

The social process of supporting small charities:

An evaluation of the Lloyds Bank Foundation Grow pilot programme



Front cover photo

'Kitetail' by Andrew Rowe, Aberafan promenade, Neath Port Talbot.

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Contents

Acknowledgements	4
1 Introduction	5
2 Aims and structure of the programme	7
3 Evaluation aims and methodology	12
4 Supporting small charities	16
5 Area profiles	22
6 Diagnostics	25
7 Supporting small charities	32
8 Going the distance	49
9 Conclusions	59
Appendix: area profile data	62

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1

Introduction

Small charities make a big contribution to wellbeing in local communities. As a number of recent reports have shown, small charities are often more effective at supporting people who are hard to reach, hard to hear and hard to help than bigger charities or public sector organisations and agencies.¹

It should come as no surprise that the idea of helping small charities to become stronger, bigger and more sustainable, or getting them to work together to make more of an impact sound like sensible objectives and consequently, local and national government and charitable foundations have invested significant sums of money to make this a reality over the last two decades.²

Such programmes have been devised to help small charities achieve their potential by providing expert advice and guidance, practical support and financial resources. And yet, there is little good evidence to make sense of the social processes involved in providing such support and how charities respond.³

If funding organisations are to commit resources to such programmes in future, it is important to gain a better understanding of the social processes involved. Consequently, it is time to explore how the culture and dynamics of small charities affects their readiness and willingness to embrace change, to accept support and act upon advice in areas of development which are important for their future wellbeing.

In so doing, we need to know more about why small charities may want to change their practices and to understand more clearly what may tempt or quell their appetite to listen to, think about and act upon the advice of others.

For some time, Lloyds Bank Foundation has lent support to charities to help them realise their potential through its *Invest*, *Enable* and *Enhance* programmes.⁴ But this is the first time the Foundation has focused specifically on small charities which are ineligible or insufficiently well developed to apply for such funding.

This plan was put into action over a period of about eighteen months with a small sample of small charities in two areas which shared similar social and

¹ See, for example, Cox, E. and Schmuecker, K. (2013) *Taken for granted? The needs of small voluntary and community organisations in a big society era*, London: IPPR; NAVCA (2016) *In sickness and in health: a case study of small VCS organisations, impact data and the delivery of health service contracts*, Sheffield: NAVCA; Lloyds Bank Foundation (2017) *Facing forward: how small and medium-sized charities can adapt to survive*, London: Lloyds Bank Foundation; Crees, J., Davies, N. Jochum, V. and Kane, D. (2000) *Navigating change: an analysis of financial trends for small and medium-sized charities*, London: NCVO; Dayson, C., Baker, L. and Rees, J. (2018) *The value of small: in-depth research into the distinctive contribution, value and experiences of small and medium-sized charities in England and Wales*, Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. Lloyds Bank Foundation (2015) *Expert yet undervalued and on the front line: the views and voices of small and medium sized charities*, London: Lloyds Bank Foundation; Hunter, J. and Cox, E. (2016) *Too small to fail how small and medium-sized charities are adapting to change and challenges*, Manchester: IPPR North.

² See Chapter 4 for further discussion.

³ See Chapter 4 for further discussion.

⁴ These programmes are discussed in more detail in Chapter 4.

economic characteristics: Neath Port Talbot in South Wales and Redcar and Cleveland in North East England.

The programme did not proceed with firm expectations of success for all the participating charities, but was interested in learning how they responded to support – depending upon their own structures, purpose and practices. More detail on the programmes aims and structure are provided in Chapter 2.

This report provides an independent academic evaluation of the Grow programme. In the process of studying the Grow pilot programme qualitative data were collected to examine how well it worked by looking at the situation of charities from several viewpoints.

The evaluation provides an informed interpretation of these data to make sense of the processes underlying small charities' acceptance or rejection of the advice and support offered by consultants and assesses those factors within or beyond the control of small charities that made them amenable or resistant to change the way they do things.

The report offers a way of understanding why small charities work as they do and explains why it can be difficult for them to do things differently. The analysis hinges upon a recognition that small charities are more complicated social entities than immediately meets the eye.

They may not have structural complexity (as is the case with larger more formal organisations with a specialised division of labour and hierarchical command chains which are underpinned by bureaucratic principles and procedures) but this does not necessarily mean that their internal dynamics are simple or that they are easier to support.

The report is divided into seven chapters.

- Chapter 2 provides an overview of the aims and structure of the Grow programme,
- Chapter 3 explains the approach to the evaluation, describes the methodology employed and discusses the approach to analysis and reporting taking ethical considerations into account.
- Chapter 4 sets the scene for the analysis with a discussion of the purpose of capacity and capability building programmes and the extent of demand amongst small charities to change their practices.
- Chapter 5 presents brief area profiles of Neath Port Talbot, and Redcar and Cleveland to contextualise analysis.
- Chapter 5 looks in detail at the importance of diagnostics when deciding how to support small charities.
- Chapter 6 details how support was provided to small charities by consultants and critically examines how charities responded.
- Chapter 7 examines in holistic terms how far charities travelled in development terms by the end of the programme.
- The concluding chapter presents the key findings from the evaluation and offers some recommendations on how the programme may be developed in future.

2

Aims and structure of the Grow programme

In 2016 the Board of Lloyds Bank Foundation approved the development of a pilot programme to support a small sample of charities in two areas in England and Wales. As shown in Chapter 5, these areas have similar social and economic profiles which has led to relatively high levels of urban and rural social deprivation and unmet service need. The purpose of the pilot programme was to develop an approach to improve the capability and capacity of small charities which, if successful, could subsequently be replicated in other areas.

The Foundation's objective was to collaborate with small local charities and community organisations supporting individuals in Redcar & Cleveland and Neath Port Talbot and work in partnership with the local voluntary sector to offer free packages of support that help charities and community organisations strengthen and grow.

Grow was launched in 2016 as a pilot programme to develop bespoke packages of advice and support for small local charities and community organisations focussing on areas of need they identified and would like help with. It was anticipated that this could include, amongst other things, business planning, marketing and fundraising support, service evaluation and volunteer development.

The aim of the programme was to offer support which reflected the needs of small charities and community organisations and test new approaches and respond to what local organisations want. This was planned on the basis of the Foundation's belief that small charities and community organisations, more than other charities, need support that is tailored to their organisation and the specific issues they face.

It was hoped that this support would help small charities and community organisations to grow and strengthen the way they work and become more sustainable for the future so they can reach new audiences and develop new services for local people in need. In time, it was hoped that more charities and community organisations in these areas may be able to apply for Lloyds Bank Foundation grant funding so they can further their reach and support more individuals in their community.

Structure and management of the pilot programme

At the outset, it was accepted that the pilot programme was experimental as Lloyds Bank Foundation had not previously provided intensive support to small charities. As such, there was an expectation that the intervention may not produce significant benefit for some of the charities which were involved; but if so, to understand why this is the case. Specifically, the pilot aimed:

- to build the capacity of 5/6 organisations in each area which could ultimately be eligible to apply to the Foundation's Invest or Enable programmes;

- to support organisations delivering services that address multiple disadvantage in the area;
- to support organisations to become more sustainable in the longer term, by diversifying their income and their ability to attract income; and,
- to work in partnership with others to demonstrate a model which can be replicated in other areas.

Management and coordination of the pilot

The local Lloyds Bank Foundation Grant Manager held overall responsibility for the running of the programme in their area.

To deliver the programme in each area, a coordinator was appointed to run the pilot programme. In Redcar and Cleveland, an independent coordinator was appointed while in Neath Port Talbot, the project was coordinated by a senior manager in the local Council for Voluntary Service (CVS).

The role of the coordinators was to assist with the identification of charities, and to enrol them onto the programme and to supervise the activities of Lloyds Bank Foundation Enhance consultants who would provide direct support to the charities to tackle agreed objectives.⁵

The approach taken to coordination was broadly similar in both areas. Because the programme began earlier in Redcar and Cleveland, it was necessary to develop a methodology to administer and document the programme from scratch. This methodology was subsequently adopted in Neath Port Talbot.

In Redcar and Cleveland a steering group was established with members from the local authority, large independent charities and consultants, and the local MPs office together with the local Lloyds Bank Foundation Grant Manager and evaluator. In Neath Port Talbot, oversight of the programme was undertaken by the CVS.

Additionally, a national steering group was established to meet periodically during the life of the programme with a membership of the Lloyds Bank Foundation executive team, local Grant Managers, area coordinators, Grant Managers from other regions, the evaluator and the Foundation's Research and Learning Manager.

It was anticipated that the programme would run for 18 months and involve the following phases.

Selecting charities

In each area, coordinators drew up a long-list of charities which may be eligible to join the programme, supported by the Lloyds Bank Foundation Grant Manager. Over 25 charities in each area were initially identified. These long-lists were considered by the coordinators and Grant Managers in company of the evaluator who took part in the decision making process as a participant observer. On the basis of the short lists of potential participants, the coordinator then approached charities to see if they were interested and fully eligible to take part.

⁵ The process of appointing consultants is explained in Chapter 6.

At the end of the process, eight charities in each area agreed to join the pilot programme.

Diagnostic phase

Once charities joined the programme the diagnostic phase began to identify the support needs of each charity. The process began in Redcar and Cleveland and involved meetings with each charity to discuss needs in depth, upon which a plan was devised for the allocation of consultant support.

The later start in Neath Port Talbot provided an opportunity for the coordinator and grant manager to draw on self-assessment results from the charities to inform their decision making on what charities needed in terms of support. Charities were not directly involved in discussing their support needs until initial meetings with consultants took place.

Strategic plans were drawn up in each area to allocate consultant time to each charity. More than one consultant was allocated to each charity to reflect their specific skills and experience.

While these strategic plans were broadly adhered to through the life of the project, some flexibility was exercised when it became apparent that initial diagnoses did not necessarily fully reflect the needs of charities. Furthermore, in some cases, additional time was allocated to charities where clear benefits from doing so could be identified.

Delivery phase

Once the programme entered the delivery phase in each area, consultants approached charities to begin the process of offering advice and support. A summary of the allocation of support to charities by purpose is described in Chapter 6.

The delivery phase was delayed to some extent due to the extended time taken to identify and approach participant charities. Furthermore, the pace at which charities were able to engage in the programme varied considerably. This resulted in the decision to extend the end date of the programme from March 2018 to June 2018.

By June 2018 most charities had completed the programme – however in a small number of cases, support was extended beyond the June deadline to September 2018 to ensure that the support programme had been completed. Evaluation fieldwork ceased in early July 2018, however, which means that some insights have not been captured from those charities which completed the programme at a later date.

Grant support, via the Enable programme was allocated to a majority of charities in the programme to address specific areas of need in developing their capability. These grants were limited to £5,000 and were given for a wide range of practical purposes.

The allocation of grant funding to charities did not form part of the evaluation process so the impact of these additional allocations of resource cannot be addressed directly in this report.

Characteristics of charities in the programme

In order to preserve confidentiality offered to participants in the evaluation of the Grow pilot programme (as explained in Chapter 3) this section outlines the characteristics of the charities in the programme in generalised rather than specific terms.

At the start of the programme there were a total of 16 charities, equally divided between Neath Port Talbot and Redcar and Cleveland. Two charities left the programme mid way and are not therefore included in the summary.⁶

There is one common factor that all charities shared: they were all small organisations with annual income levels below £75,000 in the financial year prior to the start of the pilot. However, within this income group there was significant variation: 5 charities had income below £10,000, 5 income between £10,001 and £50,000, and 4 had income above £50,001.

Some of the charities were entirely led and run by volunteers (5) while the remainder had at least one paid employee (9). As would be expected, it was only those charities with higher income levels which were in a position to employ full-time, part-time or sessional staff.

The primary beneficiary areas they served, as related to Lloyds Bank Foundation 'transition points'⁷, were broadly defined as follows: vulnerable younger people (6), vulnerable older people (4), vulnerable families (5), vulnerable communities (6) and vulnerable and 'hard to reach' people facing significant challenges (homelessness, substance misuse, victims of exploitation) (12).

The majority of the charities (11) offered 'specialist' support although this could be offered to a range of beneficiaries, three charities offered more 'generalist' or a variety of support functions to a range of beneficiaries. Their principal mode of practice also varied. In many cases charities served a range of groups of beneficiaries in a variety of ways.

- Personal development through sport, outdoor pursuits, leisure activity, etc. (8)
- Social, community or support groups (7)
- Cafés, shops, community centre, library or similar facilities (5)
- Last resort / emergency service provision (4)

Because there were so many cross-overs between the above sets of categories of charity activity and purpose, and because relatively few charities were involved in the programme, these categories provide little scope for comparative analysis.

As the research progressed and analysis of findings began, it became apparent that there were other useful ways of categorising organisations. These distinctions were drawn *explicitly* from the process of analysing the findings rather than being pre-determined categories into which charities were allocated. Two sets of categories were defined:

⁶ Both charities left the programme due to unforeseen circumstances and not because of dissatisfaction of a lack of commitment, in principle, to remaining involved in the programme.

⁷ Transition points are defined in this document: <https://www.lloydsbankfoundation.org.uk/2016-04-20%20Printable%20Eligibility%20Criteria.pdf>

Grounded vs Philanthropic mission

Seven charities were categorised as ‘grounded’ because they were ‘in’ and ‘of’ the community – that is, they were dealing with their own community’s immediate needs.⁸ In some cases they could be described as ‘self-help’ organisations, while in others they collectively served the needs of others within their community.

Seven ‘philanthropic’ charities, by contrast, focused on helping others who were more socially distant. These charities were *based in* communities and may have some volunteers from those communities, but their mission was driven by other factors, such as faith and/or strong personal conviction.

Collectively-run and individually-led charities

Nine charities were ‘collectively-run’, that is, they were supported by several or many people who made significant long-term commitment to its existence and wellbeing. In such charities, agreements about mission and practice were subject to collective negotiation even if one person led or managed the organisation on a day-to-day basis.

Five charities were ‘individually-led’ and their mission and approach to practice was much less likely to be the subject of collective negotiation even if a board or committee had a formal oversight role to play. Similarly, there could be many people who supported the work of the charity as volunteers or employees, but their influence was limited. In this sense, the charity as an organisation was the ‘embodiment’ of its leader: leader and organisation were inseparable.

As illustrated in Figure 1, most charities were located in two broad categories. As would be expected, all of the charities which existed to meet a ‘grounded’ purpose were collectively led. There were, however, some limited areas of cross-over. Two charities existed to achieve a philanthropic mission but they were collectively led while the remaining five had a philanthropic purpose but were individually led.

Figure 1 Placement of charities on two dimensions of governance and purpose		
	Grounded purpose	Philanthropic purpose
Collectively-run charities	7	2
Individually-led charities	0	5

⁸ No distinction is drawn here between communities of place and communities of interest. These terms are interlinked and while all charities in the Grow programme served a community of place, they often did so with a community of interest as their primary focus for attention.

3

Approach to the evaluation

The objectives of the evaluation were, firstly, to examine the extent to which the pilot programme achieved its stated outcomes; and secondly, to provide plausible explanations about the factors that contributed to change in the way charities operated .

It was agreed that the outcomes of the programme would be evaluated as follows:

- That evidence will be gained to show that smaller charities have stronger structures and governance to enable future sustainability and growth.
- That evidence is gained to show how smaller charities understand the benefits associated with income diversification and be able to demonstrate that they have explored opportunities to develop sufficient foresight and enterprise to achieve future sustainability and growth.
- That the organisations will demonstrably be able to define their mission clearly and will have the ability to support vulnerable or marginalised people through difficult life transitions autonomously, or in collaborative or complementary ways alongside other organisations.
- That there will be evidence to demonstrate that smaller charities can show how they make a difference, and to be able to communicate this effectively to key stakeholders (and where appropriate be in a position to measure the outcomes of their work).
- That evidence has been gained to show how smaller charities have engaged with the local community more effectively as a consequence of engagement with the programme.
- That there is evidence that smaller charities have increased their capability through improved leadership, organisational confidence and inter-linkages with key stakeholders and networks.

Evaluation methodology

The evaluation employed a mix of desk research, quantitative and qualitative field research and action research with the project delivery team. To provide contextual understanding for the study, several tasks were undertaken, including:

- The preparation of a brief social, political and economic portrait of each area to determine key similarities and differences drawing upon local and national statistics.
- A review of existing studies undertaken on the development of charities' capability and capacity.
- A brief appraisal of the local funding landscape in each area and assessment of how this has changed over the last few years and its

impact on a sample of local charities drawing upon Charity Commission data which is available online.

