



# *The value of small*

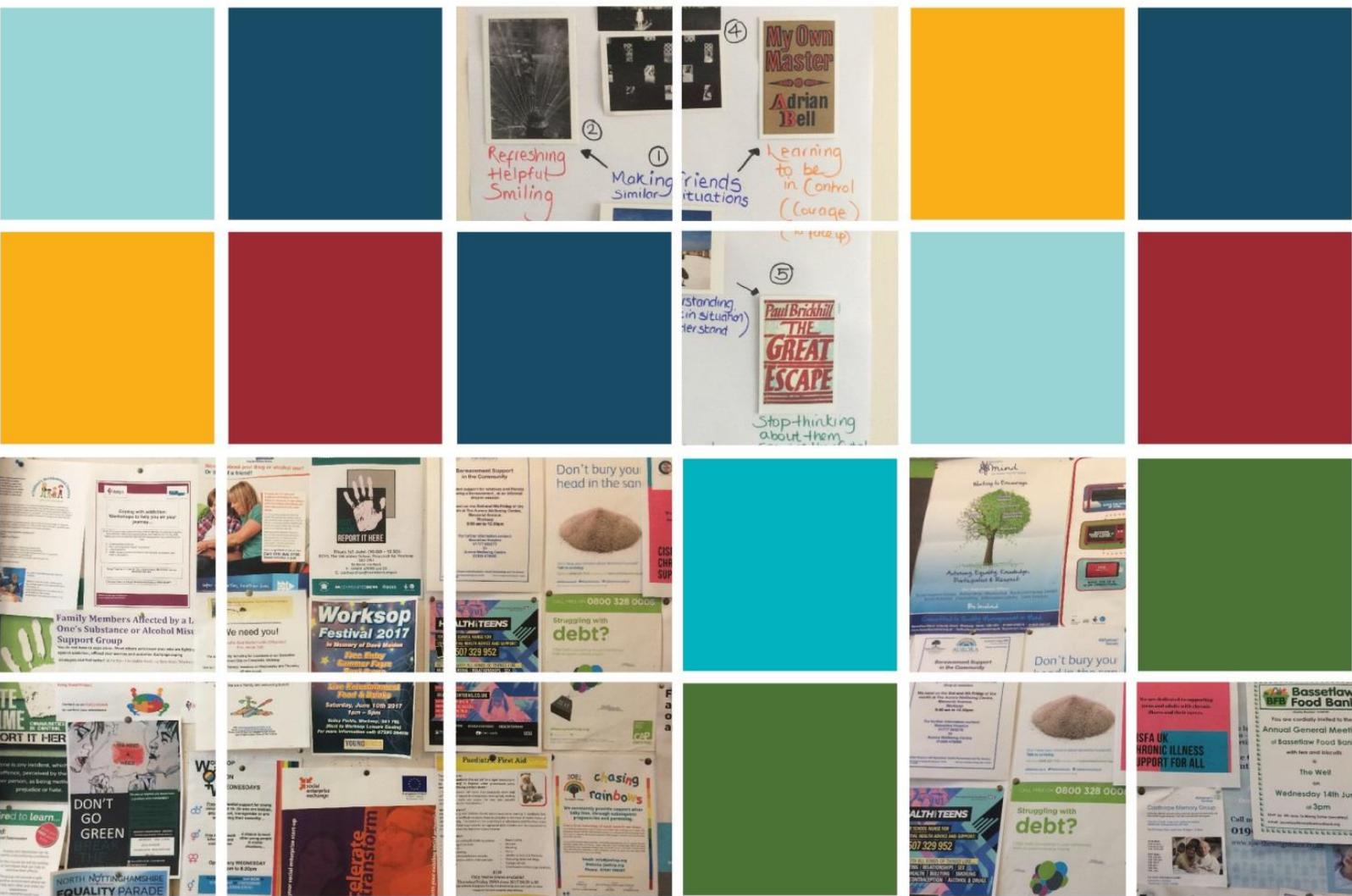
*In-depth research into the distinctive contribution, value and experiences of small and medium-sized charities in Wrexham*



Centre for Voluntary  
Sector Leadership



Institute for Voluntary  
Action Research



# **The value of small**

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

**Author(s):**

Ellen Bennett

Elaine Batty

October 2018

# Acknowledgements

This report has been written by Ellen Bennett and Elaine Batty. It is based on research carried out by Ellen together with Elaine and Tracey Coule. It is one of four area-level reports on each of the study areas researched as part of the wider Value of Small project across England and Wales. The other reports, including an overarching national report, are available to download from the CRESR website<sup>1</sup>.

We are grateful to the organisations that agreed to take part in this study as our in-depth case-studies. Staff, trustees, volunteers and beneficiaries all gave their time and provided extremely valuable information. We would also like to thank all of the stakeholders, including:

- Advance Better Futures
- Association of Voluntary Organisations in Wrexham (AVOW)
- Dynamic
- Wrexham Warehouse Project

People from many organisations gave their time in order to share their insight and experience, without which this study would not have been possible.

The research has been guided by a Steering Group led by Lloyds Bank Foundation for England and Wales ('Lloyds Bank Foundation') and a number of key stakeholders including representatives from policy, practice and academia. Crucial in this have been Alex Van Vliet, Duncan Shrubsole and Caroline Howe from Lloyds Bank Foundation whose input and critical reflections have been invaluable throughout the research process.

## Contact information

### For the Research Team

Name: Chris Dayson  
Principal Research Fellow  
Sheffield Hallam University  
Tel: 0114 225 2846  
Email: c.dayson@shu.ac.uk

### For Lloyds Bank Foundation

Name: Alex Van Vliet  
Research and Learning Manager  
Lloyds Bank Foundation  
Tel: 0207 378 4605  
Email: avanvliet@lloydsbankfoundation.org.uk

---

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

# Contents

|   |           |
|---|-----------|
| <b>Executive Summary</b> .....  | <b>i</b>  |
| <b>1. Introduction</b> .....  | <b>1</b>  |
| <b>2. Case study context: Wrexham</b> .....   | <b>4</b>  |
| <b>3. Understanding the distinctiveness of small and medium sized charities in Wrexham</b> .... | <b>8</b>  |
| <b>4. The social value of small and medium sized charities in Wrexham</b> .....                 | <b>19</b> |
| <b>5. Small and medium sized charities and public funding in Wrexham</b> .....                  | <b>26</b> |
| <b>6. Conclusion</b> .....  | <b>36</b> |
| <b>Appendix 1: Additional information about research methods</b> .....                          | <b>39</b> |
| <b>Appendix 2: Key sampling data</b> .....  | <b>41</b> |

# 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 Wrexham. Most SMCs are based and operate at a local level and include a wide range of voluntary, community, social enterprise and civil society organisations. There are 235 general charities which are registered within Wrexham, which had a combined income in 2014/15 of £21,224,855. Of these charities, 70 (or 30 per cent) are considered SMCs, and their combined income in the same accounting period was £9,830,151.

Overall, 74 people participated in the research in Wrexham 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 Wrexham and understanding the funding challenges they face.

This Executive Summary draws together the key findings for the Wrexham 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 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.

SMCs in Wrexham articulate their work in terms of meeting the needs of a specific, disadvantaged population whose needs are not met by other services, whether from private, public (statutory) or charitable organisations. The way in which SMCs carry out this work is often through bespoke, small-scale service provision. Stakeholders and service users within Wrexham recognise and value the flexibility in terms of decision making, which enables SMCs to respond to particular instances of acute need, often taking a 'whole-person' approach in order to respond to complex needs and provide a pathway into other sources of support.

Our research found that the way in which Wrexham-based SMCs work is enabled by structural features, such as small decision-making hierarchies, and the role of key individuals with multiple roles. These features, and the way SMCs work, commonly led to service users using the analogy of 'family' when describing the way the organisations work and feel.

The SMCs that we researched within Wrexham frequently provide engagement pathways for individuals to take different roles (service user, volunteer) over time. The role of volunteers is extremely important, as commonly SMCs retain volunteers over long time periods, and they are important in terms of the delivery of core activities.

## Social Value

Our research in Wrexham 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.

SMC staff, trustees, volunteers and service users commonly prioritise the ways in which the organisations provide wide-ranging activities/services which deliver soft outcomes such as emotional support, confidence-building, self-esteem in order to reduce stress and anxiety. Linked to the soft outcomes are the hard outcomes achieved by the organisations, such as support to obtain volunteering positions, employment, training, personal achievements and qualifications. However these hard outcomes are less commonly discussed and it is the soft outcomes that are prioritised in narratives about SMCs.

Although SMCs understood the importance of the social value agenda, organisations predominantly spoke about the monitoring requirements of their funders, and commonly did not have a set approach to capturing or quantifying their social value. There were examples of SMCs developing approaches to capturing the stories of service users in order to illustrate and illuminate their impact.

The challenges of measuring social value include the range of expectations from funders and external stakeholders and the limited time and resources that SMCs have to dedicate to more monitoring/evaluation. There is a question as to whether the focus for a number of organisations in Wrexham on SROI will be appropriate for many SMCs.

## Funding

The funding context within Wrexham, which has been characterised by large-scale public sector contracts, is challenging for all SMCs that we worked with during this research. The loss of Community First funding in Wales, and changes to Families First funding represents significant challenges for organisations, and the dismantling of associated networks and relationships further magnifies these difficulties. Linked to all these changes, the relationship between the local authority and SMCs has become more fraught in recent years, particularly due to the impact of austerity and loss of major funding streams and associated networks and relationships.

In the absence of a local grants scheme from statutory sector partners, organisations are facing the challenge of attempting to 'gear up' and adapt to the changing funding environment, which can be particularly onerous for SMCs with small staff teams. However, SMCs are also now competing for contracts with the statutory sector partners and larger charities, often from outside of Wrexham.

SMCs are continuing to find it very challenging to find funding which supports the continuation of existing, successful projects. The pressure to constantly innovate is very challenging particularly for small organisations, and can be frustrating when services work and continue to meet need. Whilst the ability for SMCs to respond quickly to emerging need has been identified, funding to support responsiveness had diminished in Wrexham.

## Recommendations

We have used our findings from our study in Wrexham, 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 Commissioners and funders need to recognise the distinctive features of SMCs within a social value context. Although there are clear differences between the requirements within the English and Welsh contexts, in practice we suggest that 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<sup>2</sup> 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:<sup>3</sup>

- 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<sup>4</sup>.

## 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 the Lloyds Bank Foundation

---

<sup>2</sup> This report uses the size classifications adopted by the Lloyds Bank Foundation for England and Wales: a small charity is defined as having an annual income of £25,000-£100,000; a medium-sized charity is defined as having an income of £100,000-£1 million.

<sup>3</sup> 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.

<sup>4</sup> 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<sup>5</sup> and an evidence review<sup>6</sup> published in 2016.

At the heart of the study are a series of over-arching questions that have been posed by the Foundation which aim 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<sup>7</sup>?
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 at 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 Wrexham. It covers the following:

- Chapter 2 provides the **context for the Wrexham 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.

---

<sup>5</sup> Crees, J. et al (2016) [Navigating change: an analysis of financial trends for small and medium-sized charities](#). NCVO.

<sup>6</sup> See footnote 2.

