

Big Lottery Fund Research Issue 30
Investing in our programmes –
maximising the impact of grant making

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Investing in our programmes

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Executive summary

Investing in our programmes – maximising the impact of grant making

This research aims to help the Big Lottery Fund, and other grantmakers, understand the nature, benefit, cost and outcome of adding value to grant programmes, beyond standard good practice in grantmaking. It investigates different rationales and methods of doing so, and provides practical recommendations.

Grantmakers traditionally ‘add value’ to their grantmaking through:

Restructuring the allocation of financial resources, by for example: targeting grants on a small number of priorities, covering the full cost of the project, covering core costs, funding for longer, or focusing on root causes and prevention.

Capacity building, by the provision of various forms of pre-grant and on-going support, either directly or through a second tier organisation. This may take the form of management consultancy, IT assistance, provision of information and resource materials, or research and evaluation support.

Grantmakers under-use their non-financial resources and assets. These include their independence/non-alignment, reputation, influence, wide networks (particularly in the voluntary sector), and overview knowledge of different fields. Grantmakers can use these resources at various stages, and in different ways, to connect ideas and needs within and across fields and sectors; to drive knowledge and learning about, and to raise the profile of, social issues at various levels; and to act as brokers and convenors.

To maximise value, the Big Lottery Fund needs to consider ways to exploit its financial and non-financial resources, to make better use of accumulated learning. This involves developing a good understanding of its own capacity, and harnessing this power to communicate its successes and learning widely. A greater focus on the post-grant phase – currently neglected – would enable the Big Lottery Fund to deliver a wider public benefit and to have an impact beyond the immediate period of the grant.

Grantmakers such as the Big Lottery Fund have a genuine value that they can add through the process of giving money, and should not fail to make use of this capacity.

1. Introduction

1.1 Background

The Big Lottery Fund (BIG) is responsible for giving out half the money for good causes raised by the National Lottery, with a budget of around £650 million a year. Its mission commits it to using its funding 'to bring real improvements to communities and the lives of people most in need' through a programme of grantmaking.

In common with other large grantmakers, the Big Lottery Fund has become increasingly conscious that fulfilling this mission and achieving an impact mean going further than simply handing money over. Its history of grantmaking is stocked with examples of doing more than acting as a cash dispenser, and in its desire to be more effective it has commissioned this research to help it understand the nature, benefit, cost and outcome of such additional activity. As the Big Lottery Fund develops new programmes it wants to take a more consciously managed approach to this investment, rather than seeing it as a belated add-on.

The Big Lottery Fund is by no means unique in wanting to understand how it can maximize its impact. Other grantmakers have grappled with similar issues of adding value to grants, though few perhaps do it in the context of as many stakeholder expectations and contradictory pressures as the Big Lottery Fund. This research chimes with a current and pressing interest on the part of grantmakers generally. In the Big Lottery Fund's case, it feeds into a wider 'intelligent funding' agenda, and a desire to be more strategic and analytical about effect and longer-term value.

1.2 Aims of the study

The Big Lottery Fund commissioned research to explore ways of adding value to its grant awards and achieving the maximum impact for its investment. The overall aims of the study were:

- to assess the benefits, weaknesses and costs of different models of delivering support, and their effectiveness in maximising impact
- to inform decision-making at the Big Lottery Fund about whether to invest further resources after grants have been awarded, and when and how best to do so.

More specifically, the study aimed to address the following key questions:

- ▶ How effective have methods of investment been at the Big Lottery Fund?
- ▶ What models have other funders used to deliver support to grant holders? How effective have these been?
- ▶ How far, and in what way, do all models appear to add value to grant making?

- ▶ Do models appear to add any other value, for example in building the capacity of the grant holder more widely?
- ▶ What is the timing of additional support and does this influence its effectiveness?
- ▶ What are the costs of different models of support? How do they relate to the grant holder's capacity (at starting point)?
- ▶ Who are the beneficiaries of the support provided?
- ▶ Are there any factors that limit the effectiveness of models to enhance the impact of grant funding?

1.3 Research approach

The questions posed above were addressed by combining three broad methods:

- a literature review
- interviews with key respondents at the Big Lottery Fund and other funders
- case studies of programmes, illustrating forms of additional input.

A full description of the research approach is given in Appendix 1.

1.4 The changing context – from 'gift giving' to 'investment'

In the perception of the public, the media and politicians, grant making is the simple business of transferring money from the grant giver to a 'worthy' grant recipient, in return for the production of some social benefit. This model of grant making has been characterised as 'gift giving' (Leat, 1992); the grantmaker wants to be assured that the grant will be used for the purposes intended by a responsible and well intentioned grantee, but beyond those minimum conditions, there are few strings attached. The assumption is that well intentioned, reasonably competent grantees with a plausible plan of action will produce the desired results. The grantmaker's job is to allocate the money responsibly and wait for the ensuing public benefit.

In recent years, new terms have entered the grantmaker's lexicon: strategic philanthropy, social investment, outcome funding, social entrepreneurship, venture capital philanthropy, social justice philanthropy, creative philanthropy, and so on. In the UK, the 'gift-giving', 'investor' and 'collaborative entrepreneur' approaches (Leat, 1992) have been adapted as 'giving', 'shopping' and 'investing' (Unwin, 2004). The 'investor' approach has been promoted by Carrington, in particular (Carrington, 2002).

Growing dissatisfaction with both the effectiveness of relatively unfocused traditional gift giving approaches to grantmaking and the roles of grantmakers underlies these new approaches. Grantmakers have begun to ask themselves whether it is enough to act as over-indulgent aunts churning out money in response to any reasonably plausible

request. Do applicants always know what they really need? If they do, do they ask for it? What could and should grantmakers do to enhance the effectiveness of their grants?

This last question is particularly important in the wider policy context in which there is pressure to focus on demonstrable outcomes. It is no longer enough merely to make grants – grantmakers, and their grantees, are expected to produce outcomes and to measure these. For some independent grantmakers, such as endowed foundations, these pressures are only weakly felt. For the Big Lottery Fund as a semi-public grantmaker these pressures are strong.

But there is a deeper, wider issue. If grantmakers merely transfer or launder money then what is their legitimacy? What value do they add and, closely related, how can their management costs be justified?

This report explores ways in which the Big Lottery Fund and other grantmakers seek to go beyond being merely cash machines for voluntary and statutory bodies. It addresses two key questions. In what ways do grantmakers attempt to increase the effectiveness of their grants to achieve sustainable public benefit? What financial and non-financial resources do, or could, they use in so doing? Although a discussion of the distinctive contribution, value and costs of grantmaking organisations was not part of our remit, the report has implications for this debate.

1.5 Terminology

‘Investment’

The title of the 2005 Association of Charitable Foundations’ (ACF) conference was ‘Cash Machine or Development Agency?’ While ‘development agency’ may be going too far for many grantmakers, the language of both ‘capacity building’ and ‘investment’ is now widely used among grantmakers. ‘Investment’ covers a wide range of approaches. It tends to be associated with versions of the venture capital approach, or, more loosely, with funding for a ‘return’ or an outcome (i.e., as distinct from gift giving). In this use, ‘investment’ is a style or logic of grantmaking. However, ‘investment’ may also be used to refer to grants for particular purposes such as ‘capacity building’ of different types, or, even more loosely, any form of financial or non-financial support over and above the relatively unfocussed transfer of financial resources, from grantmaker to grantee.

‘Added value’

Because the term ‘investment’ is both associated with a venture capital style of grantmaking and, at the same time, is used more loosely to cover capacity building and

other support, we have chosen to adopt the term ‘added value’ to describe the focus of this study. Added value is used here to refer to any form of activity that is intended to add something extra over and above the simple transfer of financial resources from grantmaker to grantee. Adding value takes different forms, occurs at different levels and at different times and has (intended or indeed unintended) benefits for different groups.

Beyond money

There is also an important distinction between the broad and narrow meanings of ‘added value’. ‘Adding value’ in a broad sense is about spending in different ways or on different things e.g. giving grants for building organisational capacity through consultancies of various sorts. ‘Adding value’ in a narrow sense is about adding something to the grantmaking process over and above financial transfers to, or purchases from, others. Adding value in this narrow sense goes to the root of the distinctive roles and contributions, and legitimacy, of grantmakers. Asking what grantmakers add over and above the transfer of financial resources is also important because it encourages grantmakers to focus on other resources that they may utilise for greater impact. This distinction is discussed further below.

‘Grantmaker’

We use the term ‘grantmaker’ to refer to public, semi-public and private/charitable grantmakers.

1.6 Why seek to add value?

Grantmakers seek to add value to their grants for different reasons. This influences the strategies they adopt. Adding value may be designed to:

- reduce the risks of short or longer-term failure (or just mediocrity) e.g. by emphasising the importance of pre-grant assessment, by giving larger or longer grants, or by adding in other forms of support such as building organisational capacity
- get better value for money e.g. by adopting the approaches above or by giving loans
- achieve wider impact (reaching more people) e.g. by pre-grant support to (disadvantaged) communities, by scaling up or replication, or by influencing practice and policy
- achieve deeper impact (being more effective) e.g. by investing in evaluation, learning and course-correcting
- achieve longer term impact (sustainability) e.g. by giving longer term grants, building capacity or influencing policy
- strengthen the wider nonprofit sector e.g. by capacity building

- exercise responsible stewardship e.g. by emphasising pre-grant assessment, monitoring, evaluation and accountability.

As this brief list demonstrates, there are different ways of or tools for adding value, and value may be added at different stages in the grantmaking process. Sections 2 and 3 illustrate some different approaches to adding value.

1.7 What is added value and what is simply good practice in grant making?

There are a variety of ways in which grantmakers may support their grants. It is important to distinguish between activities that are standard practice for good grantmakers, and extra activities that go beyond standard practice to add value to funding programmes.

