 2017.
Commentary: The benchmarking exercise shows that NCS acquisition costs are broadly in line with benchmarks, being £21 (17%) above the median cost. However, there are limitations in this comparator, and there are specific unique challenges to both sides, as highlighted in Figure 10, below.

Figure 10: Comparison Issues – NCS Programme Vs Universities

<table>
<thead>
<tr>
<th>Theme</th>
<th>NCS Programme</th>
<th>Universities / Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>In its relative infancy in terms of public awareness</td>
<td>A well-established model with high baseline awareness by young people, parents and teachers</td>
</tr>
<tr>
<td>Inclusion</td>
<td>Has inclusive remit, needing to target the whole youth population rather than just those who are engaged.</td>
<td>Has both a selective remit, needing to target students likely to obtain the required grade and inclusive - targeting diversity of applicant, through access agreements.</td>
</tr>
<tr>
<td>Competition</td>
<td>Choices for teenagers outside term time (e.g. paid holiday jobs, family holidays)</td>
<td>Operate in a competitive environment, which dilutes the impact of any marketing spend</td>
</tr>
<tr>
<td>Partner-promotion</td>
<td>Most awareness-raising is resourced centrally by NCST or through commissioned delivery partners</td>
<td>Benefits from promotion by careers teams within schools and colleges as well as national bodies</td>
</tr>
<tr>
<td>Qualification</td>
<td>Rites of passage graduation from NCS - potentially CV enhancing / useful to prospective employers</td>
<td>Provides a career-defining qualification</td>
</tr>
<tr>
<td>Cost to Participant</td>
<td>Modest cost of participation – free to end users, except for a £50 fee (reduced for those from low income backgrounds)</td>
<td>Significant tuition fees involved in participating (up to £9,250 pa, depending on circumstances)</td>
</tr>
</tbody>
</table>

2.2.2 International Comparators

To provide a broader contextual analysis of overall unit costs, we also compare the unit costs of the NCS programme with other international programmes. Other countries have introduced national schemes for involving young people in citizenship, volunteering and social action. We have looked at programmes of a similar scale in France, Germany and the USA.

These schemes are all significantly costlier on a per-person basis than the NCS. However, the scope of these schemes is very different to that of the NCS; the reasons for the differences in cost relate to the duration/intensity of programmes and the payments made directly (pocket money) or indirectly (insurance/pension contributions) to young people through these schemes. Further, the NCS places emphasis on inclusivity and, relative to its narrower age-range of cohort, delivers a comparatively higher uptake and wider societal reach than its international peers.

However, given that many of the aims and ambitions of the programmes are shared, there is nevertheless value in understanding how these other schemes engage with young people and how these schemes are funded.

France

The Service Civique was established in 2010 as a nationally-coordinated programme replacing military service and offering an entire generation the opportunity to get involved and give of their time to the community and to others. Volunteers choose to carry out a
community work assignment for at least six months and in return receive an allowance (EU473 per month from the State and EU108 per month from the host organisation\(^9\)) and various other rights such as State-funded social security.

The *assignments* that young people choose to do are organized around nine major themes:

- Culture and leisure: for example, to promote access to cultural activities for disadvantaged young people
- International development and humanitarian action: for example, assisting the schooling of children in developing countries
- Education for all: for example, to promote access to education for disadvantaged young people
- Environment: for example, to work with children to raise awareness to recycling
- Emergency response: for example, assisting people affected by natural disasters and helping with the reconstruction of sites
- Memory and citizenship: for example, participating in the restoration of historic buildings/sites
- Health: for example, educating adolescents about sexual health
- Solidarity: for example, helping to support homeless people
- Sport: for example, assisting people with disabilities in their sports.

The programme has grown rapidly and, like the NCS programme, has ambitious plans for expansion (expecting to reach 150,000 in 2017). The service model differs both in its scope (supporting longer term “missions”) and demographic (focusing on 18-25 yrs, with 42% of participants being 18-20yrs and 39% 21-23yrs)\(^{10}\).

**Germany**

There are two main relevant schemes in Germany.

