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The Talwrn Papers

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Discussion papers from voluntary sector leaders in Wales

With support from the Garfield Weston Foundation and the Rank Foundation

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Introduction

Talwrn is an unconstituted network of voluntary organisations from across Wales. For the last two years we have had support from Garfield Weston Foundation to develop the impact of the network on the Welsh voluntary sector. We set out to use the support from Garfield Weston Foundation to focus on three areas of work:

- developing the voluntary sector infrastructure in Wales.
- helping voluntary organisations to become more 'fundable'
- getting more money coming into Wales (that is, more Welsh voluntary organisations securing funding from charitable trusts and foundations)

As part of this work some Talwrn members drafted discussion papers to stimulate thinking and debate in the voluntary sector. In 2017 we held two events, one in Cardiff and one in Llanrwst, which were attended by people from over 70 Welsh voluntary organisations. The events used summaries of the papers that sparked a lively discussion which has been used to re-draft the papers. The papers have informed Talwrn's work and discussions in the networks that Talwrn members work in.

These are not intended as 'expert pieces' or to provide solutions to some really difficult issues facing people in Wales and the voluntary organisations that work with them. Rather their purpose is to promote thinking across all sectors in Wales about how the voluntary sector works better to build the strengths of people and communities. Each of the pieces represent the authors' own insights and thoughts, and are not intended to be seen as coming from the organisations they work for.

The papers start with a piece from Jen O'Hara-Jakeway. Jen is the CEO of Credu Carers, a carer support charity working across Powys and, with young carers, in Wrexham, Conwy and Denbighshire. She is passionate about the need to start thinking in a different way about how we provide health and social care. She writes about understanding the conditions that need to be in place to make person centred planning and coproduction feasible. For her the role of communities is crucial in promoting well-being and developing people's capacity to be part of a coproduction process.

In theory, the voluntary sector is well placed to lead thinking and develop practice in this area but, as Jen points out, the sector must assess its own development needs if it is to support people to approach health and social care in a new way. This argues for protecting and developing core community activities that bring people together, promote supportive relationships and encourage social networks. However, just as the public sector is focusing more on referring people to community activities that can help tackle isolation and loneliness, health and wellbeing, the funding that enabled those activities to function is being stripped away.

Chris Johnes, the CEO of the Building Communities Trust, takes up this theme in his piece about the changing relationship between the third sector and local government in Wales. Chris points out that, in theory, the sectors should be natural partners and more now than ever. A combination of austerity limiting the scope for local authorities to work directly with communities, and the way that public policy, as seen in the Social Services and Wellbeing Act and the Wellbeing of Future Generations Act, has adopted the third sector ethos of preventative, people centred working, ought to mean that the relationship between the two is closer than ever.

However, Chris argues that austerity, procurement and commissioning structures and a dysfunctional relationship between the sectors is pushing them further apart than ever. There is a fear of challenge and criticism in both sectors which stifles debate and the scope for developing new collaborative approaches. Chris calls for a more open discussion, a review of the values that underpin work and a focus on collaboration.

Alison Hill writes about social enterprise and its role in community work. She was, for 13 years, the CEO of Caia Park Partnership in Wrexham and has recently moved to work for Capacity: Public Services Lab. She writes about the growing interest in social enterprise as a tool for delivering services to communities, identifying both the strengths and the pitfalls of the approach. Social enterprise requires a different set of skills to those needed in much of the voluntary sector and a different organisational culture and this can be underestimated. She presents a very diverse picture showing how, for some, social enterprise is about a way of working and thinking (being enterprising) even if there is no direct income generation work being done; for others it is about an approach that puts people at the centre of whatever the activity is, such as a hairdresser employing people with disabilities. This means that success is measured differently in different enterprises.

Alison identifies how generating an income can confer power and control, allowing organisations to set their own agenda for work and providing greater independence. It can also empower communities that own and run their own services and facilities and provide some local employment. However, in the Talwrn discussions concerns were raised about the danger of thinking about social enterprise as a potential tool for core funding as it rarely makes sufficient profit. The Talwrn discussions also highlighted a need for a broader debate about ethical trading and the hallmarks of a social enterprise. Some charities, people felt, operate as businesses and it is very hard to see how they differ from

private companies, fuelling a need for clarity about what a social enterprise really is.

Sarah Stone, Executive Director for Wales for Samaritans, writes about leadership and sustainability and its importance to the Welsh voluntary sector. She explores the unease some in the sector feel about the concept of leadership and focuses on a model that is about leaders who build the skills of others. Leadership is connected to, but not the same as management, she argues, and the leadership roles of trustees, volunteers, community members and project workers can be as important as those that head up an organisation. Wales has some very visionary legislation that seeks to change not just what is done, but how it is done but its delivery requires high quality leadership. Talwrn discussions identified how over management can get in the way of leadership, stifling the potential for change and encouraging people to be 'followers' not leaders.

Sarah calls for a greater focus on promoting and supporting leadership in the voluntary sector. There is a need to move away from looking to the public sector to lead thinking and re-establish the voluntary sector as a values driven innovator of change.

Mark Richardson is director of Social Impact Consulting and writes about the increasing importance of capturing social impact for the voluntary sector. His paper recognises how time, resources and confusion created by the sheer number of social impact tools create real barriers to organisations' ability to capture the impact of their work. However, he also points out how being able to evidence impact is increasingly important in planning, delivering and reporting on work.

Talwrn discussions raised the frustrations of a project-based approach to impact measurement. It was seen as a barrier to looking at what difference the organisation as a whole makes. Mark sets out a standard approach to social impact measurement and makes the case that these are steps that an organisation can take for itself. Talwrn discussions identified that alongside the need for the voluntary sector to make sure that it is measuring the social impact of its work, there is also a need for funders and commissioners to develop a better understanding of social impact, the time it takes to develop (a real problem for short-term funded work) and its meaningful measurement.

