

The social process of supporting small charities:

An evaluation of the Lloyds Bank Foundation Grow pilot programme

Summary Report

**LLOYDS BANK
FOUNDATION**
England & Wales



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Executive Summary Report

Front cover photo

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

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Introduction

Small charities make a big contribution to wellbeing in local communities and as recent reports have shown, they can be effective at supporting people who are hard to reach, hard to hear and hard to help than bigger charities or public sector organisations and agencies.

The Lloyds Bank Foundation 'Grow' project was devised to support small charities with income below £75,000 which were ineligible for support through the Foundations existing programmes. This evaluation summary report explains how these charities responded to support offered to them by specialist consultants.

There have been several initiatives in the past to help small charities to become stronger, bigger and more sustainable, and to help them work together to increase their impact. But there is little good evidence to make sense of the 'social processes' involved in providing such support and explanations for how charities respond.

This report attempts to fill that gap in our knowledge. In looking at 'social processes', we are exploring how the culture and dynamics of small charities affects their readiness and willingness to embrace change, to accept support and act upon advice in areas of development which are important for their future wellbeing.

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

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

The Grow pilot programme

For some time, Lloyds Bank Foundation has lent support to small and medium-sized charities through its grant programmes and 'funder plus' organisational development support. But this is the first time the Foundation has focused specifically on small charities which are ineligible or insufficiently well developed to apply for such funding.

The purpose of the pilot programme was to develop an approach to improve the capability and capacity of small charities which, if successful, could subsequently be replicated in other areas.

The Foundation's objective was to collaborate with small local charities and community organisations supporting individuals in Redcar & Cleveland and Neath Port Talbot

and work in partnership with the local voluntary sector to offer free packages of support that help charities and community organisations strengthen and grow.

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

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

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

The programme did not proceed with firm expectations of success for all the participating charities, but was interested in learning how they responded to support – depending upon their own structures, purpose and practices.

The programme ran for 18 months and involve the following phases. First, to select and approach charities in Neath Port Talbot and Redcar and Cleveland to join the programme; second, a 'diagnostic' phase to identify what charities needed to do to strengthen their capacity to achieve socially valuable work; third, to allocate consultants to them to give advice and support to effect change in their practices,

Fourteen charities completed the programme, all of which had income levels below £75,000. The charities were equally divided between Neath Port Talbot and Redcar and Cleveland; 5 were managed and run entirely on a voluntary basis while the rest employed full, part-time or sessional staff.

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

The majority of the charities (11) offered 'specialist' support although this could be offered to a range of

beneficiaries, three charities offered more 'generalist' or a variety of support functions to a range of beneficiaries

Evaluation methodology

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

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

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

The evaluation employed a mix of desk research, quantitative and qualitative field research and action research with the project delivery team. In the development and delivery phase of the work, the following activities were undertaken:

- Participant observation took place during the process of selection of charities and the diagnosis phase of the research in Neath Port Talbot and Redcar & Cleveland. Additionally, initial meetings between consultants and participant charities were attended to observe interaction and discussion and to explain the purpose and scope of the research.
- Administering a self-evaluation exercise with all charities in the programme, followed by analysis, internal publication of findings and debate at steering group meetings.
- Two rounds of in-depth telephone interviews were taken with all 10 consultants in the early phase of the programme (about 4-5 months after their appointment) and during the completion phase of the pilot (although some of the consultancy work was to continue beyond the life of the project for a further 3-4 months).
- 12 in-depth telephone or face-to-face interviews took place with chairs or chief officers of participating organisations about six months after the programme started.

Once the programme was nearing completion, site visits were made to 9 of the 11 charities which had a physical location upon which their activities were centred together with a second interview with chairs or chief officers . In

these visits there was an opportunity to observe the location where services were delivered and to talk informally to a range of people who were involved in the charities including beneficiaries when services were operating. Just under 50 people were involved in discussion during the site visits.

- The successful delivery of the pilot programme was dependent upon regular formal and informal interaction with the Lloyds Bank Foundation project oversight team, the appointed coordinators who managed the pilot and local Grant Managers throughout the life of the project. In addition, three national steering group meetings were attended to observe and discuss progress in the pilot.
- At the end of the programme, concluding discussions were held with the Grant Manager and programme coordinator in Neath Port Talbot and Redcar and Cleveland to discuss perceptions of the achievements of the project and how they came about.

Context of the pilot programme

Characteristics of small charities

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

The ethos, aims, practices of TSOs are shaped by their size. By definition, larger TSOs have the capacity and capability to tackle issues on a bigger scale. They tend to be more formal and hierarchical organisations which employ many staff and have a complex specialised division of labour. Small TSOs by contrast employ few or no staff, have less complex organisational structures and operate in a more informal or personal way.

