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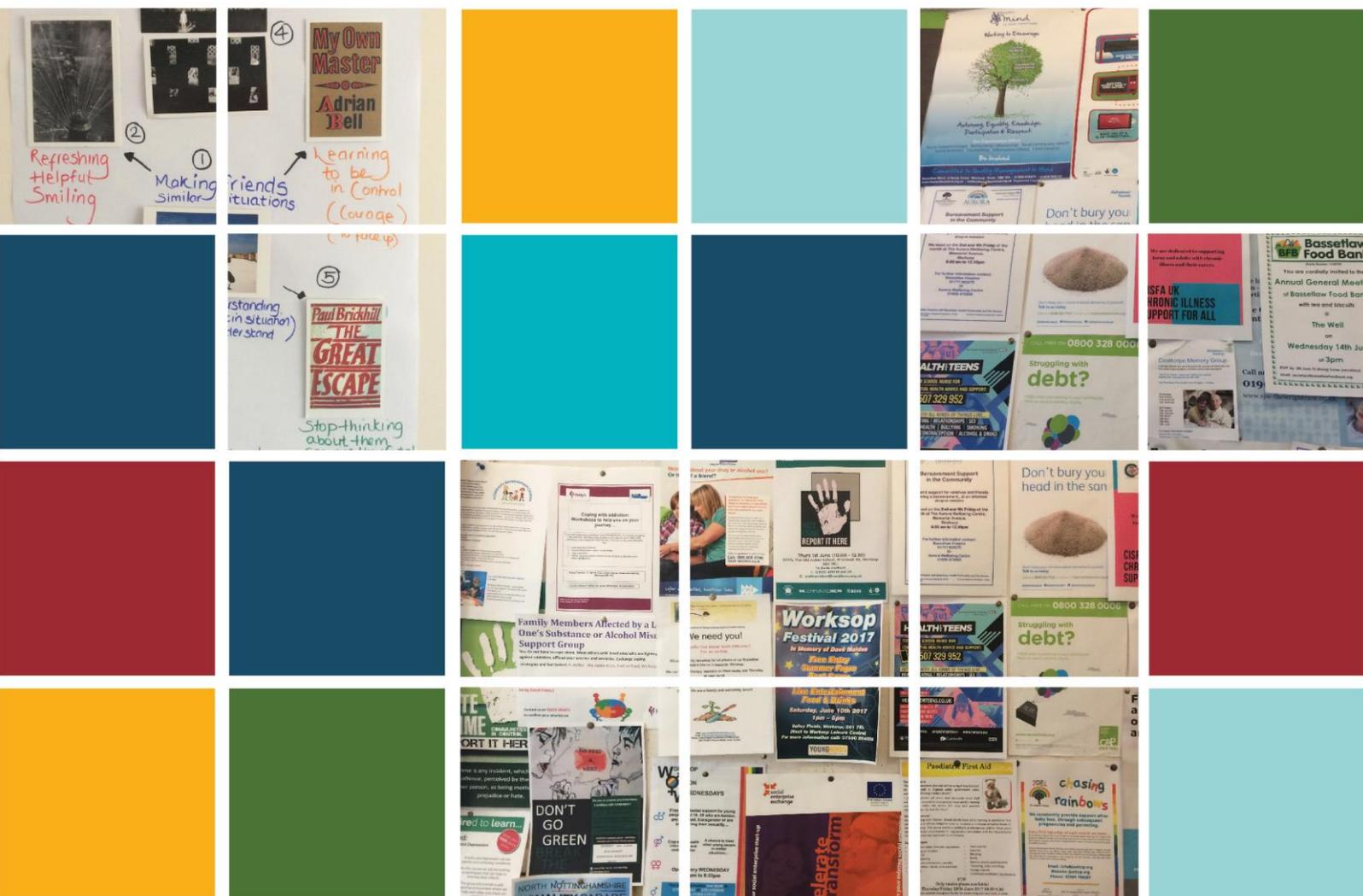
LLOYDS BANK FOUNDATION
England & Wales

The value of small

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

The Open University BUSINESS SCHOOL

Centre for Voluntary Sector Leadership

IVAR
Institute for Voluntary Action Research

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Acknowledgements

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

Contents

Executive Summary

1. The distinctiveness of small and medium-sized charities (SMCs) in Ealing

Our findings on distinctiveness can be summarised as **'what' Small and medium-sized charities (SMCs) do** that makes them distinctive and what is distinctive about **'how' they do it.**

'What' Small and Medium Charities (SMCs) do that makes them distinctive

- They are **'hyper-local' which enables them to be 'first responders'** to both newly arising needs and newly arrived immigrant groups, sometimes a combination of both of these.

- They are **flexible and responsive**, for example, some Ealing SMCs find themselves providing remote support to immigrant households that have been resettled outside London.

- They **address multiple and complex needs**; our Ealing case studies talked about working beyond their remit because of a lack of available agencies to refer people to.

What is distinctive about 'how' they do it

- They act as **a trusted and reliable presence** for local people in the face of change and uncertainty. This goes hand in hand with **never or rarely turning anyone away** and working in ways that take staff beyond their roles or hours.

- We see this in the way service users described their experience of SMCs: that they see themselves as interacting with a particular individual rather than the whole organisation, often on first name terms. Maintaining proximity to the community that they serve was something that all three organisations identified as a priority.

- As is typical of many small charities, the Ealing SMCs perceived time spent on building partnerships or fundraising as taking them away from their day-to-day front line delivery even though they recognised the need for this work.

- Volunteers enabled the organisations to better reflect the diversity of their service users and supported each organisation's ability to be responsive and flexible to multiple needs.

2. The social value of small and medium-sized charities in Ealing

Through our research, we saw examples of three dimensions of social value: individual, economic and added:

- **Individual:** the organisations we spoke to were often working with people who are in crisis and therefore need immediate help with this before turning to their options for the long term. This is why SMCs' social value is bound up in their distinct nature and approach: not turning anyone away and working in a person-centred way.

- **Economic value:** We found that SMCs create economic value locally, though this is not something that they necessarily focus on in their day-to-day work. In Ealing, the SMC economic footprint translated to £41.6 million.

- **Added value:** In Ealing, volunteers add value to the work of SMCs by freely giving of their time and skills and donations. SMCs were able to harness people's empathy with local social issues through volunteering opportunities. Volunteers also reported personal gains in the form of skills and also quality of life.

3. Small and medium-sized charities and public funding in Ealing

- There have been a number of changes to the funding landscape in Ealing in recent years. There was a sense, speaking to local groups and organisations, that everyone was still trying to get a handle on the bigger picture.

- Securing donations in kind from community businesses or groups was helping to encourage community engagement in local issues. However, it cannot replace funding pots that also cover charity running costs.

- SMCs described the multiple pressures they face in relation to public and private funding. For example, SMCs that offer a holistic service had lost out because their organisation *'was too complex to fund'*; some had faced pressure to deliver services across more than one borough; others had found themselves caught between funding pots – too big for some and too small for others.

- Commissioners echoed some of this idea of SMCs sometimes being too complex to fund. They agreed that they don't always know how to fund or support SMCs because they all '*look different'.*

- SMCs feel they have been disproportionately affected by changes in funding and said that they are now expected to unfairly compete with large organisations that have dedicated staff and resources for fundraising.

- Local commissioning appeared to sometimes favour those organisations that can write a strong funding bid and meet certain funding criteria, without also investigating whether such organisations are best placed to deliver services.

- The experiences of SMCs in Ealing show that it is possible to make a difference without operating at scale, but the importance of those differences needs to be better understood. What might appear to be a minor outcome to a funder, one that requires minimal investment, may be a major outcome for the individual.

Introduction

<div style="text-align: right; font-size: huge;">1</div>

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

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

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

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

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

1.1. About the research

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

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

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

At the heart of the study are a series of overarching 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:

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

Are the distinctive features of locally-based small and medium-sized charities recognised by the people who use their services?[7]

How does the service they receive compare to those of other providers?

