

Grant Funding of the Voluntary Sector in Islington:

A report on behalf of
Voluntary Action Islington

December 2015

Voluntary
Action
Islington



Research undertaken by the following staff and students from the Faculty of Social Sciences & Humanities, London Metropolitan University:

Natasha Choudary

Jill Hayman

Maureen Lesho

Alice Addae Prescod

Dr Matt Scott

Adjoua Yapobi-Attie

Contents

Page

Cover	1
Contents	3
Background and Executive Summary	4 - 5
Introduction to Findings	6
The Experience of Grant Funding	7 - 8
Social Value and Social Impact	9 - 10
Resilience	11 - 12
Ability to Innovate	13
Ability to Leverage Other Funds	14
Small Groups	15 - 16
Appendix: Interviewee Prompts	17

Background

Voluntary Action Islington (VAI) - the Council for Voluntary Service for the London Borough of Islington and an umbrella organisation for local voluntary and community sector (VCS) groups, approached London Met to undertake a short piece of research which involved interviewing local VCS groups. The research covered the VCS experience of grant funding and the extent to which this is meeting local needs. Interviews covered the ability of groups to innovate and to respond to people's needs, the relevance of outcomes, the ability to leverage other funding, enable collaboration and complement the Social Value agenda and finally the extent to which funding sources increasingly do or do not reach small organisations.

Executive Summary

The research revealed a dynamic and resourceful voluntary sector working with multiple local needs in a highly skilled and complex way.

Whilst the VCS has long been known for its added value there is evidence that the sector has, through necessity, become even more adept at achieving its goals, given reduced local government funding. However neither the voluntary nor the public sector can be infinitely resilient and concerns were consistently raised about greater demand, fewer resources and the commonly voiced fear that cuts had reached the bone, with the obvious implication that future cuts would fatally impair future services. Whilst the focus of this report and the concerns of the groups interviewed remain at a local level, with little hope of influencing national policy, it is vital to appreciate how fundamentally the national picture affects the local. With this dramatic reduction of resources three scenarios are possible:

- voluntary groups not only survive, but thrive, as new opportunities arise in a more competitive 'mixed market' environment
- voluntary groups either close down or reduce their services, existing as shell organisations serviced by reduced staff and volunteer numbers
- voluntary groups survive, but do not 'thrive' as the limits to resilience become apparent

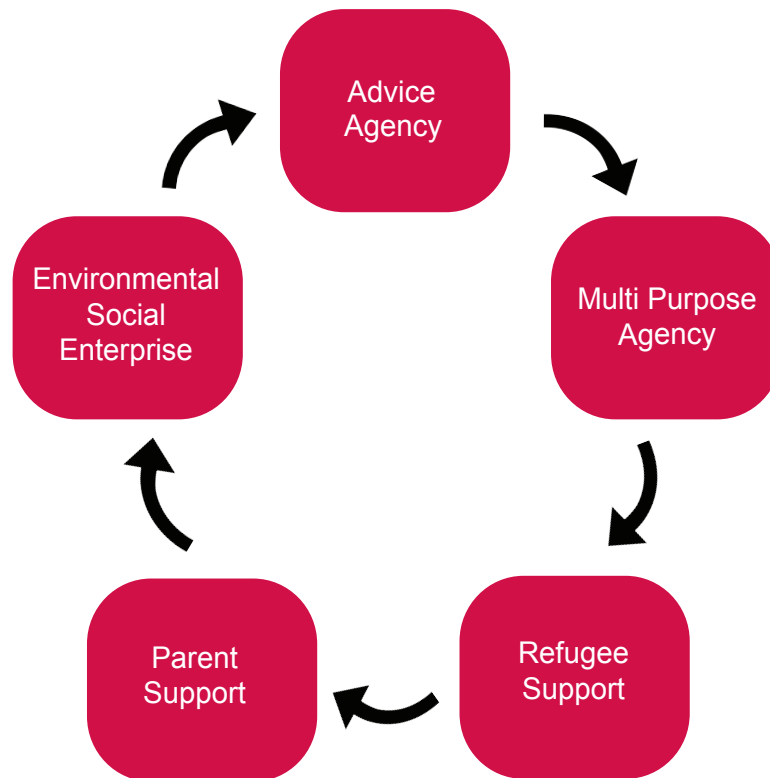
There are elements of each of these scenarios, however the third is most commonly reported and whilst the first and second scenarios may appear as optimistic and pessimistic outlooks, the pragmatism that voluntary groups embrace takes place within a highly provisional environment. The absence of long term stability due to reductions in public funding inescapably means more time spent on searching for less and less funding. Taken to its logical conclusion this situation is not sustainable.