Grantmakers are under pressure to spend their money principally on making grants – that is, on maximising the money directly available to applicants. This is particularly the case for grantmaking bodies such as Lottery funders, where there are powerful expectations from the public, the voluntary sector and the media that ‘extras’ will be kept to a minimum and direct grantmaking the priority. Good grantmakers with an interest in achieving lasting benefits from their grantmaking will ensure that this delivery of direct grants is done in as effective a manner as possible. This will mean considerable ‘front end’ investment before programmes are launched, in understanding the context, identifying where an intervention could have most effect, preparing potential applicants or other stakeholders for the programme and generally designing it in such a way that the likelihood of achieving the intended outcomes is maximised. This sort of investment at the time the initiative is being planned is plainly key to how much it ultimately achieves – but it is not the main focus of our research here. Instead we look at ‘adding value’ and models of support that occur after the programme has been launched.

We differentiate between the standard support that a good grantmaker provides in terms of monitoring progress and checking compliance – and the added value that grantmakers can choose to offer in terms of additional support or leverage. Within this ‘standard’ support, we would also include guidance on the development of grant applications, interaction with applicants at the time of grant assessment, ongoing grant management (including monitoring guidance and project visits), and high-level evaluation (which may include elements of self-evaluation support for projects).

There are a number of ways in which the Big Lottery Fund invests in its programmes beyond this standard support, although there is no overall strategy for doing so. The most prominent example is the £4 million development and support package for the Healthy Living Centres programme (see Box 1 and Appendix 2). Other ways include: support and guidance from grant management staff, assistance with self-evaluation, outsourced packages of additional support, provision of resource materials, and collaboration with other organisations (in order to set up networks, for example).

2. Adding value by giving more money, more effectively

2.1 Different models of support/ways of adding value

2.1.1 Overview

Our interviews and reviews of practice suggest that grantmakers generally conceive of adding value in terms of:

- restructuring funding
- building organisational (or sub-sector/ sector) capacity.

2.1.2 Restructuring Funding

Grantmakers may add value to grantmaking by restructuring the allocation of financial resources in various ways. These include:

- ▶ Being more strategic.

There is a strong theme in the literature suggesting that grantmakers may add value to their activities by focusing on a smaller number of priorities where the grantmaker believes concentrated, targeted grants can make a real difference (see, for example, Porter and Kramer, 1999).

- ▶ Giving larger/full grants.

By covering all of the grant request and/or the full cost of the project the grantee is freed from the diversion of fundraising and has greater security to concentrate on the project in hand. Giving a larger/full grant may also enable the grantee organisation to employ more, or better qualified staff, to avoid cutting corners or 'making do' and to reduce transaction costs.

- ▶ Covering core costs.

A variant on the previous point is to cover core costs. The logic is much the same with the added advantage that funding core costs supposedly secures the project/ organisational infrastructure.

- ▶ Funding for longer.

Adding value at the level of individual grants may be simply a matter of funding for longer. The logic here is that the likelihood of grants/projects being most effective requires a longer time scale than most funders allow for. Few projects achieve results in one year: five or more years is a more realistic time scale.

- ▶ Providing loans instead of, or in addition to, grants.

In the last few years some grantmakers have begun to experiment with providing loans instead of, or in addition to, grants. Loans are said to add value to grantmaking by recycling money thus enabling grantmakers to get more for less. There is also a view that loans avoid grant dependency and introduce financial discipline among grantees.

See box 1 example 2.

► Focusing on innovation.

Some argue that grantmakers add value to grantmaking by focusing funding on innovation, highlighting new issues and/or new solutions/approaches, and bearing the risks inevitably entailed in real innovation.

► Focusing on root causes and prevention.

In general, grantmakers in the UK tend to focus on giving money to ameliorate problems rather than spending on understanding their causes, or preventing them from happening. Joseph Rowntree is the most famous British exponent of the view that grantmaking may only be effective if it tackles the root causes of the problems it seeks

Box 1: Examples of adding value through restructuring funding

Example 1: BIG's Healthy Living Centre Programme

This initiative testing an integrated approach to encourage better health has benefited from a significant 'Development and Support' programme delivered across the UK. The £4 million additional investment on top of the original funding offered support to HLCs to develop exit strategies and sustainability plans. It is too early to say how effective this has been: there has been some take-up of the support opportunities by many HLCs although a substantial minority have not engaged with the programme. The 'Development and Support' programme arose from an underspend on the HLC grant programme and there are indications that establishing it earlier and incorporating it in the programme design would have been desirable. That said, the availability of support and resources that could be to some extent tailored to individual HLCs' needs was welcomed by grantholders. The considerable investment in evaluation also provided ongoing learning and feedback opportunities that most participants welcomed. For more information on the HLC programme, see Appendix 2.

Example 2: Futurebuilders England 'investment offer'

Futurebuilders England provides an example of adding value to grantmaking via the restructuring of funding as loans (plus grants). Futurebuilders' key tool is the 'investment offer', comprising a mix of grants and loans. Futurebuilders investment officers, working with freelance business consultants, design 'bespoke investments to suit the particular business context of each investee' to enable investees to succeed. For example, investment officers and consultants may consider that the organisation needs to strengthen its financial function, governance, or receive help with pricing. Investment officers also assist the investee organisation to set up the rest of the financial package, finding other potential lenders and grant funders if necessary. As at March 2006, Futurebuilders England had made 90 'investment offers' totaling £36 million to voluntary and community organisations.

to address. Others would add that focusing on prevention/early stage intervention is another way in which grantmakers may add value in achieving their missions.

2.1.3 Capacity Building

Grantmakers may also add value to grantmaking by various forms of capacity building at different levels. These include the following:

- ▶ Pre-grant help from grants officers and others to encourage less traditional applicants, thus better reaching less advantaged communities. See box 2 example 4.
- ▶ Management consultancy and organisational capacity building to enable grant recipients better to plan and manage projects, thus reducing the risks of failure or mediocrity and increasing the chances of greater effectiveness. See box 2 example 3.
- ▶ IT assistance for similar purposes to those above. See box 2 example 5.
- ▶ Funding second tier organisations to provide various forms of pre-grant and on-going support either on an individual basis or via information, training and production of resource materials available to the wider sub-sector or sector. See box 2 examples 6-8, and Appendix 2 (BASIS).
- ▶ Directly providing information and resource materials available to grantees, to consultants or to the wider sector (e.g. web-based publications/guides on outcomes).
- ▶ Research/evaluation funding and support/advice provided by the grantmaker or by funding consultants/researchers or other specialist or generalist second tier organisations.

Box 2: Examples of adding value through capacity building

Example 3: Bridge House Trust programme of grants to improve services for older people.

Organisations with an income of less than £50,000 are asked to apply for a grant for capital or running costs and to list their top three capacity building needs. A grants officer visits the organisation to discuss and assess needs. If the organisation is awarded a grant it also receives five days' consultancy input to ensure that capacity building is 'plumbed in' at the start of the grant. The Trust recruits consultants to assist small organisations in developing skills and to ensure quality control.

Example 4: London Housing Foundation (LHF) initial scoping grants.

LHF emphasizes the added value of initial scoping grants to enable grantees to understand and better plan projects. In one case, an initial scoping grant of £16,000 led to a £250,000 programme funded by others.

Example 5: Bridge House Trust's funding of IT support.

Over the past 10 years the Trust has given £223,000 to London Advice Services Alliance (LASA) to introduce an ICT-based case management system and web-based information resources. LASA's 'Circuit Riders' team provides peripatetic support to strengthen ICT use in medium sized organisations funded by the Trust. The Trust believes that in this way it provides user friendly help from people who understand how advice organisations work, are independent, and are not trying to sell commercial products or charge commercial fees.

Example 6: City Parochial Foundation and the Trust for London (CPF) Small Groups Worker Scheme and Financial Fitness Scheme.

CPF is a pioneer of adding value to grantmaking. In the 1990s it established the Small Groups Worker Scheme in recognition of the fact that: "small groups do not just need money but can benefit substantially from hands-on support" (Capital Communities Review 1997- 2001: 12). The scheme provided support to over 700 small groups on constitutions, legal issues, fund raising, finance, and a range of other issues. Via nine organisations, mainly Councils for Voluntary Service, it helped groups raise more than £800,000 over the 3.5 years of the project. The Financial Fitness scheme provided a similar training service in financial control. CPF has also been active in establishing resource units/second tier organisations such as the Evelyn Oldfield Unit and the Resource Unit for Mother Tongue and Supplementary Schools (for further details see CPF 1997-2001 review).

Example 7: Bridge House Trust's Strengthening the Voluntary and Community Sector.

The Trust currently works with Charities Evaluation Services, The Media Trust, REACH, The Cranfield Trust and LASA (see example 5) to 'add value' to its investment. "We identify organisations which need expert help and fund our partners to provide it, thus improving services on the ground." (Annual Report 2005: 23). For example, the Trust believes that its partnership with The Media Trust means improved communications, which in turn mean that organisations "recruit more volunteers, reach more clients and deliver better services". (Annual Report 2005: 31).

Example 8: BIG's Green Spaces and Sustainable Communities (GSSC) Programme.

The GSSC case study illustrates how using different partners to make grants to small organisations created a mechanism for ensuring a closer relationship between those distributing funds and disadvantaged communities. This meant there was better knowledge of what was happening on the ground to inform funding decisions, better

local knowledge, shared learning and a closer relationship in the delivery of pre-application and project implementation support. There were benefits to service users, small projects serving them, award partners and the Big Lottery Fund through this model of funding, but there were also hidden costs (particularly for the award partner organisations), time constraints and missed opportunities for linking between different award partners and projects. For more information on the GSSC programme, see Appendix 2.

2.2 Pathways/routes to adding value

Grantmakers adopted different strategies in relation to pathways for adding value. Very broadly, there were four models:

- ▶ Grantmaker as enabler: additional money, advice, support, dissemination capacity offered direct to individual grantee, or for individual grantee to purchase.
- ▶ Grantmaker as provider: grantmaker uses own staff and resources to provide resource/capacity building materials for use by grantees and others e.g. evaluation guides, partnership resource books, publication of reports by grantmaker.
- ▶ Grantmaker as purchaser: grantmaker commissions third party to provide additional support at grant or programme level e.g. management consultancy, media/PR advice, research and evaluation.
- ▶ Grantmaker as infrastructure builder: more broadly, the grantmaker may fund third parties (e.g. umbrella bodies) to provide sector or sub-sector wide support and advice (e.g. support to NCVO, Charities Evaluation Services).