- Discussions with key stakeholders in each area in the voluntary sector and public sector to get a better understanding of the local situation.⁹

In the development and delivery phase of the work, the following activities were undertaken:

- Participant observation took place during the process of selection of charities and the diagnosis phase of the research in Neath Port Talbot and Redcar & Cleveland. Additionally, initial meetings between consultants and participant charities were attended to observe interaction and discussion and to explain the purpose and scope of the research.
- Administering a self-assessment exercise with all charities engaged in the programme, followed by analysis, internal publication of findings and debate at steering group meetings.
- During the delivery phase of the research in-depth telephone interviews were taken with all consultants in the early phase of the programme (about 4-5 months after their appointment) and during the completion phase of the pilot (although some of the consultancy work was to continue beyond the life of the project for a further 3-4 months).
- Most of the participating organisations had been met collectively on two occasions at the start of the programme for informal discussion. Subsequently, in-depth telephone or face-to-face interviews took place with all but two of the leaders of the participating organisations about six months after the programme started.¹⁰
- A second round of in-depth telephone interviews took place with consultants towards the end of the project (although timings varied depending upon the pace at which charities had concluded their work). Only one consultant chose not to be involved in a second interview.
- Once the programme was nearing completion, site visits were made to 9 of the 11 charities which had a physical location upon which their activities were centred. In these visits there was an opportunity to observe the location where services were delivered and to talk informally to a range of people who were involved in the charities including beneficiaries when services were operating and a second interview with the charity leader. Just under 50 people were involved in this process in the site visits.¹¹
- The successful delivery of the pilot programme was dependent upon regular formal and informal interaction with the Lloyds Bank Foundation project oversight team, the appointed coordinators who managed the pilot and local Grant Managers throughout the life of the

⁹ In Redcar and Cleveland, these discussions were facilitated by the Grow coordinator who established a local steering group to advise and support the programme. This group met on three occasions. In Neath Port Talbot, a steering group was not established, so detailed but informal discussions took place with four well informed individuals at Wales Council for Voluntary Action, Cardiff University, public sector and voluntary sector representatives.

¹⁰ One TSO leader in each area would not respond to requests for interviews – four reminders were sent in each case, but no response was forthcoming. It was not thought to be appropriate to make 'blind calls' as this would necessarily undermine the demands of the ethical framework which required informed consent to get involved in the research process.

¹¹ In three cases, TSOs had no distinct centre where observations could be made and in two of these cases, the TSO leaders had not responded to requests for interviews.

project. In addition, three national steering group meetings were attended to observe and discuss progress in the pilot. At the end of the programme, concluding discussions were held with the Grant Manager and programme coordinator in Neath Port Talbot and Redcar and Cleveland to discuss perceptions of the achievements of the project and how they came about.

Figure 2 Time line of research and evaluation activity		
Purpose of research activity	Activity	Timing of activity
Stakeholder meetings and interviews with key informants	For Neath Port Talbot, key informant interviews (4)	In the first four months of the project
	For Redcar and Cleveland, stakeholder meetings (3)	Throughout project
Desk-based research on research literature and area profiles	Reading academic and evaluation literature on small charities	Throughout project
	Area statistics, local authority profiles, etc.	Throughout project
Desk-based research on charity profiles	Including scrutiny of Charity Commission reports where available, web-based material on charity activity, literature supplied by charities	Throughout project
Participant observation of the charity selection and induction process, steering group meetings, final evaluation meetings with coordinators and grant managers	Meetings in Neath Port Talbot (4) Redcar and Cleveland (4), Grow Steering Group meetings (4)	Throughout project
Undertaking the self-assessment activity	All charities participated in the assessment, analysis and reporting was undertaken mid-way through the programme	February to June 2017
In-depth telephone interviews with consultants	All consultants (10)	November 2017 to January 2018
In-depth telephone interviews with charities' chair/CEO	12 out of 14 charities	February to March 2018
In-depth telephone interviews with consultants	9 out of 10 consultants	May to June 2018
Site visits to charities and second interview with chair/CEO	9 of 11 of charities with physical location	May to July 2018

Ethical considerations in research and reporting

This research project aimed to study the interaction between consultants and small charities to assess the extent to which changes in organisational ethos, capability and capacity to work beneficially for their communities could be brought about.

As a small scale study, involving just 14 charities and 10 consultants employed to support them, addressing ethical issues was of great importance. It was a pleasure and privilege to be allowed to interview respondents in depth and from this experience much insight has been gained about the way that consultants and charities interact as will be shown in subsequent chapters. Respondents were open and frank in their interviews and responded well to challenging questions about their values and practices.

The approach to the research and reporting its findings needed to be undertaken in such a way as not to cause financial or reputational damage to charities in the programme (nor, indeed, to bring benefit to them over and above charities not selected to participate). Similarly, consultants employed to participate in the study were also in a potentially vulnerable position in financial or reputational terms.

Consequently, and in accordance with professional academic standards,¹² assurances about complete confidentiality were given before all interviews took place. Where types of charities are outlined in Chapter 2, therefore, specific details which may lead to their recognition are purposefully omitted.

Similarly, the approach to reporting in Chapters 6, 7 and 8 pays careful attention to the need to preserve confidentiality. Consequently, the use of direct quotations is limited to ensure that identification of individuals or charities is not possible. Similarly, where illustrative examples are given on the interactions between the consultants and charities, they are presented in a generalised rather than particularistic way.

To a general readership, this could be regarded as an unsatisfactory approach because of a lack of specific detail. However, it is unlikely that readers of this report would lack knowledge and experience of working with or in the third sector and it is hoped that the carefully selected examples given resonate with them.

¹² As a research group, Policy&Practice aligns itself to the ethical codes of practice of three social science societies. The British Sociological Association, The Social Policy Association and The Social Research Association. Where we offer confidentiality to respondents, we vigorously defend their interests and ensure that there is no prospect of participants being identified in the reports.

4

Supporting third sector organisations

Development of the capability and capacity of the third sector

There have been many generously funded capacity and capability building programmes to improve the efficiency, impact and sustainability of third sector organisations over the last twenty years.

- *Capability* generally refers to the development of the appropriate skills for the organisation to achieve its objectives – ranging from volunteer management to organisational governance.
- *Capacity* refers to the potential the organisation has to deliver positive impact to its chosen area of personal, social, economic or environmental benefit. This potential is drawn both from the people who are involved in the organisation and its ownership of resources and facilities required to deliver impact.¹³

Major funding programmes have included: Big Lottery Fund Building Capabilities for Impact and Legacy initiative,¹⁴ and under the Labour Government, the Home Office funded ChangeUp and Futurebuilders programmes.¹⁵

Since 2010, government commitment to and investment in capacity and capability building has declined considerably. Consequently, much of the capacity to support the third sector from within the public sector has declined following the adoption of austerity policies by government since 2010.

Other sources for support for the third sector capacity and capability development have been established in the last decade, primarily from charitable foundations. Examples include Lloyds Bank Foundation England and Wales *Enhance* and *Enable* programmes (discussed in more detail below), The King's Fund leadership programme¹⁶, Clore Social Leadership Programme,¹⁷ amongst others. There have also been a range of community-

¹³ There is a large and growing academic and evaluation literature on capacity and capability building which cannot be adequately summarised here given the constraints of space. Useful starting points in that literature include Dayson, C. and Sanderson, E. (2014) *Building capabilities in the voluntary sector: a review of the market*, Birmingham, Third Sector Research Centre, Working paper 127; Macmillan, R. and Paine, A. (2014) *Building capabilities in the voluntary sector: what the evidence tells us*, Birmingham: Third Sector Research Centre, working paper 125; Macmillan, R. (2013) 'Demand-led capacity building, the Big Lottery Fund and market-making in third sector support services' *Voluntary Sector Review* 9(4): 385-94.

¹⁴ See:

[file:///C:/Users/Tony%20Chapman/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/building_capabilities_report_v0_6%20\(1\).pdf](file:///C:/Users/Tony%20Chapman/AppData/Local/Packages/Microsoft.MicrosoftEdge_8wekyb3d8bbwe/TempState/Downloads/building_capabilities_report_v0_6%20(1).pdf)

¹⁵ These programmes which ran during the period of Labour Government were initially managed via the Home Office but subsequently were transferred to the Office of the Third Sector. Collectively £450m was invested in these programmes: see House of Commons Public Accounts Committee (2009) *Building the Capacity of the Third Sector*, 37th Report of Session 2008-2009, London, Stationary Office. The assessment of the impact of these programmes was somewhat muted: 'Both programmes have made some impact. ChangeUp has led to better partnerships between local support providers, which in turn has had an impact on the capacity of frontline organisations. However, it has no baseline or outcome targets against which achievement can be measured, and the way the programme has been managed has created problems for the third sector... Futurebuilders has also had a positive impact, although it did not focus clearly enough on its objectives during its first three years. While targets are now more closely aligned with those objectives, there are barriers to achieving all of its aims.' (2009:1)

¹⁶ This programme is funded by Comic Relief and Big Lottery, see: <https://www.kingsfund.org.uk/press/press-releases/new-leadership-programme-charities-launched>;

¹⁷ The Clore Social Leadership Foundation has been supported by a range of funders including: Garfield Weston Foundation, Paul Hamlyn Foundation, Baring Foundation, Big Lottery Fund, amongst others: <https://www.cloreleadership.org/index.aspx> .

based interventions to improve third sector capability and capacity through more effective local interactions. Examples include, Lottery funded Big Local, Big Potential and Communities Can programmes¹⁸

It is a mixed picture in the areas under scrutiny in this study. In the North East of England, for example, some local authorities have maintained only skeleton support for the third sector which amounts to little more than liaison work (but in some cases with no infrastructure organisation with which to liaise), whilst others have retained significant levels of capacity to work with the third sector and continue to invest in third sector infrastructure organisations to work on their behalf. Similarly, some health organisations invest substantially in local infrastructure support while others do not.¹⁹ In Wales, by contrast, support for local infrastructure organisations has remained stronger (as discussed in Chapter 5).

Such programmes have been delivered by a wide range of organisations within the third sector. Indeed, it was claimed in 2011, when investment in such work was still at a high level, that 8,500 (or about 5%) of all charities were engaged in capacity building.²⁰ Organisations which provide capacity and capability building support to charities engage in many activities, ranging from the provision of practical support such as fundraising and the use of information technology, to developmental issues such as governance, staff and volunteer management, collaborative working, and so on.

While there has been much investment of research on the efficacy of the *supply* side of the equation (that is, the impact of capacity or capability building programmes), rather less attention has been paid to the *demand* side beyond estimates on the extent to which charities have accessed services.²¹

The development needs of small charities

Most third sector organisations (TSOs) are small and work largely at a local level. In the UK there are currently 166,000 Third Sector Organisations. TSOs with an income below £100,000 constitute 82% of the sector although they only command 5% of its total income. While larger charities with an annual turnover over £1m absorb most sector income (81%) they constitute a small minority of organisations in the sector.²²

The ethos, aims, practices of TSOs are shaped by their size. By definition, big TSOs have the capacity and capability to tackle issues on a bigger scale. They tend to be more formal and hierarchical organisations which employ many staff and have a complex specialised division of labour. Small TSOs by

¹⁸ More details can be found here for, Big Potential (which is also funded by the Social Investment Business, <http://www.bigpotential.org.uk/>), Big Local, <http://localtrust.org.uk/>, and Communities Can, <https://youngfoundation.org/projects/communities-can/>

¹⁹ See Chapman, T., Mawson, J., Robinson, F. and Wistow, J. (2018) *How to work effectively with the third sector: a briefing paper for public sector organisations*, Durham: Institute for Local Governance, Chapter 7.

²⁰ <https://www.thirdsector.co.uk/idiots-guide-capacity-building/finance/article/1050735>

²¹ Dayson and Sanderson (2014) *ibid.* provided some estimates on the types of services accessed (although these estimates were extrapolated from a small sample (n=212 online responses) and should therefore be treated with caution. The most common sources of support accessed included: networking with other voluntary and community organisations (11,354), identifying appropriate sources of funding (10,354), working in partnership to influence policy (7,151), volunteer recruitment (5,685) and applying for grants (5,155). More recent analysis from Third Sector Trends in the North of England has produced more reliable estimates because the sample size is much larger (n=3,500). Using these data, IPPR North has shown levels of demand for support together with preferred sources of support. See Hunter, J. and Longlands, S. (2017) *Civil society support in the North of England*, Manchester, IPPR North. See also, Chapman, T. (2017) *Third Sector Trends in the North West 2016*, Durham: Policy&Practice, p74-5.,

²² NCVO Civil Society Almanac 2018: <https://data.ncvo.org.uk/a/almanac18/size-and-scope-2015-16/> (accessed 17th July 2018).

contrast employ few or no staff, have less complex organisational structures and operate in a more informal or personal way.

Focusing on the level of the formality and complexity of organisations is an important consideration in this study because it helps to highlight a potential mis-match in the expectations of the people who want to help small TSOs to change or improve the way they work and the expectations of the people who run such organisations. It is useful in the context of this study, therefore, to examine whether small charities are more or less likely to prioritise investing in their development when compared with larger organisation. This may provide some useful clues about the extent to which small charities are amenable to advice and support such as that as offered in the Grow programme.

Drawing upon data from the Third Sector Trends²³ study in 2016, it is evident that smaller charities are less likely to seek support to develop their capability. As Figure 3 shows, interest in organisational development is relatively low compared with other TSOs. And where there is strong interest in garnering support it tends to be on issues such as bidding for grants, fundraising or marketing and publicity to position themselves well with potential supporters.

Given their size, it is not surprising that demand for support on issues such as business planning, financial management and people management is low.

Figure 3 Percentage of TSOs putting a high priority on gaining support for training and development (2016)

	Micro (£0-£10,000 n=1,117)	Small (£10,000- £50,000 n=831)	Medium (£50,000- £250,000 n=784)	Large (£250,000-£1m n=495)	Big (£1m or more n=298)
Bidding for grants	34.6	44.3	46.9	38.4	28.9
Fundraising	33.5	42.5	44.3	40.0	33.2
Marketing & publicity	25.9	34.1	44.9	46.5	39.9
Staff/volunteer development	13.3	18.8	24.4	27.3	39.9
Strategic management	11.2	17.9	31.6	30.3	28.2
Business planning	11.5	19.3	34.2	33.9	25.8
Tenders for contracts	9.5	17.0	34.9	36.8	28.2

Taking this a step further, it is useful to look at where charities would usually go for support for development issues. Figure 4 focuses specifically on governance because the Grow programme put emphasis on development in this area.

Interest in governance development is low for micro and small TSOs. Indeed, amongst small TSOs, 20% state that governance is not a relevant issue for them compared with just 3% of large or big TSOs. Furthermore, 26% of small TSOs think that this issue can be dealt with in house – although this is a

²³ Third Sector Trends is a long-running study of the voluntary, community and social enterprise sector which began in 2008. The 2016 study extended its scope across the whole of Northern England. Details on the study can be found here: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/> The data reported in this report are based on primary analysis.

similar percentage to organisations of all sizes in the sector. Where external support is required, the local CVS is the most commonly preferred source amongst small charities (28%).

Figure 4 Percentage of TSOs sourcing governance support from external bodies (2016)

	Micro (£0-£10,000)	Small (£10,000- £50,000)	Medium (£50,000- £250,000)	Large (£250,000- £1m)	Big (£1m or more)
Local CVS	17.7	27.8	34.2	24.2	10.7
National infrastructure body	11.5	16.8	24.6	33.3	34.6
Local public sector body	5.1	6.3	4.2	3.5	3.8
Private sector or professional body	1.4	3.1	6.8	11.1	20.4
Do this ourselves	24.5	25.5	22.4	24.2	25.3
Not a relevant issue for us	39.8	19.9	7.3	3.1	3.1
N=	1073	808	768	487	289

The Invest, Enable and Enhance Programmes

Lloyds Bank Foundation purposefully focuses its grant making on small to medium sized charities in England and Wales.²⁴ Eligibility for grants is dependent upon applicants working with beneficiaries who face complex social and personal issues, often focused in areas where there is significant unmet need by other charities or the public sector. Grants fall into two categories: *Invest* grants, which offer long-term core funding for the day-to-day running of charities; and *Enable* grants, which focus on developing or trialing new approaches to service delivery.²⁵

Eligibility to apply for grants depends upon organisations having a recorded income above £25,000 and less than £1 million, less than 12 months of free reserves, a bank account, an active board with at least three unrelated trustees, current registration with the Charity Commission and operating mainly in England and Wales.²⁶

For many years, Lloyds Bank Foundation has invested heavily in the development of the charities with which it works. This has been achieved less formally through the daily activities of local Grant Managers and more formally through consultants in its *Enhance* programme. In so doing, the Foundation has developed methodologies to diagnose the needs of individual charities and now has a well-established network of consultants with a wide variety of skills to achieve stated objectives.

An evaluation of the *Enhance* programme by the Institute for Voluntary Action Research (IVAR), shows that most participating charities benefitted

²⁴ The Foundation's current strategy can be located here: <https://www.lloydsbankfoundation.org.uk/Reaching%20Further%20-%20Digital%20Version.pdf>.

²⁵ For more detail, see: <https://www.lloydsbankfoundation.org.uk/wefund/>. The Enhance programme provides practical support by consultant mentors rather than financial support.

²⁶ For more detail, see: <https://www.lloydsbankfoundation.org.uk/June%202018%20Eligibility%20Criteria.pdf>.

significantly.²⁷ The headline findings from the evaluation presented impressive results; of the 41 charities involved in the evaluation:

- 38 (92%) thought the Enhance support programme represented value for money at an average £3,741 per charity in 2015;
- 41 (100%) valued the Enhance support programme 39 (95%) reported personal development benefits;
- 39 (95%) valued the networking opportunities provided by the School for Social Entrepreneurs course;
- 27 (65%) met one or more of the Foundation’s stated outcomes;
- 36 (87%) rated their grants manager as good or very good; and,
- 15/22 (68%) had a positive experience (good or very good) with the Charity Mentoring Programme.

