

Government and Public Sector

DfES Children's Services

Review of Capacity in the Parenting Support Market

Final Report

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1 Introduction

Purpose of Our Work

- 1 PwC was commissioned to undertake this piece of work by the Department for Education and Skills. It builds on a related piece of research that we undertook for the Department last year, in which we described the detailed structure of the parenting support market, both from a demand-side and a supply-side perspective and sought to identify, at a high level, the key issues inhibiting market development. The output of this work, entitled ‘The Market for Parental and Family Support Services’, was published by the DfES in August 2006.
- 2 This new piece of work focuses on exploring in more detail the key barriers to development that we identified last year within the parenting support market. In order to do this, we have spoken to a small number of commissioners, as well as a broad range of local and national providers of parenting support and other related Children’s Services, across four local authority case study areas. While this represents only a small sample of local authorities, whose experiences may not be representative of those elsewhere, the issues emerging from our research are broadly consistent across all of the four areas we have worked within.
- 3 The DfES is committed to working with local authorities and providers to deliver a comprehensive range of support services to parents and families across the entire needs spectrum, including to a number of key groups under-represented among service users – namely fathers, low income groups, parents of disabled children and ethnic minorities. The DfES has requested all local authorities to identify a single commissioner of Parenting Support Services, including developing a strategy on parenting support within the Children & Young People’s Plan. Additional funding has been provided via the Parenting Support Strategic Grant to assist local authorities to map resources, undertake needs assessments and develop their parenting strategies. These measures have been introduced relatively recently and are yet to impact upon the local market. The Department also aims to expand the range of provision currently available within the market to include an increasingly diverse range of providers, spanning the public, private and voluntary sectors.
- 4 Our overall objective during the course of our interviews with commissioners and providers has been to explore the key current barriers to development that exist within the parenting support market, including the specific challenges faced in attracting new providers into the market, or encouraging existing providers to expand the scale and scope of their current service provision. Within this, we have been particularly interested in exploring any issues faced in developing the core parenting support offering in Children’s Centres and Extended Schools.
- 5 We have also undertaken research to explore two specific options for expanding the scale and/or scope of current provision within the market, namely:
 - Charging certain parents for certain services in certain situations; and

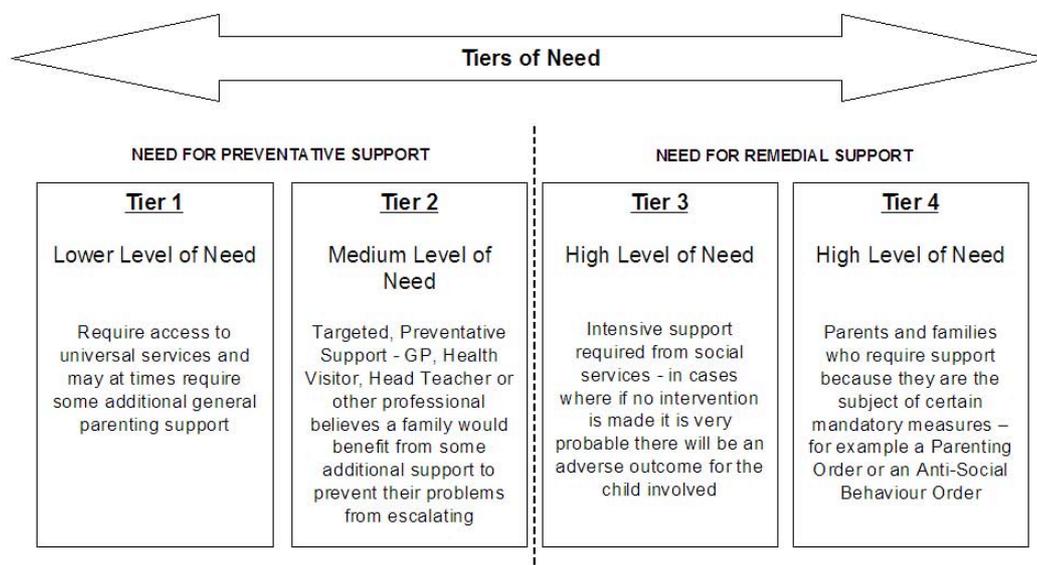
- Encouraging employers to fund/offer parenting support services to their employees.
- 6 A number of recommendations have also emerged from our interviews with commissioners and providers regarding ways in which the DfES can work with local authorities and providers to drive future development of the parenting support market.

Market Definition

7 Our work has focused on the market for parenting support services in England. This market is defined by the DfES as:

- *“The market in any activity or facility provided either by statutory agencies; by community groups; by private providers or individuals, aimed at providing advice and support to parents to help them in bringing up their children (such as parenting courses; parenting programmes; intensive family interventions).”*

8 The scope of services included within this definition spans the entire continuum of need, as described in detail in our previous report and shown in the diagram below:



Scope of This Report

9 We have explored a number of issues within the scope of this project as follows:

- What are the current and emerging issues within the market?
 - What do current providers consider to be the highest priority issues that prevent them from delivering services effectively, or expanding the scale and/or scope of their current service provision? More specifically:
 - Do any capacity issues exist? Are these issues associated with their capacity to deliver services on the ground and/or their ability to deal with associated administrative burdens?
 - What issues are of primary concern to potential new market entrants? Are these issues significant enough to prevent or discourage them from entering the market (or at least entering certain market segments)? To what extent (if at all) do these

differ from the issues faced by current providers?

- Of those issues identified in our previous work, which are the most significant from a provider perspective? Do any additional issues exist that were not identified (or did not exist) when the previous phase of work was undertaken?
- What approximate level of capital (and initial revenue) funding would be sufficient to overcome any identified key barriers to entry, thereby incentivising providers to expand their scale and/or scope current service provision/enter the market?
- What are the particular challenges associated with developing the core offer in Extended Schools and Children’s Centres?
 - To what extent are the challenges identified associated with a general reluctance by providers to enter/operate within this segment of the market?
 - What are the particular issues faced by current providers operating within this area of the market?
 - What impact do these issues have? To what extent do they prevent providers from delivering services effectively, or expanding the scope and/or scale of their current service provision?
 - Do certain issues exist which deter or prevent potential new entrants from entering this particular market segment? To what extent (if at all) do these differ from the issues faced by current providers?
 - What additional information or assistance (provided via what channels) could help/encourage providers to enter the market?
- What actions could potentially be taken to overcome the issues identified above, both within the market more broadly and within the specific area of Extended Schools and Children’s Centres?
 - How can the issues faced by existing providers be overcome, such that they are attracted to invest in expanding the scale and/or scope of their current service offering?
 - What actions can be taken to overcome existing barriers to entry, such that a diverse range of new providers are attracted to enter the market? Would any of these actions, if taken, have a negative impact on existing providers within the market? If so, how could this negative impact be reduced or mitigated against?
 - Do specific actions need to be taken to increase the attractiveness of specific market segments? For example, in certain service areas (e.g. at the highest tiers of need) or for particular user groups?
- What are the available models for charging parents for certain services, in certain situations?
 - What models of interest exist:

- In other children's services markets within the UK?
- In other parallel markets, for example in health, adult social care, housing, or prison and probation services? What are the various merits and drawbacks associated with each of these potential models?
- What is the applicability of each of these models to the parenting support market? What are the critical success factors associated with each model's operation and do the right conditions exist in this case?
- More specifically, does any potential exist for asking/encouraging employers to pay for the provision of these services to their workforce?

Structure of This Report

10 The remainder of this report is structured as follows:

- ***Section 2: Market Context;***
 - Summarises the current state of development of the parenting support market;
 - Analyses the evolution of the market over the past year, since our previous piece of work was undertaken;
- ***Section 3: General Themes and Findings;***
 - Provides a high level overview of the key findings and recommendations emerging from our research (as set out in more detail in Sections 4 and 5);
- ***Section 4: Argument and Analysis;***
 - The main body of our report, setting out the detailed findings emerging from our research program and our analysis of the key issues within the market;
- ***Section 5: Suggested Improvements and Recommendations;***
 - Provides a summary of the high priority actions for central and local government, as recommended by those we interviewed;
- ***Section 6: Annexes***
 - Provides further details of our methodology, our interview program and the various parallel markets we analysed during the course of our research.

2 Market Context

11 In this section we:

- Provide a summary of our research findings from last year;
- Summarise the current state of development of the parenting support market; and
- Analyse the evolution of the market over the past year, since our previous piece of work was undertaken.

Findings From Previous Research

12 A number of key issues and challenges associated with the successful development of the market for parenting support were highlighted in our previous report, ‘The Market for Parental & Family Support Services’, published by the DfES in August 2006. These issues fell into three broad categories: demand-side issues; supply-side issues; and funding issues.

Demand-Side Issues

13 The volume of families currently accessing support was not known. There were a number of key reasons for this:

- There were issues associated with exactly defining the scope and breadth of provision;
- Local authorities had limited visibility of provision in their local areas – particularly provision by voluntary or private sector providers operating independently;
- Many authorities were beginning to undertake a detailed analysis of local needs. However, this work typically remained at an early stage.

14 The scale of unmet demand was also difficult to quantify, but likely to be significant:

- Our interviews with parents, providers and local authority officers indicated that the needs of many families who needed to access support or wanted to do so were not currently being met as a result of capacity constraints;
- In addition, our primary research with parents suggested that many more parents would like to access support - if only they knew what was available and where to access it.

15 Research and our interviews with parents, providers and local authority officers indicated that a number of groups, most particularly fathers and Black and Minority Ethnic Groups (BMEs), were under-represented in terms of their overall service usage. Many authorities appeared to be struggling to target and deliver tailored services effectively to these groups.

Supply-Side Issues

16 Service provision was typically highly fragmented and complex:

- A multitude of statutory and voluntary sector organisations were in existence, offering between them a diverse range of services to parents and families in need;
 - As a result of this complexity, local authorities often had very limited visibility of the overall range of service provision in their local areas – particularly provision by voluntary or private sector providers operating independently;
 - Many authorities were beginning to produce a detailed map of supply within their local areas. However, again, this work typically remained at an early stage.
- 17 There was an emphasis within the market on remedial rather than preventative interventions:
- This was a result of severe resource constraints, which prevented many local authorities from engaging in significant amounts of service delivery at the lowest tiers of need;
 - Many statutory groups were focusing on delivering services to the same cohort of children and families, whose problems were particularly severe or entrenched. Parents at the highest tiers of need complained about receiving too many services, which were not being delivered in a joined up way, while other parents, at slightly lower tiers of need, complained that they were not receiving the services they needed and that there was too little help, made available to them too late.
- 18 The sophistication of commissioning processes was found to vary enormously:
- Over-arching commissioning strategies were rare, with commissioning decisions typically made by multiple stakeholders across multiple departments;
 - However, many local authorities were in the process of reviewing and improving their commissioning processes to make them more strategic and ‘joined up’ across different parts of an authority.
- 19 There was only limited monitoring of quality of current support and few quality standards existed within the market:
- A strong culture of grant-giving (rather than competitive tendering and formal contracting for services) persisted in the majority of local authorities. However, this was slowly changing, with increasing numbers of voluntary sector providers being migrated to formal contracts, with typical lengths of one to three years;
 - Where formal contracts were in place, local authorities were finding it difficult to appropriately define and monitor the outcomes they required providers to deliver. This was because it was generally hard to define what high quality outcomes ‘looked like’. As a result, very few quality standards existed and accreditation/training of providers and practitioners was variable;
 - While this was not a new problem, it was of increasing concern as growing numbers of providers had formal contracts put in place;
 - In addition, few quality standards seemed to exist to enable parents to judge whether the support that they were receiving was of a high standard.

- 20 The accreditation and training of providers and practitioners also appeared variable:
- Very few parenting programmes or interventions appeared to use evidence based or accredited methods. Many of the programmes and approaches remained relatively young and few were based on tried and tested models. The absence of a comprehensive evidence base with which to evaluate the effectiveness of individual programmes or providers made commissioning decisions all the more challenging;
 - Many providers were also concerned about the prohibitive cost and complexity of getting their parenting programmes and other types of interventions accredited;
 - The training and quality of practitioners delivering support also appeared variable. This was generally true both of statutory and voluntary sector providers;
 - Market commentary suggested that uncertainty existed as to what training should comprise, who should provide it and how it should span and fit in with the variety of service models, specialisms and professions involved in delivery.

Funding Issues

- 21 Funding for services was highly fragmented and typically time limited. This was driven by:
- The way in which funding flowed from central government, often via a large number of discrete, time-limited funds, pilots and initiatives; and
 - The way in which local authorities organised themselves to commission services, with multiple parts of a single authority often providing funding to a single provider.
- 22 This presented a number of challenges. Most particularly, it meant that:
- Planning for future provision was extremely difficult; and
 - Commissioning of local services was often poorly co-ordinated.

Market Context: One Year On

- 23 Based on our analysis across four local authority case study areas, it does not appear that the market has moved on significantly since last year in terms of its overall state of development.
- 24 Understanding of local supply and demand continues to be limited and remains a significant barrier to market development. Most of the local authority commissioners that we interviewed emphasised that they still need to properly scope and define their local market before they can go on to develop a comprehensive commissioning strategy to drive it forward. Many commissioners welcomed the recent announcement by the DfES that they would receive additional funding during the financial years from 2006-8 to take forward a strategic approach to parenting support, and were planning to use this money to kick-start their audit of local service delivery.
- 25 In every local authority case study area, a Single Commissioner of Parenting Support Services has recently been appointed, in some cases only days before we interviewed them.

- All of these officials are inevitably still settling into their new role and developing a clearer understanding of its associated remit and responsibilities;
 - The relative seniority and empowerment of these Single Commissioners appears to differ significantly across local authorities. Their previous backgrounds and experience also vary enormously, with some appearing better equipped for the role than others;
 - Some authorities have given an over emphasis to the commissioning role, locating the post in a central commissioning team where they may not be best placed to engage with the wider parenting agenda;
 - In addition, some seemed more committed and ‘bought into’ their new role than others. Many are taking on the role alongside other ongoing responsibilities and, as a result, there is an inevitable risk that they will not have the necessary time to commit to it.
- 26 Parenting strategy groups have been established in all local authorities but they remain in their infancy. The relative levels of engagement of voluntary and community sector providers in these groups appears variable, with providers in some case study areas complaining that they are not sufficiently involved in strategically planning for local service delivery. Parenting strategies generally remain in an early stage of development, with only one out of four local authorities able to share a fully documented strategy with us.
- 27 ‘Outcome focused’ commissioning is now in place within some local authority areas, but we have found no real evidence of a step change in commissioning processes and policy since last year. Little progress appears to have been made in joining up commissioning decisions across different agencies or parts of individual local authorities. Many providers have still not been migrated on to Service Level Agreements or contracts.
- 28 While attitudes towards the voluntary and community sector are largely positive across all of our local authority case study areas, we found little demonstrable evidence that their level of involvement in local authority commissioned service delivery has changed significantly since 2006. The overall structure of supply within each local market remains largely unchanged and those authorities who were not commissioning the voluntary and community sector to any large extent a year ago are still not doing so.
- 29 Voluntary and community sector providers also perceive that local authority commissioners are generally reluctant to decommission in-house services and are not comparing relative costs and quality across different providers in a fair and transparent way.
- 30 Many of the issues and frustrations expressed to us by local authority commissioners and providers alike during the course of this research reflect this backdrop and are symptomatic of the ongoing challenges and difficulties faced within the market.