Routes of adding value are important, not least because they affect internal management costs/overheads, staffing, grantmaker profile, ownership of results and reputation and branding. In general, the more a grantmaker does itself the greater its overheads and staffing costs will be – but its profile, identification with results, reputation and branding will also be greater. Routes of adding value also have implications: for accountability (who is accountable to whom and for what, in the case of, for example, management consultants funded by the grantmaker for the benefit of grantees); for the scope of benefit (e.g. generalised resource materials and funding of resource centres may be of value to grantees and non-grantees); and quality control. For example, some grantmakers were aware that adopting the purchaser route could appear overly controlling, but believed that this not only ensured quality but also avoided grantees wasting time trying to find and commission consultants and evaluators.

2.3 Implications

2.3.1 Requirements and keys to success

Knowledge and skills

Grantmakers emphasise the need for the knowledge and skills required to add real value to grantmaking. The need for knowledge and skills relates to both grantmakers and those they commission/work with.

“You need to know an area inside out to really know what’s needed. There are real dangers in blundering around being more than a cheque writer.”

Grantmakers need knowledge of the substantive area in which they are working – what the issues are, who is doing what, what has been done and what appears to work.

They also need technical knowledge and skills including how to commission work, write tender documents, contracts and so on, as well as skills in network creation, sharing learning, communication and marketing of ideas and information, policy influence and so on. While some grantmakers felt that they were becoming better at commissioning various forms of capacity building, they were still struggling with knowledge and skills for promoting learning, effective dissemination and, in particular, policy influence. As one said:

“We now want to do these things but how, how? Can anyone tell me how?”

It is clear that having an overview of the sector, or sub-sector, is an important factor in identifying needs and ways of adding value to grantmaking. We discuss this further below.

Involving decision makers

It is important to involve decision makers early on, to ensure buy-in and some degree of sustainability for learning and for the programme. This adds to the time and complexity of the task but may, in the long run, be a powerful form of adding value by establishing early ‘ownership’ and extending learning to those who have the authority to effect change. This took place, for example, in the two BIG historic programmes, Brass for Barnsley (B4B) and Green Spaces and Sustainable Communities (GSSC). BIG has used this strategy in designing and building all of its new programmes, and the effect of doing so on the impact of those programmes will be monitored with interest.

Timing

Timing of a programme or intervention may be an important factor in effectiveness and sustainability. BIG’s Digitisation of Learning Materials programme came at a time when libraries and museums were ready for change, and responded to several major government policy statements and White Papers. Similarly, the Healthy Living Centres

programme was launched in response to government public health strategies. Timing, however, can be a matter of luck. A programme may be right for its time at the start but may have missed the 'policy wave' by the time it is looking for further funding.

Working with others

As various cases illustrate, working with others can be a powerful way of adding to the grantmaker's knowledge, reach and resources – but it is also time-consuming and can be difficult. Identifying the right partners requires knowledge and time, and building relationships and consortia are similarly time consuming. As one grantmaker commented:

"Building partnerships can be valuable in itself as well as making programmes more effective in various ways. But it's slow, sometimes tedious and very far from glitzy – and trustees often don't understand that."

Cultural change

Some grantmakers suggested that a real commitment to adding value requires a fundamental cultural change in the organisation.

"It has to be embedded in everything you do – it's not just an add-on. It changes how you see everything you do, what your task is and what it costs. It changes the skills and staff you need."

2.3.2 Who benefits?

Generalised versus individualised support raises the issue of who benefits from methods of adding value to grantmaking. Some funders concentrate their additional investment on grantees by, for example, providing a management consultancy along with the grant. Others, alternatively or additionally, attempt to add value to a wider range of groups by funding more generalised support via, for example, funding second tier organisations or providing publicly accessible information on web sites, or via help lines (as both the Community Fund and New Opportunities Fund have done).

2.3.3 Tensions and choices

The ways in which BIG and other grantmakers add value to their grant making raise a number of issues in relation to the costs and benefits of adding value.

Money and time

One key theme in interviews was the cost of adding value to grantmaking. Direct financial costs were one aspect but these were usually justified on the grounds that a relatively small additional cost would increase the chances of the grant being effective. The often hidden cost of the additional time required from grantmaker staff was of greater concern. Grantmakers stressed again and again the time involved in most

methods of adding value. Selecting agents or partners, building consortia, finding and commissioning consultants and evaluators, working with disadvantaged communities, sharing learning and building networks, convening and brokering all take time, which in turn requires more staff and less money for direct grantmaking.

Increasing operating costs/overheads

More staff and less money for direct grantmaking raised issues of increasing operating costs and the reluctance of board members to do that, despite the fact that the Statement of Recommended Practice (SORP) makes it easier to allocate many costs to grant related expenditure. One interviewee commented: "I think the root of the problem is that we're not very good at explaining what grantmaking involves, what we as grantmakers can add and what that costs." This issue is of fundamental importance in building real organisational commitment to added value in grant making.

Quality and quantity

Time was also related to the issue of quality (helping a smaller number of organisations with tailor-made, longer term support) versus quantity (helping a larger number of organisations with standardised, short-term support), and its costs. Several grantmakers expressed anxiety that the pressure for capacity building in the sector had led to quick fix, off the shelf solutions. In reality, they argued, most forms of capacity building required on-going support over a period of time. "Second tier organisations tell me they have helped 300 groups in a year and I wonder what sort of help that could possibly amount to." While generalised solutions, good practice guides and so on may be of great value for some purposes and for some organisations, there is often a large gap between knowing what to do and actually implementing that in an organisation. For example, the evaluation of BIG's Green Spaces and Sustainable Communities (GSSC) programme demonstrates that new small organisations, especially those in less advantaged communities, may need much more individual, face-to-face support to enter the funding arena initially, and then again later to build effective projects.

It is worth considering whether there are perverse incentives here: are those charged with capacity building (such as Award Partners and second tier organisations) so focused on demonstrating their effectiveness via numbers served that they have little time for, or forget about, the individual needs of those they serve? Evaluations to date, including the Governance Project (see for example Kumar and Nunan, 2002), suggest that face-to-face, tailored, ongoing support appears to be the most effective method of capacity building, but it is also the most expensive.

Capacity building – for what?

BIG's GSSC programme highlighted the issue that it is not always possible to use newly-built capacity. This programme successfully funded the extension of skills and capacity for organisations, but "it generally remains unclear how this capacity is to be used in future, given current uncertainties about future funding of green space improvements". The problem is that capacities – e.g. to apply for large grants or run large programmes – may wither if they are not exercised; but whether they can be exercised depends on the future context, including the policies and practices of other grantmakers.

Managing expectations

Encouraging applications from less advantaged groups runs the risk of creating unfulfilled expectations. This is a cost for applicants and for the grantmaker insofar as it reduces trust.

3. Beyond money – distinctive, non-financial value that grantmakers can add

3.1 Different models of support/ways of adding value

As discussed in chapter 2, grantmakers may give various forms of additional support to add value to the grant. However, additional support as simply giving more money is not added value in the sense used by economists. For economists, value is added after taking into account the costs of an organisation's purchases from others: giving an additional grant for capacity building, or employing consultants to give that support, is not added value. An organisation has to add some value over and above its purchases from others. This is not mere quibbling with words. Distinguishing between what grantmakers can add by spending/purchasing more or differently, and what they can add by applying their own resources, is crucial in moving towards an understanding of grantmaking as something more than the transfer of money. It is also crucial to focusing attention on the special resources that grantmakers have over and above their money, but do not always use effectively.

Grantmakers can use their non-financial resources to act as:

- synthesisers and bridgers between ideas/needs within and across fields and sectors
- knowledge, learning, social issue and solution entrepreneurs at various levels: organisations, funders, practitioners, policy makers, general public
- brokers and convenors (Anheier and Leat, 2006).

Grantmakers may use these resources to add value to the grantmaking process at various stages, and in different ways. For example, they may use and develop their overview position to build knowledge at the pre-grant stage by undertaking scoping studies, highlighting issues, stimulating thinking, disseminating findings, and getting other funders and potential providers interested. Their knowledge and networks enable them to identify potential 'best' grantees/providers, avoid overlap and duplication, help refine proposals and plans, select grantees and so on. At the other end of the process grantmakers have enormous potential to add value by using their knowledge, networks and reputation to disseminate and communicate findings for wider, sustainable impact beyond their immediate grantees.

Examples of non-financial resources include:

► Independence/non-alignment

Grantmakers may use their independence/non-alignment to draw attention to issues and bring a variety of people across sectors together. This is illustrated by the examples from the Nuffield Foundation, the Joseph Rowntree Foundation and the Northern Rock Foundation outlined in section 3.2.4. As one respondent noted:

"People, including civil servants, certainly act differently when we invite them around a table than they would to an operating charity."

► Reputation and influence

One vivid example of the value of trust and reputation in grantmaking is the way in which the Diana, Princess of Wales Memorial Fund, when its financial resources were frozen, was able to mount its 'Dunkerque' rescue operation, bringing in a range of other funders to ensure that grants were paid. Similarly, the Nuffield and the Joseph Rowntree Foundations use their reputation to ensure that their messages are listened to, and to broker discussions.

► Networks

By their very nature grantmakers have wide networks in the voluntary sector, and often in the statutory and private sectors. An example from the Baring Foundation, outlined in section 3.2.4, illustrates the way in which grantmakers can use their networks to add value. Grantmakers are in an almost unique position in the voluntary sector to utilise networks for learning and dissemination.

► Knowledge including overview and capacity to spot gaps and relationships

Grantmakers occupy a special overview position, and can use this knowledge to engage in more effective grantmaking. This is illustrated by the examples from the Bridge House Trust and London Housing Foundation in section 3.2.4, below. Funders need knowledge throughout to do well but this capacity for overview knowledge is especially distinctive and important. The example from the Nuffield Foundation (section 3.2.4) shows how grantmakers can use their knowledge of disparate fields to add value via scoping and mapping, putting bits of the jigsaw together and creating missing pieces, as well as seeing connections others might miss.

3.2 Evidence of effectiveness, learning and experience

3.2.1 BIG programmes

On the evidence of this research, BIG appears to have been effective in encouraging partnerships and networking, acting as a broker, catalyst and convenor. Its role in facilitating networking was very highly valued by grantees. The following examples illustrate some of the ways in which BIG has used its non-financial resources to add value to its grant programmes.