Drawing upon data from the Third Sector Trends¹ study in 2016, it was evident that smaller charities were less likely to seek support to develop their capability than larger organisations. Where they did prioritise support it tended to be associated with fundraising issues (about 40% of charities) but many fewer prioritised in, for

¹ Third Sector Trends is a long-running study of the voluntary, community and social enterprise sector which began in 2008. The 2016 study extended its scope across the whole of Northern England. Details on the study can be found here: <https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/> The data reported in this report are based on primary analysis.

example, strategic management (18%), business planning (19%) or managing people (18%).

Similarly, 20% of small organisations did not think governance support was relevant to them and a further 25% felt that they could deal with this themselves. In the Grow programmes diagnostic work on the expected development needs of charities, by contrast, it was felt that nearly all the charities needed support with these issues. So from the start there were likely to be differences of opinion on where development should take place.

The locations for the pilot

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

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

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

- **Neath Port Talbot** (*Castell-Nedd Port Talbot*) is a Welsh county and unitary local authority. The principal towns in the area are Port Talbot and Neath, with a smaller but significant settlement at Pontardawe. The more densely populated coastal area of Neath Port Talbot has a large mountainous hinterland with deeply cut Tawe, Neath and Afan valleys. Larger settlements in the valleys owed their existence mainly to industrial activity, particularly mining, in the 19th and 20th centuries. There is a relatively high level of multiple deprivation in county which is, to some extent, compounded by spatial isolation and inaccessibility in the valleys.
- **Redcar & Cleveland** is a unitary local authority in North East England. The main town, Redcar, is adjacent to a major industrial area, dominated by steel making since the early 19th Century. Steel working is still a going concern in the area, but steel production ceased in 2016. To the south of Redcar are more affluent residential areas while other towns in the borough include former industrial areas which have suffered significant economic and population decline over the last half century and remain centres of urban and rural deprivation.

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

Diagnosics

The Grow programme involved a diagnostic phase which involved charities undertaking a collective self-assessment of their current strengths and weaknesses. The purpose was to help inform the local Lloyds Bank Foundation Grant Manager and Grow pilot coordinator when deciding what support was required.

Self-assessment of capability

The Grow pilot adopted a methodology devised by the Third Sector Trends study which can be undertaken by organisations of any size. This diagnostic tool encourages people in an organisation to score dimensions of organisational activity 'intuitively' and then talk collectively about why they reached similar or different conclusions.

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

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

Figure 1 Areas of activity for the investment of consultant time in charities

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

Supporting small charities

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

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

Building specific areas of capability

The Grow pilot evaluation had six objectives which related to specific elements of capability development. On the basis of in-depth analysis of evidence arising from observations and interviews with charities, consultants and Grow coordinators and Lloyds Bank Foundation Grant Managers, the following conclusions were reached about the progress charities made.

- That that smaller charities have stronger structures and governance to enable future sustainability and growth: about a third of charities involved made significant or moderate progress towards this objective, and around a third achieved significant progress.
- That smaller charities understand the benefits associated with income diversification and be able to demonstrate that they have explored opportunities to develop sufficient foresight and enterprise to achieve future sustainability and growth: 79% of charities involved made significant or moderate progress towards this objective, 43% achieved significant progress.
- That charities be able to define their mission clearly and will have the ability to support vulnerable or marginalised people through difficult life transitions autonomously, or in collaborative or complementary ways alongside other organisations: 79% of charities involved made significant or moderate progress towards this objective, 57% achieved significant progress.
- That smaller charities can show how they make a difference, and to be able to communicate this effectively to key stakeholders (and where appropriate be in a position to measure the outcomes of their work): 71% of charities involved made significant or moderate progress towards this objective, 50% achieved significant progress.

- That smaller charities have engaged with the local community more effectively as a consequence of engagement with the programme: 71% of charities involved made significant or moderate progress towards this objective, 42% achieved significant progress.
- That smaller charities have increased their capability through improved leadership, organisational confidence and inter-linkages with key stakeholders and networks: 71% of charities involved made significant or moderate progress towards this objective, 27% achieved significant progress.

Holistic impact on charities practice and ethos

On the surface small charities look like relatively simple entities because they are unconstrained by bureaucratic procedure, they are not particularly hierarchical and their divisions of labour are not specialised. But as this evaluation shows, being less formal organisations, their internal relationships are more personal – this can often mean that emotion is not far from the surface.