Humanising Services and Building Communities: coproduction – how the hell do you do it? Jen O'Hara-Jakeway

'How far is it possible to change a health care system so that the development of a healthy society becomes as ingrained into the system as the delivery of health care?' Stott, R (2000)

In Wales, the Social Services and Wellbeing Act presents an opportunity to humanise social care and coproduce healthy, resilient communities like never before – but HOW do we rise to the challenge? The Act seeks to remodel the NHS and social care around prevention, early intervention and coproduction, with people at the heart of decision making about their own lives. Furthermore, The Wellbeing of Future Generations Act aspires to *'make the public bodies…think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach'.*

These expectations in the context of austerity are a challenge. To make real lasting achievements requires doing things differently. This includes strong political and operational leadership at all levels across Wales. It will require changes, not just in social care, but also in how people and communities are supported and enabled.

There needs to be an investment in building the conditions for *person centred support* where the person is in control and is able to attain:-

- A good sense of wellbeing; enabling people to build meaningful relationships and friendships.
- Support for communities to participate in this coproduction of social, environmental and economic development.
- Accessible services that are high quality and effective using 'Local Area Co-ordination'. In other words, people employed by Health and Social Services to co-ordinate services for people in that locality.

This means, just having help to access a service is not enough. We need to collectively create the conditions in which every person can build upon the range of assets (human, financial, physical, social and public) that are crucial to wellbeing and a sustainable livelihood. We need new approaches to supporting the individual, their family and friendship circle, the community and its interface

with services and wider society (see diagram).
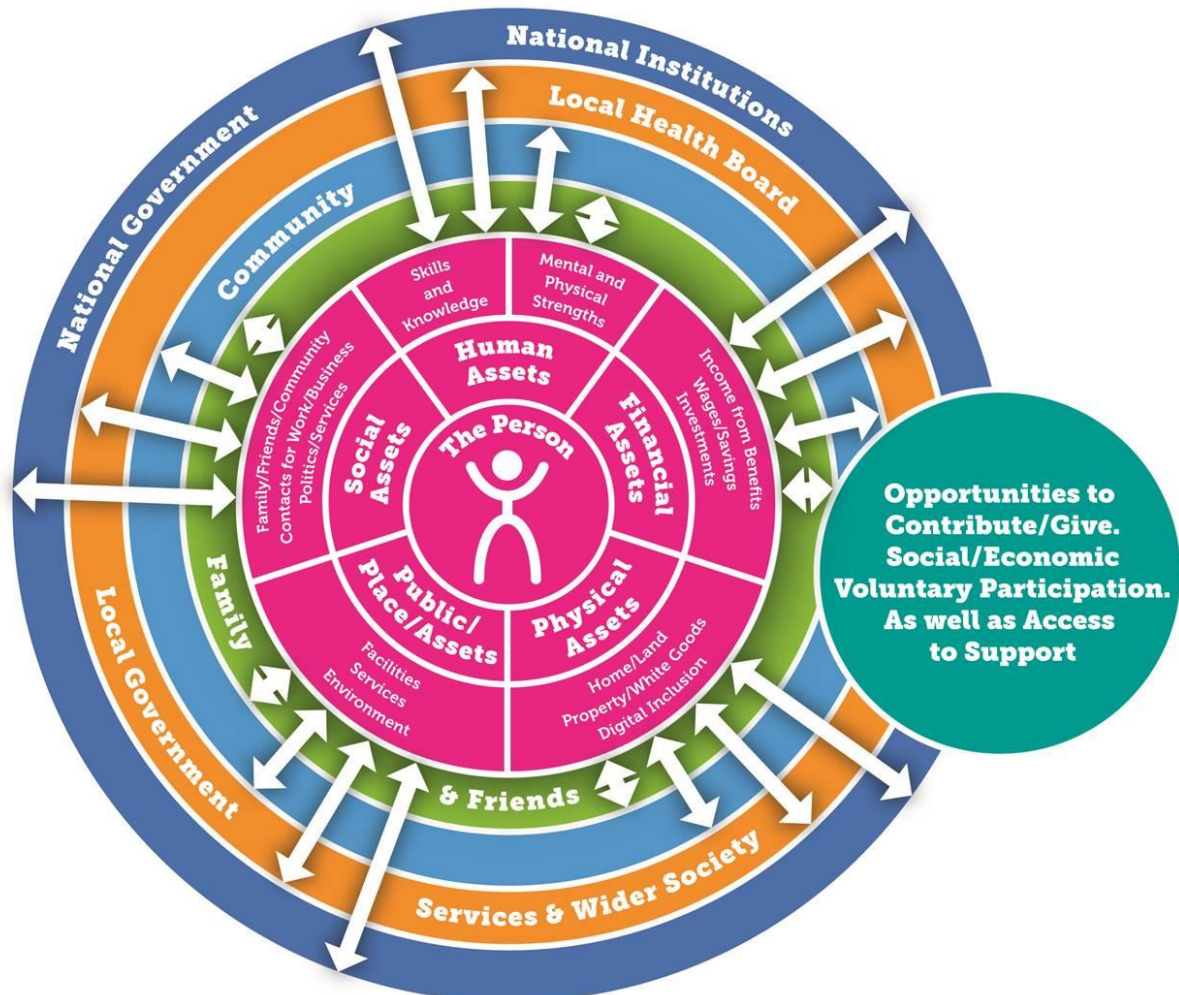
The tools for effective practice at each level are many and varied, some are mentioned in the full paper. However, it is not enough for just some of these features to be invested in since the inter-relationship of every level is crucial. Regional Partnership Boards across Wales have an unprecedented opportunity, with the two Acts, to invest properly at every level in a way that is sensitive to local context; an opportunity to make things so much better for the most vulnerable people and communities and really progress social justice.