The overall appraisal of the intervention by charities was positive, however, beneath the surface of these headline percentages, it was recognised that depth of impact could be shaped by a range of factors, as shown in Figure 5.

Figure 5 Factors which helped or hindered charities success in capacity and capability building	
Factors that helped charities	Factors that hindered charities
A high level and experienced support provider with a focus on strategy.	Support that is basically an injection of part-time help with practical issues rather than focused on organisational effectiveness.
A match between the skills of the support provider and the charity’s needs.	Lack of ‘fit’ or empathy between the charity and the support provider.
Securing high level strategic input on the charity board.	Weak or unstable charity leadership.
Being left with a very clear action plan that focused energies.	Support for governance not welcomed by the Chair and/or failure to include all the trustees.
Involving everyone – staff and trustees – so that the support reaches into the heart of the organisation.	Lack of organisational capacity, especially where the chief executive officer is part-time.
A relationship was maintained with the provider after the formal support had ended.	The charity is in a financial crisis and focused on fighting for survival.
The support provider is: enthusiastic, committed, motivational, inspiring, non-judgmental and knowledgeable.	The support provider is: providing support in areas which are not specifically his / her area of expertise, inconsistent / unreliable, putting their personal benefit before the best interests of the charity, too busy or out of his/her depth.
The charity has: commitment to the process, capability to effect change, capacity for implementation and strong leadership with strategic vision.	The charity is half-hearted about support or doesn’t appreciate the implications for time and effort, is not motivated or is unable to address the issue identified as likely to produce the most change.

Those organisations which were supported by the programme appear to be well-balanced in their approach and this has been met by committed and skillful consultants to support them.

²⁷ IVAR (2016) *Supporting Grantees: an evaluation of the Lloyds Bank Foundation for England and Wales’ Enhance Programme*, London: IVAR. https://www.lloydsbankfoundation.org.uk/IVAR_Enhance%20Evaluation%20external.pdf, page 2.

It is also clear from the IVAR evaluation that many factors can hinder success even amongst those charities which had reasonably well-established formal structures and had successfully navigated their way through relatively demanding grant application processes. It would be expected that many charities in the Grow pilot programme, however carefully they were selected, may struggle to benefit. However, these constraints were not considered in depth in the IVAR evaluation and are, as a consequence, picked up in the Grow evaluation as discussed in the following chapters.

5

Area profiles

Lloyds Bank Foundation selected two areas to trial the Grow programme: Neath, Port Talbot in South Wales and Redcar & Cleveland in North East England. These areas were chosen because they have similar socio-economic profiles, spatial characteristics and industrial histories.

Both areas have similar population levels, are relatively undifferentiated in terms of ethnic diversity, and have relatively high levels of deprivation which is focused in former urban industrial towns and rural townships.

Levels of economic activity of the population are below national levels and levels of unemployment are higher. Deprivation is a pernicious problem in both localities and the percentage of workless households in both areas is significantly higher than the national average.²⁸

Neath Port Talbot

Neath Port Talbot (*Castell-Nedd Port Talbot*) is a Welsh county and unitary local authority. The principal towns in the area are Port Talbot and Neath, with a smaller but significant settlement at Pontardawe. The nearest city, Swansea (Abertawe) is a major centre for local employment which attracts commuters from Neath Port Talbot.

The county has a coastal aspect which is dominated to the south by the presence of the Port Talbot steelworks. To the north of this industrial area is the recently regenerated beach promenade and residential area of Aberafan. Beyond that is the navigable estuary of the River Neath. Neath (population 19,258) is a former medieval market town with a Roman history which sits on the River Neath. During the industrial revolution, Neath capitalised upon its access to local coal mining areas in the surrounding valleys. Port Talbot (population 37,276) is an industrial town where employment centres primarily on its major steel works and port.²⁹

The more densely populated coastal area of Neath Port Talbot has a large mountainous hinterland with deeply cut Tawe, Neath and Afan valleys. Larger settlements in the valleys owed their existence mainly to industrial activity, particularly mining, in the 19th and 20th centuries. As is the case in the coastal towns, there is a relatively high level of multiple deprivation in the valley settlements which are, to some extent, compounded by their spatial isolation and inaccessibility.

While Neath Port Talbot remains a unitary local authority, the scope and range of strategic planning in the area has widened due to the establishment

²⁸ Statistical profiles for Neath Port Talbot and Redcar and Cleveland can be found in Appendix 1.

²⁹ For further detail see: Neath Port Talbot (2013) *Single Integrated Plan 2013-2023*. https://www.Neath Port Talbot.gov.uk/media/6872/sip1_2013_2023.pdf; Neath Port Talbot Council (2018) Local Development Plan (draft) <https://www.Neath Port Talbot.gov.uk/ldpexamination/LDP%20Extract%20-%20Section%201%20Introduction%20and%20Background.pdf>

of the Swansea Bay City Region, a partnership of local authorities of Camarthenshire, Neath Port Talbot, Pembrokeshire and Swansea.³⁰

Redcar & Cleveland

Redcar & Cleveland is a unitary local authority in North East England. The main town, Redcar, is adjacent to a major industrial area, dominated by steel making since the early 19th Century. Steel working is still a going concern in the area, but steel production ceased in 2016. Additionally, there is a major centre for the production of chemicals at Wilton. Teesport is a deep-water container port and shipping terminal and is a significant employer.³¹

Redcar developed as a holiday resort in the 19th century and has a beach along its long seafront – but its hotel and guest house trade has declined. To the south of Redcar are residential areas of Marske and the small but still locally popular Victorian seaside town of Saltburn. Other towns in the borough include former industrial housing areas in Eston, Normanby, Southbank and Grangetown which lie to the west of the steelworks. These areas have suffered significant levels of economic and population decline over the last half century and remain centres of urban deprivation.

In the Cleveland hills, the main settlement is Guisborough (population 17,777), a medieval market town dominated, prior to the reformation by its large Augustinian priory. The town is now an administrative centre and is largely a residential commuter town serving the principal settlements of Middlesbrough and Stockton in Tees Valley. In the Cleveland hills there are also several relatively remote industrial townships including Eston, Brotton, Loftus, Skinningrove, Skelton and Easington which serviced the local ironstone mines. The decline in ironstone mining has had a significant impact on the economic wellbeing of such towns. Potash mining remains East Cleveland's main employer.

Redcar and Cleveland Council joined four other unitary local authorities (Darlington, Middlesbrough, Stockton on Tees and Hartlepool) to form the Tees Valley Combined Authority in 2016 which, together with the election of a Tees Valley Mayor and the establishment of a Local Development Corporation and Enterprise Partnership is taking a lead on social and economic development in the sub-region of Tees Valley.³²

Civil society

It is not easy accurately to determine the size and strength of the Third Sector in Neath Port Talbot and Redcar & Cleveland as there are few sources of recent comparable statistics available. The most comprehensive benchmarking study was undertaken by Southampton University in the early stages of the Third Sector Trends research using Guidestar, Charity Commission and Companies House data which identified 255 organisations

³⁰ Swansea Bay City Region (2013) Economic Regeneration Strategy 2013-2030: http://www.Neath Port Talbot-business.co.uk/media/4859/swansea_bay_city_region_strategy.pdf

³¹ Tees Valley Combined Authority (2016) *Tees Valley Economic Assessment 2016*, <https://teesvalley-ca.gov.uk/wp-content/uploads/2016/03/Tees-Valley-Economic-Assessment-2016.pdf>. Redcar and Cleveland Council (2012) *Regeneration Masterplan Delivery Plan 2012-2017*, <https://www.redcar-cleveland.gov.uk/business/regeneration/Documents/Regeneration%20Masterplan%202012-2017.pdf>.

³² For more detail see: <https://teesvalley-ca.gov.uk/>.

in Redcar and Cleveland.³³ A Charity Commission assessment of the number of registered organisations in each Local Authority stated that Neath Port Talbot fell into the band of between 800-1,200 charities.³⁴

More localised research provides some clues about the size and strength of the sector. The WCVA has undertaken comparative research on counties in Wales which estimates that in Neath Port Talbot there are 3,227 organisations or groups active in the area and 1,272 based in the area (of which 1,139 are local organisations). These estimates appear to be quite high by population (i.e. one local charity for every 125 members of the local population).³⁵ WCVA estimates the number of volunteers at 23,723 in Neath Port Talbot (about a fifth of the total population or just over a quarter of the working population).³⁶

Local infrastructure support

Neath Port Talbot Council for Voluntary Service is the principal source of infrastructure support to the sector. This relatively well-resourced organisation has an annual income of around £900,000 which positions it well to provide extensive services to the sector.³⁷ Redcar & Cleveland has a Voluntary Development Agency, but it has more limited capacity to support the sector with an annual income of £263,000.

In Wales there is an umbrella infrastructure body which serves the whole of the country, the Wales Council for Voluntary Action (WCVA).³⁸ This large, well-resourced organisation (£12.1m income) acts as a conduit for information, support and funding to local councils for voluntary action.³⁹ In North East England, Voluntary Organisations' Network North East (VONNE) serves a similar function of providing information and support but not funding to the sector.⁴⁰ VONNE has significantly lower levels of capacity to support the sector with an income of just £461,000.

³³ Kane, D. and Mohan, J. (2010) Mapping Registered Third Sector Organisations in the North East, Newcastle upon Tyne: Northern Rock Foundation, p. 49: <https://www.communityfoundation.org.uk/wordpress/wp-content/uploads/2017/09/Mapping-TSOs-in-NE.pdf>

³⁴ Charity Commission (2009) A snapshot of charities in Wales, London: Charity Commission, p. 7: accessed here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/284709/walesreport.pdf

³⁵ Estimating the number of registered charities using the Charity Commission Beta search engine suggests that there may be considerably fewer organisations operating in the area although it is often assumed that there are more than twice as many informal groups operating in addition to registered charities. Neath Port Talbot CVS records a membership of 500 local organisations, suggesting that the BETA search engine results are too low, while the WCVA estimates appear to be too high.

³⁶ WCVA (2016) *Third Sector Statistical Resource*, Cardiff: Wales Council for Voluntary Action.

³⁷ Neath Port Talbot CVS (2017) Annual Report 2016-17: <http://www.NeathPortTalbotcv.wales/wp-content/uploads/2017/11/Annual-Report-FINAL-DRAFT-min.pdf>.

³⁸ WCVA's website can be located here: <https://www.wcva.org.uk/>.

³⁹ It should be noted that WCVA's income has fallen significantly in the last five years from a peak of £23m in 2014 to the present level of £12,1m: <http://apps.charitycommission.gov.uk/ShowCharity/RegisterOfCharities/FinancialHistory.aspx?RegisteredCharityNumber=218093&SubsidiaryNumber=0>.

⁴⁰ VONNE's website can be located here: <https://www.vonne.org.uk/>

6

Diagnostics

As shown in Chapter 4, Lloyds Bank Foundation has already explored the impact of its **Enhance** support programme. While it had been possible to identify the benefits gained by these interventions, it was recognised that some charities may be more or less amenable to support for a variety of reasons.

Consequently, it was decided that in the Grow programme the diagnosis of the needs of each of the participating charities should involve a self-assessment of their current strengths and weaknesses. The purpose was partly to help the Grant Manager and Grow pilot coordinator to decide what support was required, but also to help prepare the ground for charities by getting them to discuss in some depth where their strengths and weaknesses lay.

There have been several attempts in recent years at building diagnostic tools to assess the strengths and weaknesses of Third Sector Organisations⁴¹ (TSOs). In one useful example, the Cabinet Office/Big Lottery's 'VCSE Strength Checker', the primary aim was to provide a useful method for TSOs to do a self-assessment of their current situation.

This involved a scoring process on many dimensions of organisational activity which can be accumulated to produce a 'final score' on organisational health.⁴² Automated diagnostic reports can be produced on issues such as sustainability, strategy and planning, capability, and quality and impact of the TSOs' work. The intention is that participating organisations can then reflect further on the report and tackle issues accordingly.

Diagnostic tools such as this tend, though, to be aimed at larger TSOs which are more formal entities which have several or many employees and a specialist management team. For a smaller, less formal and largely voluntarily led and run TSO, the process would be somewhat overwhelming in its expectations.

Self assessment in the Grow pilot

The Grow pilot adopted a methodology devised by the Third Sector Trends study which is a less intensive method for organisations of any size to undertake a self-assessment of their strengths and weaknesses.

The tool has 20 categories of organisational activity divided equally under four principal headings: foresight, enterprise, capability and impact. These headline terms are defined as follows:⁴³

⁴¹ The term TSO is used in this section to embrace other forms of civil society organisations such as non-for profit cooperatives, community interest companies and so on.

⁴² The best example of this kind of tool is the Cabinet Office/Big Lottery 'VCSE Strength Checker' which can be accessed at this address: <https://vcsestrengthchecker.org.uk/>.

⁴³ A fuller discussion of the methodology can be found in the following publications: Chapman, T. 'Journeys and destinations: how third sector organisations navigate their future in turbulent times', *Voluntary Sector Review*, 8:1, 3-24, 2017; Chapman, T. and Robinson, F. (2013) *The Crystal Ball: how do Third Sector Organisations see their future, and what are they doing about it?* Newcastle: Northern Rock Foundation. Chapman, T., Robinson, F., Bell, V., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P.

- **Foresight:** ‘the capability of an organisation as a whole to be able to anticipate change and develop strategic plans to accommodate to or exploit opportunities arising from change. Change is considered on three levels: change in the external economic, political and cultural environment; change in the organisation itself; and, change in beneficiary needs.
- **Enterprise:** ‘the organisation’s capability to marshal its resources and prioritise its energies to achieve the objectives it sets itself in its strategic mission. Enterprise is the means by which the organisation successfully positions itself in order to generate, find or win opportunities which will ultimately benefit its beneficiaries’.
- **Capability:** ‘the organisation’s ability to employ, manage, and develop its resources to achieve its strategic objectives. All of the resources of the organisation are considered including: trustees, employees and volunteers; its financial resources; its property; and its relationships with partners, funders and other key stakeholders’.
- **Impact:** ‘the organisation’s capability to serve its beneficiaries effectively and to make a wider contribution to the community of practice within which it works, to the third sector in general, and to civil society broadly defined. Crucially, this involves the ability of the organisation to understand its impact and to be able to communicate this effectively to outsiders’.

This diagnostic tool encourages people in an organisation to score dimensions of organisational activity ‘intuitively’ and then talk about why they reached similar or different conclusions. No assumption is made, when using this methodology, that individual or aggregated scores have an *intrinsic* value which might be used, for example, to compare with the situation of a similar organisation or to rank several organisations.⁴⁴ To use the tool in this way could produce misleading findings.

For example, if an organisation awarded itself top scores in most or all fields, a critical observer may well be moved to ask the question – are they kidding themselves? By contrast, if an organisation had a relatively low aggregate self-assessment score – this might indicate that the organisation recognised that there was a lot of work to do and were able to pin-point those areas upon which they needed to concentrate activity.

Figure 6 provides a summary of the scores provided by charities in the self-assessment exercise. It is evident that the average overall score of 77 indicates that charities were quite confident about themselves as organisations – although some variation amongst organisations is clear. Differences between Neath Port Talbot and Redcar and Cleveland are limited

(2013) *Walking a Tightrope balancing critical success factors in hard times*, Newcastle: Northern Rock Foundation, 2013; and, Chapman, T., Robinson, F., Bell, V., Dunkerley, E., Zass-Ogilvie, I. and van der Graaf, P. (2011) *Journeys and Destinations: the impact of change on Third Sector organisations*, Newcastle: Northern Rock Foundation. The Northern Rock Foundation publications are now all available this web address: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/>

⁴⁴ Furthermore, the ‘intrinsic’ value of some categories or organisational activity are themselves open to debate. For example, one of the categories used asks organisations to rate their ability to use innovative activity in their work. But innovation, while an exciting and intriguing process for some, is not necessarily valuable in itself. Some organisations might even avoid other things by continually getting distracted by innovation. For the most part, TSOs are not particularly innovative in their day to day practices and that is how it should be. Instead, they get on with doing what they do best in tried and tested ways – just as is the case in many other professions, such as dentistry, where the last thing the patient wants is their dentist to start innovating. Many TSOs recognise this, as one respondent remarked in the Third Sector Trends study: ‘The only time we really use innovation is when we write bids to say what we normally do is innovative’.

(79 and 74 respectively) although it is worth noting that confidence was a little lower in Redcar and Cleveland.

Charities were most confident about their ability to use organisational foresight (average score 21 out of 25). In the other domains (enterprise, capability and impact) levels of confidence were about the same – although enterprising activity scores were slightly lower. Variations between Neath Port Talbot and Redcar and Cleveland are not evident in relation to foresight, capability and impact, but in Redcar and Cleveland confidence in enterprising activity is lower than in Neath Port Talbot (17 and 20 respectively).

Under each headline area, five sub-domains are listed with average scores which show little variation. However, when maximum and minimum scores are listed, it is clear that charities had different views on their level of capability. Maximum scores cannot be interpreted effectively because, as noted, one charity awarded itself a top score in every domain. Minimum scores are, by contrast, more interesting. It is revealing that the minimum score given for 'we know what we're there to do and who we serve' is a 4, suggesting that all charities were confident that their mission was clear.