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

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

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

Journeys and destinations

Describing where ‘improvement’ or ‘development’ has occurred in the charities cannot be reviewed in a generalised way. This is not possible because the starting points in the process varied and the extent of need for change differed from charity to charity. Some charities had quite effective governance structures at the start of the programme, while in others, this was almost completely absent. In some cases, mission was clear at the outset – but became less so as the programme progressed.

Some organisations made considerable progress in income diversification, their ability to assess and/or communicate impact, the extent to which they engaged with the community, while others did not, or did not feel the need to.

It is now possible to make some tentative, but informed judgements on how far, in a holistic sense, charities chose to travel in developmental terms as a result of this pilot programme and to explain why some ‘went the distance’ and others chose not to. Assessing the distance they travelled depends upon qualitative judgements which are informed by the evaluation process.

At root, these judgements are based on an assessment of individual starting and end points of organisations which are contextualised by the charities’ own resource base and mission. None of the assessments are based on a ‘gold standard’ model of what a perfect small charity should be.

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

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

In Figure 2 the distance travelled by charities in developmental terms is summarised in relation to their starting point in the programme. It should be noted that judgements made on how far charities travelled are focused on the more fundamental issues of organisational ethos and practice rather than second order achievements which are technical or pragmatic in character (such ‘nuts and bolts’ issues might include: having a website built for them, establishing a business plan so that they can produce a financial forecast, or assisting them to develop robust policies and procedures surrounding governance)

To assess the overall impact of the programme in a holistic sense for the individual charities, it was apparent from the analysis that two sets of binary opposites could help to explain how charities responded to the support given. These were defined as follows:

- **Grounded vs Philanthropic mission:** charities were categorised as ‘grounded’ if they were clearly ‘in’ and ‘of’ the community – that is, they were dealing with their own community’s immediate needs. In some cases they could be described as

'self-help' organisations, while in others they collectively served the needs of others within their community.

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

- **Collectively-run and individually-led charities:** 'Collectively-run' charities were supported by several or many people who made significant long-term commitment to its existence and wellbeing. In such charities, agreements about mission and practice were subject to collective negotiation even

if one person led or managed the organisation on a day-to-day basis.

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

Figure 2 Progress made by charities in response to consultant support

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

These distinctions helped to explain the progress charities made. The use of the term 'progress' needs to be explained carefully to avoid pejorative connotations of 'success' or 'failure' to be aligned with this term. Instead, the *assimilation* or *refusal* of support or interest in changing practice should be regarded as a 'choice' by the charity as an independent and autonomous entity. And so, when the term 'progress' is used from the perspective of the Grow programmes' objectives and expectations about a desired direction of travel – this view may not necessarily have been shared by the charity

In Figure 2, the starting points of charities in the Grow pilot are indicated in the left hand column. Charities were assembled in one of three positions based on the initial diagnosis. At that point in time, four charities were thought to be reticent about change, five were positioned as ambivalent, and four charities were clearly enthusiastic and ambitious to achieve change.

Those charities which appeared to be most ready to change were 'philanthropic, individually led' organisations. By the end of the programme, it was recognised that they were amongst the least responsive to consultants advice and support. This is explained below.

Collectively-run charities responded better to the Grow programme than *individually-led* charities. This is because collectively-run charities have complex internal dynamics that can produce political sensitivities, so they have become accustomed to internal challenges and finding ways to deal with them.

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

Some charities initially opposed consultants' advice. This led to some rancorous exchanges.

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

And yet, after a period of time, the charity changed its point of view and were persuaded to framing their mission more clearly and allow this to shape new approaches to practice.

In several charities, the consultants helped to make a significant contribution to the way that the charities framed and communicated their mission. In one case, a genuine desire to help their chosen beneficiaries

manifested itself as a 'scattergun' approach to their work. Initially, the consultant observed that:

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

Grounded, collectively-led charities, could sometimes be described as self-help groups – and their members could be under a good deal of pressure in their private lives. As their consultant observed:

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

What may have seemed like a 'wall of silence' to consultants (or clear opposition) could have led them to abandon hope for change in the organisation. And certainly consultants could find it frustrating when their ideas appeared to be opposed.

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

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

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

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

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

Sometimes, however, the reverse was the case where an active leader had felt obliged to accumulate sole responsibility for the running of the charity. In such cases where charity leaders recognised that their burden was too great, consultants tended to be more successful in garnering a more committed input from existing or new board members.