Implications specifically for the voluntary sector?

Clearly, many of processes needed can be delivered successfully by the voluntary sector, such as person centred planning, circles of support, advocacy and community building. The voluntary sector, being nimbler and more adaptable than large public sector organisations, is in a strong position to test and model effective methods. To achieve its potential in this way, though, it is worth voluntary organisations considering the following:

- self-awareness of the level(s) in which they are working (i.e. person centred work / family work / community work) and of being part of a wider network of support. No organisation is the full solution.
- continuing to invest in high quality training for staff and volunteers in support that is essentially 'enabling'.
- building on methods of supporting people, families and communities through reflective practice, action research and effectively evidencing impact; and sharing learning.

The sector can model devolving resources to neighbourhood / personal levels as far as practicable and collaborate with other organisations and the public sector to pilot / trial bringing together person centred planning, circles of support, community building and local area co-ordination.

The Third Sector and Local Government – Changing relationships and new challenges. Chris Johnes

The context

Local government and the third sector in Wales have a relationship that is both close and strained, an oddly imbalanced relationship of mutual dependence where one partner is undeniably stronger. It is made more complex by the fact that both sides share many similar goals yet operate in very different cultures – and these differences often crowd out the commonalities in what they want to achieve.

The environment in which they work currently is driven by two main issues – austerity and changing Welsh Government legislation - especially the Social Services and Wellbeing Act and the Future Generations Act.

Austerity has obviously reduced resources but it has produced divergent reactions; on the one hand some local authorities have sought to consolidate as many services and functions internally (and hence cut all non-essential external funding) whilst others are looking at new ways of delivering services which can include enhanced roles for the third sector and especially for volunteers, sometimes with additional support to help make this happen. On occasion there has been an unfortunate mix of the two approaches without recognising that enhanced and new volunteer or citizen involvement may well be more effective than traditional methods, but does need some degree of up-front support.

On the other hand – and often working against the grain of the impacts of austerity, the intention of new Welsh Government legislation encapsulated in the

Social Services and Future Generations Acts is to promote preventative and more integrated services. This doesn't sit well with the paring down of services to statutory minimums and works best with investment in innovative working patterns which can promote holistic responses to complex challenges. This would imply potentially greater joined up working between third and statutory sectors and both pieces of legislation encourage that quite strongly.

These two factors produce obvious, widely recognised, conclusions; that resources are tight - and getting tighter - and that the wider policy agenda is not aimed at simply being more efficient but in producing a step change in working. This implies more preventative and more integrated work – areas in which many would expect the third sector to have an important role to play. And cut backs within local authorities have made the third sector more important partners rather than less. Many local authorities have lost the staff who would have undertaken engagement or partnership work (including losing Communities First staff who often played a similar role) leaving them needing to rely on the skills and knowledge of third sector partners. Unfortunately, this can also leave authorities more distant from communities they seek to work with.

However, the potential to work with third sector bodies to help bridge this gap is limited by a confusion in some local authorities about the role of the voluntary sector (recently evidenced in a Wales Audit Office report). This confusion includes questions as to whether the sector is a partner in certain elements of delivering key policies, whether third sector organisations are suppliers (along with the private sector) of defined services or even whether the sector are competitors when elements of the same service are kept in house and others contracted out.

The reaction of third sector organisations has often served to exacerbate this confusion. By focusing on revenue maximisation (and in many cases survival),

larger third sector bodies have in many cases behaved more like businesses. This often reduces the added value (innovation, citizen voice) they can bring but also, as it implies the development of a market, encourages public bodies to see procurement rather than commissioning as a sensible way of engaging with the sector.

And in this confusion all too rarely is there a clear explicit recognition from public sector organisations that a range of activities which are absolutely central to life as we know it from caring, to 90% of sport, to the vast majority of children's social activities, are run by voluntary organisations – making major contributions to local wellbeing often unrecognised by themselves or by public bodies.

Beyond Strategy (1) – Coping with Austerity

At the strategic level third sector bodies and public bodies, are largely in agreement on what they are trying to achieve. However, it is in the nature of working practices that real tensions and dilemmas arise; these centre around the question of dominant priorities – normally split between promoting wellbeing, securing best value for money and, unfortunately, protecting organisational positions.

The last few years have been characterised by a large increase in contractual relationships between third sector bodies and local authorities (and to a lesser degree Health Boards). These have provided for strict service specifications and arguably allowed for a very strong focus on securing value for money. However, they also change the nature of relationships: contractual relationships and partnership relationships are very different. Indeed, a contract may be more lucrative for the third sector body's finances but it makes it less likely to constructively challenge the public body, less likely to go the extra mile to get what is best for service users, and certainly less likely to help the voices of

challenging citizens get heard. It also becomes much more difficult to build services to meet needs rather than providing specified services that people have to fit into; services which are almost always more expensive and less effective – but are easier to monitor.[i]

And when so many of those contracts are let in ways which reflected the silos of the contractor, they often exacerbate the lack of holistic thinking within local authorities (and Health Boards).