<sup>7</sup> 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 Wrexham.
- Chapter 4 discusses the **social value of small and medium-sized charities** in Wrexham, 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 Wrexham, providing an overview of the local funding landscape before discussing how funders and our case study organisations have responded.

# Case study context: Wrexham

## 2.1. Introduction

This chapter provides some important contextual and background information for the Wrexham case study. It discusses the demographic and socio-economic context in Wrexham before providing an overview of the local ecosystem of voluntary, community and social enterprise organisations in Wrexham 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

Wrexham was chosen as one of the four focal areas for this research for a number of reasons. It was important to have a Welsh study area, and unlike areas particularly in the south of Wales, the voluntary sector in this part of Wales is relatively under-researched. Wrexham Borough is unitary authority in the north east of Wales, and has a population of approximately 136,700. The town of Wrexham is the largest urban centre in the borough. It is a relatively affluent county, but has pockets of significant deprivation with four percent of LSOAs in Wrexham being in the 10 per cent most deprived areas nationally, according to the 2015 Index of Multiple Deprivation. The mean life satisfaction score in Wrexham is 7.59 per cent, as of 2015-2016.

The impact of austerity and funding cuts in Wrexham is taking its toll on public services, as the borough has been subject to an average of £729 cuts to welfare spending per working age adult, per year, since 2010.

Due to its proximity to major urban centres, such as Liverpool and Manchester, as well as being the location of a large industrial park, Wrexham has relatively low unemployment. Wrexham is characterised by high levels of immigration, particularly from EU member states. There is a risk, therefore, posed by the withdrawal of the UK from Europe, as areas such as Wrexham fear high levels of reverse migration.

Politically, Wrexham has experienced some turbulence in recent years, and currently is under no overall control by any party. Wales is currently developing a regional agenda, whereby regional plans are to be developed and led by partnerships between statutory services, private sector organisations and the community. This is a developing agenda, and as yet, charities are unclear about how the regional agenda will impact upon them.

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

There are 235 general charities which are registered within Wrexham, which had a combined income in 2014/15 of £21,224,855. Of these charities, 70 (or 30 per cent) are considered SMCs, (with an annual income of between £25,000 and £1million) and their combined income in the same accounting period was £9,830,151.

Volunteering is an important feature of voluntary, community and social enterprise organisations in Wrexham, with SMCs having recorded 3,484 volunteers in their annual returns in 2015. This figure accounts for 64 per cent of all volunteers recorded by general charities registered in Wrexham.

Social enterprises are a significant feature of the voluntary sector landscape in Wrexham, as the area achieved the status of 'social enterprise place' in 2016.<sup>8</sup> It has developed a Social Enterprise Network, which has 18 active members.

#### ***Key Funding changes in Wales***

There are significant changes taking place to the funding context within Wales, the most significant of which is the loss of Communities First funding. Communities First is a funding scheme which was established in 2001 by Welsh Government to tackle poverty in the 52 most deprived areas in Wales. In recent years this was managed from within WCBC, but it will close in March 2018, and this will have a significant impact on a number of organisations. The implications of these changes will be addressed in more detail later in this report, but it is important to note here that the context for many organisations, and indeed the relationship between the voluntary sector and the Wrexham County Borough Council (WCBC), is changing significantly as a result of these funding changes.

#### ***Support for charities in Wrexham***

As well as the infrastructure organisation, the Association of Voluntary Organisations in Wrexham (AVOW), Wrexham Glyndwr University, established in 2008, also plays an active role in supporting voluntary action in the county. This support includes providing student placements within the sector, as well as providing support with development and funding bids. The Police and Crime Commissioner in North Wales is a key partner for many charities in Wrexham. As well as providing some funding to the sector, the PCC is leading a piece of work to develop the sector's awareness of social value.

#### ***The shifting relationship between the voluntary sector and Wrexham County Borough Council (WCBC)***

Important factors when researching the role of charities in any geographical location are the relationships between charities and the statutory sector organisations of the area. In particular, the relationships which exist between charities and Wrexham

---

<sup>8</sup> Social Enterprise UK; <https://www.socialenterprise.org.uk/wrexham>

County Borough Council (WCBC) are central for each organisation that we have worked with throughout this research. We do explore a number of key findings regarding relationships later in this report, but in terms of the overarching context, it is useful to note that participants discussed the loss of formal partnership structures which used to exist between the sectors. In the absence of these formal partnership arrangements, more ad-hoc partnerships have emerged. These are sometimes funding related, but can also be in response to a particular need within a locality or within a particular population. However, many participants express their concern that the nature of many relationships has become strained, particularly in the context of austerity.

It is acknowledged that WCBC staff members have less capacity to actually deliver services, and that their role is increasingly managing and supporting external service provision. This is often managing commissioning processes, and managing the subsequent contractual arrangements.

The stakeholder workshop that we held at the outset of this research identified the broad understanding of the need to have voluntary organisations as part of an ecosystem of provision, and many are keen to instigate a more positive and proactive dialogue between the sectors.

## **2.4. Our case study organisations**

Although anonymised throughout the study, it is important to understand something about the charities which were the focus of this research in Wrexham. Below are a series of pen portraits which explain the size/scale of the organisation and the services they provide as well as a brief description of the evolution. They vary in a number of ways, but Organisations A, B and C are small to medium sized in terms of their annual income. Organisation D is the large charity. It was selected in part because of its growth over the past few years, and the interesting story this can tell about some of the differences between SMCs, and indeed some of the similarities.

Organisation A is a small charity, with an income of £125K. It was established in 1992 by a small group of medical professionals that came together because they recognised that there was a gap in support, and in particular advocacy support, for people with mental health problems. They quickly recognised that there was broader support for this idea, and were able to raise funds for a conference at which they facilitated discussions with service providers and service users about the gaps which existed. The charity was then formed, and has grown to include a range of support activities/services. The broad consultation about the remit and services of the charity remains an integral part of the organisation's identity.

Organisation B is a medium sized charity, with an income of £351K. The charity works with children and young people with disabilities. The organisation has its origins in some ad-hoc trialled activities which started in the mid-1980s. At this time, a group of health professionals had recognised a gap in provision for children and young people with disabilities, in that there was no after-school or holiday provision available, rendering children and young people and their families isolated and. Skills development which had taken place during school term time often stalled, or was reversed, and families were often found to be struggling during these periods of time. The ad-hoc sessions were initially developed by this founding group on a voluntary basis, but it was when the need for premises arose that the group decided to register the organisation as a charity formally, and this is when they first employed a part time manager to raise funds and manage activities. Since then, the organisation has grown and now employs several staff, and is supported by a number of volunteers.

Organisation C is the smallest charity within this study, with an income of £66K. The charity was established to support young people who are experiencing, or are at risk of experiencing, some kind of exclusion from society. The charity conducts a range of activities with a range of groups of young people, but at the heart of all activities is the development of skills, whether practical or social, in order to support them to feel more confident and well-equipped at engaging with society. In terms of the types of groups of young people, this charity has worked with a broad range from homeless young people to school-age children at risk of exclusion. The organisation has gradually grown based on the commitment of one individual to provide support to excluded individuals through unconventional activities. The organisation gradually grew around the efforts of this individual, and the organisation then purchased a site and enabled young people to support the site's development, enabling the service users to make key decisions about the spaces they were developing. The charity was registered in 2014.

Organisation D is a large charity, with an income of just under £2million, working with women experiencing domestic violence. This large charity is a particularly interesting case, because the local Wrexham charity became part of larger charity in 2013. Prior to this, it had been a medium sized charity operating locally in Wrexham. Although the Wrexham arm of the organisation still retains the same activities and scale, its identity as a large charity has led to changes for staff. Through the course of our research, we conducted interviews and focus groups with service users, and it became clear from their narratives, as well as those of staff and trustees, that the services being delivered have not been affected in a significant way by the new identity. However, the changes that have been recognised are regarding the way in which the organisation functions such as decision-making and fundraising. The way in which this research can tell the story of the changes this organisation has experienced can illuminate some of the key difference they have experienced since becoming part of a large charity.

**Table 2.1: Summary of case organisations**

|          | Size                         | Services and activities   | Key funding streams  |
|----------|------------------------------|---|--|
| <b>A</b> | Small<br>£ 125,000<br>(2017) | <ul style="list-style-type: none"> <li>• Support and advocacy work with people with mental health problems</li> </ul> | <ul style="list-style-type: none"> <li>• Health Board</li> <li>• Wrexham Borough Council</li> <li>• Non-statutory grants</li> <li>• Private donations</li> </ul>   |
| <b>B</b> | Medium<br>£351,000<br>(2017) | <ul style="list-style-type: none"> <li>• Working with children and young people with disabilities</li> </ul>          | <ul style="list-style-type: none"> <li>• Wrexham Borough Council</li> <li>• Big Lottery</li> <li>• Lloyds Bank Foundation</li> <li>• Private donations</li> </ul>  |
| <b>C</b> | Small<br>£66,000<br>(2017)   | <ul style="list-style-type: none"> <li>• Working with disadvantaged young people</li> </ul>                           | <ul style="list-style-type: none"> <li>• Private donations</li> <li>• Non-statutory grants</li> </ul>  |
| <b>D</b> | Large<br>£1.9million         | <ul style="list-style-type: none"> <li>• Working with women experiencing domestic violence</li> </ul>                 | <ul style="list-style-type: none"> <li>• Local Authority Contracts</li> <li>• Police and Crime Commissioner Funding</li> <li>• Small-scale trust income</li> </ul> |

# Understanding the distinctiveness of small and medium sized charities in Wrexham

## Summary

- SMCs articulate their work in terms of meeting the needs of a specific, disadvantaged population whose needs are not met by other services, whether from private, public (statutory) or charitable organisations.
- The importance of bespoke, small-scale service provision for these particular groups/populations was highlighted. SMCs are filling a specific gap in provision.
- The flexibility with which decisions can be made and the ability to respond to particular moments of acute need, are features of SMCs which are recognised and valued by stakeholders and the people that use SMC services.
- SMCs respond to complex needs, provide a pathway into support and have a whole-person approach.
- The inner workings of SMCs are important when understanding distinctiveness. The significance of features such as decision-making hierarchies, as well as the role of key individuals and the multiple roles they hold are highlighted.
- The way in which SMCs frequently provide an engagement pathway for individuals to take different roles (service user, volunteer) over time was a key characteristic.
- Stakeholders and service users emphasised the significance of the 'family feel' of SMCs, regarding them as special places.
- The experience of volunteers is significant within the context of people who use the services of SMCs. The way in which SMCs attract and retain volunteers, and the way in which those organisations rely on volunteers to deliver core activities is vital.
- The distinctiveness of SMCs is as much about the internal working practices/communications, dynamics and relationships as it is about the nature of the services being delivered. Participants reflected on their experiences of working or volunteering within the organisation, the way in which the organisation welcomes, nurtures and supports staff and volunteers. It was suggested that this in turn is reflected in the longevity of involvement of key individuals.

### 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 Wrexham 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

The key findings which emerged from the research conducted in Wrexham can largely be split into two broad thematic groupings. The first is concerned with the services that SMCs deliver, and this includes both what the services are, but also the way in which they are delivered. The second thematic grouping includes features of the organisations themselves, whether to do with people involved in the organisation, the way the organisation 'feels' or the way that it is run.