In some areas, however, a distinct lack of confidence was expressed. Worryingly, some organisations gave themselves a score of 1 in relation to 'understanding and implementing relevant procedures and practices', 'involving beneficiaries appropriately in our activities and development' and 'making sure benefit to users is assessed and considered'.

Minimum scores of 2 were also offered in some key areas of activity such as 'planning on the basis of a realistic understanding of our capability', 'knowing when to compete or cooperate with others' and 'maintaining useful relationships with stakeholders to help achieve aims'. Additionally, a minimum score of 2 was recorded for 'our staff, volunteers and trustees are properly prepared to perform their roles', 'we plan and manage finances effectively' and 'we communicate our role successfully to relevant audiences'.

While these minimum scores alert us to problems a small number of charities were concerned about, it must be remembered that average scores in each of the above domains were generally quite high. Only in two areas were charities uniformly quite low in confidence (with an average score of 3): 'we communicate our role and impact successfully to relevant audiences' and 'our beneficiaries are appropriately involved in shaping our organisation's activities and development'.

These findings provide an interesting insight into the way that the charities in the Grow pilot see themselves. The question is, did the Grow project team and the consultants ultimately agree with them or in some cases did they believe that organisation were labouring under a misapprehension that they were effective in most things they did?

Figure 6 Scores from the self-assessment exercise by charities

	Average score whole pilot	Average Neath Port Talbot	Average Redcar & Cleveland	Maximum score by a charity	Minimum score by a charity
FORESIGHT	21	21	20	25	14
We know what we're there to do and who we serve	4	5	4	5	4
We plan on the basis of a realistic understanding of our capability	4	4	4	5	2
Our leaders are focused on longer term objectives	4	4	4	5	3
Our governing body understands our mission and supports plans	4	4	4	5	3
Our organisation would consider making hard decisions in response to challenges	4	4	4	5	3
ENTERPRISE	18	20	17	25	12
We know how to spot and assess opportunities	4	4	3	5	3
We know when to compete or cooperate with others	4	4	3	5	2
We use innovative ideas and practices to meet beneficiary needs	4	4	3	5	3
We have an organisational culture which is responsive to change	4	4	4	5	3
We maintain useful relationships with stakeholders to help achieve aims	4	4	3	5	2
CAPABILITY	19	19	19	25	11
Our staff, volunteers and trustees are properly prepared to perform their roles	4	4	4	5	2
We are appropriately 'professional' in approach to practice	4	4	4	5	3
We can work effectively with other organisations	4	4	4	5	3
We plan and manage finances effectively	4	4	4	5	2
We understand and implement relevant procedures and practices	4	3	4	5	1
IMPACT	19	19	19	25	11
We communicate our role and impact successfully to relevant audiences	3	4	3	5	2
Our beneficiaries are appropriately involved in shaping our organisation's activities and development	3	3	3	5	1
We make sure that benefit to users is assessed and considered	4	3	4	5	1
We make a positive contribution to the local voluntary and community sector	4	4	4	5	3
We try to maximise the impact we can have on social well-being	4	5	4	5	4
TOTAL SCORE	77	79	74	100	66⁴⁵

⁴⁵ The score of 66 is not the sum of the above scores, but the minimum score given by a single organisation)

Diagnosis of charities' development needs

The diagnostic phase of the work involved Grow coordinators and the local Lloyds Bank Foundation Grant Managers making informed judgements about where organisations needed investment in their development. Inevitably, this involved them considering or questioning, to some extent, the degree to which charities were fully competent at specific tasks.

It was not feasible at this stage of the programme to ask Grow coordinators to score organisations in a detailed way as had been the case with the charities because they had not had an opportunity to examine the operation of the organisations in enough detail. What was possible, however, was to ask them to plot where they felt organisations were situated on a simple graph with two axes.

The first axis concerned the extent to which they felt charities were energetic or complacent about change, the second axis looked at the extent to which they felt charities were realistic about their mission, resource, capability and impact. In Redcar and Cleveland the Grow coordinator took a more critical stance, regarding the majority of organisations as lacking realism about their mission, resource, capability and impact than was the case in Neath Port Talbot. Similarly, in Redcar and Cleveland the level of energy to change things was graded at a lower level than in Neath Port Talbot.

This is likely to be because the diagnostic process in Redcar and Cleveland was more intensive, involving detailed discussion with charities about their needs. Diagnostic reports were completed prior to the involvement of consultants. In Neath Port Talbot, where analysis of self-assessment reports were now available, initial diagnoses were undertaken by the Grow Coordinator and Lloyds Bank Foundation Grant Manager. These draft diagnostic reports were then to be discussed with charities by consultants during initial meetings.

By the end of the programme, however, opinions had converged to some extent when Grow coordinators were asked to compare the starting point and endpoint of organisations in the pilot. While differences in opinion on the energy and realism of charities varied to some degree in each area (although as shown above, this showed up to a lesser extent in the charities' self assessments), the diagnostic exercise tended to pinpoint similar areas of need for development in Redcar and Cleveland and Neath Port Talbot.

The diagnostic process led Grow coordinators and local Lloyds Bank Foundation Grant Managers to decide in which areas of organisational activity consultant support should be invested.⁴⁶ As shown in Figure 7, the balance of investment in different areas of development were quite similar in both areas.

It is notable, that while charities' self assessments indicated considerable confidence in the way they framed their mission and future foresight. The allocation of consultants' time to support charities indicate that such issues were regarded as a common organisational weakness by the Grow pilot delivery teams. For example, In Neath Port Talbot and Redcar and Cleveland a majority of organisations were allocated time to develop their governance and scoping future work.

All organisations were allocated support to work on income generation and income diversification. While it is clear from statistical data presented in Chapter 4 of this report that small charities generally see this as a significant priority, most organisations put a much lower priority on business planning,

⁴⁶ The evaluator played no part in this process.

financial management and people management. In the Grow pilot, however, time was allocated to most charities in one or more of these domains and particularly so in the fields of business planning, strategic planning, board development and volunteer development.

Figure 7 Areas of activity for the investment of consultant time in charities

Foresight	Enterprise	Capability	Impact
<p>Governance Neath Port Talbot 6 charities, R&C 6 charities</p>	<p>Income generation / diversification Neath Port Talbot 7 charities, R&C 7 charities</p>	<p>Board development Neath Port Talbot 6 charities, R&C 6 charities</p>	<p>Public relations and media liaison Neath Port Talbot 4 charities, R&C 3 charities</p>
<p>Scoping of new work Neath Port Talbot 5 charities, R&C 5 charities</p>	<p>Business planning Neath Port Talbot 5 charities, R&C 4 charities</p>	<p>Volunteer development Neath Port Talbot 4 charities, R&C 6 charities</p>	<p>Networking Neath Port Talbot 3 charities, R&C 3 charities</p>
<p>Organisational mission Neath Port Talbot 3 charities, R&C 3 charities</p>	<p>Market research / appraisal Neath Port Talbot 4 charities, R&C 4 charities</p>	<p>Leadership development Neath Port Talbot 3 charities, R&C 5 charities</p>	<p>Social media / website development Neath Port Talbot 2 charities, R&C 4 charities</p>
<p>Strategic planning Neath Port Talbot 3 charities, R&C 2 charities</p>	<p>Working effectively with other organisations Neath Port Talbot 3 charities, R&C 3 charities</p>	<p>Legal form R&C 2 charities</p>	<p>Recording and monitoring of impact Neath Port Talbot 2 charities, R&C 5 charities</p>
<p>Succession planning Neath Port Talbot 2 charities, R&C 1 charities</p>	<p>Crisis financial management R&C 1 charities</p>	<p>Process and procedures Neath Port Talbot 2 charities, R&C 3 charities</p>	<p>Involving beneficiaries R&C 2 charities</p>

Mis-matches in expectations?

The diagnoses of the Grow pilot delivery teams about what charities needed to do and what charities themselves felt they were already good at were at odds at the start of the programme as has been discussed above. The Grow pilot delivery teams were adopting a ‘whole organisation’ viewpoint where many aspects of development were considered as important. But it was not yet known whether the charities would share that view or that the consultants charged with helping them to develop would receive a wholly positive reception when they arrived to lend support.

A useful indication of the expectations of the charities was quickly garnered in the early stages of the qualitative research. At the initial meetings between the Grow pilot delivery teams, the Lloyds Bank Foundation consultants and the leaders of charities differences in expectations were evident. Through a mix of participant observation and informal discussion it was clear that, once explained, the process that charities were going to be ‘put through’ caused some consternation.

Though polite in their public exchanges, some charity leaders showed signs of concern or even irritation that their organisations were, in some sense, going to be investigated and that the way they currently did things would be open to challenge. At one meeting, which a consultant was chairing, continual references were made to the ‘expertise’ of other consultants and an impression was given that charities were to be subject to ‘treatment’. The

response of some charity members was non-verbal scepticism (rolling of eyes, tightly folded arms or diverting attention to other things).

At the early meetings most charity leaders expressed a measure of nervousness or discomfort about being involved in the programme. An opportunity was taken to ask them about this issue individually in confidential interviews. The main response ran along the lines that 'we didn't know what we'd let ourselves in for'.

Charity leaders' motivation to get involved in the programme were expressed in similar ways – most stating that they were glad to be asked and keen to be involved but when probed about the reason for their selection they were quite unclear about this, or how they would benefit.

Without claiming that these commonly expressed misgivings were in any sense disingenuous, it should be noted that charity leaders had been provided with quite good explanation about programme aims in meetings and were given supporting material to explain further its purpose and scope. It was not so much a question *not knowing* what they had let themselves in for as a process of 'distancing' themselves from the awkward realisation that they may need to do things differently.

To some extent, the reception of support was secondary to another expectation – that involvement in the programme may lead to the receipt of a Lloyds Bank Foundation grant - although such an offer was never explicitly made in the recruitment process. Certainly, in nearly all the initial confidential interviews, charity leaders did get around to discussing this possibility as a part of their motivation to get involved.

With benefit of hindsight, it is now not entirely clear whether it was a good idea not to tell organisations at the outset that involvement in the programme may lead to the award of an *Enable* grant from Lloyds Bank Foundation. Even in the absence of such information, it was simply assumed by most TSOs that this would be the case – one way or another. And they were right.

If an impression is being given that charities were *only* attracted to the programme because funding might follow, like bees around a honey pot, that is not what is intended. But it was an obvious consideration which might 'sugar the pill' of the intensive scrutiny, potential encroachment upon the way that they ran their organisations and demands for work to be done.

The next chapter discusses the delivery phase of the programme where consultants engaged with organisations to help them build their capability and capacity to do their work. From the above discussion, it goes without saying, that in some cases it inevitably took consultants some time to win organisations over to the idea of thinking about doing things differently from the way that they had been accustomed.

7

Supporting small charities

This chapter looks at the process of supporting small charities by consultants. The first section provides a brief overview of how consultants were appointed and an outline of their principal skills and previous experience. It will then explain the purpose of their work on the Grow pilot and how their time was allocated to achieve the objectives set.

The remaining sections of the chapter look at the social processes surrounding the delivery of consultancy advice, the reception of such advice by the leaders of small charities and the extent to which they chose to or were able to act upon this advice.

The appointment of consultants

The Grow pilot commissioned ten consultants (six in Neath Port Talbot and four in Redcar & Cleveland) to deliver support to the fourteen small charities in the programme. The majority of the consultants were already on Lloyds Bank Foundation's books and had been supporting the Enhance programme. But to cater for local circumstances, some new consultants were taken on to ensure that understanding of the locality was embedded into the approach or where there were specific skills needs which could not otherwise be supplied.

About two thirds of the consultants had long-standing experience in the field of supporting charities, the others were newer to this kind of work but had already gained some experience. They brought to the programme a wide range of expertise ranging from broadly-based work such as business planning, governance and leadership development to technical issues such as impact monitoring, financial accounting and use of digital media.

The range of previous experiences of consultants is worthy of note as this helps to explain how they amassed sufficient experience to do this work. Most consultants previously had made their careers in the private, public and third sectors – indeed most had worked in more than one sector in the course of their careers. Some had been employed in positions of considerable responsibility such as senior civil servants and chief executives of charities. Others had performed middle management, professional and technical roles in larger organisations.

Consultants were approached directly by Grow pilot coordinators and Lloyds Bank Foundation Grant Managers to ask them if they were interested in taking part. In the case of consultants who had not worked for Lloyds Bank Foundation before, this involved a semi-formal interview.

Once appointments had been agreed, work days were allocated to consultants to support small charities. The investment of time in charities varied to some extent: on average between 10 and 12 days of support were allocated. The purposes for support, from the charities' point of view have already been discussed in Chapter 4. Usually the work was shared by consultants, depending upon their area of expertise and interest.

Because two or three consultants supported each charity (together with input from the Grow pilot coordinator and Lloyds Bank Foundation Grant Manager) this means that the evaluation has much opinion to draw upon when assessing the extent to which charities benefited from their involvement (in addition to observation and detailed discussions with members of the charities themselves). The evaluation of the charities journey through the programme is based on at least six separate assessments of each charity – providing a substantive evidence base with which to undertake analysis.

Supporting small charities

This section looks at the support offered to charities in the Grow programme and how charities responded and learned to do things in new ways in order to strengthen their capability and future potential.

Making judgements about charities' response to the support given has involved building an understanding from several viewpoints. As observed in Chapter 3, these perspectives come from interviews, undertaken through the life of the programme, with consultants, grow coordinators, Lloyds Bank Foundation grant managers and members of each of the charities. Where quotations are used, they are anonymised to protect confidentiality.⁴⁷

The analytical approach taken is often described as 'triangulation'.⁴⁸ this means that analytical work has been undertaken to understand the interview and observational material in the context of other analytical work (as explained in Chapter 2, these include analysis of charity annual reports, their web/media presence, local policy and demographic conditions, stakeholder interviews, initial diagnostic reports, and so on) and is presented in a unified narrative. As such it represents my interpretation and no claim is made, therefore, that this interpretation is definitive or exhaustive. Indeed, this is why one of the main recommendations from the evaluation is that the report should be discussed with the team that delivered the programme.

The critical discussion which follows seeks to understanding the potential for and limits to the extent to which charities can or will change the way they plan and work with reference to a number of outcome measures outlined in the original evaluation strategy:

- That smaller charities have stronger structures and governance to enable future sustainability and growth.
- That smaller charities understand the benefits associated with income diversification and are able to demonstrate that they have explored

⁴⁷ Quotations are drawn only from interviews with consultants and members of charities. It is not possible to present the opinions of Grow coordinators or LBF grant managers without identification, so they are not included, but their views were pivotal in informing understanding.

⁴⁸ The term 'triangulation' refers to the process of drawing upon a range of evidence sources to build a clearer understanding of social phenomena. This can be done by drawing on findings from complementary studies, theory-driven triangulation, or the most common practice of drawing upon evidence in a single study from a range of methodologies. In this study, the latter approach is adopted, where a mix of interview data, observation, contextual policy-analysis and area statistics, web-based data (primarily financial and annual report submissions to the Charity Commission). While this section draws only on interview and observational data, this is informed by other analysis undertaken as part of this project. For more detail on the purpose and practice of triangulation see: Denzin, N.K. (2002), *Triangulation 2.0**, *Journal of Mixed Methods Research*, 6, 80–88; Howe, K.R. (2010), *Mixed methods, triangulation, and causal explanation*, *Journal of Mixed Methods Research*, Vol. 6, 89–96; Fielding, N.G. (2012), *Triangulation and mixed methods designs: data integration with new research technologies*, *Journal of Mixed Methods Research*, Vol. 6, 89–96; Greene, J. C. (2007), *Mixed methods in social inquiry*, Jossey-Bass, San Francisco.

opportunities to develop sufficient foresight and enterprise to achieve future sustainability and growth.

- That smaller charities are able to define their mission clearly and will have the ability to support vulnerable or marginalised people through difficult life transitions autonomously, or in collaborative or complementary ways alongside other organisations.
- That smaller charities can show how they make a difference, and to be able to communicate this effectively to key stakeholders (and where appropriate be in a position to measure the outcomes of their work).
- That smaller charities have engaged with the local community more effectively as a consequence of involvement in the Grow programme.
- That smaller charities have increased their capability through improved leadership, organisational confidence and inter-linkages with key stakeholders and networks.

Judgements on their achievement of these objectives are not made on the basis of 'success' or 'failure' of charities to assimilate advice and adjust practice – instead it is concerned with their 'learning journey' and the choices they made when involved in the programme.

Research literature on small charities tends to focus more attention on the problems created for them by 'external' factors, such as the policies and practices of national and local government, charitable foundations, large national charities, and so on.⁴⁹ This tends to position small charities as pawns in a complex political game. While this may be true to an extent, it tells only half of the story. Small charities are *independent* entities whose right to exist is lauded in our culture. As independent entities, charities are free to operate, within the limits of the law, as they choose and are ultimately, *wholly* responsible for their own destiny. It is their responsibility to decide what they want to do and access the resources to achieve their objectives.

The Grow evaluation shows that small charities approach this in different ways. At one end of the spectrum, some charities adopt more 'formalistic' organisational approaches to manage their charity which broadly resemble the ways that bigger organisations work in the third, public or private sectors. At its other end, charities choose to 'muddle through' – avoiding formality as much as they can so that they devote all their energy to front-line work. As one Grow consultant put it, they 'fly by the seat of their pants' – relying on political cunning, serendipity or luck to get the resources they need to keep going. Certainly, external forces *shape* all charities' options, but ultimately it is up to them to *choose* what to do and how to do about it.

