

# 1. SCOTLAND FUNDERS' FORUM

## Background

- 1.1 The funding landscape in Scotland is complex and interlinked. Funders are diverse – ranging from government departments to charitable trusts - but often have common aims. Funding is diverse – ranging from long-term loans to short-term grants - but can often give rise to common issues. Funded organisations are diverse – ranging from large public bodies to small community groups – but often face common challenges.
- 1.2 A number of policy developments created a climate of change for funding in Scotland and created drivers for a Funders' Forum:
- The focus on outcome funding in order to deliver public and social policy
  - The desire amongst funders to ensure value for money and fund 'what works'
  - The prevalence of partnership funding
  - The Strategic Review of the Funding of the Voluntary Sector in Scotland which identified the establishment of a Funders' Forum as an action point
  - The debate on the social economy and on new approaches by the voluntary sector to generating income and sustainability.
- 1.3 Therefore a group of statutory and independent funders came together for the first meeting of the Scotland Funders' Forum in September 2005. The purpose of the Forum is to gather funders together to share information, to identify and address areas of common interest and to share best practice and learning. It is important that the Forum reaps benefits both for funders and the organisations they fund.
- 1.4 The Forum is an informal and non-constituted group. The Big Lottery Fund chairs and provides the secretariat for the Forum as a part of a commitment to support its development.
- 1.5 Membership reflects the diversity of funders in Scotland, focusing on those that have a base and a substantial history of funding in Scotland. The Forum looks widely at funding issues in Scotland but reflects the particular policy focus currently around funding the voluntary and community sector. Attendance at the Forum is by senior staff members (usually Chief Executive) and, in the case of local government, also includes an elected representative.

## Year one workplan, report and conference

- 1.6 The Forum had four work streams over the first 12 months. Each meeting tackled one workstream and the format brought expert and passionate people to talk to the Forum about the issues. Their contributions brought a vital outside perspective and harnessed the knowledge of people and organisations that were already delivering on or thinking about the issues.
- 1.7 At the end of each discussion, individual Forum members signed up to taking forward either some learning or a practical action. These individual commitments were important: they made the discussion real and helped make changes happen.
- 1.8 The four work streams were:
- **Outcome funding and the investor model** – the potential of a shift from grant giving to investing and the role that outcome funding can play. David Carrington, a consultant and recognised authority on outcome funding set out the issues. Karen Latta from Drumchapel Healthy Living Centre spoke about how shifting to focus on outcomes works in practice. The discussion covered the different ways funders can behave, "giving, shopping and investing"; talked about current debates and terms like venture philanthropy and mission-related investments; and examined the effect of funders' behaviour on the organisations they fund.

- **Risk and reputation** – the Forum thought about the way that funders can work together to share risk in funding and to develop a new understanding of the need to take risks with stakeholders. Diana Leat, a consultant who has worked with funders and policy makers on public involvement and accountability, guided the discussions. The discussion covered the risks funders commonly face; why risk can be both good and bad; how funders might diagnose how 'risk-taking' or 'risk-averse' they are; the tools funders might use to manage risk; and how risk interacts with reputation, particularly with politicians and the media. The Forum talked about the way that being more prescriptive to minimise risk reduces the ability to fund innovative and unorthodox projects. They agreed that taking an outcome approach and investing in 'after care' can reduce the risk of project failure and help funders take more chances.
- **Recognising success and sustaining it** – the Forum shared lessons on the ways that funders can help drive up the performance of projects, make the most of learning, and play a role in making sure successful projects and ideas have a long-term future. Eleanor Logan and Alison Stevenson from the Voluntary Action Fund and Helen Chambers from the Lloyds TSB Partnership Drugs Initiative outlined the challenge. The Forum identified the practical ways that funders can help drive up the quality of projects, including how funders might give more support where its needed. Funders shared lessons on learning from success, and agreed that both funders and funded organisations would benefit from greater innovation and honesty in evaluation. Lessons were drawn on sustaining and mainstreaming success, including critical review of funders ability to understand success and be honest about the potential for mainstreaming.
- **Making concrete gains** – Funders worked through the ways that they could simplify and share systems to make seeking and holding funding in Scotland better and easier and identified monitoring and evaluation as the first areas to work on together. Steven Marwick from Evaluation Support Scotland and Martin Brookes from New Philanthropy Capital shaped the conversation. The Forum thought about why funders monitor and evaluate; what funders and funded organisations can and should get out of monitoring and evaluation; risks in voluntary sector organisations seeking contracts with public organisations; 'form-filling' from voluntary organisation's perspective; and innovative approaches to monitoring. The funders committed to greater collaboration on monitoring and to piloting the idea of funded organisations designing a standard monitoring 'offering' for funders. They agreed that there is potential also for shared work around 'passporting' organisations through governance checks and around greater commonality in application forms.