Brass for Barnsley – outreach, project development and partnership

In the Brass for Barnsley programme, the Community Fund (CF) added extra value to its grants through an extensive support programme of outreach and development, involving local partnerships and a wide range of stakeholders. Emphasis was placed on promoting the scheme, bringing voluntary and statutory organisations and groups together, and encouraging partnerships and local buy-in. The evaluation highlighted

benefits for Barnsley's communities in terms of increased funding, and for those involved with the process in terms of new skills, improved relationships and increased partnership working. Some limitations were identified, related to the planning of the scheme, a lack of liaison with other funders, and short-termism. For more information, see Appendix 2.

[Activities for Young People \(AYP\) – production of guidance and resources](#)

Guidance was produced for all AYP projects, entitled 'Engaging young people in consultation and evaluation'. This was made available from the early stages of the programme, and helped to ensure that projects effectively engaged their target groups.

[New Opportunities for PE and Sport \(NOPES\) – national conferences](#)

Two national conferences were held, for all NOPES projects and for local authorities, providing advice on delivering NOPES activities, and the opportunity for projects to network and share learning.

[The Big Lottery Fund – hosting a seminar](#)

BIG hosted a seminar to bring together people working with young people, to discuss good practice when engaging young people in evaluation and consultation. A report and booklet were then produced that describe different approaches and give recommendations.

3.2.2 BIG's Evaluation, Research and Learning strategy

BIG's Evaluation, Research and Learning strategy demonstrates the Fund's recognition of the potential for using its knowledge derived from evaluation effectively to add value via learning and change. The aims of evaluation and research at BIG are to:

- improve funding impacts and processes
- promote wider sharing of learning to improve practice and influence policy
- support public accountability.

The strategy has led to an emphasis on the importance of dissemination, recognising that evaluation and research only have value if they are shared and if they lead to things changing for the better. This has led to dissemination within the organisation to improve the involvement of key stakeholders, putting systems in place for sharing findings, providing findings in diverse formats according to user need, facilitating discussion of lessons for the Fund, and initial planning for the creation of a knowledge bank – an electronic means of collecting, storing and making accessible formal reports and 'grey' literature from within BIG (Mistry, 2005). The E&R research programme in particular has focused on understanding approaches to funding, with the aim of improving impact and the Fund's role in maximizing it, and specifically contributing to a consideration of

what 'intelligent funding' should be.

The strategy also places emphasis on external dissemination in order to influence policy and improve practice. It identifies ways in which BIG can increase the value it gains from evaluation and research and share this with external audiences. Much of this derives from enhancing the diversity, reach and scope of its dissemination activity (see below), by such means as improving the clarity of self evaluation messages, improving the accessibility of the web site and electronic links, and using seminars, events and workshops in addition to written outputs. The strategy also commits BIG to identifying ways in which it can use its leverage to influence key policy-makers, to share evaluation findings in a timely way with those who have the power to effect change, to identify opportunities for involving experts or key players in the design of programmes and their evaluations and to promote wider knowledge of the broad range of evaluation and research material produced.

3.2.3 Dissemination at BIG

BIG's Evaluation, Research and Learning strategy shows that BIG places great importance on exploring and using effective approaches to dissemination. Historically, BIG has also put significant resources into dissemination. At the New Opportunities Fund (NOF) and the Community Fund (CF), short reports were routinely produced to summarise larger, less accessible research and evaluation reports. These were distributed widely to specific targets in relevant organisations. Regular events were also held to publicise evaluation and research findings to particular audiences.

However, these activities did not always have the desired impact. A review of those approaches to dissemination concluded that: "In the past the dissemination of evaluation and research has only achieved a limited contribution to the work of BIG, its predecessors and other, external organisations". The report attributes this to, among other factors: uncertainty about the purposes of evaluation and research, poor communications between the evaluation and research function and other parts of the organisation, lack of planning around dissemination, over-reliance on written reports and a lack of adequate resources (trained staff, time and money).

The review suggested that effective dissemination requires:

- choosing modes of dissemination tailored to particular purposes and audiences in identified fields of policy and practice
- designing and managing evaluation and research with its use in mind
- making findings comprehensible and accessible to users
- an organisational culture that values evaluation and research.

The findings of this review were noted by BIG and plans were drawn up to achieve greater take up of lessons from evaluation and research through more focused and effective dissemination.

3.2.4 Other funders

The following examples illustrate the ways in which some other funders use their non-financial resources to add value to the grants they make.

[Futurebuilders England: an Advisory Panel](#)

Futurebuilders England aims to add value by being a learning organisation and sharing its learning with other investors and grantmakers. Via its Advisory Panel, comprising voluntary sector participants and representatives from government departments (Cabinet Office, Department for Education and Skills, HM Treasury and Department of Health), Futurebuilders England aims to feed back information to government departments on problems arising. It plans to produce regular briefings on the experiences of investees in gaining public sector contracts.

[Bridge House Trust: reputation, networks and brokering](#)

Bridge House Trust uses its knowledge, reputation and networks to act as a convenor and broker between organisations and sectors. One example of this convening, brokering role is 'Fear and Fashion – Tackling Knife Culture'. This is an example of a Trust using its position as a member of a variety of networks both to identify a problem and to take action to address it. By using its anecdotal information from a variety of sources and then scoping the problem with research, the Trust drew attention to an issue and generated interest from other funders in being involved in further work exploring solutions. The resulting collaboration of funders is seen to have a number of benefits. It "reduces the risk for us and saves on our resources. It brings a blend of talents, experiences and knowledge. And we all have different networks to tap into". For some of the funders involved, the collaboration enabled them to extend their reach beyond the narrow geographical confines of their trust deed.

[The Baring Foundation's work with The Worshipful Company of Information Technologists \(WCIT\): reputation, networks and knowledge](#)

This example illustrates the ways in which a grantmaker may use its non-financial resources - its networks, knowledge and reputation - to get more than it paid for. In 2003, the Baring Foundation gave WCIT a grant of £20,000 over three years to fund masterclasses in the use of IT for arts organisations. Four masterclasses are given each year, with around 20-30 organisations attending each seminar. The masterclasses are given by members of the arts panel of WCIT - volunteers not charging for their time. These volunteers also 'buddy' an organisation for longer term and more in depth

support if this is asked for. It is estimated that the market value of this support would be at least £50,000 per year. The 'legacy' at the end of the programme will be an 'extranet' – a web based directory of the knowledge created and disseminated through the three years of seminars.

[The Northern Rock Foundation: facilitating local networks](#)

The Foundation sees bringing people together across organisations and institutions in the North East as one of the major ways in which it can add value to the area.

"We aim to be a local, friendly funder. We're known and we're here for the long-term; we have relationships with people who make decisions in the North East. We can ask people across sectors to sit around a table to discuss key issues – sometimes there's nowhere else to do that so that's a unique function."

The Foundation fosters local network building in a number of ways. One example is that, unlike many foundations engaging in capacity building, it focuses its efforts on providing high quality residential training via the Northern Rock Foundation Training Institute rather than on capacity building grants to individual grantees.

"People get to know and trust each other and it creates networks people can call on later. It also means that if they encounter problems later on they can access further support from the trainer on the course providing continuity."

[London Housing Foundation \(LHF\): a multi-level integrated strategy](#)

One key aspect of LHF's work has been to build the capacity of homelessness organisations to measure outcomes. Its overview of the field led to a realisation that many agencies were aware of the importance of measuring outcomes but did not have the knowledge, skills or capacity to do it. This led to a three phase approach:

- a two day practical training programme for a group of people drawn from different agencies that worked in similar ways (in order to maximise the exchange of alternative experiences and approaches)
- a programme of consultancy and technical support that assisted agencies to make use of their outcome monitoring and management
- an 'Information Management for Outcomes' initiative to help organisations develop an integrated information management system that provides effective outcome data, using IT more effectively.

The initiative has also included discussions with central and local government on how outcomes can be used in 'Supporting People' monitoring. This has led the Foundation into aspects of policy that it hopes to pursue in future programmes. The Foundation believes that building capacity for quality requires this sort of multi-level integrated

strategy moving from individuals, to organisations, to systems and ultimately impacting on policy; each phase builds on, and then feeds back into, the previous level.

[The Nuffield Foundation: networks, knowledge and research](#)

The majority of the Nuffield Foundation's income is spent on research, practical innovation and policy development in social policy, education and science. Education is its major theme and it spends one third of its funds on schemes that support young researchers. The Foundation runs a number of grant programmes for specific purposes, currently focusing on: child protection, family law and justice; access to justice; and older people and their families. In addition, the Foundation maintains an 'open door' programme to allow for funding of cross-programme or innovative projects and operates some programmes itself. The Foundation aims to add value to grants in three key ways: through its breadth of programmes – bringing an overview of knowledge in different fields and enabling it to make connections and link lessons across domains; through network creation – bringing researchers, practitioners and policy makers together in meetings convened with the Foundation's help; and through mapping and scoping prior to embarking on a programme – stimulating people in the field to think about needs and what could be done.

“We are always on the look out for ways in which we can make links between ideas, knowledge, people, issues and so on. It is the most creative part of the job but it does require a certain sort of person and organisation. You can't be too bound up by rules and procedures. It's this intangible stuff that is the real added value.”

[The Joseph Rowntree Foundation: reputation, influence and dissemination](#)

In all of its work, the Joseph Rowntree Foundation (JRF) adds value to its grants by drawing on its reputation for credible, reliable research knowledge, emphasising and, in most cases, directly undertaking dissemination and communication with carefully targeted audiences with the power to effect change, using its networks for brokering and convening policy and practice makers and shapers, and using its reputation and influence to advocate for policy and practice change. By working with the Joseph Rowntree Housing Trust (with which it shares a Director and trustees) it adds further value by combining research and practice to demonstrate new approaches in housing and social care (for further details on the JRF approach see Leat 2005).

[Esmee Fairbairn Foundation: strategic initiatives and 'grants plus'](#)

Esmee Fairbairn Foundation adds value to its grants by engaging in strategic initiatives, a loans programme and 'grants plus'. Its major strategic initiative 'Rethinking Crime and Punishment' is designed to “raise the level of public debate about the use of prison and alternative forms of punishment in the UK” (Annual Report 2004:7). The programme

adds value by combining a wide variety of tools: an independent enquiry under an eminent judge, research, surveys, a grants programme, and an active dissemination strategy including briefings, reports, seminars and events.