The consultants in the Grow programme were tasked to look at the policies and practices of small charities, making constructively critical comments on how they might do things differently, and where appropriate, offered practical

⁴⁹ See, for example, Cox, E. and Schmuecker, K. (2013) *Taken for granted? The needs of small voluntary and community organisations in a big society era*, London: IPPR; NAVCA (2016) *In sickness and in health: a case study of small VCS organisations, impact data and the delivery of health service contracts*, Sheffield: NAVCA; Lloyds Bank Foundation (2017) *Facing forward: how small and medium-sized charities can adapt to survive*, London: Lloyds Bank Foundation; Crees, J., Davies, N. Jochum, V. and Kane, D. (2000) *Navigating change: an analysis of financial trends for small and medium-sized charities*, London: NCVO; Dayson, C., Baker, L. and Rees, J. (2018) *The value of small: in-depth research into the distinctive contribution, value and experiences of small and medium-sized charities in England and Wales*, Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. Lloyds Bank Foundation (2015) *Expert yet undervalued and on the front line: the views and voices of small and medium sized charities*, London: Lloyds Bank Foundation; Hunter, J. and Cox, E. (2016) *Too small to fail how small and medium-sized charities are adapting to change and challenges*, Manchester: IPPR North.

support to help that happen. Baldly stated, the role of consultants on the surface at least, would appear to be enviably simple. The snag, as the evaluation demonstrates, is that it rarely works this way. It shows that charities do not always take kindly to constructive criticism and may feel affronted when offered advice or support by outsiders. Being a consultant is, therefore, a tricky job. As one of the Grow pilot consultants stated: 'you can't just go in, do a piece of work and leave.' This section of the report looks, therefore, at how consultants worked with charities and examines the complex social processes which affect charities' willingness and potential to respond to advice and support and act upon it to strengthen their organisations.

Before consultants started to work with small charities, some diagnostic work had already been done by Grow coordinators, grant managers and the charities themselves using a self-assessment exercise (as discussed in Chapter 6) to assess their need for and potential to change. What was not yet known was if these assessments of the charities' interest in and ability to achieve stated objectives were realistic.

Being experienced in this line of work, consultants knew that the first step would be to win the trust and confidence of the charities. This could be difficult if charities were sceptical about consultants' expertise, purpose and authority to invade their independent, and by definition 'private' domain. At the outset, one member of the team was told 'I hate consultants' and almost until the end of the programme effectively avoided them. Others were more accommodating from the start, but the road to mutual trust and confidence could still be a bumpy one.

During the initial diagnostic phase of the project, as discussed in Chapter 6, detailed reports were produced by programme coordinators and consultants on those aspects of organisational development which were to be prioritised in each of the charities involved in the pilot. In some domains, such as 'business planning', 'scoping new work', 'governance', 'income generation and diversification' and 'board development' most or all of the charities were to be given support. These areas of investment in charity development were considered by programme coordinators and consultants to be 'generic' skills to which all participants should attend.

Other more specific areas of support were initially planned to be directed at between a third and a half of the charities, including: 'strategic planning' (5 charities), 'market research and appraisal' (8 charities), 'partnership working' (6 charities), 'social media communication' (6 charities) and 'leadership development' (6 charities). Other aspects of specialist support were targeted only at a small number of charities; examples include 'succession planning' (3 charities), 'establishing a formal constitution' or 'changing legal form' (2 charities) and 'financial crisis management' (1 charity).

Given the wide range of support offered to charities by consultants, it is important in this evaluation to assess the receptiveness of charities to the support offered and their appraisal of the usefulness. This will be now be achieved under a series of broad inter-related headings.

Organisational mission

Defining a clear mission was regarded as important for all charities in the Grow programme, but consultants were only asked to focus intensively on this in six charities. These charities did not appear to have a clear mission at the outset and were unspecific about the beneficiaries they hoped to serve.

This did not necessarily impinge on the *quality* of the work they did, but it could mean that their approach to planning and practice was weak and potentially misdirected. Consultants engaged with charities with care and sensitivity because charity leaders might feel affronted by the idea that they had not clarified their mission.

Some charities were unclear about their mission because they were currently in a state of flux. In one charity, current lack of clarity of purpose was shaped to a large extent by market conditions – their original target group could not now be reached.⁵⁰ This resulted in a significant shift in focus to a different group of potential beneficiaries although the charity's intended approach to practice remained much the same. In another charity, there was a self-directed and substantive shift in emphasis on the way they intended to serve their beneficiaries. This created a need for a significant increase in their people, financial and physical resource base.

In both cases, this state of flux produced daunting and unpredictable challenges for the charities. Consultants did their best to offer cautionary advice on the potential impact of the changed mission and to reaffirm this, arranged visits to look at similar ventures which had been attempted more or less successfully elsewhere. The influence of consultants in these charities was limited: charity leaders, who were driven by their belief in what they wanted to do, would not be deflected even if they recognised that they had something of a mountain to climb to achieve their objectives. What the charity leaders wanted, essentially, was support to make beneficial connections with potential funders and to position their charities well to access significant grants – and on these matters they were much more receptive to consultants' advice.

A third charity initially exhibited considerable opposition to consultants' advisory interventions. This led to some rancorous exchanges and involved the replacement of a consultant when it became clear that relationships had broken down.

'They forced me to look at what I do and why. They pushed us in a lot of different and new directions. They challenged us to the point of us saying "sod off". We felt that they hadn't taken time to listen and understand us and what we wanted to do.' [she/he] was a lovely [person], I liked them a lot, but s/he didn't grasp who we are, instead, they wrote a PowerPoint - generic stuff – left me speechless!

And yet, after a period of time, the charity leader changed their point of view when they were persuaded by another consultant and Grow coordinator to recognise the advantages of framing their mission clearly and allowed this to shape new approaches to practice.

Consultants were concerned that some of the charities had no clear mission and that their work was led largely by opportunities that came their way. Such charities were fully rooted in their communities in the sense that they occupied a physical presence in the built environment, but their connections with and contribution to the community were harder to grasp. They tended to be responsive to opportunities that came their way, as if by happenstance, rather than having clear objectives or strategic direction. Consequently, they could be implacable in their refusal to listen to consultants advice.

In three charities, however, the consultants helped to make a significant contribution to the way that the charities framed and communicated their

⁵⁰ While detail cannot be provided to preserve confidentiality, the problems they faced were due to the financial constraints imposed upon on feeder organisations which had previously made referrals of beneficiaries to funded places provided by the charity.

mission. In one case, a genuine desire to help their chosen beneficiaries manifested itself as a 'scattergun' approach to their work. This was firmed up considerably. Initially, the consultant observed that:

'They think "something needs to be done, we need to help", but they're all over the shop – they do have skills, but they're not connected – they all just do what they can do individually. If we get talking about managing change or proving value, they just say – "we just want to help".'

Mission and strategy, in this sense are hard to separate – as will become evident in the following discussion.

Strategic planning and scoping new areas of work

As is the case with organisational mission, consultants addressed the issue of strategic planning and scoping of new work to some extent with every charity in the programme – although the initial objective was to focus primarily on just 5 charities. As would be expected, most of the charities in the Grow programme had been thinking, to some extent, about how they might develop their existing work and in some cases move into new areas of activity. Those charities with quite clear and well-structured plans recognised the benefits of accessing support from consultants from the start.

Consultants' roles in such situations were *responsive* in that they were asked to look at plans that had already been mooted internally and then advised on how they may be taken forward. Often this support centred on the identification of funding streams (discussed further below) or help in making links with key stakeholders in potential partner organisations. Similarly, consultants could play an important role in 'stepping up' the ambitions of the charity because the opportunity was bigger than had been recognised once market scoping support had been undertaken. In other cases, consultants were more cautionary, if it was apparent that the charity's ambitions were beyond their reach in terms of its resource and capability.

Consultants could also play a *catalytic* role in charities that seemed less clear about their future strategic direction or perhaps lacked ambition to achieve more with the resources they had to hand. The majority of charities in this situation tended to be quite guarded about allowing such debates to be opened. The reasons for their reticence are now better understood as a result of this research. It is now recognised that resistance was less to do with suspicion about the motives or authority of the consultants offering advice, but more to do with internal debates on developing new strands of work which can be quite fraught – and especially so in those charities which are run in a collective way by a committee or board.

As noted earlier in this report, small charities are informal entities where the majority of active participants in their governance and day-to-day practice are people who voluntarily give their time to serve a shared objective. People make a personal commitment to the work they do and often have strong opinions on how things should be done. As opinions are likely to differ from time to time, this means that a balancing act has to be struck in boards or committees to maintain equilibrium, social decorum and where possible avoid conflict.

Given that boards and committees could be nervous about destabilising the social equilibrium internally, there was a tendency to be cautious about consultants whose intention appeared to be to interfere. In the first phase of interviews with several charities, doubts were cast on the purpose and

viability of discussions about strategy. As one collectively managed and run charity member argued:

'[The consultant] wanted to do a strategy review; what are you for, what do you do well? That kind of thing. So we got on with it. At the end, the trustees just looked at each other – what was that for?'

In this case, the charity initially resisted the attempts of consultants to help them look at how they could work more effectively and productively whilst also making their lives somewhat easier in the process. It happened in the end but there was a slow start as charity members acclimatised to the prospect of unstitching tried and tested (though not necessarily effective) ways of working together.

Another charity was collectively run to meet the needs of member-beneficiaries – as is often the case in 'self-help' groups. The charity's board was populated by people who wanted to alleviate the pressures on their members but by the nature of the issues faced, board members included, most of them were under a good deal of emotional pressure in their private lives. As their consultant observed:

'They're all up against it, so there's quite a lot of argument on the board, it gives them something different to focus on, it's an outlet for them. So I had to help them "tone it down, a bit", make it a little less personal, and focus on some quick wins – to take steps that are achievable.'

To help that happen the consultant wrote them a successful bid for a small grant, knowing that this would not otherwise be done, so that they could move forward with something positive and feel better about themselves - but not to the extent that it may overwhelm them with further responsibilities or ambitions they could not handle. As the consultant noted: 'I felt that it was important that we don't meddle too much, we'd be taking something away.'

As a consequence of the complex internal social dynamics in collectively-run charities, progress could be slow or in some cases, possibilities were resisted or easily set aside if it raised the prospect of producing internal disquiet. Nevertheless, the careful and sympathetic approach adopted by consultants led in several cases to charities thinking seriously about how their work could be reshaped or redirected more productively, the range of their activity extended or perhaps replicating their work in another locality. This is not to say that such positive responses were immediate.

'I thought, at first, that they were refusing to do things, and they did say that; but really they were just scared of trying something new. They had to sleep on it, come around to the idea.'

Or as another consultant noted towards the end of the programme: 'They're stubborn, but in the right way, they mull it over, then decide.'

This is an important finding. But not just because it helps better to understand the 'social dynamics' of small collectively-run charities. The finding also demonstrates the importance of being patient with smaller charities that may, at first, to appear to be disinterested or obdurate when offered help. Much of the successful work of consultants in the Grow programme ultimately depended upon them understanding the social dynamics of the charities with which they worked. If they did not get this right, there was little prospect that they could build sufficient trust and confidence to move on to achieve more practical things.

In an interview about half way through the programme, one charity said to me that 'We didn't need a presentation on how to do a SWOT analysis,' and they complained that 'a lot of what we thought we were getting just hasn't

happened.’ I challenged them on these observations by asking them if they could *really* have achieved what they wanted more quickly, or did they need to have a bit of a fight first before they could get started? ‘Maybe,’ they conceded with good humour, ‘we’re stubborn, we think we know what we’re doing, blinkered, you might say.’

In some cases, however, the consultants never fully commanded the trust or commitment of the charities because they would not be deflected from their belief that only additional resources would solve their problems. In one charity, attempts to encourage them to look at the ‘bigger picture’ did not go down well. ‘I said to [Grow coordinator] thanks for trying, but we haven’t got time for this, we need someone on the ground, we need a worker, not all this.’ After holding a horizon-scanning day with a consultant another charity leader felt this had been an unnecessary distraction. ‘We enjoyed it, but it was of no value, we need to look at fundraising. They can’t seem to see that I need a large funding pot, fairly quickly.’ And finally, in another charity, I was informed:

‘We told [the consultant] that if we were big enough, we’d be able to delegate, spend time on these things. So they asked us if we could share a treasurer, that kind of thing [with another charity]. They don’t seem to understand that we need a development worker to put this together, not advice, we already know what to do – but we don’t have the time.’

In these charities, it was felt that consultant’s entreaties to move into new areas of work were mistaken – that the advice given was not feasible or desirable from their point of view.

To expect that every participant charity in a pilot programme would embrace advice and support on their strategic direction with open arms and to act upon it productively would be unrealistic. Nevertheless, for the majority of the charities who worked on scoping new areas of activity, it was felt that the consultants benefitted them considerably and as the pilot progressed it became evident that they were acting on this support – often with continued assistance from one or more of the consultants. But as one, of many, charity members said to me: ‘The only thing I’d say, is that it could be extended a bit longer – because we are volunteers.’

Governance and board development

The above sections have revealed that charities are socially complex entities. This means that the politics of boards is an important consideration when consultants are brought in to support them – whether they are collectively run, or more tokenistic entities whose direction is effectively driven by a committed and often highly ambitious individual.

Most of the charities in the Grow programme were offered support to improve their governance. The kinds of support offered varied significantly depending upon the perceived needs of charities as determined in the diagnostic phase of the programme. Purposes for support fell broadly into three areas: ‘constitutional and procedural change’, ‘board composition and development’, and ‘board responsibility and accountability’.

Most of the charities in the Grow programme had articles and memorandum of constitution, but often they were out-of-date and needed to be refreshed. Consultants were able to bring ‘fresh eyes’ to debates on constitutional matters and encourage charities to look again at the fundamental principles underlying their structure, purpose and mode of operation. As one charity board member observed:

We weren't meeting our legal responsibilities and [the consultant] was very direct: We rubbed each other up the wrong way. But [the consultant] was also building us up, and now we can see there's a balance, and we've got more momentum, although we still need an occasional nudge from the outside.'

In many cases, consultants led workshops to discuss constitutional and procedural issues which in most cases were well attended where an active board was involved. And while some of the charities claimed that they were likely to have done this 'at some point' they recognised that the impetus to do so had arisen directly from the Grow pilot.

The dynamics and commitment of boards varied considerably. Some boards had undertaken skills audits recently to strengthen governance – but faced difficulty in recruiting able and willing new board members. Others let things lie. Some boards members were uncommitted and meetings were unproductive or tokenistic – leaving or ceding too much control to an organisational leader. Consultants had to tread carefully in those organisations where boards were underpowered and needed to work skilfully to encourage board members to strengthen their commitment and skills, widen their net and recruit new members.

Accountability is an area where consultants worked with several boards particularly effectively. Many of these boards were previously unaware of their statutory responsibilities which could leave their members vulnerable if things went wrong for the charity. Consultants worked with boards on technical and procedural issues where necessary, addressing concerns about financial accountability, safeguarding, health and safety and so on. This support was universally welcomed by those charities which recognised the need for such support. While the Grow pilot undoubtedly helped to tighten up policy and procedures, it was sometimes left to the consultant to do the paperwork for the charities – suggesting that an extended period of support may be needed to ensure that changes were understood and enacted.

It became apparent that board accountability could be compromised where one person held sole control over mission, strategic direction and the day-to-day running of the charity. As one consultant observed:

'[the charity leader] does everything, they won't let people do anything – so we did a risk analysis and they agreed that they were the biggest risk! They had no policies of any description, no volunteer policy, no confidentiality policy. There's no plan of action. It's all surface, no substance – it's hard to tell if they can actually do anything.'

Autonomous leaders' unwillingness to share the burden of responsibility sat comfortably, but not necessarily beneficially, with board members' contentedness to play a largely inactive back-seat role.

Sometimes, however, the reverse was the case where an active leader had felt obliged to accumulate sole responsibility for the running of the charity. In such cases where charity leaders recognised that their burden was too great, consultants tended to be more successful in garnering a more committed input from existing or new board members. That stated, succession strategies were often hard to develop in small organisations where the pool of potential leaders was restricted. Some charity leaders felt that they were stuck with onerous responsibilities that they wanted to pass on, but recognised that if they stood down, the charity may well fold without them.

Business planning

Strengthening the ability of charities to develop plausible business plans was a specific objective in most of the charities involved in the programme – and if not initially defined as such – the issue still had to be attended to by consultants. Many of the charities did not have a business plan at the start of the programme or if they did, they were out of date or did not adequately address the relevant issues. Consultants worked with charities to help them devise or improve their business plans. As such, this was a bespoke service which aligned specifically with the needs of individual charities.

Providing this support was welcomed by many charities, and especially those which had already been working on their business plan. Fine-tuning business plans by boards and consultants tended to be quite an energetic and engaging process because commitment was already established on both sides and led to fast progress.

Where business plans were absent or outdated, however, the process was more difficult. As was the case with discussions about mission and broad strategic direction, some charities questioned the need for business planning: as one board member stated, ‘we’re not a business, we’re a charity; and we shouldn’t need to struggle to get funding,’ the implication being that potential funders should recognise the value of their work and beat a path to their door.