- 1.9 The culmination of the first year of the Funders' Forum was a public conference, held as part of the Third Sector Summit in December 2006. The Third Sector Summit was a large-scale event jointly held by SCVO, Volunteer Development Scotland, the Scottish Executive and the Big Lottery Fund.
- 1.10 The Funders' Forum conference was a well-attended and lively event. It gave participants the chance to hear about concrete joint work to improve the funding landscape and offered an opportunity to shape the agenda for the Forum for the coming year. The conference was an interactive session using PPVote technology.
- 1.11 The conference also saw the launch of an 'Evaluation Declaration' setting out the key principles that Funders' agree should be behind evaluation work and was the starting point for research led by New Philanthropy Capital to give voluntary organisations the power to tell funders what monitoring they will give them (rather than the other way around). The audience included CVSs, local authority funding officers, and a wide range of local and national voluntary organisations.

## Year two workplan

- 1.12 The Forum will focus on four work streams over the next 12 months. Each meeting will focus on one work stream, facilitated by a presentation and with in-depth discussion of the issues. Work will continue between meetings to progress issues and updates on work streams will be provided at subsequent meetings. The work streams are:
- **Long term funding and making transitions** - exploring partnership models of funding, diversifying funding, outcome agreements, capacity building, sustainability and transitions between funders for successful projects.
  - **Engaging the private sector** - involving private sector funders in the Forum, maximising the community benefit of private sector development, unlocking resources from the private sector (possible based around a real example such as community banking).
  - **Proofing and passporting** - joint work with OSCR on reducing the number of multiple checks on organisations governing documents and accounts; joint work with CRE Scotland on the implication for funders of new equality legislation; sharing of expertise on proofing for rurality, equality and sustainable development.
  - **Monitoring and evaluating** - guiding and reviewing the New Philanthropy Capital work to produce a 'common monitoring offering' that meets voluntary organisations needs and funders needs but doesn't require duplicated systems (including setting up a research steering group); asking Evaluation Support to benchmark individual funders against the aspirations in the Evaluation Declaration and working with them to produce action plans to move towards making the statements a reality. More detail on these two projects is below.

## 2. FUNDERS' FORUM FRONTLINE

### Background

- 2.1 The Funders' Forum Frontline builds on the relationships which have developed through the Scotland Funders' Forum by creating a network of information sharing at officer level. The group met for the first time in October 2006.
- 2.2 The Funders' Forum Frontline co-ordinates feedback from applicants on funding processes, increases opportunities for information sharing, and enables more opportunities for practical joint working between funders. This increases our capacity to deliver the Forum's objectives.
- 2.3 The Frontline echoes the structure of the Forum amongst officers who work at the coal-face. There are particular gains to be made from a joint approach to the way we engage with applicants before they apply. Therefore most representatives on the Frontline are external relations, outreach or external funding officers though the remit of the Frontline is wider than external relations also deals with assessment and grant management.
- 2.4 The Frontline meets quarterly but some of the clearest benefits are the increased communication and joint working in-between meetings. The Frontline has already proved to be a very active group, with members contacting each other much more regularly than before and working together on joint outreach events.
- 2.5 The Funders' Forum Frontline has grown out of the Scotland Funders' Forum and as such takes a strategic direction from it. The group has developed its own workplan which has been discussed by the Funders' Forum. Ongoing communication between the two groups is at two levels: within organisations, representatives on the Forum and Frontline are able to update each other; and there are verbal update reports at meetings from the respective groups. Some overlap in membership between the Forum and Frontline is also helpful in ensuring connections are made on shared issues.