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

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

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

These conclusions drawn from comparisons between individually-led and collectively-run organisations are necessarily tentative because the evaluation only considered 14 charities. And certainly it is not suggested that such responses are inevitable. Indeed, one of the collectively-run charities was almost entirely immune to intervention by consultants – perhaps there was internal dialogue but certainly that was hard to discern. Opposition to change appeared to be shared and implacable.

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

The role of consultants was a difficult one because they had to navigate the internal politics of charities carefully and be mindful of the limits to which charities could change their ethos and practices.

In so doing, consultants adopted a range of positions in terms of the intensity of their involvement. As suggested in the above analysis this could involve them 'offering some ideas' on how things might be done differently; by 'working with charities to generate ideas'; providing 'guidance on how practical tasks could be done'; or, 'doing things for charities' that they did not have the time, inclination or expertise to do themselves – but needed to be achieved if they were to take steps forward in the

programme. Consultants made good judgements about when to stand back and when to get closely involved.

Learning from the Grow pilot

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

It is recommended that Lloyds Bank Foundation take an opportunity to reflect further on learning and involve consultants, coordinators, grant managers and senior staff at Lloyds Bank Foundation in a collective discussion of the outcome of the programme to share and debate views on what led to tangible successes and how, where possible, shortcomings could have been ameliorated. This learning would be helpful for the development of its existing and future support programmes.

A second test of the way charities have developed in response to the Grow programme would be to revisit the charities in a year to eighteen months. At that time, charities may be in a better position to make informed judgements about the positive impact gained as a direct result of their involvement in Grow. It would be of great interest to explore, for example, whether governance is stronger, use of newly introduced practice and procedure has become embedded, whether impact assessment has been assessed, and so on.

Charities which were very responsive and made significant progress

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

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

If future developments of the Grow programme inadvertently excluded such organisations by adopting a

less generous period of time for diagnosis, the communities where they are based would miss out on the contribution of those charities, with modest ambitions, but which make a real difference for their beneficiaries.

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

Charities which were quite responsive and made moderate progress

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

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

Blanket support for all vulnerable charities would, of course, be a ridiculous idea because many of them may make a minimal social contribution because they devote their energies to survival and achieve little else. But it is now known that at least three of these charities are worth further sponsorship – though it has taken some time to recognise what form that would take and why their work is potentially so valuable.

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

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

Charities which were not very responsive and made limited progress

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

Two of the 'grounded collectively-run' charities were too short on ambition and these charities should probably have chosen to, or been encouraged to, leave the programme after a longer 'diagnostic' period. The four remaining charities were all individually led by people with a very strong sense of personal mission and an abundance of ambition.

Each of these four individually-led organisations gained some benefit from being involved with Grow in a practical or material sense: they were able to invest in things that they wanted done. But in most cases, the leaders were adept at securing support and resources and had they not been included in the Grow pilot they would not have been deterred from exploring other avenues (as indeed they were already doing during the life of the programme).

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

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

Of course, these suggestions have substantive pitfalls that could easily be worked around by a wily charity leader who has their eyes on the prize of a grant. So a safer bet might simply be to exclude organisations which do not have an established working board of trustees which is populated by unrelated people who voluntarily give their commitment to the charity and have a recognisable voice in shaping its direction.²

² These criteria are already broadly adopted in the terms and conditions of application for Lloyds Bank Foundation grants where the charity's

Recommendations

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

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

support they need. However, this is not recommended because the charities which gained the most from the programme were those who did not initially recognise that they needed to change. Those which knew what support they wanted could probably find it elsewhere – and furthermore, their certainties about what they needed could indicate inflexibility. It is recommended, therefore, that there is a mixed approach is adopted.

- **Is the work of the charity likely to bring significant social benefit?** Choosing organisations which can effect change in the way they do things should not be an objective in itself – but a means to improve practice. Those charities which benefitted most from Grow already had clear social impact and their involvement ensured that their organisation was able to continue in the longer term (but not necessarily growing in volume terms). Those which responded less well did not always secure the confidence of consultants that their practice was achieving as much as it could or was targeted successfully to beneficiaries. It is recommended, therefore, that informed judgements need to be taken at the outset as to whether the potential for social benefit is likely to be gained.
- **Taking calculated risks when investing in charities:** there are no simple solutions when it comes to the consideration of charities to be enrolled onto the Grow programme. There will always be an element of doubt about charities' potential and willingness to change, their capacity to capitalise on support, and the likelihood of sustained improved practice and consequent social benefit. Decisions therefore need to be made about the costs and benefit of investment. Investing in very small charities may be inherently risky, but in areas where the support they give to communities is clearly valued it can be worthwhile to take a chance. It is recommended that these difficult judgements should be made by the sponsors of the programme depending upon their current or future social priorities.