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 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-sized 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 an area level case study for findings for the London Borough of Ealing. It covers the following:

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

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

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

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

- Chapter 5 focuses on the **funding of small and medium-sized charities** in Ealing, providing an overview of the local funding landscape before discussing how funders and our case study organisations have responded. Direct quotes from participants are in *italics*.

Case study context: London Borough of Ealing

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2.1. Demographic and socio-economic context

With a population of over 350,000,[8] Ealing is the third largest London Borough in population, and 11th largest in size. It was described by participants as *'an outer borough but is looking more and more like an inner borough',* because of the steady rise in population density and cost of living. Parts of the borough, particularly those furthest away from the centre, were also described as quite remote, with some estates and communities feeling quite isolated.

In common with most London boroughs, a high percentage (47.4 per cent[9]) of Ealing's resident population was born abroad. The first wave of immigrants to arrive in Ealing in the 1940s and 50s, from Ireland, Poland and India, remain the largest proportion of the immigrant population today, but are now joined by residents from a growing number of other countries. This is reflected in Ealing's international patchwork of businesses, shops, restaurants, religious institutions and cultural events.

Employment (72.7 per cent) and unemployment (5.8 per cent) rates for Ealing are broadly aligned with national averages.[10] However, masked by these figures is the fact that Ealing is ranked the seventh poorest borough[11] (out of 32 boroughs) in London. This is linked to issues such as the availability of quality employment. Ealing is among the top eight worst boroughs for pay inequality and proportion of employees that are earning below the London Living Wage (26 per cent).[12] Changes to the welfare system, such as cuts to Council Tax reductions,[13] have also led to an increase in cost of living for some that is not necessarily offset by an increase in income.

One of the most significant developments in Ealing is the impending arrival of Crossrail. This has already led to major regeneration in parts of Ealing, and there is speculation that house prices are set to grow by as much as 50 per cent[14] as new residents are attracted by the fast links into central London and out to Heathrow. Whilst residents may benefit from improvements in public amenities arising from this new investment in the area, there is also a risk that costs will rise; this is likely to affect those who are already struggling to meet rising costs in rent and cost of living.

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[8] Greater London Authority 2017 Estimate
[9] Greater London Authority 2016 *London Borough Profiles*
[10] Ibid 2
[11] Trust for London, 2017, London's Poverty Profile
[12] Ibid 4
[13] Ibid 4
[14] Get West London, 30th January 2017, *House prices set to grow by 50% in three years in west London because of Crossrail, new research claims.* Referencing research by JLL Commercial Property Research.

The London Poverty Profile shows that in 2017 only 18 per cent of total housing completions in Ealing were affordable. [15,16]

The reduction in or privatisation of public services and public spaces in Ealing is also a very live debate. Ealing libraries have found themselves at the centre of recent discussions [17] after the announcement of the collapse of Carillion, which was responsible for the management of libraries in Ealing as well as others across London.

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

When participants in this study spoke about the voluntary sector in Ealing, they talked about the energy that exists within the sector and the *'thirst for change'.* However, our research also showed that there is a lack of joined-up working within the sector and within the wider local ecology of charities, funders and public and private service providers in Ealing.

There was agreement over the need for charities and other stakeholders in Ealing to come together to talk about the issues at large and identify solutions as a collective, and this study found evidence of where this is happening. However, many individuals talked about the challenges of working in partnership in an environment characterised by cuts to funding and resources. The picture is a familiar one, with SMCs competing for funding alongside larger charities and other public and private providers, within a system that many feel is unfairly weighted in favour of large organisations. Participants also talked about the dizzying pace of change in Ealing: *'Change is going on so quickly that I don't know where to put myself.'* So whilst they recognise the necessity of working in partnership and building alliances, it can be difficult at times to know who to reach out to, or individuals move on as soon as a relationship is built.

Ealing still has an infrastructure in place to support voluntary sector organisations, but their own funding and resource has been dramatically reduced

One council worker said that they used to be part of a team of twelve and now it is just them, with joint responsibility for the voluntary sector and disability support in Ealing. Ealing CVS has also seen its budget reduce by more than 50 per cent which has meant their ability to provide more intensive, one-on-one, support to SMCs (e.g. support with writing funding applications) has reduced.

More SMCs are beginning to look beyond Ealing for funding opportunities

We saw and heard about examples of SMCs beginning to diversify their income streams as a result of new opportunities becoming available and a recognition that funding within the borough, particularly public funding, seemed likely to continue to reduce. Looking beyond the borough for funding opportunities may well have implications for SMCs in terms of if and how they are able to continue to operate on a small, localised scale. Indeed, some SMCs have already begun delivering services outside of borough in order to compete for certain funding pots.

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[15] Ibid 5

[16] Affordable housing is defined by the UK Government in 2018 as, 'social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market'. https://www.gov.uk/guidance/definitions-of-general-housing-terms#social-and-affordable-housing

[17] The *Guardian*, Wednesday 17th January 2018, 'London libraries assess impact of Carillion collapse'.

2.3. Our case study organisations

The following table provides an overview of our case study organisations. Income data is based on recorded annual income in 2017.

Table 2.1: Overview of the case study organisations

Organisation A runs two centres in Acton for individuals experiencing street homelessness. Between the two centres they provide food, day respite facilities and other resources. As an example of the scale, on one of the days we visited the centres, they had provided 60 breakfasts, 180 lunches and 80 suppers the day before. The other services run out of the centres include: drug and alcohol services, chiropodist, doctor's surgery, a women and children's group, optician, showers, clothing, provision of a postal address as individuals' fixed abode. They also provide general support with a range of tasks that fall outside of the day-to-day, e.g. passport applications, welfare benefits applications, etc.	**Service**	Drop-in day centre for homeless people and people from other disadvantaged groups
	Area	Acton
	Size	Medium (£251,000)

Organisation B was founded in 2003 by a group of young people, who felt let down by the lack of appropriate services and interventions for young people in the Southall area of the borough. Now provides support and services for people of all ages focused on: employability, ICT, welfare advice, youth issues, English language courses and advocacy support.	**Service**	Community hub
	Area	Southall
	Size	Small (£87,000)

Organisation C provides expertise on community-based mediation, alternative approaches to dispute and conflict resolution, and related training within the London Borough of Ealing. Their approach is based on a preventative model and focuses on mediation as an approach bringing the different parties together to discuss the issue and seeking resolution through people telling their story and repeating it over.	**Service**	Mediation and advocacy
	Area	Greenford
	Size	Small (£80,000)

Organisation D is our large organisation comparator. They are the largest provider of domestic abuse refuges for women and children in London. They provide domestic violence support and advice to individuals in Ealing, in partnership with three other specialist domestic violence charities (two national, one small).	**Service**	Domestic violence services
	Area	London wide
	Size	Large (£24,000,000)

Understanding the distinctiveness of small and medium-sized charities in Ealing

3.1.   The distinctiveness of what small and medium-sized charities do

They are 'first responders' to hyper-local needs

Emerging in response to a need arguably does not make SMCs different from other larger charities, or indeed private businesses. All organisations start out in this way and often diversify in response to need or market demand. What is perhaps distinct about SMCs is the hyper-local level at which this responsiveness takes place. One SMC described it as sitting at the *'bottom of the ladder point'*, dealing with problems at the point at which they arise and providing a *'completely unconditional'* service. The SMCs we interviewed are all providing front line services, responding to the day-to-day problems faced by their service users as a result of bigger issues that they are dealing with, such as poverty, hunger and homelessness. There was a sense that there is often little time to plan ahead, or much point in doing so, as '*you just get on with the doing'* according to the need that is presented at that point in time.

Case example: hyper-local responsiveness

One organisation had a client that had come to them for help because they were struggling to get an Oyster card. They had gone to the library for help to fill out the application but, because of a language barrier, the library had misunderstood and processed an application for a swimming pass. *'The poor man can't travel across London but can go swimming as often as he likes!'*

SMCs therefore pick up on things which larger, more remote organisations might not. They are often the first to provide support to a specific community, e.g. newly arrived immigrants, as well as being the first to react to a newly identified need. Ealing has for a long time been, and continues to be, a borough that has a high immigrant population. Two of the organisations, as well as some of the stakeholders we spoke to, had been motivated to set up in order to reach out to specific groups of newly arrived immigrants. They understood the types of needs these individuals may have, and actively sought to adapt their organisation's own capacity and resource to provide culturally appropriate responses. Organisation B talked about how they had deliberately recruited female volunteers from different cultural backgrounds in order to encourage more women to use their services.

