

adding value? being richer?

summary report

Lessons from Northern Rock Foundation's
Money and Jobs programme.

David Wilkinson



About Northern Rock Foundation

Northern Rock Foundation is a charity formed in 1997, when Northern Rock converted to a plc. The Foundation receives 5% of the plc's pre-tax profits each year and is one of the UK's largest independent funders of charitable activity. Its current objectives are to tackle disadvantage and to improve quality of life in North East England and Cumbria. It does this through grant-making, policy and research work, training and development activities, special initiatives, loans and other investments. **Think** is the Foundation's research series, launched in 2007 as part of its work to inform and influence the wider policy environment.

More information www.nr-foundation.org.uk

About the author

David Wilkinson is a facilitator, action-researcher, coach and writer. He is a tutor with Peter Bluckert Coaching on accredited, postgraduate practitioner programmes which develop a psychological approach to coaching. He is a director of Sustainable Futures and a founder member of the Whole Systems Development network with Margaret Attwood and Mike Pedler, with whom he wrote *Leading Change; A guide to whole systems working* (Policy Press, 2003). He is also the author, with Elaine Appelbee, of *Implementing Holistic Government; Joined-up action on the ground* (Policy Press, 1999).

David has extensive experience of supporting regeneration and community development projects and was recently part of the research team on *Improving the delivery of mainstream services in deprived areas – the role of community involvement* (Office of the Deputy Prime Minister, September 2005). He has also worked on a series of published projects with The Environment Agency on improving stakeholder involvement to secure environmental, social and economic benefits. David has a particular interest in relating this to flood events, their immediate aftermath, remediation and prevention.

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Foreword

The ability of voluntary organisations to reach those that government cannot now seems to be acknowledged, at least in the upper echelons of public policy-making. But if the sector is to be recognised at all levels and to win on-the-ground public funding for its approaches, it needs to get much better at understanding and describing why and how it is successful. Mantras alone will not be enough.

In 2005, as part of a wider examination of the effectiveness of our work, Northern Rock Foundation asked David Wilkinson of Whole Systems Development to answer some big questions. We had been running our programme for tackling worklessness and financial exclusion, which we called Money and Jobs, for some time. Now we wanted to know, were poor people getting richer as a result? After all, that was the main goal of the programme. And, if they were, what were funded organisations doing that worked? Finally, we asked what unique role we, as an independent charitable foundation, played in an arena already heavily populated by government agencies and initiatives.

As a funder interested in social justice and progressive change, these questions were crucial. But in asking them we were conscious of the limitations of measuring the impact of our grants in isolation. When we invest in an organisation, our funding goes into a mix of resources: other finance, equipment and buildings, and human knowledge and skills. It would be arrogant and self-deluding to lay claim to specific and long-term outcomes for a particular person, group or community solely as a result of our funding.

While cautious about claiming credit we did wonder if, by negotiating certain criteria and behaving in a particular way as a funder, we could make our contribution more effective. So we have tried to invest in a less directive and intrusive way than some, but have made it clear that we are interested in testing different approaches, and have elected to fund only where partners will work with our values and theories of change. We have been clear that 'failure' to deliver desired outcomes is only failure if there is no learning and iterative improvement. Did this help?

Happily, David's fascinating and detailed report begins to tell the story of why the work of organisations on the ground does reach those government can't, and, more importantly, how. Drawing attention to theories of individual personal change provides a fresh perspective on the subject of moving from worklessness to work, and one which all those involved in the field should reflect on. No less important are the messages about the need for funder and funded to collaborate on gathering, analysing and sharing data, so that lessons can be more widely applied.

I am delighted that David's work has, unintentionally on our part, also prompted positive responses from grant recipients about our own approach to funding. But there are challenges for us too, in how we continue to engage with organisations without becoming controlling, and how we support them individually and collectively to track and promote their achievements. How have we responded? First, we've made a commitment to continue the Money and Jobs programme for five more years. Some argued that we should not do so, that worklessness and financial exclusion were solely the responsibility of government. Our belief is that the sector needs more investment from charitable funders before it can fully prove its worth in the field, so we are sticking with it. Second, we are taking up the challenge of finding and sharing better data; publishing this report is one example. More practically, we'll be working closely with funded organisations and providing them with expert help to improve their knowledge management and to work collectively and collaboratively to increase their impact. Indeed, it will be a condition of our grants that they do so.