With this caveat firmly in mind the report has identified six key findings:

1. Core funding is vital in order to leverage further funding: groups that were able to secure even minimal amounts of core funding, typically from the local council, although not exclusively, were invariably able to leverage other funds and plan with a degree of certainty.
2. Time spent on funding applications has increased with work being funded typically by a greater range of funding sources often including smaller amounts of funds over shorter time spans.
3. Social impact and social value, although used by funders and policy makers as a vital component of commissioning the voluntary sector, appeared to have little specific and practical application. The value of the sector was described clearly by groups, but rarely translated as specific examples of social value or impact.
4. Networks and relationships were identified as being of tremendous value. Efforts made by the council, including department teams, officers and councillors, often made the difference in terms of groups becoming aware of opportunities. Likewise support by VCS networks and bodies such as VAI were widely acknowledged as valuable. Even when the benefit was not directly relevant for groups, the fact that infrastructure and support existed and could be accessed was seen as vital in providing timely information.
5. Evidence of innovation abounded, as groups built on their local connections to respond to need, directed by service users. Thus co-production of services, ensuring user voice and empowerment, was central to practice. Rather than being a new aspect of their work, innovation often appeared as a reflexive way of working that had long been embraced, but perhaps is under-appreciated within and beyond the sector.
6. The ability of groups and the wider voluntary sector to be resilient was described in terms of collective capability rather than simply the viability of individual organisations to raise their own capacity. Thus the public and voluntary sector were seen as joined up in their efforts to meet needs, and solutions to problems tackled by groups were seen in this wider context.

Interviewee Responses: Introduction

The use of this testimony has been anonymised, to ensure a greater degree of candour and consistency. Five local organisations covering a range of services and support were interviewed - see diagram below:



A full report has also been produced to go alongside this executive summary, which provides greater detail from interviewees and expands on the points raised in summary from here. The content of the interviews and the comments made by interviewees have been organised around the following themes, with extensive use of what those interviewed actually said, by way of quotes:

- The experience of grant funding
- Social value
- Resilience
- The ability to innovate
- The ability to leverage other funds
- Smaller organisations

The Experience of Grant Funding

Local grant funding, typically from the local authority, is a foundation on which VCS organisations can build.

'We have been fortunate enough to have had a grant from Islington Council for a considerable amount of time which accounts for about half of our income and is what we regard as core funding and enables us to deliver services (and enables us) to work with the most vulnerable and deprived people in the Borough...a voluntary organisation can't exist without covering overheads'.

Thus we can discern the following equation: no grant funding for core posts = no voluntary organisation and hence a net loss for the wider public good. However, even though local grant funding often provided a more sustainable model it was not immune from the pressures of having to repackage voluntary activity away from core activity to new projects, as evidenced by the following testimony:

'It is quite hard to get funding unless you invent projects all the time...community development is not funded and we are all about community development'.

The relationships which underpinned the negotiation of local grants between VCS group and grants officer were seen as crucial with interviewees reporting both favourable and more critical experiences. The more positive accounts were built around a proactive and reciprocal engagement with regular conversations rather than more distant formality.

'Grant funding was (about) dialogue - I really liked that approach rather than fill in a form'.

Another group stressed the importance of involvement and sharing in the process:

'I am aware that funding is limited with the Council, however I feel that they could involve more of us in making the decision on who is going to get the funding'.

However there were also occasions when the relational networks were distrusted and seen as collusive, one interviewee commenting that:

'It depends on who knows who - I think it is open to abuse'.

Thus getting the right balance between impartiality and genuine involvement almost inevitably meets with critical scrutiny by those applying for funds who want to know the funder is enthused and supportive, but also willing to go beyond trusted insiders. The need for service level agreements and clarity in contracting arrangements was a common refrain and recognised as underpinning the council relationship.

