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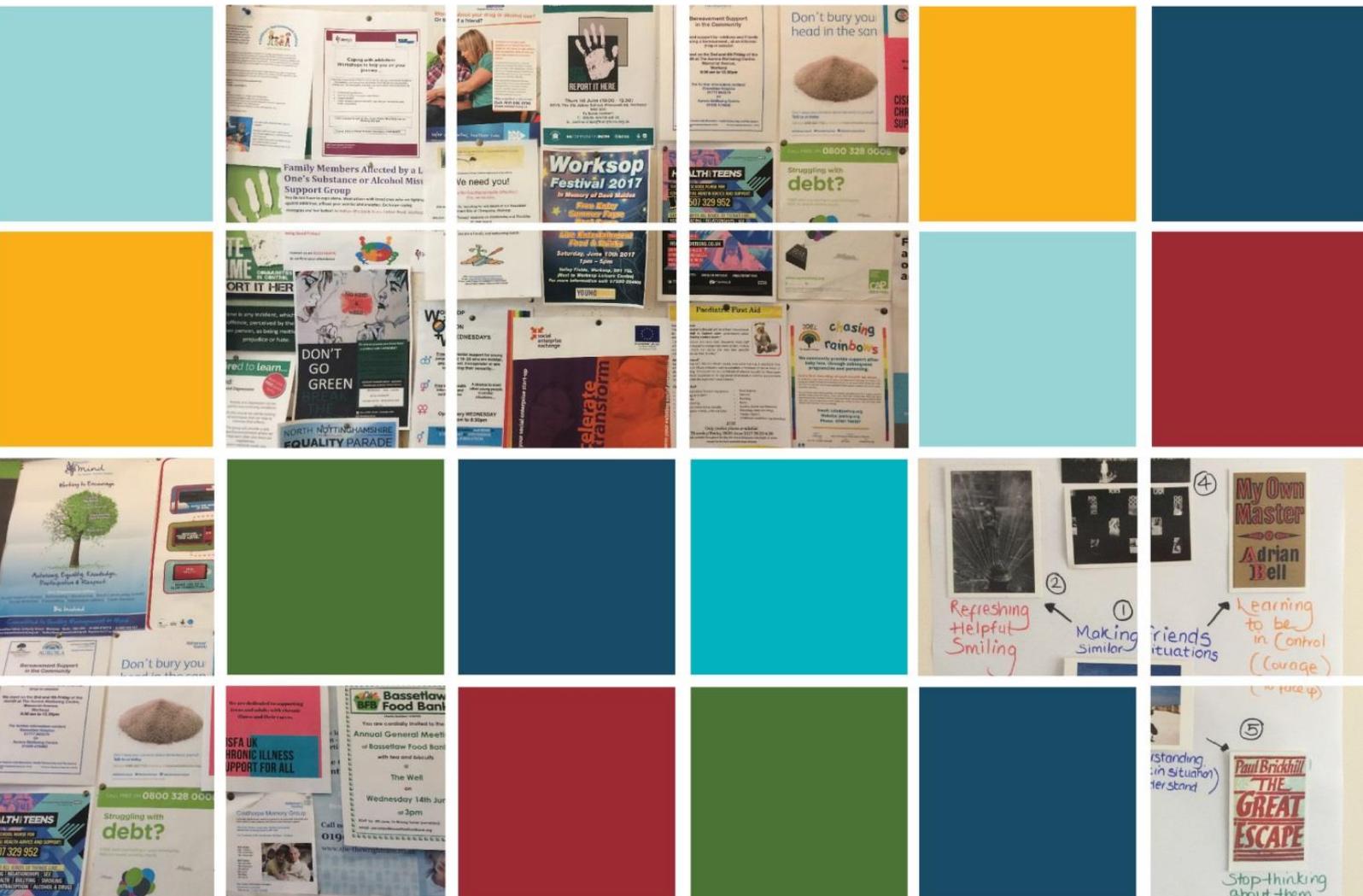
LLOYDS BANK FOUNDATION
England & Wales

The value of small

In-depth research into the distinctive contribution, value and experiences of small and medium-sized charities in Salford

The Open University
BUSINESS SCHOOL

Centre for Voluntary Sector Leadership

IVAR
Institute for Voluntary Action Research

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Acknowledgements

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[1] https://www4.shu.ac.uk/research/cresr/ourexpertise/value-small-understanding-distinctive-contribution-small-and-medium-sized-charities

Contents

Executive Summary

Small and medium-sized charities (SMCs) − whose annual income falls between £10,000 and £1 million − are a vital part of everyday life in communities within Salford. Most SMCs are based and operate at a local level and include a wide range of voluntary, community, social enterprise and civil society organisations. 387 general charities have their main address registered in Salford. Of these, 49 per cent (189) are SMCs, eight per cent (30) are larger charities and the remaining 43 per cent (168) are even smaller. This means that Salford has one of the highest proportions of registered SMCs of all local authorities. The combined income of these SMCs was approximately £37,649,000 in the financial year 2014/2015. This only accounted for 20 per cent of all the charitable income in Salford, however, due to some very high incomes of the larger charities registered locally.

Overall, 45 people participated in the research in Salford through a series of workshops and interviews at an area and organisational level. Participants included paid staff, volunteers, trustees and service users representing SMCs, the wider voluntary, community and social enterprise sector, and the public sector.

This research has focused on identifying the distinctive contribution and value of SMCs operating at a local level in Salford and understanding the funding challenges they face.

This Executive Summary draws together the key findings for the Salford case study.

Distinctiveness

When we talk about distinctiveness throughout this report, we are referring to the key features associated with being an SMC, how and in what ways these are important to Salford people and communities facing disadvantage, and why it is important that they are preserved and protected. Through this research, we have identified a number of important features which set SMCs apart from both large charities and public sector bodies.

Salford SMCs and their services are often constituted by a constellation of features that distinguish them from most other large-scale, providers where scale of operation drives provision towards standardisation. These interrelated features include: the provision of unique services and/or generic services to under-serviced, hard to reach groups; holistic approaches through flexible, tailored provision that go beyond short-term fixes to addressing symptomatic issues; and embeddedness in communities of place and/or interest.

Such features are not only recognised by, but important to, service users and the larger public and voluntary sector organisations who work in various ways with these organisations.

They are, however, not features of every SMC and not always entirely unique to SMCs. There is some evidence that large national charities working in the area can display some of these characteristics; particularly where they retain a strong social purpose ethos, are physically located in local communities and structured in a manner that facilitates 'flex' based on local need.

Nonetheless SMCs appear to constitute a vital part of the eco-system of provision within Salford, providing knowledge and benefits which other scales of provision cannot achieve, but are

characterised by several vulnerabilities (in human and financial resources) and idiosyncrasies that make them an unstable source of welfare.

Social Value

Our research in Salford sought to capture examples of the social value created by SMCs and understand how their distinctiveness makes such value possible. We then sought to articulate this in a way that makes sense to commissioners and funders.

The level of sophistication and formalization of SMCs approach to measuring and articulating social value differs and appears to be influenced by organisational size, source and type of funding arrangements and intended outcomes.   External support to up-skill and build internal capability to measure social value is often necessary, even for larger SMCs.

Our research highlighted that it is important that monitoring and evaluation requirements are appropriate to the size and scale of operation (and funding allocation) as is an appreciation of the value of different types of social value evidence. Large scale statistics can be important for some audiences (particularly funders) but there is equal power in the transformational stories told by service users, in their own voices, and this holds great sway with existing and future service users.

SMCs distinctive reach into and work with particularly vulnerable communities leads to tangible social and economic value, embodied in both hard and soft outcomes. However, SMCs privilege and direct their efforts towards soft outcomes at the level of individual service users (self-esteem, confidence etc), which often result in harder, larger-scale economic outcomes (education, employment, reduced absenteeism etc) as a positive by-product.

The social value of SMCs seems intimately tied to their distinctive features. They act, for example, as a conduit for personal and professional development opportunities, including paid employment, to the geographic communities within which they are embedded and the social group they aim to benefit, further enhancing their rootedness in and credibility with their constituency.

Funding

Inter-sectoral collaboration is well developed in Salford with generally 'mature' and positive relationships between key agencies, despite significant public funding cuts. These strong relationships have enabled the local CVS and partners to ensure the continuation of a funding mix (including protection of grant-based funding managed by the CVS) wherever possible.

Despite this positive work taking place across Salford, SMCs are feeling the effects of public funding cuts. SMCs are developing coping mechanisms such as collaborative working in addition to development of alternative funding strategies in the case of larger SMCs.

SMCs are adept at collaborative working but the nature of collaboration tends to vary with organisational size. Organisations delivering small scale provision tend to collaborate informally for the purposes of information sharing and referral, experiencing little external pressure to collaborate. Larger organisations experience greater pressure to collaborate on a more formal basis (e.g. for funding bids), which carries greater reputational and financial risk.

There is some indication that those organisations addressing problems that are policy and funding priorities and those of sufficient size and capability to respond proactively/strategically are in a stronger position to show resilience in the face of a challenging funding environment. Some large charities are choosing to build relationships with the private sector (due to reduced bureaucracy) rather than focussing on public sector bodies.

Recommendations

We have used our findings from our study in Salford, along with the three other area level case studies, to propose a series of research recommendations.

Our research findings suggest there is a mismatch between the distinctive offer, approach and position of SMCs; the approach local public sector bodies take to commissioning services; and the way that the value of those services − the outcomes and wider benefits they lead to − is measured and understood.

In response to these findings, we make three recommendations for strategic action at a local and national level that we believe are essential if we are to protect, promote and develop SMCs moving forward. These are summarised below, but the full recommendations can be found in the full research report.