#### ***The distinctiveness of services delivered by SMCs***

##### *Delivering small-scale, bespoke services*

The SMCs studied in Wrexham each work with a specific population which faces a degree of exclusion, and whose needs are not met by other services. In each case, the SMC developed out of a need which wasn't being met by other providers, and participants stated that in such cases, large-scale and more generic provision would not have been suitable. The scale and the service being provided within a small-scale setting were highlighted as a significant characteristic. People reflected on the distinctive credibility the organisations have, particularly when compared to large organisations and statutory services. This includes organisations having a distinctive reach, credibility and reputation within Wrexham, referring to the way in which the organisations connected closely to service users, and created opportunities for service users and their families to provide feedback and contribute ideas for services and new areas of work.

A statutory sector stakeholder discussed their perspective on the importance of having small-scale services for particular groups or populations. When discussing Organisation C, which is a small-scale provision for young people at risk of exclusion, the area stakeholder pointed to the significance which scale has, pointing to the risk of setting someone up to fail if sent to a larger group provision:

*"The value for me is the approach, the ethos behind it, and from a youth work perspective...and the numbers gives that flexibility to build that relationship. I'm not saying large organisations don't have that, but young people, and they types of young people it may benefit, if somebody was maybe lacking more in social skills or personal skills, to send them into an environment in a larger group, that is potentially setting that young person up to fail...whereas it's very small, it's personable...just the feeling you pick-up here" [Area Stakeholder, Wrexham].*

Organisation A is a mental health charity, which is focused on voice and advocacy for service users. They meet the needs of particular group of people whose needs are not being met through secondary care or therapies which exist within other organisations. An important aspect of the way in which Organisation A works is that it places a great deal of importance on consultation with existing service users, referrers and commissioners in order to find out what activities or services people want to see. In order to provide a forum for this, the organisation holds sessions

which are a "café and chat" sessions, and conversations initiated between commissioners, volunteers and service users can continue for a number of days. This is considered an important part of their development, and a key way in which they keep adapting in order to ensure the organisation is serving its particular community.

*"We're always reviewing parts of projects here 'cos they could be improved, listen to what people are telling us. So we keep looking at ourselves, we can never take it for granted, what's novel and good today and meeting people's needs tomorrow could be old hat... and is no longer necessary 'cos things move fast for people" [Trustee, Organisation A]*

### ***Delivering flexible services in order to react to emerging need***

The flexibility of SMCs was raised as a significant distinctive characteristic in a number of ways. Staff, trustees and volunteers from within SMCs discussed their ability to develop activities and services, and staff in particular conveyed the freedom with which they are able to adapt working practices in order to meet particular needs. People using the services of SMCs provided important examples of where the charities have been flexible when the individual was facing a particular point of crisis. Stakeholders, such as commissioners, suggested that one of the important benefits of working with SMCs is the ability to ask for them to adapt their work on particular occasions.

Organisation C is a small charity which is developing and growing. Part of this development has meant working with local statutory sector partners in order to be ready to bid for contracts through a new commissioning framework. This is a significant developmental phase, and involves the charity working closely with the local authority in order to understand the requirements. We spoke to a staff member from the local authority, and discussed their experience of working with this small charity and how it compared to working with larger charities in Wrexham. This staff member explained what they think are the differences between how SMCs can work flexibly in order to respond:

*"I would say flexibility [is a difference]. Larger organisations are more rigid in what they offer and maybe the price is the price, that can't be negotiated, or the programmes on offer are very... whereas I know if I was saying to [Organisation C] 'there's a gap here, could you look at doing something, or can we look at doing this? I know generally the agreement is this, but can we alter it on this occasion?' and I know there'd be more chance of that happening somewhere like [Organisation C] than there would be with a larger organisation" [Local Authority Stakeholder, Wrexham]*

Another local stakeholder expresses similar sentiments, suggesting that SMCs can respond quickly and in a flexible way as specific needs arise locally:

*"they do things as and when they see fit and when they see a need, and the beauty of that is they can react to something very quickly, so if they see a particular problem in the streets they can put something together quickly" [Wrexham Stakeholder]*

The scale of SMCs means that they are often able to respond quickly to very specific examples of acute need. This can mean that they are able to respond to an individual with a particular intervention, which in turn removes an impending crisis. Examples given through the course of this research were often interventions with individuals, often when statutory services were unable to respond within the necessary time, as illustrated in the following example:

*"We do it now and timely action is valuable. [The service users] haven't got time to wait six weeks for an OT to come out and decide whether you need a grab rail or not. They need a grab rail or they need an adaptation to a wheelchair cos it makes a massive difference in their lives...I don't think there's an understanding of how difficult that is for somebody who's been told, 'yes you need one of these, but it might be six months before you see it" [Staff, Organisation B]*

It is also due to the fact that the services and activities provided by the SMCs are often unique, and meet the particular needs of a specific disadvantaged community. It is therefore important that these organisations are able to respond quickly, as they know that there isn't another organisation able to provide this service. The flexibility and responsiveness of the SMCs which were researched within Wrexham were recognised and celebrated by the people who use their services. One service user described in detail one experience where she faced a family crisis involving travel away from her children, and Organisation B was able to respond quickly and alleviate pressure by providing additional out-of-hours care, the impact of which was immense:

*"And even [staff members and volunteers] had said 'do you need us at the house so you can go and visit?'. That is above and beyond, and I'm not the only family they've done that to in circumstances that are beyond your control...They're special. That, to me, I'll never be able to repay them for all the kindness and the support they gave to us. Nobody else would have done that." [Service user, Organisation B]*

A staff member from Organisation B explains that decisions are made internally about specific cases of need. As an organisation working with children and young people with a wide range of disabilities, it is clear that decisions have to be made on a case-by-case basis, and that the staff members working in the organisation have the ability to make such decisions:

*"I think that's a decision we make and we make it on the grounds of the situation that child's in and we do it 'cos we know we're fairly unique in what we offer..." [Staff, Organisation B]*

### *SMCs addressing complex needs*

An important finding within Wrexham was the way in which the charities we researched worked in ways which responded to the multiple needs of service users. They all had particular, focused services through which people interacted with the organisation, but each worked in order to respond to the varied, complex needs of individuals. The needs of many disadvantaged groups are becoming more acute as welfare reforms proceed, and for these people, small organisation can be described as the 'pathway' into support, working with a 'whole person approach' as highlighted by a statutory sector stakeholder:

*"In a broad sense it wasn't the activities we were funding that was that important to people, it was the overall offer that was available in the community, it was somewhere you could walk through a door and be dealt with...ultimately there was somewhere you could go and have a conversation and deal with crisis" [Stakeholder]*

In contrast, the same stakeholder reflects on an experience with a larger provider, which was contracted to deliver an employment intervention, but struggled to reach the agreed targets because *"actually they couldn't deal with the complex issues that were coming through"* [Stakeholder].

It is important to note that the large charity within this sample, Organisation D, had still be able to retain its local identity, and service users described their experience of services in very similar terms to those using the services of smaller organisations. When people were describing the services they had received, and the difference it had made to them, the narratives were very much the same in terms of wide ranging support, helping with many aspects with which the individual was experiencing difficulties:

*"Yeah a massive difference, if I didn't know about in the first place I wouldn't know what I was missing, but now I know exactly what they do it is at the minute, every aspect of my life is helped, it sounds really needy, but that horrible bubble that I was hiding myself, everything that you do need help, they do help with and it's from housing to sorting myself out and helping find a school, made a massive difference" [Service user, Organisation D]*

The journey this organisation had made from being a purely local, SMC to now being part of a larger charity is a change which had not necessarily impacted on service users in a tangible way. Staff suggested that services users wouldn't necessarily notice any discernible difference. Although some of its services had been affected by the organisation's access to smaller, ad-hoc funding sources, staff were clear that they had retained the local service feel to the centre in Wrexham. The changes the organisation had experienced following its transition to being part of a larger charity were experienced by staff in terms of the internal workings of the organisation. This is something to which this report now turns, as it goes on to consider the distinctiveness of the 'inner workings' of SMCs.

### ***The distinctiveness of the 'inner workings' of SMCs***

The second thematic group is concerned with the organisations themselves, rather than the services they deliver. This is referred to as the 'inner workings' of SMCs, and considers the processes by which the organisations function.

#### *Decision-making hierarchies*

The ability to respond to need quickly is in part due to the scale of decision-making hierarchies within SMCs. Decisions can be made quickly without going through multiple layers of people and processes. This is often down to the small size of staff teams which work closely together, but also an understanding that there is in SMCs often a key person that acts as a central, well-known contact point for the organisation. One stakeholder explained about their experience of working with a small organisation, referred to here in terms of being *'less formal stuff'*, as compared to their own position within the statutory sector:

*"With the formalised stuff you can't always react quickly, and you can get favours, with the stuff that's less formal. There are many benefits" (Wrexham, Stakeholder)*

The staff, trustees and volunteers expressed similar sentiments when discussing the nature of the SMCs within which they worked or volunteered. There is a sense that the smaller scale organisations feel more in control of their own decision-making, linking it through to the close working relationships within these charities:

*"we're more in charge of the decisions that are taken and we all live locally and we make the decisions about where it's going...and we know everybody very well, we know the staff, we know each other very well." [Trustee, Organisation B]*

The experience of staff and trustees within Organisation D, the large charity which took part in this research, is that they are struggling to adapt to the more complex decision-making processes/hierarchies which exist within the large charity structure. Following their decision to become part of a large organisation a number of years ago, their ability to make quick decisions based on the local environment has been greatly reduced. One staff member reflected on the change in their organisational structure since they became part of a large charity, and a key problem is that they no longer know what is happening with key decision-making, particularly around services and funding, as she explains in the extract below:

*"I think for us staff, it's just that we had some control over what was happening, some control over funding, we knew where we were up to with funding applications and it's just taken that power away from us" [Staff, Organisation D].*

#### *The importance of the key individual with multiple roles*

An important finding from this study is the significance of a key individual within SMCs. The scale of many of these charities means that multiple roles are carried out by a key individual. The key individual is commonly a Manager, responsible for planning projects, fundraising and supervising staff as well as recruiting and supporting volunteers, acting as a key link with trustees, representing the organisation in partnerships with other charities and public sector bodies, and sometimes having direct contact with service users.

It is important that the role of the key individual is recognised and understood if we are to better understand the value and distinctiveness of SMCs. The key individual can hold a lot of knowledge of the organisation's history in terms of services and relationships; they are often well respected by external colleagues, and hold a lot of cultural capital in terms of their role locally within the voluntary sector, and with key partners such as local authority. This has benefits in terms of the organisation's reputation and relationships.

However, there are also risks associated with an organisation relying to such a degree on one key individual. The organisation cannot grow whilst being 'held' by one person, as there are limits to their personal capacity and time. A significant risk is posed by the potential for this person to have a period of absence or leave altogether.