There is a growing recognition of the role that more flexible procurement could play in maximising wellbeing and in creating wealth locally; services run by local organisations with solid roots are more likely to keep jobs and profit locally. And services designed in partnership with people who can represent service users, or even better the service users themselves, are much more likely to be in tune with the needs of citizens. However, confusion between procurement and commissioning, divisions between procurement teams and teams dealing with specific service areas often mean these opportunities are lost, whilst slimmed down procurement teams are often poorly placed to take the intelligent risks associated with more local focused procurement (and stay up to date with the newest more flexible EU regulations which are applicable until at least 2019).

The other inevitable response to austerity from public bodies has been an assessment of what they must do (statutory responsibilities) against what they might do. This has led to a quite predictable reduction in support for non-statutory services but also very different approaches to whether services should be outsourced (save on staffing costs) or brought in house (avoid redundancies, cut external funding costs) with financial needs rather than wider outcomes often determining decisions. This is made worse by doubts over the real impact that some third sector projects have, which could be addressed by stronger evaluation practice.

The other response has been immediate financial considerations trumping wider strategy; whilst most local authorities have agreed to asset transfer strategies, in practice the revenue maximisation priorities of estates departments in many cases make that difficult to deliver, regardless of what Leaders or Chief Executives have stated.

Beyond Strategy (2) – Preventative work in practice

However, as outlined above, the policy context set out around the Social Services and Wellbeing Act and the Wellbeing of Future Generations Act push public bodies in a different direction to that implied by the more immediate reactions to austerity. Both pieces of legislation and the accompanying guidance give stronger priority to preventative work and joined up services. Both suggest investment in non-statutory work (as most preventative work is), working across silos and greater involvement of service users, all of which implies a greater role for the third sector: indeed, the Social Services Act explicitly requires it in some aspects.

The new (or reinvigorated) preventative agenda should benefit significantly from enhanced Third sector contributions. The support for volunteering is very important for new ways of delivering services; the sector can more easily reach disaffected or isolated citizens and it normally finds it easier to innovate through operating at a smaller scale more flexibly. And the third sector is normally more effective at involving and empowering the people it is working with, helping service users become planners and deliverers rather than just recipients.

However, this more ambitious relationship does, in many areas, remain more in the realm of theory than practice, as immediate budgetary concerns continue to take precedence. There can also in some cases be problems of trust and perceived competence. Can public bodies refer people to work with

organisations who don't have official quality assurance in terms that senior public sector managers recognise? The picture here is hugely varied with some opportunities for co-working being lost by risk aversion and others being willingly seized.

The other key third sector role in the new arrangements, promoting citizen voice - and potentially challenge - remains significantly underdeveloped (as it has done since *Making the Connections* more than ten years ago) despite high level commitments to co-production. We still see public bodies which are loath to allow any sort of criticism (even when it would help improve services) and third sector bodies who feel the need to protect their relationships with funders takes precedence over controversial representation of the views of the people they work with. And of course we are shortly to see another attempt at policy level to address these issues with the empowerment strand of the emerging Resilient Communities policy, although previous precedents are not encouraging.

And part of the problem remains with behaviours within the third sector. These include predatory (i.e. seeking out financials returns over social ones) and defensive behaviours (protecting organisational independence regardless of impact on mission) as well as silo behaviour where the issue that an organisation addresses through its work is seen as of sacrosanct importance, blocking its link with anything else. These together lead to a reluctance to collaborate on the part of too many organisations, reducing impact and their reliability as partners. And even among those who do wish to collaborate, a lack of capacity and lack of vehicles for collaboration are also a barrier which the sector needs to address.

Stepping Forward

The environment that we are operating in is highly paradoxical for the third sector. In some ways it has rarely been more difficult for the sector to operate; funding is scarcer, trust is lower and direct influence is probably less, but at the same time core public sector agendas seem more influenced by a third sector ethos than ever before. Preventative work, joined up services, citizen voice and much more widely recognised roles for volunteers are things that come straight from a third sector agenda: the challenge now is to make sure that third sector organisations are active in making sure they are delivered properly.

The transformation needed is going to take time and will happen erratically. Key steps on the way should include:

- Basing partnership working on clear statements of values which are utilised regularly to guide work and assess decision making – "is it line with our values?" needs to be a question asked of ourselves and our partners regularly.
- Getting citizen voice heard; ensuring that where citizens can and will speak out that they are heard and seen to be heard; help politicians see the enhancement in democratic legitimacy that this can bring; and being honest that this also involves not filtering unpopular voices.
- Collaborating on big issues with peers; these nearly always require a range of skills and expertise; third sector bodies need to maximise what they can bring to the table together (for partnership discussions, for commissioning talks or in procurement exercises) rather than thinking of revenue maximisation that doesn't deliver the best outcome for the people we want to support. And collaboration will be much easier if it comes from existing relationships rather than groups who come together simply to seek resources – so networks which collaborate around key issues or goals are more likely to lead to long lasting collaboration.

- Bring much greater purpose to procurement; public sector bodies need to be clear on when they procure, when they commission and when they provide - and to follow their own policies consistently and transparently.

- Promote good practice, working with the independent bodies that can help share such good practice – the various Commissioners' offices and Wales Audit Office among others - to get it heard and understood more widely. On the other side of the coin call out bad practice; if that is organisationally very difficult (speak your mind and lose your funding) work with people who have less to fear.

Social Enterprise. Alison Hill

This paper has been drawn together based on my experience of setting up and managing social enterprises for the last 9 years and from the underpinning theory that I assimilated during my Social Enterprise MSc studies. It is also informed by discussions with members of Wrexham Social Enterprise Network and members of Talwrn.

This is not intended to be an 'expert' paper. It is purely a personal introductory overview which, it is hoped, will provide a starting point for further discussion and debate.