While some charities held such views initially, they changed their minds as the programme progressed. As one charity initially stated:

‘A business plan? We don’t need it, I think we are quite unique. With [the consultant] we did a “soul searching” session. A whole day. Going through these little things - it’s time I haven’t got!’

But by the end of the programme there had been a change of heart: ‘In all fairness, [the consultant]’s been brilliant.’

In some of the charities, boards put their trust in ‘luck’ or ‘fate’ and saw no great benefit in business planning when they worked in a funding environment where they felt things ‘just happened’. This point of view was explicable in some cases because it reflected how things had worked out for a charity in the past. And, indeed, in one charity which was implacable in their opposition to consultants’ attempts to encourage them to do business planning, this is precisely what happened. Something unexpected came along, out of the blue, and secured their future in the medium term – reinforcing their view that ‘muddling through’ generally worked in their favour .

Consultants, the Grow coordinator and Grant Manager found that all their attempts to get the charity to look critically at its activities were frustrated. As one of the consultants stated: ‘They cannot articulate their purpose, whatever we say it is, they say “it’s not that”. They *won’t* change, because, they say, “we’ve always done it this way”.’ And yet, the charity continues to exist and may do so for many years: as if there is a flag in the sand stating that it has an inviolable right to do so.

For the most part, however, consultants’ efforts in framing business plans was welcomed. Such benefits could take shape in different ways. Sometimes progress was made through the development of ‘systematic thinking’ about and planning effective employment of people and financial resources to achieve the greatest economic and social benefit. In other cases, benefit was realised by effecting stronger and more productive relationships with clients, suppliers or partner organisations. One organisation, for example, had been unduly deferential to a larger partner organisation and had failed to get them fully to recognise the value of the work they did. Simply by communicating

more effectively and persuasively on the basis of a clear business plan, social and financial transactions operated on a more secure and sustainable basis.

Income generation and diversification

Small charities (and TSOs in general) devote much energy to income generation and in strategic terms this is a top priority. This does not, however, mean that charities are always as effective in their approach as they might be. In the Grow programme, it was evident that this can be due to a lack of understanding of routes to funding or a mistaken belief that funding streams are out of reach to them.

Consultants have a good understanding of the funding environment, a firm grasp about what funders will invest in, what kinds of organisations they will or will not fund and can make assessments of the chances of success if well-constructed bids are made. The charities in the Grow programme were eager to tap into consultant's knowledge of the funding environment and there was little evidence of resistance to learning.

Charities were pleased to be informed about potential grant funding opportunities and readily dropped previously held convictions that they might not be eligible. Similarly, they were open to advice about how to create effective bids and would respond to critical observations to improve bids.

Eagerness to access funding was commonplace, but how this connected with underlying organisational strategy varied. As one consultant pointed out,

'Some will change with the wind to get the money, they're chameleons, others are wedded to their mission, like Ronseal, they'll only do what it says on the tin. But that wasn't necessarily clear from the start, what they say about themselves can be radically different from what they do.'

Irrespective of the strength and commitment to mission, most charities admitted that they had difficulty in 'telling the story' of what they did or communicating their impact in a convincing way. Too often there was an expectation that it should be 'obvious' that they did good work and it was not felt to be necessary to overlabour the point. In some cases, their conviction bordered on belligerence. As one consultant stated:

'They're shirty and don't do what they say they'll do. Their work [with beneficiaries] is good, but they're alienating funders – confrontational – "you have to give us money, we're good". But the trustees are happy with it "we won't change", what can you do?'

When considering options to increase 'self-generated' income through trading, charities were generally less responsive to consultants' suggestions on how they might take action. In some cases, consultants floated ideas about selling goods or services or providing facilities which could produce additional income. Examples included the development of cafés for the use of beneficiaries, the local community or tourists; by staging events for which participants would pay a fee or draw down sponsorship; or by charging for services provided to clients and beneficiaries.

Rarely did charities find these options appealing or convincing. Indeed, two of the charities took the view that proposals made by consultants had been taken 'off the shelf' and that they were impractical in the kind of area within which they worked. In both cases this was probably true, because professionally-run and quite popular cafés or pubs were already operating in the near vicinity with whom they felt they could not, and indeed, did not want to compete.

Sometimes, this worked the other way, however – where consultants were less than convinced about the marketability of a service or facility. In one case a charity planned to set up a café to provide additional income, but consultants were not convinced that the charity was prepared to invest sufficient effort in this initiative to make it work – it was felt that the charity was mistaken in their belief that it was easier to do that was actually the case - while they wanted to concentrate intensively on other things.

At root, the role of consultants in this sphere of activity was to help charities to weigh up the opportunity costs of income generation options, whether they were from grants, contracts (though much less often given the size of the charities) or through self-generated income. On balance, most of the charities involved agreed that the process had helped them look more critically at opportunities while at the same time building their confidence to take a chance at, for instance, bidding for grants that they might not otherwise have considered. This appeared to be paying dividends for at least some of the charities where grants had been won from unexpected sources during or shortly after their involvement in the project.

People management and development

In general terms, as indicated in Chapter 4, small charities tend to place a low priority on investing in people development.⁵¹ In the case of the charities engaged in the Grow pilot, this was usually associated with constraints of time and/or of their inability to isolate a budget to fund staff development. However, the offer of free training and development support by consultants in the Grow programme was broadly welcomed by most of the charities

Leadership and management development was taken up by 8 organisations involved in Grow. This ranged from confidence building work to specific areas of management skills such as ‘dealing with conflict’ and ‘dealing with difficult people’. This support was welcomed by charities and tended to be valued.

For the most part, support was focused on brokering relationships in collectively-run and run charities.

‘S/he was fabulous... [when looking at where we need to develop to improve governance] S/he was someone who will listen, look at what we are doing and how we are run. When asked in an interview why the charity needed a ‘sounding board’, it was explained that ‘because they’ve [the board] had some problems with staff which had produced friction and everything broke down – unpleasant stuff... [But following sessions with the consultant] ‘the atmosphere lifted after this.’

The intense personal and emotional dynamics of boards could also lead to a ‘storm in a tea cup’. As one consultant remarked mid-way through the programme: ‘Sometimes [individual board members] feel bruised by someone who didn’t really do anything wrong – so we’re going to do some sessions on dealing with conflict, on how to be nicer to each other, basically.’

Collectively-run charities depended upon their members to be able to compromise – in the common good. But this could be hard to achieve without some support. As one charity stated:

‘You have to understand, though, that the group is far more important to us than individuals, nobody can rise above it, it’s a shared enterprise. Trust is vital in the meetings, and when people stray off, it ruins relationships. To be honest, we’d had a few issues and didn’t know how to handle it. We’re now

⁵¹ Board development has already been discussed above and is therefore excluded from this section.

clearer about what to do and to how to do it better – to be more confident about the situation.'

Consultancy advice on volunteer and employee management was also provided to 10 charities in the Grow pilot. Much of this work was of a practical and procedural nature – focusing on, for example, appropriate use of information technology and social media, accountancy practice or assuring that volunteers attended appropriate training to meet statutory obligations (to, for example, comply with vetting and barring, health and safety or food hygiene regulations).

In a small minority of charities it was necessary for consultants to discuss the approach taken to the employment of staff by charities. For example in the clear definition of employees job descriptions. In some cases, it was clear that the demarcation between hours of employed work and unspoken expectations of additional hours of 'volunteering' were blurred. Charities were, in these cases, alerted to the possibility that employees may claim that their good will was being unfairly exploited, and further, heightened the risk that they may lose trusted and committed staff.

Similarly, some charities favoured the employment of sessional workers, largely because this saved money, but appeared to be unaware that staff were uncomfortable with these working arrangements. Charities in this situation tended not to be responsive to advice from consultants – and in one charity refused to recognise the problem.⁵²

These were isolated cases. In most of the charities which employed staff on a part or full-time basis, appropriate arrangements were in place before the Grow pilot started and it was not an issue requiring attention by consultants.

Working effectively with other organisations

One of the original objectives of the Grow programme was to engender closer working relationships amongst charities involved in the programme so as to make a stronger collective contribution to their local communities. This did not prove to be feasible, however, largely for practical reasons. As discussed in Chapter 2 the selection process of charities to join the pilot was based primarily on an assessment of the likelihood that these organisations would be stronger after receiving consultancy support. Furthermore, both of the areas which were piloted, as discussed in Chapter 4, are quite large geographically and socially disparate. Finally, the missions of charities in the programme did not 'match' particularly well to allow for joint working – and where they did (as in the case of, for example, charities working in the field of youth transitions) their practice preferences differed substantially.

What the programme could successfully do, however, was to encourage charities to develop new relationships with other organisations or strengthen those which had already been established. In one case, a charity supported socially vulnerable people only on some days of the week, while other charities provided support on other days in nearby locations. They respected each other's contribution but remained socially distant – paying, at best, 'polite inattention' to their presence. An opportunity therefore presented itself to deepen the relationships between these charities and to capitalise on synergies and strengths. Consultants helped charities to identify ways of

⁵² In a site visit, an opportunity was gained to discuss the situation with sessional workers who were not satisfied with the current arrangements, but this was an issue the charity leader would not engage with.

brokering such relationships which was well received and led to discussion of new complementary initiatives.

In other cases, charities were receptive to the principal of working interactively with other charities but the practicalities and availability of resources to do so sometimes elided them. Examples of the potential benefits of collaboration included the sharing of administrative tasks, using each other's facilities or equipment (such as IT, venues or minibuses), or jointly subscribing to energy companies to reduce costs. While recognising the potential benefits, charities could find it hard to get on and do these things because of the time and effort taken to negotiate such arrangements. Without continued consultant support (and some cajolement), these good ideas might not be realised.

It is not possible to predict which charities will work together well in partnership, even if there seems to be an obvious case for them to do so. Consultants working with one charity attempted to broker closer relationships with neighbouring organisations in a relatively small and geographically isolated community. But the charity's board was not convinced of the benefit even though they could not fully articulate why these ideas did not have good promise. In another locality, a charity leader was initially implacable in their determination to retain complete independence. There seemed to be little point in pursuing the matter. But by the end of the programme this charity eagerly sought to cement relationships with other charities engaged in complementary (but different) activities. In this instance, the charity leader has retained close contact with the local Grow coordinator to build other similarly beneficial relationships in future.

Understanding the social marketplace, monitoring and communicating impact

Larger charities have the capacity and expertise routinely to examine the levels of demand for their services, the efficacy of the services they provide and how to communicate this to relevant audiences. Very small charities do not generally have capacity or expertise to devote energy to these issues – but neither, it appears from the Grow pilot, is it thought to be a priority.

Some of the charities which entered the Grow programme had ambitions to provide support to their community of interest or place but had a surprisingly limited grasp on the size, location and needs of that population. Too often their plans to meet need was based on belief, hearsay and hunches. This could result in either high levels of demand *overwhelming* them, or too little demand to justify their effort. In some cases, charities with low take up of their service remained convinced that there was high demand for what they were choosing to offer. But this had not in any sense been tested or evidenced.

In one charity, the services on offer were not extensively used by their community, but certainly, it was valued by those who did make use of them. Consultants tried in such situations to focus charities' minds on how to access other members of the community who may benefit. Often this could involve simple market testing. One organisation had always opened its doors to offer their service at a particular time, but it became apparent from work with consultants that if opening hours were shifted to a different part of the day, demand would be much higher. The charity board was not prepared to accept this advice, as if their potential users were at fault for not changing their ways.

In another case, a charity's concern about user levels led them to be much more energetic about engaging new individuals or groups who might enjoy

using their facilities. With consultant support several new ideas were considered and some tried out successfully – but there remained a perception that usage levels were too low. In discussion about this in my site visit to the charity, a conundrum presented itself. If the facility closed, it would do considerable harm to those who used it regularly, and further, that the absence of the facility would also undermine the wellbeing of those who rarely or in some cases never used the facility. Its contribution, to a large extent, hinged on its ‘existence value’ – and if it was closed it would be sorely missed.

In small isolated communities, it is hard to sustain community facilities, and especially so when communities lack affluence and social capital. Using conventional measures of ‘success’ therefore may apply in different ways from more densely populated and diverse communities. Accepting and being able to articulate the limits of what can be achieved was therefore of considerable importance to this charity and the Grow programme helped them do that.

As the above example indicates, the volume of usage is only one part of the equation. Small charities also need to be in a position to make good well-informed judgements about the *quality* of the work they do and the *impact* it has. In some of the charities in the Grow programme, consultants arranged events for beneficiaries to voice how they felt about the service provided. Such exercises, in the Grow pilot, indicated that many charities were achieving their mission – but that they were less than effective at communicating this to key stakeholders. This provided fertile ground for the Grow pilot consultants to provide practical advice and support to rectify the situation.

Consultants also arranged to help one charity advertise its services externally using social media, the use of physical signposting and the development of an attractive logo. The work of the charity became much more visible and its contribution more openly valued – but as importantly, it raised the charity’s sense of self-worth and confidence.

Two other charities, whose purpose was primarily to serve their members’ needs, were also largely invisible to outsiders. With the help of consultants they recognised that their work benefitted other agencies in the public sector. Through more effective communication about their valuable contribution, they were able to harness more support and referrals of beneficiaries from such organisations. In both cases, these groups were somewhat reticent about ‘blowing their own trumpet’ early in the programme but by its end had recognised that this was worth doing. And the likelihood is that they will continue to do so because it helped them build new complementary relationships with other organisations.

Summary of findings

The role of consultants was a difficult one because they had to navigate the internal politics of charities carefully and be mindful of the limits to which charities could change their ethos and practices. In so doing, consultants adopted a range of positions in terms of the intensity of their involvement. As suggested in the above analysis this could involve them ‘offering some ideas’ on how things might be done differently; by ‘working with charities to generate ideas’; providing ‘guidance on how practical tasks could be done’; or, ‘doing things for charities’ that they did not have the time, inclination or expertise to do themselves – but needed to be achieved if they were to take steps forward

in the programme. Consultants made good judgements about when to stand back and when to get closely involved – although this could often be more time consuming than initially anticipated.

The evidence suggests that most of the charities moved some distance in the programme as a result of the support they were given. Returning to the principle objectives of the evaluation in terms of impact, it has been possible to make informed judgements about the extent to which charities changed their practices as a direct result of the programme. To reiterate an earlier point, this is not a measure of ‘success’ or ‘failure’ of charities to respond, but an assessment of the extent to which they chose to assimilate advice and adopt new practices.

Figure 8 presents these evidence-based assessments and in so doing puts the charities in rank order of the relative distance they travelled as a direct result of their involvement in the programme.⁵³ From an evaluation perspective this provides quite a useful indication of the success of the programme – but offers little as a coherent explanation for these outcomes. The final chapter therefore attempts to provide such an explanation

⁵³ In each area of benefit, charities were awarded a numerical score on their distance travelled which was informed by the research evaluation evidence. These scores were used to produce the rank order shown in the figure. The rank order does not indicate ‘success’ or ‘failure’ but the extent to which charities chose to accept and to act upon the support offered.

Figure 8 Assessments on the impact of the programme on individual charities against six outcome measures

Extent of change in ethos and practice	Types of charities	Have stronger structures and governance to enable future sustainability and growth	Understands benefits of income diversification, able to explore opportunities to achieve future sustainability and growth	Clear mission to support people through difficult life transitions autonomously or collaboratively	Can show how they make a difference and communicate this effectively to key stakeholders	Have engaged with the local community more effectively as a consequence of engagement with the programme.	Have increased their capability through improved leadership, organisational confidence and inter-linkages with key stakeholders
Charities which were very responsive to the programme and changed ethos and practice substantially	A grounded, collectively run charity (NPT)	Significant change	Significant change	Significant change	Significant change	Significant change	Significant change
	A philanthropic, collectively run charity (R&C)	Significant change	Significant change	Significant change	Significant change	Significant change	Significant change
	A grounded-collectively run charity (R&C)	Significant change	Significant change	Significant change	Significant change	Significant change	Significant change
	A grounded, collectively run charity (R&C)	Significant change	Significant change	Significant change	Significant change	Significant change	Significant change
Charities which were quite responsive and changed ethos and practice moderately	A grounded, collectively run charity (NPT)	Significant change	Significant change	Significant change	Significant change	Moderate change	Moderate change
	A philanthropic, collectively run charity (NPT)	Moderate change	Moderate change	Significant change	Significant change	Significant change	Moderate change
	A philanthropic, individually led charity (R&C)	Moderate change	Significant change	Significant change	Moderate change	Significant change	Moderate change
	A grounded, collectively run charity (NPT)	Moderate change	Moderate change	Significant change	Significant change	Moderate change	Moderate change
	A grounded, collectively run charity (R&C)	Moderate change	Moderate change	Moderate change	Limited change	Moderate change	Moderate change
Charities which were not very responsive and changed ethos or practice in only limited ways	A philanthropic, individually led charity (NPT)	Limited change	Moderate change	Moderate change	Moderate change	Limited change	Moderate change
	A philanthropic, individually led charity (NPT)	Limited change	Moderate change	Limited change	Limited change	Significant change	Limited change
	A philanthropic, individually led charity (R&C)	Limited change	Limited change	Moderate change	Moderate change	Limited change	Limited change
	A philanthropic, individually led charity (NPT)	Limited change	Limited change	Limited change	Limited change	Moderate change	Limited change
	A grounded, collectively run charity (R&C)	Limited change	Limited change	Limited change	Limited change	Limited change	Limited change

8

Going the distance

As noted in previous chapters, on the surface small charities look like relatively simple entities. Unlike large organisations they lack organisational complexity in that they are not overly constrained by bureaucratic procedure, they are not particularly hierarchical and their divisions of labour are not specialised. One shortcoming of the academic literature in this field is:

‘that it tends to treat issues of governance as generic. The nature of a board’s role and the issues faced in implementing it are seen as essentially the same, regardless of variations in the size or function of non-profit and voluntary sector organisations or of the environments in which they operate.’⁵⁴

Some attention has been paid in the research literature to aspects of board dynamics in small charities, such as relationships with chief officers, the difficulties of recruiting new trustees and so on,⁵⁵ but not to the extent of debating in depth the impact of their internal social dynamics on the way that charities choose to or choose not to do things. This evaluation shows that being less-formal small organisations, internal relationships are more personal – this can often mean that emotion is not far from the surface.⁵⁶

In some senses, the analysis indicates, small charities build and occupy an ‘inner world’ within which they imagine possibilities to make a contribution to society. Because their focus is on issues which can be ‘close to home’ or they have an approach which they feel is entirely their own, it is not uncommon for the charity to feel that *only they* can tackle certain problems and must do it *their way*.

