

Denton Youth & Community Project Limited

Organisational Strength Review

February 2020

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1 Executive summary

1.1 Background

Following the success of Denton Youth & Community Project Limited's National Lottery Community Fund Reaching Communities application, Connected Voice was asked by the Charity to undertake a review of the organisation. The findings are based around this work which consisted of organisational health check returns from staff and trustees; focus groups with people who use the organisation's services; one to one interviews with staff and trustees; and, desk-based research of the Charity's governance documents, financial statements, strategies and plans.

1.2 Review purpose and structure

The review is designed to give an objective overview of the Charity and enable it to progress confidently to best meet the needs of its beneficiaries.

The review is structured around an examination of the organisational culture, governance, finance, and outcomes and impacts.

Throughout this review we have referred to Denton Youth & Community Project Limited as "the Charity" or "the organisation".

1.3 Findings

Our review was conducted between October to November 2019 and this report reflects the systems in place at that time.

1.4 Conclusions

Our conclusions on each area reviewed are as follows:

Area	Conclusions
Organisational culture	There is a strong culture in the Charity defined by its people and practices. This is reflected by staff and trustees commitment to make a positive difference to people who use the organisation's services.
Governance	The governance system in place at the Charity appears to be appropriate for its size. We welcome the re-introduction of the Young People's Management Committee.
Finance	The Charity is in a stable financial position for 2019/20, 2020/21 and has reserves equating to 3 months' running costs.

Outcomes and impacts	The Charity achieves excellent outcomes and impacts for its beneficiaries, this was evident in all interactions with people who use its services.
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It is clear from our work that the main risk to the Charity is the unpredictable economic environment; with continued austerity in the public sector, the possible negative effects of Brexit, and increased demand and competition for National Lottery Community Fund, charitable foundation and trust funding.

As a result, we recommend the Charity develops a sustainable funding plan as soon as possible. This plan will focus the organisation and give a sense of direction to navigate the challenging grant funding environment and to mitigate against the loss of its National Lottery core funding, which ends in 2022. Within this plan, we also feel it is key for the Charity to identify how it will raise its profile digitally through its website and social media. And face to face by attending youth and community themed events and meetings in Newcastle to build relationships and position itself as the place-based youth and community organisation in Denton and surrounding areas for possible future funding, such as the Government's recent announcement of a £500 million fund for the youth sector. Without this thinking, planning, pro activity and relationship building the Charity may struggle to maintain its current level of income going forward.

We would like to take this opportunity to thank staff, trustees and beneficiaries of the Charity for their time and assistance during our review.

Connected Voice
18 February 2020

2 Organisational culture

“Maintaining an effective culture is so important that it, in fact, trumps even strategy.”

Howard H Stevenson, Professor Emeritus at Harvard Business School

2.1 Introduction

Any review would not be complete without reference to an organisation’s culture. As with all our analysis, we developed our view of the Charity’s culture from the documents submitted to us, from the organisation health check returns, our observations of the artefacts in your Charity, and of your staff and trustees in their interactions with us, each other and with people who use the organisation’s services.

In this section we consider how to understand culture, how we viewed your culture, and offer our observations on key cultural aspects such as vision, values and behaviours.

2.2 Understanding Culture

According to Frances Frei and Anne Morris at Harvard Business Review:

“Culture guides discretionary behaviour, and it picks up where the employee handbook leaves off. Culture tells us how to respond to an unprecedented service request. It tells us whether to risk telling our bosses about our new ideas, and whether to surface or hide problems. Employees make hundreds of decisions on their own every day, and culture is our guide. Culture tells us what to do when the Chief Executive Officer isn’t in the room, which is, of course, most of the time.”

Culture is, therefore, a fascinating and vital phenomenon. It usually evolves from the founders of an organisation, because they value certain things and behave in particular ways that seem to help the organisation succeed. That success is critical to the organisation’s culture development and, incidentally, vice versa. So, over the years, the culture of an organisation almost seeps into people’s DNA, particularly when those people are long-serving members of staff. However, usually, within about six months, sometimes sooner, a new employee will have acclimatised to your culture, at times known as “the way we do things around here”. This will either be positive from the perspective of driving the organisation forward or negative in terms of holding the organisation back.

2.3 Your culture

Based on the evidence we have, our most important observation would be that the culture of the Charity feels confident and buoyant, whilst at the same time sufficiently reflective enough to consider its additional needs and future.

There is a strong sense that staff and trustees have commitment to the Charity and since overcoming a major funding hurdle feel the organisation is positively moving forward. People seem to relate well to one another, focus on delivering services to the best of their ability, and have excellent relationships with the local community and people who use the Charity's services. This was clear at our focus groups with people who access services and through our interviews with a sample of staff and trustees.

We observed and sensed the Business Development Manager, the lead member of staff, has led, through his determined, persistent and resilient leadership style, the Charity through a difficult period in its history. A period of three years which saw the Charity fight for survival. In 2019 the organisation was successful in securing short to medium term funds from the National Lottery Community Fund. This core funding over three years has given the Charity breathing space to take stock of its situation, continue delivering services to young and older people, and start to think about how to replace its National Lottery funding which ends in 2022.