Although ultimately service level agreements are a form of words, their formalisation enabled shared confidence:

'When we get funding from the Council and there is a service or agreement put together then a working relationship is clear and it works...from the Council's point of view that they seem more willing to work with us. If this is not in place then...they don't necessarily involve us'.

What was sought above all else was partnership and in particular co-design of strategy and delivery:

'If we were involved in their plans, really included in their plans and we know what the short term things are and the gaps are, we could look to see if we could fill those gaps and looking at funding elsewhere and gaining that support from them to say that there is a need...but we want to work with them as there are possibilities there...we all just need to be more creative when working together and that definitely doesn't happen at the moment and I think that is a real shame'.

Key points

- Local grant funding is the foundation for voluntary activity
- Local grant funding is often the only means of covering core costs
- Supportive relationships underpinned by open dialogue are seen as vital
- Concerns of process and favoured insiders require constant vigilance
- Grant writing and reporting arrangements can impinge on time spent delivering social outcomes

Social Value and Social Impact

This year's buzzwords are social value and social impact...There is an important question behind them: what contribution to society do community projects, investments and mainstream businesses make?

- Adrian Henriques, The Guardian, 22nd July 2014

The term social value has more meaning for policy makers than local voluntary organisations. The 2012 Social Value Act directed the public sector to ensure social value was a central part of commissioning of services and procurement of goods. Social value is a very broad term covering social capital, wellbeing and participation, but it is also government jargon which seeks to open up public services to ever greater levels of competition and improved outcomes. Local VCS groups responded in one of two ways when asked about what the terminology meant to them, either finding the term abstract and expressing incredulity that a new wording was needed to describe 'what we've always done', or an appreciation that:

'Good funders do see social value and they are interested in that and that is why they give you funding in the first place'.

However, one group noted that finding a practical measure to concisely demonstrate value, whilst important, was hard to disaggregate amidst the complexity of the support offered:

'The difficulty I find is that we tend to be a panoply of services so it's hard to show how you've changed someone's life because we're part of a whole host of things...however having said that I think it is something we should probably do better because it impresses funders by saying funding us saves you X is not easy...often we say we run a wonderful service and it may be perceived as just blowing our own trumpet'.

Social value has come to be seen as part of the means of building better relationships between funder and funded organisation, the importance of which was covered in the previous section, and was articulated by one group as follows:

'It's wonderful to come across an organisation, who look at the work and come along on a Friday afternoon and as funder or someone interested in the project, you can come along and be part of it and actually see what is going on'.

In terms of proving social value and impact the extra work generated not only competed with worker time and delivery of services, but was sometimes viewed as unnecessary and repetitive:

'There is a lot of paperwork that needs to be done often...for grant funding over a short period of time, when there are minimal people resources within an organisation. I have no problem monitoring or evaluating work, however I do feel it could be more streamlined or more the same within a council'.

There was a perception amongst some interviewees that the Council had 'missed a trick' in not looking more at social return on investment (SROI) models:

'We shouldn't be working in silos; we need to work together. It's a question of what do we want to measure?...It is so motivating when you see impact'.

Another colleague built on this point by reinforcing the need to go beyond mechanisms of measurement, which whilst useful, were only staging posts on a far more ambitious journey of collaboration:

'We need culture change. We have to work together...In the past we have funded an army of middle class researchers, but I also think funders don't understand what they are asking us to do and don't understand what differences they are asking us to make'.

Key points:

- The term (social value) is not always recognised or understood by VCS organisations
- Likewise the duties of the Public Service (Social Value Act) 2012 are not wholly understood by VCS organisations
- Social value offers opportunities for building stronger relationships with funders by exploring and demonstrating impact

Resilience

Like social value, resilience is another term preferred by policy makers that has crept into the discourse of funders, though less frequently adopted by VCS organisations. Resilience implies a capability to bounce back from difficulties and has become coterminous with austerity. Successive spending reviews have cut funding to local government and whilst efficiencies can be made and closer attention paid to doing more with less the 'social impact' of reduced public and voluntary sector funding has been damaging. One interviewee described a worrying fragility:

'We can be knocked over quite easily- we are not very resilient'.

Another organisation noted how local grant funding made all the difference when it was struggling to maintain equilibrium in the face of mounting internal and external challenges:

'It was a downhill spiral...then I got funding from (X) and it was brilliant really... The grant supported the organisation back to health - a year's funding and because of the problems they extended it by six months... The grant allowed us to get back on our feet'.