3 General Themes and Findings

31 In this section, we provide a high level overview of the key findings and recommendations emerging from our research. These have been structured around the key questions posed within our overall project scope, namely:

- What are the current and emerging issues within the market?
- What are the particular challenges associated with developing the core offer in Extended Schools and Children's Centres?
- What actions could potentially be taken to overcome the issues identified above, both within the market more broadly and within the specific area of Extended Schools and Children's Centres? and
- What are the available models for charging parents for certain services, in certain situations?

32 These findings and recommendations are set out in further detail in Sections 4 and 5 of this report.

What are the current and emerging issues within the market?

33 Many local authorities are still developing their understanding of local demand and supply which is crucial to the design of local parenting strategies.

34 Local authorities and providers would benefit from greater certainty over funding, guaranteed over longer periods, to allow them to plan strategically and develop the market in line with DfES' expectations. This may also require an increase in funding levels. The short term nature of funding and large number of pilots also leads to inefficient service provision and market instability.

35 Development of commissioning is at a very early stage and local authorities need to overcome some significant obstacles in order to improve their performance in this respect:

- Commissioners need to develop an improved understanding of local supply-demand dynamics and what drives successful outcomes;
- Providers and commissioners are concerned that resistance exists in some local authority areas to extend voluntary and community sector provision. This potentially stems from an out of date view of the skills and capabilities of VCS providers, and the difficulties associated with equitably comparing the cost of services delivered by different types of provider.

36 None of the providers we interviewed believed that 'transparency of demand' was a significant issue which prevented them from delivering or expanding their service provision. However, this issue was ranked as a higher priority by local authority

commissioners, all of whom when interviewed said were trying to establish an accurate picture of local demand as part of the process of developing their overall parenting and commissioning strategies.

- 37 Last year, our interviews with commissioners suggested that capacity building was a significant issue preventing local authorities from commissioning a greater proportion of services from the voluntary and community sector. In contrast, our interviews with VCS providers this year suggest that they do not share commissioners' views in this respect, with the overwhelming majority of providers stating that their staff already possess the requisite skills and knowledge required to deliver services on an expanded scale, or with an extended scope.
- 38 PwC's view is that the key priority for local authorities at this stage should be to plan for the strategic development of the market and stabilise the current supplier base, rather than seeking to attract new providers to enter the market.
- 39 When the market reaches the stage at which local parenting strategies are well developed, relationships between providers and commissioners are fully established and formal commissioning processes are up and running, the market will become more attractive to new providers. Also at this stage, local authorities will be better placed to:
- Understand where key gaps exist in local service provision and focus on attracting and supporting new providers into the market to fill these specific gaps; and
 - Identify those providers who are not performing in-line with expectations and take steps to commission alternative providers to deliver those services, as required.

What are the particular challenges associated with developing the core offer in Extended Schools and Children's Centres?

- 40 The providers we interviewed were generally very positive about Extended Schools and Children's Centres. Many had, however, encountered various issues in developing their services in these channels.
- 41 In the case of Children's Centres, a lack of available funding, often made available on a short term basis, was preventing some service providers from delivering an effective service and deterring others from expanding their provision. Many providers also perceived that local authorities were not willing to commission their services through Children's Centres.
- 42 In the case of Extended Schools, many voluntary and community sector providers have so far been unsuccessful in securing additional resources to deliver parenting support via this channel. This is likely to be due, at least in part, to the relatively early stage of current development of the Extended Schools programme.
- 43 Many providers have become frustrated with the drawn out local authority consultation process associated with the Extended Schools roll-out and complain that despite their involvement in this process, they have had only limited opportunity to input into strategic planning for future service delivery.
- 44 Providers have also faced challenges in developing their relationships with schools. This issue appears more acute than in the case of Children's Centres, for two key reasons:

- Children’s Centres are generally fewer in number than Extended Schools within a given local authority area; and
- For Children’s Centres, a holistic approach to supporting children and their families is fundamental to their overall purpose. In contrast, the core focus of schools continues to be on education, rather than on developing their Extended Schools service offering.

What actions could potentially be taken to overcome the issues identified above, both within the market more broadly and within the specific area of Extended Schools and Children’s Centres?

- 45 Those interviewed during the course of our research recommended that Central Government takes a number of high priority actions in order to drive the future development of the parenting support market. These actions included:
- Making funding available on a longer term basis and reducing the complexity of current funding streams;
 - Providers told us that these issues were a higher priority than increasing the overall scale of funding made available to them, although they emphasised that increased levels of funding were also important;
 - Setting performance targets in the area of parenting support (however, it is important to note that commissioners had very mixed views on this point); and
 - Facilitating the sharing of information, training and best practice among local authorities and providers.
- 46 Similar recommendations in terms of high priority action points for Local Government included:
- Developing a coherent understanding of the local market, understanding current and emerging demand and utilising voluntary and community sector providers’ existing knowledge when gathering this information.
 - Developing a long term parenting strategy, with the necessary buy-in from local voluntary and community sector providers; and
 - Putting in place a commissioning process which focuses more on outcomes delivered, rather than inputs.

What are the available models for charging parents for certain services, in certain situations?

- 47 No examples of local authorities directly charging parents for parenting support services were identified by our research, although some commissioners had started to think about whether and how they could start asking parents to pay for certain services in certain situations. In addition, early conversations with representatives from the voluntary and community sector suggest that there may be some appetite among providers to begin charging for certain services.
- 48 There is, however, a significant risk that charging certain parents for services (either in part or in full) would potentially deter them from accessing those services. Our interviews with private parenting support providers suggests that the level of demand for

paid-for parenting support may be limited and is likely to be restricted to specific types of services, provided in specific settings or contexts. The price elasticity of demand¹ in the parenting support market will require further investigation as part of any future piece of work.

- 49 In order to understand what charging models exist elsewhere which could potentially be applied in future to the area of parenting support, we have looked at examples from a range of different markets, selected to provide an interesting mix of charging models, spanning the early years, health and education fields. Analysis of these models has yielded a number of important lessons for the parenting support market.
- 50 Potential variables which could be used to segment parents and families for the purposes of starting to charge certain segments for certain services, might include:
- Ability to pay;
 - Willingness to pay;
 - Degree of need; and/or
 - Cost to serve from a provider perspective.
- } Key drivers of price elasticity of demand
- 51 In order to decide which segments should pay for what types of parenting support services, an important starting point would be to clearly define the market and develop a comprehensive list of all of the services that fall within it. Services could then be classified and ‘bundled’ according to their overall ‘charging potential’.
- 52 As parenting issues have benefited from higher levels of public awareness and reduced stigmatisation, a number of more progressive employers have begun to offer parenting support services to their employees in recent years. The private providers of parenting support that we interviewed are anticipating significant growth in demand from employers for their service going forward.

¹ Price elasticity of demand describes the relationship between changes in the quantity demanded of a good (or service) and changes in the price for that good (or service.) When prices fall, the quantity consumers demand normally rises. If it costs less, consumers typically buy more.

4 Argument and Analysis

53 In this section, we set out the detailed findings emerging from our research program and our analysis of the key issues within the parenting support market. These findings have been structured around three of the four key questions posed within our overall project scope, namely:

- What are the current and emerging issues within the market?
- What are the particular challenges associated with developing the core offer in Extended Schools and Children’s Centres?
- What are the available models for charging parents for certain services, in certain situations?

What are the current and emerging issues within the market?

Overview

54 Interviews with local authorities a year ago identified 8 key issues that were impeding providers in delivering services effectively or expanding their service offering:

- | | | |
|-------------------|---|---|
| Funding | { | <ul style="list-style-type: none">• Limited availability of funding• Time limited nature of available funding |
| Commissioning | { | <ul style="list-style-type: none">• Nature of current local authority commissioning process• Willingness of local authorities to commission/work in partnership with external providers• Challenges associated with defining and measuring ‘good’ service delivery• Transparency/visibility of current (and potential) future demand |
| Capacity building | { | <ul style="list-style-type: none">• Training levels and skills of available/staff volunteers• Local authority imposed admin burdens |

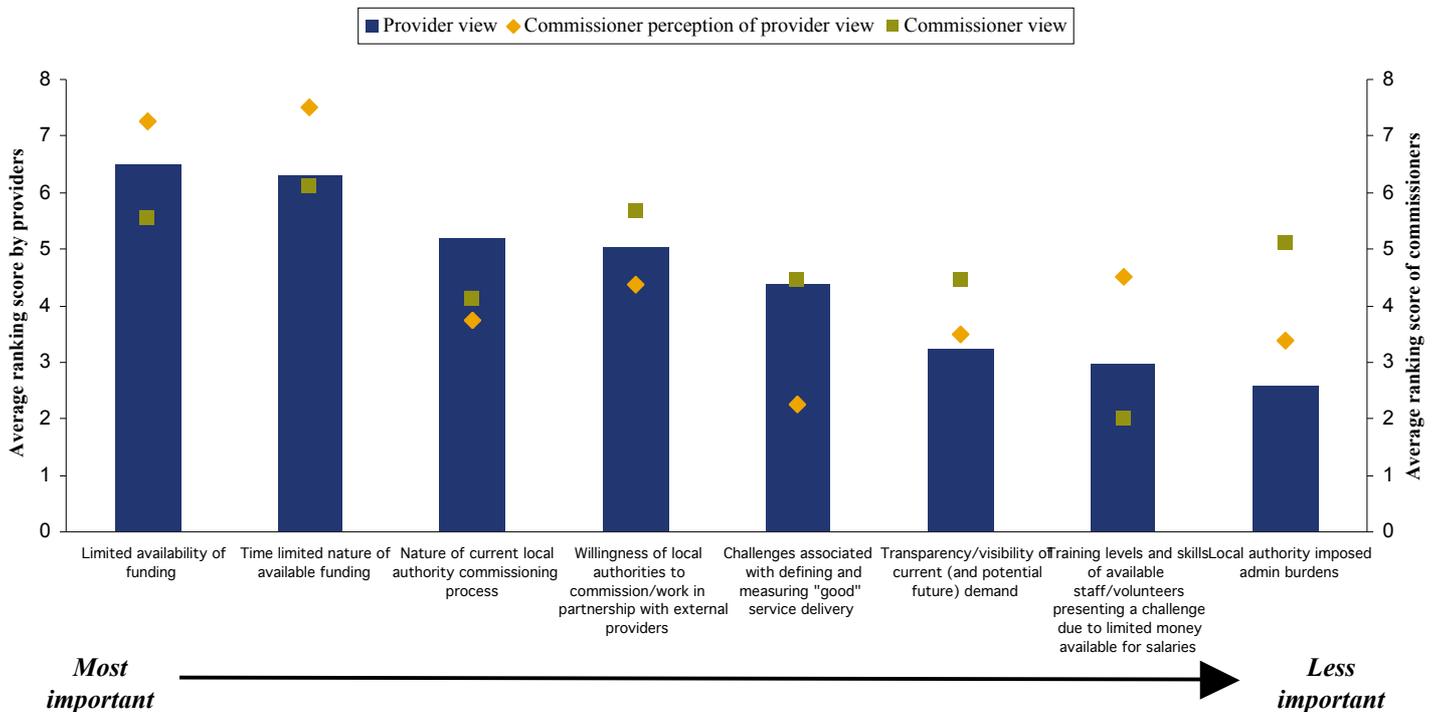
55 Interviews with commissioners and providers during the course of this piece of work have confirmed that these issues remain in the forefront of people’s minds and continue to challenge the development of the market.

Prioritisation of challenges faced

56 During the course of our research, we asked voluntary and community sector providers of parenting support to rank the key issues identified above in order of importance to them. We also asked local authority commissioners to rank their own key challenges, and to predict what issues their local providers would identify, to see how well they understood provider's views.

- It is important to note that providers and commissioners found it very difficult to rank these issues in order of importance because:
 - They generally felt that every issues was extremely important: and
 - So many of the issues identified are in fact closely linked.
- However, despite these challenges, the chart below shows a summary of the rankings provided to us by providers and commissioners:

Provider and commissioner ranking of key issues faced which prevent them from delivering services effectively or expanding services



Source: PwC interviews with 9 local authority commissioners and 22 providers across 4 local authorities

57 The sequence in which these issues were ranked by providers reflects the order in which they believed they should be addressed.

- In many cases, interviewees felt that certain issues were highly interrelated and that this had implications for the order in which they should be addressed. For example, if there was more clarity around the availability and duration of funding, then the ability and willingness of local authorities to commission voluntary and community sector services would most likely increase.

- 58 It is also interesting to note that providers ranked their key priorities in a different order to commissioners. For example:
- Commissioners ranked ‘willingness of local authorities to commission VCS providers’ as a more important issue for them than providers did, and as their most significant issue after the ‘time limited nature of funding’;
 - They also ranked ‘local authority imposed administrative burdens’ as a much higher priority than providers did; and
 - The ‘nature of current local authority commissioning process’ was a much lower priority for commissioners than for providers.
- 59 The different sequence in which commissioners ranked their own key issues is reflected in their understanding of providers’ key issues.
- On average, commissioners over-estimated the importance of the following issues to voluntary and community sector providers:
 - ‘Limited availability of funding’;
 - ‘Time limited nature of funding’;
 - ‘Visibility of future demand’; and
 - ‘Local authority imposed administrative burdens’.
 - They also under-estimated the degree to which certain issues were affecting providers:
 - ‘Nature of current local authority commissioning process’;
 - ‘Challenges associated with defining and measuring good service’; and
 - ‘Willingness of local authorities to commission VCS providers’.

Funding (limited availability and time limited nature)

- 60 Providers told us that the limited availability and time limited nature of funding are the most critical issues they face, and expressed frustration that a large amount of funding has so far only been made available for new service pilots, rather than long-term service delivery. Commissioners were also aware that these are the most significant issues facing providers within their local markets.
- 61 Many providers are wrestling with expanding demand for their services and funding which does not cover their associated increasing costs.
- Providers need greater levels of revenue funding in order to expand the scale of their existing service provision to meet local demand. Full cost recovery was also raised during the course of our interviews with providers as a key barrier to expansion.
 - Many providers were frustrated with the difficulty in securing funding for existing successful services compared to the availability of funding for new pilot projects.