They may be justified in making such claims, because they work on issues that other, usually much larger, organisations have neglected or perhaps even caused. Their strong sense of personal investment, ownership, purpose and social responsibility makes it feel like a special, personal and private space that necessarily excludes outsiders.

So it is not surprising that consultants could find it hard to be accepted as advisors to offer candid criticism and give advice on how things might be done differently. Nevertheless, the Grow pilot has produced significant positive change. But only when the charities were *ready* because they had done the necessary emotional work to ensure that they *owned* the desire for change and were ready to make it happen rather than having that responsibility or obligation imposed upon them.

⁵⁴ Rochester, C. (2003) ‘The role of boards in small voluntary organisations’ in C. Cornforth (ed.) *The governance of public and non-profit organisations*, London: Routledge, p115.

⁵⁵ Robinson, F., Bell, V. and Chapman, T. (2011) *Building Better Boards: What’s the problem?* Newcastle: Northern Rock Foundation. See also for a practice example: ACEVO (2015) *Good Governance: A code for the voluntary and community sector*. London: ACEVO.

⁵⁶ There is little academic research on emotional interactions and their relationship to conflict avoidance and resolution within the boards or committees of small charities and this is an area of work which will be pursued by the present author. The limited available analysis includes, for example: Kerwin, S. Doherty, A. and Harman (2011) ‘“It’s not conflict, it’s differences of opinion”’, an in-depth examination of conflict in non-profit boards’, *Small Group Research* 42 (5), 561-594; Hamm-Kerwin, S. and Doherty, A. (2010) ‘Intergroup conflict in non-profit sport boards’, *Journal of Sport Management*, 14 (2), 24-29.

Journeys and destinations

Describing where ‘improvement’ or ‘development’ has occurred in the charities cannot be reviewed in a generalised way. This is not possible because the starting points in the process varied and the extent of need for change differed from charity to charity. As shown in Chapter 7, some charities had quite effective governance structures at the start of the programme, while in others, this was almost completely absent.

In some cases, mission was clear at the outset – but became less so as the programme progressed – indeed, as noted, one charity radically changed its mission in the life of the project – although this was not at the behest of consultants. In other cases, the mission evolved and sharpened during the life of the programme as a result of interaction with consultants. Similarly, some organisations made considerable progress in income diversification, their ability to measure and/or communicate impact, the extent to which they engaged with the community, while others did not, or did not need to.

It is now possible to make informed judgements on how far, in a holistic sense, charities chose to travel in developmental terms as a result of this pilot programme and to explain why some ‘went the distance’ and others chose not to. At root, these judgements are based on an assessment of individual starting and end points of organisations which are contextualised by the charities’ own resource base and mission. None of the assessments are based on a ‘gold standard’ model of what a perfect small charity should be.

Furthermore, the use of the term ‘progress’ needs to be considered carefully to avoid pejorative connotations of ‘success’ or ‘failure’ to be aligned with this term. As noted in previous chapters, the *assimilation* or *refusal* of support should be regarded as a ‘choice’ by the charity as an independent and autonomous entity. And so, when the term ‘progress’ is used from the perspective of the Grow programme’s expectations to indicate a desired direction of travel – this view may not necessarily have been shared by the charity.

The results from this analytical exercise are surprising, challenging and perhaps even counter-intuitive. But they help to move forward the debate on *why*, *how* and *when* to support small charities. And probably most controversially – *which* charities are likely to respond best.

In the Grow Programme, as has been discussed in Chapter 6 an attempt was made to plot the starting point of charities, having undertaken an initial diagnosis of where they were initially positioned before being supported to achieve further development. It was clear, at the outset, that some were enthusiastic and ambitious to change, some ambivalent, while others were reticent about the prospect of change. The question is, what are the characteristics of those charities which made the most progress?

In Figure 8 the distance travelled by charities in developmental terms is summarised in relation to their starting point in the programme. It should be noted that judgements made on how far charities travelled are focused on the more fundamental issues of organisational ethos and practice rather than second order achievements which are technical or pragmatic in character (such ‘nuts and bolts’ issues might include: having a website built for them, establishing a business plan so that they can produce a financial forecast, or assisting them to develop robust policies and procedures surrounding governance).

In the diagram, the characteristics of charities are indicated through the use of two sets of binary opposites (although the reality is more likely to be a position on a continuum). For the purposes of clarification, the definitions of these terms are repeated following their introduction in Chapter 2.

- **Grounded vs Philanthropic mission:** charities were categorised as ‘Grounded’ if they were ‘in’ and ‘of’ the community – that is, they were dealing with their own community’s immediate needs. In some cases they could be described as ‘self-help’ organisations, while in others they collectively served the needs of others within their community.⁵⁷ ‘Philanthropic’ charities, by contrast, focused on helping others who were more socially distant. These charities were *based in* communities and may have some volunteers from those communities, but their mission was driven by other factors, such as faith and/or strong personal conviction.⁵⁸
- **Collectively-run and individually-led charities:** ‘Collectively-run’ charities were supported by several or many people who made significant long-term commitment to its existence and wellbeing. In such charities, agreements about mission and practice were subject to collective negotiation even if one person led or managed the organisation on a day-to-day basis.⁵⁹

The mission and practice of ‘Individual-led’ charities were much less likely to be the subject of collective negotiation even if a Board or committee had a formal oversight role to play. Similarly, there could be many people who supported the work of the charity as volunteers or employees, but their influence was limited. In this sense, the charity as an organisation was the ‘embodiment’ of its leader: leader and organisation were inseparable.⁶⁰

The starting points in the Grow pilot are listed in the left hand column of Figure 6.1. Charities were assembled in one of three positions based on the initial diagnosis. At that point in time, four charities were thought to be reticent about change, five were positioned as ambivalent, and four charities were enthusiastic and ambitious to achieve change at the outset. It is worth noting that amongst those charities which appeared to be most ready to change were ‘individual led’.

⁵⁷ For a theoretical discussion of a distinction between ‘grounded’ and ‘abstract’ purposes of voluntary activity, see: Chapman, T. and McGuinness, B. (2012) ‘Consuming values in a social market: making choices about volunteering and non-volunteering’, *Social and Public Policy Review*, 7 (1), 1-17. <https://www.stchads.ac.uk/wp-content/uploads/2015/12/Chapman-McGuinness-2013.pdf>

⁵⁸ There is no space here to discuss definitions of philanthropy in depth, however, a useful starting point in the academic literature can be found here: Sulek, M. (2009) ‘On the modern meaning of philanthropy’, *Nonprofit and Voluntary Sector Quarterly*, 39 (2) 193-212; Schuyt, T. (2019) *Philanthropy and the philanthropy sector: an introduction*, London: Routledge; and, Daly, S. (2011) ‘Philanthropy as an essentially contested concept’, *Voluntas*, 23 (3), 535-557.

⁵⁹ While there is a large and well-established literature on community organisation *per se.*, the academic literature on leadership and governance in small community-led organisations is quite limited. A useful and interesting starting point in that literature is Bowles, S. and Gintis, H. (2002) ‘Social capital and community governance’, *Economic Journal*, 112, November, 419-436; see also, Purdue, D. (2001) ‘Neighbourhood governance: leadership, trust and social capital’, *Urban Studies*, 38 (12), 2211-2224.; and, Spear, R. (2004) ‘Governance in democratic member-based organisations’, *Annals of Public and Cooperative Economics*, 75 (1), 33-60 – although this final publication focuses on larger organisations.

⁶⁰ There is a useful academic literature on ‘founder’s syndrome’ in charities and other non-profit organisations which shows why charismatic and entrepreneurial leaders find it hard to share decision making and are unwilling to step aside to allow others to take an organisation forward. See Block, S. and Rosenberg, S. (2003) ‘Towards an understanding of founder’s syndrome: an assessment of power and privilege among founders of non-profit organisations’, *Nonprofit Management and Leadership*, 12:4; Block, S. (2004) *Why nonprofits fail: overcoming founder’s syndrome, fundphobia and other obstacles to success*, San Francisco, CA: Jossey Bass.

Figure 6.1 Progress made by charities in response to consultant support			
Starting point of charities by enthusiasm or reticence about change	Charities which were not very responsive to consultants and made limited progress	Charities which were quite responsive to consultants and made moderate progress	Charities which were very responsive to consultants and made significant progress
Reticent about changing their ethos and practices	A grounded, collectively run charity (Redcar & Cleveland)		
		A philanthropic, collectively run charity (Neath Port Talbot)	
		A grounded, collectively run charity (Neath Port Talbot)	
			A grounded, collectively run charity (Neath Port Talbot)
Ambivalent about change to their ethos and practices	A grounded, collectively run charity (Redcar & Cleveland)		
		A grounded, collectively run charity (Neath Port Talbot)	
		A philanthropic, individually led charity (Redcar & Cleveland)	
			A philanthropic, collectively run charity (Redcar & Cleveland)
			A grounded, collectively run charity (Redcar & Cleveland)
Enthusiastic and ambitious to changing their ethos and practices	A philanthropic, individually led charity (Redcar & Cleveland)		
	A philanthropic, individually led charity (Neath Port Talbot)		
	A philanthropic, individually led charity (Neath Port Talbot)		
	A philanthropic, individually led charity (Neath Port Talbot)		
			A grounded, collectively led charity (Redcar & Cleveland)

Reticent about changing their ethos and practice

Of the four charities which appeared at the start of the programme to be least willing to change their ethos and practices, one made few strides forward by the end of the programme. The charity benefitted in material terms from a Lloyds Bank Foundation grant and received some practical support in developing aspects of their policies and practices. It is probably the case that this organisation never seriously intended to change the way they did things but valued the opportunity to get a grant or access some practical know how.

Two charities changed a good deal in the course of the programme but the steps they have taken forward were tentative. In the case of the philanthropic collectively-run charity, their footing on new ground is fragile and they may step backwards again when support and encouragement is withdrawn – although that it not certain. In the grounded collectively-run charity, by contrast, there is scope to continue strengthening their position providing that they can lever external support from somewhere else when they need it.

One charity achieved substantial change in their ethos and practice. This does not mean that they will grow in size or that they will significantly scale up their activity – not in the medium term at least. But their confidence has grown considerably which positions them well to secure good relationships with other organisations and agencies with which they work. Looking back at their initial position and the prolonged difficulties consultants encountered in persuading them to see and do things differently this charity did not look like a ‘safe bet’. But once they ‘got it’, they took ownership of new ways of thinking and doing.

Ambivalent about change in ethos and practice

Only one of the five charities in this category made relatively little progress in developmental terms. They were too busy and too easily distracted by other things which, to some extent, were always more important to them. Two charities made moderate progress inasmuch as they addressed new ways of thinking about diversifying their income streams – but in terms of mission, they held firm to their original position.

In the case of the ‘grounded, collectively-run’ charity, discussion of changes to mission actually confirmed their belief that they were doing the right thing. And indeed, some of the alternatives offered to them did look impractical. Sustaining their momentum in new areas of practice may be a struggle however. They know what to do, but without being nudged – it may not happen.

The ‘philanthropic, individually-led’ charity enjoyed some success in funding terms, partly due to involvement in the Grow pilot, and certainly better relationships and connections with like-minded organisations were built or strengthened. While its mission remained somewhat opaque to consultants and even its beneficiaries, new sources of support had been won to sustain the charity in the medium term.

Two charities made significant strides forward. One, which was a ‘collectively-run, philanthropic organisation’ had a slow start and indeed appeared to be stubborn in their reticence to discuss, never mind accept, advice from consultants. But they were thinking it through, in their own way, and when they were ready – they moved fast. When asked if they could have done this without support from Grow, they said ‘yes, probably, but certainly not as quickly’. They did not like being challenged at first – but recognised the benefits later.

The ‘collectively-run, grounded charity’ felt that they were ‘stuck’ where they were and knew some support was needed and the Grow programme came along at a good time for them. They were able to capitalise on support and as a result they generated other new ideas and approaches to practice on their own initiative during the life of the programme. They may increase the volume and range of their activity to some extent now – but within bounds and only taking careful steps, one at a time.

Enthusiastic and ambitious to change their ethos and practice

One of the five organisation had not been incorporated as a registered charity prior to the Grow pilot. It was a new entity driven by a small number of enthusiastic and innovative people who had skills and knowledge which could be put to good use with beneficiaries to build their confidence, social contact and self esteem. The charity had some false starts in the past and they had

been misadvised in many respects. But with Grow consultants, these earlier set-backs were overcome and now the charity looks much stronger and able to achieve what it hopes to.

This 'collectively run, grounded charity' may not have a long lifespan – but that might be right for them and their project. Sometimes ephemeral interventions run their natural course and end when its champions move onto something new or when the allure of what is on offer has passed for potential beneficiaries. But that does not matter because while it is running it will make a good contribution.

Four of the charities, all 'philanthropic, individually-led' organisations, gained some benefit in practical and material terms from the Grow pilot. But their ethos and mission did not change – or not, at least, as a consequence of the programme. In one of the four charities, the mission shifted substantially mid-way through the programme due to the failure of market demand for the original plan. But this was not a subject for consultation as far as its leader was concerned.

All four charities had Boards, volunteers and in some cases employees or paid sessional workers to support them. But the influence of these people on policy and practice was limited, or in many cases no influence was sought. Leaders, in short, went about their work largely unchallenged. To some extent, consultants' contributions were regarded as useful by the charity leaders – but generally only on those matters which were already thought to be important to them.

Charity leaders were less than enthusiastic about offers of advice which ran counter to their own views. There was much room in all four charities for consultants to voice real concerns about the practicalities of achieving their ambitions, the pace at which they hoped to achieve objectives and the likely positive social impact their work might ultimately have.

While consultant advice may have been largely 'unheard', all four of these charities could realise their ambitions with a fair wind behind them. But if they do, apart from some connections made for them by consultants (which they may well have found for themselves at some point) this would be their own personal achievement. And this is probably how they would want it to be seen.

Individually-led vs collectively-run responses to Grow

Collectively-run charities responded better to the Grow programme than individually-led charities. It is not known, for sure, why this is so, but it is worth speculation. The likelihood is that because collectively-run charities have complex internal dynamics that can produce political sensitivities, they have become accustomed to internal challenges and finding ways to deal with them.

Consequently, these charities probably dealt with these new external challenges in a similar way – listening to what consultants said, then going away and mulling it over – while considering the political sensitivities of backing a new plan, or just leaving things as they were. The point is, that ignoring the situation was not an option if at least one person wanted a discussion to take place.

What may have seemed like a 'wall of silence' to consultants (or clear opposition) could have led them to abandon hope for change in the

organisation. And certainly consultants could find it frustrating when their ideas appeared to be opposed. It is now understood, however, that the consultants could afford to be patient while internal negotiation went on mainly behind closed doors. When the possibility of change was embraced, by the majority at least in a collectively-run charity, then the whole organisation could move on (but perhaps with the odd nose out of joint and fences needing to be mended).

Individually-led charities appeared to respond less positively to consultants when it came to making fundamental changes. Most of them 'dug in' and 'stood their ground' on issues they did not want to address (and most especially, sharing responsibility for the direction of their charity). And because there was no effective internal dialogue - no collective process of reflection⁶¹ - the external challenge could be, and usually was, ignored or dismissed.

To repeat, this did not mean individually-led organisations did not benefit from the programme. Most of them valued support they received in areas which they felt they needed it. But the general direction of the organisation in terms of mission and approach to practice changed little – or not, at least, as a result of the Grow programme.

These comparisons between individually-led and collectively-run organisations are speculative and it is not suggested that such responses are inevitable. One of the collectively-run charities was almost entirely immune to intervention by consultants – perhaps there was internal dialogue but certainly that was hard to discern. Opposition to change appeared to be shared and implacable.

Similarly, one of the individually-led charities did move some way forward in responding to consultants advice and the chances are that they will continue to do so because they purposefully kept lines of communication open so that can happen. There may not have been much in the way of shared dialogue with others in the charity – but an internal process of reflection certainly led to a change of heart.