In this instance a funder enabled resilience by supporting an organisation undergoing acute challenges, when others might have been more risk averse. The more common experience was of chronic insecurity, as reported by one interviewee:

'We have a never ending problem of not having enough time to bring the money in'.

There is no end in sight for most VCS groups in terms of respite from funding pressures; no stage when a group becomes permanently resilient. Thus the suggestion that VCS groups need to be more resilient is a non sequitur; both they and their funders would like nothing more but the wider socio-political and economic environment has in effect retrenched this 'never ending problem'. One interviewee doubted that it was possible for either the council or the VCS to be resilient in the face of prolonged cuts:

'I think the cuts have been handled quite well by the council but they are now reaching a point where they've reached the bone and it's not clear how much further it is possible to go.'

One group made the distinction between resilience and stability noting that it was possible to be resilient, to keep bouncing back, but that this was not the same thing as being reassured that the organisation was secure:

'The grants have in some ways helped us be more resilient, but not so much how to be stable'.

The real issue according to one interviewee was accessing the support to be resilient:

'You can't just say you need to be resilient. If it means raising more money you have to capacity build the sector in impact assessment and the means to be resilient'

Key points:

- VCS groups reported a perception of being under greater pressures in recent years hence typically identified as being less resilient overall
- The term (resilience) was widely interpreted as a euphemism for austerity and in particular devolved risk and responsibility for the consequences of austerity from central to local government and VCS organisations
- Greater resilience can be achieved by funders continuing their support to VCS organisations undergoing internal and external instability (rather than withdrawing funds due to perceived risk)

Ability to Innovate

'We need a new way of innovating in our public services – a rigorous experimentation which encourages and embraces local solutions. We need to bring together the range of innovators who are already at the forefront of finding new solutions, across the public sector, private companies and social enterprises'.

- NESTA, The Innovation Imperative (2009)

The National Endowment for Science, Technology and the Arts, or NESTA, as it is more often known, has been at the forefront of demands for innovation yet the above quote bypasses voluntary organisations altogether, hence the importance of the following testimony:

'The approach of the organisation is in itself innovative – this is possible through grant funding which allows time and scope to develop the model... It gave us a chance to feel our way, when we weren't absolutely sure of what we were doing and at a time when people said what we were doing wasn't possible – which is to...build a community'.

The above quote underlines the importance of grants in nurturing innovation latent within community based organisations. Because innovation is often intuitive and by definition experimental it requires funders to have vision, to see what is latent and enable it to grow. One organisation described how an initial contract from the council enabled further innovation in the delivery of the service by being responsive to local residents' (service user) experience and refining the work accordingly. This led to greater synergies across a range of related services and underlines the dynamic nature of local voluntary action which can be unleashed:

'We identified that when people felt supported it helped enormously so we set up a peer-mentoring group. These people could provide support on a one to one basis. This listening opened up access to other services. This has all been achieved by the original grant funding that was commissioned by the council.'

Key points:

- There is a disparity between national policy discourses on 'social innovation' and the highly creative day to day of grassroots work with the former being premised on financial models (for example social impact bonds) and the latter relating to holistic practice
- Local grants have provided the foundation for VCS groups to test out models and demonstrate highly innovative practice
- The environment in which innovation can thrive is under increasing pressure to deliver short term social outcomes leading VCS groups and funders to have to emphasise immediate gains in order to then be able to gain support for longer term innovation

Ability to Leverage Other Funds

The ability to leverage other funds once a VCS organisation had gained its first grant was a common experience. Once the group accessed its first grant several more pots of money followed. Thus the initial grant allowed groups to cross a threshold from which the second, third and further grants from other sources were more readily available. One interviewee related that:

'If you start getting funders, from big names like that, for obvious reasons it gives you a certain amount of credibility and in a way a kind of platform to ask for other things from other funders'.

However whilst the possibilities of leveraging further funds exponentially improved by securing initial funds, the demands of bid writing and monitoring once successful brought with them their own challenges, highlighted in the following quote:

'We have become good at selling our work to funders, but it is at a cost - time'.

Likewise the sheer demand for funding is an important consideration when weighing up the probability of being able to leverage funds:

'We have applied for grants in the last few years and have not been successful. What we have seen is that when we have asked council about it, it's not that they don't like our project. They advise us that they have just been inundated with applications'.