1. **Reforming funding:** the financial and wider resource pressures facing SMCs have been at the forefront of this research and there is clear need for them to retain a *healthy funding mix* if their distinctive service offer, approach and position are to be sustained. So, what does a healthy funding mix look like? Our research suggests it should involve a combination of the following:

    – *Grants, of different sizes and length, and for different purposes;*

    – *Flexible, accessible and proportionate contracts;*

    – *Other sources of funding and resources that complement and add value to public sector funds.*

2. **Reframing and strengthening the role of social value:** our findings clearly demonstrate that the Public Services (Social Value) Act 2010 needs to be implemented more consistently and effectively, and in a way that recognises the distinctive features of SMCs. In practice this would mean:

    – *Requiring public sector bodies to formally account for social value* throughout commissioning, procurement and service delivery.

    – *Incorporating a broader definition of social value* that recognises the full range of individual, economic and added value that different types of service providers can create.

3. **Sustaining healthy local ecosystems:** our research has highlighted the value of a healthy and vibrant ecosystem of provision − containing SMCs, wider voluntary, community and social enterprise organisations, and public sector bodies − at an area level. Sustaining these ecosystems, in particular *preserving and protecting the role of SMCs* within them, should be a central aim of public policy at national and local levels.

These recommendations provide an important start point for addressing the challenges raised but this research, but their implementation will require long-term commitments and financial resources from key stakeholders - in particular the public sector, independent funders and larger charities - at a local and national level.

Introduction

It is widely acknowledged that small and medium-sized[2] charities are a vital part of everyday life in communities across the UK. They include a wide range of voluntary, community, social enterprise and civil society organisations, constitute 34 per cent (41,000) of all formal voluntary sector organisations, and have a combined income of around £6.8 billion each year (2014/15). The arguments in favour of these organisations are well known, and include:[3]

- Their **embeddedness in their local areas**, which provides them with intimate knowledge and understanding of those areas' assets and needs.

- Their role in **building and nurturing social networks**, and in enabling relationships between people who live and work in a particular community, and between communities and other networks, including national and local government.

- Their ability to **engage directly with society's hardest to reach groups and most seldom heard voices**, often working holistically and in person-centred ways that are responsive to individual and local contexts.

Despite these arguments there is **very little robust evidence about what is distinctive** about the local voluntary sector as a whole, or local small and medium sized charities specifically; particularly in comparison to the public and private sectors or large national charities. Addressing that gap is important now, more than ever, as it has been argued smaller organisations are more likely to be adversely affected by cuts to public sector budgets and approaches to commissioning and procurement that favour scale and efficiency over more tailored and responsive approaches.[4]

1.1. About the research

The research has been undertaken by a team of researchers led by the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University, and including Sheffield Business School (SBS), the Centre for Voluntary Sector Leadership (CVSL) at the Open University and the Institute for Voluntary Action Research (IVAR). The research was commissioned by Lloyds Bank Foundation

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[2] This report uses the size classifications adopted by the Lloyds Bank Foundation for England and Wales: a small charity is defined has having an annual income of £25,000-£100,000; a medium-sized charity is defined has having an income of £100,000-£1 million.
[3] For a review of evidence in support of these arguments, see Hunter J and Cox E, with Round A (2016) *Too small to fail: How small and medium-sized charities are adapting to change and challenges,* IPPR North.
[4] Lloyds Bank Foundation (2017) *Commissioning in crisis: How current contracting and procurement processes threaten the survival of small charities*

for England and Wales to build on data analysis[5] and an evidence review[6] published in 2016.

At the heart of the study were a series of over-arching questions posed by the Foundation which aimed to provide evidence about the contribution made by small and medium-sized charities operating at a local level:

1. Do locally-based small and medium-sized charities play a distinctive role in tackling disadvantage as part of a local ecosystem of providers?

2. Are the distinctive features of locally-based small and medium-sized charities recognised by the people who use their services? How does the service they receive compare to those of other providers[7]?

3. What is the value for money and wider social value that a locally-based small and medium-sized charity provides?

4. Have public funding approaches helped or hindered the work of locally-based small and medium-sized charities? What are the most effective ways of funding small and medium-sized charities to deliver services to those facing disadvantage?

1.2. Methodology

The study involved in-depth qualitative research in four case study local authorities:

*   The London Borough of Ealing (led by IVAR);

*   The District of Bassetlaw, Nottinghamshire (led by CVSL);

*   The Borough of Salford, Greater Manchester (led by SBS);

*   The Borough of Wrexham, Wales (led by CRESR).

Each case study included four detailed studies of charities in each locality. Three of these were small and medium-sized with a fourth large charity selected for comparative purposes. This systematic comparison between small and medium charities and a large charity an area level is a unique feature of this research. Additional contextual data at an area level was collected through a series of participatory workshops and interviews with key local stakeholders from the public and voluntary sectors.

1.3. About this report

This report provides area level case study for findings for Salford. It covers the following:

*   Chapter 2 provides the **context for the Salford case study**, covering the local demographic and socio-economic factors, local ecosystem of charities and civil society organisations, and an overview of the four case study organisations.

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[5] Crees, J. et al (2016) *Navigating change: an analysis of financial trends for small and medium-sized charities*. NCVO.
[6] See footnote 2.
[7] Note that the Research Team has employed a broad definition of 'people who use their services', to include commissioners and partner organisations, as well as direct beneficiaries, to capture the broadest range of perspectives.

- Chapter 3 is the first of three chapters outlining our research findings, and focusses on the **distinctiveness of small and medium-sized charities** in Salford.

- Chapter 4 discusses the **social value of small and medium-sized charities** in Salford, providing examples of the types of value they create and highlighting the different ways in which social value is articulated.

- Chapter 5 focusses on the **funding of small and medium-sized charities** in Salford, providing an overview of the local funding landscape before discussing how funders and our case study organisations have responded.

Case study context: Salford

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Summary

Salford is a city and metropolitan borough in Greater Manchester. The city's boundaries, set by the Local Government Act 1972, include five former local government districts. It is bounded on the south east by the River Irwell, which forms its boundary with Manchester, and by the Manchester Ship Canal to the south, which forms its boundary with Trafford. The metropolitan boroughs of Wigan, Bolton and Bury lie to the west, northwest and north respectively.

Some parts of the city are highly industrialised and densely populated, but around one third of the city consists of rural open space. The western half of the city stretches across an ancient peat bog, Chat Moss which accounts for about 30 per cent of the city's area. Green-space accounts for over 55 per cent of the City of Salford's total area, domestic buildings and gardens comprise 20 per cent, and the rest is made up of roads and non-domestic buildings. With the Industrial Revolution, Salford and its neighbours grew along with its textile industry. The former County Borough of Salford was granted city status in 1926. The remainder of this chapter outlines the demographic and socio-economic context of the area, the local ecosystem of voluntary, community and social enterprise organisations within Salford and the four case organisations we studied for this report.

2.1. Introduction

This chapter provides some important contextual and background information for the Salford case study. It discusses the demographic and socio-economic context in Salford before providing and overview of the local ecosystem of voluntary, community and social enterprise organisations in Salford in which local small and medium-sized charities operate. It then provides an introduction to each of the four case studies on which the majority of this report is based.

2.2. Demographic and socio-economic context

At the start of the 20th century, Salford began to decline due to competition from outside the UK. A survey in 1931 concluded that parts of Salford were amongst the worst slums in the country. During World War II, Salford Docks were regularly bombed and in the decades following the Second World War there was a significant economic and population decline in Salford. Since the early 1990s, the decline has slowed and there has been significant regeneration, including Salford Quays and the area around the University of Salford. The city's population has increased rapidly over recent years. In 2016 249,000 people lived in the city, an increase of 32,000 since 2001. By 2036 it is estimated that 291,000 people will live in Salford, a further

increase of 42,000 people (17 per cent). The other major changes include increasing numbers of younger and older people; a more diverse population and more new homes:

- From 2014 to 2039 projected households with dependent children will increase by 27 per cent.

- By 2026, there will be an extra 1,300 primary school age children in the city.

- By 2026 there will be an extra 5,600 people over the age of 65 years, an increase of 16 per cent.

- People will come from increasingly diverse backgrounds – this has increased from 14 per cent of the population in 2011 to 18 per cent in 2017.

The proportion of Salford's population that is economically active is comparable to the Great Britain average, but with more people holding employee status and less self-employed than the national average. Politically, Salford is a Labour stronghold with 50 Labour seats, nine Conservative seats and one Independent seat following the 2016 election. In 2017-18, Salford City Council agreed to spend £267m; an estimated £79m (30 per cent) on children's services; £56m (21 per cent) on community health and social care; £40m (15 per cent) on levies and charges; £39m (14 per cent) on environment and community safety; £36m (13 per cent) on capital financing; £9m (three per cent) on corporate business; £7m (three per cent) on regeneration; and £2m (one per cent) on public health reform and commissioning.

A key challenge for Salford is the high levels of health and wealth inequalities. As one interviewee from the CCG put it: *"from one end of Salford to the other, you could have a 12-year gap in mortality rates and there are lots of social and economic influences on why that happens. There are huge differences in population."* For this reason, many participants in this study felt there was an acute need for a neighbourhood level approach to welfare provision.

2.3. The local ecosystem of voluntary, community and social enterprise organisations

387 general charities have their main address registered in Salford. Of these, 49 per cent (189) are SMCs, eight per cent (30) are larger charities and the remaining 43 per cent (168) are even smaller. This means that Salford has one of the highest proportions of registered SMCs of all local authorities. The combined income of these SMCs was approximately £37,649,000 in the financial year 2014/2015. This only accounted for 20 per cent of all the charitable income in Salford, however, due to some very high incomes of the larger charities registered locally.