People will argue that voluntary organisations are nearly always 'enterprising' but social enterprise goes beyond that to introduce entrepreneurship. There is no universally accepted definition of what social enterprise is. The plethora of definitions that exist can however be grouped into three broad categories that describe social enterprise as:

- Businesses with a social purpose
- Non-profit organisations that engage in trading
- Hybrid organisations combining business practice with social purpose

Organisations come to social enterprise through a variety of routes. My own organisation has transformed into a social enterprise though it started out as a fairly traditional charity. In contrast, I work with a successful private company that has set up an additional social enterprise to meet social objectives it was unable to achieve through its main business. I tend to believe that a social enterprise is probably best described as a hybrid organisation combining what is best from private business and the not for profit sector. However, this is whilst

recognising that the route to that point may better be described using the first two groups of definitions.

A widely used definition is:

> *Social Enterprises are organisations that trade to tackle social problems, improve communities, people's life chances or the environment. They make their money from selling goods and services on the open market but they reinvest their profits back into the organisation or the local community (Social Enterprise UK)*

The Welsh Government have most recently used this definition:

> *A social enterprise is a business with profits re-invested back into its services or the community (Social Care and Wellbeing Act 2014)*

Personally I like the following definition as it describes social enterprise as more of an approach rather than a structure:

> *Social enterprise is a state of mind. It's about values, a passion for social justice and equity matched by the drive to create self-sufficient market facing businesses (Social Enterprise Academy)*

Whatever definition is used social enterprises tend to have the following characteristics:

- They have social and/or environmental objectives
- They trade

- They have some form of legal lock on the distribution of their profits or assets

Social enterprises should also, in an ideal world, be driven by core values of social fairness and business integrity, be good employers, democratic, inclusive and collaborative.

Although social enterprises share many features with not for profit organisations and private business there are a number of features that make social enterprises unique:

- Triple bottom line – Social enterprises strive to be successful in three areas; financial, environmental and social performance
- Some say that in fact social enterprises are driven by a quadruple bottom line – where they also have to demonstrate either cultural performance or be a socially responsible employer
- Core values – that social fairness and protection of the planet should be preconditions of economic activity
- Asset lock – ensuring that assets are used for social benefit

Social enterprises begin life for a number of reasons but are always about developing or sustaining some benefit for others (be that community members or cats). Some social enterprises are established to sustain a project that is losing its funding or part of its funding. For example, a European funded crèche providing free childcare for children whose parents were attending training turned itself into a full day care nursery when European funding came to an end. This widened the range of childcare services it provided but also enabled it to maintain some free childcare places for students.

Some social enterprises are established by charities to generate income that can be reinvested in charitable activities. For example, an older people's day

care centre set up a 'meals on wheels' business to provide revenue to invest in the centre.

Finally, some social enterprises are established to provide a sustainable self-funding service usually in response to an identified need. For example, a woodcrafts business established within a prison providing employment and training to participants and funding this through the sale of products produced.

As mentioned earlier, many social enterprises begin life as charities or not for profit organisations. This transformation to social enterprise has a number of pros and cons:

Pros

- Reduced dependence on grant funding
- Self-determination – freedom from external targets
- Generation of income that can be invested in social aims
- Creating a trading/enterprise arm limits risk to the host charity

Cons

- Culture shock – particularly for staff and volunteers
- Need for commercial skills
- Not the golden goose it is sometimes perceived to be
- Loss of focus on the organisation's core mission

In general, social enterprise as a structure for service provision lends itself to:

- User involvement/ownership
- Organisation and user independence and self determination
- Working with the private sector
- Experimentation and innovation

- Financial sustainability

Recently social enterprise has received more interest and recognition which has led to them been described as 'the flavor of the month'. There is no doubt that the external policy and political environment for social enterprise has changed of late. Largely in response to austerity, social enterprises have been seen as a credible alternative to the public sector for the delivery of social services in particular. The Social Service and Wellbeing Act 2014 requires local authorities to promote social enterprises and co-operatives which involve people who need care and support. How this responsibility is being met varies widely from one local authority area to another. The jury is still out as to whether what we are seeing is a sea change in the way social enterprises are viewed and the role they could play in service delivery is recognised.

Social enterprises like all businesses have to be commercially successful and as a result have a fairly high failure rate particularly in their early years. Some of these failures are due to commercial reasons that would be recognised in the private sector. Some are unique to social enterprises which have to succeed in its social mission as well as financially.

The main reasons social enterprises fail are as follows:

- Having the wrong people on the team
- Over diversifying at the start and losing focus
- Not having a focused, value driven leader
- Choosing growth over sticking to values
- Inability of the leader to share power and delegate
- Not keeping an eye on the finances
- Not focusing on making a profit
- Burn out of the founder(s)

- Not looking to the future

On a more positive note to conclude I have listed tips for a successful social enterprise:

- Right from the start have a clear vision and mission and stick to it
- Ensure there is a market for your enterprise – before you set it up!
- Get the right people on the team - ones committed to the enterprise's values
- Stick to the knitting – don't over diversify – especially at the beginning
- Don't chase growth over values
- Keep an eye on the finances – make a profit
- Seek help and advice – don't be too proud to ask for help
- Market your enterprise – don't assume customers and clients will come to you just because you are there
- Look to the future
- Ensure you have effective leadership

Recommendations

1. Involve people with experience of social enterprise in helping to build capacity for social enterprise in communities
2. Support for voluntary organisations to be 'enterprising'
3. Support more cross trading between social enterprises – e.g. consultancy and support; trading goods or services
4. Link up entrepreneurial people within the voluntary sector and in the private sector; encourage organisations to access business skills e.g. through Board members/Trustees
5. Explore and disseminate different models of successful social enterprises

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6. Explore examples of how organisations have developed social enterprise without losing their core purpose
7. Ensure that commissioning processes are open and transparent
8. Promote 'social value' marketing approaches

Leadership and sustainability. Sarah Stone

Overview

True leaders don't create more followers, they create more leaders: Tom Peters

This paper is built on a discussion among the Talwrn Network on the issues of leadership and sustainability in the third sector and beyond. During 2016 Talwrn held a series of themed workshops to explore key issues of relevance to the voluntary sector in Wales intended to lead to the development of a short paper. This paper has been further developed in the light of a series of discussions with the wider third sector in early 2017.

