SUSTAINABLE PROJECTS FOR THE THIRD SECTOR

(SPOTS)

INTELLECTUAL OUTPUT 2

WORKSHOP OUTCOMES AND RECOMMENDATIONS

UK DRAFT REPORT

Outcomes and Recommendations of the SPOTS IO2 Workshops

Introduction

The Sustainable Projects of the Third Sector (SPOTS) Erasmus+ project has three key elements. The first (Intellectual Output 1 (IO1)) was to research the issues currently being experienced by both the funders (of various types) and the fundees.

Out of this research emerged a series of issues that the project would be tackle in a practical and proactive way. These issues were frames in a series of 10 questions to be put to both funders and fundees through a series of joint workshops (IO2). Eight of the questions were generic across the European project partners with two being country specific. In the UK we felt that the movement away from grants to a more loan-based system was an issue, specifically for small third sector organisations plus a more general question of what else was a problem that we had missed.

The final phase (IO3) will be the delivery of workshops for both funders and fundees using a manual based on the recommendations emerging from IO2. This manual will also be distributed much more widely in each country.

Three questions for each of the issues were devised as a result of analysis of the IO1 research. These questions are outlined below and linked with the appropriate responses from the IO2 workshops. It soon became clear that there were many interlinked and cross over issues so these have been included in the responses to the earlier questions rather than just repeating the findings.

Questions, responses and recommendations

1. **With sources of funding on the decline in many cases, tough economic conditions are weakening players in a number of disparate ways**
   - What can third sector organisations do to cope with the diminishing amount of grant funding on offer
   - Is increasing 'commercial activity' the way forward to secure future core finding
   - What can funders do to increase the financial pot into which an ever larger number of applicants are applying, especially in view of the 'outsourcing' of many services previously delivered by local government

Responses and recommendations

- In order to improve the chances of bid success, applicants should target projects to areas that funders are looking for.
- In response to the changing funding landscape third sector organisations need to diversify their sources of funding as well as up-skilling the workforce reservoir to access funding.
- Partnership working to share skill base and collaborate together is emerging as a key element of successful bids. There is therefore a need for support to help organisations identify partners to connect to. This could be provided by Community Volunteer Services (CVS's) or sector specific organisations, although they themselves are under financial pressure and are contributing to the decline in this very support infrastructure.
- Organisations lack abilities to sometimes gather the information that funders. Understanding this, for instance, evidencing the need for a project, will enhance the chances of successful bidding.
- Issues with commissioning is that organisations do and move away further from their core values so that they can target what the commissioning offers. This may, however, be essential to ensure they continued existence.
- Lack of support from funders especially as they want bids to have a commercial output but voluntary sector organisations don't have the experience or knowledge to meet that requirement.
- Lack of clarity of what funders expect organisations to do so organisations end up guessing what information they need to provide. Dialogue between funders and representatives of grant recipients via an online forum would improve this element.
- There was still the feeling that in many cases there was a "hidden agendas" from funding bodies. More clarity on the process and netter feedback would go some way to addressing this concern.
- Commercial sector lack understanding of what voluntary sector can provide value to their business. The development of a toolkit by supportive businesses in discussion with third sector organisations would provide a template to maximize opportunities.

- Smaller organisations don't have capacity like the larger organisations and funders, in partnership with Community Volunteer Services could become the partner broker for smaller organisations or perhaps becoming the commissioning body if they are the umbrella bidder.

2. **These weakened third sector players are coming to grips with the new challenges involved in project-based rather than longer term funding**
   - What strategies might be appropriate for third sectors organisations to put in place in order to replace previous longer term strategic funding
   - How might funders better support these organisations in their future planning to achieve long term survival and development
   - What might be the role of the private sector

Responses and recommendations
- Organisations need to be more fleet of foot to adapt and change shape to fit the changes in funding streams. Ongoing research into these changes by third sector organisations would lead to a more focused approach.
- There is a clear questioning from recipients as to why is the funders' emphasis on "it's got to be new." This is especially relevant when projects are deemed to be successful in addressing an ongoing need. There needs to be new balance in respect of funders, especially those addressing social need, between innovative projects and funding successful formulae in new environments.
- Funders could help applications by presenting a clearer transparency on what they actually think and how they view things.
- Funders should not underestimate how flexible small-scale organisations can be, especially in respect of more locally focused project. This is not always the case with larger thirds sector organisations that have the resources to gain the lion's share of the available money but not always the local expertise/focus to successfully deliver.
- Third sector organisations need to ensure that projects, and indeed core services, are increasingly designed to address the need to also make money
- Third sector organisations need more private sector backing, but, by way of a quid pro quo, they can help local businesses by developing projects that help support those businesses to better target.