Inter-sectoral collaboration is well developed with generally 'mature' and positive relationships between key agencies. There are joint strategies between the VCS, CCG and Salford City Council and the CVS and its CEO is incredibly well respected and effective in the eyes of voluntary and statutory sector employees. The VCS is seen to have a key role to play in the locality and partners have worked to ensure the continuation of a funding mix (including protection of grant-based funding managed by the CVS) wherever possible. There is a good deal of social enterprise activity in Salford, more recently through Local Authority 'spin-outs' which sometimes compete with VCS organisations. Some larger charities have looked to develop relationships with corporate entities and charitable foundations as an alternative to public sector funding and display a sense of felt-responsibility to contribute to networks and partnership working involving local statutory bodies, small and large voluntary organisations. There is a clear sense that voluntary organisations of all sizes play a

key role in the eco-system of provision within the area, providing different scales of impact on the breadth and depth continuum.

It should be noted at this point, that the notion of size is not unproblematic, but a contested concept among participants who apply diverse sets of criteria. For some, size is about the number of people services touch (relative to their target population) or the geographical 'pull' of their services, for others it is the more traditional measures of income, employees etc. As such, there were stakeholder interviewees from large organisations, as defined by our research parameters, who would consider themselves to be a small-medium operation and those from small organisations who consider themselves large.

2.4. Our case study organisations

Case A provides services to asylum seekers, migrants and refugees from a specific indigenous background to integrate into British society through supporting with immigration processes, English language and IT classes, housing, cultural activities, employment and general emotional support. Case A employees one full-time member of staff and 2 part-time members of staff. A central feature of this case is that members of staff have previously been migrants/asylum seekers/refugees to the UK, thus having similar life experiences to their service users. Moreover, staff are also from a similar cultural and language background as the service users they support, creating a welcoming 'family' atmosphere. The charity relies largely on funding from independent funders and the local authority. Although the charity is small and locally based, they help a large number of service users relative to their size. Users come not only from the local area but from across Greater Manchester and beyond, due in part to existing service users sharing their positive experiences with the charity across their tight knit but geographically dispersed communities.

Case B delivers a range of creative art-based services to support the emotional well-being and recovery of people who are, or maybe at risk of experiencing mental health difficulties. Largely these services are tailored to specific groups (people living with dementia, carers, older people etc) and aim to tackle issues such as isolation, loneliness, depression to improve not only their wellbeing but also wider outcomes around increased employability and reduced dependency on crisis intervention. The organisation was founded 25 years ago with one member of staff delivering a single service and has now grown to 20 members of staff delivering a range of creative arts from horticulture, wood working, photography, pottery, painting, sculpture and textiles to approximately 1000 service users a year. The case also has a trading arm where service users sell their artwork to the public. Funding is split between public service delivery contracts, grant funding from independent funders, donations and trading. Case B has a member of staff dedicated to bid writing and grant funding which was a strategic decision to help them expand their services.

Case C is faith-based charity that delivers emergency overnight and temporary accommodation to the vulnerable and homeless, providing physical, emotional and spiritual support. It is the only 24 emergency shelter in the area, as most homelessness provision is overnight accommodation only. They provide access to a variety of support services to improve physical health, emotional well-being, employment opportunities, housing and benefit services throughout the day and night. The case employs approximately 13 members of staff, a mix of largely part time and grant funded posts. The provision of the shelter relies heavily on volunteers. The organisation is funded solely through donations, fundraising, legacies, grants and trading income and has no government funding for service delivery. This gives the case a large degree of autonomy in terms of the design and delivery of their services, but also can put them in a precarious financial position through significant reliance on unpredictable forms of income.

Case D is one of the UK's largest health and social care charities which started nearly 30 years ago in Cheshire to provide services for those with learning disabilities. Over the years, the charity has grown to deliver a wide range of services (care services and accommodation for older people and people living with dementia; and care in the community for people with physical or learning disabilities; extra care support for those aged 55+) across a wide geography (Scotland, North East & Cumbria, North West of England, Central England and South of England). In total, they employ over 6,000 members of staff and support over 3500 service users. The annual turnover of the charity is approximately £170 million which is derived from local public sector bodies. The charity is structured into regional divisions each of which has its own resources, and support infrastructure to deliver services in their specific local communities (e.g. regional director, regional senior management team, finance and HR business partners) which is further supported by the National Head Office. The North West region which covers Greater Manchester and Salford, represents the largest of the charity's divisions (approximately £55 million turnover and over 130 different services). The charity delivers bespoke person centred services for the individuals they support and their families in the community. Due in part to the organisation's founding mission and organisation structure there is a strong emphasis on the services being part of the community and serving the community.

Table 2.1: Summary of case organisations

	Size	Services and activities	Key funding streams
A	Medium (£153,000)	Asylum seekers; Migrants	Local authority (43 per cent), independent funders like Big Lottery, Heritage Lottery (47 per cent), donations and fundraising (10 per cent).
B	Medium (£813,000)	Mental health; Wellbeing	Local public sector bodies like the CCG, Schools and City Council (48.5 per cent), independent funders like Lloyds Bank Trust Foundation, Children in Need, People's Postcode Trust, Lottery (36 per cent), donations and fundraising (11 per cent), trading (4.5 per cent).
C	Medium (£251,000)	Homelessness; Emergency/ temporary accommodation	Donations and fundraising (90 per cent), Grants, appeals and legacies (two per cent), trading (six per cent), rental income and miscellaneous (two per cent).
D	Large (£170 million)	Care services and accommodation for people living with dementia; older people; people with physical or learning disabilities.	Local public sector bodies such as local authorities, health authorities and CCGs (Nearly 100 per cent).

3

Understanding the distinctiveness of small and medium sized charities in Salford

Summary

- SMCs and their services are often constituted by a constellation of features that distinguish them from most other large-scale, providers where scale of operation drives provision towards standardisation.

- These interrelated features include: the provision of unique services and/or generic services to under-serviced, hard to reach groups; holistic approaches through flexible, tailored provision that go beyond short-term fixes to presenting symptomatic issues; embeddedness in communities of place and/or interest.

- Such features are not only recognised by, but important to, service users and the larger public and voluntary sector organisations who work in various ways with these organisations.

- They are, however, not features of every SMC and not always entirely unique to SMCs. There is some evidence that large national charities can display some of these characteristics; particularly where they retain a strong social purpose ethos, are physically located in local communities and structured in a manner that facilitates 'flex' based on local need.

- Nonetheless SMCs appear to constitute a vital part of the eco-system of provision within the area, providing knowledge and benefits which other scales of provision cannot achieve, but are characterised by several vulnerabilities (in human and financial resources) and idiosyncrasies that make them an unstable source of welfare.

3.1. Introduction

This chapter focusses on the first two research questions for the study: whether locally-based small and medium-sized charities play a distinctive role in tackling disadvantage in Salford and the extent to which this is recognised by wider stakeholders, in particular service users, commissioners and other providers. It draws on the four cases studies and wider stakeholder engagement to highlight a number of key themes under which this distinctiveness can be understood.

3.2. The distinctiveness of small and medium sized charities

All three SMC case organisations support the development and integration of vulnerable populations – such as the homeless [Organisation C], those at risk of or experiencing mental health or emotional wellbeing difficulties [Organisation B] and asylum seekers, refugees and migrants [Organisation A] – into the local community, aiming to improve their well-being and life chances. In terms of distinctiveness, either the service being delivered and/or the type of service user being supported is only serviced by these charities at the grass-roots level. It is reasonable to suggest that even those services which may be considered generic (advice, training etc) are unique in the extent to which they 'flex' service provision and take a 'whole person' approach toward the needs of the target beneficiary group, relative to services provided on a larger, standardized scale through public, private and charitable means. These organisations are also uniquely rooted in their communities of place and/or interest.

Unique services, under-serviced populations

There is evidence that SMCs in Salford provide both distinctive services and generic services to distinctive communities of interest. Case C, for example, is the only public, private or voluntary sector organisation that provides a 24 hour temporary emergency shelter in Salford and surrounding Great Manchester area. Arguably the charity is distinctive based on its service model alone, but it is also their ethos that makes them distinctive. They are a Christian charity who do not receive any government funding and rely solely on charitable donations and grants from Trusts. This funding arrangement results in them being able to pursue work that fulfils their Christian-based guiding principles (incarnation, compassion and proclamation) which aim to help the community in whatever ways needed by sitting 'outside the system' and thus *"without outside control."*

Notably, this Christian ethos is intimately linked to the development of their unique 24 hour service, as the Director accounts: *"We were getting guys in, looking after them, feeding them and looking after them through the night and at 6.30 in the morning booting them out. So I said to the Trustees, I said look the truth of it is I don't know if what we're doing really lives up to the biblical concept of hospitality. What we saw in the value of the overnight safety and care, we saw they were dropping out of survival mode… that fog of sleep deprivation and anxiety. We also saw what happened, especially in winter, during the 12 hours that we were not looking after them, some of that got undone, so we thought well, if we can provide that hospitality that looks after them 24 hours, maybe not only will we not lose what we gained, but we'd get even better change. Certainly we've got more people now that are actually working, so they are going out and working and earning a living and then being able to plan, because we can provide that kind of 24 hour care."*

The organisation's funding arrangements have also offered this ethos-driven approach protection from local government pressure to move from dormitory sleeping arrangements to individual rooms; a model favoured by most public sector commissioners and specific funding streams. Due in part to their lack of reliance on government funding, they have fought to retain dormitory sleeping arrangements – a central feature to creating an atmosphere of 'temporary' rather than permanent accommodation, alongside a sense of community. The guests we spoke to on our site visit had no issues with the dormitory arrangements; it was the access to 24 hour care that made this service distinctive and impactful:

"All the staff from upstairs are lovely, you know, they don't just come down and ignore you; they'll have a chat to you and I think it's all about interacting really isn't it? Now when these [other] services close you know that you can come

back here, you can get changed, you can sit down, you can relax, you can have a brew and you know you've got somewhere to come back to. It helps you restore your thingy in people in general and life - it can get better, it will get better. Your faith in humanity" (Case C, Service User)

Similarly, case B demonstrates a distinctive approach by working across a full spectrum of mental health needs, from prevention to high-level, through delivering unique creative and horticultural-based services using a hub and satellite delivery model. Evaluation of psychological outcomes has consistently shown that the organisation's programmes achieve similar outcomes to clinical medical models but through non-clinical techniques: *"it's a non-clinical, non-medical model, it's an asset-based holistic model which is quite different and fits social prescribing"* (CEO).