Learning from the Grow pilot

To review the key findings, this section looks at the depth of benefit gained by charities. In doing so, it is necessary to reiterate the point that the charities involved in the programme are still on their developmental journey as organisations. Only recently have they been exposed to new ideas, brokered by consultants, about how they may want to change the way they work. Consequently, final conclusions and recommendations are necessarily tentative.

It is strongly recommended that consultants, coordinators, grant managers and senior staff at Lloyds Bank Foundation take an opportunity collectively to discuss the outcome of the programme to share and debate views on what led to tangible successes and how shortcomings could be ameliorated, where possible, in future.

A second test of the way charities have developed in response to the Grow programme would be to revisit the charities in a year to eighteen months. At that time, charities may be in a better position to make informed judgements

⁶¹ In some instances, it became apparent that there were dissenting voices within these charities, but while they would share these views privately, they were not willing to confront the organisation's leader.

about the positive impact gained as a direct result of their involvement in Grow. It would be of great interest to explore, for example, whether governance is stronger, use of newly introduced practice and procedure has become embedded, whether impact monitoring and evaluation has been sustained, or whether use of social media has improved and brought tangible benefit.

■ **Charities which were very responsive and made significant progress**

Amongst the four charities which took significant strides forward the likelihood is that they will hold their position and, as substantially strengthened organisations, may continue to move forward when the time is right for them. Three of them were reticent or ambivalent about receiving advice at the outset, but they all see a clear benefit now. So when they need help in future, they will have the confidence and sense of purpose to go looking for support from one source or another. They could not have achieved this before.

For these four charities, the Grow programme was a tremendous success – they made substantial strides forward and are now better placed for the future. Ironically, if the programme had been devised in such a way as to ‘pick winners’ possibly only one of these charities would have been selected. What made the difference was the elongated process of ‘diagnosis’ and ‘agenda setting’ and ‘internal dialogue’ before practical support could be put in place.

If future developments of the Grow programme inadvertently excluded such organisations by adopting a less generous period of time for diagnosis, the communities where they are based would miss out on the contribution of those charities, with modest ambitions, but which make a real difference for their beneficiaries.

These charities did ‘go the distance’ but they are few in number. If the Grow programme is to continue, it therefore needs to be restructured to make sure that more charities like these are sponsored after the diagnostic phase. By definition, this means that some charities should be weeded out sooner to make more space for those which could benefit the most.

■ **Charities which were quite responsive and made moderate progress**

Amongst the charities which made moderate progress (whether reticent or ambivalent at its start) as a result of the Grow pilot, it is not clear whether they will hold their ground, move forwards or backwards. There would be a case for continuing support for all of these charities for some time yet, because the Grow pilot did not last long enough for them fully to benefit.

At least three of these charities make a strong social contribution that would be sorely missed by their communities if they were gone. But they are all in quite a vulnerable position and their resilience and spirit to keep going indefinitely is not guaranteed.

Blanket support for all vulnerable charities would be a ridiculous idea because many of them may make a minimal social contribution

because they devote their energies to survival and achieve little else. But it is now known that at least three of these charities are worth further sponsorship – though it has taken some time to recognise what form that would take and why their work is potentially so valuable.

If the Grow programme was to continue, or had been structured differently at the outset (with the benefit of hindsight), these charities would have benefitted from a third phase following the ‘diagnostic’ and ‘agenda setting and support’ phases. This would resemble an ‘after care’ service where consultants were appointed to keep tabs on how things were going for perhaps a year after the more intensive support had ended.

Some of the support would take the form of gentle ‘nagging’ by consultants as trusted intermediaries to keep going at things that had been agreed during the agenda setting phase, but could now all too easily be set aside. Some support would be needed to secure embryonic relationships with other organisations or maintain momentum with those which had become more firmly established. But it should not be a ‘bailing-out’ service – where the Grow programme played the role of ‘a fairy godparent’ always at their side when a crisis struck.

■ **Charities which were not very responsive and made limited progress**

Six of the charities did not respond particularly well to the Grow pilot although they recognised some practical and material benefit from their involvement. In three cases they were either unready to or not very interested in changing the way they think about and do things. These three charities have been in existence for some time and they have become accustomed to muddling through, one way or another – grasping opportunities that come their way, but probably missing a lot more that could be useful to them.

Two of the ‘grounded collectively-run’ charities were too short on ambition and these charities should probably have chosen to, or been encouraged to, leave the programme after a longer ‘diagnostic’ period. The four remaining charities were all individually led by people with a strong sense of personal mission and an abundance of ambition. Each of these four individually-led organisations gained some benefit from being involved with Grow in a practical or material sense: they were able to invest in things that they wanted done. But in most cases, the leaders were adept at securing support and resources and had they not been included in the Grow pilot they would not have been deterred from exploring other avenues (as indeed they were already doing during the life of the programme).

For the most part, they paid scant attention to consultants unless what they offered mirrored what they already believed to be true. Being unreceptive to other people’s ideas should disqualify organisations from the programme at the outset – but that is easier to say than to do because driven and especially ‘charismatic’ organisational leaders are effective at winning hearts and minds. And so, if a programme such as Grow appears to be attractive to organisations such as these, then the trick would be to make it **less** attractive.

Doing that could involve the introduction of a series of more and more demanding 'stress tests' at each phase of the work to ensure that organisations engage regularly and constructively with consultants. Similarly, while it would be wrong to preclude the possibility of injecting some resources into such organisations – this should necessarily be tied into expectations about the learning process.

These suggestions have substantive pitfalls that could easily be worked around by a wily charity leader who has their eyes on the prize of a grant. So a safer bet might simply be to exclude organisations which do not have an established working board of trustees which is populated by unrelated people who voluntarily give their commitment to the charity and have a recognisable voice in shaping its direction.⁶²

⁶² These criteria are already broadly adopted in the terms and conditions of application for Lloyds Bank Foundation grants where the charity's Board of Trustees must include at least three unrelated persons: see: <https://www.lloydsbankfoundation.org.uk/wefund/how-to-apply/>

9

Conclusions and recommendations

In conclusion to this report, the main findings are briefly reviewed. This is followed by a set of recommendations about the possible continuation and development of the Grow pilot programme.

Evaluation objectives⁶³

The Grow pilot evaluation had six objectives which related to specific elements of capability development.

- That evidence will have been gained to show that smaller charities have stronger structures and governance to enable future sustainability and growth: 64% of charities involved made significant or moderate progress towards this objective, 36% achieved significant progress.
- That evidence is gained to show how smaller charities understand the benefits associated with income diversification and be able to demonstrate that they have explored opportunities to develop sufficient foresight and enterprise to achieve future sustainability and growth: 79% of charities involved made significant or moderate progress towards this objective, 43% achieved significant progress.
- That the organisations will demonstrably be able to define their mission clearly and will have the ability to support vulnerable or marginalised people through difficult life transitions autonomously, or in collaborative or complementary ways alongside other organisations: 79% of charities involved made significant or moderate progress towards this objective, 57% achieved significant progress.
- That there will be evidence to demonstrate that smaller charities can show how they make a difference, and to be able to communicate this effectively to key stakeholders (and where appropriate be in a position to measure the outcomes of their work): 71% of charities involved made significant or moderate progress towards this objective, 50% achieved significant progress.
- That evidence has been gained to show how smaller charities have engaged with the local community more effectively as a consequence of engagement with the programme: 71% of charities involved made significant or moderate progress towards this objective, 42% achieved significant progress.
- That there is evidence that smaller charities have increased their capability through improved leadership, organisational confidence and inter-linkages with key stakeholders and networks: 71% of charities involved made significant or moderate progress towards this objective, 27% achieved significant progress.

⁶³ These indicative summary percentage are based on the informed qualitative scores allocated to charities in Figure 8.

Key learning points and recommendations

Based on the findings from the evaluation a number of learning points and recommendations are offered for discussion. As noted in Chapter 8, it is strongly recommended that an opportunity is given for consultants, Grow coordinators and Lloyds Bank Foundation grant managers to debate these findings to ascertain further insights about how the programme may be developed further.

- **Organisational diagnosis is an open-ended process:** the initial diagnoses on what charities needed to do and what would help them do it had to be amended as the pilot progressed. In most of the charities much complexity lay below the surface which took time for consultants to penetrate and understand. As trust and confidence grew, the more charities were able to reveal about themselves which, in turn, increased the chances of a positive outcome. It is recommended that flexibility in the use of initial diagnoses is vital if the programme continues.
- **Helping organisations takes longer than expected:** the Grow programme had a generous lead-in period and a long time-span to get things done. But for most charities the pace was still too fast. The programme managers responded positively to this and extended the running time of the intervention. That stated, five of the charities were still occupying a liminal zone where they could consolidate gains or lose them. Some needed longer-term intensive support, while others would have benefitted from a designated 'after care' service which may have needed to continue for up to a year. It is therefore recommended that expectations about the timing of the programme are reconsidered.
- **'Picking winners' deciding who should be supported is never going to be easy:** because initial diagnosis is subject to change and the pace at which organisations accept and act upon advice can be slow, this makes it difficult to predict which organisations will respond well to the programme. In the pilot programme, many of the charities which made significant progress by its end looked unlikely to succeed in its early stages. It is recommended, therefore, that a staged process is considered where organisations can choose to, or be encouraged to, leave the programme if progress will not or cannot be made.
- **Should access to Grow be 'by invitation' or 'demand led'?** In the pilot programme, all charities were invited to take part – with unpredictable results. This could suggest that programme access should be 'demand led' by charities that know what support they need. However, this is not recommended because the charities which gained the most from the programme were those who did not initially recognise that they needed to change. Those which knew what support they wanted could probably find it elsewhere – and furthermore, their certainties about what they needed could indicate inflexibility. It is recommended, therefore, that there is a mixed approach is adopted.
- **Is the work of the charity likely to bring significant social benefit?** Choosing organisations which can effect change in the way they do things should not be an objective in itself – but a means to improve practice. Those charities which benefitted most from Grow already had clear social impact and their involvement ensured that their

organisation was able to continue in the longer term (but not necessarily growing in volume terms). Those which responded less well did not always secure the confidence of consultants that their practice was achieving as much as it could or was targeted successfully to beneficiaries. It is recommended, therefore, that informed judgements need to be taken at the outset as to whether the potential for social benefit is likely to be gained.

- ***Taking calculated risks when investing in charities:*** there are no simple solutions when it comes to the consideration of charities to be enrolled onto the Grow programme. There will always be an element of doubt about charities' potential and willingness to change, their capacity to capitalise on support, and the likelihood of sustained improved practice and consequent social benefit. Decisions therefore need to be made about the costs and benefit of investment. Investing in small charities may be inherently risky, but in areas where the support they give to communities is valued it can be worthwhile to take a chance. It is recommended that these difficult judgements should be made by the sponsors of the programme depending upon their current or future social priorities.

Appendix

Statistical profiles of Neath Port Talbot and Redcar and Cleveland

Table 1 shows that Neath Port Talbot and Redcar & Cleveland have much in common statistically. Both areas have similar population levels, are relatively undifferentiated in terms of ethnic diversity, and have relatively high levels of deprivation which is focused in former urban industrial towns and rural townships.

Levels of economic activity of the population are below national levels. Levels of unemployment are higher, especially amongst males in Neath Port Talbot (7.5%). Deprivation is a pernicious problem in both localities, although this is focused more intensely in particular areas. The percentage of workless households in both areas is significantly higher than the national average.

Economic inactivity levels are relatively high – in Neath Port Talbot there is a much higher percentage of economically inactive people who are registered as long-term sick (40% compared with 24% in Redcar & Cleveland and 22% nationally). That stated, gross weekly wages in both areas remains relatively high, especially for males – largely due to the availability of skilled manual and technical jobs in major industries – but they are below the national average by some distance. Women’s pay is more significantly depressed and especially so in Neath Port Talbot.

Amongst the resident population, job quality levels vary to some extent. In both areas, the percentage of people in professional and managerial jobs is relatively low compared with the national average and especially so in Redcar & Cleveland (34% against a national average of 46%). There is a higher percentage of participation in semi- and unskilled manual and service work in both areas than is the case nationally.

Table 1 Economic and population profiles ⁶⁴			
	Neath Port Talbot	Redcar and Cleveland	Great Britain average
Population (2017)	142,000	136,000	
Area	442 km ² (171sq mi)	244.8 km ² (94.5sq mi)	
Ethnicity			
White	97.9%	98.9%	
BME/other	2.1%	1.1%	
Deprivation			
Percentage of Local Super Output Areas in 10% most deprived	15.4 ⁶⁵	33% ⁶⁶	

⁶⁴ Data sourced from NOMIS 18th July 2018.

Neath Port Talbot: <http://www.nomisweb.co.uk/reports/lmp/la/1946157394/report.aspx?town=neath>;

Redcar & Cleveland: <https://www.nomisweb.co.uk/reports/lmp/la/1946157062/report.aspx>

⁶⁵ 2014, data sourced: <https://statswales.gov.wales/Catalogue/Community-Safety-and-Social-Inclusion/Welsh-Index-of-Multiple-Deprivation/WIMD-2014/wimd2014localauthorityanalysis> (accessed 18th July 2018)

⁶⁶ 2014. Data sourced: https://teesvalley-ca.gov.uk/wp-content/uploads/2016/03/4.-imd_borough_report_2015.pdf (18th July 2018)

Table 1/continued...	Neath Port Talbot	Redcar and Cleveland	Great Britain average
Working population (age 16-64)	88,200	81,500	
Males	44,200 (63.1%)	39,700 (59.5%)	62.9%
Female	44,000 (63.6%)	41,800 (59.8%)	63.6%
Economically active	64,000	60,300	
Male	32,500 (73.8%)	30,000 (75.0%)	79.6%
Female	28,800 (61.4%)	30,300 (71.9%)	70.4%
Unemployed	3,600	3,500	
Male	2,600 (7.5%)	1,900 (6.2%)	4.4%
Female	1,600 (5.5%)	1,100 (3.7%)	4.2%
All economically inactive people	23,700	21,300	
Wants a job	32.0%	16.4%	22.5%
Does not want a job	68.0%	83.6%	77.5%
Number of workless households	9,200	9,300	
Percentage of workless households	20.3%%	22.9%	15.1%
Long term sick	9,500 (40.1%)	5,100 (24.1%)	22.1%
Retired	2,300 (9.7%)	4,200 (19.6%)	13.2%
Looking after family/home	5,100 (21.3%)	4,400 (20.5%)	24.2%
Student	4,500 (18.9%)	4,700 (22.1%)	27.1%
Socio economic status by employment type			
Managers and professionals	37.3%	34.7%	45.8%
Intermediate	42.1%	46.7%	37.3%
Semi and unskilled manual	20.6%	18.6%	16.9%
Gross weekly pay			
Full-time males	£529.20	£519.80	£594.20
Full-time females	£425.60	£451.10	£494.40

Table 2 further explores population characteristics to assess general wellbeing in each of the two areas. It is apparent that educational qualifications held by the resident population are somewhat lower than the national average – and especially so in Neath Port Talbot where only 44% of the population have achieved NVQ3 or above (compared with 51% in Redcar & Cleveland and 57% nationally).

General self-reported health statistics give an overall sense of wellbeing in an area. In this respect, local statistics for Neath Port Talbot and Redcar & Cleveland are not far out of line with national averages: although the overall proportion of the population which state that their health is fair, bad or very bad is higher than national averages.

The financial wellbeing of the population can be assessed in broad terms using housing statistics. It is apparent that the proportion of the population who owns their home or has a mortgage is slightly higher than national averages. Social renting levels are higher than the national averages but considerably fewer people live in privately rented accommodation in Neath Port Talbot and Redcar & Cleveland than at national levels.

Table 2 Population characteristics			
	Neath Port Talbot	Redcar and Cleveland	Great Britain average
Educational qualifications⁶⁷			
NVQ4 and above	27.1	30.2	38.6
NVQ3 and above	43.8	50.7	57.2
NVQ2 and above	66.9	69.8	74.7
NVQ1 and above	81.8	83.6	85.4
Other qualifications	5.8	6.7	6.9
No qualifications	12.4	9.7	7.7
Health⁶⁸			Wales / England
Very good	45.0%	42.4%	46.6% / 47.2%
Good	28.4%	33.9%	31.1% / 34.2%
Fair	16.2%	15.6%	14.6% / 13.1%
Bad	7.9%	6.1%	5.8% / 4.3%
Very bad	2.6%	1.8%	1.8% / 1.3%
Property ownership⁶⁹			Wales / England
Owned	36.4%	33.2%	35.4% / 30.6%
Mortgage	32.3%	33.4%	32.0% / 32.8%
Socially rented	19.1%	19.4%	16.4% / 17.7%
Private rented	8.9%	11.2%	12.7% / 15.4%

⁶⁷ Data sourced from NOMIS 18th July 2018.

Neath Port Talbot: <http://www.nomisweb.co.uk/reports/lmp/la/1946157394/report.aspx?town=neath>;

Redcar & Cleveland: <https://www.nomisweb.co.uk/reports/lmp/la/1946157062/report.aspx>.

⁶⁸ Data source: <https://www.ilivehere.co.uk/statistics-port-talbot-neath-port-talbot-31109.html>; <https://www.ilivehere.co.uk/statistics-redcar-redcar-and-cleveland-31947.html> (accessed 18th July 2018)

⁶⁹ Data source: *ibid*.