3.3 Implications

3.3.1 Why don't all funders do this?

Although the unique resources discussed in section 3.1 above go beyond money, they are not cost-free. In order to build reputation and networks in a particular field grantmakers have to become experts in that field. This in turn means focusing on a relatively narrow portfolio of grantmaking areas and it takes time to build a reputation for sound knowledge. Networking, as we have already discussed, is time consuming.

Effective communication and dissemination also cost time, as well as money. In addition, they require new skills and strategies if they are to go beyond the usual outlets of publications, conferences and posting on a web site.

3.3.2 Requirements and keys to success

Building reputation and networks

In order to build their reputation and networks for use across a range of areas and to ensure that things happen, grantmakers need to build their profile and brand. This means taking responsibility for follow-through, rather than leaving it to grantees (who do not have the breadth of data/programme overview or, in many cases, the skills, networks and reputation) and may bring the grantmaker, in some aspects, closer to an operating – rather than a grantmaking – Foundation or Trust.

Communicating effectively

Effective policy communication entails being opportunistic and thus flexible. Grantmakers potentially have a wealth of knowledge that is relevant to policy but to be effective they need to be able to tailor that knowledge, and the way in which it is presented, to open or opening policy windows. This requires being constantly on the look-out for new policy concerns and issues and having the flexibility and speed to respond to those issues, re-framing existing data to tie in with new issues.

Influencing policy and practice at organisational, local and national government levels takes time – often a decade or more. It involves identifying and overcoming objections and obstacles. Rogers (2003) has identified five characteristics for successful diffusion of innovations:

- ▶ Relative advantage (over what it replaces).
- ▶ Compatibility (with values, past experiences and needs of adopters).
- ▶ Complexity (how difficult it is to understand or use).

- ▶ Trialability (how can potential adopters 'try before they buy').
- ▶ Observability (some aspect people can see or be taken to see).

Involving policy makers early on

Overcoming the obstacle of lack of ownership may be facilitated by involving potential implementers and decision makers in steering groups and advisory committees at the beginning, rather than the end, of a project.

Sustainability

Effective communication, putting issues and potential solutions into the public arena and onto policy agendas, is essential to sustainability – the new Holy Grail of grantmakers. If sustainability is to be more than a game of pass the parcel between grantmakers, it requires that issues and solutions become embedded in wider policy and practice. However, as several case studies illustrate, policy environments are often turbulent. Although grantmakers could do more to communicate and diffuse issues and solutions it is important to remember that sustainability is rarely, if ever, in the gift of any one grantmaker. This is illustrated by BIG's HLC programme, where a £4 million Development & Support programme has aimed to give projects an improved chance of continuing after their grant from BIG has ended. However, even after this investment, the future of many projects is still uncertain. Changing perception of issues and the terms of debate is more often a matter of constant iteration than cataclysm. It is rare that one cause or parent of social change can be identified; in most cases change occurs as a result of the continuous 'nagging' of many voices and small (as well as larger) events.

3.3.3 Who benefits?

Adding value through the use of non-financial resources can benefit not only the grantee/project but also the grantmaker and others involved. BIG's GSSC programme is a good illustration of the complexity of benefits from adding value. By working with Award Partners, BIG gained from their knowledge of the field and networks, the Award Partners gained from the additional resources, profile and leverage the programme gave them, and the grantees/communities gained from the additional support provided. Similarly, the City Parochial Foundation evaluation initiative provided learning for them and for the grantee. However, it is important to be aware that added value for one party, may also come at a cost to another party. Furthermore, choices inherent in grantmaking necessarily imply winners and losers.

4. Summary

4.1 What makes grantmaking effective?

4.1.1 Overview

Many current initiatives (by funders and government) are based on the assumption that in order to make grantmaking more effective, grantees need to be 'better' managed. However, others see the problem and the solution differently: some argue that better management cannot alone achieve wider social change; social change is a complex process requiring tools and processes quite different from those involved in managing organisations.

This section outlines three key current approaches to making grantmaking more effective in achieving wider impact: venture capital and its less radical 'investor' sister, knowledge management and learning, and social change. These approaches to adding value to grantmaking are based on different analyses of: the problem with conventional grantmaking; the ways in which grantmaking may be made more effective; and the potential roles of funders in that process. The three approaches are summarised in box 3 at the end of this section.

Funders need to think carefully about which of these three broad approaches they are implicitly or explicitly adopting, and why. Although the three approaches may be combined, our research suggests that grantmakers tend to focus on one approach and expect it to be sufficient.

4.1.2 Venture capital/investor

The venture capital approach and its variants were originally associated with the entry of 'new' philanthropists into the grantmaking arena. These new philanthropists were younger and had often made their money from their own efforts in creating new businesses. Giving to good causes was not enough; they were sceptical of the effectiveness of some non-profit organisations and wanted to see a return on their investment. The fundamental problem with conventional approaches to grantmaking is that they are rooted in gift giving rather than investment, do not define or focus on clear outcomes, are too scattered and fail to understand the importance of good management and adequate capitalisation. The solution is to adopt the mind set and strategies of an investor, to build management capacity and to match capitalisation to outcome driven needs. The role of the funder is, in effect, to act as a venture capitalist.

4.1.3 Knowledge management and learning

Knowledge management approaches to adding value are in many respects less comprehensive than either the venture capital or social change approaches. Knowledge management approaches are nevertheless radical in that they move grantmakers away from a focus on money and towards knowledge as their key resource. The theory is

that grantmaking organisations are knowledge-intensive: they possess vast reservoirs of knowledge that, for the most part, are left under-utilised, and have access to even more. “If they follow the right approach they can tap into their knowledge to improve the long-term effectiveness of their grants, to lower the costs of administration, and to invest in more effective strategies for social change.” (Capozzi et al, 2005; see also Bernholz, 2001; Brown et al, 2003).

4.1.4 Social Change/creative grantmaking

Social change approaches start from a different view of their roles, and a different analysis of the weakness of conventional grantmaking. Social change, or creative, grantmakers see their role as not simply having an impact on their immediate grantees, but instead as having an impact on wider society beyond their immediate grantees. Their analysis of the problem underlying the failure of grantmaking to achieve sustainable widespread change is two fold. Firstly, grantmakers – even the richest – do not have the financial capacity, cultural will or democratic mandate to sustain and replicate their innovations. Secondly, conventional grantmaking (including the venture capitalist and investor approaches) does not take into account the complex, long-term political processes involved in increasing impact (on social change/creative approaches generally see, for example, Kramer, 2004; Heifetz et al, 2005; Brousseau, 2004; Rosenman, 2005; Anheier and Leat, 2006).

Box 3: Three approaches to making grant making more effective

1: Venture capital/investor

The motive:

- lack of effective, competent organisations
- lack of understanding among funders of the processes of (market) innovation
- unrealistic expectations regarding time and money required for impact.

Ways it achieves greater impact:

- increasing the competence/capacity of organisations to innovate effectively.

Ways it adds value:

- providing adequate capitalization and management advice and capacity.

Beneficiaries:

- the grantee (and its beneficiaries).

2. Knowledge management and learning

The motive:

- lack of a body of knowledge on which to build
- lack of learning from success and failure

Ways it achieves greater impact:

- managing knowledge for learning

ways it adds value:

- encouraging knowledge management to improve policy/practice
- building on what works.

Beneficiaries:

- grantees, non-grantees, other funders.

3. Social change/creative

The motive:

- lack of truly innovative ideas/practices
- unrealistic expectations regarding time and money required for impact
- lack of understanding of the 'market' for ideas and how social change happens
- inadequate money and lack of democratic mandate for widespread change
- lack of follow through to gain debate and support for wider, sustainable social change.

Ways it achieves greater impact:

- providing creative ideas and demonstrating these in practice
- identifying obstacles to change
- promoting policy conversation and debate
- changing social attitudes/practices
- influencing policy.

Ways it adds value:

- generating and testing new combinations and approaches.
- disseminating and promoting ideas and practices that work.

Beneficiaries:

- wider society.

4.2 When to add value?

The three approaches described above imply the need for different types of resources and entail different costs. They also entail effort and intervention at different stages and levels. Individual grants and grant programmes may be divided into three broad phases:

Grant level:	Pre-grant 1	Grant period 2	'Post' grant 3
Programme level:	Conception	Exploration/Implementation	Follow-through

Grantmakers have traditionally focused on the middle phase. In recent years, there has been greater interest in what can be done to make grantmaking more effective at the first phase (pre-grant and programme conception) by, for example, encouraging more or better planning and applications, and by being more strategic at programme level. The third phase remains largely neglected at both grant and programme level by the Big Lottery Fund and most other grantmakers. Indeed, it could be argued that the very fact that this is seen as 'post' grant and not an integral part of the grant/programme is part of the problem.

The reasons for neglect of the third phase would make a fascinating study. One important reason may be the old post-welfare state assumption that follow through would happen more or less automatically as 'good' projects were taken up by government funders. While possibly true in the past this is not a reasonable assumption today. Another reason for lack of follow through may be grantmakers' traditional emphasis on making grants (getting the money out of the door) rather than worrying too much about the impact and sustainability of work funded. Number and size of grants made has been the traditional way in which grantmakers have tended to present their effectiveness. Neglect of the third phase might also be attributed to a combination of reluctance to spend money on dissemination (or anything that might be construed as 'overhead') and a fear of appearing to campaign. Again these may have been reasonable fears in the past, but today even the generally cautious Charity Commission recognises that funders have a duty actively to communicate their mission. In short, many grantmakers continue to believe that if they improve a way of working, take up will 'just happen'. In reality, that world has changed.

Arguably, it is at the third stage that BIG's greatest unexplored opportunities for adding value lie. These opportunities include incorporating learning from previous programmes into future practice, sharing learning externally, promoting replication, communicating effectively, as well as contributing to policy debate and options (this suggestion is echoed in the evaluation of BIG's communication strategy 2005). It is through these methods that BIG and other grantmakers can help to make grantmaking more effective by making benefits more sustainable and reaching beyond immediate grantees. However, as discussed earlier, this is not in the gift of any one funder.