Case A, on the other hand, is an example of a small charity providing what could be seen as a 'general' service but to a vulnerable, minority and often overlooked community. Specifically, case A provides support to Black African asylum seekers, refugees and migrants to the UK who speak one of two indigenous languages to support their integration into the local community. As the founder of case A states, back when they came to the area about 10 years ago their ethnic community was much smaller but it has seen significant expansion over the past five years. The success of their services has resulted in them helping service users from Salford, Greater Manchester and increasingly beyond. They appear to be the only charity supporting this under-serviced population in the area, which is a likely indicator of distinctive reach and credibility.

One service user explained how she *"wouldn't know what to do"* without case A as before she knew of them she would go to *"Manchester advice places and they gave me numbers and told me to ring this and ring that [laughing]"*, leaving her with a sense of continual struggle with no resolution as she was passed around the system. Such support is likely to become increasingly important in Salford's eco-system of provision as projected increases in the ethnic diversity of its population come to fruition.

In contrast to the SMCs, the large charity (Case D) delivers 'traditional services' like nursing and residential care homes for older people, dementia sufferers, learning disabilities and complex mental health issues as well as support to these target groups within their own homes. Although these service user groups are not for the most part 'under-serviced' or 'hard-to-reach', they are service users that local authorities are struggling to support, due in part to an increasing population of service users and significant cuts to social care budgets. This is a significant issue in socially deprived areas where the demand outstrips supply.

A whole person approach through flexible, tailored provision

Perhaps one of the key defining features of these SMCs is that they work with the 'whole person' and focus on the soft, intangible aspects they believe lead to transformational change (self-esteem, confidence etc) in order to achieve the harder but easier to measure outcomes (education, employment etc) where appropriate. In other words, they give primacy to the 'means', believing that the 'ends' will follow. This has implications for aspects of the delivery model, which are likely impossible for large-scale, standardised services to accommodate, such as intensive 1:1 work and out of normal service/office hours support for example.

Case C's unique service model of 24 hour shelter mean that they had staff accessible throughout the day (i.e. resettlement worker, volunteers, managers, chaplain etc) and their ethos around adopting a relationship building, person centred approach sets the service apart. They explained how this gives them more time to

talk to people, to build up a picture of the person, their life and how they came to be homeless so they can give individuals something appropriate to them rather than a one size fits all approach. The drive is to *"build them up, not just get them off the streets, not even just get them housed but to make sure they don't come back"* (Case C, frontline worker). To achieve this, case C's staff monitor client's engagement with agencies regularly, there is an in-house resettlement worker who helps individuals with securing housing, they run different activities during the day that involve gardening, sports, arts and crafts to help build esteem and skills, guests *"roll up their sleeves"* and get involved in maintaining the accommodation with various activities when they are ready.

Equally, there were many examples where the mental health charity (case B) were working with individuals who were carers, had suffered bereavement, had long-term debilitating physical illnesses or other life-situations which had or could lead to mental health issues. These SMCs, then, do not just respond to the presenting symptom (homelessness in the above example; mental health in this one) but work to understand and address the root causes of the current situation in order to prevent future recurrences. They are not looking to apply a temporary band aid, but rather searching for long term, sustainable change. This individualized, 'whole-person' approach was powerfully captured in many service user accounts across the SMCs, where familial references were often evoked to describe their experiences and what set them apart from others they had had:

> *"It is the welcoming….you feel like you are at home and it is very welcoming and we are always happy. I feel more comfortable speaking to people of the same race and feel comfortable around the staff. I like the way they help to resolve issues" (Case A, Service User).*

> *"It's because everybody's going through something so there's an empathy, even if it's not the same thing, we all understand so it is a very kind place and the staff, even though I am volunteering they'll support me so if I've got any problems I can have a private chat so that is very good...I'm on my own now, I lost my husband and after that I just crumbled. So it's been so good for me and hopefully good for other people [by acting as a volunteer]. (Note – at this point the service user starts to cry – and talks about how it is important to have a place to go where she can feel safe to cry – another member comes up to her and gives her a hug and sits with her as she talks to the researcher)." (Case B, Service User)*

> *"Yeah, that's how it feels [like family], yeah, doesn't it and you can leave your stuff around; you don't have to worry about anybody pinching your things, because everybody's just the same; we're all in the same boat. I actually like it here; I think I'm going to miss it. A lot of places, you know, you put your backy down, or you put your phone down and you turn round and it's gone." (Case C, Service User)*

It is important to note however, that SMCs to not have a unique claim to such features. The large charity we studied also adopts an individualised, whole person approach that aims for long-term sustainable change or support for those with learning disabilities, dementia, and older people. The focus on people and improving individual lives is a central feature of the organisation's vision, mission and culture. Some examples of this individualised approach include a front-line worker's introduction of a 'Play List for Life' into her care home as a way to help sufferers of dementia. This approach sees people who live with dementia listening to personalised iPod playlists, made up of songs that are personally memorable to them to improve their health, happiness and wellbeing. Another individual supported by Case D wanted to take on one of the largest half marathons in the running

calendar which is challenging given his support needs. His team of workers helped him to prepare and ran the race alongside him giving him support and encouragement throughout the whole race, finishing in 2 hours and 47 minutes. Finally, the manager and assistant manager of a care home we visited, converted an old room into a 'respite' flat (bed with en-suite, plus tea making facilities) for families to use when a loved one is receiving end of life care. Here, staff recognised families don't always live in the same area as their loved one and finding overnight accommodation at the last minute can be costly and difficult. The work on the room was done by local staff (decorating, finding furniture and little touches for the room) because there was a local need. This room is regularly used and is a valued edition by families:

> *"At Christmas, one of the people in our older persons home was dying but their family lives in Australia. For the last 12 hours of his life his family could FaceTime with him. The family wrote to the board of trustees last week and sent flowers to the staff member who sat with them the whole period of time. Obviously without technology, there was no time for them to come back from Australia. I was one of the people having a rant about that, we've got people living in our services, their families are all out of borough, they can't physically travel and come and see them so let's use Skype, whatever devices they want to use or can use from an assistive tech point of view to be able to communicate with their loved ones, so it's nice to see us evolving in that way.....we are investing in Wi-Fi in all our services so people can communicate via iPads and improve their quality of care and quality of life. I think that goes hand in hand with the fact that we are such a big organisation that we can afford to invest and do that and that's so important for people that require a service. So for smaller organisations it may be difficult for them to meet certain outcomes for people, we are lucky." (Service Lead, Case D)*

Importantly, much of case D's ability to deliver personally tailored services is facilitated by both the nature of it services (supported living in the community) and its organisational structure. Case D, is in effect a series of smaller organisations (divisions) within a larger organisational structure. As a result, divisions are structured and operate as their own units with dedicated finance, HR, and business development job roles, in addition to service leads. This allows the divisions to tailor services to individual and community needs but with the ability and capacity to scale this up through access to further support and infrastructure provided by national headquarters in regards to payroll, IT and bid writing. Also, being a large organisation with charity status results in resources being available to do things which smaller or commercial providers will either not be able to do due to capacity or commercial viability. For instance, senior members described how peers working for commercial providers are going back to using old Nokia phones and desktop PCs in attempts to narrow margins and save money. Whereas, case D are investing technology at the frontline (e.g. Wi-Fi, iPads and iPods) because they can put reserves back into improving services.

Embedded in communities of place and/or interest

A strong, distinctive feature of the case SMCs is the extent to which they are embedded in local communities of place and/or interest. This is both recognised by and important to user groups who articulate significant levels of trust and confidence in these organisations, the workers they interact with and fellow service users. In some cases, this has resulted from the regeneration of a local building which now forms a community hub (case B), fundraising from local residents and local charitable trusts (case C), having personal experience of the plight of service users (case A) or employment of staff and/or volunteers who are from the communities of place or interest served by the organisation (all cases).

On the surface, the services Case A provide might seem 'typical' but what makes this service particularly distinctive is that the founder and two support staff speak both indigenous languages of their beneficiary group and were asylum seekers who navigated their way from migrant to British citizen with little outside support. Their distinctiveness lies in not only speaking the language of the service users and understanding the process, but that they have experienced it first hand and are existing members of the community. This first-hand knowledge of the system and being perceived as similar to those seeking support, attracts asylum seekers, refugees and migrants to the area. Word of mouth is key in these tight knit communities: *"it isn't about racism, but I feel more comfortable speaking to people of the same race"* (Service User).

This sense of being around others "like me" was a recurrent theme in service user interviews, and appeared important in providing a safe, trusting space where confidence, self-esteem and the like could be nurtured and developed:

> *"I mean it builds like confidence of being here, because I was really low when I first got here thinking, you know, I'm 51 and I'm in a hostel but they take care of you, you know, there's never a minute that you're not feeling safe in here"* (Case C, Service User).

> *"Everyone's just really friendly and it's nice to know that if you've having a bad day or if you don't want to talk nobody really pushes, you just seem to pick up people's vibes and it's a great place to be definitely. I love the staff because they are really supportive and easy to get on with, there isn't anybody who you feel uncomfortable around. I think that's important when it's a place for mental health, that it's somewhere you can come and feel safe. Even if sorta you're having a bad moment you can take five minutes to wander round the garden or if you feel that you're struggling you can leave, it's not a problem, everyone's just so very supportive and will adapt to your situation if you're not feeling very well or whatever...I did used to volunteer at the community centre, it's just a café on the Thursday and Friday just for the elderly people in the area, but it was somewhere if I mentioned anything about mental health it would be judged or stigmatised"* (Case B, Service User).