2.4 Vision

An effective organisation culture starts with a compelling vision. The Charity has a clear vision:

"Our vision is to inspire, encourage and support children, young people and their families in their personal and social development so they may achieve their full potential."

The vision aligns to and amplifies the objects of the Charity as detailed in its Articles of Association. The vision is a concise and powerful sentence that guides the mission and values, and provides all staff and trustees with a strong sense of purpose, and ease of use. It was clear from focus groups with people who access services that they had an understanding of the Charity's vision. And from interviews with staff and trustees they were able to articulate the Charity's vision. This is particularly important when staff and trustees have a key role in promoting the organisation externally. However, staff did recognise that the vision developed in 2013, when the focus of the Charity was on children and young people, needs rewriting to include older people, which is now a key service area of the organisation.

2.5 Values

An organisation's values are at the core of its culture. While a vision communicates an organisation's purpose, values offer a set of guidance on the behaviours and attitudes needed to achieve that vision and attain success. From interviews with staff and trustees, people can articulate the Charity's values naturally, such as inclusive, responsive and achieve, and instinctively give concrete examples of how

these values are daily practiced through the delivery of services. However, from reading the Charity's documents and promotional materials, and examining the organisation's website we could not find the organisation's values. It is important for the Charity to showcase its values so people can understand the organisation's behaviours and attitudes.

2.6 Practices

An organisation's values matter little if the people involved do not practice them. There was significant evidence of staff practicing the Charity's values in their interactions with the people who use the organisation's services, and with each other throughout our time in the Charity between October and November 2019. For example, we found staff down to earth, able to have light-hearted jokes and banter, and focused on meeting the needs of the people who access services. Understanding the Charity's values and living them in the everyday are the hallmarks of a truly successful organisation.

2.7 People

No organisation can build a coherent culture without people who either share its values or have the willingness and ability to embrace those values. The Charity's current staff team share those characteristics, as far as we were able to decide. Most, if not all, go that extra mile to ensure efficient delivery of services. The Business Development Manager leads by example. He is the figurehead of the organisation; is an expert of youth and community development work; and, practices a coaching leadership style that focuses on nurturing and developing the strengths of each member of the team. All the team are passionately focused on meeting the needs and improving the life chances of people in the local community.

All staff are committed to the Charity as reflected in the longevity of those working in the organisation. The longest serving member of staff has worked for 8.5 years and the shortest for 3 years, which are excellent ratios in the charity sector. The staff team's commitment is a result of the organisation's robust recruitment and probationary practices. For instance, when a new employee did not pass their 6-month probationary period for reasons of capability, the Business Development Manager did not hesitate to end their employment. There is a focus on employees having a commitment to youth and community development work, putting the people who access services first, and a positive mental attitude.

In return, there is a clear line management process in place where staff are consistently supported, rewarded and recognised for their work by the Business Development Manager and the Board.

For purposes of succession and worst-case scenario planning, the Charity has an emerging member of staff who is developing the skills, knowledge and experience

to be able to step in and lead the Charity should the Business Development Manager need to be away.

The organisation has short to medium procedures in place to give the Charity breathing space should the Business Development Manager be off long term for any reason.

2.8 Stories

Stories are sometimes known as an organisation's narrative. It links powerfully to the Charity's history, and it is unique. They begin from the early founders of the organisation, and even past leaders leave a legacy and stories. Taking that history and embedding it in the organisation's culture is a core element of its creation.

The Charity's narrative is even more powerful when clearly identified, shaped and retold as part of its ongoing culture, particularly when the organisation's brand and reputation is strong. It underscores the Charity's values, both internally and externally.

The Charity has a strong history and recognised legacy in Denton dating back to 2000, of providing high-quality youth services and in the last eight years community services. It is clear when speaking to people who use the Charity's services how passionately people feel about this.

We feel the Charity should showcase more of its history and legacy through its website. In 2020, the Charity will be twenty years old, which provides the organisation an excellent opportunity to celebrate its anniversary and showcase its history, achievements and future plans.

2.9 Place

The place in which people work – whether through architecture, geography or design – impacts on the values and behaviour of people. It helps to grow identity and brand reputation and sends messages to all those who encounter the organisation's space.

The Charity operates out of ex 1950s Newcastle City Council Youth Service building which was asset transferred, on a full repairs and maintenance 25 years lease, from the local authority to the organisation on a peppercorn rent in 2015. The building is situated behind West Denton Community Centre in the heart of Denton where public and voluntary agencies and organisations are located. Although the building is dated, it provides an excellent space for the Charity to deliver services, with three large rooms, one housing a kitchen, storage facilities and office.

An area for improvement that we observed and people who access services at the Charity spoke about was the lack of light leading to the building from the car park. Although this falls outside the Charity's building boundary and would entail West

Denton Community Centre fitting lights on the back of its building, we felt this was important to highlight.