I hope you find the report as useful and stimulating as we did.

Fiona Ellis
Foundation Director

Context and key findings

In 2005, Northern Rock Foundation commissioned David Wilkinson of Whole Systems Development to review the effectiveness of its Money and Jobs grants programme. The core purpose of the programme is to help “disadvantaged people and communities to increase their assets, income and economic activity”. The main sources of data and information for the review were derived from verbal and written information from Northern Rock Foundation staff and visits to nine community-based organisations.

During the early stages of the inquiry, three key questions emerged.

1. **Are poor people richer as a result of Money and Jobs Programme interventions?** And what comparisons can be made of different approaches to the problem – for instance the comparative merits of work versus benefits. The Foundation needs to be able to understand what works well and what should be done differently.
2. **What is the added value of interventions by organisations funded through this Northern Rock Foundation programme?** For instance, the argument is often made that the voluntary and community sector has a comparative advantage working with the so-called hard to reach. Does Northern Rock Foundation funding achieve this outcome, and on the basis of what evidence?
3. **What is the useful role of a charitable foundation in this arena?** Worklessness and financial exclusion are both high on the Government’s agenda. If a foundation is also to operate in the field, it needs to be sure it is adding something that the state would not have done anyway, or promoting approaches that the state might take up.

The main findings from the review were as follows.

1. Poor people are getting richer both financially and in terms of personal well-being as a result of Northern Rock Foundation’s Money and Jobs programme.
2. The interventions funded do add particular value in reaching ‘the hard to reach’. They are successful in engaging people in ‘precontemplation’ and ‘contemplation’ stages of personal change pathways to employment and better personal financial self-management.

3. These community-based organisations are, in general, better at this engagement than statutory agencies and therefore make a distinct and valuable contribution to social and economic provision including current government active labour market policies.
4. Northern Rock Foundation's approach as a 'light touch funder' is widely appreciated and works well.

What is the added value?

The most significant insights are arrived at through an analysis of the case study material. The metaphors of pathways and journeys were frequently invoked throughout the conversations and meetings at most of the projects visited. This was true of both project workers, beneficiaries and other stakeholders. Not surprisingly, the current national pilot reforms to incapacity benefit are called 'Pathways to Work'.

At its simplest, successful 'changers' – the beneficiaries of these Northern Rock Foundation-funded programmes – travel from less to more desirable personal circumstances. Achieving voluntary and/or paid work is likely to be a major part of this, but not necessarily in all cases. The link between people's levels of self-worth, self-esteem and self-management and their engagement with social networks, sympathetic and non-judgemental assistance and stabilising/improving financial circumstances were consistently talked about and intrinsic to these pathways. The changes are subtly interconnected. Positive progress along a personal pathway was clearly a virtuous, positive, reinforcing cycle of all these elements. This progress is likely to be the opposite of the vicious negative cycle that had probably first got them into the position they were in.

Typically, at the starting point, people were experiencing very low personal motivation. This was likely to involve some combination of:

- a lack of paid employment;
- disconnection from the labour market and recent working experience;
- poor social connections leading to increasing social isolation (looking back, several successful changers talk of watching daytime TV as the nadir of their despair);
- financial problems and worries;
- depression and/or physical ill health;

- very low self-confidence and self-esteem;
- a very reactive, pawn-like response to circumstances, surroundings and possible opportunities;
- hopelessness;
- a very demanding caring role for another person.

The journey for the successful changers started with some contact with the particular project or project worker. There may have been many reasons for this, but it was often word of mouth, chance, personal desperation, involvement in some kind of social event or referral by another agency, often statutory, and so on.

These pathways frequently led to combinations of voluntary and paid employment, better personal financial management, social integration and all-round improved self-management and self-efficacy.

The hypothesis put forward as a result of this analysis is that effective community-based organisations are more able to engage with people at the beginning of these pathways – where they are often at their lowest points – than are statutory organisations. Hence, their added value is in their innovatory approaches to enabling people to move out of social exclusion into more fulfilling lives where they can actively engage with statutory services, gain employment, regain economic self-sufficiency and so on. In this sense “becoming richer” includes the sense of well-being resulting from getting back in control of one’s life, as well as any direct financial benefits. The inquiry reveals just how significant and valuable this is to so many of the beneficiaries of the work of the organisations visited.