### **Case example: the significance of key individuals**

Understanding the history of Organisation A enables this research to illustrate the significance of the key individual within SMCs. Coming out of a period of difficulty, which was characterised by loss of funding contracts and poor relationships with statutory sector services, it was down to the work of the manager to steer the organisation in a more positive direction by instigating new projects and bringing on a new member of staff:

*"It was a mixture of passion for the organisation and a drive to get the organisation to its potential...this had been the turning point, she'd been the one that had instigated the [project] pilot that turned into [project] and she'd been the one that had set up [that project]. It was her baby really and then she'd become the manager recently to then bring me on, and it must have been a big thing to pass over that project to me cos that had been what she'd set and that drove us forward onto this excellent foundation for what's happened the last seven years, so a lot of credit has to go to her for turning the organisation in the right direction and for spending the time with me and sharing what she knew with me to then drive it on"* [Manager, Organisation A]

A trustee continues to tell the story of organisational development, illustrating how the current manager then continued to lead the organisation and build a positive organisational reputation:

*"So we worked very hard to get back in track with that and I think [Organisation A] under the leadership of [the current manager] and some good governance here, we enjoy a good reputation with people"* (Trustee, Organisation A)

The pressure on one key individual is reflected in this extract above. This conveys a precarious aspect of the small organisational existence, in that the ability of this organisation to 'turn around' and develop positively seems to be based on the way in which the knowledge and experience was passed from one key individual to another. A staff member from Organisation B reflects upon this theme, suggesting that there is a great deal of pressure on them, and they are thinking now about future succession:

*"My biggest worry is replacing me, 'cos although I don't know everything about what [other staff members] are doing, I've got a vague idea. But nobody has what's in [my head] and that's my worry, that's a real concern 'cos I don't know what I can do with it, how I get it out of there an put it on a hard drive, I don't know"* [Staff, Organisation B].

The story of key individuals can also be heard in the narratives associated with trustees within SMCs in Wrexham:

*"The main turning point for the board was [founding trustee], she's again one of them people you meet that you'll never meet anyone like"* [Staff, Organisation A]

It is clear from this research that the relationship that service users have with a key, central figure within the organisation is vital. The small scale of organisations, with well-known staff and volunteers, and the long-standing relationships that exist between staff, volunteers and service users is an important feature of SMCs which service users highlight and value. Yet this valuable and distinctive feature also represents a pressure on these individuals, and there is a degree of organisational vulnerability which stems from this pressure.

### *Multifaceted role of Trustees*

The nature of the board of trustees was raised as a significant feature of SMCs within Wrexham. The feature which was particularly important was the level of involvement that the board members have in the day-to-day running of the organisations. This was referred to in a number of different ways:

*"[The trustees are] all happy to get their hands dirty, we're a very small team here, if anything goes really that we need hands on deck, they'll come and muck in...People come to a meeting or pop in, they're passing the rooms with kids in so they see what they're doing, they'll pop into the parents' meetings and listen to the parents and I think it just helps" [Staff, Organisation B].*

A long-standing trustee from Organisation A made the same point about trustees getting involved in the activities of the organisation:

*"We've got a small board...we're all the same people doing the work. But operationally [when faced with a particular staff absence] it's all hands on deck and we can't let people down so things had to be booked in, one of them was training in the University and so we looked at what we'd got to do and said who could do what" [Trustee, Organisation A].*

### *SMCs provide engagement pathways*

A number of participants within the research discussed how SMCs enable individuals to 'move through' the organisation, holding a range of different roles over time but crucially enabling people to maintain a relationship with the organisation over an extended time period. At times this means enabling service users to become volunteers, or volunteers to become staff members. This engagement pathway is a key feature of SMCs, which at once adds the strength of experience into an organisation whilst supporting individuals to feel valued. It embeds a sense of loyalty to the organisation, and further strengthens the familial bonds that people have articulated at different points within this research.

*"I started volunteering when I was nearly 41 and volunteered for two years and this job opportunity came up as a project worker which is a lottery funded project...and [the Manager] said 'why don't you apply' and I'd said 'no, I haven't got enough knowledge and confidence', and so I left it. And then I had a phone call, 'I think you really should apply', 'alright then, if you think I should'. So I did, and I got one of the five jobs. That was four years ago, just started year five this month... and I haven't looked back', [Staff, Organisation B].*

People commonly talk about their lack of confidence when starting in their initial role, and the support and encouragement of key people within the organisations is a vital factor in enabling these individuals to follow an engagement pathway further into the organisation. A second example from Organisation A affirms this:

*"What was happening to me at the time from when I graduated to when I started volunteering and got the job here, was my self-esteem was going on a nose dive down. Even when I came to the interview here, the interview went so terrible for the volunteer role...so it was a real turning point for me personally to get a role here as well, and to have the manager here to see something in me, 'cos I wasn't going to apply for the job, the project worker. I didn't actually, and the manager phoned me up and said, 'have you seen this job being advertised?'" [Staff, Organisation A]*

It might be that this empowerment of individuals to develop their role, acquire new skills and feel valued in different ways all contribute to the way in which many people talk so fondly about these charities. The next section summarises a range of different perspectives on these opinions of SMCs.

*SMCs regarded as special places which feel like 'families'*

*"It's the size of the organisation and the vision and the mission and the ethos of what we do, it's the people, it's the beautiful building and it's the positive feedback that we get from the people we work with makes it all worthwhile."  
[Staff, Organisation A]*

It was common throughout the research for people to articulate why they felt strongly about a particular charity. People wanted to convey how special these organisations were, and the reasons behind this varied from relationships with key staff or volunteers, the difference they see the organisation making to service users and the difference the organisation has made to them and their families. People talked about the unique nature of organisations, how they went 'above and beyond' what you would expect from a service. There was also an important theme of belief in individuals that emerged from the research.

*"I think the gut feeling you have here is it's a very positive place working with some challenging young people, more importantly just the whole ethos and the attitude of the people who are in here from management through to staff is a very positive one" [Trustee, Organisation B]*

Organisation C works with children and young people who are in some way excluded, or at risk of exclusion from mainstream provision. The Manager explains how important it is that young people feel welcome and at ease within the setting.

*"You just look round, it's not statutory, it's not 'you've got to tick a box to get the right answer or to be ok with management, it's not like that. If it wasn't for the second chance would we all be where we are today?...Perhaps you wouldn't get where we are if somebody didn't believe in us, and if you offer that to one young person, or you get through to one young person ten you've done your job right"  
[Staff, Organisation C]*

A recurrent theme throughout the research in Wrexham was the way in which people described the organisations as feeling almost like an extended family. This warm, familial nature of the charities was clearly a feature which encouraged people to return to services, and remain involved. Volunteers from across the three SMCs in Wrexham referred to the longevity of their involvement with the organisation. In each case, volunteers had been involved for a period of years, and all intended to remain involved. A volunteer from Organisation B reflected on the way in which organisation was in some senses like a family:

*"I think it is the family-ness of it that's part of it that makes it nice, and I think if it got too big, I don't know, it would depend how that was managed and how it was organised..." [Volunteer, Organisation B].*

Referring to *"feeling part of it"* [Volunteer] and *"being valued and being a close knit group"* [Volunteer], volunteers within Organisation B were clear that their sense of attachment to the organisation was important in terms of their choice to volunteer. A second volunteer within the same organisation uses the same reference to family when talking about what they enjoy about volunteering:

*"I love it here, it's the best thing that's ever happened to me, we're just like a big, giant family" [Volunteer, Organisation B].*

People who use the services provided by the SMCs within this study also refer to the familial nature of the organisations. For example, one parent who uses services provided by Organisation B says:

*"It's a family...safety, reassurances, endearment, people that we know will look after our children as well as what we would" [Service User, Organisation B].*

A service user from Organisation A also referred to this familial nature of the charity:

*"It's such a tight community between us. We bond with one another, and everyone knows one another. You go in somewhere big and they don't know who that is, where he's come from, here everybody knows everybody. It's a nice atmosphere, I really think so anyway" [Service user, Organisation A].*

The importance of the scale of the Organisations was highlighted by a number of people that use the services of the SMCs within this study. People referred to the importance of having consistent contacts, whether with staff or volunteers, and suggested that this might not be possible within larger organisations.

#### *SMCs in local ecosystem of providers*

SMCs in Wrexham are to an extent embedded in a local ecosystem of providers, with organisations describing the way in which they work together, either formally within agreed partnerships or informally, through signposting and referring between organisations. SMCs engage with networks and in partnerships with the statutory sector where possible. Although a number of relationships have become more challenging in recent years, particularly within the context of public sector funding cuts and subsequent changes to the way that organisations are funded, there are still examples of close working partnerships.

Wrexham does not have the established, formalised networks between organisations that characterise other geographical areas (for example, the remnants of the Community Empowerment Networks in some regions of England). Nor is there an overarching approach to collaborative working in Wrexham being led by any single agency. It was suggested that community-level organisational networks were more prevalent at the height of the Communities First funding programme, but as funding has reduced, these networks have also become less of a feature of the ecosystem. This has been significant for organisations, as over 15 years of an established programme of funding and associated development and networking is being dismantled. As one stakeholder highlighted, *"you're talking about unpicking 15 years of development, of relationships, of networks, of infrastructure in communities"*.

SMCs were clear that there was a need to collaborate at the local level, but that there were risks associated with some partnerships which needed careful management. A key risk expressed related to SMCs partnering with larger organisations, and the importance of ensuring that these partnerships were fair and equal, as expressed by one trustee who stated that *"It's great to have partnership work as long as it's on equal terms"* [Trustee, Organisation A]. Despite the risks, the benefits to SMCs of partnering with others was acknowledged.

It was suggested that larger organisations don't have to engage in multi-agency partnerships to the same extent, as they have their own relationships, communication channels with commissioners/decision makers, as well as with other voluntary organisations:

*"[large organisations have] got other ways of getting money or information or lobbying or whatever they do, so there's probably a difference of behaviour in how organisations work depending on their income levels" [Funder, Stakeholder]*

Although the degree of reliance on the wider ecosystem might vary, depending on the scale of the organisation and the kind of services it provides, it is clear from this research that the wider ecosystem is important. SMCs are a key feature of the ecosystem in Wrexham, and the way that they work alongside micro and large charities, social enterprises, private and statutory sector organisations is important to acknowledge. Yet there is a precariousness within Wrexham currently which is characterised by the lack of robust organisational networks, and the ad-hoc partnerships which some SMCs suggest they are wary to engage in.

### **3.3. Conclusion**

This research has highlighted the way in which SMCs are considered by a range of stakeholders to provide distinctive services to particular communities experiencing disadvantage within Wrexham, and in particular people who are suffering from complex and multi-faceted disadvantage. The organisations we researched for example worked with groups such as children and young people with severe disabilities, people with mental health problems and young people at risk from exclusion, and all explained how they take a whole person approach, considering the spectrum of challenges that people experience. The way in which services are delivered was of particular importance, and features such as flexibility of approach to delivering small-scale bespoke services were vital. The research has also explored a range of organisational features, such as decision-making hierarchies, the role of key individuals with multiple roles, and the involvement of trustees, which characterise SMCs but also are integral to enabling them to provide these services.

However, what the research has also revealed is how many of the distinctive characteristics of SMCs, which are so valued by stakeholders and services users, also represent an organisational precariousness. Characteristics such as the reliance on a small number of key individuals and the multifaceted nature of many roles within SMCs are highlighted as both strengths and potential weaknesses which render the charities particularly vulnerable within the current volatile economic climate.