The Voluntary Social Year - *Das Freiwillige Soziale Jahr (FSJ)* is a programme for young adults to voluntarily help in a public-welfare-oriented institution for one year. Participants receive 25 days of education and learn how public-welfare-oriented institutions in Germany work, familiarise themselves with the working routines of different kinds of professions, try out professional tasks and activities, plan and deliver projects and events. Participants receive pocket money and other benefits such as accommodation, meals and travel expenses.

The work that young people choose to do falls under the umbrella of the social sector. Examples include:

- working in nursing homes and hospitals
- helping with community services for social care and for people with disabilities

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\(^9\) Service Civique, Les-conditions-pour-m-engager

\(^{10}\) Activity Report of Service Civique, 2016.
- supporting youth welfare in schools and nurseries for children from difficult family backgrounds.

There is also a Federal Volunteer Service aimed at all ages but particularly targeting <27’s who want to be actively doing something after finishing school or graduating from university or who want to make good use of their time before starting their degree or training. It offers young volunteers the opportunity to acquire practical and social skills and, for disadvantaged young people, increases the chances of starting a career¹¹.

USA

AmeriCorps is a national network of hundreds of programmes which recruit, train, and supervise young people in meeting critical community needs. Participants serve full- or part-time for one year or during the summer work, working in the areas of education, disaster services, health, environmental stewardship, economic opportunity, and service to veterans and military families. Specific examples include:

- Working in a school to improve the academic performance of students
- Improve job readiness skills for economically disadvantaged people
- Improve at-risk ecosystems (i.e. parks, streams, public lands)
- Enhance the quality of life for older people or individuals with disabilities
- Support disaster preparedness
- Serve the homeless population
- Guide health outreach and education.

The programme places members in agencies such as City Year, Habitat for Humanity, Teach for America, Equal Justice Works, and the Red Cross. Those joining this programme work for 1-2 years in exchange for help with living expenses, health insurance, and $5,800 after the completion of each year to pay for tuition or help pay off student loans¹².

A side-by-side comparison of the schemes is shown in Figure 11, below:

¹¹ Volunteer work in Germany: Federal Voluntary Service · Voluntary Social, Year Voluntary Ecological Year
¹² AmeriCorps Fact Sheet, 2017
**Figure 11 – Volunteering Schemes – International Comparators (2016)**

<table>
<thead>
<tr>
<th>Scheme</th>
<th>France</th>
<th>Germany</th>
<th>US</th>
<th>England &amp; NI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Civique</td>
<td>Voluntary Social Year (FSJ) + Federal Volunteer Service</td>
<td>AmeriCorps (State &amp; National)</td>
<td>NCS</td>
<td></td>
</tr>
<tr>
<td>Duration</td>
<td>6 – 12 months</td>
<td>6 - 18 months</td>
<td>3 – 12 months</td>
<td>4 weeks</td>
</tr>
<tr>
<td>Participants</td>
<td>92,000</td>
<td>102,000</td>
<td>76,000</td>
<td>93,000</td>
</tr>
<tr>
<td>Cost (€)</td>
<td>EU320m</td>
<td>EU289m</td>
<td>$386m$^{13}</td>
<td></td>
</tr>
<tr>
<td>Cost (£)</td>
<td>£285m</td>
<td>£257m</td>
<td>£284m</td>
<td>£173m</td>
</tr>
<tr>
<td>Cost / Participant</td>
<td>£3,098</td>
<td>£2,057</td>
<td>£3,700</td>
<td>£1,860</td>
</tr>
</tbody>
</table>

**Commentary:** On a per-participant basis the NCS programme is delivered at a lower cost than international comparators. There are several key reasons for this:

- Duration – the comparator international schemes are largely delivered over a more extended period, varying between 3-18 months, compared with a typical duration of 4-weeks for the standard NCS programme.
- Student payment. A significant proportion of the spend within the international comparator programmes relates to payments made to students enrolled on the programmes, reflecting a combination of pocket money, national insurance/health contributions and student loan payments.

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$^{13}$ AmeriCorps, Congressional Budget Justification, 2017
3. Recommendations

Based on our analysis, we have noted a set of recommendations around three themes, the recommissioning process, improving the cost effectiveness of the programme and further review of international comparators.