“The key issue is funding absolutely, without more funding our future is in question”

LA4 VCS provider

“Funding is a constant problem”

LA 3 VCS provider

“If we can’t get full cost recovery on our latest tender to the local authority we will be put off expanding further. We want to be able to deliver services properly, but we can’t afford not to recover our costs”

LA2 VCS provider

“Getting funding for successful existing projects is difficult. Funders want to fund something new, so they can own the success, rather than take on something existing”

LA 4 VCS provider

62 Of equal importance to providers is the time limited nature of available funding. The short term nature of funding prevents providers from adopting a more strategic and efficient approach to service provision. Without long term funding providers:

- Find it difficult to plan strategically for the future;
- Are not motivated to work in partnership with local authorities;
- Are reluctant to invest in expanding their service delivery; and
- Are restricted in their ability to develop and deliver new services in response to local needs.

“VCS providers need better certainty of funding. We live pretty hand to mouth. Longer term funding would be beneficial to both parties. No-one can be strategic with one year funding”

LA4 Commissioner

“Our main challenge is the short term nature of the majority of our funding, lots of pilots. It’s hard to have resources and people in place to deliver long term outcomes with short term funding and short term notice”

LA2 VCS provider

“The VCS are creative, flexible and responsive to identifying and responding to local needs, but they are hampered by local authorities’ inability to budget on a long term basis”

LA1 Commissioner

63 Applying for funding on such a regular basis is also time consuming and directs providers’ attention away from service delivery.

- Funding is often received from several sources, all over relatively short time periods.
- As a result there is a significant time burden associated with making regular funding applications to multiple sources.

“A lot of time is spent on funding applications, rather than on service delivery”

LAI VCS provider

“Going for funding is a long and time consuming process, especially for emerging or overlooked needs”

LAI VCS Commissioner

“The amount of time, energy and cost that goes into writing individual funding bids, often for one of pieces of work, is huge. All of this drives up our costs”

LA4 VCS provider

“We’ve had gripes from the smaller VCS providers about the administrative burden of having to engage and contract with so many different parts of the authority. We’re committed to try and make this easier and more efficient for them”

LA4 Commissioner

64 Longer term funding cycles would increase the efficiency of voluntary and community sector providers, freeing up more of their time and resources to spend on service delivery. This would allow them to increase the scale of their services, without the need to provide them with additional funds.

65 The short term nature of available funding has resulted in a general sense of instability within the market which discourages providers from expanding the scale and/or scope of their existing service provision. The providers we interviewed were extremely concerned about the stability of their core services, and expressed a reluctance to plan for future service expansion without better funding security around their existing provision.

“We need to know that our existing services are financially secure for the future before we commit to expanding our services”

LA2 VCS provider

“It’s difficult to think about expanding when your core provision doesn’t feel that secure. We’d rather sustain and bed down what we are doing than lose our focus chasing additional funding”

LAI VCS provider

“Uncertainty of funding breeds instability in provision. These short term funding cycles also mean that people start to get initiative overload. They run out of energy and don’t want to commit to yet another project because they don’t have an understanding of how it fits into a longer term vision and strategic direction”

LA2 Commissioner

- 66 Providers are also concerned about the impact of short term funding on service users and partners, if they offer support which then has to be removed when funding ceases.
- Providers of services to hard to reach families find it especially difficult to build up relationships with service users. Insecurity of funding undermines these providers' attempts to build long term relationships and deliver services to these groups.

“Many services for hard to reach families are built on trust and that trust is undermined by any breaks in service delivery caused by funding changes”

LA2 VCS provider

“It’s incredibly difficult to build relationships with other providers, such as schools, without any kind of a secure base to build on. It makes it hard for us and them to plan ahead and isn’t effective for much of the work we do, which has a long term focus”

LA4 VCS provider

“With hard to reach groups the ground work is incredibly slow, issues like short term funding can have a profound effect on the effectiveness of services, if your service lets them down it takes a long time to build up that trust again”

LA1 Commissioner

- 67 Providers are fearful of establishing new services and hiring staff, only to have funding withdrawn and be forced to make people redundant a year later. This risk of redundancy, or promise of only a short term contract, not only impacts the ability of providers to hire people of the right calibre, but also impairs the quality of the services that they are able to deliver.

“Constant changes of funding and the associated redundancies are also very demoralising for staff”

LA2 VCS provider

- 68 Finally, providers were unable to specify the level of funding they would require to increase the scale or scope of their services, although they did specify that it was revenue, rather than capital funding that they required.

“How much more money would we need to expand? How long is a piece of string? Anything would help!”

LA1 VCS provider

“Any amount of money would allow us to expand the scale of our services. We need more revenue funding, to pay more staff, to be able to reach more people”

LA4 VCS provider

“It’s easy for us to get capital funding from other grant making bodies if we need it. Continuous revenue funding is much harder to find”

Commissioning (nature of process and willingness to work in partnership)

69 After funding issues, providers told us that the nature of local authority commissioning processes was the greatest challenge they faced. Commissioners also ranked the commissioning process as a key challenge faced by local authorities, but they did not expect providers to rank it as such a significant issue.

70 Whilst commissioning processes typically remained at a very early stage of development across all of the local authorities we interviewed, many providers perceived that there was a lack of willingness among some commissioners to engage with voluntary and community sector providers. They were concerned that while commissioners may be saying and doing all of the right things, in reality many may not really want to engage with them.

“We feel like the local authority don’t really understand what the VCS do and what we can contribute. They see us as amateurs. They need to recognise what we do as real, preventative work”

LA4 VCS provider

“It depends on who you are dealing with in the authority; some people are very willing to work with the third sector, while some commissioners think no external provider could deliver services as well as themselves”

LA3 VCS provider

71 Local authority commissioners interviewed considered the willingness of their authority to engage with voluntary and community sector providers to be the most important issue they faced. While commissioners themselves appeared to be bought into the idea of commissioning services through VCS providers, many were aware that they would need to overcome some key internal challenges in order to achieve this.

- Although the commissioners whom we interviewed were committed to engaging with local voluntary and community sector providers, they were aware that this was not necessarily a feeling shared universally across their respective local authorities. Many within their organisations remained unconvinced about the skills and capabilities of local VCS providers and were therefore resistant to commissioning services from them.

“The local authority has to realise they are not always best placed to deliver a service themselves. They are AN authority, not THE authority. It is our continued challenge to reach those who need support the most. We realise the VCS can reach families who feel threatened by local authority provision”

LA4 Commissioner

72 VCS providers also fear that they may find it difficult to win tenders if the local authority does not compare the difference in costs between internal and VCS provision fairly.

“Full cost recovery is very difficult, especially if you don’t receive core funding. It means we have to include our full costs in our commissioning bids, this can make us look expensive compared to local authority provided services or indeed the larger VCS organisations (who have a bigger donor base to subsidise their provision)

LA4 VCS provider

- 73 Commissioners also understood the difficulties associated with equitably comparing the cost of services provided by the local authority with those provided by the voluntary and community sector.

“I think the fallacy that local authorities are under - that the VCS are to be used ‘on the cheap’ - is insulting. We must recognise the skills, qualities and benefits of the VCS. Our biggest challenge is full cost recovery; the local authority just doesn’t understand its own costs for comparison”

LA2 Commissioner

- 74 An apparent lack of communication with voluntary and community sector providers around the development of local authority commissioning has led to confusion and frustration among providers. Many providers had experienced problems when trying to communicate with the local authority and were critical of commissioners’ lack of communication and willingness to engage in discussions with them on this topic.

“We’ve been proactive in approaching the local authority about new services we think we could develop that appear to be in line with the new agenda, but we’ve heard absolutely nothing back. We wonder if we’re banging our head against a brick wall. It’s hard to keep working with the authority in good faith without sometimes getting cynical about the whole thing”

LA1 VCS provider

“The local authority is not driving the agenda. There have been real challenges with developing and sharing information, the culture is ambiguous and fairly chaotic”

LA3 VCS provider

“My comment would be - what commissioning process? My team have been trying to meet with the single commissioner to find out what the process is. If there is one, then we don’t know about it”

LA4 VCS provider

“There needs to be more clarity around the local authority commissioning process, we need more information about what is happening, how it will happen, how decisions are going to be made, how we will be involved. We don’t know much yet”

LA1 VCS provider

- 75 Two of the commissioners we interviewed recognised the importance of communicating their plan for developing commissioning to voluntary and community sector providers.

“We realise we need to be very clear in defining our commissioning process. We’re currently working on this. The challenge will be translating the strategic intentions at the top level down to the ground level. There is often quite a lot of resistance that exists on the ground to change of this sort”

LA2 Commissioner

“We realise there is lack of clarity in this market place. The parenting commissioning strategy is emerging and not definitive, so providers are unclear about what opportunity there is for them”

LA3 Commissioner

- 76 Some providers also expressed concerns about whether emerging commissioning processes would be fair and equitable for all involved. Many were concerned about being given a fair chance in the process. They feared that they would waste time preparing for tenders, with the risk that they had only be invited to bid ‘to make up the numbers’ and that in reality, local authorities would have already decided at the outset who to use.

“The leaders of the local authority are saying the right things, but behind the scenes everyone is suffering the consequences, because of poor change management processes. When the authority does commission new services, they often go straight to the providers that they are already working with. It’s easier for them to do that, rather than thinking more radically about reshaping existing provision”

LA1 VCS provider

“We need sufficient notice and time in order to prepare our bid. As we have to commit significant resources to preparing them, we would need reassurance that the process would be fair and transparent”

LA2 VCS provider

Defining and measuring ‘good’ service delivery

- 77 Many providers, especially the smaller ones, were struggling to supply local authorities with the performance management information they required, often because they were struggling to understand how they could best define and measure good service delivery.
- Commissioners often underestimated how significant an issue this was for providers when asked to provide us with their perceived rankings from a provider perspective.

“We’re working hard at measuring outcomes, which is always difficult in preventative work. We feel we’re not getting much guidance from commissioners on this. We get more help from other VCS providers”

LA2 VCS provider

“The local authority is always changing their policies. The quality standards they ask for are very difficult for small organisations to evidence”

“Sometimes the quality assurance and reporting requirements of outcome measurements are an administrative burden that is difficult for the VCS to manage. Many aren’t geared up to cope. It would be more advantageous to have flexible funding that enables us to work with a range of providers on suitable terms”

LA4 Commissioner

“Defining good service is an important issue. We’re not very close to solving it. We’re looking towards what will come out from the parenting academy. This is very under developed”

LA3 VCS provider

- 78 Providers receiving funding from multiple sources expressed concern that sometimes the various outcomes they had to measure conflicted with one another. This was especially true if a provider received funding from both their local PCT and their local authority.

“Our funding comes from both the PCT and the local authority. Although they’re both supposed to be working towards the same agenda, they both measure different outcomes and place different burdens on us for measuring our services. They don’t seem able to work together. Somewhere way above my head we need to have joint commissioning and non conflicting targets”

LAI VCS provider

“The requirements between the different local authority departments are different; the variety of different standards makes it very hard for us to comply”

LA3 VC3 provider

Transparency/visibility of current (and potential future) demand

- 79 None of the providers we interviewed believed that visibility of demand was a significant issue which prevented them from delivering or expanding their service provision. Because of their relative proximity to service users, most providers believed that they had a good understanding of the scale and nature of current and emerging demand within their local markets.
- 80 Although providers felt that they had a good understanding of local demand, many of those we interviewed, whilst being extremely knowledgeable about their own area of provision (for example, having a detailed understanding of the needs and unmet needs of local parents of disabled children, parents with drug and alcohol problems etc.) did not have a thorough understanding of demand across their entire local market. This most likely explains why ‘transparency of demand’ was ranked as a more important issue by local authority commissioners, who require a detailed understanding of local needs from an overall market perspective, than it was by providers.
- 81 All of the local authority commissioners we interviewed were trying to establish an

accurate picture of demand as part of the process of developing their overall parenting and commissioning strategies.

- Few had made significant progress in understanding this to date, but many hoped that recent funding made available by the DfES to take forward a strategic approach to parenting support would help them overcome this issue.

“It’s a maze trying to ascertain who is doing what locally. We’ve recently commissioned a VCS provider to help us ascertain what is being delivered, where, why, by whom and what outcomes have been achieved. Until we know that information it is a key challenge to make sure that the limited funding is reaching those who need it”

LA4 Commissioner

“One of our key challenges is understanding demand. We’re auditing provision at the moment and need to map this against a needs analysis - without that it’s difficult to establish our commissioning strategy”

LA3 Commissioner

Capacity building (training levels and skills of available staff/volunteers and local authority imposed administrative burdens)

82 Last year, our interviews with commissioners suggested that capacity building was a significant issue preventing local authorities from commissioning a greater proportion of services from the voluntary and community sector. In contrast, our interviews with VCS providers this year suggest that they do not share commissioners’ views in this respect.

- The overwhelming majority of providers believed their staff possessed the requisite skills and knowledge to deliver services on an expanded scale, or with an extended scope.

“This isn’t an issue. It’s one of the benefits offered by the voluntary sector. We have very good skills to offer”

LA2 VCS provider

83 This highlights a potential lack of understanding among some local authority commissioners of the skills and capabilities of the voluntary and community sector as a whole and the availability of high quality VCS provision within their local market. However, since we have not conducted a detailed analysis of supply and demand at a local level, we acknowledge that in some case study areas there may not currently be a sufficiently well developed network of VCS providers for local authorities to commission services from.

84 Some voluntary and community sector providers acknowledged that although the overall standard of services delivered across the sector was high, the lack of a uniform quality standard meant that poor delivery by some providers was affecting the reputation for quality of the VCS as a whole.

“Training levels across the whole sector are becoming more of an issue. If the VCS wants to be seen as an equal partner then the quality of staff it employs has to be equal to the staffing in the

local authorities. I think that in most cases the quality delivered by the VCS is high, but there are perhaps some areas where we need to improve. We all need to work towards the standards set out by the work force development council”

LA4 VCS provider

85 Providers and commissioners both ranked local authority imposed administrative burdens as the least important of the key issues they faced. This is not to say, however, that providers would not like to see the burdens placed on them by local authorities reduced, but rather that they face other more significant issues which they feel impact them to a greater extent.

86 Providers felt that if funding was available on a longer term basis then the whole process of engaging with local authorities would be made easier and associated administrative burdens would be reduced.

“We recognise that administration is part of the job when you work with local authorities, although we’re hoping that improvements in commissioning will lessen this”

LA4 VCS provider

Implications for market development

87 PwC’s view is that the key priority for local authorities at this stage should be to plan for the strategic development of the market and stabilise the current supplier base, rather than seeking to attract new providers to enter the market.

88 The majority of VCS providers that we interviewed were extremely keen to expand the scale of their current service delivery and wanted to work in strategic partnership with their local authority to plan for future service delivery.

- However, existing providers appear more reluctant to expand the scope of their services, since many are focussed on delivering services to a specific customer group.