2.10 Communications

Communications are both formal (e.g. a newsletter or e-communications) and informal (discussions in the kitchen or elsewhere). It was clear from focus groups and interviews that there is effective communication in the Charity. This was clear from people being able to show an excellent understanding of the Charity's structure and services. Effective communication is also supported by all the staff team being in one office, which is the epicentre of the Charity and allows for daily conversations, problem solving and creative ideas to flourish.

2.11 Conclusions

The Charity's culture is confident and buoyant.

Young people and older people shape and define the Charity.

Staff and trustees practice important core values.

Staff go the extra mile for each other, and the people who use the Charity's services.

The Charity's base enhances its service offer, outcomes and impacts.

The Charity has a powerful legacy and back story.

2.12 Recommendations

We recommend the Charity reviews, updates and showcases its vision, mission and values as these were created in 2013 and do not recognise the organisation's work with older people.

We recommend the Charity uses 2020 as the year of its 20th anniversary to showcase its history, achievements and future plans to the community it serves and wider stakeholders and partners.

We recommend the Charity speaks and works with West Denton Community Centre to fit lights at the back of its building to improve visibility, safety and access to the Charity.

3 Governance

3.1 Introduction

This section offers commentary on the UK charity sector governance climate, the Charity's governance structure, as described in the documents provided and discussions with trustees and staff, our observations on the composition and effectiveness of the Board, and our thoughts on managing risks associated with the Charity.

3.2 Current climate

Since the collapse of high-profile charities, fundraising scandals and sexual exploitation in the charity sector, organisations are better scrutinised and severe failures of governance exposed. This has resulted in charity governance, leadership and management becoming hot topics and areas for often negative media focus. In the Parliamentary Public Administration and Constitutional Affairs Committee report published in February 2016 on the collapse of Kids Company, it stated that it is the role of Trustees, not the Charity Commission, to ensure a charity is well run.

3.3 Governance structure

The ultimate body responsible for the activities and decision-making of the Charity is the Board of Trustees/Directors. As a charitable company limited by guarantee the responsibilities of the Board are defined in both charity and company law. The Charity's governing document is its Articles of Association, last updated in November 2011.

Discussions with trustees and staff indicated that the current governance structure is sufficient to meet the needs of the Charity's operations and facilitate effective decision-making.

3.4 Board of Trustees

There are currently four trustees: three male and one female. All Board members are white British and able-bodied. From discussions with staff, they were aware of who the trustees are. Staff felt the Board is approachable, knowledgeable, has commitment to and is passionate about the Charity. These qualities are foundations of good governance and are important for creating a productive and harmonious relationship between the Board and staff team, primarily led by the Chair and Business Development Manager. From our discussions and observations this level of relationship exists in the Charity, which is crucial for successful governance and organisational effectiveness.

The Board meet at least ten times a year in the form of full Board meetings. Full Board meetings generally last around two hours. Meetings are well attended by trustees and key staff. And focused on operational matters such as monitoring key

performance indicators and strategic issues such as grant funding applications. Minutes are taken at all Board meetings.

When the Charity had more staff, trustees, capacity and resources it held two away days per year. Due to funding pressures in recent years, the Charity has not held an away day. Now there is some short to medium term funding stability in the organisation, we would recommend the Charity hold a strategic planning away day as soon as possible. This will give trustees and staff the opportunity to have space to reflect on the challenges of the last couple of years and how they overcame them and think about the future of the organisation. We also recommend the Charity re-establish at least an annual away day.

Outside of Board meetings the expectation is that trustees are involved on much more regular basis through the involvement in the Charity's activities. From our discussions it was positive to hear this involvement has ranged from trustees providing access to pro bono employment law advice to driving the mini bus.

There is no requirement within the governing document about how long trustees can serve on the Board. With re-election this is for a continuous period. This ensures that organisational knowledge and experience is not lost, but can also mean new ideas and impetus, brought through change, is not being benefitted from. Adding new trustees will address this issue and increase capacity to alleviate against sudden loss of trustees.

The Charity Governance Code (2017) recommends trustees serve a charity for a maximum of nine years. This general guidance is based on the view that after this period trustees can become stagnant in their role. We are conscious one of the trustees has served the Charity for ten years, and in this time has been chair for five years and vice-chair for two years. It was clearly felt by trustees and staff that the current Chair is solid in their role and is important to the Charity. People expressed the view that the Chair provides strong leadership by being grounded and balanced, motivating and supportive, and gives a clear forward direction. Everyone recognised the Chair as being true supporter and ambassador of the organisation.

The Charity appoints new trustees based on their skills, knowledge and experience to either complement existing trustee skill sets or to bring additional skills not currently on the Board. In addition to skills new trustees will bring, there is also a need for prospective trustees to empathise with the purposes of the Charity. The main fields of community development, youth work, social work, business and law are all demonstrated at Board level. The Board comprises trustees from the charity, private and public sectors. Two trustees are local residents and the child of one trustee attends the Charity.