Recommissioning Process

1. Contract data collection – For most of the programme we are able to make useful comparisons where valid comparisons exist. NCST maintains good, useful, segmented cost data which is helpful for tracking costs and value for money. However, our analysis excludes some components of NCS programme costs as there was insufficient data to inform meaningful comparators. This position could be improved in the future with greater consideration given to collecting additional data, which may be a factor in the forthcoming re-commissioning round. An example of this would be to collect data on transport cost per mile, in addition to overall transport costs, to enable more meaningful benchmarking and monitoring.

2. Service specifications – the NCST adopts service specifications, setting out expected components and content of all phases of the programme. For some elements of the programme there may be benefits in considering either more tightly specified requirements, in the forthcoming re-commissioning round, or where flexibility is required, the introduction of variable pricing for different levels of service delivered. Examples of this include Phase 4 of the programme where the scope of this is relatively open-ended and there may be benefit in having a menu of prices for different forms of event.

3. Volume and market management/development. Continuing to deliver on volume increases is an important factor in being able to deliver lower unit costs through further economies of scale. We understand that participant numbers for the programme are currently agreed on an annual basis. However, the forthcoming re-commissioning round provides an opportunity to clarify future participant volumes.

Cost-effectiveness of the programme – avenues to explore

4. Phase 3 delivery model - It was difficult to source meaningful comparators for Phase 3 of the programme and therefore our conclusions are less clear-cut for this phase. Although volunteering opportunities can typically be sourced by parents for zero / low cost, this type of activity alone omits the youth mentor wrap-around role and the inclusive team approach that the NCS additionally provides. The social action delivery and subsequent follow-up volunteering creates significant value, (independently estimated to be over £60m in 2016). Moreover, the standard programme delivers social benefits (monetised benefit associated with volunteering
and leadership) worth up to £2.42 for every pound spent\(^\text{14}\). The benefit of that value is largely bestowed upon local organisations, either as the recipients of the social action volunteering programmes during Phase 3 of the programme, or through follow-on volunteering which continues after graduation. Given this value-creation, the NCST may wish to explore in its future commissioning how it can even better encourage those organisations, benefitting from social action carried out by the programme, to more actively participate in the delivery of Phase 3 or other phases of the programme. This approach could potentially serve to widen the delivery capacity of the NCS community and potentially improve on the respective cost. In practical terms, this might mean that those organisations benefitting from the Phase 3 social action initiatives play an even greater role in the delivery of future programmes.

5. Acquisition costs – the NCST has a good record of accomplishment of attracting a wide spectrum of young people and it continues to target a further reduction in the unit cost of acquisition. We understand that with changes in legislation, the NCS programme may be able to communicate with young people and their parents/carers more directly to inform them about the NCS programme and to invite them to participate. We would expect this change to assist any efforts to achieve a lower cost of acquisition, through utilising more direct channels or potentially cross-marketing with other government departments, agencies or public bodies, subject to a full evaluation of cost effectiveness. Also, our comparison of acquisition unit costs excludes £52 associated with central marketing spend, to assist in a like-for-like comparison. We would expect all marketing costs to be included in future comparisons, once the brand is better established.

6. Alumni resource – the programme is already making use of alumni to assist in the delivery of subsequent phases. Exploring the impact of alumni resource, as both a cost-effective measure and as an ongoing outcome measure of the programme’s success, is important.

**International comparators**

7. The cost per participant of the NCS programme is lower than other international programmes. However, our analysis notes limitations with these comparators, given the significant differences in scope, reach and duration of such programmes, which makes meaningful comparison difficult. To better compare these programmes, more work is required to examine the relative cost-effectiveness of these programmes. This collaborative undertaking would focus on building-up a better understanding of what works well across these other programmes (for example, the French scheme has been successful recently in growing participant numbers). From this comparative analysis it may be possible to develop an enhanced model which takes the best of all approaches.