“There’s so much unmet demand in the areas we do focus on. We would like to focus on building upon what we do already, rather than starting new initiatives”

LA2 VCS provider

“As a charity we’re constituted to deal with clients who have severe learning disabilities. We wouldn’t be able to expand into a totally unrelated area if it doesn’t fit with who we say we are”

LA2 VCS provider

89 At this early stage of overall market development, when commissioners do not yet fully understand their local supply-demand balance, and have not defined what ‘good’ service delivery ‘looks like’, it would most likely be challenging for local authorities to find and attract suitable new providers to enter the market.

90 When the market reaches the stage at which local parenting strategies are well developed, relationships between providers and commissioners are fully established and formal commissioning processes are up and running, the market will become more attractive to new providers.

91 Also at this stage, local authorities will be better placed to:

- Understand where key gaps exist in local service provision and focus on attracting and supporting new providers into the market to fill these specific gaps; and
- Identify those providers who are not performing in-line with expectations and take steps to commission alternative providers to deliver those services, as required.

What are the particular challenges associated with developing the core offer in Extended Schools and Children's Centres?

92 There was generally a very positive response from the providers we interviewed about Extended Schools and Children's Centres.

"I support the idea of delivering services through Extended Schools and Children's Centres, and we're very involved with consultation with the local authority on the roll out of these"

LA2 VCS provider

"It's a fantastic opportunity to improve services. There is so much unmet demand out there. It can only be a change for the good"

LA4 VCS provider

93 Because of the early stage in the development of both of these channels, relatively few of the providers we interviewed had so far been involved in delivering services through them. Many had, however, been involved in the local authority consultation process, or were planning to get involved in the near future.

"I think Children's Centres and Extended Schools are a positive change. Both are quite embryonic in their development here, so it's unclear quite how we'll be able to work with them, but we're in discussion with the local authority and are taking part in the consultation"

LA4 VCS provider

"We've only got two Children's Centres open in our local authority so far, and neither is near our service, so we haven't really got involved in talking to the local authority yet. We will do when a centre opens up near us"

LA3 VCS provider

94 Although the majority of providers we interviewed said they would like to expand their services into Extended Schools and Children's Centres, some felt that they would not be able to deliver their services through these channels, because they perceived them to be inappropriate for their client group.

- Some providers, who were targeting a very niche customer group, considered that the fragmented structure and specific geographic locations of Extended Schools clusters and Children's Centres made them potentially unsuitable and/or uneconomical for their purposes.

"We're a city wide service targeted at a very niche group of parents. Extended Schools are asking me to take my city wide service and divide it into 10 tiny pots. That wouldn't meet our service users' needs"

LA1 VCS provider

"We provided one of our parent BME drop in groups at a Children's Centre, but it was in a totally unsuitable location for our target audience and we saw attendance drop massively, so we had to move it"

- For other providers, it was the school-based or child-focused setting that was thought to be inappropriate for the delivery of their specific services.
 - Generally this applied to services targeted at the higher tiers of need, rather than to lower tier, preventative services. As preventive services increase in scale, these higher tier services are likely to comprise a lower proportion of the overall mix of services provided by the voluntary and community sector.
 - It is also important to note that there will still be opportunities for providers to be commissioned to provide services through Extended Schools and Children’s Centres, without them having to use these channels as a physical location for delivery.

“We operate at the harder end of dysfunctional parenting, providing services to drug and substance misusing mothers. These people simply wouldn’t be able to access our services in mainstream locations. They would find it too difficult to cope”

LAI VCS provider

“We work with parents on an intensive one-on-one basis, so that they can go on to access mainstream services. This part of our service isn’t suitable for delivery in Extended Schools or Children’s Centres”

LA4 VCS Provider

95 With these limited exceptions, the majority of providers did feel that they had a suitable service, which they would like to be able to deliver through Extended Schools and/or Children’s Centres. Many had, however, encountered various issues in developing their services in these channels. These issues are outlined in more detail below.

Challenges associated with developing services in Children’s Centres

Lack of available funding

96 The most commonly cited difficulty that providers and Commissioners encountered was the apparent lack of funding to commission VCS provided services via Children’s Centres.

“The local authority don’t have the money to commission us to provide any of the parenting services”

LA3 VCS provider

97 Commissioners told us that the short term nature of available funding hampered their ability to commission VCS providers.

“It’s difficult for us to attract the large national charities and to encourage our own local charities to invest in expanding their service provision into Children’ Centres if we can’t offer them anything but annual funding”

Perceived unwillingness of local authorities to commission voluntary and community sector providers

98 After funding issues, the most common frustration cited by providers wishing to develop services in Children's Centres was their perception that local authorities were not willing to commission their services.

- Local authorities were criticised for commissioning themselves first and not always considering who would be the most suitable provider of a particular service;
- Any reluctance to commission the voluntary and community sector was thought to be for reasons of either self protectionism or distrust among some commissioners.

"It would seem that the local authority would rather increase provision within their own statutory team first, before sending the work out to us, even though we are the specialists and the best placed to deliver the service"

LA1 VCS provider

"We offer parenting support in the form of training sessions and drop-in groups and run childcare facilities such as crèches and nurseries. The local authority has engaged with us to provide childcare services in the Children's Centres but don't want to talk to us about the other services we already provide. They want to provide these themselves"

LA3 VCS provider

"Our local authority is appointing Parent Involvement Workers to work across Extended Schools and Children's Centres, but they haven't approached the community and voluntary sector to offer this. Our local authority has been making people redundant so they are trying to move some of their people into these new roles, but these aren't necessarily the right people to do this - parents are very sceptical about working with the local authority"

LA1 VCS provider

Challenges associated with developing services in Extended Schools

Lack of available funding

99 The process of setting up Extended Schools in local authorities has required a significant period of planning and consultation before service delivery can commence.

"We've just finished the first phase of development. We've spent our budget establishing new staff roles, training days and back-fill for teachers. The short term nature of the available funding is our biggest challenge to getting partners involved going forward"

LA2 Commissioner

"Most of the Extended Schools work to date has been around establishing the cluster relationships. We have faced major challenges establishing the clusters, getting schools bought in and working together. Right now schools appear quite scared, they're not ready to start"

commissioning services yet”

LA3 Commissioner

100 Providers generally perceive that the available funding for Extended Schools has already been spent by local authorities on establishing their own teams to manage the roll-out of new structures and working practices, leaving them disappointed that there are no funds left for the purposes of commissioning new services.

- Because of the relatively early stage of development of Extended Schools, many providers we interviewed had only been exposed to the associated set-up phase and this had led to a certain amount of frustration.

“The Local Authority has blown its entire budget on creating local authority Extended Schools Worker posts. These people then expect us to sit round a table with them and discuss how to develop services together, but they don’t have any money to pay for my time or any money to give me to help develop these services around their new structure”

LAI VCS provider

- The majority of providers we interviewed who had sought to be commissioned to provide services through Extended Schools had been disappointed by the apparent lack of funds available for them to do this.

“In principle we’re not averse to extending our services into Extended Schools, but we need funding in order to do that. It’s not clear there is any for us”

LA3 VCS provider

“We’ve been told categorically that there is no additional funding available for commissioning services in Extended Schools and that they are just a signposting point”

LAI VCS provider

Lack of appropriate consultation with the voluntary and community sector on Extended Schools development

101 Because of the relatively early stage of development of Extended Schools within all of our local authority case study areas, the most significant challenge currently being faced by providers was around their involvement in planning and consultation.

102 Many providers have become frustrated with the extended consultation process they have had to engage in with their local authority.

- In most cases, providers were struggling with the administrative burden of consulting with a multitude of Extended Schools clusters and frustrated that the commissioning of services still seemed a long way off in the future;
- Although the consultation process with providers has sought to inform them of developments in Extended Schools, providers felt resentment at the lack of ‘real’ engagement and opportunity to develop a more strategic role.

“There is a huge level of disillusionment at the degree of involvement and consultation required

from us.... yet the whole commissioning strategy has nothing that relates to us for the next few years. The local authority needs to engage with us on commissioning and develop proper partnership relationships. Rather than just inviting us to meetings, we need to be involved in the decision making process, which is very obscure to us at present. We want real involvement and participation, rather than just consultation and patting us on the shoulder and making us believe we are part of it”

LAI VCS provider

“The consultation process is perceived by the VCS and schools as arduous, unnecessary and bureaucratic.... Why are they paying so much for consultation when everyone seems to feel they are being over consulted with?”

LAI VCS provider

“I could spend five days a month going to all of the monthly Extended Schools cluster meetings. I just don't have the time and my organisation can't afford it. We get no back-fill pay and no travel expenses, unlike teachers who are asked to be involved”

LA2 VCS provider

Challenges associated with developing a relationship with schools

103 The few providers we interviewed who were delivering services through Extended Schools had experienced some difficulty in their interactions with the schools themselves.

- The majority of these problems seemed to be associated with the lack of experience of teachers and schools in dealing with voluntary and community sector providers.

“There was a massive culture clash within the schools; there was a real perception issue we had to manage about how much the voluntary sector could offer”

LA4 VCS provider

- The challenge of developing relationships with schools is more acute than in the case of Children's Centres. There appears to be two key reasons for this:
 - Children's Centres are generally fewer in number than Extended Schools within a given local authority areas; and
 - For Children's Centres, a holistic approach to supporting children and their families is fundamental to their overall purpose. In contrast, in the case of schools, their core focus continues to be on education, rather than on developing their Extended Schools service offering.

104 Providers said the greatest obstacle they faced was often finding their way into schools in the first place and that they needed considerable assistance from Co-ordinators to establish initial contact.

“It was very difficult engaging with the schools themselves initially, we needed a lot of support from the Extended Schools Co-ordinators”

LA4 VCS provider

“There is a lot of work going on to encourage schools and partners to come together strategically. Communication between schools and agencies needs to improve”

LA4 Commissioner

- 105 The challenges faced by providers in developing relationships with schools may increase in future.
- For the most part, the providers we interviewed were only engaged at this point in time in developing relationships with schools for the purposes of signposting and referral to their services.
 - As the Extended Schools programme continues to develop and it becomes increasingly common for schools to commission voluntary and community sector provision directly themselves, the scale of the challenge they face in this respect appears likely to grow.

What are the available models for charging parents for certain services, in certain situations?

How could charging for services potentially assist with and/or mitigate against the successful future development of the parenting support market?

- 106 The rationale for charging certain parents for parenting services in certain situations is that this would increase available funding within the market, thereby expanding the scale of scope of services. Other potential benefits of this approach would be to:
- Improve the quality and consistency of existing supply;
 - Increase the attractiveness of certain ‘less attractive’ areas of service delivery, by bundling the commissioning of these services with opportunities to provide other, more attractive, ‘paid for’ services;
 - Empower parents to elect to pay for certain support services which they value; and
 - Give the parenting support market greater ‘credibility’, thereby helping to overcome the potential negative perceptions of service provision which currently appear to exist among certain parents.
- 107 Charging in this context could be in full, or in part, with co-funding of services by parents and government offering a potentially attractive possibility for further exploration.
- 108 Early conversations with representatives from the voluntary sector suggest that there may be some appetite among providers to charge for certain services they deliver:

“The appetite of voluntary sector providers to do this will vary. Some already have trading arms and are likely to be open to it. The challenge you will face is that many voluntary sector providers’ attitudes are skewed towards a certain type of provision, which is free at the point of delivery”

National voluntary sector provider

- 109 However, there is a significant risk that charging certain parents for certain services would potentially deter them from accessing those services. This was a key concern of many commissioners and voluntary sector providers whom we interviewed.
- 110 Initial feedback from our interviews with private parenting support providers suggests that the level of demand for paid-for parenting support may be limited and is likely to be restricted to specific types of services, provided in specific settings or contexts. ‘High potential’ services in this respect are likely to be universal or preventative in nature, and provided on a self-referral or non-targeted basis.

“We’ve seen very little interest from the general public for our services. They’re apathetic about attending a parenting course in the evening and have no appetite to pay. When we offer courses at their place of employment for free, parents find it easier to access and more acceptable somehow”

Private parenting support provider

- 111 If charging parents for certain services is taken forward, it will therefore be critically

important to develop a detailed understanding of the price elasticity² of existing demand for parenting support and how this varies across different service areas and target market segments.

Do any models of interest currently exist within the parenting support market?

- 112 Publicly funded parenting services are currently focussed almost exclusively on the highest tiers of need, where charging for services is generally considered to be inappropriate.

“We don’t charge for services and we haven’t considered doing so. I can’t think of a scenario where it would work, because by definition, if you’re offering somebody parenting support it is because they are in need and most likely to be vulnerable, charging in those circumstances is just not appropriate”

LA2

“We are focussed on supporting the most in need parents. We wouldn’t charge them for services as it would be a barrier to them accessing services. We would ultimately like to get to a point where we offer a range of services (across all tiers of need) some of which could be paid for by parents”

LA1

- 113 During the course of our research, we came across no examples of local authorities directly charging parents for parenting support services, although some commissioners had started to think about whether and how they could start asking parents to pay for certain services in certain situations.

“We’re looking at the potential for charging for some services this year. There are middle class parents who would like to access some of our courses, but are recognised as being non-targeted. We are happy for them to access the service, but we would like them to pay. We’re considering using the same criteria used in Adult Education, whereby services can be accessed for free if you fit the stated criteria (are in receipt of certain benefits, live in an area recognised as disadvantaged etc). We would only use this for family education courses we run, such as ‘Confident Parents, Confident Kids’ or ‘Supporting Parents of Teenagers’”

LA4

“We are providing some services where we would like to be able to charge some of the parents, but not all, for example baby massage. I don’t know how you can differentiate between parents without means testing ... The challenge is to be able to differentiate between parents without stigmatising and creating a barrier for the parents you’re actually trying to reach”

LA2

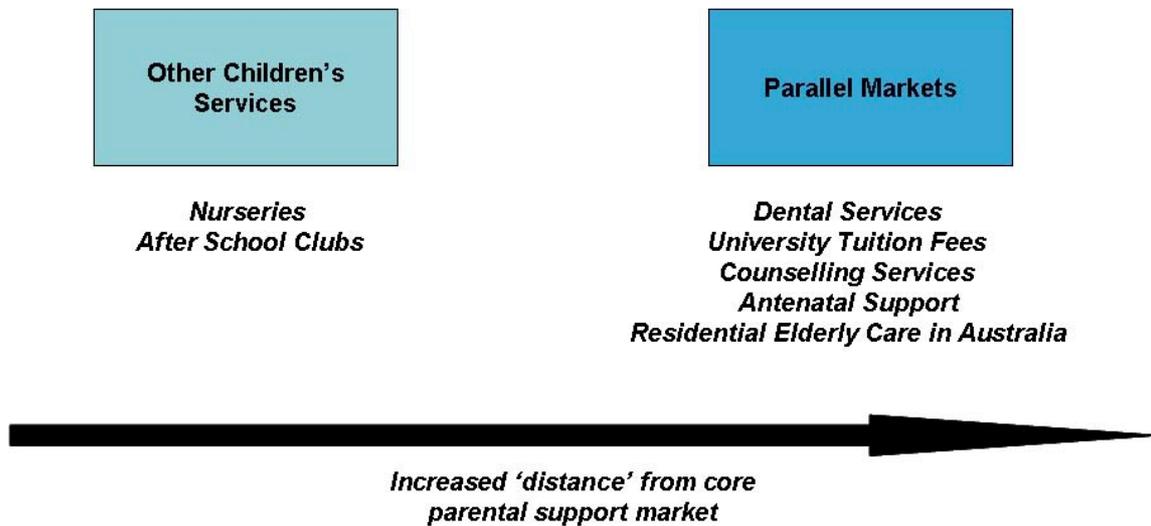
- 114 Although we found no examples of direct charging, we did come across a number of

² Price elasticity of demand describes the relationship between changes in the quantity demanded of a good (or service) and changes in the price for that good (or service.) When prices fall, the quantity consumers demand normally rises. If it costs less, consumers typically buy more.

cases where crèche facilities were provided alongside free parenting support services, such as parenting courses, in return for a fee. Our interviews with local authority commissioners have indicated that where such charging models are in place within Children’s Centres, these were developed and managed by the local manager.