Potential trustees are initially identified from within the Board itself through contacts and recommendations or through the Charity's key supporters. Should appropriate people not be found through this process, the Board will advertise externally. It is

important to the trustees that new Board members roll up their sleeves and get their hands dirty. As the Board quorum is two or nearest to one-third of the total number of trustees whichever is greater, we recommend the Charity recruit at least one other trustee over the next twelve months to mitigate against any sudden loss. As the Charity's greatest challenge is funding, ideally this new trustee will be someone with fundraising experience to support the Business Development Manager.

A full induction pack is given to new trustees incorporating background information on the Charity, other relevant sector guidelines, latest financial information, and its governing document. New trustees spend time with the Chair and the Business Development Manager to gain an understanding of the day-to-day activities, structure and responsibilities within the organisation. Ensuring such involvement in understanding the Charity's activities is particularly good practice in enabling trustees to consider the implications of their decisions.

Although all trustees are experienced individuals and have participated in specific training at the organisations they work in, there is no programme in place at the Charity which provides training to the Board on an annual/biannual basis around areas such as governance, safeguarding, and health and safety. Ensuring this training takes place would strengthen the Board's understanding of these key areas.

All Board members complete a declaration of interest form to ensure that all related parties are identified. Where there is a potential conflict of interest during a decision at Board level, the individual concerned will leave the meeting and not participate in discussions. This is good practice and in line with requirements in the Charity's governing document.

It is an expectation of all trustees that they fulfil their responsibilities to the Charity. These responsibilities range from:

- The proper administration of the Charity;
- Accepting ultimate responsibility for everything the Charity does;
- Acting reasonably and prudently in all matters relating to the Charity;
- Safeguarding and protecting the assets of the Charity;
- Ensuring a duty to act collectively;
- Acting in the best interests of the Charity; and
- Avoiding any conflicts of interest and loyalty between their personal and professional interests and those of the Charity.

Discussions with trustees and staff indicated that all Board members are meeting these responsibilities.

Evident from people's feedback and our observations is the Chair and Business Development Manager relationship is excellent and that they work in harmony.

There is a clear understanding of each other's roles based on a relationship of mutual respect. They communicate well with one another and are willing to learn, adapt and deal with issues when they arise.

Going forward the Charity Commission recommends that Boards should ask themselves the following questions on a regular basis:

1. What effects is the current economic climate having on our charity and its activities?
2. Are we financially robust enough to sustain our operations?
3. Do we know what the impact the economic climate is having on our donors and support for our charity?
4. Do we have sufficient reserves?
5. Have we reviewed our banking arrangements?
6. Have we reviewed our contractual commitments, for example, office leases, rental agreements, equipment hire?
7. If we have a pension scheme, have we discussed it recently?
8. Are we an active trustee body?
9. Do we have adequate safeguards in place to prevent fraud?
10. Are we making the best use of the financial benefits we have as a charity?
11. Are we making the best use of our staff and volunteers?
12. Have we considered collaborating with other charities?
13. Are we making the best use we can of our property?

From speaking to trustees and staff it is clear the Board ask these questions several times a year.

3.5 Shadow Board

A Young People's Management Committee comprising ten people who fed in to the Board existed up to the end of 2018. Since the Committee members moved on, the Charity, primarily due to funding pressures, did not re-establish the Committee. Now the Charity has short to medium term funding stability, in January 2020 young people requested resurrecting the Committee. We feel this is an excellent way to involve young people who use the Charity's services at a strategic level and allows the Board to understand what is happening in young people's lives and their views and ideas for the Charity. Having this Committee and structure in place helps reduce disconnect that generally exists between the people who use a charity's services and the Board. Therefore, allowing trustees to have a clearer understanding of the lives of the people who use the Charity's services.

3.6 Risk management process

Identifying and managing the possible risks that the Charity may face is an essential part of effective governance. By managing risks effectively, trustees can help to ensure that:

- Significant risks are known and monitored, enabling trustees to make informed decisions and take timely action;
- The Charity makes the most of all opportunities and develops them with the confidence while managing risks;
- Forward thinking and strategic planning are improved; and,
- The Charity achieves its aims more successfully.

Major risks are those that have a significant impact and a possible or highly possible likelihood of occurring. If they occurred, they would have a considerable impact on some or all of the following areas: governance, operations, finance, environment or external factors such as public opinion or relationships with funders, and the Charity's compliance with law or regulation.

Any of these significant risks and their potential impacts could change the way trustees, supporters or people who use services might deal with the Charity.

3.7 Risk assessment process

The Charity has a clear and effective risk analysis and mitigation process. This is developed annually and monitored quarterly by the Business Development Manager and the Board, and detailed in the organisation's risk policy and development plan. The Charity has a four-step model:

1. Identifying risks;
2. Assessing risks;
3. Evaluating necessary action on risks required; and,
4. Periodic monitoring and assessment.

By having a rigorous process and transparent risk management system helps ensure that:

- The Charity's objectives link closely to identification, evaluation and management of risks;
- All areas of risk are covered, for example, financial governance, operational and reputational risks;
- A risk exposure profile is available that reflects the trustees' views as to what levels of risk are acceptable;
- The principle result of risk identification, evaluation and management are reviewed and considered; and,
- Risk management is ongoing and embedded in the management and operational procedures of the Charity.