Introduction

There are many differing thoughts about what leadership actually means and about how, whether and when it is a good thing. Our thoughts on this will depend to a great extent on our own personal experiences of leaders, what we have learned from others and what we believe leadership might be able to achieve. The Chartered Institute of Personal and Development (CIPD) helpfully says that leadership is not just about the individual qualities of a few and is not always associated with a formal managerial role but rather that:

> *Leadership can be defined as the capacity to influence people,*
> *by means of personal attributes and/or behaviours, to achieve*
> *a common goal*

Writer Steven Covey identified the seven habits of highly effective people in his best-selling book of that name. He took an approach to effectiveness that is

centred on principles and character. Covey saw character as a collection of habits which are made up of knowledge, skill and desire. Knowledge allows us to know what to do, skill gives us the ability to do it and desire is the motivation to do it. The seven habits are built on this understanding and provide between them a valuable guide to what it takes be a good leader. They include being proactive, beginning with the end in mind, putting first things first and seeking first to understand, then be understood. These characteristics of highly effective people are very much concerned with creating mutually beneficial relationships, listening to others empathetically and creating a positive organisational culture.

The work of the third sector is majorly concerned with vulnerability, with addressing imbalances in power and resource. In this context, and especially at community level, the association of leadership with power and control can be especially challenging. This concern was reflected in the Talwrn discussions. An understanding that leadership can be dispersed that is not just exercised by those whose roles state that they are leaders, was especially emphasised and is especially important. One thing we were all agreed on was that for the third sector and for those we work with and for, the quality of leadership really matters for effectiveness and sustainability.

Apple founder Steve Jobs said that innovation distinguishes between a leader and a follower. For the third sector, with its significant role in relation to innovation, this innovative aspect of leadership is especially important.

The discussion on leadership and why it matters for effectiveness and sustainability

In the context of the third sector, leadership at its best is seen as being about delivering the vision of an organisation. It is about bringing out the best in people and involves honesty and the sharing of information. A good leader

builds a strong team and fosters it. On the other hand, sometimes charismatic leaders exert too much influence and, in the absence of sufficient challenge, damage sustainability. Any organisation that relies on one person for its vision and its drive is highly vulnerable.

Leadership is distinct from, but connected to, management although it was felt that the two are often confused. The leadership role of trustees, for example, is, rather than being overly involved in the day to day operations of the organisation, to cherish the vision and provide constructive challenge.

There was a sense that big visions (as seen in many Welsh policies) can be distorted by managers who have not bought into them. For example, there was a perception that the very task focused approach of Communities First had done much to stifle leadership in communities and amongst those delivering the programme. Permission to determine the nature of work to be done had to come from above. Despite these restrictions, there are some very good examples of leadership within Communities First from staff, community members and partners. It is possible to act as a leader without permission and it can emerge through almost any circumstance.

It can be all too easy to follow rather than to lead if this is behaviour which is rewarded within the culture of an organisation. In some organisations there is a fear of taking on a leadership role because of the exposure this would mean to destructive criticism. The stifling of innovation was seen as demotivating and as something which tends to lead to the sabotage of projects. Above all, while structures can inhibit actions, culture was felt to be the thing which makes the most difference.

Where leadership training and development is delivered away from the workplace there are real challenges for individuals when they return to work and

it is hard to put into practice what they have learned as their new understanding is not shared. There needs to be the support in work at a senior level for changing leadership culture if training is to deliver its potential in practice and if change is to be sustained.

Leadership programmes can play a role in supporting, for example, disabled people to take up lead roles. They can also support participation and citizen engagement.

In the Talwrn discussions people felt that leadership should be considered both within the third sector and also in terms of leadership of the sector as a whole. There needs to be confidence in the leadership of the sector overall and there was concern expressed about the potential for it to be too close to government. Also there was real concern that the third sector is seen as amateur and that lack of structure and leadership has left some parts of it unfit for the current challenges.

The discussions also provided positive experiences of leadership and peer mentoring. Peer mentoring in particular was felt be especially beneficial as it means sharing practice with someone who is working in your field rather than with someone who is not fully experienced in the challenges you are facing.

Team working was also seen as key. Leadership is about creating a team and understanding your people. It involves understanding the different strengths people have and mentoring and growing their skills and confidence.

Innovation

Innovation is central to much of the work of the voluntary sector. If organisations are to serve their beneficiaries well they need to be flexible and responsive. One of the advantages of the sector is its potential to be fleet of foot and in the

Talwrn discussions the relationship between leadership and innovation emerged strongly.

Leaders have a major impact on the experiences people have in the workplace. Leadership and the approach to it will shape how voluntary organisations work with their constituency. Their approach to leadership will affect whether they nurture leaders in the community and amongst volunteers. Good leadership can create the space to try out new ideas. A part of this is allowing learning from mistakes, being honest about what happened and not trying to cover up where things have not gone as planned.

Leaders can set the tone of interactions between individuals, motivate or demotivate, enable good team working or allow work to be fragmented and stifle ideas. Leaders have a genuine choice over their actions and exercising this positively need not have a financial cost.