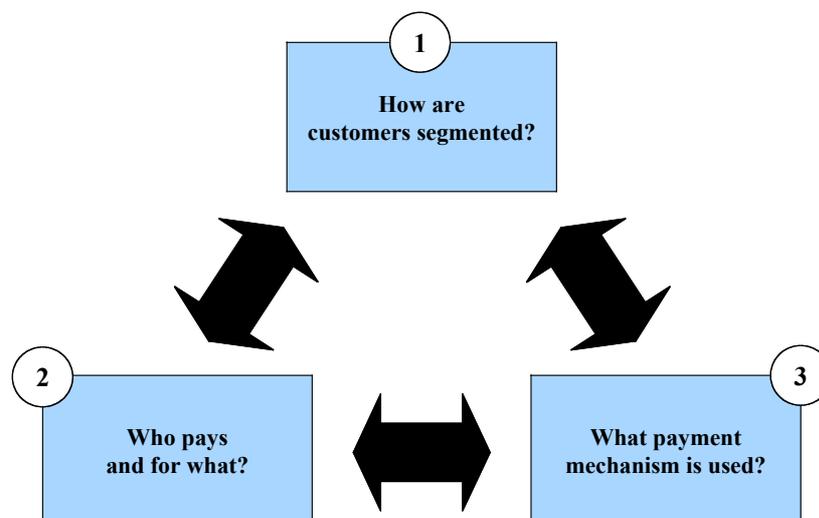
What models of interest exist elsewhere?

115 In order to understand what charging models exist elsewhere which could potentially be applied in future to the area of parenting support, we have looked at examples from a range of different markets³, as shown below:



116 These markets were selected to provide an interesting mix of charging models, spanning the early years, health and education fields. Our focus has predominantly been on the UK, but we have also looked overseas, specifically at Residential Elderly Care in Australia, which was identified during the course of our research as operating a model with potential applicability to parenting support.

117 In order to understand how these different charging models operate and the extent to which they may be applicable to the parenting support market, we have considered three key elements of each one in turn, as follows:



³ The detail of each model can be found at Annex C.

118 It is important to note that all three elements are closely interrelated and critically interdependent, for example:

- The way in which customers are segmented will drive decisions about who pays and for what services within the market; and
- The type of payment mechanism used within a given market will depend on who is being asked to pay and for what.

1) How are customers segmented?

119 The first and most critical decision to be taken when considering how to develop a charging model within any given market is how customers can be most appropriately segmented. The table below provides a summary of the key variables used for the purposes of segmenting customers in each of the markets analysed:

		Degree/Nature of Need			Ability to Pay	Other	
		Age of Individual	Age of Their Child	Severity of Need	Wealth / Income	Geography	No segmentation – self selection
Other Children's Services Markets	Nurseries		✓	✓	✓	✓	
	After School Clubs		✓			✓	
Parallel Markets	Dental Services	✓			✓		
	University Tuition Fees				✓		
	Counselling Services			✓			
	Antenatal Support						✓
	Residential Elderly Care (Aus)	(✓)		(✓)	✓		

120 A number of key themes emerge from this analysis, as follows:

- ‘Degree or Nature of Need’ and ‘Ability to Pay’ (which is a key driver of the price elasticity of demand) are commonly used segmentation variables in most of the markets analysed. However, there is a challenge associated with finding suitable ‘proxies’ for these variables, since they are inherently difficult to define and measure;
- Some models use a complex combination of variables to segment the customer base, although there appears to be a trade off between the complexity of a given segmentation model, the cost associated with operating that model (i.e. the cost of screening parents according to the various criteria in place) and the risk of restricting provision for certain important groups;
- The relative sophistication of the segmentation model used typically varies according to the availability of supply and the complexity of the supply base.

121 In the parenting support market, potential variables which could be used to segment customers for the purposes of starting to charge certain segments for certain services,

might include:

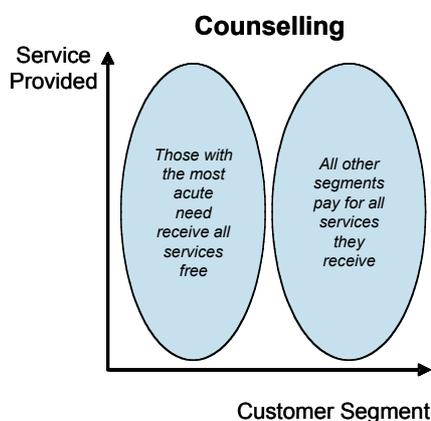
- Ability to pay – this may be measured using certain ‘proxies’ – for example, income level or geographical location (where those living in certain deprived areas may be eligible to receive certain types of support for free, while others might have to pay);
- Willingness to pay – this will be closely linked to parents’ perceptions of a given service and/or their perceived need for that service;
- Degree of need – those asked to pay for services should not be those with the very highest levels of need, who are critically dependent on receiving them. For example, it would be important to ensure that those judged as needing to receive certain services according to Common Assessment Framework criteria could do so, without charge; or
- Cost to serve from a provider perspective.

2) Who pays and for what?

122 Across all of the markets analysed, who pays and for what typically varies according to one (or more) of three key variables, namely:

- Which segment a specific customer falls within;
- What type of service is being delivered; and/or
- The type of provider delivering that service.

123 For example, in the case of counselling services, who pays and for what depends only on which segment a customer falls into:

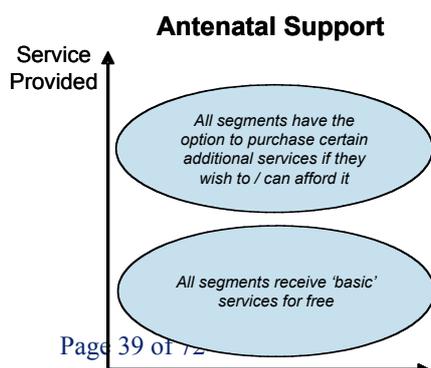


Segmentation based on medically defined ‘need’ for service.

Limited resources and a lack of cross-subsidisation between paying and non-paying patients mean that free provision is often either:

- Unavailable to those who need it, but who don’t meet the medically defined criteria; or
- Is available, but with insufficient intensity and/or for an insufficient period of time

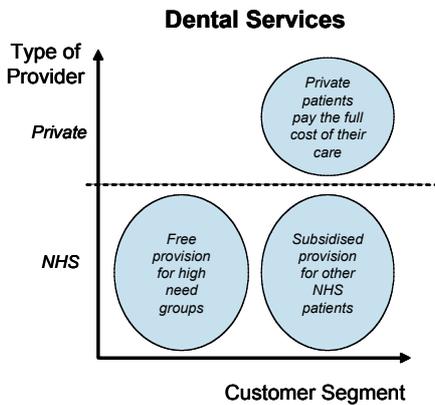
124 In the case of antenatal, who pays and for what depends only on what service is being provided:



Customers are not segmented for the purposes of provision/charging for services. Customers can self select to receive additional, paid for services.

The care delivered by PCTs is focused on providing the necessary medical support during pregnancy. Not for profit services provide additional support to mothers able to pay for it. The popularity of these services suggests that mothers to be do not feel they receive an adequate level of support from their PCT

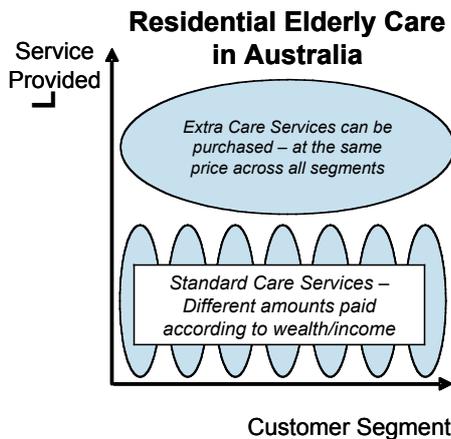
125 In the case of dental services, who pays and for what depends on what segment a customer falls into and what type of provider is delivering that service:



Customers are segmented based on their income or ability to pay.

In response to high demand and limited availability of funding, access to NHS funded treatment has become very restricted. As a result, a large private market has developed to meet excess patient demand. Again, there is a group of patients in the 'middle ground', who don't qualify for free NHS provision and can't afford private care/insurance, who may be deterred from visiting the dentist (e.g. students).

126 In Australia, in the market for residential elderly care, who pays and for what depends on both what service is being provided and to whom:



For the purposes of receiving Standard Care Services, customers are segmented based on their ability to pay. Customers can self select to receive additional, paid for services.

Existing structure of supply means that residential care home places are available to all those who need them. There is equality of basic care, irrespective of wealth, with an option to buy additional services for those who can afford them.

3) What payment mechanism is used?

127 In terms of the specific type of payment mechanism used within each market, this typically varies across different customer segments, services and provider types. The table below summarises the payment mechanisms in operation across each market:

		<i>Customer Payment Mechanism</i>			
		<i>No Payment</i>	<i>Part Funded Part Contributory Payment</i>	<i>Top Up Payment</i>	<i>Full Payment</i>
Other Children's Services Markets	Nurseries	(✓) Small minority of parents		✓ For parents of 3-5 yr olds	✓ For all other parents
	After School Clubs	✓ Depending on provider			✓ Depending on provider
Parallel Markets	Dental Services	✓ High need groups	✓ Other NHS patients		✓ Private patients
	University Tuition Fees		✓ For all		
	Counselling Services	✓ Highest acuity of need			✓ Lower acuity of need
	Antenatal Support	✓ For certain services		✓ For additional services	
	Residential Elderly Care (Aus)		✓ For standard care services		✓ For extra care services

128 Other potential payment mechanisms not observed here include delayed payment and 'speed up' payments.

What is the appetite of employers to fund/offer parenting support services to their employees?

129 As parenting issues have benefited from higher levels of public awareness and reduced stigmatisation, a number of employers have begun to offer parenting support services to their employees in recent years.

130 Many employers have developed family-friendly policies, offering flexible working hours, crèche facilities and childcare vouchers to parents as part of their employment packages for some time. However, in recent years the range of related services offered to employees by some employers has extended to include more active forms of parenting support, such as parenting courses.

131 Whereas the initial interest in parenting benefits came from professional services firms, such as banks, lawyers and accountants, interest has now spread to the public sector, media businesses and more recently, some of the large national retailers.

132 Employers offer parenting benefits to employees for different reasons. Professional services firms originally offered them to improve their attractiveness and retain staff in a competitive recruitment market. Other employers, such as the major retailers, may hope to improve staff retention, or reduce staff absenteeism by helping employees with their parenting skills.

"The workplace is acknowledging now that life isn't just about work. Most people have two jobs, one inside work and one outside work, and in order for the in-work life to be successful, employers need to support the out of work life"

Private parenting support provider

133 On the supply-side of the market, private providers of parenting support appear to be developing in response to this new, emerging, type of demand.

“In the last ten years our company has gone from knocking on doors and being turned away, to companies knocking on our door. My perception of the reason for this change in employers’ attitudes would be the creation of the Diversity function within many employers. This has mirrored the change in acceptance of this kind of support by parents, which has been driven in turn by the various TV programs and boom in parenting books, I would say”

Private parenting support provider

134 Parenting support is typically provided in a seminar-style format, at the employer’s location. As a result, it is a relatively low cost and high impact benefit for them to provide (in that it can be delivered to many employees at low cost). For example, Parents Matter, the largest national provider of parenting seminars to corporate clients, can cater for up to 250 parents in one seminar.

135 The types of parenting support offered in these environments are not usually provided in the statutory sector. An example of some of the seminars offered by Parents Matter are;

- How to Balance Work and Motherhood;
- Keeping Children Healthy;
- Behaviour and Discipline;
- First Aid;
- Understanding Sleep; and
- Helping Your Child Learn to Read.

136 The private providers of parenting support that we interviewed are anticipating significant growth in demand from employers for their service going forward. Employers appear to have steered away from ‘higher tier’ forms of parenting support and are keen not to ‘cross the line’ into what they perceive as more statutory types of provision, or begin ‘interfering’ in employees’ private lives.

“One possible avenue would be that this would be provided through our Occupational Health team. They do run stress management workshops, health awareness days etc. However, it’s unlikely that they would ever see this as part of their core provision. They would probably see parenting classes as something that is offered by the Local Authority at the right time for a given parent and therefore not something we would get involved in”

Employer

137 Presently, parenting benefits seem to be supplied to employees on a free ‘access for all’ basis. Going forward, as the popularity of parenting support increases, parenting benefits may become a feature of employers’ flexible benefits packages. Opportunities may therefore exist for the DfES to partner with the major suppliers or designers of these types of benefits schemes in future.

“We designed our benefits package following the guidance and advice provided by our supplier, who is one of the biggest suppliers of flexible benefits packages in the UK. They gave us a list of the most commonly offered benefits and advised us on what to do ... ”

Employer

- 138 It should be noted that neither the parenting providers or employers we interviewed currently measured the outcomes delivered by their respective parenting services. Interviewees did suggest that parents have been very positive in their response to the advice and support they have received, but it is not clear what the degree and nature of need of these parents originally was, or if they have ‘improved’ their parenting skills as a result.

5 Suggested Recommendations and Next Steps

139 In this section, we provide a summary of the high priority actions for Central and Local Government to drive the future development of the parenting support market, as recommended by those we interviewed during the course of our research. We also propose a number of next steps for the DfES to take in order to further explore the available options for starting to charge parents for certain types of parenting support and expanding the market for employer-related parenting benefits.