3.8 Policies and Procedures

The Charity has a comprehensive set of policies and procedures which are easily accessible and adhered to by staff. The Business Development Manager reviews and updates all policies and procedures on annual basis, which go to the Board for sign off.

3.9 Conclusions

The governance system in place at the Charity appears to be appropriate for its size and complexity.

Board responsibilities are well documented and more importantly understood.

The working relationship between the lead member of staff and Board is excellent.

There is a clear mechanism for people who use the Charity's services to shape the organisation.

The Charity has a clear and effective risk management policy.

A comprehensive set of policies and procedures which are reviewed and updated on an annual basis.

3.10 Recommendations

We recommend the Charity has its Articles of Association rewritten so that the only members with voting rights are the trustees, which is the current arrangement. At present, the governing document is designed for the Charity to have a wider membership beyond trustees that include individuals and organisations.

We recommend the Charity hold a strategic planning day as soon as possible using an independent facilitator to plan how to sustain the organisation post the current funding. And follow this up with at least an annual away day.

We recommend the Charity recruit another trustee over the next year, ideally with fundraising experience to support the Business Development Manager in their efforts to secure funding for the organisation.

We recommend the Charity trustees attend training such as governance, safeguarding, health and safety, and equality and diversity on an annual/bi annual basis.

We recommend the Charity follows the Charity Governance Code (2017) for small charities which will enhance the already high standards of governance in place at the organisation.

4 Finance

4.1 Introduction

This section comments on the current UK charity sector funding climate, the Charity's financial position, as described in documents provided and through discussions with staff and trustees, and our observations of the organisation's financial position.

4.2 Funding climate

The National Council for Voluntary Organisations (NCVO) UK Civil Society Almanac 2019 reports that the charity sector nationally has finally recovered the level of income lost since the financial crash in 2008. However, while noting reasons for optimism across the sector, the Almanac also finds the unequal distribution of income in the sector. Large charities and 'Super Major' charities, which have an annual income over £100 million, take the main share of income whilst 82% of organisations in the sector have an annual income below £100,000. The Almanac forecasts continuing financial volatility for small and medium charities with an annual income below £1 million, making them especially vulnerable to external shocks.

Following the referendum on EU membership in June 2016, the Government has sought to ease fears about the loss of EU structural funds: European Social Fund and European Regional Development Funding. The Government is working on a UK Shared Prosperity Fund which will be further developed over the next year for reducing inequalities across the UK and introduced in 2021. However, it is too early to tell what impact this funding will have on local authorities and charities in the area. There is no doubt though that Brexit will dominate the political agenda and almost entirely monopolise decision makers at a national and regional level over the next five years.

With the recent Conservative general election victory, the Prime Minister announced a spending spree of £80 billion for the north to thank voters for their support. Most of this will be capital funding for infrastructure projects. For all the talk from Government about the end of austerity, local authorities are still expecting to make further deep cuts to their budgets in the years ahead. With the cut in the Government's Revenue Support Grant and increased cost pressures, Newcastle City Council needs to cut £60 million from 2020/21 to 2023/24. This comes on the back of £327 million already taken from the budget since 2010. This has resulted in a cut in grants to the charity sector through initiatives such as the Newcastle Fund, which will be further cut in 2020/21. The impact of austerity on the charity sector has been devastating. For example, many charities reliant on local authority funding have either seen their grants dramatically reduced or entirely cut.

In 2019 YMCA England calculated that local authority spending on youth services across England had fallen by 69% from 2010 to 2019 and looked set to reach its “lowest in a generation.” As a result, charities, especially ones delivering youth and community services, have become reliant on funding from the National Lottery Community Fund and other charitable foundations and trusts. Significantly, this has created huge competition for funding, with scores of charities being unsuccessful in securing grant income to cover core costs. For the National Lottery, increasing demand and decreasing income from Lottery ticket sales has forced them; primarily through their Reaching Communities programme to distribute smaller grants over fewer years to charities. Newcastle with a high concentration of charities who receive National Lottery funding has suffered from this policy change.

For charities with the capacity and resources to tender for public sector contracts, many of them have had to subsidise these contracts as they do not cover all their costs. Although the Government has introduced a new model of funding: social finance, the appetite of many charities is low, due to their complexity and risk.

With the uncertainty of Brexit, grant funding remaining highly competitive, and public service contracts increasingly struggling to cover their running costs 2020 looks financially bleak. Couple this with increasing need, more people will seek charity support in these uncertain and challenging environmental, economic and social times.

A glimmer of hope did appear before the recent general election for the youth sector with the Government’s announcement on 30th September 2019 of a £500 million investment over 5 years in a youth investment fund. The money will be for building new youth centres, rebuilding existing youth facilities and to provide mobile facilities for harder to reach areas. The fund also aims to support the provision and coordination of high-quality services for young people and an investment in the youth workforce. Although we have no further information at the time of writing; from conversations with colleagues at Newcastle City Council, they will be looking to place-based youth and community organisations for delivery of services funded by this investment, should it materialise.