## Workplan

- 2.6 The Frontline group's workplan has three work streams:
- **Improving our skills and knowledge** – sharing information about what each funder funds, learning about each funders' pre-application and development work, sharing evaluations of projects, sharing knowledge and information resources on project types we all fund.
  - **Making it easier for applicants** – delivering pre-application work such as outreach and development activity together, working together on post-award work such as self-evaluation and financial sustainability, working together to generate more applications from 'cold spots', seeking feedback from applications on process improvements, more effective signposting to other funders.
  - **Working better together** – sharing information about the projects we fund to help make 'cocktails of funding' easier for applicants, opening up communication channels between funders to discuss projects experiencing difficulties, sharing knowledge from monitoring visits, brokering continuation funding for successful projects.

### 3. MONITORING RESEARCH PROJECT: TURNING THE TABLES

- 3.1 The 'Turning the Tables' research project emerged from the discussion on monitoring at the September 2006 Funders' Forum meeting. The idea is to shift the balance of power about what charities monitor from funders to the charities themselves.
- 3.2 The project will pilot a new approach which creates a standard monitoring 'offering' from an individual charity to its funders (rather than the current system where each funder asks for bespoke information). There could be real advantages in this for charities who have multiple funders, and especially for charities receiving funding from public bodies. Charities could reduce their monitoring costs as well as improving their efficiency, knowledge and accountability.
- 3.3 The project was launched at the Funders' Forum conference held in December 2006. We have contracted with New Philanthropy Capital to undertake the work which will involve around 20 case study charities examining their current monitoring activities and developing a new monitoring 'offering' for funders (with support from New Philanthropy Capital) during 2007. The work will be guided by a small steering group.
- 3.4 Activity to date on the project has focused on sourcing charities to participate, with many being nominated by funders on the Forum. Current work involves selecting from those nominations the best sample (seeking a mix of size, experience, activity and funding sources) and approaching the charities to participate.

### 4. EVALUATION DECLARATION AND FOLLOW-UP RESEARCH PROJECT

- 4.1 The Scotland Funders' Forum conference in December 2006 launched an 'Evaluation Declaration' from all funders. This set out principles that funders believed should underpin their monitoring and evaluation systems and requirements. The declaration showed - for the first time - shared thinking on evaluation from funders. They agreed that evaluation should be valuable, relevant, proportionate, supported and about looking from both inside and outside (that is, both self and independent evaluation).
- 4.2 For some funders, the declaration described their current good practice on evaluation but for most it was an aspirational statement. We have therefore launched a research project to follow-up the Evaluation Declaration. The aim of this work is to move funders' actual evaluation practice incrementally towards the principles in the declaration.

- 4.3 Evaluation Support Scotland drafted the original Evaluation Declaration in partnership with the Funders' Forum. The follow-up research will involve ESS facilitating a project with the members of the Funders Forum to help them self-assess their monitoring and evaluation processes.
- 4.4 The project involves developing a self-assessment tool for funders to use to undertake a health check of their monitoring and evaluation processes. Each funder will be supported to identify meaningful and achievable actions to realise the aspirations in the Evaluation Declaration. At the end of this project, members of the Funders' Forum will:
- Have increased understanding about the role monitoring and evaluation plays – or does not – in their organisation.
  - Have increased ability to address weaknesses and promote the strengths of their own monitoring and evaluation systems.
  - Be better able to communicate the purpose of monitoring and evaluation to their funded organisations and to their staff.
  - Be better able to use monitoring and evaluation as a tool for improving the efficiency and impact of their funding.
  - (longer term) make better use of funding and so make a better impact for the people of Scotland.
- 4.5 Activity to date has been developing the scope of the activity. Work is currently beginning on developing the self-assessment tool. The project will be completed during 2007.