Actions for Central Government

Overview

140 Based on our interviews with local authority commissioners a year ago we identified eight potential actions for central government to undertake to develop the market for parenting support services, as follows:

- | | | |
|-----------------------|---|---|
| Funding | { | <ul style="list-style-type: none">• Make funding available on a longer term basis;• Increase the overall level of available funding;• Reduce the complexity of central government funding;• Set performance targets for local authorities around the parenting agenda; |
| Training and Guidance | { | <ul style="list-style-type: none">• Provide guidance on development of local parenting strategies;• Develop and deliver training to local personnel involved in service delivery;• Assist local authorities with accreditation/quality assurance of local parenting programs/interventions; and• Disseminate further examples of best practice service delivery. |

141 Our interviews with commissioners confirmed that these recommendations remain very relevant one year on.

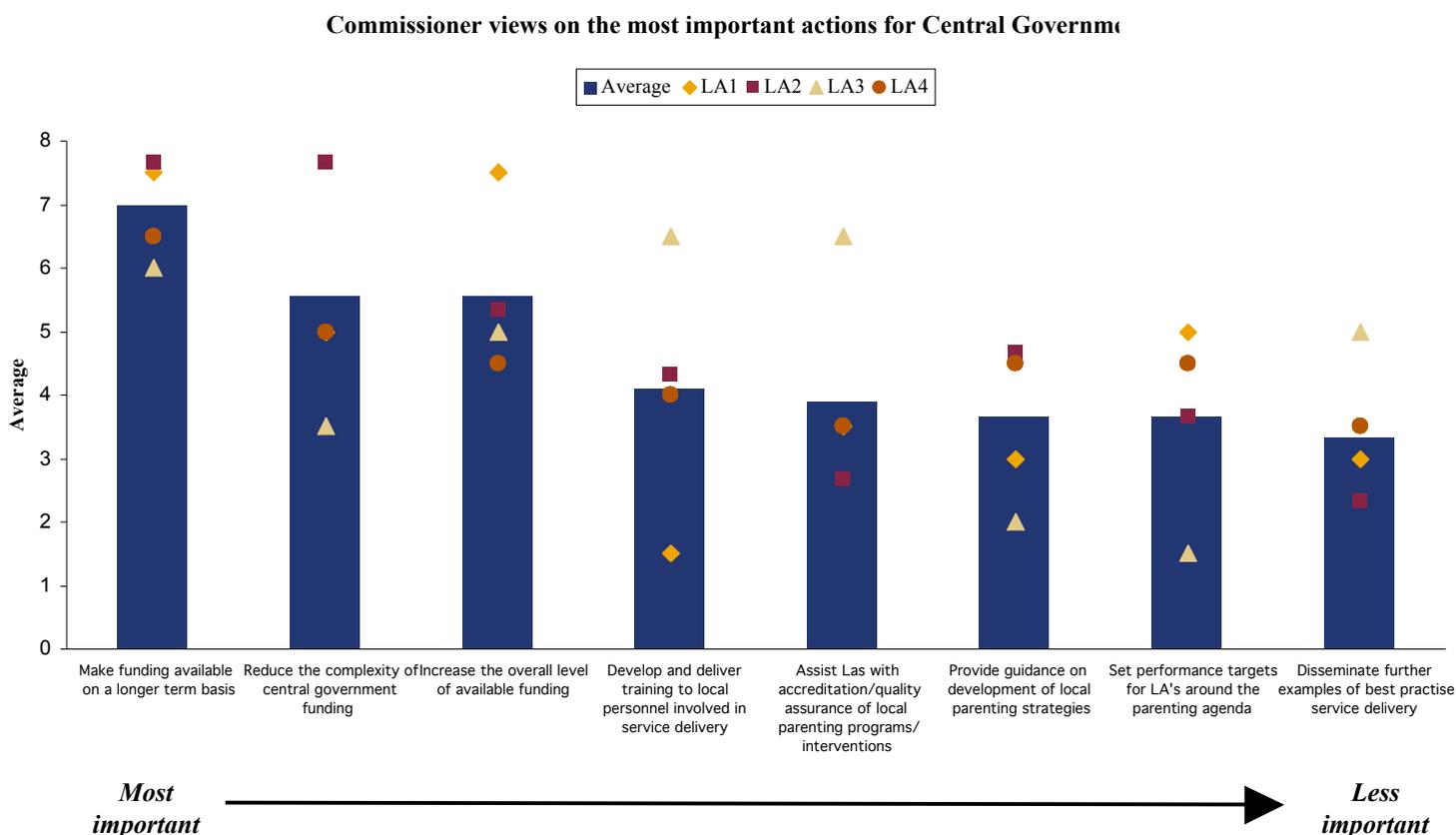
142 During the course of this piece of research, we asked local authority commissioners to rank the key actions for central government set out above in order of importance.

143 Commissioners had similar difficulties in ranking these potential action points to those highlighted earlier when ranking key issues. Commissioners found this challenging to do because:

- They generally felt that all of these actions were extremely important; and

- So many of the actions identified are in fact closely linked.

144 However, despite these challenges, the chart below shows a summary of the rankings provided to us by commissioners:



Source: PwC interviews with 9 local authority commissioners across 4 local authorities

145 The graph above shows commissioners' prioritised actions for Central Government. The sequence in which these actions points are shown represents the average view of commissioners interviewed. There was a large degree of variation from the average view, both within individual authorities (different commissioners in an authority expressing different views) and among local authorities.

Funding

146 The consensus view expressed by commissioners was that the most important actions for Central Government were to make funding available for parenting support on a longer term basis and reduce the overall complexity associated with current funding streams. Commissioners felt that without longer term funding, they would be unable to develop their local parenting support market in line with DfES requirements.

147 Longer term funding would allow commissioners to:

- Develop a longer term strategic plan outlining how they would develop their local market for parenting support;

- Develop an associated commissioning strategy, thereby enabling them to engage in building long term strategic relationships with VCS providers;
- Establish teams of high quality people, focussed on driving forward and delivering the parenting agenda over the long term; and
- Work with voluntary and community sector providers to deliver services, with improved associated outcomes for children and families.

“I would rather have a lower level of funding made available to me over a ten year period, than have to deal with all these peaks and troughs. If you know what long term funding is going to be made available and you are given sufficient flexibility around how you can spend it, you can cope with just about anything, as you can plan around it”

LA2 Commissioner

“We don’t have a large number of big VCS providers here. For them funding is a real issue, we need to be able to offer them steady, reliable funding, rather than some short-term funding for the latest initiative”

LA2 Commissioner

148 Increasing the overall level of funding made available to local authorities to support their development of local parenting services was also identified as a high priority by commissioners. However, many emphasised that if the short term nature of funding was addressed, the current scale of funds made available would become less of an issue.

“In terms of the amount of funding we need, it really is a case of ‘how long is a piece of string’ – we would like as much as possible ... however, most importantly, it’s about continuity of funding”

LA2 Commissioner

149 Some commissioners suggested that their funding issues could potentially be addressed by making more ring-fenced funding available to local authorities for commissioning parenting support services.

“I think we can meet the core offer as it stands, but if the Government is keen to have more private and voluntary sector involvement then maybe we need more ring-fenced funding”

LA1 Commissioner

Provide guidance and training

150 Commissioners’ views on the level and type of assistance they would like to receive from central government varied, but generally they felt that these actions should be a relatively lower priority than improving funding and target setting.

151 Many commissioners we interviewed felt that they would benefit from assistance from Central Government in developing parenting strategies, designing and delivering training, devising a system for provider accreditation and learning about best practice.

“The guidance from Central Government on parenting strategy development is still quite woolly

and open to interpretation. There is a need to look at guidance and tighten it up. Often guidance is focussed on urban areas, which is of limited use to us”

LA2 Commissioner

“I think we need to know much more clearly what are the most effective types of parenting support in terms of outcomes. We know there needs to be more emphasis on prevention, but there doesn't seem to be any evidence of preventative work in terms of long term outcomes”

LA4 Commissioner

“The role of the third sector and their potential involvement is unclear. Until the governance model is resolved there isn't much we can do”

LA4 Commissioner

152 The lower rankings that commissioners typically assigned to these actions reflected their general concerns that:

- Any guidance provided may be too dictatorial in nature; and
- They do not have the time required to engage with either Central Government, or other local authorities, to receive such assistance.

“There is a difference between assistance and dictating. We want to be able to decide our own strategy and pick and choose to use training and guidance if suitable for us”

LA2 Commissioner

“We realise that all local authorities are trying to implement the same agenda, but we're so busy it's difficult to co-ordinate with them to learn about what they are doing”

LA3 Commissioner

Set performance targets around the parenting agenda

153 Commissioners expressed mixed feelings about whether they would like to see Central Government introduce specific performance targets in the area of parenting support:

- One commissioner felt that this would add an unnecessary administrative burden, which wouldn't actually help him to deliver better services;
- Another felt that targets could be helpful, if they enabled the local authority to prioritise between different potential action points and understand in what order these should be undertaken;
- Several commissioners felt that performance targets would be helpful if they raised the overall profile and importance of parenting support, and hoped that this would lead to additional funding.

“I think that performance targets would help raise the profile of the parenting agenda and perhaps secure longer term funding”

LA4 Commissioner

“Central Government should be concerned about outcomes not performance targets”

LA2 Commissioner

Other Recommended Actions

154 Commissioners also stressed the need for less change, fewer pilots and new initiatives, and time to ‘bed in’ changes that have already taken place.

“We need a reconfigured, stable service; for it not to be about new initiatives all of the time”

LA4 Commissioner

“We need stability and clarity within the market to allow us to think creatively about delivering services together with the VCS”

LA2 Commissioner

Actions for Local Government

Overview

155 Based on our interviews with local authority commissioners a year ago, we identified nine potential actions for local authorities to take in order to develop the market for parenting support, as follows:

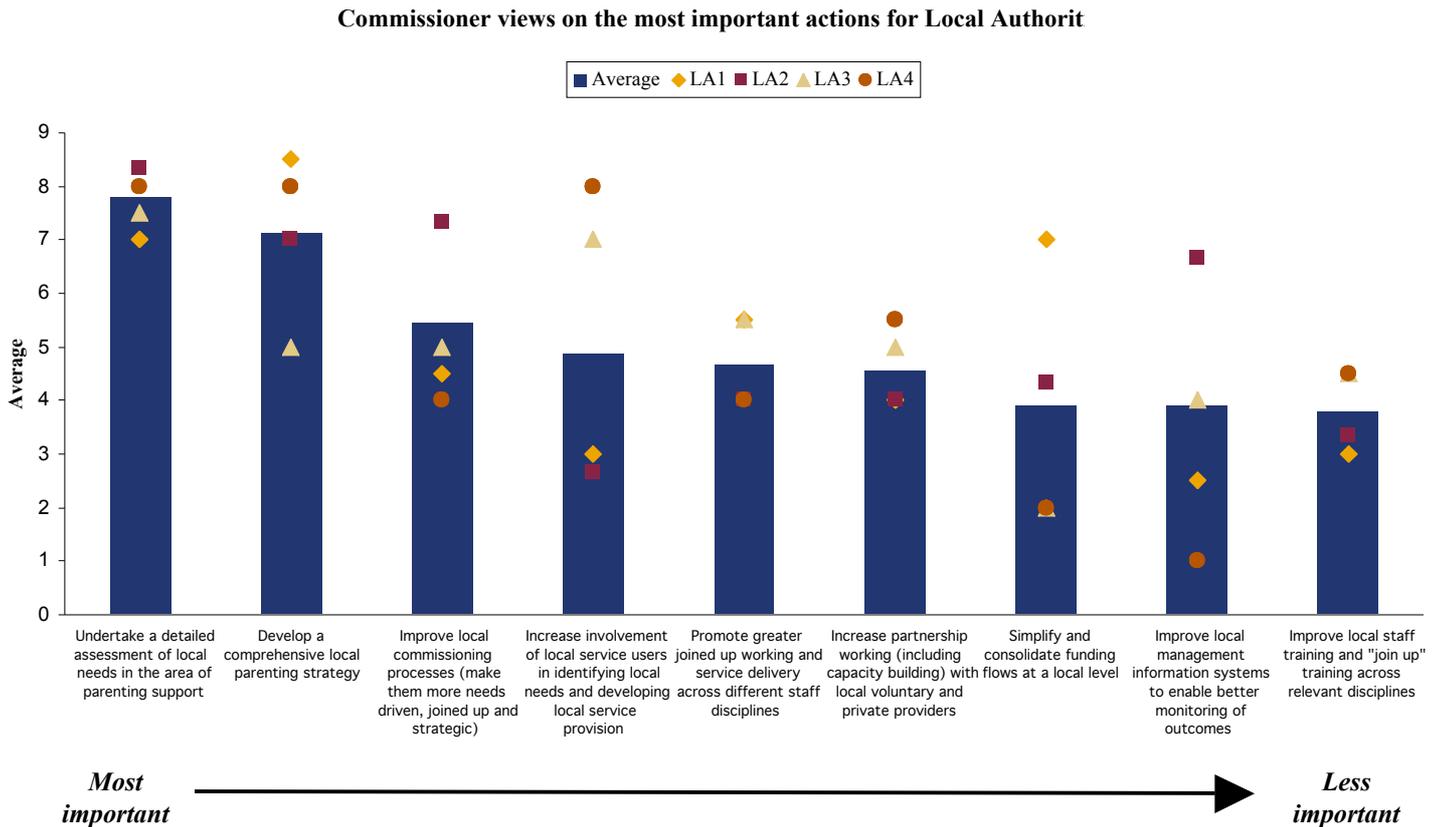
- Undertake a detailed assessment of local needs;
- Develop a comprehensive local parenting strategy;
- Improve local commissioning processes;
- Simplify and consolidate funding flows at a local level;
- Promote greater joined up working and service delivery across different service disciplines;
- Increase partnership working (including capacity building) with local voluntary and private providers;
- Improve local management information systems to enable better monitoring of outcomes;
- Increase involvement of local service users in identifying local needs and developing local service provision; and
- Improve local staff training and ‘join-up’ training across relevant disciplines.

156 Commissioners have confirmed that these recommendations remain very relevant one year on.

157 We asked the commissioners we interviewed to rank the key actions for local government

set out above in order of importance.

- As before, it is important to note that commissioners found it difficult to do this because:
 - They generally felt that all of these issues were extremely important; and
 - So many of the issues identified are in fact closely linked.
- However, despite these challenges, the chart below shows a summary of the rankings provided to us by commissioners:



Source: PwC interviews with 9 local authority commissioners across 4 local authorities

158 The graph above shows commissioners’ prioritised actions for local government. The sequence in which these actions points are shown represents the average view of commissioners interviewed. There was a large degree of variation from the average view, both within individual authorities (different commissioners within an authority expressing different views) and across local authorities. This variation reflects the different points of view of commissioners, depending on the area in which they are working and the current stage of development of that area within their local authority.

Undertake a detailed assessment of local needs and develop a comprehensive parenting strategy

159 Commissioners ranked the need for local authorities to understand local needs and develop a comprehensive parenting strategy as their highest priority areas for action.