4.3 Charity position

In light of a difficult operating environment, the Charity has survived. This was achieved through restructuring the organisation and reducing staff numbers to lower costs. The tenacity to continue submitting grant applications when faced with a high number of rejections to meet the needs of people it serves. And the excellent relationship the organisation has with funders such as the Ballinger Charitable Trust who recognise the positive difference the Charity makes to the people in Denton and surrounding areas.

Due to reductions in grant funding, the Charity’s income has continually reduced from a high of £284,000 in 2013/12 to £82,000 in 2017/18. During this period the organisation has had to use some of its reserves. It is forecast that the Charity will

maintain an income of around £80,000 per year for the next two years and this will be in line with expenditure. Grant funding is primarily from the National Lottery Community Fund and the Ballinger Charitable Trust. For 2017/18 the Charity had reserves of £29,117, which will cover 3 months running costs in line with Charity Commission guidance.

The consensus among staff and trustees was that although the Charity never feels financially secure, the recent short to medium term funding has allowed the organisation to move out of survival mode and offered some breathing space to plan for the future. Generally, people did not feel as anxious about the future of the Charity. Instead they reflected on the organisation's history, and ability to expand and contract to meet the needs of people who use its services. Though in the brave new world we live in, people were not naïve to think that just because an organisation has existed for 20 years did this guarantee survival.

The Charity has good financial management in place, which the Business Development Manager administers and the Board oversees. The Charity uses online accountancy software QuickBooks that is geared towards small to medium sized organisations. This software produces financial monitoring reports and projections, which are presented and discussed at Board meetings. The Business Development Manager tightly monitors expenditure against budget. Underpinning all of this is strong financial policies, processes and procedures.

Like most place-based youth and community organisations, the mass majority of the Charity's income is from grant funding. For most of the last decade, funders have recommended charities need to become less reliant on grant funding to survive. For funders this means having a mixed income model where only a small to medium percentage of an organisation's income is from grants. Some charities have achieved this through a model of grants, contracts and earned income from the selling of services and products. From our perspective, the Charity will always be heavily dependent on grant funding. This is not a criticism, but a reflection of the circumstances in which the organisation operates. For instance, most people who use the Charity's services are from low-income backgrounds. Although the organisation does charge people to use its services, these amounts are generally nominal, as higher amounts would discourage people from using the services. And although the Charity does charge room hire to groups and organisations which generates earned income, because of the size, condition and location of the building this will never be enough to significantly reduce its high dependence on grant funding. As regards substantial income generating opportunities, with the limited staff capacity and the environment in which the Charity operates, we are at a loss to define any that will reduce its reliance on grant funding.

Another recommendation that has emerged in recent years, primarily from the National Lottery, focuses on youth and community organisations working in partnership to submit joint funding applications. Due to less money, the increased demand for funding and the large number of organisations operating in Newcastle,

the National Lottery has encouraged fewer applications from single organisations and more partnership applications. This allows the National Lottery to distribute smaller amounts of funding to more organisations across the city. Like the recommendation about organisations having a mixed income model, this again is challenging for the Charity on a number of levels. Firstly, it is questionable whether there is an appetite among organisations to work in partnership. Secondly, successful partnerships based on trust, respect and fair distribution of funds, take time to develop, time which the organisation currently does not have due to lack of staff capacity. And thirdly, the Charity's location; based in the outer west of the city where few youth and community organisations operate. However, these challenges should not discourage the Charity from participating in city wide initiatives for funding. Where it can argue the place-based impact and importance of its provision, and access funding for Denton and surrounding areas directly and not via national, regional or city wide organisations.

Going forward, the National Lottery has indicated it will not fund the Charity after the current grant, which ends in 2022. From speaking to staff and trustees this presents a major challenge to the organisation. In the periods of stability for the Charity over the last ten plus years this has been as a result of core funding from the National Lottery. A strategic goal now for the Charity is to build relationships with other funders, including ones that have rejected previous grant applications from the Charity, and ones from the public, private or voluntary sectors to replace National Lottery funding.

4.4 Sustainability

Going forward, it is vital, with the continuation of Government austerity, negative economic predictions because of Brexit and increasing demands for services from people in need that charities focus on financial sustainability. By sustainability, we mean the ability of charities to maintain a certain level of income, which allows them to operate continuously.

The short to medium term funding the Charity has secured offers it some breathing space to plan for the future. In planning for the future, we recommend the Charity continues and develops the following steps to maintain and hopefully grow its current level of income.

- Develops and maintains strong stakeholder relationships, including with beneficiaries, funders and staff;
- Obtains a range of types of funding, including unrestricted funding;
- Builds financial reserves;
- Accesses and manages risks; and,
- Strategically manages the finance overhead costs.

The Charity has most of the key requirements for attaining sustainability:

- Mission;
- Leadership;
- Management practice and infrastructure; and,
- Learning and growth perspectives.

