

# SMALL AND MEDIUM-SIZED CHARITIES

CALL FOR EVIDENCE

IPPR North

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Institute for Public Policy Research

## ABOUT IPPR NORTH

IPPR North is IPPR's dedicated thinktank for the North of England. With its head office in Manchester and representatives in Newcastle, IPPR North's research, together with our stimulating and varied events programme, seeks to produce innovative policy ideas for fair, democratic and sustainable communities across the North of England.

IPPR North specialises in regional economics, localism and community policy. Our approach is collaborative and we benefit from extensive sub-national networks, regional associates, and a strong track record of engaging with policymakers at regional, sub-regional and local levels.

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NEW IDEAS  
for CHANGE

## The changing landscape of the charity sector

The charity sector is facing a period of unprecedented turbulence. Charities are increasingly competing directly with one another, with divisions emerging between larger and smaller charities. At the same time, the boundaries between big charities and private-sector organisations are becoming increasingly blurred. Even smaller charities are being drawn into more competitive practices as they bid for public-sector contracts and seek to maximise voluntary fundraised income to offset declining income from government grants.

The external context is changing too, with major changes to the welfare state causing increasing demands on the sector, particularly among charities dealing with people who are considered the hardest to reach.

This changing environment is particularly challenging for locally based, small and medium-sized voluntary organisations, not least because of a significant shift in commissioning towards competitive tendering at scale. This is compounded by an increasing focus on 'social investment' and other debt-based forms of charity finance, which means that, all too often, the playing field appears skewed towards larger organisations. Small charities simply lack the scale, the human and financial capacity, and the 'know-how' to compete with larger organisations and the private sector to win these important contracts.

Many are forced to dedicate more resources to tendering and monitoring – in order to demonstrate impact and value for money – and to change their activities to better reflect the expectations of commissioners. However, while some contracting authorities are doing excellent work on social value, others lack the skills, knowledge and inclination needed to put an intelligent commissioning strategy into practice. In addition, many voluntary organisations are not good at creating evidence that gets noticed and ticks the right boxes for commissioning and procurement purposes. This is particularly the case because many tendered contracts rely upon demonstrating value for money based on unit costs – a process which obscures, or ignores, the wider social and economic impact of more holistic, person-centred work.

Behind all this, as the lines between public, private and voluntary become more and more blurred, deeper questions are emerging about what this sector is becoming – what will it look like in five or 20 years' time?

## Our research

To this end, IPPR North is undertaking a review of existing literature on small and medium-sized charities (as defined below). In particular, we will examine:

- Evidence (where it exists) as to **the strengths and weaknesses of small charity organisations in service delivery**, including responsiveness to local conditions, and their potential to develop more preventative, holistic and person-centred approaches to service provision.
- **Different methods for measuring economic and social contributions** of small and medium-sized charities, and the advantages and disadvantages of each.
- **The impact of current policy on small and medium-sized charities** – particularly in relation to public funding models – and the implications of these findings, particularly in relation to charity engagement with disadvantaged individuals and communities.

To support our work, we have launched this call for evidence. Third-sector organisations, umbrella and infrastructure bodies, research organisations, academics, local councils – or any other interested group or individual – are invited to share their thoughts on **why small and local charities matter, and how public funding models can better support them**. Our core research questions and details for submission are set out below.

## Call for evidence

### Who is this call for evidence aimed at?

It is aimed at all organisations and individuals who wish to contribute their research, analysis and policy ideas on the future of the third sector. Accounts of your personal and organisational experiences are also invaluable, and will be crucial to the success of this work.

### What is the deadline for my submission?

The call for evidence period runs until Monday 28 September 2015. It is hoped that the majority of responses will be submitted ahead of the final deadline in order to allow us ample time to collate and consider their contents as we develop our report.

### How do I respond to this call for evidence?

Submissions by email (as attached Word documents) are preferred, and should be emailed to [research@ippr.org](mailto:research@ippr.org). Paper submissions can also be posted to:

Jack Hunter  
IPPR North  
2nd Floor  
3 Hardman Square  
Manchester, M3 3EB

### How might my submission be used?

Submitted evidence may be printed, circulated or posted on the internet by IPPR North at any stage; personal contact details supplied to us will be removed prior to publication. If you do not wish your submission to be made public, please state this clearly at the start of your submission.

Respondents may publicise their written evidence themselves, but in doing so should indicate that it was prepared for this project. You may wish to link back to this document at: <http://www.ippr.org/publications/small-and-medium-sized-charities-call-for-evidence>

### How long should my submission be?

Submissions should be no longer than 3,000 words in length, and can respond to any one or more of the key questions listed below. Longer submissions should contain a short summary of key points at the beginning. Please make it clear which question(s) your submission is addressing.

We welcome the submission of existing reports, but these must be accompanied with a covering submission that highlights how the report addresses one or more of our key research questions.

We will take a broad view of what constitutes evidence. It might include research evidence, accounts of personal or organisational experience, or views about issues connected to one or more key questions. However, you should indicate what type of evidence it is that you are submitting.

### What other information do you need?

When responding, please ensure that you include relevant contact details. Evidence should be attributed, with a note of your name and, if applicable, your position, and dated. Please state whether you are responding as an individual or representing an organisation. If you are responding on behalf of an organisation, please make it clear whom the organisation represents and, where applicable, how the views of members were assembled.

Please ensure that your response reaches us by the deadline. We will acknowledge all responses to this call for evidence using the supplied contact details.

Please do share this document with, or tell us about, anyone you think will want to provide evidence. Thank you for your time and contribution.

### Defining ‘small and medium-sized charities’

For the purposes of this research, **we define small or medium-sized charities as those with an annual turnover of between £25,000 and £1 million.** Our focus is on locally based organisations – those whose activities are centred around a particular locality – rather than national-level bodies.

### Key questions

In the next few months IPPR North will undertake a review of the existing evidence on the state of small and medium-sized charities. The evidence you provide will form part of this exercise.

We particularly welcome any evidence you are able to provide on the following:

- The **strengths and weaknesses of small charity organisations in service delivery**, including responsiveness to local conditions, and their potential to develop more preventative, holistic and person-centred approaches to service provision.
- The **contribution to social and economic value** made by small and medium-sized charities. Ideally this would be at an aggregate level; however, we are open to receiving reports from individual organisations where they think they have a particular contribution or approach that would be interesting to us.
- **How the funding approach of public-sector commissioners can work to the advantage of small and medium-sized charities**, or not. Some key issues that could be considered include:
  - the threat from ‘single-issue’ commissioning to ‘multipurpose’ community organisations
  - the lack of accommodation within bidding mechanisms or evaluative frameworks for collaborative working between small charities
  - the high demands placed on the staff and capacity of small organisations to complete funding bids, and the financial risks these involve
  - the problems and opportunities for small charities associated with ‘prime provider’ commissioning (through the Work Programme, for example) and social impact bonds.

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#### About this project

This project is sponsored by Lloyds Bank Foundation. It will form part of a suite of projects developed by the Foundation that will set out robust and actionable evidence of both the strengths and needs of small and medium-sized charities at a critical point in the sector's development.

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