Stakeholder interviewees from large charities in Salford identified SMC's depth of knowledge of and connection to their community, resulting in a 'deeper' on the ground impact as a unique feature:

> *"A genuinely small local charity employs two or three people – I would say they have a disproportionately better impact 'cos they tend to either be very focussed on a neighbourhood or on a specific service offer so they've got a very deep impact, whereas we've got a broad impact across a big area, so it works really well with the complementary relationship 'cos we will work with smaller organisations, symbiotically, at a neighbourhood level. We worked with one a few years ago; they'd got this vision and the name and address for every resident in the area and could knock on the door and get buy in. What we could do was bring in specialists, funding, capacity to engage with the local authority. We can [each] bring things to the party that the other can't."* (Stakeholder, federated charity)

This idea of complementarity rather than competition was echoed by the large case study where its scale of operation means it can invest in local communities and build strong partnerships with local organisations, including sports teams (rugby and football) and use such links to enrich the quality of life and wellbeing of service users, their carers and their families. Here, sports teams send players to visit homes or invite service users, families and carers to the sport teams' facilities. They have

started a 'Game Changer' Scheme in which staff around the regions are involved in deciding how to spend the charity's money back into the communities in the coming year. Recently a service lead noted a lack of public changing rooms for those with physical disabilities in the local area and the charity invested in building such a changing station:

"A real example of [touching the community] that, I was watching something recently on Sky News around people not being able to access any disabled changing spaces across communities and there was people being interviewed on the TV that were saying it's heart-breaking to see children being changed in public toilets that have got a physical disability and they're 18, 19 and they're lying them on a bin bag on the floor. As a charity we have invested in one of the local communities up the road and on Friday I'll be going to view that changing station and we'll have now completed and invested significantly into our local community and that's to make a difference for people living with a physical disability, you can't do that elsewhere, you can't have that impact on people's lives within communities, we want to make a real difference." (Senior Manager, Case D)

On the whole, larger providers recognised the unique contribution that SMCs can offer the local ecosystem as well as the challenges faced by small providers. Large providers expressed concern that the pressure on small, under-resourced organisations for 'good governance' and related compliance could act as a potential threat to SMCs work as they *"spend time and energy on that rather than delivering frontline".* To mitigate this risk, one large provider argued for the potential of large organisations acting as 'anchor organisations', either for a geographical area or theme: *"what we could do is help the very small organisations who are probably delivering amazing stuff on the ground but struggling with all their governance and compliance. I'd really like to see that be a way of supporting across the voluntary sector".*

Such an approach is being piloted by case D in its work with smaller charities. By acting as a lead and sharing resources (financial, service infrastructure, reputation, manpower) with SMCs, case D believe local services can be improved. This is not a universal view, however, and it is important to note that large charities do not undertake such activities out of necessity. Instead they are actively choosing to work in such a way to create additional social value:

"You're not looking at it from a commercial view, you're looking at it as a value base and it's about sharing resources for the greater outcome and that's a privileged position to be in as a bigger provider. In private industry you just wouldn't do that in the commercial world, but that's about what [case D]'s about and being able to use those resources and share them." (Senior Manager, Case D)

Also present within the large case, was the concern that an absence of such support could result in a significant threat to the distinctive reach and depth of impact SMCs are capable of through diverting limited resources to time-consuming reporting, costing and compliance processes:

"The charities in social care that are regulated, the smaller they are, you can see they push the bar up each year with new regulations, new training specifications; a small provider is under the pinch more than anyone, and we feel it at our level". (Case D, Senior Service Lead)

"We had large KPI documents from some authorities which for our managers it'll take them two whole days to complete them, that's just about that one service

they manage... We have to give [local authority] all that information every month, so that's a huge commitment. One of the local providers, they just had to close two care homes because of the troubles they've had due in part to compliances...they got sent two documents and one of their senior staff I was speaking to, she was arguing that's ridiculous I'm not doing that paperwork, it's going to take me three or four days to complete this! How can a small provider manage? They're lucky if they've got an administrator, they'll spend two weeks doing one of these forms..." (Case D, Senior Service Lead)

Collectively, what the findings also demonstrate is the very real 'shadow side' of the distinctiveness debate; that these organisations, which provide locally embedded, flexible grass roots provision often rely on one or two key individuals. This is a strength in that they provide reputation and act as a source of stability but also a major weakness or risk in that they are concurrently a source of instability. Case C, for example, recruited an excellent bid writer and finance officer who helped them *"land some big contracts and make good decisions to help the organisation grow"* but hit a significant period of uncertainty when this person died very suddenly during a pivotal crisis point. Dedicated individuals are SMCs greatest strength and greatest vulnerability. This also came through in the stakeholder interviews in relation to the CVS; the high regard people have for the CVS seems intimately tied to the personal standing of the CEO.

3.3. Conclusion

Collectively, the findings in chapter 3 suggest that SMCs – and the services they provide – are often constituted by a constellation of features that distinguish them from most other large-scale, providers where scale of operation drives provision towards standardisation. These interrelated features include: the provision of unique services and/or generic services to under-serviced, hard to reach groups; holistic approaches through flexible, tailored provision that go beyond short-term fixes to presenting symptomatic issues in a bid to address more fundamental long-term problems; the extent to which SMCs and their staff are embedded in communities of place and/or interest. Such features were not only recognised by, but important to, service users and the larger public and voluntary sector organisations who work in various ways with these organisations; often because they were taken as an indication of distinctive reach and credibility. To be clear, however, we are not suggesting that these characteristics are present in all SMCs or that they are *entirely* unique to this set of organisations.

It is fair to say that SMCs appear to constitute a vital part of the eco-system of provision within the area, providing knowledge and benefits which other scales of provision cannot achieve. At the same time, the instabilities (in human and financial resources) and idiosyncrasies of SMCs make them a vulnerable source of welfare support. They are, in essence, a necessary but not sufficient part of a wider eco-system requiring a mix of large-scale, standardized provision on the one hand, and grass-roots, individualised provision on the other if the most vulnerable populations are to be reached.

The social value of small and medium sized charities in Salford

4

Summary

- The level of sophistication and formalization of SMCs' approach to measuring and articulating social value differs and appears to be influenced by organisational size, source and type of funding arrangements and intended outcomes.

- External support to up-skill and build internal capability to measure social value is often necessary, even for larger SMCs.

- Large scale statistics can be important for some audiences (particularly funders) but there is equal power in the transformational stories told by service users, in their own voices, and this holds great sway with existing and future service users.

- SMCs' distinctive reach into and work with particularly vulnerable communities leads to tangible social and economic value, embodied in both hard and soft outcomes.

- SMCs privilege and direct their efforts towards soft outcomes at the level of individual service users (self-esteem, confidence etc), which often result in harder, larger-scale economic outcomes (education, employment, reduced absenteeism etc) as a positive by-product.

- The social value of SMCs seems intimately tied to their distinctive features. They act, for example, as a conduit for personal and professional development opportunities, including paid employment, to the geographic communities within which they are embedded and the social group they aim to benefit, further enhancing their rootedness in and credibility with their constituency.

4.1. Introduction

This chapter focusses on the third research question for the study: understanding the value for money and wider social value that locally-based small and medium-sized charities provide in Salford. It begins by discussing different approaches to articulating social value, before highlighting examples from our case study organisations about the types of social value small and medium sized charities generate and how they do this.

4.2. Articulating social value

All three SMCs were in a position to articulate their value/impact to some degree. The level of sophistication and formalization of their approach varied from informal narratives or storytelling through to SROI calculations and this appeared to be influenced by organisational size, source and type of funding arrangements and intended outcomes. It appears that larger charities that win contracts and deliver commissioned services have greater awareness of social value and calculating SROI and commit resources to doing so. Those smaller organisations that are not in receipt of statutory funding or exist on small grants have less knowledge of and willingness to commit resources to more formalized, sophisticated measures of their impact and instead tell powerful stories of transformational change among their users. Examples of the full spectrum of approaches from across the organisations, including service user narratives, are provided in section 4.3.

In a general sense, there has been a good deal of awareness raising around social value across the city; it is seen as something which has been championed by the CVS and the city secured funding to consider social value from a multi-sector, multi-agency perspective. Social value will be a likely influencer of public funding allocation decisions:

> *"In Salford up to last year we had a group from social value network, they gave out a couple of bits of funding for a couple of pilot areas to look at social value and we were one of them in Salford, so it meant the CCG, public sector, hospitals and third sector were all working together to look at social value in the city, so I think we're well ahead of a lot of others, social value is on everyone's tongue here cos we want to be a social value city and in that last AGM at the CCG they produced a leaflet where they said how much we saved them per year on social value and they're looking at putting that in all the tenders for the city council as well"* (Case B, Founder).