The proposition that being happy at work has something to do with individual and collective effectiveness as well as being a generally good thing is an important and emerging one. The idea that success flows from happiness is one of the core principles of positive psychology. Academi Wales, the centre for excellence in leadership and management for public services in Wales runs courses on applied positive psychology in the workplace for this reason.

There is much in these approaches which is well aligned with the values of the third sector and therefore potentially much to embrace.

The mixed feelings expressed in our discussions may well reflect a wider ambiguity in the sector. However, leadership in its best and widest sense is clearly central to the sector which has many examples of this working well. Every year the WCVA identifies and recognises leaders who have made a great difference to their communities through its voluntary sector awards. The sector

needs to be more conscious of its own need for leadership, the kind of leadership it requires and values and how to foster this at all levels especially at community level. The sector could identify and adopt approaches to supporting people in communities which are its own. There has been concern that it has looked too much and too uncritically to the public sector for leadership. There is a great opportunity here to focus on building skills we need to support and express the purpose and values of the sector.

Recommendations

1. Establish an evaluated programme to build leadership skills in the third sector at all levels. This could draw on existing sources of learning and training
2. Drive a debate about the role of leadership in the third sector by using existing forums and potential specific seminars/debates
3. Establish a supportive leaders network for the third sector which would have an element of shared learning
4. It would useful to conduct a study on experiences and perceptions of leadership in the third sector in Wales which would form the basis of further recommendations
5. Leadership/peer mentoring for project staff could be a condition of grant funding

Social Impact Measurement for the Third Sector in Wales. Mark Richardson

"Social enterprises and other third sector organisations exist to make a positive change in the world; to create a social impact. Despite this being the sole reason for their existence many still don't measure their social impact. They have no real evidence their hard work is delivering genuine benefit, let alone the benefit they are trying to achieve."

Social Investor, 2016

Understanding the importance of impact measurement

Measuring social impact has become increasingly important for the third sector in the UK in recent years. Government, commissioners, funders and investors are all putting more emphasis on the evidence of outcomes across the sector.

Frequently impact measurement is only seen in this context: as a burden imposed externally to monitor or assess. Its real value however is internal, as a key tool to guide strategic decision making, ensuring the organisation is achieving the social and environmental impact it aims to.

Barriers to impact measurement

There are three main barriers preventing organisations measuring their social impact:

- Lack of knowledge, understanding and confidence
- Lack of time and resources
- Lack of suitable impact measurement tools and resources

Many organisations struggle to know where to start with measuring their social impact. It can seem a complex subject requiring specialist knowledge.

Most third sector organisations are already stretched trying to deliver their core activities and remain financially sustainable. Unless it's specifically funded, measuring social impact can seem a luxury they cannot afford.

Even those organisations that do set aside time and resources to measure their impact can struggle to find appropriate tools to capture the outcomes they're creating. Easily available frameworks are often resource intensive and time-consuming.

A standard approach to impact measurement

Despite the barriers that still exist, impact measurement is developing rapidly with a standard framework now agreed across the EU.

The European Commission's expert group on social enterprise, GECES, was tasked with establishing a European Standard for Social Impact Measurement. This was agreed in 2014. The G8 group of countries also established a working group on social impact measurement and they produced a short good practice guide which aligned with the European Standard. Their seven step process is a good summary of the standard impact measurement process.

Set goals	Set out clearly the change you seek to make
Develop framework and select metrics (what you want to measure and how)	Determine what metrics you will hold yourself accountable against
Collect and store the information you need (data)	Collect and store all the data you need to measure your progress
Validate the information (data)	Make sure that the information you are collecting is reliable, accurate and clear

Review your information (analysis)	Discover what insights the information provides
Reporting	Share the information clearly with key stakeholders to allow comparisons and learning
Make data driven decisions	Whether making investment or management decisions, ensuring they are based on objective data and analysis will help drive continuous improvement

This process is deliberately flexible to allow organisations to choose methods of impact measurement that are appropriate to the scale of their operations, and to use one of the many different impact measurement methods that have been developed.

These methods also tend to share a number of standard features. Firstly, they break down a service or 'intervention' into five components:

Component	Definition	Example (Ex-Offender Training Ltd.)
Inputs	The resources that are used in the delivery of the intervention	Money Volunteer time
Activity	What is being done with those resources	Training courses for ex-offenders
Output	A quantitative measure (numbers) of the activity	50 ex-offenders trained

Outcome	A change arising in the lives of beneficiaries and others	23 programme participants are in employment 6 months later
		Reoffending rate amongst participants reduced by 80%.
Impact	The outcomes taking into account what would have happened anyway, the contributions of others and the length of time the outcomes last.	Ex-offender Training Ltd. is estimated to be 40% responsible for employment outcomes and 75% responsible for re-offending outcomes.

Most social impact measurement methods share the following features too:

Outcomes focused	Measuring the actual change that you want to achieve.
Theory of change	A clear and detailed description of how the inputs and activities of the organisation will deliver the outputs and how these will lead to the desired outcomes.
Beneficiary perspective	Involving the beneficiaries in developing the theory of change, and understanding the situation from their perspective.
Evidence of outcomes	Information on both what happened and why, the numbers involved and their experiences, that demonstrates the extent to which outcomes have been achieved. Where outcomes occur over a long period of time short-term indicators of those long-term outcomes are used (for example, gaining a qualification that could help someone get a job; or eating a better diet that might be expected to improve health).

Linked learning	Incorporating the lessons from impact measurement to inform future practice.

Finally, another common feature of most good impact measurement methods is that an organisation should only claim credit for the changes that their services or interventions have created. This involves taking into account the following:

Attribution	What percentage of outcomes could have been caused by other interventions by different organisations or people?
Deadweight	What would have happened anyway to a beneficiary or group regardless of interventions by this organisation?