The way in which these organisations function and meet needs cannot be divorced from the wider ecosystem within which they operate. The picture of the ecosystem created by this research is complex, but the significance of each element is important to highlight. Our in-depth work has illuminated the important and distinctive role that SMCs are playing alongside larger-scale providers, infrastructure bodies and local public sector organisations.

What appears to be missing from the picture in Wrexham is a programme of work which supports positive networks and partnerships. Although many people discussed the importance of partnerships, the ad-hoc nature of such cases is clear. Funding cuts across the public sector, and subsequent cuts to charities, has rendered the ecosystem potentially vulnerable, with the ultimate victims being those disadvantaged individuals and communities which most need support.

# 4

## The social value of small and medium sized charities in Wrexham

### Summary

- This research has illuminated the extensive social value of SMCs.
- SMC staff, trustees, volunteers and service users commonly prioritise the ways in which the organisations provide wide-ranging activities/services which deliver soft outcomes such as emotional support, confidence-building, self-esteem in order to reduce stress and anxiety.
- Linked to the soft outcomes are the hard outcomes achieved by the organisations, such as support to obtain volunteering positions, employment, training, personal achievements and qualifications. However these hard outcomes are less commonly discussed and it is the soft outcomes that are prioritised in narratives about SMCs.
- Volunteering is a significant component of the social value of SMCs in Wrexham.
- In terms of the broader context, there are currently two pieces of work taking place in North Wales which aim to develop capabilities within charities to understand and measure social value, particularly prioritising the Social Return on Investment (SROI) model.
- Although SMCs understood the importance of the social value agenda, organisations predominantly spoke about the monitoring requirements of their funders, and commonly did not have a set approach to capturing or quantifying their social value.
- There were examples of SMCs developing approaches to capturing the stories of service users in order to illustrate and illuminate their impact.
- The challenges of measuring social value include the range of expectations from funders and external stakeholders, the limited time and resources that SMCs have to dedicate to more monitoring/evaluation.
- A final challenge is whether the focus locally on SROI will be appropriate for many SMCs.

### 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 Wrexham. It begins by highlighting examples from our case study

organisations about the types of social value small and medium sized charities generate and how they do this, before discussing different approaches to articulating social value.

## 4.2. Examples of the social value of SMCs

The research in Wrexham illuminated the extensive social value created by SMCs within the area. The discussion below sets out a range of examples of the social value of SMCs, but it is important to note that this is the social value as identified by the research team. The way in which the charities themselves understood and articulated their social value is explored in section 4.2.1 below. The difference between how the research team articulates the social value, and how people within organisations discuss this tells an important story about how useful the term is, and potentially the work needed within Wrexham in order to support SMCs to further engage with this area.

The social value of SMCs in Wrexham can best be understood within the context of the distinctive features of these organisations. The value is generated by the particular organisational approach within each setting. When asking staff and trustees about their approach to social value, individual responses most commonly prioritised soft outcomes resulting from their work, for example the way in which the charity supported people to grow in confidence and cope during times of extreme stress. This is not to say that 'hard outcomes' were not considered, indeed all three SMCs worked to support people to achieve hard outcomes, such as access to housing, support to access benefits to which they were entitled, gaining skills, qualifications, access to education and training, and even employment in a small number of cases. However, the soft outcomes were often the focus of the narratives when speaking to individuals.

### **Soft outcomes of SMCs**

Each of the SMCs researched within Wrexham worked with a particular group experiencing some kind of exclusion or disadvantage. The services being provided were small scale, but often meeting needs which were not being met elsewhere. Service users commonly talked about the way in which the SMCs provided a lifeline, particularly during times of intense stress, with these organisations providing bespoke service responses, and prioritising 'all person' responses. As discussed in section above, the flexibility with which SMCs can operate, the ability to make decisions and adapt to meet needs leads service users to narrate that SMCs supported them, reducing stress and anxiety and thus supporting improved well-being. One service user explains how an important decision to offer respite to her family at a particular crisis point, led to an incredibly positive supportive and long term relationship between Organisation B and this particular family:

*"[The Manager] kindly offered me some respite... and it was the most amazing summer of our lives. [My son] took his first steps [at the activity] which we got told he'd never walk. So for all of us [Organisation B] is an extension of our family. [The Manager] and her team are my guardian angels, they've been there for me at my lowest times" [Service user, Organisation B].*

The way in which SMCs rely on a small number of key individuals, and engender a 'family feel' are also a distinctive features which enable services users to achieve a number of soft outcomes. People talk about the way in which individual staff members, and the support provided through the organisation's family atmosphere have supported the development of trust and confidence for service users. People explain how vital this has been:

*"It's more than special, you never get a family unit like this in a bigger environment, and when [charity Manager] retires, I'll be absolutely devastated... yeah, it comes down to that trust" [Service user, Organisation B]*

And:

*"Yes [charity Manager] supported me through it all. She gave me information, the tools to understand and she did come along to a child protection conference as well. She was there to support me." [Service user, Organisation B]*

It appears to be the achievement of these softer outcomes, such as self-confidence, self-esteem and reduced anxiety which has enabled hard outcomes to be achieved by service users.

### **Hard outcomes of SMCs**

People discussed the way in which their involvement (or that of a family member) in the SMC has supported the achievement of a hard outcomes, related in particular to volunteering roles, varying achievements, access to welfare benefits or even employment opportunities. An important distinctive feature discussed in section 3.2.2 above, the support of engagement pathways into and through SMCs, is a vital component when considering these hard outcomes. The SMCs have been able to support people's continued, longer-term involvement, and thus provided a conduit to development opportunities, which were tailored to individuals.

Each SMC we researched had examples of people who had started their relationship with the organisation as a service user, and had progressed onto being a volunteer. There were also examples in Organisations A and B of volunteers progressing to paid staff roles within the organisation. For examples, a support worker within Organisation B had spent 2 years volunteering, when a paid position became vacant, and she applied. She tells the story which is common across a number of examples, where she lacked confidence to apply, and the organisation supported her to build her confidence and believe in herself, which in turn led to employment, training and qualifications:

*"Didn't have any confidence in the beginning, it took a lot of confidence building and encouragement from staff members. I was pathetic when I first started to what I am now...And now it's second nature, I've learnt so much and had so many courses. I've completed an NVQ now so it's good" [Staff, Organisation B].*

Such examples were relatively small in number, but significant within these SMCs because of the story such examples told of commitment to the whole person, supporting people in bespoke ways to achieve individual results.

### **Volunteers**

The role that volunteers play within the SMCs we researched in Wrexham is a significant example of the social value of such organisations. Within each organisation, volunteers played a vital role in the direct delivery of services, as well as numerous organisational support roles. For example, for Organisation A, volunteers support the maintenance and upkeep of the charity premises and volunteers drivers enable services users within Organisation C to access services. In many cases, volunteers are people who have used the services of the charity, and want to 'give something back'. Volunteers provide a great deal of social value, but it is important to also highlight the value *for* the volunteer. Volunteers we spoke to commonly talked about how they valued their role, and the immense well-being that their role generated for them, as expressed in the extract below:

*"Just as I finished my last course here and they said, 'you're ok', I said, 'considering what you've done for me I'll come as a volunteer, I want to pay the charity back', so I became a volunteer...Yeah, it's just like a family here, one helps another...I don't know what I'd have done without here" [Volunteer, Organisation A].*

As this extract illustrates, the features of the SMC enable this ex-service user to take on a volunteer role which at once enables him to add value to the organisation, whilst the role also provides ongoing support in a sustainable way.

### **4.3. Approaches to measuring and articulating SV**

It is currently an interesting time for work surrounding social value in Wrexham. There is growing interest, and associated programmes of work, in better understanding the concept, and crucially how it can be measured in a meaningful way.

There is a piece of work taking place across North Wales, funded through the Big Lottery's Third Sector Skills fund, which is supporting infrastructure organisations to work with five SMCs to develop expertise around Social Return on Investment (SROI) models. The aspiration is to develop expertise at the local level, and map this across to a national standard. This programme is in its early stages, whereby they are inviting applications from voluntary organisations to be part of this pilot. A second development with regards to social value in Wrexham is being led by the North Wales Police and Crime Commissioner. The PCC hosted an event towards the end of 2017 which was to raise awareness of the social value agenda, and launch its own social value policy. It suggests that one aim it to support partners across different sectors to work to develop a common level of understanding of social value across the region.

Although the existence of such programmes of work are important in terms of the future opportunities for development which may be available to SMCs, currently there is a mixed picture in terms of levels of understanding about social value, and the efforts of organisations to capture, measure and communicate this back to external stakeholders. SMCs demonstrated awareness of social value as an important agenda for their organisation, but the way in which each charity was responding to this agenda varied. The variation between organisations can be linked to key factors such as size, relationship with the local authority and the funding make-up of the organisation.

For example, Organisation C is the smallest charity within the sample in Wrexham. It has been funded predominantly through donations until fairly recently, and therefore has been in a fairly unique position in terms of standing outside of the statutory or grant funding context (although it has received small, ad-hoc grants). It is currently experiencing a period of development, whereby the current manager is working with staff and trustees to develop new areas of work, and increase its applications to grant funders.

Alongside this, the organisation is also seeking to develop a more established relationship with local public sector partners, in order to potentially attract public sector contract funding in the future. This period of change has represented a significant challenge for the organisation, and one aspect of its development has been to start to embrace more monitoring and evaluation of its work and associated impact. The conversations we had regarding social value represented the charity's current position within this development phase, and the manager is aware that more work is needed in order to really engage fully in understanding the social value of the organisation, and how to articulate this to external stakeholders. The manager is

currently working to improve systems of recording value and impact, and despite challenges, suggests that changes are starting to embed:

*"We've had big team meetings, especially if I'm going for a specific grant, 'this is what [we] need, this is why [we] need it'... [we] need these photographs, [we] need the feedback written, this is why [we] need it written or photographed or videoed because we have to be accountable...I think they do more now cos I'm saying 'where's the information, have you recorded it, where's the photos?'..."*  
[Staff, Organisation C]

The manager understands social value, and feels that a huge amount is being achieved for service users, yet the challenge is capturing this in a way which is meaningful for all audiences, as well as for the organisation itself. Currently the organisation is capturing testimonials from service users and volunteers, as well as recording through images and videos the impact of the services.

Organisation D, the large charity within the sample, was possibly most aware of the various social value agendas across Wrexham. Staff members from the organisation are keen to engage in the work that is taking place across North Wales in order to try to engage in a consistent approach to proving and articulating social value:

*"I'm going to try to prove our value, basically, our social value more than anything with things like this [social value story], let other funders know that if they invested a little bit in us they'd get a lot more value." [Staff, Organisation D]*

The one approach which two organisations discussed was the importance of capturing and telling people's stories, highlighting the importance of their services in supporting positive outcomes for individuals.

#### *Capturing stories to illustrate social value*

Organisation A and Organisation D both suggested that they recognised the importance of gathering and telling people's stories. The power of these service user narratives was felt to be the most poignant representation of the value of their services.

Organisation A is using an approach which they describe as having 'meaning' to the organisation and those they support. They work to carefully to document the stories of people who use their services, describing their approach as an attempt to *"capture as many narratives as we can of people's journey in their recovery"* (Trustee, Organisation A). Alongside these narratives, the organisation gathers what they call the 'hard data' associated with a particular project. They then use the combination of these data to present back to commissioners.