4.3 A toolbox for adding value (financial and non-financial)

Although the lists in Boxes 4 and 5 have been categorised in terms of stages it is important to note that the stages build on and merge into each other in many respects. For example, highlighting issues, dissemination and sharing learning may go on at all stages from conception to follow through (pre-grant to post grant).

Box 4: Tools for adding value at grant level

Phase 1: Pre-grant

- being more 'strategic' and re-structuring allocation of financial resources
- putting applicants in touch with others for learning
- finding or putting applicants in touch with other funders
- assistance with application, business plans.
- requests for proposals requiring involvement of other key players/future funders
- collaboration with other funders to ensure full funding available, enlist support, knowledge, links with other similar grants/grantees, avoid duplication.

Phase 2: Grant period

- larger and/or longer-term and/or core funding
- providing loans.
- input to Board
- seconded staff
- advisory group to add knowledge, skills, contacts, involvement/buy in from other key players
- resource materials for above e.g. management, research and evaluation, partnerships
- management consultancy, training, mentoring
- help desk and other trouble shooting and problem solving
- web-site, chat rooms for learning and network building
- networking between grantees and with others within and across sectors.

- help with fundraising and ongoing funding
- funding or other help with research and evaluation
- enhancing policy relevance of reports
- convening and brokering with other key players within and across sectors
- communication and dissemination including identifying new relevant audiences; sharing learning
- miscellaneous in kind support – meeting rooms, publicising project on website, at conferences.

Phase 3: Post grant

- on-going funding to maximize benefit of grant, if appropriate
- funding or other help with research and evaluation
- sharing learning
- help with replication – recruiting champions, finding funding
- funding for or direct media/ communications advice/support
- dissemination – acting as knowledge and social issue entrepreneur
- brokering and convening within and across sectors to raise profile, encourage discussion, resolve issues, enlist support, encourage replication
- policy influence/advocacy (undertaken by grantmaker or by support for/advice to grantee).

Box 5: Tools for adding value at programme level

Phase 1: Conception

- identifying gaps and issues; mapping and reviewing what is already known/being done, what is not working, obstacles
- defining problems in new or clearer ways
- acting as a knowledge and social issue entrepreneur within and across sectors, at different levels (publicising a programme or priority and requests for proposals may be one means)
- finding/encouraging grantees/providers and, if necessary, other funders.

Phase 2: Realisation/implementation

- adopting holistic or community approach linking problems/issues
- attacking the same issue from different angles/levels (e.g. national and local) to build/expand knowledge and support, overcome obstacles and generate synergies
- bringing grantees and/or others together within and across programmes and sectors for learning, network building, support
- providing programme resource materials
- providing general support via a third party (e.g. resource centre)
- brokering and convening within and across sectors to add knowledge, build networks, explore obstacles, create synergies
- knowledge management
- sharing learning
- publicising and profile raising.

Phase 3: Follow through

- help with replication (more of the same elsewhere or creation and dissemination of models)
- synthesis of approaches, results, findings, policy options; enhancing policy relevance of communications
- identifying key target audiences for change
- dissemination and targeted communication of findings, recommendations, policy options via written and electronic reports, briefings, conferences, networking
- acting as knowledge and social issue entrepreneur via above and brokering and convening
- policy influence/advocacy by grantmaker or via support and advice to grantees.

4.4 General recommendations for grantmakers

In order to add maximum value to grantmaking, BIG and other grantmakers need to:

- treasure and build on their non-financial assets (as well as their financial assets)
- create time and space to convert information into real learning internally and externally
- give more time and resources effectively to broadcast their successes and failures.

4.5 The Big Lottery Fund: advantages and constraints in adding value

For BIG there are some special constraints. These include:

- the need for some 'quick wins' to maintain public and political confidence
- the pressure to achieve low overhead costs
- the need for a relatively wide span of grants
- the pressure to achieve sustainability (related to spending public money, public visibility and scale)
- and, we would add, a cultural modesty about their role in facilitating success

On the other hand, BIG has some special advantages including:

- its high profile and wide networks
- the size of its financial resources
- the knowledge it has already accumulated.

BIG has already demonstrated that it has a wide range of financial and non-financial resources. We suggest that by using the full tool box at their disposal, BIG and other grantmakers may make grantmaking more effective, highlight the ways in which they are more than cash machines and better explain their own value, and costs. By following through their grants with effective demonstration and communication for change they may extend policy and practice options for wider public benefit.

4.6 Recommendations for the Big Lottery Fund

We suggest that BIG has been successful in adding value to its grantmaking in a variety of ways. However, in order to build on its unique position to add further value, we recommend that BIG does the following:

Recognises its capacity and communicates effectively

- recognises and exploits its capacity to act as broker, convenor and catalyst; promoting partnerships and networking and raising the profile of issues within and across sectors
- devotes more financial and non-financial resources to effective communication tailored to the needs of different audiences

- considers its apparent reluctance to celebrate its successes and the benefits of taking direct responsibility for follow through communication – effective communication, we suggest, is more than dissemination
- accepts that effective communication for change is a slow process, cannot always be planned in advance and involves seizing opportunities to exploit policy windows
- accepts that sustainability is rarely, if ever, in the gift of any one agency.

Devotes resources to the post grant phase

- accepts that using under-spends in an ad hoc way is not a substitute for real commitment
- devotes more time and resources to working at the post grant phase
- considers the ways in which it may best achieve its goal of ‘sustainable public benefit’, considering in particular how benefit can be extended beyond immediate grantees, as well as ways in which it may combine an emphasis on sustainability with other aspects of public benefit (e.g. innovation).

More specifically, we recommend that BIG does the following:

Responds in a timely fashion

- ensures that it makes timely responses to applications from potential grantees as delays could mean that applicants lose matched funding.

Considers the costs and benefits to contracting out

- considers whether contracting out support, evaluation etc is always better, cheaper, or necessary
- considers the cost effectiveness of tailor made support, rather than mass provision, which may not be used by a proportion and fully satisfy no one
- considers the competence and non-financial resources (knowledge, networks) of contractors, and ensures that the division of responsibility between all parties (including BIG) is clearly specified and monitored.

Considers whether elements of added value complement or conflict

- considers ways in which different elements of added value may complement one another, or be in tension (including the tension between sustainability and real innovation that challenges conventional boundaries).

References

Embraces organisational learning as an intelligent funder

- recognises the importance of tacit and codified knowledge and considers ways in which the loss of grants officers' knowledge may be ameliorated
- devotes attention to providing space and time to consider the knowledge it already has and to embed that learning internally and externally.
- ensures that evaluation frameworks are sufficiently sophisticated to capture benefits that are products of adopting a holistic approach to problems.

If we had to sum up our recommendations, it would be that:

- ▶ BIG should consider ways in which it may exploit its financial and non-financial resources, to make better use of its accumulated (and future) learning. By communicating effectively with those with the power to effect change, this will benefit BIG's current and future grantees, other funders and wider society.

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Appendix 2: Examples from Big Lottery Fund programmes

1. Literature review

A literature review (including web based material from the US and elsewhere) was undertaken to identify: (i) the range of additional input/added value methods adopted by funders; (ii) the level at which these were applied; (iii) the circumstances under which they were applied; (iv) the types of grants and organisations with which they were associated; (iv) existing data on cost effectiveness, and wider issues arising.

The literature review not only provided a range of examples of different forms of support, but was also the basis for construction of a typology of forms of additional input. It also produced some data on the application and likely effectiveness of each form.

2. Interviews with key respondents (BIG and other funders)

In order to provide further breadth and some depth, and to test out some of the literature review findings, interviews were undertaken with programme officers and other staff within BIG and a variety of other funders. The interviews encouraged respondents to reflect on the range of their experience, focusing on the questions outlined in the tender document, including those of cost-effectiveness, distinguishing between different methods of support and exploring the variables discussed earlier. In the interviews, respondents were also encouraged to reflect on forms of additional input that have been particularly effective and/or innovative, as well as those that have not. Explanations for why particular inputs may/may not have been effective/innovative were also explored.

In addition to key staff within BIG, interviews were conducted with 10 other funders. These funders were selected to ensure coverage of a range of forms of additional input, different types and sizes of organisations and different geographical regions. The interviews with BIG staff and other funders also provided the basis for selection of examples for more detailed case study/case studies.

3. Case Studies

The case studies provided the opportunity for adding greater depth to the research. They explored in more detail some of the issues arising from the literature review and interviews and the variables discussed in section 1.2 of the main report. They included the review of evaluation materials and interviews with key participants.

This appendix contains detail on three of the Big Lottery Fund's programmes: Green Spaces and Sustainable Communities (GSSC), Brass for Barnsley (B4B), and Healthy Living Centres (HLC). GSSC and HLC were originally launched by the New Opportunities Fund (NOF), and B4B by the National Lottery Charities Board (NLCB) or Community Fund (CF). Different approaches were used to add value to each of these programmes and these are described and assessed here. This appendix also mentions the approaches to added value made in some of BIG's newest programmes.

The information used below was taken from multiple sources, including interviews with Big Lottery Fund staff, and reports from the evaluations of these programmes (which are available to download from the Big Lottery Fund's website).

1. The Green Spaces and Sustainable Communities Programme (GSSC)

Value has been added by using Award Partners, and their knowledge, networks and resources, to involve less advantaged communities and build their capacity.

The programme

The overall aim of the programme was to enable communities to understand, improve and care for their local environment, and reaching less advantaged communities was a key focus. Grantmaking was delegated to 30 selected 'Award Partners' (APs), who managed grantmaking to a variety of groups to deliver the programme. APs included statutory and voluntary organisations of very different sizes and experience, acting individually or in consortia.

The AP model illustrates the complexity and potential mutual advantage of adding value to grantmaking: the APs added value to grantmaking and grantees, and also added value (as well as some costs) to the APs themselves.