They talked about how, over the years, as their organisations became more embedded within their communities and known for providing certain services, other individuals in the area would come to use their services. One stakeholder talked about how their way of working had to shift in response to the fact that newly arrived immigrants are being sent to accommodation outside of London, which means they are now supporting an increasing number of individuals remotely. As a small organisation, this presented them with new challenges, as they sought to explore new partnerships with other organisations, agencies and funders outside of London to deliver their services, but lacked the capacity required to do the legwork which was much easier to do in-borough.

While SMCs are hyper-local and responsive to need, larger voluntary sector organisations retain some flexibility. Organisation D said that, as a larger organisation, their ability to be responsive was at a service delivery level. They said this was because they could refer people in-house and can *'hold'* people in their range of services. Organisation D said that they feel the difference in terms of levels of flexibility and responsiveness between the voluntary sector and statutory sector, rather than within the voluntary sector. A member of staff from Organisation D said that they had previously worked within a statutory domestic violence service and that there was a much greater focus on *'timescales, performance and assessments'*. They said that although these things exist within voluntary sector organisations they have the flexibility to be less rigid, for example, not requiring a client to respond to a set of questions about their situation if they have already been asked these questions by the police.

The experiences of these organisations therefore suggest that voluntary organisations, from the very informal groups to the largest formal charities (and public and private service providers), sit on a spectrum of responsiveness, meeting the needs of individuals at different points in their journey from first reaching out for support to accessing formal services.

They are quick to act and try things out when new needs or new community groups emerge

Participants thought that, because of the responsive and flexible way that SMCs work, they can also quickly get on with trying out new interventions or testing different ideas. They are what the community needs, when they need it: *'We are flexible, we work for everybody, we need to be aware that different people have different expectations, and we'll be all that you need us to be.'* Organisations A and B described how they are often the first to witness the impact of broader environmental shifts, to which they have to adapt and respond at local level.: *'*[what's] *so relevant now, might not be tomorrow'* (Org A). Organisation B talked about how it had seen a lot more individuals coming to it for advice and support on accessing welfare support after the shift to Universal Credit and the move to online applications. It had responded by offering one-to-one support to individuals to help them fill out the forms online, but it had also used this as an entry point to encourage them to attend their regular IT classes in order to build up the necessary skills themselves. Organisation B perceived a difference in the way they and statutory bodies respond to emerging needs in the community. For example, Organisation B was approached by a statutory agency to deliver workshops to raise awareness of the Prevent agenda and provide a safe space where individuals could talk about encountering Islamophobia. Organisation B said that such workshops needed to be integrated into their ongoing work on these issues in order to ensure that there was appropriate follow-up, whereas the statutory agency had only allocated resources for the workshops. The charity would have preferred the statutory provider to have come to them before designing the workshops to discuss the most appropriate and effective way of responding to the issues and providing support to key stakeholder groups.

Whilst SMCs do have the flexibility to trial new approaches, they also have a duty of care to the individuals they support to consider the impact on them of any new approaches. They will also be the ones to receive immediate feedback from service users if a particular approach is not working for them.

They address multiple and complex needs

Organisations and stakeholders said that many of the individuals that seek their help have multiple and complex needs which do not fall neatly within the parameters of their core service. Nonetheless, they often respond to these needs rather than referring the person to another agency. There were a number of reasons for this. First, the charities said this was in part driven by the service users, who preferred to receive support from one place, from individuals that they knew and trusted.

Case example: a gateway to wider services

Organisation B said that although the Job Centre sends individuals to Southall College for English as a Foreign Language (EFL) lessons they prefer to come to the EFL classes run by their organisation as they can also access other services, information and advice when they are there. They said that the EFL lessons are also a way for the staff to find out more about the individuals and their needs, as students often confide in the teacher about, for example, issues with their neighbours, with homelessness, employability, etc. The EFL classes they run are very hands-on and practical, e.g. sessions on applying for jobs or visiting the doctor,[18] and are adapted to the needs and circumstances of the students. *'Some just want to know enough to get by day to day'* (Organisation B).

Second, charities said that they were driven to respond to needs beyond their main remit out of necessity. Cuts to, or reductions in, local services have meant that the services to refer people on to are no longer there or are not readily available or affordable. One stakeholder felt that the fact that there is no Citizens Advice in Ealing and only one law centre with limited resources, meant that a lot of the burden to provide information and advice on issues such as housing and benefits had fallen to local charities. One participant described it as SMCs *'Picking up the slack'* and others described SMCs as taking on the mantel of filling the gaps left by statutory provision.

They work in ways that help build personal resilience

All of the organisations that we worked with in Ealing emphasised the importance of supporting people to build their resilience and equip them to address and solve their own problems. Organisations A and C both talked about how their focus was on early intervention and preventing escalation: *'We own the process and the client owns the solution.'*

It is about enabling individuals to see and believe that there is an alternative to the situation they are currently in and allowing them to identify the specific solutions in their own time: *'I pass the charity sometimes and think if it wasn't for the support and kindness I got from them I may have gone back to my old ways again.'*[19] Included in this is a focus on the importance on the 'soft' outcomes. A volunteer from Organisation B, talking about the IT classes that they run, said that it's not just about teaching people new skills but also about helping them to build their confidence. The

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[18] Based on the English My Way curriculum http://www.englishmyway.co.uk/
[19] Taken from Organisation A's annual report

most important role of SMCs may not necessarily be the particular service or resource that they provide, but their ability to focus on the individual, to spend time understanding and drawing attention to their strengths.

3.2. The distinctiveness of <u>how</u> small and medium-sized charities work

It is perhaps not surprising that the distinctiveness of how SMCs operate is closely bound up in what they do.

In particular, the charities talked about finding ways to 'level the playing field' between themselves and service users, to encourage people who are perhaps unable or reluctant to access mainstream services to engage.

Building relationships of trust with service users

Each organisation has a strong physical presence in the geographical areas where they work. They run buildings with open-door policies, employ staff who regularly go out into the community, often making themselves available out of hours, and recruit local residents as volunteers. During the interviews for this study with the CEOs of two of the organisations, every few minutes there would be a knock on the door to their room from individuals wanting their assistance or advice. Each organisation places a premium on making themselves available to, and getting to know and build trust with, the individuals that use their services. They do not 'do to' or 'for' but 'work with' people so that they can address their own needs. As stated in one organisation's mission statement, *'The purpose of* [the charity] *is not just to "do something for the poor", but to work in solidarity in a growing relationship which is mutually enriching.'*

Case example: taking a personal approach

Talking about the way that Organisation B works with service users, a volunteer described it as *'more of a personal thing'*. He said that staff will aim to understand the social background of clients and any issues that they are facing. He gave an example of a lady who they found out could no longer travel to the organisation to use their services because she could not afford the transport, so the organisation funded her transport.

All of the organisations talked about maintaining the balance between what they referred to as **'professionalisation'** and taking a personal approach. When they used the term 'professionalisation' they were mainly talking about staff time spent away from service delivery. For example, time spent on:

- Outreach and raising awareness of the charity and raising funds.
- Strengthening bid-writing skills across the staff team.
- Building relationships with funders and potential partners.

They saw these activities as necessary for the organisation's survival and fulfilment of its wider purpose but said that they were careful to avoid these activities taking precedence over being responsive and available to service users. *'We retain the warmth and values of a small charity but present to the Council in a very formal way'* (Organisation C).

Organisation A reflected that, in their case, building relationships and trust was to do with working with a *'chaotic clientele'* rather than the size of the organisation.

Participants had experience of working in other kinds of small charities that were *'more corporate and structured'* where service users did not have multiple and complex needs. This led us to wonder whether it tends to be more common for small organisations to be dealing with individuals with multiple complex needs and chaotic lives and that it is, therefore, more likely that the approach they take will need to be highly personalised.