Only the largest of the 3 SMCs (Case B) had a firm grasp and understanding of social value and value for money, how to measure it and communicate it to commissioners and the local community. Nevertheless, external support to up-skill and build internal capability in measuring social value was necessary even for the larger SMC:

> *"So the emphasis of [consultant's] role is to work alongside the team at [Case B] to build capacity and transfer skills, rather than to simply produce a one off report identifying social return. So we have used our X service to provide a three-year training programme…"* (Evaluation Report Case B, 2014)

This upskilling has delivered some important outcomes, not least the ability, confidence and evidence base to undertake negotiations with funders/commissioners to ensure that agreed outcomes fit the service provision designed by the charity, rather than reflecting the generic requirements of the commissioner. The large national charity (case D) has also used the social value linked to their charitable status as a somewhat instrumental negotiation tool with great success. Unlike SMCs, a charity of the size and scale of case D are largely in competition with large private sector providers. As a result, the case draws strongly on their charitable status, track record of giving back to communities and SROI/impact evidence to demonstrate their social value over their competitors in tenders:

> *"I use the charity status when I'm negotiating cos I'll say there needs to be longevity and we are a charity and we have to wash our own face basically, if we can make a surplus then that's great, we put it back into the community and it puts people [competitors] on the back foot."* (Senior Manager, Case D)

The smallest of the SMCs (Case A) holds deep conviction about the difference they make to their beneficiaries lives and are aware of the importance of capturing this through monitoring and evaluation; they have sought advice and guidance from NCVO in this regard. Nonetheless, the capacity to undertake and sophistication of such evaluative work is limited by the scale of the operation:

"Definitely changing lives…because if you look at where they were when they were coming to seek our help, advice and support to where they are now, you can see the impact. We do monitoring and evaluation so we can capture the difference they are making in their lives. We use case studies, interviews, questionnaires or just to ask them when they come why are you here? What is your knowledge? We need to know this beforehand so we can figure out what support they need, then give them the support they need, then we can ask them if they are satisfied" (Case A, Founder)

There is a bigger question of why a small, grass roots organisation focussed on a tightly defined section of the community would or should expend precious resources on more elaborate social value analyses. The case, due to the tight knit community they serve has no shortfall of service users looking for support as a result of 'word of mouth'. If, however, there was a desire to expand the organisation and its service, demonstrating the importance and impact of their outreach services to the particular social group they target to funders, government and the wider citizenry. This is particularly the case for 'causes' and populations that are not favourable in policy and funding domains relative to others (e.g. social cohesion vis-a-vis health, education and social care).

4.3. What is the social value of small and medium sized charities?

Perhaps the unifying characteristic of the SMCs we spoke to is that they all aim to tackle – at various scales and within various communities – issues of poverty, inequality and/or quality of life. Their social and economic value is embodied within both 'soft' and 'hard' outcomes. Notably, it is the softer outcomes, which subsequently produce hard outcomes as a by-product, that are often the starting point for these organisations.

Soft outcomes

As highlighted in 3.2 above, the distinctive characteristics and delivery models of SMCs provide fertile ground for development of trust, confidence, self-esteem, social inclusion and well-being among service users. The following extracts capture these soft but transformational outcomes in their own words:

"I've got fibromyalgia and sometimes you are in so much pain you don't want to move. So coming here and doing the things I am doing is relieving some of the pain and the stress that causes the pain so it has definitely helped my wellbeing."

"I was at a really low ebb when I first came here and the person I was caring for has now passed away. I am living on my own... Due to my illness at the time I became very insular, getting involved and active in [Case B] brought me out and enabled me to make contact with people and bring me back into the 'real world' again [participant laughs and smiles]".

"I was in the position where I could barely function, barely leave the house. I am different person completely to the person who I was before I became ill. It is hugely thanks to [this organisation] and the work that is done here...I actually realised for probably the first time, I actually said 'I am good at this'. There is

something that I am good at. And maybe if I recognise I'm good at this and I can use that in other areas of my life and be a little more or little less critical of myself and find positive aspects of myself. The sense of achievement you get from starting from scratch is so self-affirming and I think that is why it's intrinsically, it's so good here and it is so good for you."

Such story-telling is accompanied by larger scale statistics which demonstrate social value among the most vulnerable groups, such as those with physical and mental health issues, carers, the elderly, people with physical and learning disabilities, addictions, ex-offenders, the homeless, asylum seekers etc. In relation to soft outcomes, direct value creation occurs most often at the individual level through:

- increased confidence;
- increased self-esteem;
- increased choice and control;
- increased independence;
- improved mental well-being;
- reduced social isolation;
- reduced loneliness;
- reduced anxiety;
- reduced stress.

There is less frequent explicit reference to higher scale outcomes such as increased community involvement, or reductions in reliance on statutory services but such value is often created as an indirect result of individual level outcomes. Moreover, for some service users, increases in these softer, individual-level outcomes lead to tangible harder outcomes.

Hard outcomes

The story telling of service users is evidence of the inextricable connection between soft and hard outcomes. There are multiple accounts from service users where transformational change at the individual level is intertwined with changes in tangible outcomes, such as educational and employment attainment, that are directly attributed to their experience with the SMC concerned:

"Being here and being part of Case B was helping. I could see it helping. I could feel it helping. It was helping. I started 10 years ago as a member, on the off chance, or the hope that my wellbeing would increase and I would feel better and develop more confidence through artistic processes. That allowed me to develop so much that in 6 months I was a volunteer here, within 2 years of that I was in college and then shortly after that I was in university getting an undergraduate degree and a teaching qualification which allows me to give what I received 10 years ago to other people and give back."

"It's led to me having the career I have always wanted. I'm just being happier in a way I could never have really imagined. It's real whole package and I think that is why so many members end up volunteering because it is a sense you want to give something back as well. I did the Christmas Markets and a lady I was working with who was a member and she said something about me being an inspiration and I honestly, literally, it made me cry. Because it was just so wonderful to think I could possibly give someone else a feeling of

hope....because I know what it is like to be in that position and feel so hopeless and so devoid of anything."

"My [nurse] made a referral to here and I did that for about a year and then because my confidence grew so much just coming here once a week, meeting other people who were going through similar experiences to myself that I felt I'm ready to have a try at volunteering on reception, because that's the line of work that I want to go into. So it would be perfect. Yeah so I've been doing that since June and it's going really well. I do two days and I've even got given the responsibility to make appointments for the site visits so it was nice cos [a staff member] who works on reception as well, she'd had a conversation with [another staff member] about allowing me to do that job so that was really nice to know that other people have confidence in your ability."

What is notable from the above accounts is that SMCs add significant social value by providing a conduit to personal and professional development opportunities within the organisation. Specifically, they provide a safe space for people who are beginning to develop confidence and self-esteem as a service user of the organisation to progress into volunteering roles and prepare for (re)engagement in the workplace. In turn, this feeds back into the distinctive features of SMCs discussed in section 3.2, particularly in respect of adopting a whole person approach and rootedness in the geographic communities within which they are embedded and the communities of interest they aim to benefit.

Collectively, the SMCs again produce larger scale statistics evidencing social and economic value at the individual and wider community levels through:

- increased take-up of education/training/skills development;
- increased business start-up;
- increased employment;
- increased volunteering;
- reduced absenteeism;
- reduced homelessness;
- reduced re-offending.

It is worth reiterating again, that the above value is most often generated as a by-product of the SMC's primary focus on the softer, individual level outcomes discussed above. Overleaf, we provide examples of the types of programmes run by case B (mental health charity), their intended beneficiary outcomes and the social return on investment generated, by way of illustration.

Case example: illustrative programmes and outcomes

Case B offers a myriad of provision targeted towards different groups who have or at risk of mental health issues. This includes an innovative creative programme for older people in care homes, sheltered accommodation and extra care facilities across Salford, focussing mainly on arts and craft based activities, but also incorporating Tai Chi and gardening in specific localities. The intended and achieved outcomes can be summarised as follows:

Salford older people in care will feel increased confidence and self-esteem as a result of participation in the project: In Year 1, 168 people (100%) report that they feel more confidence and report they feel better about themselves while 164 people report increased confidence and self-esteem.

Salford older people in care will experience reduced isolation and loneliness through friendships and peer support: In Year 1, 168 people (100%) report they feel less isolated and less lonely, whilst 164 participants report reduced isolation and loneliness through friendships and peer support.

Salford older people in care will have increased involvement in their communities leading to improved mental wellbeing: In year 1, 156 people report they are more involved in their communities while 151 people report an increased involvement in their communities and improved mental wellbeing.

Salford older people in care will feel improved independence as a result of exercising choice and control: In year 1, 140 people report a greater sense of independence with 130 participants reporting that they have choice and control.

A second programme involved creative arts for people living with dementia and carers at risk of social isolation and loneliness. The project was delivered in partnership with the two other local charities. The evaluation report suggests that the change for people living with dementia and their carers was significant with benefits for staff, delivery partners and the wider community. 90 per cent of PLwD felt more confident; 84 per cent of carers felt less stressed; Friends groups planned to continue post project; and project staff gained new skills. The intended short, medium and long term outcomes included:

Long term

- Greater recognition of the value of older people
- Improving the care and positive outcomes for older people with dementia

Medium term (6 to 18 months)

- Increased presence of older people in communities
- Improved relationships with carers
- Improved communication and social interaction
- Improving carer/staff morale

Short term (0 to 12 months)

- Increased independence for PLwD and carer
- Increased self-esteem and confidence
- Reduced loneliness and isolation
- Increased skills
- Better staff / older people relationships

SROI

In 2014, case B forecast SROI using proxy values for reduced social isolation, improved mental health, reduced anxiety and depression, increase employability, increased confidence, reduced absenteeism and increased respite for four 5-year programmes. These programmes involved: a support service for those suffering severe mental health problems; a help service for patients with less severe but debilitating mental health problems; a programme for over 50s to meet others and take part in creative activity and; an outreach peer-to-peer service. The social value across these four programmes was estimated, in financial terms, at over £3.4 million over 5 years, producing a return on investment of £6.95:£1.

4.4. Conclusion

SMCs are equipped to articulate their value/impact to varying degrees. The level of sophistication and formalization of their approach differs and appears to be influenced by organisational size, source and type of funding arrangements and intended outcomes. It is important that monitoring and evaluation requirements are appropriate to the size and scale of operation (and funding allocation) as is an appreciation of the value of different types of social value evidence. Large scale statistics can be important for some audiences (particularly funders) but there is equal power in the transformational stories told by service users, in their own voices, and this holds great sway with other existing and future service users.

SMCs distinctive reach into and work with particularly vulnerable communities leads to tangible social and economic value. The SMCs in this study privilege and explicitly target their efforts towards soft outcomes at the level of individual service users (self-esteem, confidence etc), which often result in harder, larger-scale economic outcomes (education, employment, reduced absenteeism etc) as a positive by-product. It is the former, however, that is the bedrock of their identity and way of working.