160 All of the commissioners we interviewed were engaged in trying to scope local demand

and many had welcomed the recent announcement regarding additional funding, which they were planning to use to undertake an audit of local service delivery:

- Local authorities should seek engagement with local voluntary and community sector providers as part of this scoping exercise, since many providers have already developed their own local needs analysis and have a good view of both current and developing demand, which should be captured.

161 Most of the local authority commissioners we interviewed emphasised that the completion of demand analysis was central to them successful developing a local parenting strategy.

“The next stage is to undertake an audit of local needs and then to map our parenting support strategy to those needs”

LA3 Commissioner

“We are currently looking at what services we have in the area, how we will take service delivery forward and how our commissioning processes will work in the future”

LA2 Commissioner

“There has been so much change in the market, so many people moving about. We need to identify the providers with capacity and understand the scope of their ability to deliver services for us”

LA4 Commissioner

“There is a bit of a maze trying to ascertain who is doing what locally. There is still a lot of work to get a network of providers and mapping in place”

LA4 Commissioner

Improve local commissioning processes

162 Across most of our local authority case study areas, the commissioning process was still under development, or in its infancy. Although commissioners placed a great deal of emphasis on the development of commissioning strategies, they felt that this was a process which could not proceed further until demand analysis has been undertaken and a comprehensive parenting strategy had been developed.

“We are continuing to develop our commissioning process and are now giving more attention to measuring the impact of outcomes and looking for evidence to support the commissioning of services. Organisations will have to show they can deliver the same impact levels as the current service provider in order to be commissioned”

LA3 Commissioner

“We’re at the beginning of a learning curve ... our commissioning isn’t that sophisticated yet. We’re developing a strong project management approach to develop and re-shape services and commissioning. We’re creating service level specifications and defining expected outcomes”

LA2 Commissioner

Increase involvement of local service users in identifying local needs and developing local service provision

- 163 There was a general acknowledgement among commissioners that parental involvement was an important factor in ensuring the successful development of their local parenting and commissioning strategies.

“We need to promote the value of parental involvement in planning more. We need to listen to what they want. Sometimes we forget to involve and listen to parents. We need to be parent led”

LA4 Commissioner

Promote greater joined up working and service delivery across different staff disciplines

- 164 Commissioners noted that staff across different disciplines within their local authority and PCT were often still not working together in a joined up way, and identified this as another important action point for Local Government moving forward.

“There is a wide continuum of services in the area, but not good awareness of how these services relate to one another. Our family support steering group is developing a good parenting partnership and have identified in their action plan that they need to develop a good practice network”

LA3 Commissioner

“Communication between all the parties involved needs to improve. Everyone needs to be in the loop and working together”

LA4 Commissioner

“We’re all talking about the same thing, but all the agencies are using a different language. Inefficiency and confusion is a result of lack of joined-up-ness between government departments and all the various initiatives...There is an enormous task ahead in bringing together the separate service streams, targets and requirements around money”

LA2 Commissioner

Increase partnership working

- 165 Commissioners felt that there was still work to do in developing partnership working with voluntary and community sector providers and acknowledged that attitudes toward the VCS needed to change in future to enable full partnership working.

“Our policy and review group have been looking at Every Child Matters and are developing mechanisms to engage the voluntary sector in-line with the five outcomes outlined. VCS providers are now present on our Childrens and Young People’s committee”

LA3 Commissioner

“Providers need to be invited to be around the table, to get involved with planning. For the smaller providers this can be hard, as they can’t afford the time away from their service to be involved”

LA1 Commissioner

“We need to make sure we get a comprehensive, multi-agency system in place. Often the short-term nature of funding mitigates against us being able to do this”

LA2 Commissioner

“This is dependent upon improving and joining up training”

LA2 Commissioner

Simplify and consolidate funding flows at a local level

166 Commissioners felt that simplifying funding would help them to target spending more efficiently and would also assist them in reducing the administrative burdens they place on local voluntary and community sector providers.

“We need the flexibility to allocate funds across those providers as we need to”

LA3 Commissioner

“The flexibility of the funding made available to us is another problem. It took a year of fighting to get a change made to our last funding schedule”

LA2 Commissioner

Improve local management information systems to enable better monitoring of outcomes

167 Commissioners felt that they needed to establish better systems to measure the performance of local parenting support services. There was a general acknowledgment among commissioners that they currently have only a limited understanding of which services deliver the best outcomes and why.

“We’ve established Joint Area Review inspections, asking if services are making a difference to children. We have to start benchmarking within communities and building our specifications”

LA3 Commissioner

“We’re building Service Level Agreements around measuring outcomes into our commissioning, to improve our understanding of outcomes”

LA4 Commissioner

“There needs to be more understanding and investment in the collection and distribution of data. We need to understand our communities better. It’s a continuous process, as communities are always changing. This kind of research and analysis takes time and effort and is generally not funded”

LA3 Commissioner

Improve local staff training and ‘join-up’ training across relevant disciplines

168 All commissioners interviewed felt that improved and more joined-up training was

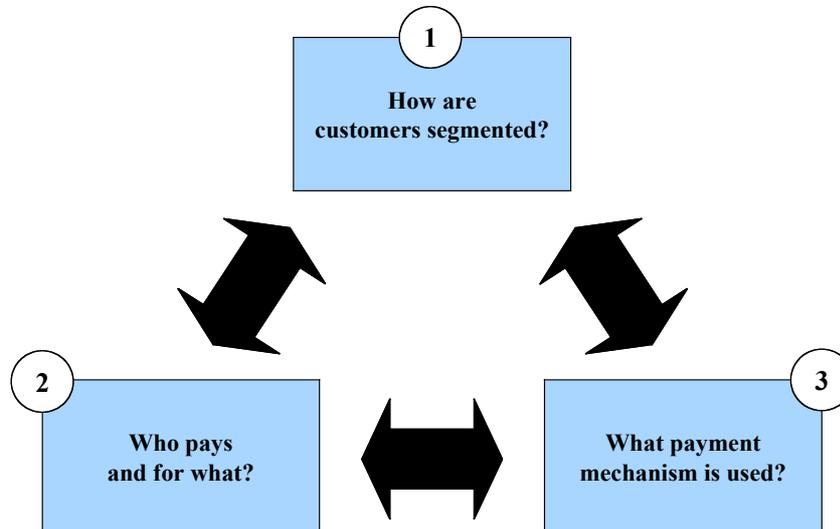
important and many told us that they were already working towards this.

“We want to see the development of occupational standards and accrediting standards in parenting support. Aligning local standards with the Parenting Institute and Parenting UK standards is part of our action plan”

LA3 Commissioner

Further Exploring the Idea of Charging Certain Parents for Certain Services in Certain Situations

169 If the idea of charging certain parents for certain services in certain situations is to be taken forward, then a critical next step will be to design a suitable charging model for use in the area of parenting support. This will require three key, interrelated decisions to be taken, as described in Section 4 and set out again in the diagram below:



170 A number of pieces of analysis will need to be undertaken in order to find an appropriate way of segmenting parents or families. Most specifically, there is a need to develop a detailed understanding of:

- The price elasticity of existing demand for parenting support (driven by parents' ability and willingness to pay) and how this varies across different service areas and target market segments; and
- The cost of delivering different services to different groups of customers from a provider perspective.

171 In order to decide who should pay for what types of parenting support services, an important starting point will be to develop a comprehensive list of all of the services currently offered by providers that might be considered to fall within the area of parenting support. Services can then be classified according to their 'charging potential', taking into account a number of factors, including:

- Current and potential future market objectives – it will be important to ensure that those groups of parents/families identified as high priority (for example, those who are most disadvantaged or 'hard to reach') do not have to pay for the services they receive;
- Customers' perspective – what types of services, delivered in what setting and in what way are parents willing to pay for?
- Providers' perspective – what types of services will require an element of private payment in order to make them economically viable for providers to deliver?

172 Choosing the most appropriate charging mechanism to operate within the parenting

support market will be critically dependent on the decisions made above with respect to a preferred segmentation model and who is being asked to pay for what types of services.

- 173 If the idea of encouraging employers to offer or fund parenting support is to be taken forward, an important next step will be to develop a comprehensive understanding of the range of services that are currently being delivered by employers in this area. Further exploration of which employers would be willing to offer these services, and what their motivations for doing so would be, will also be necessary. Finally, it would be extremely important to investigate the impact that these services are currently having and the extent to which they contribute towards the targeted outcomes set out in Every Child Matters.

6 Annexes

Annex A – Methodology

174 Our work programme has comprised four key elements, the details of which are outlined in the sections below.

1) Case Study Analysis

175 We have worked across four different local authority case study areas, the profile of which can be summarised as follows:

Local Authority	Population Density	Geographic Location
1	Urban	South
2	Rural	North
3	Urban	South
4	Rural	South

176 These local authorities represent four out of the six case study areas that we worked with during our related piece of research last year.

177 The current market environment differs significantly across each of these local authorities, both in terms of the structure of supply and the mix of providers delivering services. In addition, each authority currently takes a slightly different approach to commissioning local parenting support services.

178 Within each case study area, we have undertaken telephone interviews with a small number of local authority officials and providers, as follows:

Interviewees	Interview Purpose	No. Interviews	Specific Interview Targets
Local Authority Commissioners	<ul style="list-style-type: none"> Understand the key barriers to current market development Understand the specific challenges faced in attracting new providers into the market, or encouraging existing providers to expand the scale and scope of their services 	2/3	<ul style="list-style-type: none"> Newly appointed Single Commissioner of Parenting Support Extended Schools Regional Advisor Person responsible for developing parenting support in local Children’s Centres
Existing and Potential Local Provider of Parenting Support	<ul style="list-style-type: none"> Explore any specific issues faced in developing the core parenting support offering in Children’s Centres and Extended Schools 	6/7	<ul style="list-style-type: none"> Range of providers in terms of size, sector and services delivered

179 A full list of local authority officials and local providers interviewed within each case study area is provided at Annex B.

2) National Level Analysis

180 A number of telephone interviews have also been conducted with providers at a national level as follows:

Interviewees	Interview Purpose	No. Interviews	Specific Interview Targets
Potential Future National Providers of Parenting Support	<ul style="list-style-type: none"> Understand the key barriers to current market development Understand the specific challenges faced in attracting new providers into the market, or encouraging existing providers to expand the scale and scope of their services Explore any specific issues faced in developing the core parenting support offering in Children's Centres and Extended Schools 	5	<ul style="list-style-type: none"> Range of large providers currently providing other Children's Services at a national level

181 A full list of national providers interviewed is provided at Annex B.

3) Analysis of Potential Role of Employers

182 We have also undertaken a small piece of research to explore the potential appetite of employers to fund/offer parenting support services to their employees. In order to do this a number of telephone interviews were conducted as follows:

Interviewees	Interview Purpose	No. Interviews	Specific Interview Targets
Various	<ul style="list-style-type: none"> Assess the potential for including parenting support in employers' benefits packages and/or the potential for employees to provide access to certain forms of parenting support via the workplace 	5	<ul style="list-style-type: none"> Employers Employee Benefits Advisors Parenting Support Providers

183 A full list of interviewees is provided at Annex B.

4) Analysis of Potential Charging Models

184 Finally, we undertook a piece of research to explore the potential for charging certain parents for certain support services in certain situations, as way to expand the scale and/or scope of current provision within the market.

- 185 In order to do this we undertook a small programme of desk based research, followed up with a number of telephone interviews, to explore a range of charging models used in other parallel markets, for example in health, education and adult social care.
- 186 These models were presented and discussed at a workshop involving both PwC and DfES officials to determine their potential applicability to the parenting support market and to draw out key issues for future exploration in this area.
- 187 The details of the various parallel markets discussed can be found at Annex C.

Annex B – Interviewees

Case Study Interviews

The DfES asked that responses from the case study authorities be anonymous, and as such we have not named the authority and have listed roles or generic, equivalent titles rather than specific titles, which may enable identification of responder

Case Study Area	Roles of Those Interviewed
Case Study 1	<ul style="list-style-type: none"> • Single Commissioner of Parenting Support and Extended Schools Regional Advisor • Person responsible for developing parenting support in local Children’s Centres
Case Study 2	<ul style="list-style-type: none"> • Single Commissioner of Parenting Support • Extended Schools Regional Advisor • Person responsible for developing parenting support in local Children’s Centres
Case Study 3	<ul style="list-style-type: none"> • Deputy Single Commissioner of Parenting Support • Extended Schools Regional Advisor • Head of Sure Start, Early Years and Childcare
Case Study 4	<ul style="list-style-type: none"> • Single Commissioner of Parenting Support • Parent Development Co-ordinator and Extended Schools Remodelling Consultant • Person responsible for developing parenting support in local Children’s Centres

Provider and Potential Provider Interviews Within Our Case Study Areas

Case Study Area	Voluntary Sector Providers Interviewed
Case Study 1	<ul style="list-style-type: none"> • Amaze • Local Unemployed Centre • Local YMCA • Mosaic • Oasis • Parent People • Safety Net
Case Study 2	<ul style="list-style-type: none"> • Barnardos Family Support Parenting Project • Local Mencap/Autism Support Project • Families Inc. • Family Support Association • Local Heartstone Project • National Children’s Homes Family Support Service
Case Study 3	<ul style="list-style-type: none"> • Local On Track (Coram Family) • Parent Support Group • The Pre-School Learning Alliance • The Cape Project • The Somali Parents Network
Case Study 4	<ul style="list-style-type: none"> • Community First • Homestart

Case Study Area	Voluntary Sector Providers Interviewed
	<ul style="list-style-type: none"> Local Children and Families Forum Parentline Plus Relate The Family Welfare Association

National Level Voluntary Sector Provider Interviews

Voluntary Sector Provider	Role of Person Interviewed
Barnardos	Head of Corporate Planning and Development
ContinYou	Development Manager, Parenting and Families
Family and Parenting Institute	Director, Parenting Fund
National Children's Homes	UK Service Development Manager Supporting the Families Portfolio
Parenting UK	Director of Practice Development

Experts on Employee Benefits

Organisation	Role of Person Interviewed
Astra Zenica	Human Resources – UK Employment Policy Manager
Parents Matter	Managing Director
PricewaterhouseCoopers	Human Resources – Recognition and Reward
PricewaterhouseCoopers	Human Resources – Parents Network
The Parent Company	Managing Director