Similarly, Organisation D suggested that their approach is going to be about conveying *"things like [named service user]'s journey and change that lasts"* [Staff]. It was clear that the service user stories were considered by staff and trustees a very powerful illustration of impact and outcomes:

*"That's why we do survivor stories...that's so much more powerful than me standing there so that's what we've done. We know the [people] we support; it's not just 'cos they're grateful, they want to give something back and what is more precious than anything to us is that" [Staff, Organisation D].*

As well as these individual stories being powerful for the organisations themselves, in terms of understanding the impact they are having on service users, both organisations suggested that stories are also powerful for audiences of stakeholders and decision-makers. However, it is unclear whether such narratives translate into

something which such decision-makers will understand and critically use as a basis for decisions in the future. Herein lies one of the key challenges of social value for SMCs.

#### **4.4. Social value challenges for SMCs**

Despite the degree of awareness of the social value agenda within SMCs in Wrexham, there are a number of social value challenges. These range from levels/consistency of understanding and expectations within the broader context, to organisational capacity.

##### ***Contextual factors: understanding and expectations***

Staff and trustees discussed the importance of capturing the right information, but there were challenges associated with the disconnect between the expectations of different audiences. This disconnect means that organisations struggle to know how to capture their social value in a way which would be meaningful for these audiences. It is important to highlight the fact that organisations were amply able to articulate their social value within our discussions, and some practices and systems were in place to capture some of this detail, as discussed above. However, it was the question of whether different funders and stakeholders shared their understanding of value, and critically whether information and tools were in place to support SMCs to capture and articulate their value in a way which suited different audiences.

##### ***Challenge of measuring social value***

A key challenge was that staff, volunteers and trustees within the case organisations had limited time to spend considering this work, and instead had to prioritise the monitoring requirements of their current funders. None of the charities within our sample in Wrexham had a defined approach to measuring or quantifying their social value, and commonly discussions about social value became focused on the monitoring requirements of SMC funders. This challenge is magnified within SMCs in terms of their reliance on a small number of key individuals.

Linked to this, another challenge relates to the focus on tools such as SROI. The significant piece of work taking place in Wrexham is focused on developing SROI expertise locally, yet the challenges/limitations of this tool may mean that it is not appropriate for all SMCs.

#### **4.5. Conclusion**

This research has explored and highlighted the wide ranging social value of SMCs. Although delivering a range of 'hard outcomes' for service users, it is interesting to note the way in which staff, volunteers and service users within SMCs prioritise the 'soft outcomes' supported, such as their increased capacity to 'cope' and improved self-esteem. Volunteers are an important feature of SMCs, and the value to the organisations, the services and critically the volunteers themselves is vital to highlight.

Although SMCs were aware of the social value agenda, there were limited examples of how organisations were approaching the process of capturing, measuring and quantifying their social value. Some organisations were prioritising the capturing of in-depth service user stories in order to illustrate the wide-ranging value of their services and approach. However, there is not a sense of whether this is the kind of 'evidence' that will satisfy commissioners and other funders and stakeholders.

An important reflection from this research is that a more co-ordinated approach to considering and measuring social value is beginning to take place in North Wales, which will impact upon organisations in Wrexham. Both the CVS-led programme of skills development around SROI, as well as the work being coordinated by the PCC in North Wales represents a growing awareness of the agenda, and the need for support to develop understanding and capacity within SMCs, and indeed larger organisations. This therefore represents an important time for charities in North Wales. However, one challenge linked to this is whether the focus on SROI will be appropriate, and indeed the grasps of SMCs remains to be seen. It may be that this initial phase of work leads to a reflection on alternative approaches that suit a broader range of smaller organisations.

The challenge remains of supporting SMCs to understand and capture social value in a way which is at once meaningful to the organisation as well as its external stakeholders, including funders. The second significant challenge is the limited time and resources that organisations have to commit to this endeavour. As discussed in Chapter 3, a key aspect of the distinctiveness of SMCs is their small structure, and the significant, multi-faceted role of (and pressure on) a key individual.

## Small and medium sized charities and public funding in Wrexham

### Summary

- An important and particularly challenging feature of the public funding context within Wrexham is the loss of Community First funding in Wales, and changes to Families First funding. This represents a significant loss of funding to organisations, and the dismantling of associated networks and relationships.
- The funding context in Wrexham is characterised by larger-scale public sector contracts and streamlined commissioning arrangements which are challenging for SMCs.
- In the absence of a local grants scheme from statutory sector partners, organisations are facing the challenge of attempting to 'gear up' and adapt to the changing funding environment, which can be particularly onerous for SMCs with small staff teams.
- SMCs are now competing for contracts with the statutory sector partners and larger charities, often from outside of Wrexham.
- There are problems with contract timescales. As existing contracts come to an end new contracts are not in place on time, which poses risks for organisations in terms of services, but also security for staff.
- SMCs are finding it very challenging to find funding which supports the continuation of existing, successful projects. The pressure to constantly innovate is very challenging particularly for small organisations, and can be frustrating when services work and continue to meet need.
- Whilst the ability for SMCs to respond quickly to emerging need has been identified, funding to support responsiveness had diminished in Wrexham. The lack of a small grants scheme to support smaller-scale activities and approaches (i.e. outside of formal service commissioning) was raised as a significant challenge.
- The relationship between the local authority and SMCs has become more fraught in recent years, particularly due to the impact of austerity and loss of major funding streams and associated networks and relationships.
- Although examples of funder and SMC responses to these challenges do exist, these are not widespread or numerous. However, where examples do exist, these may represent possible models for wider-scale approaches.

## 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 Wrexham and identifying the most effective ways of funding small and medium-sized charities to deliver services to those facing disadvantage. It begins by providing an overview of the local funding landscape for small and medium sized charities in Wrexham before providing examples of how funders and our case study organisations have responded.

## 5.2. An overview of the local funding landscape for SMCs

### *Impact of public funding cuts on SMCs*

The impacts of reducing public sector funding are being felt by SMCs in a range of different ways, impacting on relationships and networks and bringing organisations into competition which previously wouldn't have been seeking the same funding. Perhaps the most significant change to the public sector context for charities in Wrexham (and Wales as a whole) is the demise of Communities First funding in Wales, along with changes to the way that Families First funding is administered.

Communities First funding has represented a significant funding stream for organisations since 2001. Although the way in which it has been administered has changed since the programme's inception, it has been an important source of funding, which has also supported the development of networks and relationships.

*"This programme's been in place since 2001 so you're talking about unpicking 15 years of development, of relationships, of networks, of infrastructure in communities" [Statutory Sector Stakeholder].*

A further challenge of organisational sustainability was also raised by local authority stakeholder, who highlighted the way in which some organisations had become reliant on Communities First funding, and its loss signalled a serious threat to the survival of these organisations, and thus the support to disadvantaged communities that these organisations engage with.

### *The move towards a commissioning framework*

The current funding climate within Wrexham, in terms of charities accessing local statutory sector funding, is shifting towards larger-scale commissioning processes. As one statutory sector stakeholder highlighted when reflecting on the changing funding landscape:

*"Whereas now we've got frameworks for this, procurement processes for that and we've had to adapt and work in a different way so the relationship has become more difficult in that we have to have formal contracts in place with organisations before we can spend the money" [Statutory Sector Stakeholder]*

Framework agreements are being put in place, and organisations are therefore working to be included in such agreements. This raises a number of challenges for SMCs, including the level of work involved in gearing-up to be involved in bidding for contracts, but also the way in which the rigidity of a commissioning process reduces the ability of organisations to adapt their work in order to continue to be responsive to local need.

Organisation C is the smallest of the SMCs which took part in this study in Wrexham. It is currently experiencing a time of transition, whereby it is starting to look at firming-up its current priority activities, and alongside this, is working with funders to try to make the move to bid for larger pots of funding. One avenue the organisation is exploring is developing in order to be able to be considered for statutory sector referrals, and this means working towards being included on a commissioning framework for providers. This has involved, and continues to involve, a great deal of work in terms of ensuring all policies and formal agreed procedures meet the requirements of the statutory sector partner. A member of staff from Organisation C reflects on the challenges of this developmental process, suggesting that just trying to work towards being included on the procurement list has been *"a nightmare"*.

One statutory sector commissioner that is working with Organisation C reflected on the challenge this has involved for the charity:

*"...from their perspective, what they need in place, so things like information prior to the placement, access to training, cos as a smaller organisation it's very difficult the bigger ones are very good and very well-placed, very slick in their approach, all the policies will probably be emailed at the drop of a hat" [Statutory Stakeholder]*

It is clear that there is a real difference in the experience of smaller organisations when compared with larger organisations in how they are geared-up to meet the demands of a shifting (and increasingly demanding) funding climate in Wrexham. In the extract above the statutory sector stakeholder is clearly pointing to this difference. When asked more about the degree of work involved in supporting this smaller organisation to 'gear-up' for the commissioning framework context, they go on to explain that:

*"Everything sits here but it's just getting it to a structure so that's where we're at the moment, that information can be shared and everybody's quite clear on the process, so things which they have in place..." [Statutory Stakeholder].*

### **Challenges of annual contracting cycles**

There is a great deal of uncertainty with contracts currently, with many coming up for renewal annually. Although there is a degree of understanding that the public sector is experiencing significant funding challenges currently, staff and trustees within SMCs explain how the annual contracting cycles are a challenge, exacerbated when renewal doesn't take place on time, leaving organisations in extremely difficult situations:

*"So how it works now, we haven't got the new contract yet and we've lost one piece of work because they've decided they don't want to fund it anymore. But then they came back and realised it was going to stop at the end of September, and I said we were supposed to start again on 1<sup>st</sup> October, I couldn't cancel all the staff cos I didn't know whether we were going to need it again, so now what do I do? Anyway, they came back and said you can have three months' money to tail it off, fine, but there's only six months' money on the table anyway so what difference would it have made to fund it 'till the end of the year" [Staff, Organisation B]*

This is something which is an issue for charities of all sizes, but there remains a difference between that way that SMCs and large charities are able to respond to this challenge. For example, staff within the large charity [Organisation D] within this study reflect on the challenging context, but highlight the ability of the charity's CEO to respond to this:

*"They did a massive review on our [service] last October, they've not given us the report yet, we've had hand to mouth, wondering if we're going to get our [service] contract Supporting People money since last year...they're extending it for a couple of months and another couple of months. Our CEO is fantastic with strategic stuff, with the different funding streams coming through, and in a professional way she's threatened the council with you can't just pull our funding, you've got to give us realistic deadlines of putting our contract out to tender"*  
[Staff, Organisation D]

It is clear that the challenge of uncertain contracting arrangements is problematic for both SMCs and larger charities, but it is interesting to note the capacity of a larger scale organisation to respond proactively to the challenge. Where SMCs illustrate a degree of vulnerability and powerlessness within this context, there appears to be more sense of control within the larger charity.