Developing evaluation and review

Funders like Northern Rock Foundation need to be able to review the effectiveness of their grant making and be accountable to their trustees. Funded organisations also need to collect data to meet the reporting criteria of funders. Further, they often require data for their own internal purposes and governance as well as to review their effectiveness as a whole. The fundamental difficulty for voluntary and community bodies is that they frequently have to meet the requirements of different funding regimes for different streams of their work as well as individual projects.

The starting point is to clarify the purpose of evaluation and the core questions to be addressed i.e.

- Is it to prove something?
- Is it to improve something?
- Is it to learn something?

Good evaluation processes should enable both funder and funded to be both accountable (prove something) and improve effectiveness (improve something and learn something). Collecting data that helps track personal pathways, other stages involved (and in the cases of organisations like UTASS and Amble Development Trust, community trajectories) and linked outcomes offers an effective way of doing this.

From the evidence gathered here, many community-based organisations take goal setting, evaluation and feedback of performance very seriously. The key of course is that they are developed by those engaged with the active delivery of the organisations' purposes and services. Evaluation processes which can threaten to become tiresome bureaucratic exercises can be transformed into vehicles for learning, improvement and progress through these means.

Implications

Northern Rock Foundation is already making use of the basic analysis and findings within this report. This is outlined in the Foreword to the full report by the Foundation's Director, Fiona Ellis.

The case study organisations also had positive things to say about the Foundation's approach to funding: it is light touch, not overburdened with reporting arrangements, and there is support for innovation and strategic posts.

The review also has implications for other funders, statutory agencies, national and regional decision makers, and other community and voluntary organisations. This is particularly so given a number of changing national contextual factors. Four significant ones are set out below.

1. The national political consensus for the third sector to play a bigger role in the provision of public services alongside public and private providers.
2. Changes to structural funding streams that are likely to impact negatively on the provision of community and voluntary-based employment schemes. These include changes in the distribution of EU structural funds as a result of Enlargement, the end of Single Regeneration Budget (SRB) funding and potentially changes to National Lottery funding.
3. In the specific context of this review, increased competition for jobs from migrant labour, particularly from Eastern Europe. This presumably increases the importance of assisting excluded, hard-to-reach, workless local people to be able to access the labour market. Otherwise, the effect could be to consolidate exclusion even further.
4. Rapidly changing patterns of public provision of services together with the changes of public expectations.

Implications for funders

Funders need to recognise the added value potential of the voluntary and community sector in tackling worklessness and financial exclusion and understand how it can be developed and nurtured. This should be reflected in funding criteria and reporting and evaluation regimes. This should be done in ways that support both accountability and improvement for all parties involved.

Implications for statutory agencies

Many of the factors above for funders apply. Further, in both their informal and formal links with community and voluntary bodies three key factors came to the fore for statutory agencies. These are:

1. recognising what each organisation does best and what each can realistically undertake;
2. developing the capacity of community-based organisations;
3. ensuring that their contracting and procurement 'muscle' is not used to squeeze high-trust, innovative, small and independent organisations into low-trust, dependent arms of their own organisations.

Implications for national and regional decision makers

The four significant national change factors above set part of the context within which national and regional decision makers can play a significant role in the way that they influence implementation and the patterns of provision. Crucial to this will be the fostering of mutuality between a supported and developing third sector, public service providers and commissioners and funders, charitable and otherwise. Effective review and evaluation should be an integral part of this.

Implications for community and voluntary organisations

We make a number of suggestions designed to support the value of work voluntary and community organisations do, develop effectiveness and improve advocacy that takes account of the rapidly changing context. These include the following.

- Develop simple ways of describing and tracking ‘pathways’ of both individual beneficiaries and communities.
- Use this as the basis for improving practice and generating clear narratives (stories) about the value of the work.
- Where possible, attempt to engage funders and key statutory bodies in mutual evaluative reviews.
- Seek to network with other organisations in mutual exploration and development of their work.

The evolving social and economic policy context is very likely to see (even require) an expanding third sector. This is likely to require organisations themselves to expand, work in partnership and sometimes merge, as well as provide organisational and service development to others. This will present a threat to some and a challenge to all. The hope is that there are a number of themes in this report that can serve to enable these conversations, as well as those with funders and statutory bodies. Where possible, the voluntary and community organisations singly and collectively need to influence policy and implementation at all levels, hopefully with these themes in mind.



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