Understanding which outcomes are actually resulting from an organisation's activities is clearly important when taking strategic decisions about which interventions to invest in and scale-up, and which should be cut back.

Ensuring capacity for impact measurement

Most third sector organisations have extremely limited budget or capacity to conduct impact measurement. To make the most of these precious resources organisations should consider:

- Including a realistic budget for impact measurement in funding bids
- Planning for sufficient project staff time on impact measurement
- Being smart about using consultants:
    - Only use them if you don't have the capacity or expertise internally
    - Get them to do the things you can't do

- Get them to train you / your staff as part of the process
- Bring them in at the start of a programme not the end

Tools and resources for impact measurement

At its most basic impact measurement does not need a great deal of training or experience. There are a number of simple approaches to gathering the information needed to understand an organisations' social impact. Some of the information collected should be quantitative, measuring progress in numbers. Some should be qualitative: stories and pictures which give the numbers colour and meaning and help explain 'why' things did or did not make a difference.

Useful 'macro data' is already collected by local authorities and other agencies and this can be helpful in understanding impact across a neighbourhood or more widely. Such information sources are freely available and include crime statistics, anti-social behaviour statistics, recycling or unemployment levels.

And organisations can also collect information directly from beneficiaries using a number of standard tools, or developing their own. These might include:

- Entry, exit, and follow-up questionnaires
- Neighbourhood surveys
- Outcomes stars
- Jelly Baby Tree
- Professional evaluations
- Diaries
- Photographs / pictures
- Interviews
- Focus groups

- Journey Logs
- Longitudinal interviews

Many of the most important outcomes occur when beneficiaries may no longer be in regular contact with the organisation – long-term employment or health outcomes for example. Although they are the most important it is often difficult to gather information on these outcomes, so they get ignored, or assumptions are made instead. But there are ways in which follow-up data can be gathered. Phone calls can be useful, although many young people change their phone number on a regular basis. Social media can be a more reliable way of keeping in touch and also a less intrusive way of monitoring progress. Alumni or reunion events can be beneficial in their own right, as well as providing an opportunity to learn how beneficiaries are progressing after leaving a project. Similarly award ceremonies and exhibitions. Rewards and incentives also work for some organisations. The important thing is that a method of collecting follow up data is built into any project plan.

The following links provide useful resources when considering impact measurement.

www.socialvalueuk.org

www.ces-vol.org.uk/tools-and-resources

http://outcomestoolkit.com

www.hact.org.uk/social-value-bank

www.socialimpactscotland.org.uk

Impact measurement training is available from Social Enterprise Academy Wales.

Talwrn discussions

In discussing this paper people emphasised the need for the third sector to take control of impact measurement and not see it just as meeting the demands of funders and commissioners. People talked about measuring social impact to meet the needs of different audiences: for themselves to see if they are having the best impact they can; for funders to see if their money is making a difference; for community members for accountability; and for policy makers to identify how they should work. However, it was also strongly felt that there is a lot of bad evaluation going on and being received uncritically with the result that unrealistic targets are established for others to try and meet.

Much of the third sector's work is (or should be) about prevention rather than cure. The impact of this work is much harder to measure and leads both funder and provider to focus more on outputs (e.g. who they work with, what the work did) than impacts (what changed), because these are things that can be measured. We need a more sophisticated approach but Talwrn discussions reflected on how hard it is to get researchers interested in their work – unless they are leading a study and are seeking input from the third sector.

There was a concern that social impact measurement tools have become devalued because funders shift from one to another so rapidly. Using different tools for different pieces of work, to meet the interests of different funders, makes it hard to focus on the impact of the organisation as a whole. Discussions focussed on using the organisation's values and goals to inform a baseline and the need to make evaluation a routine part of everyday work across the organisation, collecting snapshots of information, using diaries and logs and re-visiting work regularly. Done well, this avoids losing the impact of work 'short-term funded projects could be washed away with the tide and the expertise, understanding, community connections lost, only to be replaced by another group coming in and doing a similar thing five feet up the beach'.

People also talked about the different roles of summative evaluations, that review the work and identify what its impacts have been; and formative evaluations that are embedded into the work and help to inform its development by capturing learning as the work unfolds.

The discussions also focused on the extent to which evidence of impact really does inform policy. There was a sense that reports on their work are rarely used, or even read, and that commissioners and some funders often understand even less about social impact measurement than they do.

Recommendations for the Sector

1. There needs to be a joined up approach across government, funders and intermediate support organisations to communicate the real value of impact measurement as a tool to improve outcomes for beneficiaries.
2. Basic training in impact measurement should be much more widely available to third sector organisations in Wales.
3. Funders should ensure that a realistic proportion of funding is allocated to provide capacity for organisations to measure their social impact.
4. There should be an online hub collecting together existing impact measurement tools and resources, with mechanisms for organisations to add new tools they develop themselves.
5. The European standard on impact measurement should be promoted as standard practice in Wales and built into all funding and investment programmes.

Recommendations from the sector:

6. A social value forum needs to be set up in each area

7. Organisations need to build their own expertise to measure impact: and how the outcomes required by specific funders fit into the outcomes they as an organisation are seeking.

8. There is a need for long term thinking around the tension between short term funding and long-term, sustainable outcomes; 'how do we keep in touch to see 20 year impact?'

9. We need to re-set relationships with funders – they should check out organisations thoroughly and then have sufficient trust to allow those organisations to identify success and where it can be evidenced – a more relational contract.

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[i] See Vanguard and Locality, *Saving Money by doing the right thing*, 2014