\(^{14}\) National Citizen Service Evaluation, December 2017
8. Also, in terms of international programmes, we note that other programmes, particularly in the USA have a successful record of accomplishment in sourcing external contributions. For example, $0.5bn of funding for AmeriCorps comes from public-private partnerships, with a requirement for AmeriCorps programmes to attract match funding at least to the value of the public-funds committed. Further consideration could be given to expansion of the public-private funding for the NCS programme, either adopting similar principles to international schemes or exploring other sources of supplementary funding to enhance the programme or to substitute DCMS funding.
Appendix 1 – Specific Comparators – Description and Assumptions

There are costs components recorded by the NCS Trust, for which there are no viable comparators, and these are not part of the scope of this review. These include:

- **Overall programme management function.** The programme management function has specific co-ordination functions, which are delivered over and above the comparators. Some of these specific functions include:
  - Ensuring social/ethnicity mix for each programme group. This is a co-ordinating function which is required to deliver one of the principal aims of the programme – to ensure that young people are taken out of their comfort zones in terms of geography/social class/ethnicity mix and peer groups.
  - Market development. Ensuring that there is a vibrant market for suppliers of the services and that the standards and safeguards required of suppliers are in place to deliver safely and effectively.
  - Supplier management. Ensuring that providers are delivering the contracted services to the required performance standard and that the expected volumes are delivered.
  - Programme reporting. Being able to track the young people going through the programme and the effectiveness of the programme as a whole (outcomes/VFM etc).

- **Transport.** This covers the costs of transporting young people from their home town/city to the location where activities and skills development take place. Whilst these costs are separately identified by NCS Trust, we understand that there is no workable currency associated with these costs. These costs are therefore excluded from our analysis.

- **Insurance.** Since this is normally a separately purchased option for families/individuals we have assumed that personal travel insurance (for personal accidents/personal belongings etc) is excluded from costs, but that qualifying comparators will have public liability insurance in place as part of their offer.

  **NB,** we have, however, included these cost components when we have compared the NCS programme with other international schemes (i.e. we have done this comparison on a whole-programme cost basis).

We have made some other general assumptions in relation to comparators:

- **VAT.** We have assumed costs inclusive of VAT, where applicable.

- **Income.** For this exercise we are focusing on the gross cost of delivery, so do not net off the contribution made by participating families (understood to be c. £35 per person on average).
Specific Comparators and Assumptions

We have also detailed our proposed assumptions on each of the specific comparators. These assumptions are shown in the Table 1, below.