Visibility and accessibility

Participants commented on how important the visibility and accessibility of their organisations is in order to encourage individuals to engage with the services and support provided. Organisations A and B own or rent buildings in the areas where they work that are open to and accessible to clients. Organisations A, B and C all have staff, part of whose role involves being out in the communities where they work, getting to know them and be known by them. Individuals are relieved to be able to access a service where they do not have to sit in line and there is no pressure or time limit on how long they can stay. Service users *'just come in and sit down, no one asking you questions, no forms to fill out'.* This was described as particularly important in the context of some individuals' experiences of trying to engage with other public services, where there is a sense of growing invisibility as regards where and how decisions in other forums are made. One participant said they thought that *'the further away from government an organisation is, the more trusting in it people are'*, and that larger organisations were perhaps more often associated more closely with government. They said that, for those individuals who may have had negative experiences with trying to access other services or felt under scrutiny by government, such as those accessing welfare support, it is particularly important to have somewhere where they can access services and know they will not only not be judged but also welcomed. Others talked about trying to create an environment in which everyone, staff and clients, are regarded and treated as equals.

Creating a space where people feel they belong: a community café

Organisation A in Ealing was founded in 1989 and works with people who are homeless. One of the services it provides is a community café which opens onto the street. The café was opened in 1999 to provide a place for people to go during the afternoon and early evening when the charity's main centre, which provides breakfast and lunch, is closed. Organisation A had initially planned for the centre to be open for four hours a day, expecting around 20 or 30 clients to use it. However, by 2003 this number had increased to around 105 clients per day and it has remained at that higher level of need ever since. In 2016–17 the cafe had an average of 94 clients per day coming through its doors.

Although the cafe is there to provide food for homeless people using the charity's services, it is also open to the public. The manager explained: *'the environment is so much like a regular café that people come in off the street without realising that it is part of the homelessness charity. The public are made welcome and can eat there in exchange for a donation to the charity.'*

As a result, instead of the café being *'for charity cases'*, it is a place where homeless people can spend time without stigma and still ask for help if they need it. People who visit the centre can *'just come in and sit down, no one asking you questions, no forms to fill out'*.

One of the volunteers described the manager as *'like a mother figure'* and how it is the small things that are important, such as the fact that people can *'put their bag down and sleep'*, knowing that they and their possessions will be safe. They can also charge their phones, pick up a clean pair of socks, leave their belongings there for safe-keeping. Another volunteer commented that other hostels are *'more rigid'* and won't do these kinds of things. The staff also get to know the homeless people using the café and will ask after them if they haven't seen them in a while.

The SMC felt that this way of operating the community café − a constant, visible presence in the area − sent a powerful message to the local population about homeless people being no different from anyone else and there being no shame in asking for help when you need it. They felt their approach fostered *'greater understanding and acceptance of* [homeless people] *and their problems amongst the community'* and argued that by being locally embedded (see below) they encourage, but don't force, greater interaction between the individuals using the services and the wider public.

It is about sending out a strong message, to both service users and the communities in which these organisations are based, that these individuals are no different to others, that they deserve to be treated on an equal footing and there is no shame in them accessing these services. Although there are large organisations that no doubt follow a similar ethos, there is something important and powerful about the fact that these organisations and/or the individuals running them are a constant, visible presence in the community.

Locally embedded

Important to establishing and maintaining visibility of these organisations was their being locally embedded. All three organisations spoke about the significance of their size in terms of their relationships and networks within the geographical areas where they are based and work. What 'locally embedded' looks like varied from organisation to organisation. Whilst each organisation seemed to feel that the highest percentage of individuals using their services live in the areas of Ealing where their services and staff teams are based, two of the organisations run services across the borough and reach out to small numbers of individuals out of borough as well. 'Locally embedded' therefore refers in some cases to operating at a local level and tapping into resources and networks in that local area. All three organisations talked about how being known within the community encourages other local organisations (Council, Job Centre, other charities) to refer to them, but also allows organisations A, B and C to respond with the appropriate approach as they know and understand the social context.

All the organisations talked about the importance of what they do and how they work in strengthening the inclusion of their client groups into society. Organisations A and

C spoke about the importance of being locally embedded as part of this process. Organisation A described this as fostering *'greater understanding and acceptance of clients and their problems amongst the local community'.* By being locally embedded, it encourages but doesn't force greater interaction between the individuals using the services and the wider community.

When asked, if they had the opportunity or the funding, whether they would get bigger or stay small, the organisations said that they would not change what they do or how they do it but would simply try to do more of it and reach more people. This might be by employing more paid staff or acquiring more suitable premises. Maintaining proximity to the community that they serve was something that all three organisations identified as a priority. A participant from Organisation B said that the risk of getting bigger is that it de-personalises the service and means that it is *'easier'* to turn people away if their need does not appear to exactly fit the service that the organisation is offering.

Clearly, SMCs feel that their ability to be embedded in a local area is linked to their size, but we found that both small and large charities think about how to develop culturally appropriate responses: they just take different approaches. Organisation D talked about how, as a large charity, they are able to maintain a local presence in two ways. The first is through setting up local branches with staff who have responsibility for a region or, in the case of London, a single borough. They felt that individuals accessing services therefore get to know their local branch and these local staff, rather than identifying them as being part of a national organisation. The second is through forming partnerships with other locally-based providers. In Ealing, Organisation D works in partnership with three other domestic violence organisations, two of which are also national charities and one a small charity. These organisations are part of the same referral pathway, but each has responsibility for specific groups. The three partner organisations have responsibility for British Minority Ethnic (BME) clients, Eastern European clients and low/medium-risk clients. Organisation D then takes responsibility for the remaining high-risk clients. They said that this particular partnership is unique to Ealing and that in other boroughs, where some of the same partner organisations are not in operation, they rely upon independent translators to overcome any language barriers.

Don't turn people away

Listening without judgement was something that all of the organisations spoke about time and again as fundamental to the way in which they operate. *'The ethos of* [*the charity*] *is shaped by listening … it is a place where people feel it is alright to be vulnerable'* (Organisation A). They see listening and providing a safe space to be heard as often the first step towards tackling the issues that individuals come to them with: *'If people sit together, the problem becomes smaller.'* People who do not fit the charity's main client group are not necessarily turned away or sent elsewhere. *'They* [Organisation B] *don't turn away people if they don't fall into certain categories.' 'We aspire really to support the whole community, we are not targeted at a particular group and we are free to all residents in the community'* (Organisation C). Unlike some service providers that are only open once a week or once a month and see people by appointment, one of the organisations opens its doors five days a week. In order to work beyond their client group, front line staff took on tasks beyond their job description and worked extra hours including evenings and weekends.

Participants said that listening without judgement and not turning anyone away are pertinent, because, first, these charities are working with people who have not felt listened to, have been turned away or passed from one agency to another. Second, they are often seeing people who are taking the first step towards seeking help, and

so the charity's first task may be simply to give them encouragement in seeking help for the first time.

Organisation D commented that they too consider it a strength of SMCs that they *'can take a bit more time'* with clients. However, they also said that the reason they have one-hour time slots for their client appointments is to protect the well-being of their staff. *'If they are conducting three 3hr sessions in a day, that can be very draining.'* This highlights an important point regarding the potential risks for staff and volunteers in SMCs in being regarded as, or even expected to be, the ones who will 'go the extra mile'.

The role of volunteers

The SMCs involved in this study said that their volunteers embody their approach and values in two key ways:

- They enabled the organisations to better reflect the diversity of the needs and demographics of their service users.

- They supported each organisation's ability to be responsive and flexible to multiple needs.