5

Small and medium sized charities and public funding in Salford

Summary

- SMCs are feeling the effects of public funding cuts; coping mechanisms include collaborative working in addition to development of alternative funding strategies in the case of larger SMCs.

- SMCs are adept at collaborative working but the nature of collaboration tends to vary with organisational size.

- Organisations delivering small scale provision tend to collaborate informally for the purposes of information sharing and referral, experiencing little external pressure to collaborate. Larger organisations experience greater pressure to collaborate on a more formal basis (e.g. for funding bids), which carries greater reputational and financial risk.

- The local CVS and partners have worked hard to ensure the continuation of a funding mix (including protection of grant-based funding managed by the CVS) wherever possible.

- Nevertheless, SMCs are feeling the pressures of a squeezed funding environment regardless of size or sources of funding.

- There is some indication that those organisations addressing problems that are policy and funding priorities and those of sufficient size and capability to respond proactively/strategically are in a stronger position to show resilience in the face of a challenging funding environment.

- Some large charities are choosing to build relationships with the private sector (due to reduced bureaucracy) rather than focussing on public sector bodies.

5.1. Introduction

This chapter focusses on the final research question for the study: how public funding approaches have affected the work of locally-based small and medium-sized charities in Salford and identifying the most effective ways of funding small and medium-sized charities to deliver services to those facing disadvantage. It begins by discussing the nature of relationships and collaboration before providing an overview of the local funding landscape for small and medium sized charities in Salford.

5.2.   SMC relationships and collaboration

Inter-sectoral collaboration is well developed with generally 'mature' and positive relationships between key agencies, despite significant public funding cuts. There are joint strategies between the VCS, CCG and Salford City Council and the CVS and its CEO is incredibly well respected and effective in the eyes of voluntary and statutory sector employees alike. As one interviewee put it: *"Salford benefits from a forward thinking local authority… the third sector is getting included much more in thinking about prevention and recovery from health issues and a lot of that is to do with having a really good CEO at Salford CVS who really keeps those conversations going"* (Case B, frontline worker). There is a good deal of social enterprise activity in Salford, more recently through Local Authority 'spin-outs' which sometimes compete with VCS organisations. Some larger charities have looked to develop relationships with corporate entities and charitable foundations as an alternative to public sector funding and display a sense of felt-responsibility to contribute to networks and partnership working involving local statutory bodies, small and large voluntary organisations.

There is a clear sense that voluntary organisations of all sizes play a key role in the eco-system of provision within the area, providing different scales of impact on the breadth and depth continuum (see section 3.2). Some large organisations advocated for a strategic approach to supporting small organisations by alleviating their governance and compliance burden as one example. It was suggested that larger VCS providers, who possess the skills and infrastructure to efficiently handle governance and compliance issues could act as geographically or thematically based anchor organisations, freeing small organisations up to concentrate all their efforts on frontline delivery. There are early signs of this type of activity starting in Salford/Greater Manchester as large national charities with local bases like case D opt-in to building and seeking such relationships (see chapter 3). Case D, for example, identified a lack of befriending services in some of their local communities. As they have many premises with cafes, hair dressers, exercise equipment and gardens within local communities, individuals and groups within the community who may struggle to afford to purchase or rent social spaces could easily utilise case Ds premises without the need for funding or formalised organisation.

Currently, the two smaller SMCs tend to collaborate on an informal basis and for the purposes of information sharing and referral, experiencing little external pressure to collaborate. Case A, largely because of their distinct nature and limited income see it as quite easy to work with others as they aren't in direct competition: *"We think it is more friendly. Because we all have something different that we can offer the community."* The picture is similar for Case C; they work with many other charities and both give and receive referrals into their respective services. In particular, their resettlement worker has excellent relationships across the area with landlords, public sector agencies and other charities. There appears to be a good deal of informal sharing of information and resources rather than 'formal' collaborations *per se*:

> *"In Manchester there are loads of agencies and lots of people doing different jobs. There's a lot that refer to us so we have those connections because they're referring to us. I'd say the relationships are pretty good. I've not had any problems and people seem to want to help."*

> *"So we interact with people from a wide variety of social action kind of projects. That's mainly the kind of information-sharing, support kind of level… also we've got a big strong link with the Veterans' Agency and they work with veterans and they send in different guys who look after them and makes sure they're alright and gets them housed as an agency, but he's linked with all sorts of projects. He'll let me know when something's happening and I'll let him know when*

something's happening, because a lot of these places they do bypass each other."

In contrast, Case B as a medium sized charity are involved in a number of different collaborations, sometimes where they have been the conduit for securing funds for a service with a smaller charity, sometimes where they are working with a much larger national charity to expand their own service delivery. The push for collaboration from the CVS and statutory bodies within the locality can cause a degree of pressure or expectation to be *"seen to be working together"* but this has to be balanced with reputational and financial risks:

"We have worked, we do work with other third sector organisations, we have worked over the years with partners. I think what we've learnt is to investigate really carefully before you go into partnership with somebody cos we've been burnt on a couple of occasions." (Case B, frontline worker)

"There is money from CVS and CCG for partnership, cos they're trying to get people to work together, we've done a couple of partnership bids, a couple have been successful, one or two haven't worked out cos the other partner hasn't delivered or left us in the lurch so that would affect our reputation so we're very careful now about who we decide to work with and we've got to make sure they're going to bring to the table as much as we will." (Case B, founder)

5.3. The local funding landscape for SMCs

The VCS is seen to have a key role to play in the locality. Despite austerity measures and associated public funding cuts, local partners have worked to ensure the continuation of a funding mix (including protection of grant-based funding managed by the CVS) wherever possible. The two smallest SMCs (Cases A and C) receive grants and/or charitable income as their main source of income and are not involved in procurement via the delivery of commissioned services. Whilst these organisations have won grant money they are still struggling at times to secure enough income to keep going, even on a small scale. This is particularly so for case A, which delivers services that are arguably not a national mainstream policy priority and subsequently not always aligned with local agency priorities, strategies or service provision:

"I remember last time… Council was like advertising an application, a funding round….at…..[she is struggling to remember where], I sent them an email saying I am going to attend your clinic so I can find out more about the content and information they might provide. They have told me…'Ah, it's the first time for us to hear about [your organisation] and do you think this is the best funding stream for you?'. We want to find out information, why are you preventing us from coming to you [she is getting quite animated now and raising her voice]. I am not asking for any money, I just want to come and find out information about it. It's like 'we don't really want you to come'. And those are the kind of things that happen all the time." (Case A, Founder)

Although case C's funding streams (charitable donations and grants from Trusts) give the organisation the autonomy and flexibility to design and deliver the types of services they want in the ways they want, this also has its drawbacks. Members of staff talk about the stress and the emotional "rollercoaster" of working in such an environment. For example, one consistent charitable donor made the decision to withdraw funding in the past, whilst another reduced their funding by half which left a massive shortfall in the budget. This left staff members literally praying for a form of divine intervention as they would have had to close the shelter. In both instances, an alternative funding source provided the shortfall to keep things going at the last minute. Whilst this is far from ideal, it is not dissimilar to those organisations that are

in receipt of increasingly squeezed public sector funding. The general sense, regardless of sources of funding, then is one of an increasingly squeezed and competitive funding environment. In response to this, the larger of the SMCs (Case B) made the decision to become more pro-active than reactive by creating projects and services then seeking funds which supported their agenda:

"So a couple of years ago we looked at our strategic objectives and our business plan and where we were going and we decided we're not going after every bid that's got money with it, unless it suits what we're doing and fits with our expansion plans we're not going for it, which is a bit hard cos there's bits coming in that we could go for all the time, but we were trying to make sure that we fit the criteria that's coming up. So we're not moulding ourselves to the money, we were creating the organisation, the projects that we wanted and then seeking the money." (Case B, Founder)

In a very practical sense, case B has utilised small bids to run pilot schemes as a 'test-bed' for working practices/models and building an evidence base that they then leverage this to secure larger funding streams to expand the service:

"What that allows us to do is test a model of working in a pilot model so we can apply for further funding to continue that…for example [we] have been running this 12 month pilot with them [another charity], we know it would be plain sailing if we were to continue that funding through another grant maker, partnerships are already set up, they know us, we've worked really well with the client group so we wouldn't have to do that much leg work in those initial stages again if we were to get money so it works really well cos it's easy for us then." (Case B, Frontline worker)

Nevertheless, charities of all sizes are feeling the effects of public sector finding cuts. A senior member of staff in case D commented: *"commissioners are now very much about value for money but they still want those good quality services, so it's still a quality service but the funding is significantly reduced"*. Another recounted how the organisation has had to withdraw delivery of domiciliary care services because such services are not financially sustainable, noting that large numbers of smaller organisations delivering such types of service have had to *"close their doors"*.

Particular challenges in the funding climate, perhaps unsurprisingly, were identified as:

- Funders preference for 'innovative' projects and services at the expense of proven models. One of the side-effects of this is that organisations can expend much energy and resource reinventing existing efficacious provision (Case B and C). On the other hand, the CCG provides money through innovation funds (both directly and via the CVS) which has acted as a testbed for more experimental/high risk projects which have been evaluated and then gone on to secure longer term funding elsewhere (few have been commissioned directly by the CCG following initial innovation funding).

- Related to the above issue of continuation funding (and services) is the subsequent impact of staff continuity with organisations loosing skilled, effective workers.

- The tension between focussing on complex long-term conditions and preventative provision and pressures to demonstrate (short-term) outcomes.

- Lack of funding geared towards important advocacy/voice work.