### ***The demise of grants***

Small scale funding streams, such as grant programmes, enable organisations to respond to emerging need. When organisations are designing activities/programmes to meet immediate needs, they are often referring to small scale issues and activities, and SMCs are commonly recognised as being able to respond quickly and appropriately. As one local stakeholder outlined as they explained one of the important benefits of working with SMCS is, they suggest, the ability of SMCs to respond to a particular need by accessing a small pot of funding:

*"I think the smaller [organisations] are very...from my perspective where there are little pots of funding bids, it might be I've got this and there'll be little or no charge for the young people 'cos we've got a pot of money"* [Stakeholder]

The reduction in the availability of grants at the local level is increasingly problematic for smaller charities. As well as the reduction in availability of grants, there are particular challenges for SMCs as a number of grant providers do not cover a percentage of organisational overheads, thus organisations are not able to achieve full cost recovery for activities/services. Over time, this clearly presents a significant problem and SMCs find that they regularly 'top up' funding from the local statutory sector, as explained below:

*"We had a main contract that operated [activities] and it's never fully funded them, we've always had to top them up, but the contract has always said they did and they could not get them to say they part fund it, 'cos they say we want that for that much and I'm saying you can't have that for that much. I've had this to-ing and fro-ing argument, and in the end the chair would say 'just let me sign it and get them off your back, we'll do it'. And we do do it and there's no problem, my problem is that I want people to see that they don't fully fund it, that we're having to top this up"* [Staff, Organisation B]

The pressure for SMCs to agree to terms of funding which are inaccurate or inadequate is important to highlight. It reflects the way in which SMCs can be flexible and work to 'top-up' funding pots from other sources or reserves in order to deliver an effective service. It also demonstrates their commitment to the services they deliver. However, it is also an indication of the pressure and responsibility that a small number of staff and trustees shoulder. In the case illustrated above, the chair of the trustees agrees to inadequate terms in order to relieve the pressure on the Manager.

These pressures of inadequate levels of funding are nothing new. What has become apparent is that the reduction in funding available locally is increasing the challenge

of covering core costs. One statutory stakeholder highlighted the difference between how SMCs experience this increased challenge, as compared to a larger organisation which may be able to continue to undercharge for its services, simply down to its scale:

*"it's a battle at ground level between big organisations who can churn out tender responded and the smaller organisations that maybe don't get a look in as a result of who maybe have high unit costs 'cos of full cost recover whereas some of the big organisations can manage their different income streams in a way that gives them an advantage..." [Stakeholder]*

The experience of the large charity that we worked with in Wrexham illustrates the importance of small scale grant funding to organisations, particularly in the delivery of smaller-scale, responsive services. In contrast to the experience of SMCs who are eligible for small scale grants, Organisation D was experiencing problems as smaller funding opportunities have become inaccessible due to the organisation's size following its merger. In the quote below, the staff member refers to the experience since becoming part of a larger organisation:

*"the worst thing is the funding issue, 'cos to people in Wrexham we're no different to how we used to be, there's so many funding opportunities we're missing 'cos we're part of an organisation that's got turnover of over 2 million" [Staff, Organisation D].*

This is presenting a particular challenge to this organisation, as a small scale activity which commonly brings new service users 'through the door' of the organisation traditionally has relied on small-scale, ad-hoc grants. As the organisation is no longer eligible for many of these grants due to it joining with a larger organisation, this important service which attracts new service users is under threat:

*"We've only offered one [activity session] this year, we would have had three normally, and that's the basis of what we do, the programmes, that's how we get [service users] through the door a lot of the time... 'cos we've relied on those smaller pots for those and it's not a wage as such, it's done on a sessional basis" [Staff, Organisation D]*

### ***Increased competition for fewer funds threatening the ecosystem***

With a reduction in funds available for all sectors, SMCs are finding that they are now competing with both larger charities, as well as statutory sector services. One stakeholder suggested that it is becoming increasingly frequent for large organisations to be competing, stating that it's now *"a battle at ground level between big organisations who can churn out tender responded and the smaller organisations"* [Stakeholder]

This poses challenges for the broader ecosystem of providers within Wrexham. Many participants have raised the importance of having a mixed ecosystem, where there are micro-level, community services, all the way up to the large scale service provision. Yet the reducing envelope of public funding is threatening this ecosystem, as it is driving a wider range of organisations into direct competition, in which certain organisations are at a clear disadvantage due to their size and capacity.

As the extract below highlights, the funding environment in general has become far more complex, as there is also now competition between some charities and certain statutory sector provision:

*"I think we're in a really difficult time particularly around funding. We're not only in competition with smaller charities and trying to avoid repetition, we're now becoming in some respects in competition with the statutory sector in that they're delivering some of the work that we would ordinarily do. 'Cos [local health board] are in millions deficit, so they've got to try to remedy that so I think they're bringing some of their services in house..." [Trustee, Organisation A]*

### **5.3. Local funding and commissioning relationships**

#### ***Demise of Local Networks and Relationships between organisations***

Participants in the research reflected back to a previous era during which local networks involving both statutory and voluntary sector representatives existed. It was clear that it was through such networks that certain working relationships were managed. However, funding cuts have led to the demise of such networking opportunities, and the relationships supported through these networks (particularly cross-sector relationships) have diminished in quality, as explained in the extract below:

*"Yes we've sat on Children's Partnerships, we've had seats on their partnership board which was really good, and at that time things were developing and working well between health and social services and us and the sector. All that's gone, and it's gone partly 'cos of the way the local authorities had to change with its cuts, and they're losing 'bums on seats', which means they've not got as many people to service all these meetings, but that's meant that the partnership locally is diminishing" [Staff, Organisation B].*

Although some of the formal network arrangements have now gone in Wrexham, organisations still refer to close working relationships between SMCs within their particular service area.

#### ***Challenges within the relationships between SMC and the local authority***

Although individuals within SMCs do report that they have positive relationships with certain individuals within the local statutory sector, the cuts to local public sector budgets have led to loss of personnel, loss of teams or departments and a shift in working practices as a result. These changes have put strain on existing relationships with SMCs.

*"In terms of the local authority, they did have a really good guy in place that really got what we did here, he spent the time with us, he was managing our contract... they moved his role and I haven't seen anyone since so that's kind of broken down. So it's a shame cos you get that a lot within the local authority and the health board at the moment..." [Staff, Organisation A]*

Stakeholders within the statutory sector reflected similar shifts in their relationships with SMCs. In part, it was suggested that funding cuts to departments have reduced the level of developmental, support work that can be done, simply as a result in loss of staff posts. However, it was also suggested that the large-scale funding programme, Communities First, became a dominant feature of the landscape, and thus a dominant backdrop to the statutory sector-charity relationship. In some cases, WCBC became simply a funder, to the detriment of a more productive, partnership relationship.

### ***SMCs can lack capacity to connect into local agendas***

Despite the loss of these formalised, multi-sector partnerships, multi-agency working does still take place, particularly surrounding a particular funding opportunity (for example through consortia) or local problem. When it comes to engagement in local multi-agency partnerships there are practical barriers experienced by SMCs in that they have fewer staff, and less time to be able to engage.

*"[involvement] largely comes down to individuals, and how much they get themselves out there, but then there's constraints on that cos a lot of people haven't got the time to get out there and go to external meetings" [Stakeholder]*

With limited capacity, and the loss of formal structures through which organisations could be represented on partnerships, SMCs struggle to have an individual presence within the range of ad-hoc opportunities that arise.

## **5.4. How SMCs and funders have developed effective local responses**

### ***Funder responses***

There are limited examples of funder responses to the current climate in Wrexham. With extensive reductions and cuts to local authority finances, there is a sense in which public sector organisations are still grappling with the cuts and the impacts flowing out of these. However, there are isolated examples to illuminate where public sector organisations are developing approaches which are responding to the context and in particular the challenges which within the ecosystem are facing. It is important to emphasise that these examples are not numerous or widespread at present, but shining a light on these developments is useful in order to point to what is possible.

### ***Local Authority outreach***

As the examples below highlight, there are examples in Wrexham of local authority attempts to respond to the current funding climate. Acknowledging that a single organisation no longer as the capacity alone, responses such as the multi-agency response to substance misuse represents a potential model for the future. Similarly, the example of the local authority department proactively engaging with SMCs to build capacity and enable it to engage in current commissioning frameworks is a good example of approaches to successful service delivery.

### ***Case example: meeting the requirements of a commissioning framework***

Organisation C is the smallest of the SMCs involved in this research in Wrexham. Historically this small organisation has relied heavily on private donations. Acknowledging the need to grow and build a more sustainable funding base, Organisation C is currently engaged in a process of transition, starting to look at firming-up its current priority activities, and alongside this, is working with funders to try to make the move to bid for larger pots of funding. A key aspect of this development being pursued is capacity building in order to meet the requirements of local commissioning frameworks. This represents a large step-change for this organisation, but it has acknowledged the need to make this move in the absence of local, sustainable grants.

This example is particularly interesting, as it represents a confluence of an SMC response, and a funder response. As the organisation has set itself on a development pathway, a local authority department is also undertaking a particular piece of outreach work with a range of organisations in order to work towards developing a robust commissioning framework. Although working with SMCs such as Organisation C represents a significant piece of work, a local authority stakeholder acknowledged that it was important to support SMCs to be able to engage in commissioning, particularly because of the bespoke, person-centred services being offered.

### **Case example: a multi-agency response: capacity to engage?**

Drug and alcohol misuse is a prevalent problem within Wrexham. Historically, despite the existence of a Wrexham-wide strategy, there has remained a problem with certain individuals that are experiencing the most severe problems, and therefore returning to services again and again. There hasn't been an overarching lead to bring together different agencies in a coordinated way. A recent crisis in drug-related problems has led to an attempt to bring together a multi-agency response in a joined-up way. This multi-agency group involves the local authority, health partners, police and representatives from large charities. This is widely celebrated as a pilot within which agencies are truly working together to meet local acute need.

However, it has been recognised that local SMCs are not as able to engage in this kind of multi-agency response, simply due to the challenge posed by a small number of people trying to do multiple roles:

*"I guess the trouble with small organisations is its very difficult a lot of the time to do everything cos you've got a handful of people and it's not possible whereas once you get to a certain size you can have a marketing person, someone that deals with IT and someone who deals with HR which makes like more organised. In a small organisation you've got a handful of people trying to do the lot and therefore the ability to go out and do the external stuff is quite often not there" [Stakeholder].*

Therefore, although such responses are vitally important within the local ecosystem, the next necessary step would be considering how to engage SMCs in these multi-agency responses in order to benefit from the distinctive approaches they can offer.

## **5.5. How SMCs have developed effective local responses**

As with the funder responses outlined above, there are limited examples of how charities in Wrexham have developed effective local responses. This doesn't mean that work is not taking place, but perhaps these approaches are less developed due to the relatively recent loss of public funding. However, there are some important examples to highlight.

### **Organisational mergers**

There are examples in Wrexham of where organisations have either considered, or actually decided to proceed with, organisational mergers as a direct response to the impending changes to funding arrangements. Organisation D is a good example of this, as it made the decision to become part of a larger organisation in 2013. This was a decision which was made predominantly as a result of the risks to Welsh Government funding, as explained by a trustee:

*"Yeah it was to become more sustainable. I would say we were looking longer term, and we could see the writing on the wall as far as the commissioning model that was coming etc. and that's why. It wasn't done lightly, it took a year to do, but it was to get that support of [a large charity] behind us, to be seen as having more integrity, more credibility. And the fear of competition" [Trustee, Organisation D].*

Organisation D hoped that this change in status would provide some protection from the shifts in the funding climate, as well as some in key aspects of its work, such as

fundraising and human resources. Although there are positive outcomes from the decision to join with another organisation, there are also ongoing challenges, some anticipated and some not.