Organisations talked about recruiting volunteers that reflect the diversity, e.g. in terms of gender, race and languages spoken, of their service users: *'we model diversity in action'.* It increases their ability to reach out to a greater number of individuals in a way that is responsive to different individuals' contexts and needs. For example, all of the organisations had some volunteers who were currently using or had previously used the services, so they understood what it was like to be on both sides, as a service user and as a volunteer. The organisations talked about the relationships that volunteers build with service users: *'we forge friendships with the volunteers but also with and amongst members of staff … and you get to know service users.'*

Access to a diverse pool of volunteers also opens up a broad range of skills and experience, which can help in their bid to be flexible and responsive to a diverse range of needs. *'I get the best of what I can out of them* [volunteers] *… Whatever they've got, they can bring it to the table … you let them take the lead.'*

Volunteers enable SMCs to reach out either to a greater number of service users or with greater efficiency. However, importantly, they are also an additional cadre of individuals who can potentially help to embody and spread the values, ethos and approach of the organisations within the community and their own networks.

Service user perspectives

The charities we visited did not feel it was appropriate for the researchers to carry out fieldwork with clients, but referred us to volunteers in their services who they felt could provide an alternative perspective on the service user experience. Two volunteers from Organisation B were also receiving support from them and talked about their experiences. We interviewed 10 volunteers and provide a synthesis of their views here.

The role of small charities in the area

Participants in all three charities commented that the charity provides a place where:

- People feel safe and know that their personal belongings will be safe too.

- People belong and feel that people know and care about them: *'It's* [the centre] *a community so you wonder where people are when they don't come* [to the centre].*'*

- People can ask for help without feeling embarrassed. For example, Organisation A provides a walk-in service, no questions asked, where people can pick up clothes, shoes, bedding and other items.

- People can feel useful and can find something to do.

Someone who had experienced repeat homelessness spoke about how:

> *I was homeless once more and had nowhere to go. I started sleeping in a local park and met a Polish guy who said he got free food from a charity called* [Organisation A]. *I went the next day and got a shower, some clean clothes and a meal. The people were nice and while I was looking for work I could keep going for what I needed.*

> *I found a job on a construction site in Ealing but couldn't start because I hadn't got a national insurance number. The charity helped me get one and after three weeks I found another job on a building site. I was still homeless at this point and hadn't got my first wages to do anything about it. It was the onset of winter and it was getting colder. Then the charity phoned me and said that there may be a chance of obtaining a bedsit in Ealing if I could get there in one hour. I spoke to my foreman who said I could go and finally I got my place, a roof over my head and a key to a door. It was, for me, pure bliss. It's been seven years now and I have a partner and a three-year-old son.* (Taken from Organisation A's 2017 Annual Report)

Volunteers as witnesses of local trends

- People come for training but then we talk to them about their health needs as well.

- The mother who comes in regularly for milk for her children.

- We are seeing the same needs but different cultural backgrounds: *'Continuing the British tradition of helping regardless of colour, creed or nationality'* (Organisation A, 2017 Annual Report).

3.3. Conclusion

In Chapter 3, we described a range of small charity characteristics. These characteristics, or a constellation of all them, appeared to be consistent across the three charities that we worked with and in the examples given by local stakeholders we spoke to. Some of these characteristics are also shared by both large charities and informal groups.

Our findings confirm the enduring value of just 'being there' and providing a safe and accessible place, either in the form of a physical building and community of individuals or through an approach, where individuals can be themselves, are treated with respect and can access support in their own time.

This is not without its challenges. First, the kind of work they do as 'first responders' to changes in the local population and issues they face can go unnoticed. By definition, this work may be taking place before other local public and voluntary bodies have caught on to the need for a new intervention. Second, these charities make a difference through the combination of small things they do that, together, have a cumulative effect on individual lives: help with form filling, providing a suit and shoes for interview, providing a safe space to store possessions. In order to understand the impact of these small actions, they need to be seen and understood as a whole, the difference they make to the whole person. Given their role as 'first responders' to changing needs, these charities may not be 'solving' problems so much as preventing them from escalating further.

In Chapter 5 we will discuss the funding context for smaller charities including the challenges they face securing funds that cover their whole costs and the sometimes unique combination of things that they do.

The social value of small and medium-sized charities in Ealing 4

4.1. Introduction

In the main report we consider three dimensions of social value: individual, economic and added. Here, we look at the social value of our Ealing case study organisations through each of these lenses.

A framework for understanding the social value of small and medium-sized charities

Dimensions of social value …		
Individual value …	**Economic value …**	**Added value …**
• Meeting basic and unmet needs • 'Soft' personal, social and emotional outcomes • 'Hard' more tangible outcomes	• Value to the economy • Economic value of outcomes, including to public services	• The cross-cutting value of volunteering • Funding sources and leverage • Embeddedness in local organisational and social networks

4.2. Individual value

Meeting basic, immediate and unmet needs

Much of the work being carried out by the organisations that we spoke to for this study was with people who are in crisis, who need immediate assistance before they can begin to focus on potential longer-term solutions. As a result, the answer to the question, 'what would happen if these charities were not there?' is not always a neat and linear one where if x didn't happen it would lead to y. Their social value is bound up in their distinct nature and approach: not keeping to strict opening hours; not turning anyone away; taking a personal approach, etc.; and in the contexts in which they are working. For example, if Organisation A did not exist, there may not be an immediate, notable increase in the number of street homeless in Ealing. Whilst reducing the population of street homeless individuals may be one of the longer-term outcomes they are contributing to, their focus is on providing a safe and secure environment for homeless people during the day where they can access resources (food, clothing etc.), support and advice.

Organisation A's objectives are, 'fitter healthier clients able to deal with the problems of their lifestyle, inclusion and acceptance for the group and improved access to health services, housing and benefits advice' (2017 Annual Report). They estimate that more than 1,300 individuals access their services on various days of the week. Their wider impact on the community could therefore be described as strengthening the personal resilience of individuals within that community. Their objectives have remained the same throughout the organisation's 38 years in operation, although they talked about the increasing number of women now using their services and the increase in numbers of individuals using their services in general. Their focus on this aspect of social value was described as particularly important given that the vast majority of homelessness interventions and policy are focused on the start (e.g. homelessness prevention) or the end (e.g. getting people off the streets) of a person's journey, with much less focus on providing support to individuals currently living on the streets. A participant from Organisation A said that whilst the focus on prevention may help to eventually reduce homelessness, she did not think the effects would be seen for another five years and that in the meantime homelessness figures will continue to increase.

Organisation B said that some of the services they provide are available from other public and private service providers in Ealing. However, they said that where such services do exist there is often a fee involved. They gave the example of two individuals who had travelled to them that day (when we were conducting interviews) from Shepherd's Bush because the same services in their local area would cost them £20, money which they did not have. Similar welfare and financial support and advice services are also available within Ealing, but Organisation B said that they tend to be surgeries that are run once a week or once a month. They felt, therefore, that if their organisation did not exist, the individuals they support would either go without or have to wait much longer to receive support.

Organisation C talked about the impact of their work on reducing levels of anti-social behaviour in Ealing and improving the quality of life of those that they support. In their conversations with the Council, they are also able to highlight the potential savings in time and resource to the Council as a result of Organisation C's interventions.

Looking across all three SMCs, the wider social value of their work could be summarised as making immediate improvements to quality of life for individuals that may, over time, add up to/contribute to longer-term change to employment or homelessness, for example, locally.

Strengthening understanding of and empathy with the social context

When we asked staff and volunteers what motivated them to get involved with their charities, many of them said it was because they believed in the organisation's values, ethos and mission: *'No one's here just because it's a job'* (Participant, Organisation A). Others said that through joining the charity they had understood and adopted these values since their engagement in the organisation.

Founding members of the organisations are often either still involved as members of staff or sit on the Board of Trustees. This is not the case for Organisation D. The foundation stories of Organisations A, B and C were very connected to the approach that they take now: responding to individuals in the local community seeking food, clothing, friendship, counselling and professional advice; recognition of the importance of all young people from different backgrounds and faiths being provided with the same life opportunities; a belief in mediation as an effective way to resolve the escalation and resolution of conflicts.