<table>
<thead>
<tr>
<th>Unit of Comparison</th>
<th>Potential Comparators</th>
<th>Scope / Constraints</th>
<th>Specific Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Model Components</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1. Activity-based Residential</td>
<td>(i) Outward bounds family holiday or school/youth group residential week (PGL, Summer Camps, etc) (ii) Also, non-commercial offerings e.g. Scouts / DofE</td>
<td>Full time, residential: 5 days / 4 nights 10x3hr Sessions of activity (+ up to 4 sessions of travel) Activities: Physical &amp; mental challenges, mainly outdoor. (e.g. abseiling, raft building) Accommodation: Tents, activity centres or hostels. Standards: Assume threshold level of certification, for example, <a href="http://adventuremark.co.uk/">http://adventuremark.co.uk/</a></td>
<td>1. Standard Programme (not shorter programme) 2. Disabilities – assume 5% of programmes 3. Additional allowance to cover youth mentor/team lead role at a 6:1 ratio 4. @ 2018 Prices</td>
</tr>
<tr>
<td>Phase 2. Skills-based Residential</td>
<td>A combination of: Academic residential accommodation + taught courses + meetings + mentor/reflection courses / coaching / courses for specific skills acquisition (FE/HE colleges/universities/UTCs) Life Skills (Household Management etc) or Music/Art/Drama/Financial Planning/</td>
<td>Duration: 5 days / 4 nights 10x3hr. 12x3hr sessions of activity (+ up to 2 sessions of travel) Activities: (i) Developing new skills relevant to social action (ii) Learn a tangible skill (drama/music/financial planning) relevant to transition to adulthood (iii) Personal development sessions (info/advice about risky behaviours, confidence and self-awareness, wellbeing and aspirations) (iv) Getting some hands-on experience of the local community (meetings &amp; events) (v) Guided reflection Includes opportunities to learn about the local area, meeting local people and representatives from business, politics, public services and charities, employers.</td>
<td>1. Standard Programme 2. Taught time constitutes c. 36 hours (c. 60 hours of courses/meetings/activities) 3. Assumes a mix of tutor engagement and experiential learning (meetings/reflection)</td>
</tr>
<tr>
<td>Unit of Comparison</td>
<td>Potential Comparators</td>
<td>Scope / Constraints</td>
<td>Specific Assumptions</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accommodation: university accommodation, hostels with kitchen facilities, other community venues.</td>
<td></td>
</tr>
</tbody>
</table>
|                          |                       | **Phase 3(i). Social Action Design**                                                                                                             | 1. Scope of skills taught  
2. Staff involved in c30 hours of social action planning and support (combination of tutor/coach/youth worker type role)  
3. Meetings/visits with local community groups, charities etc. |  
|                          |                       | Duration: 30 hours on f/t/ basis, min 6 hrs per day (e.g. 4 days of 7.5hrs)                                                                      |                                                                                 |
|                          |                       | Activities: Design a social action project with local charities and community organisations.  
- Learn about local area through presentations and visits  
- Select, design and develop Social Action Project ideas (involving the intended beneficiaries and the broader community). |                                                                                 |
|                          |                       | Accommodation: N/A (Non-residential)                                                                                                            |                                                                                 |
|                          |                       | **Phase 3(ii). Social Action Delivery**                                                                                                         |                                                                                 |
|                          |                       | Duration: 30 Hours of action, possibly on a p/t basis                                                                                           | 1. Scope of oversight provided in the same ratios as above |
|                          |                       | Activities: Young person is supported to deliver a Social Action Project with local charities and community organisations.  
- Consults with project beneficiaries  
- Joint assessment of the success and impact of their work  
- Fundraising to support the project delivery or directly for the intended beneficiaries of the project,  
- Sourcing other materials and resources required for the delivery of an effective Social Action Project  
- Marketing the Social Action Project where relevant, and ensuring broader community understanding of the issues involved. |                                                                                 |
<p>|                          |                       | Accommodation: N/A (Non-residential)                                                                                                            |                                                                                 |
|                          |                       | <strong>Phase 4. Celebration Event</strong>                                                                                                                  |                                                                                 |
|                          |                       | Duration: No specific duration but assume open-ended evening type event.                                                                      |                                                                                       |</p>
<table>
<thead>
<tr>
<th>Unit of Comparison</th>
<th>Potential Comparators</th>
<th>Scope / Constraints</th>
<th>Specific Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Informal, enjoyable setting (hotel/venue) with large mix of teams. Developed and led by young people themselves. Include presentations/celebration of Social Action Project outcomes with representative of the recipients, cause or organisation involved in projects. Involvement of staff, branding/materials/films. Materials (awards etc) and forward commitments.</td>
<td></td>
</tr>
</tbody>
</table>
| Other Components   |                       | (marketing spend per young person acquired) | 1. Excludes attrition  
| Marketing Cost     | Customer acquisition cost for Universities/Colleges (includes advertising and marketing spend, which covers online and offline activities) | £ per young person successfully inducted onto the programme Excludes central brand-building spend to ensure like-for-like comparability | 2. Commissioned from local delivery partners |
| Average Unit Cost of Delivery (Incl all cost buckets) | International comparators 
Voluntary Social Year in Germany, AmeriCorps in the US, Service Civique in France | Unit cost (£) per young person These are broad, indicative comparators and are not directly comparable in terms of scope of offer, coverage, and outcome. | 1. No adjustment for impact/outcomes |

**Appendix 2 – Data Model**

[https://drive.google.com/open?id=165W8PcbJ_Is49L-_ahy4TUv_6ppDEBFxsk7vc9kxIQ](https://drive.google.com/open?id=165W8PcbJ_Is49L-_ahy4TUv_6ppDEBFxsk7vc9kxIQ)