Annex C – Detailed Analysis of Parallel Markets

Nurseries in England

	Operate around the school day and closed during school holidays	Tend to take children aged 0 -5 years and often operate from 7am to 7pm throughout the year		
	Pre-School Nursery Class	Local Authority Nursery	Community Nursery	Private Nursery
Referral	Self referral, however, eligibility to attend a particular nursery class is often dependent upon living within the relevant catchment area	For a free place at a local authority nursery, a child has to be referred by a family's social worker or health visitor, although the nursery may also offer a proportion of full -cost places to parents who can afford to pay for them	Self referral, subject to limited availability of places. Nurseries may give priority to 'in need' parents	Parents select the nursery of their choice and often register their child on a waiting list for a place
Service provider	A nursery class is typically attached to a school. This may be a state or a private school	Local authority owned, potentially operated by the local authority or by a private or voluntary sector provider	Run by not for profit organisations such as churches and charities	Run by independent private providers. Account for more than 80% of overall provision
Who pays and what is paid for?	Children aged between 3 and 5 years are entitled to some early years funding. This pays for 12.5 hours of nursery education for 33 weeks of the year, at a nursery registered to receive government funding to provide free early education (accounts for the majority of nurseries). There is no guarantee of getting a place with a particular provider, although local authorities try to take personal preferences into account, where possible			
	Service is provided free of charge, or in the case of a private pre -school nursery, the parent pays for the place themselves	Service is free (paid for by local authorities) for families referred by social services, although there may be a separate charge for meals Other parents will pay for the full cost of their child 's place	The parent pays, although a subsidy may be available from the community nursery provider. Some may operate a sliding scale fee scheme, where parents pay different rates according to their circumstances. Average charges for a community pre -school are £ 3.30 per session	Parents pay. Average fees in England for a full -time nursery place for a child under two are £152 a week and £205 a week in central London - although some charge considerably more
Payment mechanism	Parents pay private pre -school nurseries directly themselves	If registered, nursery claims back relevant grant funding directly from the local authority. Where applicable, parents pay for any childcare over and above 12.5 hrs per week directly to the nursery	If registered, nursery claims back relevant grant funding directly from the local authority. Where applicable, parents pay for any childcare over and above 12.5 hrs per week directly to the nursery	If registered, nursery claims back grant funding directly from the local authority. Parents pay the difference in cost directly to the nursery
Implications	Most parents of 3 -4 year olds pay to 'top up' the childcare they receive over and above that paid for by government grant funding For some parents (particularly parents of 0 -2 year olds) there is a group in the 'middle', who don't qualify for free childcare and can't afford to pay for private provision, for whom working is not economically viable/beneficial			

After School Clubs in England

	Clubs run by teachers after school hours for children attending their school. Some clubs may run only in good weather (e.g. sports clubs) or just during certain terms. These do not therefore offer parents a reliable childcare alternative	Breakfast and after school clubs operate a reliable, registered form of childcare throughout the school year Play schemes may operate for just a few hours, or all day during school holidays Service may be provided on the school site, at a local nursery, an extended schools' partner site or increasingly at Sure Start Children's Centres. Some play schemes may operate in public areas, such as parks	
	School managed after school clubs	Private breakfast/after school clubs	Holiday play schemes
Referral	No referral systems in place		
Service provider	School teachers and volunteers (e.g. parents)	Mainly provided by the private and not for profit sectors, although some local authorities provide a service run by their Play Development team	
Who pays and what is paid for?	No payment for teacher or other staff time There may be a small fee to cover the cost of hiring certain facilities (e.g. floodlit football pitches) or any materials used (e.g. cooking ingredients)	Parents pay provider for the service received We found no evidence of free or assisted after school club places. Families in need of support are expected to pay for such services from their working parents tax credit	Some play schemes provided by some local authorities are free, but usually offer a limited service and are in high demand Play schemes run by private and not for profit organisations require payment, but some may offer subsidised places for families who need support
Payment mechanism	Parents pay the school directly	Parents pay the service provider directly	If not a free local authority service, payment is made by parents directly to the relevant service provider
Implications	As part of extended school guidelines, schools charging for services delivered after school hours have to offer a regular service - this may deter teachers from offering up their time	Parents in most need of support receive more assistance from the local authority when their child is of a pre-school age (when they may be entitled to free/subsidised nursery care as well as receiving working parents tax credits), but will have to continue to fund childcare arrangements whilst a child is at primary school with less financial assistance (working parents tax credits only) As such, the economic incentive for parents to continue working reduces as their children get older	

Dental Services in England

	NHS Patients eligible for free services	NHS patients who receive part payment for services	Private patients
Who falls into this category?	Patients who are: under 18, aged 18 in full time education, pregnant, have had a baby in the 12 months before treatment, receiving a specified benefit or tax credit	All NHS patients not eligible for free services	All patients electing to receive private services
Referral	Self referral, government guidelines suggest all patients visit once every 3-24 months depending on oral health needs. However a large proportion of the population only visit the dentist when there is a problem		
Purchasing decision	Patients are free to select which dentist to visit if the dentist has an NHS contract and the capacity to provide care. However there is a significant shortfall in capacity restricting patient choice and access		Private patients have a wide range of private dentistry providers to choose from, although if they have dental insurance, they may be restricted to certain groups of dentists e.g. Denplan dentists
	In areas of high demand and low levels of supply, some PCTs have allowed some dental practices to have a children and exempt adult only patient contracts in which case fee paying patients would not be accepted by these practices	In high demand areas many patients will have limited or no NHS dentist choice and will have to pay privately for non emergency treatment	
Service provider	Dentists are independent practitioners who may provide services to NHS patients, a mix of NHS and private patients and/or private patients only		
Who pays and what is paid for?	Free for eligible patients, PCT covers the full cost of any treatment received	Patients pay a contributory fixed fee depending on type of treatment they receive (3 price tiers), patients may choose to pay extra for additional services, such as cosmetic dentistry. Remaining cost covered by local PCT. Patients named on HC3 certificates may get partial help with fees.	Private patients pay charges reflecting the full cost of their treatment and the dentist receives no money from the PCT for treatment of these patients
Payment mechanism	The PCT will pay the dentist a fixed monthly fee, less any contributory fees paid by the patient in return for a pre-agreed volume of yearly capacity of NHS treatment		Private patients will either pay their dentists directly or in some cases their insurance provider may pay the dentist on their behalf, either directly or indirectly
	Patients exempt from NHS fees are required to declare their exemption status to the dental practice	Relevant fee is paid directly by the patient to the dentist. The dentist may require immediate payment, or offer payment terms for fees	
Implications	The most disadvantaged patients receive free dentistry. Access to NHS dentists for non-fee paying patients is more widely available than access for those who are not exempt. However, there is a group of patients in the 'middle ground', who don't qualify for exemption and can't afford private care/insurance, who may find it difficult to access an NHS dentist in their area or struggle to pay for high tier NHS treatments		

University Tuition Fees in England

University Tuition Fees (for September 2006 entry)				
Referral	No referral system in place			
Purchasing decision	Students may apply to study at any University in the UK and are selected based on meeting certain academic entry criteria. They may attend any University which offers them a place			
Service provider	The University of the student's choice. All Universities in the UK are part of the state education system (bar one) and follow the same model for charging students			
Who pays & what is paid for?	Tuition fees are capped at £3,000 per annum for September 2006 entry. This is a contribution towards the costs of tuition, the rest of which is paid directly by the student's local authority to the University			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Family income < £17,500</th> <th style="width: 50%;">Family income > £17,500</th> </tr> </thead> <tbody> <tr> <td> <p>Student's are eligible for the full non-repayable higher education maintenance grant of £2,700 p.a. towards tuition fees.</p> <p>The student is responsible for paying the £300 balance, although they may be able to access other sources of grants such as bursaries from their University to help pay this</p> </td> <td> <p>Students may be entitled to a partial higher education maintenance grant towards tuition fees</p> <p>No grant is available if household income is more than £37,500 p.a.</p> <p>All students are entitled to apply for a student loan to cover the cost of fees not paid for by a grant</p> <p>Bursaries may be available from the University, although often, but always these are reserved for children from low income families</p> </td> </tr> </tbody> </table>	Family income < £17,500	Family income > £17,500	<p>Student's are eligible for the full non-repayable higher education maintenance grant of £2,700 p.a. towards tuition fees.</p> <p>The student is responsible for paying the £300 balance, although they may be able to access other sources of grants such as bursaries from their University to help pay this</p>
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Payment mechanism	Any maintenance grant entitlement or student loan for fees is paid directly to the University. Any tuition fee balance must be paid directly to the University (i.e. if the student has chosen not to take a fee loan). Loans must for fees are repaid after graduation once salary levels reach a certain figure			
Implications	Although the current system provides finance to make a University education accessible to all students (and requires no up front payment), there is some concern that the level of debt students acquire whilst studying will deter them from entering higher education in future. This is a particular concern for those students who fall just outside of the eligibility criteria for a maintenance grant			

Counselling Services in England

The most common point of referral for mental health related illness is a GP. If patients meet an prescribed level of acuteness of need, the GP refers the patient to a specialist for further assessment and treatment, this may be an NHS specialist or a private specialist if the patient has private medical insurance (PMI). If the patient does not meet the level of acuteness of need, but wishes to receive treatment, the GP may refer the patient for private treatment for which they will pay themselves.

	NHS	Private
Referral	For NHS funded treatment of mental health related illness, a referral from your GP or an approved social worker is required	Self referral or referral from the NHS if you do not meet the NHS acuteness of need criteria, or have PMI
Purchasing decision	Purchasing decision ultimately lies with the patient, however, patients are often guided by their GP and in the case of mental health care, there may not be the same level of provider choice seen elsewhere in the NHS. Patients requiring very specialist treatment may have limited provision choice and have to travel to receive treatment	Patients may choose from a range of providers identified by their GP, social worker or from their own research
Service provider	Providers span the NHS, private and voluntary sectors. The majority of NHS mental health practitioners also treat patients privately, often in the same setting Patients referred for treatment by the NHS may receive treatment	Providers treat NHS patients, private patients, or a combination of the two. Patients may receive treatment in an NHS or Private hospital or other type of treatment facility
Who pays & what is paid for?	Patients referred by the NHS receive treatment for free, irrespective of their ability to pay. In some cases an NHS patient may finish a course of NHS treatment and choose to pay to access additional treatment (e.g. extend a course of counselling sessions) and become a private patient with the same practitioner	A patient who self refers/requests private referral for treatment will pay the provider directly for any services they receive. If the patient has been referred by the NHS and is covered by PMI, the insurer will usually pay the specialist/treatment facility directly In some cases, private providers will offer a limited number of free or subsidised places to people with low incomes
Payment mechanism	No patient payment is made within NHS treatment. The PCT pays either the NHS or private provider directly for patients receiving NHS referred care. If patients opt for additional care not offered under their NHS treatment, they pay the provider directly	Private patients either pay directly or their insurance provider may pay on their behalf
Implications	There is significant geographical variation in capacity of provision, with many areas considerably under supplied. As such, NHS treatment may be more accessible/quicker to access in some parts of the country than in others. The lack of cross-subsidisation between paying and non-paying patients mean that NHS provision is often unavailable to those who need it, or is available, but with insufficient intensity and/or for an insufficient period of time	

Antenatal Support in England

	Primary Care Trust	National Childbirth Trust
Referral	All patients are referred by their GP to an NHS midwife for care during pregnancy	Patients are signposted by their midwife to the additional support available from NCT (a registered charity) during pregnancy
Purchasing decision	All patients are assigned an NHS midwife during pregnancy, there is no choice between different midwives	Patients may choose to seek additional support from their local NCT group on top of the basic NHS funded provision
Service provider	A PCT employed NHS midwife	A qualified antenatal advisor and volunteers from NCT
Who pays & what is paid for?	<p>PCT pays the midwife to provide care</p> <p>Patients have regular meetings, increasing in frequency, throughout pregnancy. PCT also provides 4x1 hour NHS antenatal classes in groups to prepare parents for labour. When a baby is six weeks old parents attend 4X1 hour NHS basic baby development sessions</p> <p>Some additional services may also be available, for example aqua natal classes - where there may be a charge for using the facility, this varies regionally</p> <p>Mothers may seek additional support after child birth from their assigned health visitor and GP</p>	<p>Mothers typically pay to join the NCT during pregnancy in order to attend antenatal classes</p> <p>Classes are smaller and are designed to provide additional information and support to that received from the NHS classes</p> <p>Fees vary regionally, but as an example membership and a course of antenatal classes in the South East costs £130</p> <p>NCT have no stated policy of reducing or waiving fees for mothers who cannot afford to pay, but say that this can be discussed on a case by case basis with the local NCT leader</p> <p>Additional after birth services include breast feeding counsellors, post natal depression specialists, dedicated help lines, post natal groups and bumps and babies sessions</p>
Payment mechanism	<p>Expectant mothers do not pay for core services</p> <p>Some small fees are charged for accessing additional services</p>	Private payment made directly to NCT by expectant mothers
Implications	The care delivered by the PCT is focussed on providing the necessary medical support during pregnancy	<p>NCT aims to support parents by helping them understand their choices during pregnancy and childbirth and by offering a social support group before and after birth</p> <p>The popularity of NCT suggests its members do not feel they receive an adequate level of support from their PCT - however for many of the mothers in most need of this increased level of support, the NCT is an unaffordable luxury</p>

Residential Elderly Care in Australia

	Standard Care Places	Extra Service Places
Referral	Elderly people must have a recent assessment from an Aged Care Assessment Team to be eligible for a Federal Government Subsidy	
Purchasing decision	Residents select facility based on availability and location - additional services are not purchasable	Residents who can afford it may choose to pay for an extra service place at the residential home of their choice, where there is availability
Service provider	<p>Most residential aged care is provided by the NGO Sector (religious, community and charitable). Just under half are provided by 'for profit' providers. State and Local government provide less than 10% of places across Australia (some variability exists between different State Governments)</p> <p>The government regulates the number of standard and extra service beds in each state based on a regional planning formula. Most homes offer standard places only. Most homes with an extra service place licence also offer standard care beds</p> <p>At any one time 40% of beds in any given planning region must be allocated/available for people with no assets. Most facilities with extra service beds will also have some residents with no assets and an income solely based on the aged pension</p>	
Who pays & what is paid for?	The state pays a fixed subsidy to all care homes, irrespective of ownership	
	<p>Elderly people pay a daily care rate for a standard care place that is capped by regulation. The Federal Government pays a subsidy based on the level of dependency of the resident. This rate is the same across all residential homes. Residents also pay an accommodation bond or a daily accommodation charge</p> <p>A resident with no assets pays 85% of their state pension towards the cost of their care. The federal government subsidy includes a subsidy in lieu of an accommodation charge for residents with a pension only income</p>	<p>Residential homes with an extra service place licence may charge above the standard place rate for extra service, but not for extra care. The state pays a basic subsidy to the care home, but the extra service is paid for by the resident</p> <p>There is no cap on the fee a residential home can charge for an extra service place</p> <p>Extra services may include a larger room, better furnishings, choice of menu, wine with meals, more outings etc.</p>
Payment mechanism	The federal government pays the subsidy directly to the aged care home. The resident makes arrangements for payment of fees directly to the facility	The federal government pays the subsidy directly to the aged care home. The resident makes arrangements for payment of fees directly to the facility. Extra services place residents are charged an up front accommodation bond (usually over \$200,000) in lieu of a weekly accommodation charge
Implications	Structure of supply means that residential care home places are available to all those who need them. There is equality of basic care, irrespective of wealth, with an option to buy additional services for those who can afford them	

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