Volunteers and staff at Organisations A and B talked about how volunteering was often a route to strengthening people's understanding of the social issues that the organisations are responding to:

'When I came I was speechless because I didn't know that the community was that deprived … They need somebody to talk to as well as support.' (Organisation B)

'Involvement is key to people understanding homelessness … I like to plant thoughts … and see people understand.' (Organisation A)

Impact on volunteers and what they gain as well as what they bring

Volunteers talked about how their decision to volunteer had also been partly motivated by what they would get out of volunteering. They talked about giving back to the community and also about personal gains, such as wanting to put their skills into practice to help boost their CVs or because they had left formal work. One volunteer said that the organisation had actually helped them to get a placement as a teaching assistant in a local school. They said that when they do find paid work they will still come back to the organisation to volunteer in their spare time.

Case example: improving social connections through volunteering

A volunteer in Organisation B talked about how he used to work for HP (computing firm) and then when his daughter became sick he became her full-time carer. He talked about how volunteering has provided him with the opportunity to get out and *'meet and interact with people'* and helped him in the transition from full-time work to caring.

Other volunteers talked about how they had formed friendships through volunteering, and that it gave them an opportunity *'to give back'* and be active within their community.

Being aware of how others perceive their social value

Roughly two-thirds of Organisation A's income comes from fundraising and donations, a huge proportion of which is food donated by local supermarkets. Organisation A said this had come about as part of a national campaign to *'shame'* supermarkets into not wasting food. Organisation A had also taken advantage of the growing trend amongst businesses to initiate corporate volunteering schemes. They now have an increasing number of volunteers that use their allocated volunteering days (usually two days) to come and volunteer at their centre. On speaking to one of these corporate volunteers, they said that they came across Organisation A through a corporate volunteering website and had chosen to volunteer there as they had wanted to volunteer in a community-led organisation and a smaller charity, perceiving them to be more in need of support. They described how volunteering had always been a part of their life and that, *'I believe it's more important to give time rather than money'*.

4.3.   Economic value

We found that creating economic value was often not a consideration for the SMCs we spoke to as they went about their day-to-day work. Nevertheless, our findings suggest that SMCs do create economic value and that this value takes two distinct forms: **value for the economy**, including the contribution SMCs make as actors

within the broader economy; and the **economic value of outcomes**, including fiscal value to public services in the form of prevention and demand reduction.

Value to the economy

As a group of organisations, SMCs have a sizeable economic footprint. Collectively in England and Wales they generated £7.2 billion in income in 2014−15. In Ealing this translated to £41.6 million. Our research findings demonstrate that many SMCs reinvest this income locally through services and activities that employ local people and utilise local supply chains.

Economic value of outcomes

A number of the soft and hard outcomes identified in the section on individual value provide direct value for the economy. The ability of SMCs to support people in a way that helps them become 'work ready' is particularly important in economic terms, and can be a product of both soft outcomes such as improved well-being, confidence and self-esteem, and hard outcomes such as volunteering experience and the acquisition of new skills and qualifications.

Organisation C described how the work that they do often helps to resolve issues without them having to go through formal legal proceedings or use up substantial amounts of council officer time. *'The great thing is that so much gets resolved by just being listened to. When someone has reflected on their behaviour they can start to change their way.'* They said that this is preferable on an ethical level but they had estimated that there is also a huge cost saving to the Council as a result, with every case saving the Council in the region of £50−60k a year: *'The outcome was a significant saving to us.'* Organisation C said that the Council also recognises the ethical value of the partnership and the fact that it helps them to work more effectively.

4.4.   Added value

SMCs also added value through **volunteering**, by **leveraging funding** to deliver services, and by being **embedded in local networks**.

Volunteering

Case example: the value of volunteering in SMCs

Volunteers are vital to Organisation A's service provision and provide an estimated **250 hours** of time in support of service delivery each week. This time is worth an estimated **£97,500** each year. **This is more than three times the amount of funding Organisation A receives from the local public sector** and means that for every £1 of public sector funding received an **additional £3.25 of volunteering** resource is provided − an extra 325 per cent.

4.5.   Articulating social value

We found that SMCs' approaches to articulating and communicating their social value were very much linked to their approaches to measuring and capturing it. Those charities with formal approaches tended to follow that through with formal reports about their outcomes and impact, and often used these as a tool for

marketing themselves to commissioners and funders. Many SMCs struggle to find the time and resources to report on their achievements to funders. In this vein, SMCs also reflected on the challenges of articulating and communicating their full value, particularly when it was not governed by, or went beyond, what was expected of formal outcome or performance targets. In particular, SMCs often struggled to disentangle their social value from their day-to-day work, or see it as something specific, as the two things were often intrinsically connected.

> **Case example: an approach to demonstrating outcomes**
>
> Organisation C talked about the importance of case studies and success stories for demonstrating the outcomes and encouraging people to continue to access the support they provide. They also ask their clients to fill in feedback forms. *'We take a very structured view of what we do … our data is very structured, and our annual report is full of the data.'*

One stakeholder emphasised that monitoring outcomes means paying attention not just to visible changes such as providing a bed or sustenance but also to less tangible outcomes such as someone feeling less isolated. However, they said the challenge was how these factors are measured.

All three organisations were very aware of how their value is perceived by funders or potential funders. Organisation C had even worked out the monetary value of the service they provide in comparison to the cost if it had been provided as an in-house service by the Council. Organisations A and B talked about the challenges of getting core funding or funding for the organisation's services as a whole. Organisation A talked about *'everything being outcome led'* and the fact that the requirement to quantify what you do and to slot it into a specific area has grown. They said that funders and others have this idealised view of what homelessness charities should be achieving and that they want to see you *'pluck someone off the street'* whereas *'our outcomes are only to ensure that people are safe and happy and have all the basic needs'*. In recognition of the challenges in finding funders who would understand and fund their holistic approach, Organisation B had packaged up the individual services that the organisation provides and applied for separate funding streams in relation to these different strands of work.

4.6.   Conclusion

In Chapter 4, we have looked at the value of small charities through the lens of 'social value'. The following observations related to social value were made; many of them relate closely to points also raised in relation to distinctive value. First, sometimes all charities can do is to stop things getting worse while not being in a position to make them better. So for small charities no change is an impact. Second, finding ways to avoid charging for services can be critical to small charities who said that some people travelled in from other boroughs to use their service 'free at the point of need'. Third, volunteers who get involved with small charities explained that this builds understanding and empathy with other members of the community and thus adds value that way. Fourth and finally, small charities were leveraging in-kind donations and the help of local businesses through offering corporate volunteering opportunities. Charities were aware of the drivers for measuring outcomes and impact, although they sometimes perceived a mismatch between what they do and how funders expect their work to be measured.

5

Small and medium-sized charities and public funding in Ealing

5.1. An overview of the local funding landscape for small and medium-sized charities in Ealing

The three SMCs are funded through a combination of public money (local and central government, NHS, EU) and grants from private funders. Organisations A and B spoke about spending increased amounts of staff time on identifying new funding opportunities due to being affected by cuts to public funding and/or increased competition for existing private and public funding. Organisation A also raises a proportion of its funding from local fundraising and donations.

Changes to the funding landscape have been so dramatic and fast-paced in Ealing in recent years that it was evident, speaking to both the organisations and other stakeholders, that everyone was still trying to get a handle on the bigger picture. They were unsure what kinds of national or regional funding were coming into the borough and thought that it would be helpful to have this information.

Income diversification comes at a cost

Organisation A's income had reduced in real terms, but they had so far managed to avoid making cuts to their service as they now receive a large proportion of the resources they need in order to run their homelessness centres through in-kind donations. The food is donated by local supermarkets, restaurants and faith organisations, enough to feed up to 200 individuals three times a day. Other resources such as clothing and sleeping bags are donated by community members or through local faith groups: *'I ask the Buddhists, "Can you provide us with sleeping bags?" and the Anglican church, "Can you provide us with men's underpants?"'*

For Organisation A, these in-kind donations are important both as a substitute for income they have lost and as another way to pursue their mission to encourage wider community support for, and engagement in, the issues that they are tackling. But the donations cannot replace the funding that the charity has lost because this covered running costs as well as the costs of food and personal items. The organisation has since struggled to cover these core costs, e.g. staff, building maintenance, etc.