It is evident the Charity has developed and can grow its external focus by having skills, abilities and resources to:

- Scan and track information about the external environment;
- Fully understand other competitors' strategies and approaches;
- Engage with diversity and span of networks and relationships; and,
- Maintain and enhance a strong reputation, credibility and recognition.

The Charity is clear on its mission but needs to focus on its strategy. This will enable it to:

- Develop a shared commitment across the organisation to deliver on that mission and strategy;
- Provide staff with clarity of purpose and overall direction of travel;
- Highlight where there are opportunities to access; and,
- Understand how well it is strategically positioned to take advantage of those opportunities.

There is effective leadership – at all levels of the Charity evident by:

- The strength and diversity of Board, manager and staff/volunteer group;
- The Board, manager and staff/volunteers having a level of agility, flexibility and speed of response to stimulus around threats and opportunities;
- Organisationally, there is a strong understanding of strengths and weaknesses of key personnel and that there are developments in place to support the growth of these people;
- There is proper time and opportunity for the Board and manager, to ponder, reflect and develop new ideas to think about current practices; and,
- These developments are underpinned by effective management practice, particularly regarding supervision and appraisal, and a sound management infrastructure.

The Charity ensures that it has effective management practice and support:

- There is a broad range of skills represented across the organisation;
- Communication channels facilitate speed and quality of decision-making;

- Efficiency and timeliness and management/financial reporting systems are appropriate and relevant to the diversity of income streams and beneficiaries needs;
- There is a strategy for pursuing effective monitoring and evaluation, and then action on outcomes realised;
- An effective performance management process for all staff and trustees is in place, monitored and evaluated;
- There is an appropriate level/use of IT resources; and,
- Sound business practices, such as planning and risk management are in place and effective.

The Charity should continue and develop its learning and growth perspectives. This will mean ensuing that:

- There is a healthy level of management understanding of the culture of the Charity and its consistency with the values of the organisation and its mission;
- The Charity acknowledges the extent to which learning is promoted (from mistakes as well as in general development terms) and the wider extent of knowledge sharing across the organisation;
- The degree of risk taking is known and approved; and that all staff/volunteers are aware of the risk tolerances operational across the organisation;
- There is a flow of team working down, up and across the organisation;
- The Charity maintains staff/volunteer motivation levels at a high-level;
- Creativity and innovative thinking are encouraged and invested in; and,
- The degree of acceptance to new challenges, particularly to the status quo, is maintained at a high level.

4.5 Conclusions

The Charity is in a stable financial position for 2019/20 and 2020/21 with the mass majority of its income secured.

The unrestricted free reserves of the Charity equate to approximately 3 months' running costs.

The income of the Charity is predominately from grant funding.

Staff and trustees feel the Charity has breathing space to plan for the future post the current National Lottery grant in 2022.

The Charity does not have a clear, realistic and achievable plan to maintain its current level of income post 2022.

4.6 Recommendations

We recommend the Charity begins to scope and build relationships with possible and existing funders to replace the current National Lottery grant. Showcasing the work of Charity and having strong relationships with funders will make the Charity stand out from others.

We recommend the Charity positions itself for the youth investment fund and other potential funding as the place-based youth organisation and partner of choice to avoid other local, regional or national charities securing money from the fund and delivering services in Denton and surrounding areas.

5 Outcomes and impacts

5.1 Introduction

This section offers our comments and observations on how the Charity monitors its work, and how the organisation evaluates its outcomes and impacts. These two activities, have close links with how it engages externally. Finally, all these activities have a consequence for how the Charity leads and develops a change in the organisation.

5.2 Monitoring your work

From the evidence gathered, it is clear that the Charity has robust monitoring processes in place for each project, programme and the whole organisation. At the heart of the monitoring process is the needs of people using the Charity's services. Monitoring takes a variety of forms. They include collecting information and data using end of trip, session and project evaluations, yearly surveys, consultations and questionnaires, and through film.

There is a clear understanding as to the scale of the Charity's operational delivery and what difference the organisation makes overall to people who use its services. From speaking to beneficiaries, many of whom have had involvement in the Charity for several years, they spoke about how the organisation has offered them help, support and opportunities. People spoke about how the Charity has exceeded their expectations: introduced them to new activities and experiences; given them opportunities to make new friends; and, encouraged them to make suggestions. Overall, beneficiaries felt the Charity has improved their health and wellbeing by increasing their confidence, resilience and ambitions.

5.3 Evaluating outcomes and impacts

At a project, programme and organisational level this practice is effective through the use of the Charity's data collection processes. These processes entail the collection of data at regular intervals, which are analysed and collated into annual reports. For instance, in 2018/19, the Charity delivered 377 sessions, had 482 registered individuals, and 3,253 contacts. In the last two years, 21 young people completed an Emergency Community First Aid Certificate, 16 young people completed a Food Hygiene & Safety Award, and 11 parents completed a Paediatric Emergency First Aid Certificate. And over 300 people aged 6 to 90 plus reported an improvement to their general physical and mental health as a result of accessing the organisation's services.