The GSSC Award Partner model: value to grantmaker and grantees

The AP model added value in a variety of ways. It enabled NOF to tap into existing infrastructures, knowledge and experience; lever other sources of funding to 'subsidise' the programme; kept NOF's administrative costs low (partly through subsidy by APs – see below); drew on the time, networks and knowledge of people who sat on programme boards, advisory panels and selection panels (given freely) which it was estimated would have otherwise cost the Fund £50,000 per AP; enabled the programme to build capacity in the environmental sector; and enabled NOF effectively to reach out to disadvantaged communities.

APs provided support at both pre-application and project implementation stages, aiming to effectively deliver the programme's aims, and engage less advantaged communities. Support included production of printed materials and electronic

information, telephone help lines, training events, face-to-face individual support, legal advisory services, signposting, specialist help, newsletters, networking to share good practice, and more. Some APs concentrated on pre-application support, and others provided ongoing post-award support. In some cases additional support was offered to projects that were slow to start or slow to progress.

The mentor or enabler role provided an on-going contact point for projects, targeting groups new to grant procedures and/or working in areas of significant deprivation. This was highly valued by project groups. Some projects needed more support than others. Applicants making their first funding bid valued support throughout. The most valued support was that tailored to the particular needs of the applicant/grantee and, ideally, provided face-to-face.

The GSSC Award Partner model: value to award partners

The AP model also benefited the APs themselves. Most APs believe that participation in GSSC has been a significant learning experience. Benefits included the ability to deliver an organisation's own objectives through funding from an external source, and the development, realignment or extension of objectives in the light of experience gained (in particular understanding the importance of community involvement). The programme confirmed the essential role of project enablers in facilitating the participation of inexperienced and less advantaged communities, and as a result this is now promoted by many lead organisations.

Other benefits were the extension of skills and capacity within the organisation, the development of new programmes of activity building on the experience of GSSC, an increased profile thereby creating new opportunities to influence external agendas, networking with a wide range of organisations from across sectors, strengthening confidence in partnership working, facilitating exchange of knowledge and skills, enabling smaller organisations to play influential roles through a collaborative approach, and increased capacity in non-governmental APs to deliver multi-million pound grant schemes, for public and private sector sponsors.

The evaluation of the programme notes that all APs were agreed on the importance of GSSC in raising their profile with other APs; that APs shared a huge amount of knowledge and learning; and that small organisations have found influential roles which they would have been excluded from without the adoption of a collaborative approach.

The GSSC Award Partner model: costs

The AP model also entailed costs for APs. Some of these were the opposite side of, or necessary accompaniments to, the advantages listed above, such as the onus of reporting. The biggest cost to APs related to funding project support work, which was

financed by overheads allowed by NOF, and set at 10 per cent. Some APs managed this, but others had to raise additional resources. Those making small awards and most addressing disadvantage were the most adversely affected. 10 per cent was generally insufficient to deliver a small programme of £1 million to be spent among 50–100 projects, but generally adequate for larger programmes of £10 million and more.

The evaluation suggests that project support should have been a discrete budget item, so that it is an integral part of the projects (as later done in the Transforming Waste programme), rather than an overhead. It also suggests that there should have been greater flexibility regarding overheads to better tailor them to the scale and character of the programme, number/size of projects and target communities.

The GSSC Award Partner model: lessons

GSSC provides a variety of interesting lessons. The most valued support was face-to-face – but this is also the most costly. Another lesson highlighted by the evaluation was the importance of involving influential people in the delivery of programmes, in order to take advantage of the learning and increased capacity created by initiatives such as GSSC. The effect on internal organisational policy varies with a number of factors, including starting point, potential for learning, previous experience of grantmaking and the nature of joint working with others on the programme. The evaluation suggests that this is related to how well senior staff and board members are embedded in the delivery and ethos of GSSC.

What might have added greater value? APs felt that a better network infrastructure would have brought significant benefits, and enabled help, learning and good practice to be shared more widely and easily. APs also felt that networking would also have greatly aided GSSC projects (funded by different Award Partners but in the same locality).

GSSC suffered from high staff turnover among project enablers, a lack of time for planning and insufficient time for results to become apparent – common problems for time-limited programmes. Given the increased time required to engage disadvantaged communities, this was a particularly pertinent problem.

Some APs felt that they should have allocated more time to fewer project enablers, leading to a higher quality of support. A national register of project enablers with generic skills, as well as specialist skills in particular subject areas, was also suggested by APs.

What might have added greater value?

The evaluation suggests that GSSC widened contributions to the development of policies, programmes and delivery at a number of levels. These included contributions

to the development of specific local strategies through GSSC funding, contributions to wider national debates based on the practical experience of projects (e.g. how to achieve high quality maintenance of green spaces), demonstration of new approaches (e.g. integrating health, transport and community development agendas) and use of experience gained to contribute to new Lottery programmes. Although there is evidence that involvement in GSSC ‘provides a routeway to influencing policy thinking about the green space agenda, to date only a few Award Partners have taken the opportunity’. The evaluation recommends that BIG considers joint work with other APs to lobby government about the development of ‘social inclusion through green space’.

2. Brass for Barnsley (B4B) – part of the Priority Areas Initiative

Value was added by improving access to resources (financial, profile and partnership) in an area of disadvantage.

Background

Each NLCB regional office in England produced a strategic plan in 1999, outlining their principles and priorities over a three-year period. This process identified that “some areas that scored highly for deprivation were not being awarded the appropriate share of grants” (Pearson and Lawless, 2000: 3). The Priority Areas Initiative (PAI) was set up in response to this concern, to encourage successful grant applications to the NLCB from those areas, and thereby increase the amount of funding that local VCS groups received.

The PAI pilot – Brass for Barnsley

Barnsley was chosen as the PAI pilot in the Yorkshire and Humber region. The scheme was launched in April 1999 as ‘Brass for Barnsley’ (B4B). Barnsley was targeted because it was an area of high deprivation with, according to the local Regional Development Agency (RDA), particularly acute needs. It also had an underdeveloped voluntary sector with a lack of capacity and a fragmented infrastructure where “traditionally the community and voluntary sectors have played relatively minor roles” (Pearson and Lawless, 2000: 47). The general consensus was that the Barnsley VCS required further development and co-ordination, with small grass-roots groups working in isolation being specifically identified.

B4B: adding value through promotion and publicity

B4B was promoted in order to encourage engagement from as many VCS groups as possible. It was announced at the ‘Coalfields Conference’, attracting local and national media coverage. It was publicised through invitations, local media, leaflet distribution (in factories, pubs and shopping centres) and launched at an event in Barnsley. The event included stalls and workshops, and local groups that had successfully applied

for NLCB funds were there as 'role models'. A programme newsletter, which was both promotional and informative, was also distributed.

B4B: adding value through partnership working

Partnership working was considered a crucial element of the scheme, and led to a change in the local authority's attitude to the VCS.

The NLCB's status and role as a key local funder and 'impartial observer' meant that it could "...provide a common, but neutral, focus around which organisations could convene" (Pearson and Lawless, 2000: 12). It enabled the B4B team to: "foster relationships with those in key positions in relation to development of the voluntary sector"; and bring "together different organisations to address the development needs of the voluntary and community sector" (Pearson and Lawless, 2000: iii).

As well as simply working in partnership with others, the B4B team worked as a catalyst and convenor to bring together key local stakeholders.

B4B: adding value through outreach work

Funding advice surgeries and briefing sessions led by grants officers were held in the centre of Barnsley and in outlying communities, targeting excluded groups. Local surgeries were held, and groups near the end of their grants were invited to discuss future options.

There were two aims to the outreach work. The first was to dispel perceptions in the local VCS, relating to concerns about difficult application forms and criteria that discouraged them from applying to the NLCB. The second was to respond to local VCS organisations' expressed need for "more contact with [NLCB] staff to discuss the development and submission of applications" (Pearson and Lawless, 2000: 9). Outreach work also sought to tackle a more specific barrier to the VCS applying for NLCB funds – an issue common to former coal mining areas – the domination of men in the VCS and the issues this raised in relation to equal opportunities.

B4B: adding value through strengthening local VCS infrastructure

B4B undertook two particularly noteworthy activities in developing the local VCS infrastructure. Firstly, a VCS 'Think Tank' was established, enabling local agencies to co-ordinate a developmental framework for applications for funding to strengthen VCS infrastructure. NLCB facilitated these meetings. Secondly, a 'Future Visioning' event discussed the strengths and weaknesses of the local VCS and its plans for the future. The event was attended by the NLCB and other lottery distributors, a conference report and action plan were produced, and a steering group formed to take these forward.

B4B: adding value through local ownership and buy-in for sustainability

The emphasis on local ownership – where local development is achieved by local actors – is likely to lead to local embeddedness and therefore to the sustainability of the scheme. The evaluators report that many of the benefits created by B4B are likely to be long-term. The nature of the scheme – a strategic approach to increasing applications to the NLCB, developing VCS infrastructure and partnership working – implies a desire for long-term change.

B4B: adding value through evaluation

B4B was evaluated by an external team, creating added value by assessing the success of the programme and identifying issues and good practice. The extent to which B4B was successful is of significant interest, since it reflects on the utility of the various approaches to adding value described above. The evaluation can inform and benefit BIG procedures, adding value to future schemes and programmes.

Quantitative measures – the scheme’s central target of achieving a flow of £3 million of NCLB grants into the Barnsley area over three years was achieved in the first year, and the number of main grants awarded more than doubled.

Qualitative measures – the scheme has been “especially effective in relation to its impact on voluntary infrastructure organisations and local development agencies” (Pearson and Lawless, 2000: 24).

B4B: adding value to the NLCB through organisational learning

The evaluation raised some key issues that have relevance to schemes such as Priority Areas Initiatives, which added value to NLCB’s learning. Firstly, grant officers developed their skills, knowledge and understanding of local context, and of the VCS, through their development work on B4B. This involvement therefore adds value to the NLCB grant assessment process and to the officers personally. Secondly, B4B was funded in a convoluted way from a budget underspend – this would need to be resolved for future initiatives. Thirdly, the evaluators suggested that the application process was daunting for some VCS groups, and may have been perceived as excluding. A suggested solution was increased contact with NLCB staff, ‘volunteer mentors’, and a ‘phased approach to applications’ (Pearson and Lawless, 2000: 41).

B4B: conclusion

The B4B scheme was successful when measured against its own aims of achieving an increase in the number and quality of successful applications from Barnsley to the NLCB, strengthening the local VCS and tackling disadvantage.