Mismatch between holistic work and programme funding

Participants felt that both public and private funders have become more prescriptive about what they fund. Previously, whereas they might have funded broad areas of work such as employment, now they focus on funding very specific interventions within these areas. Some felt that this had put SMCs at a disadvantage because of the holistic way in which they work, spanning a number of different fields and responding to a range of needs within a community, rather than being focused on one or two fields in depth. One organisation said the sense they had got when they lost out on public funding was that their organisation *'was too complex to fund'*. This supports existing evidence which found that where commissioners are under pressure to make short-term cost savings, *'funding is allocated to guarantee a minimum standard of care … rather than to invest in preventative and holistic solutions'.* [20] Funders appeared unaware of how different elements of a service connect up (e.g. having a postal address and being able to access services); or of how critical their role is in supporting people to take their first step towards seeking help. This lack of understanding was exacerbated, they thought, by requirements to quantify what you do and an interest in the bigger outcomes, e.g. ending homelessness, *'whereas our outcomes are only to ensure that people are safe and happy and have all the basic needs.'*

SMCs value their holistic and flexible role in the community and serving the population of Ealing, which enables them to respond to often fast-paced changes in context. There seems to be a need, therefore, for funders to not only understand the context in which SMCs are operating but to also appreciate how these organisations are first and foremost dynamically situated in their context. For example, they are constantly asking themselves what is happening in Ealing and what people in Ealing need them to do.

Commissioned services

Organisation C's funding arrangement was quite different to the other two in that the vast majority of its work is commissioned by public funders. It sees itself as an integrated part of the public service delivery system. The work that it does seeks to relieve some of the burden on public services by preventing conflicts from escalating to the point where statutory bodies need to intervene, so there is a mutual benefit to the two working together. Organisation C said that they are not worried about the future because of the strength of these relationships.

5.2.   How funders have responded and how this is experienced by SMCs

The context for our conversations with charities on this point was principally:

- One funding pot to provide a range of services – either looking for one provider who can provide all or a consortium of partners who will provide different bits of the service.

- Funders' own pots are squeezed which can lead to one or more of the following: tightening their own funding criteria or wanting the organisations they fund to be able to operate at scale.

Organisations A and B and several stakeholders talked at length about the challenges of competing for funding, in particular competition with larger charities and how they felt the system was unfairly weighted towards the latter. For example,

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[20] Ibid 12

one participant said that, first, London Boroughs funding has reduced by half since the recession and, second, that in order to be eligible for London Boroughs funding charities have to demonstrate that they are already providing services across a minimum of three boroughs.

Case example: multi-borough contract information and advice

One participant described how their organisation bid to deliver some information and advice services in Ealing. It lost out to a national charity as the national charity was able to form a consortium of all of its London branches. It bid for the whole amount and won the bid, despite the fact that, in Ealing, the participant's organisation scored higher.

A major concern for participants was that the way in which funding processes are currently structured tends to favour those organisations that can write a strong funding bid and meet certain funding criteria, without always carrying out due investigation as to whether an organisation is best placed to deliver the service in question. Participants made the following comments and observations:

- In the worst cases, they thought that competition for funding has led to organisations claiming that they deliver certain services or have particular expertise in order to compete when they don't.

- Organisation A talked about being required to have certain policies in place, despite the fact that they are not always relevant to the work that they do, because they are fixed requirements of the funder.

- It also described an occasion when it was refused funding because it didn't have a certain policy in place and said that it would have been more helpful if the funder had asked, 'Could we help with the policy in some way or is it an area where funding could help?'

- Several stakeholders also talked about unhelpful funding criteria in relation to the size of organisations that funders fund.

- Several participants mentioned being ineligible for funding streams because their charity is too big for the funds targeted to charities with lower incomes but too small to compete for larger funding pots. One organisation said that they had considered setting up a subsidiary charity so that they could bid for smaller pots of money but decided not to as it would just create more bureaucracy.

Organisation D said they thought that it helped if a charity was 'known' to a funder when applying for funding. They said that their organisation having a national 'brand' had helped them to be well known and this, in addition to their track record of delivering services, had helped them to get continued funding.

Talking about the involvement of the voluntary sector in commissioning processes, some individuals said that they were sceptical about getting involved in large consortium bids, having had negative experiences in the past. One participant said that there is a perception that bigger organisations are rallying around and supporting smaller organisations to be a part of these bids and that the sector is homogenous, but that in their experience this had not been the reality. Like any other industry, there is competition. Organisation B talked about their experience of joining a partnership to deliver a contract for welfare to work services.

> *Case example: the challenges of collaborative tendering*
>
> Organisation B said that it was written into the tender that the delivery had to include voluntary sector organisations. A large organisation led the tender and all other interested parties had to submit Expression of Interest (EOI) forms. They described it as *'like you're held at ransom'* as it was the only opportunity they were given to get involved. In the end Organisation B had to pull out partly because it found out the contracts would be Payment by Results but also due to the fact that the prime contractor was proposing paying them £20 per person to deliver their service. It said this would not have been enough to cover the other costs, such as rent, involved in delivery. They also did not have the financial buffer to be able to wait for payment on results. The experience left it wary of getting involved in similar consortiums as it had also invested a lot of time and energy conducting research in the community for the bid and contributing ideas.

Another stakeholder agreed that the partnership between small and large organisations was uneven, and participants weren't convinced that such partnerships benefited small charities. Smaller charities sometimes fear that they will bring ideas and knowledge to the table and then not be asked to bid but others will still benefit from their contribution. For larger organisations, it was felt that there is a clear benefit to having smaller organisations on board as it shows that they have a route into the community/understanding of the needs on the ground. One way to address this, participants suggested, might be for the Council to adjust their approach to commissioning by, for example, encouraging collaboration that carries with it a certain set of principles so that the value doesn't just go to the prime contractor; ensuring that the level of evidence required is proportionate to the scale of the service being commissioned; and demanding a consistent approach to commissioning. Ealing's Clinical Commissioning Group's (CCG) approach to commissioning was given as an example of where these principles are being put into practice. The CCG has just one consultation and engagement process through which voluntary organisations can feed into the process of understanding the context and local needs and make suggestions on service design.

5.3. How case study organisations have responded

All three organisations talked about some of the very positive relationships they had been able to build with public and private funders, in particular funders who had funded them over a period of years and understood and were invested in the work of the organisation. However, there were a number of concerns expressed in relation to funder and funding partnership relationships and a feeling that some charities have more opportunities to influence funding decision processes than others.

Top-down approach

Participants said that they would like to see a more collaborative approach between SMCs and public and private funders. *'There seems to be an implicit assumption that small charities are passive receivers.'* SMCs felt that a very top-down approach was being taken a lot of the time, with funders having already made up their minds about the interventions and approaches needed to tackle an issue and then asking SMCs to help deliver the work.

This was not a unanimous view or experience as other organisations felt that they had been able to develop positive relationships with both private and public funders and that their expertise was valued. However, there was a desire expressed by many SMCs for improved and more equal partnerships between SMCs and funders.

Uneven voice in decision-making processes

Several participants felt that, in Ealing, some charities have more of a voice than others in decision-making processes around funding and commissioning. The kinds of comments made included:

- It's the same organisations that go for the consortium bids.

- Preference is given to funding national, established organisations. Some thought this was perhaps because the funders favour dealing with single organisations rather than a consortium with lots of small organisations, as it simplifies the process for them.

- Some decision makers and funders have a bias in favour of certain charities or individuals within charities. Politics including attitudes to race may also have an influence.

That an organisation's ability to obtain funding is partially reliant on their ability to build good relationships with funders is not a factor that in itself creates an unfair environment. What matters here is whether everyone has the same opportunity to build these relationships − e.g. being invited to the same meetings − and whether the decision to fund is also balanced out by careful assessment of the suitability of one organisation over another to deliver a particular service. Some participants felt that this was not the case, and that personal relationships were being allowed to undermine fair competition for funding. One participant put it even more strongly, saying they felt that racist politics that exist in Ealing had made their way into some decision-making forums and were influencing decisions about who to fund or not to fund.