- Fear or large nationals (charities and private companies) with bigger marketing and business development departments sweeping up contracts with little or no

knowledge of local populations. This is not just a threat for small, local charities; there was an example where this had happened to three £1m plus charities who partnered to bid for a contract relating to children's advocacy. It was awarded to a London company and the day after the contract award, the company contacted one of the charity CEOs asking if they could rent office space from them as they did not have a base in Salford. They never obtained a local base and ran the service from Liverpool. There were other suggestions that some charitable organisations were (somewhat exploitatively) utilising volunteer labour to undercut pricing models utilising paid labour.

During one stakeholder interview, the CEO of a locally based federated charity described how they have turned their attention towards building funding relationships with the private sector as an alternative, more flexible source of funding: "*We prefer working with the private sector 'cos once you've got a relationship, the hoops you have to jump through are far less complicated – it's their money and they can spend it how they want. We've got a really good spectrum of relationships from philanthropic ones where we've got corporate partners who provide materials or give us a grant to do a piece of work through to absolute commercial relationships*". This organisation was providing consultancy services on a commercial basis and using the profits to subsidise other charitable work which does not break even. Another large charity explained how they had targeted local charitable foundations for areas of work which were becoming harder to secure funding for because *"they have a real moral compass around social values and social justice, so they recognise the value of what we're doing [in relation to advocacy]"*.

5.4. Conclusion

SMCs are feeling the effects of public funding cuts and coping mechanisms include collaborative working in addition to development of alternative funding strategies in the case of larger SMCs. All three SMCs work in collaboration with other charities and public sector organisations in the Salford area. The nature of collaboration, however, varies with the size of the SMC. Organisations delivering small scale provision on unstable budgets and/or funded from charitable sources tend to collaborate informally for the purposes of information sharing and referral and experience little external pressure to collaborate. The larger of the SMCs experience greater pressure to collaborate on a more formal basis (e.g. for funding bids) which carries greater reputational and financial risk.

Organisations are experiencing the pressures of a squeezed funding environment regardless of size or sources of funding. There is some indication that this is influenced by the extent to which the problem the organisation aims to tackle is a policy and funding priority. The larger SMC was perhaps more equipped to take a proactive, strategic approach to the challenging funding environment. Despite austerity measures and cuts in public sector funding, voluntary and statutory sector partners in Salford have worked closely to ensure continuation of a funding mix that includes grant-based funding. It is possible then that the VCS in Salford has not been as badly hindered by public funding approaches as some other localities where grant programmes have all but ceased. Nonetheless, some large charities are showing a preference for building relationships with the private sector (due to reduced bureaucracy) rather than focussing on public sector bodies.

Conclusion

6

In concluding this report, we return to the central questions guiding the study: Do locally-based SMCs play a distinctive role in tackling disadvantage as part of a local ecosystem of providers and are these distinctive features recognised? What is the value for money and wider social value that a locally-based small and medium-sized charity provides? Have public funding approaches helped or hindered the work of locally-based SMCs and what are the most effective ways of funding them to deliver services to those facing disadvantage? The chapter discusses each one in turn.

6.1. Distinctiveness and recognition of distinctiveness:

SMCs – and the services they provide – are often constituted by a constellation of features that distinguish them from most other large-scale, providers. These interrelated features include: the provision of unique services and/or generic services to under-serviced, hard to reach groups; holistic approaches through flexible, tailored provision that go beyond short-term fixes to presenting symptomatic issues in a bid to address more fundamental long-term problems; the extent to which SMCs and their staff are embedded in communities of place and/or interest.

To be clear, we are not suggesting that these characteristics are present in all SMCs or that SMCs have a unique claim on such features. Indeed, large organisations that operate on a national scale, can achieve a level of geographic embeddedness if they have a physical presence within particular communities (through the provision of care homes for example) and ability to 'flex' provision according to local need. Such matters render the notion of size problematic with competing sets of criteria applied. For some, size is about the number of people services touch (relative to their target population) or the geographical 'pull' of their services, for others it is the more traditional measures of income, employees etc. As such, there were large organisations, as defined by our research parameters, who would consider themselves to be a small-medium operation and those from small organisations who consider themselves large. Notwithstanding the challenge this presents to claims of distinctiveness, the features summarised above were not only recognised by, but important to, service users and the larger public and voluntary sector organisations who work in various ways with SMCs; often because they were taken as an indication of distinctive knowledge, reach and credibility – *"they get where other organisations can't"*.

It is fair to say that SMCs constitute a vital part of the eco-system of provision within an area, providing a depth of knowledge/understanding of communities and benefits which other scales of provision cannot easily achieve. At the same time, the instabilities (in human and financial resources) and idiosyncrasies of SMCs make them a vulnerable source of welfare support. They are, in essence, a necessary but not sufficient part of a wider eco-system requiring a mix of large-scale provision on

the one hand, and grass-roots, individualised provision on the other if the most vulnerable populations are to be reached. For these reasons, large charities articulate their relationship with SMCs as one of complementarity rather than competition, as these sets of organisations occupy very different positions along the depth-breadth continuum in terms of knowledge, reach and impact in disadvantaged communities.

6.2. Provision of social value

SMCs distinctive reach into and work with particularly vulnerable communities leads to demonstrable social and economic value embodied in both soft and hard outcomes. The SMCs in this study privilege and explicitly target their efforts towards soft outcomes at the level of individual service users (self-esteem, confidence, well-being etc), which often result in harder, larger-scale economic outcomes (education, employment, reduced absenteeism etc) as a positive by-product. It is the former, however, that is the bedrock of their identity and way of working. The social value of SMCs seems intimately tied to their distinctive features. They act, for example, as a conduit for personal and professional development opportunities, including paid employment, to the geographic communities within which they are embedded and the social group they aim to benefit, further enhancing their rootedness in and credibility with their constituency.

SMCs are equipped to articulate their value/impact to varying degrees. The level of sophistication and formalization of their approach differs and appears to be influenced by organisational size, source and type of funding arrangements and intended outcomes. External support to up-skill and build internal capability to measure social value is often necessary, even for larger SMCs. For those organisations involved in delivering commissioned services, this up-skilling has delivered some important outcomes, not least the ability, confidence and evidence base to undertake negotiations with funders/commissioners and/or to gain competitive advantage in the procurement process.

It is important that monitoring and evaluation requirements are appropriate to the size and scale of operation (and funding allocation) as is an appreciation of the value of different types of social value evidence. Large scale statistics can be important for some audiences (particularly funders) but there is equal power in the transformational stories told by service users, in their own voices, and this holds great sway with other existing and future service users.

6.3. Public funding approaches and the work of SMCs

SMCs are feeling the effects of public funding cuts and coping mechanisms include collaborative working in addition to development of alternative funding strategies in the case of larger SMCs. All three SMCs work in collaboration with other charities and public sector organisations in the Salford area. The nature of collaboration, however, varies with the size. Organisations delivering small scale provision on unstable budgets and/or funded from charitable sources tend to collaborate informally for the purposes of information sharing and referral and experience little external pressure to collaborate. The larger of the SMCs experiences greater pressure to collaborate on a more formal basis (e.g. for funding bids) which carries greater reputational and financial risk.

Organisations of all sizes and funding arrangements are experiencing the pressures of a squeezed funding environment. There is some indication that this is influenced by the extent to which the problem the organisation aims to tackle is a policy and funding priority and larger SMCs are perhaps more equipped to take a proactive,

strategic approach to the challenging funding environment. Despite austerity measures and cuts in public sector funding, voluntary and statutory sector partners in Salford have worked closely to ensure continuation of a funding mix that includes grant-based funding and it is important that this continues. It is possible then that the VCS in Salford has not been as badly hindered by public funding approaches as some other localities where grant programmes have all but ceased. Nonetheless, some large charities are showing a preference for building relationships with the private sector (due to reduced bureaucracy) rather than focussing on public sector bodies.

There seems to be an untapped support base for SMCs in the guise of large organisations (both regional and national) that are willing to share the infrastructure resources that come with 'scale' in order to free grass roots organisations up to focus on frontline delivery. This includes support with governance, compliance and social meeting venues for example. The CVS may wish to consider brokering this area of work, which may yield significant benefits for relatively little investment; not least in shielding smaller SMCs from the demands of higher levels of bureaucracy than their nature and scale of operation prepare them to manage.

Appendix 1: Additional information about research methods

A1

This section provides additional information on the research methods employed throughout the research.

Table A1.1 provides an overview of the methods and number of participants in each aspect of the research at a case study level.

Table A1.1: Overview of methods and participants

Case Study	No of workshop attendees	No of stakeholder interviews	Organisation Level Participants			
			Organisation A	*Organisation B*	*Organisation C*	*Organisation D*
Salford	12	8	• 1 group interview with CEO and two paid members of staff • 2 interviews with service users • 1 organisational life history session • Observations of organisation setting and service delivery	• 1 group interview with CEO and Head of Fundraising • 3 Interviews with service users • Document analysis of 5 independently commissioned research reports of impact and social value of services • 1 organisational life history session • Observations of organisation setting and service delivery	• 1 group interview with CEO and Accommodation Director • Individual interview with resettlement worker (post is paid for by a grant) • Group interview with 2 service users • Observations of organisation setting and service delivery	• Focus group with 6 senior managers of the North West Region • 2 Interview with front-line workers • Observations of organisation setting, service users and service delivery • 1 organisational life history session

Appendix 2: Key sampling data

The case study localities were sampled purposively, based on a range of criteria, including: geography, socio-economic and demographic characteristics, political control, and contextual factors associated with the local *environment fo*r and *ecosystem of* small and medium-sized charities. Although these four areas cannot claim to be representative of the overall population of small and medium-sized charities in England and Wales, they are sufficiently varied to provide illustrative findings from which to answer the research questions effectively.

The following figure A2.1 provides an overview of some of the key sampling data at an area level. It demonstrates of the broad spread of our case study areas across a range of criteria.

Figure A2.1: Overview of key sampling data