Local ownership and partnership working were considered to be vital to sustainability, and thereby to long-term value. B4B helped to create a stronger profile for the VCS within local policy, and in general supported the development of a more open and innovative environment. B4B's encouragement of a more inclusive approach to partnership in Barnsley made an "important contribution to sustainable and long-term change ... and likely to enhance the sustainability of partnership working in the longer term" (Pearson and Lawless, 2000: iii).

B4B also added value to areas outside its apparent remit. First, it enhanced the relationship between local VCS organisations. Since the NLCB was perceived to be an honest broker, it was able to draw on existing infrastructure - including knowledge, experience, time, and networks of local stakeholders. Second, the NLCB added value to its role as a grantmaker, addressing its aims of strengthening the local VCS as a whole, in addition to supporting local individual voluntary and community organisations. Third, B4B established what worked and what did not work, during the process of implementing the scheme, and from the independent evaluation. If incorporated into practice, this can add value to future BIG schemes and programmes.

What might have added greater value?

The scheme could have been piloted in an area of even greater disadvantage, where the 'buy-in' was less and there was a higher possibility of failure. This would have been more challenging for the NLCB, but much could have been learned by adopting a higher risk strategy. It could also have been extended to other areas of comparable disadvantage. The evaluators note that there may be a tension between "the Board's remit to be "fair to all" and the "prioritisation of certain areas" (Pearson and Lawless, 2000: iii).

Evaluators point to weaknesses in the design and implementation of the scheme. Initial planning was 'somewhat confused'. A period of development work before the formal launch of the scheme might have avoided a period of uncertainty. Despite a successful launch some momentum was lost because activities were not immediately ready. Finally, clear and consistent communication would have prevented misinterpretation and consequent disappointment.

3. The Healthy Living Centres (HLC) Development and Support programme

The HLC programme

The Healthy Living Centres Programme (HLC) was launched by NOF in 1999 and will run until 2009. Its central aims are to improve health and reduce inequalities in health through local community action, to target deprived communities, and to complement local 'health improvement programmes' and contribute to local health priorities. HLC projects are diverse: they may be in a single location or across several locations; some are based within the statutory sector and others are run by voluntary organisations. Most are partnerships. Some HLCs focus on a specific client group or issue but most support a range of users. In addition to funding from BIG, many HLCs are supported by health authorities, local authorities, charities, European agencies and/or area-based initiatives.

Evaluations of the programme have been carried out by the Bridge Consortium (funded by BIG), the Department of Health, and by each of the devolved administrations. Many HLCs also carry out self-evaluations or commission independent evaluations. These evaluations seek to provide added value in a number of ways and at different levels (i.e., information for BIG, HLCs, government and other external stakeholders). The dissemination of evaluation findings aimed at Healthy Living Centres "ensures that early findings are fed back ... and have some influence on improving operational procedures and outcomes" (New Opportunities Fund, 2001). Evaluation findings are also aimed at external stakeholders including sponsoring and partner Government Departments, national Parliaments or Assemblies, community health specialists, health promotion policy makers, and other funders.

The HLC Development and Support programme in England

The central focus of the Development and Support programme is to improve the medium or long-term sustainability prospects of HLCs beyond BIG funding. It has been designed and delivered by Accenture in England, with inputs from Healthskills and Community Action Network (CAN). There are different arrangements in Northern Ireland, Scotland and Wales.

A scoping study created a baseline understanding of the challenges and support needs of HLCs and their stakeholders, and informed the design of the programme.

The Development and Support programme in England has three core strands. First, it supports HLCs through the development of training materials and activities – including workshops and regional and national networking events – ensuring that best practice is shared on a dedicated website. The materials aim to equip HLCs with the skills and knowledge to communicate effectively with key stakeholders. Second, it is in the

process of developing a performance management system (or toolbox), which HLCs can adapt to help them to monitor their performance. Third, it seeks to help HLCs promote themselves, through written materials, their own regional networks, and through an independent membership organisation known as the National Healthy Living Alliance. The National Healthy Living Alliance seeks to take forward the work of the Development and Support programme and to become the lobbying medium at national level. It is forming regional networks of HLCs and may co-ordinate responses to government consultations on behalf of HLCs.

Networking is extremely valuable for most HLCs. Whilst some networking occurred prior to the Development and Support contract, it expanded once the contract was implemented.

What might have added greater value?

▶ The impact of the Development and Support programme.

Staff at the BIG Lottery Fund have been impressed by Accenture's efficient and professional management of the England Development and Support contract, and Accenture are deemed to have adapted well to the needs of the sector – a concern raised within BIG before they were awarded the contract. Feedback from some HLCs has been that the support has been excellent, although there are no further details which might explain in what way it has been excellent. Some HLCs reported that they would have liked to see the Development and Support contract in place at an earlier stage, in order for them to be able to benefit from it.

Approximately one third of HLCs have not engaged with the Development and Support contract. Given that this was a free resource, it is unclear about why this should be the case. This was explored in interviews, and although a number of hypotheses were put forward, there is no evidence to support them.

Some interviewees thought that it was likely that HLCs led by Primary Care Trusts (65 per cent of HLCs) would be more sustainable in the long-term than HLCs led by VCS organisations. It might be argued that statutory sector-led projects do not need the additional input in the same way that the voluntary sector does, since they have access to other sources of support from within that sector. It is possible that the Development and Support Programme might have had a greater impact had it focused strongly on VCS-led HLCs.

Given that sustainability has been the key focus of the Development and Support programme, it is only when and if HLCs are successfully sustained that the outcome of this contract can be evaluated. This is a long-term objective and one that depends on several external factors, not within the control of HLCs or the Development and Support programme.

▶ Duplication between the evaluation and the Development and Support programme. Some elements of the work of the evaluation and the Development and Support programme are similar, and there were initial difficulties in delineating their precise remits. However, the invitation to the evaluators to sit on the Advisory Panel for the Development and Support programme helped to smooth out some of the tensions inevitably raised by this, and also gave Accenture access to the significant expertise and experience of the evaluation team.

▶ Tensions – the need to highlight success, versus the need to learn.

Sustainability demands proof for future funders that HLCs have been successful. This could create pressure on both HLCs and BIG to highlight successes and gloss over failures. If this is the case, it is likely that objective analysis about the value of the HLC programme may be impeded and this will inhibit organisational learning and learning about impact and/or outcomes.

As the evaluators point out, successful HLCs may be very broad in scope, cutting “across conventional wisdom or established working practices” (Hills et al, 2005) – so why is the emphasis of the Development and Support programme on sustainability, rather than supporting HLCs to demonstrate they have achieved these aims? Those HLCs that cut across conventional wisdom and embrace meaningful additionality may not necessarily be the easiest to sustain, since they will not fit in with mainstream structures.

▶ HLCs: subtracting value by loss of operational knowledge

The relocation of BIG’s Corporate and Operational centres to Birmingham and Newcastle respectively is part of the wider reshaping and relocation of the Civil Service recommended in the Lyons Review (Well Placed to Deliver? – Shaping the Pattern of Government Service’, HM Treasury, 2004).

As a result of the relocation, many staff linked to the HLC programme are leaving the HLC team, and so BIG will lose much valuable knowledge. The new grant officers will not have the same history and background information with which to manage their grants. This subtraction of value by loss of operational knowledge is likely to impact substantially on organisational learning.

4. Approaches to adding value in BIG's new programmes

The Big Lottery Fund aims to add value to its new programmes, utilising learning from past experiences. Some examples include the following.

Big Lottery Fund Scotland's Investing in Communities portfolio

The Investing in Communities portfolio was launched by Big Lottery Fund Scotland in May 2006, and illustrates the way in which re-structuring funding and capacity building may be combined. The Investing in Communities Manifesto sets out several aspects of the approach. These include:

- purchasing results, not activities, by focusing on the outcomes the grantee intends to produce;
- not offering narrowly focused funding streams, because problems and issues do not occur in isolation;
- sharing responsibility with grantees to bring about change – 'travel(ling) the distance with those they fund' (BLF Scotland, 2006: 5);
- putting more resources into providing help and guidance for organisations before they apply for funds, such as development funding, available to all potential applicants. Through the 'Investing in Ideas' scheme, grants of up to £10,000 are available for communities and organisations to test out/fully develop their ideas (through market research, feasibility studies) before submitting full applications;
- supporting organisations to manage the funds they receive;
- 'more negotiation. More contact. More involvement' (BLF Scotland, 2006: 5), and redeploying staff and skills to deliver this approach;
- working with other organisations 'to add value to our investment' (BLF Scotland, 2006: 5).

The Big Lottery Fund Scotland is also committed to spending £20 million to improve the capacity and infrastructure of national, intermediary or second tier organisations; and £5 million for extension and replication of successful projects, or to disseminate learning and good practice.

The BASIS programme: building capacity in the voluntary and community sector

BIG's new BASIS programme will run in England, and will fund projects from infrastructure organisations that:

- increase the resources available to voluntary and community organisations
- increase voluntary and community organisation skills in –
 - planning and management
 - financial management and funding
 - influencing national and local policy practice
- improving the sustainability of infrastructure, including capital for voluntary sector resource centres.

Use of development grants in BIG's new programmes

Some of BIG's new programmes include development grants, to help projects build up their applications. This ensures that the final application and the foundations of the project are as robust as possible. For example:

(i) Living Landmarks (UK-wide).

This programme funds social and community projects, and major infrastructure investments, that transform the places where communities live. Development funding is available to assist all applicants who are successful after the first stage. It is used to fund some of the costs incurred in working up applications in readiness for assessment at the second stage. It might be used for professional fees, community consultation and public involvement.

(ii) International Grants Programme (UK-wide).

This programme funds projects that tackle the causes of poverty and deprivation and bring about a long-term difference to the lives of the most disadvantaged people in the world. The development grants stage has been designed to help organisations which need additional support to develop full applications. Small grants may be offered for initial research or needs analysis, and development grants are available for those that need extra support in undertaking business planning with their overseas partners to develop a full project or portfolio. There are thus two stages at which smaller or less experienced organisations can access additional funding to help in the process of developing their funding bid. It is expected that this will lead to higher-quality bids from a wider range of organisations.