So what might help? One participant talked about the need for improved channels of communication between the charity sector in Ealing and public funders and how they thought this could be improved. He said that in Ealing there are a variety of routes in for influencing and engaging, but that relationships with the sector tend to be through more traditional forms of representation. He questioned whether organisations in the sector therefore engage with the public funders in this way because they want to or just because this is the only channel available to them. He talked about the need for charities to be able to constructively challenge funders on their thinking on certain issues.

One public funder admitted it is asking itself how it can best use the limited resources it has to support the fundraising capabilities of the charity sector in Ealing. *'Do we focus a strand of our work on developing the capabilities of groups in the commissioning space? Or, do we focus on building capabilities more broadly, e.g.*

digital engagement, alternative investment?' The voluntary sector infrastructure bodies that are currently responsible for providing this kind of support to SMCs and others acknowledged that their own reduced capacity means their ability to provide capacity-building support at a localised level, e.g. bid-writing support, is increasingly limited. Their efforts are also more focused on supporting partnership working across the sector and strengthening the sector's capacity as a whole to bid for the larger funding pots. Some felt that reductions in funding to these voluntary sector bodies had also led to them getting increasingly involved in aspects of service delivery and setting themselves up in direct competition for funding.

If, as highlighted by this study, SMCs continue to feel pushed out of the commissioning space or asked to engage in commissioned services in ways that do not offer them adequate returns for the inputs in time, effort and money required, then it might be that we begin to see fewer and fewer SMCs engaging in commissioning processes. This, therefore, goes back to the point about the need for public and private funders to understand what impact developments in the funding environment are having across the whole voluntary sector ecology and how this might affect the future behaviour of SMCs, before making decisions about what support is needed.

Getting a seat at the table

Whilst all SMCs recognised the value and importance of also gaining an understanding of the wider ecosystem of service delivery and funding structures in Ealing, they found that getting a seat at the table, finding the time to attend meetings and knowing which meetings are going to be a worthwhile investment in time and resources, was challenging. Organisation C talked about how they had approached this process.

Case example: bridging the gap between community and the public sector

The CEO of Organisation C comes from a council background and so has an understanding of the workings of the Council but also a strong understanding of the needs in the community through the work that the organisation does. She is, therefore, able to help bridge the gap between the community and different public sector agencies. The organisation spends a lot of time building relationships and running awareness- raising workshops about the work that they do: *'We plonked ourselves where they were. You won't be included unless you're there.'* Organisation C said that its work has now become embedded within the policies and procedures of some Council teams.

Two interlinked factors appear to have been key to Organisation C's successful relationship with commissioners. The first is having an individual within the organisation who had prior relationships within, and knowledge of, Council networks and systems. The second is that they possess institutional knowledge of commissioning processes, confidence that investing the time in the relationship will pay off, and capacity to engage in this process. Whilst the first factor is something that would be difficult for other SMCs to duplicate, the second point could be addressed with some capacity-building support. Some public funders that we spoke with were interested in investing in helping to develop the capabilities of SMCs in the commissioning space.

5.4. Conclusion

We have explored the small charity experience of funding structures and processes. What was immediately apparent was the fast pace of change in the funding and policy environment. This has made it hard to keep up and is compounded where charities lack internal capacity and experience related to commissioning or fundraising, and/or do not have relationships and routes into public funding discussions, decisions and processes. Unsurprisingly, commissioning processes remain a challenge for many small charities who are now also grappling with multiple relationships with health and local authority funders. We did come across creative approaches to charity funding and fundraising with one charity securing all the food and clothing they need through donations instead of funding. Other charities have explored the potential for being part of consortium tenders. But these approaches come at a price: donations or a share of consortium funding do not cover the core costs of running the charity. It is these costs which make the difference between just offering a meal, say, and being the kinds of 'first responders' we described in Chapter 3.

Conclusion: Ealing's First Responders

6

The key to supporting communities during a period of change is to be constantly asking and reflecting on one central question: what do people living and working here want? Everything else will coalesce around this one question. Small charities, without having a unique claim on this, are especially good at asking this question.

In Ealing we have learned that smaller charities are the first witnesses and responders to change, sometimes minute shifts in the population or circumstances. They are endlessly adaptable but that willingness to flex is being pushed beyond charity norms – 'going above and beyond' can now sometimes mean being forced to do a lot more on the same resource; diversifying income comes at a price because some donations will only cover the cost of the food, clothing and bed for a destitute person, not a charity's overheads or the other costs associated with providing an unconditional service.

Emerging in response to a need arguably does not make small charities any different from larger charities, or indeed private businesses. All organisations start out in this way and often diversify in response to need or market demand. What is perhaps distinct about small charities is the hyper-local level at which this responsiveness takes place.

One thing we have wrestled with as researchers is the idea of 'small' and what it means. Words and phrases that might describe the charities we worked with include 'local', 'community-based' and also 'community-minded'. Being small and local and being visible and/or accessible to local people is not the same thing as being based in and for a hyper-local area. Small charities that look like the local charities that we worked with are active beyond their neighbourhood or borough. For example, people travel in from other areas because their service is unavailable elsewhere or is charged for elsewhere; charities continue to support people remotely when they are resettled/referred out of the borough; or funding requirements (particular to London) that favour charities working across more than one borough and therefore push them to expand their reach.

If we feel confident in the distinct characteristics identified, then there is potentially a strong case to be made to funders for evaluating the role of SMCs based on factors such as their ability to engage with marginalised populations at a hyper-local level and to act as their stepping stone to independence or further support.

Appendix 1: Additional information about research methods

A1

This section provides additional information on the research methods employed throughout the research. Table A1.1 provides an overview of the methods and number of participants in each aspect of the research at a case study level.

Stage 1: Mapping (interviews and stakeholder workshop) – July 2017

Stakeholder workshop

The aim of the stakeholder workshop was to explore the local 'ecosystem' within which charities are working. It was attended by 15 participants, the majority of whom came from small charities but with some representation from Ealing Council and local voluntary sector umbrella bodies.

The workshop focused on:

• What's going on within the area – stories, issues, structures, history.

• Role of small and medium-sized charities in tackling disadvantage.

• Views about the distinctiveness of small and medium-sized charities.

Interviews – Nov 2017 to Jan 2018

Semi-structured interviews were conducted with stakeholders from four organisations in Ealing: two small charities, one medium-sized charity and one large charity. Table A1.1 provides details of the individuals that were interviewed.

Document analysis

During the interview process we asked participants to share any documents that might be relevant to the research.

Stage 2: Organisational studies

When selecting the three SMC case study organisations for Ealing, we took the following factors into account:

- **Size:** reflecting the spectrum of very small to medium.

- **Thematic focus:** covering a range of issues (including at least one Lloyds focus area).

- **Geographic location in Ealing:** located in different areas in Ealing.

The SMC's availability, capacity and enthusiasm to be involved in the research was also a major factor in their selection.

The large organisation was selected at a later stage in the research, when it was decided that it would be beneficial to have a large comparator organisation for each Area Study. They were selected due to being one of the few large charities (that aren't federated bodies) in operation in Ealing and also because they do work on domestic abuse (Lloyds focus area).

The views and experiences of service users were captured either directly (Organisation B) or by working closely with the organisations to identify proxies (Organisations A and C) where direct work was felt to be inappropriate. The proxies being respectively, by talking to volunteers, some of whom had also been service users, or by gathering service user perspectives via third parties such as referral agencies and via data collection from beneficiaries carried out by the charity.

Table A1.1: Overview of methods and participants

Case Study	No of workshop attendees	No of stakeholder interviews	Organisation level participants			
			Organisation A	*Organisation B*	*Organisation C*	*Organisation D*
Ealing	15	7	Interviews: • 1 x Chair • 2 x staff • 4 x volunteers	Interviews • 4 x staff • 4 x volunteers (2 of whom are also service users)	Interviews: • 1 x Chair • 3 x staff • 3 x volunteers • 1 x partner	Interviews: • 3 x staff

Appendix 2: Key sampling data

A2

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

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

Figure A2.1: Overview of key sampling data