Throughout the Charity's history it has commissioned external evaluations of the organisation from youth and community work professionals. In the last decade, three evaluation reports were produced in 2011, 2013 and 2015. These reports contain quantitative and qualitative evidence documenting the organisation's

successes, recommendations for improvement and strong impact on people using its services. This Review continues the Charity's proactive approach to learning and development.

5.4 Strategic and business planning

From an organisational development perspective, we observed the Charity has a bottom up approach, which actively responds to the needs of people who are at the heart of the organisation. This positive approach is a catalyst for the Charity's direction of travel.

Similar to evaluation reports, the Charity has proactively commissioned external consultants to work with beneficiaries, trustees and staff to produce strategic and business plans. The last plans were written for the financial year 2016/17. In the uncertain world small to medium charities now operate, days of long-term strategic and business plans i.e. 3 to 5 years are over. There is now a greater focus on being able to shift and adapt quickly to a changing world.

As documented throughout the review, the Charity has a clear understanding of the needs of people who use its services. These needs, such as social isolation, will remain and increase in the future. Due to the Charity's heavy dependence on grant funding, we recommend as a first step the Charity focuses on producing a sustainable funding plan that answers two key questions: who could fund the organisation to maintain the current level of annual income post the current National Lottery grant? And how do we secure this funding?

It is important that the plan is clear, strong and realistic. That it outlines the funding plan road map of where the Charity plans to seek money to support new, existing or expanded services, and the percentages for each funding revenue stream. Has a results tracking section, which details how the organisation plans to track and evaluate its funding plan's successes and failures. The plan should also contain a section analysing internal strengths and weaknesses and external opportunities and threats, and the wider political, economic, social and technological environment. Sharing and reviewing this plan on a quarterly basis by the staff team and Board is essential for success.

5.5 Marketing and 'Being' in the marketplace

From our interviews the Charity has a strong brand identity locally, and recognised and respected for the excellent services it delivers. We do feel there is a need to improve the organisation's profile and brand across Newcastle through its marketing, communications, and involvement in events and meetings.

Due to the volume of applications grant funders receive, for many, an organisation's website and social media pages are the first port of call when they receive an application. We recommend the Charity updates its website so that it showcases

the organisations vision, mission and values; outputs, outcomes and impacts; testimonials from beneficiaries; and, latest timetable of services. The three videos showcasing the outcomes and impacts of the youth clubs, lunch club, and parent and toddler group, which are available on YouTube, are excellent and should be moved to the home page so they stand out.

The Charity's social media presence is via Facebook and Instagram. From looking at the organisation's Facebook page, this is kept up to date with posts and photographs of activities, which are a great form of communication and advertising for the organisation. Although the organisation has an Instagram page, we noticed that the last post was in August 2017, we recommend that Instagram is kept up to date in line with the Facebook page.

We also recommend the Charity sets up a Google My Business listing, which is free. This means when people type the organisation's name into Google its contact details and website will appear as a minimum. The Charity can also choose to add opening hours and upcoming events.

On top of having a digital presence, it is also important to take part in wider face to face events and meetings across Newcastle. We are conscious of the lack of capacity in the Charity, especially for the Business Development Manager, but feel going forward it will be important for the organisation to strategically select and attend events and meetings. This will offer an opportunity for the Charity to showcase its work; be seen, heard and place itself for possible funding opportunities in the future.

It is important for the Charity to develop its website, social media, and face to face presence, and use these as tools for promoting its services and showcasing the outcomes and impacts of these. This will not only appeal to grant funders, but also open opportunities such as sponsorship and private donations.

5.6 Change and development

There is no question that the Charity has stabilised since securing National Lottery funding.

Across the Charity, people seem committed, enthusiastic and passionate about who they are and what they do. Good staff retention and an atmosphere of general happiness show this.

Staff and trustees recognised the uncertainty that exists working in the charity sector around funding. Although people expressed concern about what would happen post National Lottery funding, there was an underlying confidence in the Business Development Manager, supported by the Board, to secure income for the Charity which gave them a belief that the organisation has a future. From our perspective, we also have a belief from everything we're read, observed and

spoken to that the Charity will overcome some difficult funding challenges and continue to deliver outstanding youth and community services to the people of Denton and surrounding areas.

5.7 Conclusions

It is clear from speaking to people who use the Charity's services and staff that it achieves excellent outcomes and impacts heavily on its beneficiaries.

Like a lot of charities, the Charity does not promote the excellent work it does to the full. The benefit of doing this is overtime this could lead to new relationships, partnerships and additional income.

5.8.1 Recommendations

We recommend the Charity produces a sustainable funding plan that responds to the two key questions raised in this chapter. This will give a sense of direction to the organisation and focus attention on objectives and results.

We recommend the Charity updates its website to showcase the excellent work it delivers. For funders this is commonly the first thing they look at when assessing a grant application.

We recommend the Charity strategically takes part in youth and community related events and meetings across Newcastle to raise the organisation's profile and place itself for future funding opportunities.