3. Conceptual differences with regard to projects and partnerships
- How might funders help applicant organisations by linking up other organisations in the same field of expertise and interest
- What might it take for third sector organisations to be more willing to share ideas and future project proposals with those other organisations that they may see as 'rivals' for funding and influence
- Should there be a 'register' of organisations, geographical as well as areas of interest, so that third sector organisations can research for project partners

Responses and recommendations
- In order to develop partnership bids, infrastructure organisations could help to log and identify partners maybe through databases of organisations and the skills they can offer. This could be an area where sector specific funding organisations (e.g. Arts Council England) could fund local umbrella groups (e.g. local arts councils) to undertake this role.
- Many of the smaller organisations did not have the necessary networks and other links that some more proactive ones (and therefore potentially more successful) ones do. There was a greater need, therefore, for quality networking opportunities.
- Perhaps through the local Community Volunteer Services a bank of knowledge could be created so as to provide support for potential recipients. This would not only provide a more even provision as funders aren't then necessarily restricted in providing support to applicants themselves
- Issues arose with funders about the language they use, conditions imposed and their requirements, especially around match funding. Joint workshop between funders and representative third sector organisations could help alleviate this problem.

4. Unclear criteria and lack of transparency in application procedures
- What steps might funders take to improve their grant awarding criteria
- What steps might funders take to improve their transparency on funding decisions and in particular the at times wide disparity of advice emanating from different officers
- What might be the best way to improve the quality of applications from potential fundees

Responses and recommendations

- A key observation towards the funders' process was an inconsistency with different staff at funding bodies providing different views predicated on their own perspectives. This was becoming a deeper problem given the high turnover of staff that seems to be prevalent within many of the larger national grant giving bodies.
- Opportunity for a combine platform/approach for funders to help overcome inconsistencies between approach

5. **Short-term vision predominates, making it harder to implement lasting support**
   - How might third sector organisations undertake better business planning processes to offset the issue of short term vision by funders
   - What might it take for funders to adopt a more long term approach to awarding grants
   - Would the partnership model improve longer term planning

Responses and recommendations

- Third sector organisations need to do better in developing strategies to maximize financial gain on their 'product'.
- Creation of unrestricted funding is essential to building a longer term planning process that is not just based on individual project funding.
- CVS's have a role to play in developing a more contemporary business planning structure for many smaller third sector organisations. Provision of workshops could be funded by a central levy on funders for small third sector organisations to access via the CVS's.

6. **Risk aversion: the main obstacle to innovation**
   - What would it take for funders to be less risk averse in their decision making
   - How can potential fundees undertake better risk assessment processes to reassure funders of the viability, financial and operational, of projects
   - Should third sector organisations be more conservative with their choice of projects

Responses and recommendations

- The overall feeling was that the funders had increasingly become more risk adverse, although this obviously was a slight contradiction in terms of the earlier comments regarding 'new versus existing' projects.
- There was an issue linked to the impact measurement in the following question and this related to projecting forward the impact of a project in both sector specific, societal and financial terms. This was easier to

measure in terms of outputs rather than outcomes as outcomes often are more long term.

- There was an understanding among fundees that to get results often takes time which funders don't have as they are often short term in their approach (see below) thus leading to the increasing trend successful bids of more 'conservative' ideas.
- Rather than scale back ideas, training for fundees for better and more in depth Risk Assessment procedures would enable funders to be more confident when assessing bids, especially those at the more radical end of any scale.

7. **Taking better account of the social impact of projects**
   - What evaluation processes can be implemented to assess impact, especially over the longer term
   - How can funders support this aspiration with post-project funding and other support
   - Which other agencies could be engaged in assessing social impact

Responses and recommendations

- Fundees were clear that Identifying differences made by a project were crucial in measuring its success set against the targets outlined in the initial bid.
- They were also clear that, in many larger projects, the outcome impact measurement was needed to be seen over the long term but this was intrinsically not linked to the period of the grant. This was especially difficult in the area of impact measured loans (see below).
- Development by funders/fundees of sector-specific impact measurement tools would help to create shared understanding against which bids could be assessed. This would help applicants to be clearer in their bidding process and give funders a clearer idea as to what a specific bit might achieve.
- The perception was that there was a lack of coordination in funding bodies to what is expected from the outcomes they have set that projects need to achieve so a joint common (as far as is possible) approach would be of benefit to both parties.

8. **Create spaces for dialogue to provide long-term support**

- What would funders like to put in place to create an environment that funding recipient organisations feel that they can establish a long term relation ship with specific funder/s
- How can fundee organisations structure their future planning to better ensure continuing project funding from funders
- What dialogue environment might be created in order for the above to be achieved

Responses and recommendations

- A great understanding by funders is required to enable project deliverers to be more able to include core costs in project budgets.
- Fundee organisations need to develop future projects whilst delivering. This would, if bids are successful, enable at least some core costs to be funded on an ongoing basis.
- This is more easily done in larger organisations with a greater number of staff

9. **Funding Issues arising from, in some sectors, a movement from grant funding to loans such as social impact bonds**

Responses and recommendations

- Lower targets are agreed between funder & fundee to achieve financial rewards often does not address the more difficult areas that a project may well have been set up to address. There needs to be a better balance between the 'easy win' and the harder to achieve.
- Impossible for small organisations to access as trustees are unable to or unwilling to underwrite projects. Also they are unlikely to have sufficient financial resources to fund the receiving the 'payment by results' money.
- Potential ways round this might be transfer the risk to a body project prior to
- such as a local authority, especially if third sector organisations are taking on areas previously covered by the local authority themselves.
- More 'commercial' style business planning needed to ensure future sustainability. This therefore needs to be written in the initial project design.