Another interviewee commented that the Council could see the value of VCS organisations leveraging other funds because of the added value to service delivery, whilst also reinforcing the critical need for initial support to be credible to new funders:

'I think the council appreciates if organisations lever in funds from other places because it means you're supporting people who would otherwise have to be supported by core grants but our ability to lever in other funding only exists because you are seen as a sustainable organisation... I don't think we'd have got very far if they didn't see us delivering services for three years and being financially viable for the next three years and if our funding from the council diminished suddenly I don't think we'd be in that position'.

Key points:

- Initial grant funding acts as a tipping point typically enabling VCS groups to access several further funding sources
- The breakthrough achieved by VCS organisations in securing funder confidence is balanced by the time intensive process of servicing contracts and securing further funds
- Successful leverage can only be achieved by first having core funding in place to ensure credibility

Smaller Organisations

'Not every organisation has grown. NCVO 2007 UK Voluntary Sector Almanac highlights the rapid growth of many large charities and the decline in income of many small or medium sized charities'.

- Future Role of 3rd Sector in Economic and Social Regeneration (Treasury & Cabinet Office) 2007 – paragraph 1.1

One of the concerns which grew with the higher profile of the VCS in public policy and service delivery was that the benefits of funding have not been evenly spread. The expansion of the third sector, as it was termed in the previous decade, was marked by enormous amounts of government funding. However as the Treasury noted, this did not trickle down to smaller charities, let alone the far larger number of community groups below them. With the advent of austerity this structural divide has continued, albeit with all groups experiencing fewer funding opportunities. The focus on smaller organisation is thus prompted by a concern that grants go further into the community and that a greater number of VCS organisations play their role. Those interviewed explained that the odds of this happening were heavily stacked against smaller VCS groups:

'It is quite difficult to get grant funding unless you're quite big or established'.

'If you are a small organisation, and have a small team and are made to jump through lots of hoops to get pots of money, it really is hard work'.

'Opportunities for collaborative working are quite restricted. The smaller you get the harder it is'.

One group identified themselves as being small and described their experience of missing out on opportunities because they lacked the capacity, know-how and confidence to attend meetings and the wider environment where the details of funding were discussed and acted upon:

'It's very difficult for us even to go to all of these meetings, we are a smaller organisation and that makes it harder... that if you are very, very small your work is with the service users. (You) are unable to attend the meetings, plus the confidence to go to those meetings and... understand the jargon that is used. I know from my experience in the past, this is a long time ago when I was newer to this...I was invited to meetings these people knew each other and knew each other well, so they...were discussing the subject at the photocopier and other places...so their conversations were much more evolved so you were always aware that... you did not know what they were talking about...so that can be really hard if you are a small organisation ...because they are so much more evolved in it and they don't necessarily realise that... it's not necessarily anyone's fault. It's just the situation...so I think if you are a small organisation it's difficult to attend some of these meetings or know when to attend or which ones to attend'.

However another interviewee noted that there were practical things that could be done:

'There are lots of smaller groups who can be supported by community chest funding and other focused local grants for groups that come under a certain income... one of the things we've done is pay groups we work with and make sure they are remunerated...rather than assuming they will do it for free'.

Thus whilst the existence of smaller groups is often overlooked it is possible to ensure their contribution joins up with larger providers, given sufficient will, thus ensuring far greater overall levels of potential social impact.

Key points:

- In recent years there has been a growing divide between larger and smaller VCS organisations in terms of access to funding
- The move to commissioning and more complex funding models has often led to greater levels of competition rather than collaboration within the VCS
- Smaller organisations can be included in service delivery and funding by ensuring bespoke pots of funding exist and an expectation of collaboration is part of wider commissioning practice

Appendix

Prompt questions

- What has your experience been of grant funding and the extent to which this has enabled you to meet local needs?
- What (social value) outcomes have been achieved?
- Has the grant contributed to your ability to be resilient and to overall stability?
- Are there specific examples of how grant funding has enabled you to innovate in response to people's needs?
- Are there any specific examples of how grant funding has enabled you to leverage other funding and / or enable collaboration?
- Do you have a view about the extent to which grant funding and other funding sources are able to reach smaller community organisations?