### **Organisational development**

A second example of SMC response is the decisions some organisations are making to make a step-change in order to develop skills and capacity in order to be in a stronger position within a more competitive funding climate. One example of this is the decisions Organisation C has made to develop significantly in order to meet the requirements set out in public commissioning frameworks, as outlined in the vignette above.

A second example of organisational development is the decision Organisation A have made to work towards applying for PQASSO. This was considered an important step in both ensuring internal practices were of the correct level, but also sending out the positive messages to external stakeholders and funders about the quality of the organisation. A trustee described the award in the following way:

*"a stepping stone for the organisation, especially with regards to fundraising, it will give donors and grant-giving bodies assurance that we have a robust system in place to ensure that the donations are impacting the community"*  
[Trustee, Organisation A]

It is important to note that SMCs are aware of the need to guard against unfettered organisational growth, particularly in terms of safeguarding organisational mission and ethos. However, each of the SMCs researched in Wrexham had a development plan.

## **5.6. Conclusion**

The funding context within Wrexham is currently characterised by the dominant and relatively chaotic process of losing significant funding streams, the loss of networks and relationships associated with these funding streams. A series of challenges face SMCs in Wrexham, and these centre on how organisations respond to the shift to larger-scale commissioning arrangements for public sector funding.

An important consideration is the impact that the shifting funding climate is having on the broader ecosystem of providers. As the availability of funding reduces, competition between different scales and types of providers is increased, putting additional pressure on the already limited capacity of SMCs.

Although there are particular attempts by both funders and SMCs to adapt to the shifting context, these are fairly specific and isolated. It is interesting to note that these responses represent a combination of multi-sector collaborations to *work differently*, and individual organisational responses to adapt and develop in order to meet the demands of the shifting climate.

What these responses do demonstrate is how different players in the wider ecosystem are starting to try to work in a different way in order to support the continued delivery of services to disadvantaged communities. However, this feels like a precarious time for SMCs in Wrexham. It will be important to see how these fairly isolated responses might grow and lead to wider-scale proactive responses.

## Conclusion

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 in Wrexham play an important role, as part of a wider ecosystem of services, in tackling disadvantage. The distinctiveness of SMCs within this context should be understood as a combination of factors from the nature of the organisations, what we call their 'inner workings', and the services they deliver. Our research has found that it is a combination of the bespoke, small-scale services, the flexibility and ability to respond to moments of acute, often complex (multifaceted) need and a 'whole person' approach to be particular features that were important to staff, trustees, volunteers, stakeholders and service users of SMCs. The services being provided are a result, in part, of the 'inner workings' of SMCs, and the features which were particularly important included the decision-making hierarchies, the role of a small number of key individuals and the multiple roles they hold, and the engagement of trustees in different aspects of organisational life. The way in which the organisations provided an engagement pathway for individuals through different roles within the organisation was also an important feature.

Although taken separately within the body of this report, it is important to note that the features highlighted as 'inner workings' of organisations are inextricably linked to the nature of the services being provided. For example, the scale of SMCs decision-making structures means that a degree of flexibility and responsiveness can be achieved.

It is important to clarify that, in highlighting this range of characteristics and approaches of SMCs, this research is not suggesting that these features are limited to SMCs. Indeed, as has been raised within the body of this research, the services delivered by larger organisations can also be characterised by a number of these features. However, it is the link between the 'inner workings' and services being delivered which is of particular interest. The research did raise the issue of certain barriers being faced by the larger organisation, which were a result of the increased scale of organisation and its decision making hierarchies.

## 6.2. Provision of social value

The social value of SMCs in Wrexham is extensive, with this research uncovering the breadth of ways in which organisations deliver a combination of 'soft outcomes' such as confidence building and the capacity to 'cope', alongside 'harder outcomes' such as supporting people into training, education, volunteering opportunities and employment. Although organisations could articulate both aspects of their social value within discussions, it was clear that the 'soft outcomes' were prioritised. Central to discussions were the anecdotes about the difference their service had made to someone's life in general terms, rather than the specifics of enabling someone to achieve a particular output.

The challenges for SMCs remain how they develop robust systems to capture, measure and perhaps quantify their social value. Although specific approaches were being taken to capturing service user/survivor stories, there was a lack of overarching approaches to understanding and communicating social value to external stakeholders. Linked to this is the sense that there is not necessarily a coherent set of expectations from funders and public sector partners in terms of what they understand and expect from organisations with regards to social value.

It was interesting to note that there are some larger-scale approaches which may lead to wider levels of support for SMCs in measuring social value. However, the current focus on SROI may not be appropriate or manageable for all SMCs, and therefore there may be a need for further areas of work to be developed across Wrexham. It is also not clear at this stage whether these approaches will be adopted or supported by a wider range of partners.

A final concluding reflection relates to the importance in joining the dots in terms of how we understand the social value of SMCs. This research has demonstrated the inextricable link between the distinctive characteristics and services, and the social value of SMCs. It is difficult to understand social value without having a grasp of what is distinctive about what these organisations do and how they do it.

## 6.3. Public funding approaches and the work of SMCs

Significant challenges characterise the funding context within Wrexham. Public funding approaches are dominated at present by cuts to public sector budgets, in particular the loss of Communities First funding from Welsh Government. Within this context, this research has been able to highlight a range of public funding approaches which have affected SMCs, and these are in main the growing dominance of large-scale commissioning frameworks and the lack of a public sector small-scale grants programme. These factors are leading organisations to feel that they are facing greater competition from non-traditional sources (larger charities and statutory sector organisations) and facing pressure to adapt and develop in order to meet the demands of this shifting context.

An important reflection here links back to the distinctive features of organisations and the services they deliver, and in particular the flexibility of organisations to respond to acute need in a time-effective manner. The lack of small-scale, local funding coupled with the increased pressure/competition surrounding public funding may jeopardise these aspects of SMCs which are so valued by both service users and stakeholders.

Although a number of examples of organisational and funder responses were highlighted and discussed, these were small-scale and isolated examples rather than necessarily representations of wider-scale practices. Organisations were in the midst of navigating these responses, and therefore we have yet to see and understand the

implications of these changes. However, it could be that these small scale examples can become exemplars of how organisations across the ecosystem now need to adapt and respond together to the challenges they face.

A final reflection is that this Welsh case study has enabled us to start to explore some of the particular features of the Welsh context. Where there are many similarities that we can start to see, particularly between the distinctive characteristics of SMCs, there are important differences which this report has highlighted. In particular, because the cuts to public finances were somewhat delayed in Wales, perhaps this study provides some insight into the immediate aftermath of public sector cuts.

# A1

## Appendix 1: Additional information about research methods

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**

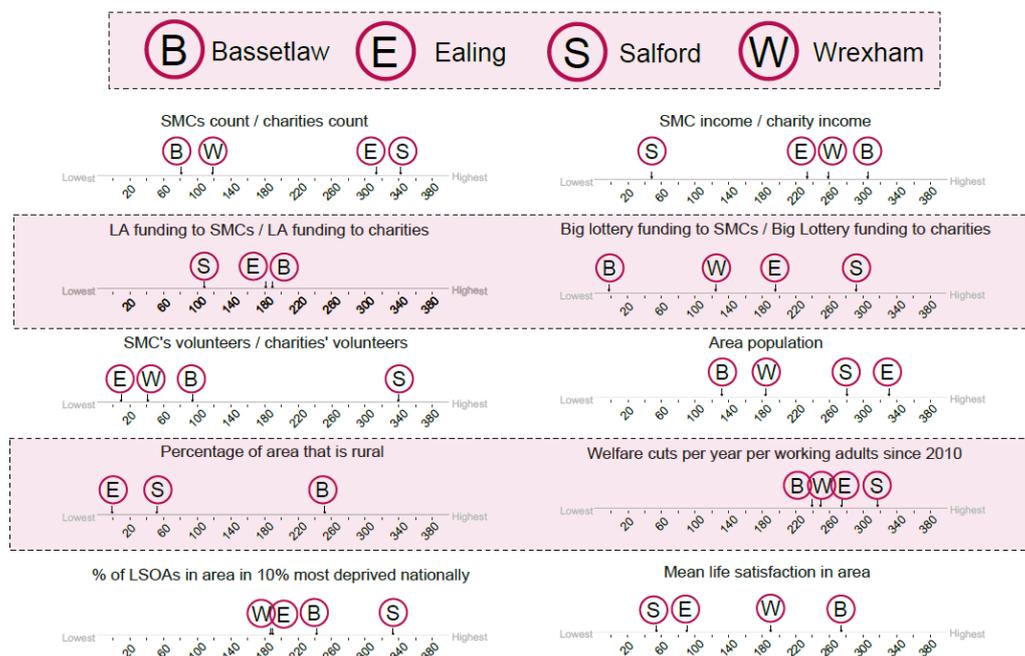
|         | No of workshop attendees | No of stakeholder interviews | Case level participants   |  |   |   |
|---------|--------------------------|------------------------------|---|--|---|---|
|         |                          |                              | A   | B  | C   | D   |
| Wrexham | 18                       | 8                            | No of interviews: <ul style="list-style-type: none"> <li>• 2 staff</li> <li>• 3 volunteers</li> <li>• 1 service user</li> <li>• 1 stakeholder</li> </ul> No of focus groups: <ul style="list-style-type: none"> <li>• 1 with trustees (4), volunteers (2) and staff (4)</li> </ul> Other methods: <ul style="list-style-type: none"> <li>• workplace observation</li> <li>• Organisational timeline drawing</li> <li>• document analysis</li> </ul> | No of interviews: <ul style="list-style-type: none"> <li>• 4 staff</li> <li>• 7 volunteers</li> <li>• 2 service users</li> </ul> Other methods <ul style="list-style-type: none"> <li>• workplace observation</li> <li>• Documents analysis</li> </ul> | No of interviews: <ul style="list-style-type: none"> <li>• 3 staff</li> <li>• 2 volunteers</li> <li>• 3 service users</li> <li>• 2 stakeholders</li> </ul> Other methods: <ul style="list-style-type: none"> <li>• workplace observation</li> </ul> | No of interviews: <ul style="list-style-type: none"> <li>• 2 staff</li> <li>• 1 volunteer (trustee)</li> <li>• 1 service user</li> </ul> No of focus groups: <ul style="list-style-type: none"> <li>• 1 with 3 service users</li> </ul> Other methods: <ul style="list-style-type: none"> <li>• workplace observation</li> <li>• document analysis</li> </ul> |

## 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 for* 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**



# Sheffield Hallam University

*The value of small: In-depth research into the distinctive contribution, value and experiences of small and medium-sized charities in Wrexham*

BENNETT, Ellen <<http://orcid.org/0000-0003-3271-8757>> and BATTY, Elaine <<http://orcid.org/0000-0001-7524-3515>>

Available from the Sheffield Hallam University Research Archive (SHURA) at:

<http://shura.shu.ac.uk/23181/>

## Copyright and re-use policy

Please visit <http://shura.shu.ac.uk/23181/> and <http://shura.shu.ac.uk/information.html> for further details about copyright and re-use permissions.