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SPOTS
Sustainable Projects
for Organisations
of the Third Sector

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BUSINESS AGENCY

Sustainable Projects of the Third Sector (SPOTS) Project Research Paper IO1

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Executive Summary

SPOTS is a trans-European Erasmus+ funded project investigating the relationship between funders and funders. Its three component areas are research, workshops plus training and dissemination. The European partners are drawn from France (project lead), Portugal, Algeria and the UK. The UK partner is Advantage Business Agency.

The research element worked with a number of local, regional and national organisations, and with both funders and fundees. Although the focus was on the cultural sector it is clear that many of the findings apply to other sectors.

The survey, which was conducted through a mixture of face to face, telephone interviews and via email, posed a series of questions which were 'mirrored' according to the perspective of funder and fundee.

From the fundee perspective there was a considerable amount of agreement in the responses to the various questions posed. This was irrespective of the size of the organisation or its national/regional/local remit. The only area where there was any significant divergence of views was in the aspect of match-funding.

The view was that there to be not only less funding available but it was being now shared out amongst a wider constituency, including new third sector organisations which were trying to fill the void left by a considerable retraction in local authority 'discretionary' provision. Subsequent cuts in funder staffing levels also has led, through a number of factors to a damaging of relationships between funders and fundees. This is cross cutting through advice on applications, project monitoring, bizarre decisions, feedback and re-submission advice.

Concern was also expressed at often a lack of clarity in respect of funding criteria and funders becoming much more risk averse.

As regards match-funding a minority view felt that the requirement to raise other funds was a positive aspect, however the majority view was that, if the match percentage was too high, then it was a deterrent to the submission of otherwise excellent projects. This was particularly felt in the area of 'payment by results' which was squeezing smaller organisations.

Finally, from a fundee perspective, it is felt that there needs to be more understanding from funders to understand the resources needed to write good bids. A number of ideas were suggested that could improve the process including funded steps, understanding how and why funders established criteria and long-term support for successful smaller organisations.



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From a funder perspective in respect of engagement with the fundee it varies from very little with small foundations and grant making trusts up to a keen interest from larger foundations and formal organisations such as local authorities and Arts Council England. The latter group are increasingly looking for impact set against their own specific criteria whereas smaller funders do not seem particularly interested in this.

In respect of guidelines a similar pattern occurs with very loose ones, if any, from smaller organisations up to much larger ones and public organisations providing much more clarity.

Smaller trusts etc. offer virtually no support or vetting prior to submission whereas with the public sector etc. group the process often is much more rigorous. They all feel, however, that their funding guidelines and their clarity is commensurate with the amount of funding on offer.

The overriding view is that the amount of funding on offer is shrinking for a wide variety of reasons ranging from cuts in overall government funding, especially from local authorities, and low interest rates not replenishing legacy funds.

Social investment is the only area to see a rise in funding but it is tending to be targeted at larger organisations for a number of reasons.

Funders feel that they would like to explore how they can help applicants learn from previous applicants' success and also how they can assist fundees in accessing European funding streams.

Finally they wish fundees to establish a better understanding of the varied and growing sources of funding.

Overall it can be concluded that whilst there was agreement between the two 'sides' that the funding pot is shrinking, there was a clear divergence of views and understanding between them. This project will hopefully contribute to a better understanding of the two relative positions, thus resulting in better-focused bids and a reduction in the feeling that the whole process is at times something of a lottery.



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1. CONTEXT

What is it?

It is a trans-sectorial Strategic Partnership in Vocational Training funded by the European Union KA2 stream of Erasmus +.

Its title is Sustainable Projects for Organisations in the Third Sector. Its acronym is SPOTS.

It is a part of the EU priority of developing partnerships between education and employment

Its project global objective is to work on the Third Sector/community organisations and funders/local authorities to “facilitate the mutual understanding between funders and organisations in order to improve the quality of the project in development and delivery.”

Who are the beneficiaries?

Funders, local authorities, Third Sector organisations, trainers.

What are the specific objectives?

For the Third Sector organisations:

- To better understand the expectations from the funders
- To help them to have sustainable projects by guiding and training them on how to design a project based on their reality, economy, context and territory.

For the funders/local authorities:

- To raise their awareness of the reality/difficulties of the organisations when they answer a call for a project or apply for funding

For the training organisations:

- To build an innovative training process for organisations and funders focused on the relationship between the project and the organisation

SPOTS PARTNERS



IFAID (France) A non- profit organisation and training centre in the project development and capacity building for the Third Sector. IFAID are the project lead. www.ifaid.org



ADVANTAGE BUSINESS AGENCY (UK) A consultancy specialising in the support of the Third Sector. www.advantage-ba.com



BAIROS (Portugal) A local network, non-profit organisation focussing on Third Sector capacity building. <https://www.facebook.com/Bairros.adl>



ETOILE CULTURELLE D'AKBOU (Algeria) A non-profit organisation supporting youth, human rights, social inclusion and vocational training. <http://www.pcpalgerie.org/?Etoile-Culturelle-d-Akbou-ECA>



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UK Focus

- Each partner country organisation has chosen different sector for its focus
- UK focus on the cultural and creative sectors, social investment and impact
- Assess the needs of both funder and recipient to design a better match
- Series of questions which are directly related between funder and fundee
- A mixture of regional and national organisations
- Explore current innovative projects, both national and local



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2. METHODOLOGY

A representative sample, national and regional, of both funders and fundees were asked 'mirror' questions around the subject of funding. The findings are set out below.

FUNDERS

ARTS COUNCIL ENGLAND (ACE)



- Major national funder of culture and the arts
- Mission statement:
 - Great art and culture for everyone
- Receives funding direct from government and from the National Lottery
- Overall annual budget of £1bn

ACE Initiatives

- National Portfolio Organisations
- Grants for the Arts*
- Major Partner Museums
- Strategic Funds

Grants for the Arts*

- Two level of grants supporting arts activity across the country
- Total budget of £70m annually
- Under £15000
 - Designed to support and stimulate small local projects
 - Decision in 6 weeks after application
- Over £15000
 - Support for larger projects with multiple partners
 - Decision takes 3 months after application



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BIRMINGHAM CITY COUNCIL (BCC)



- Largest local authority in Western Europe
- 1 million inhabitants
- Youngest city in Europe
- Second most diverse in Europe
- Strong focus on arts and culture
- Home to many internationally renowned cultural organisations

BCC Initiatives

- Connecting Communities (£120k)
- Arts Champions (£40k)
- Small grants programmes (£350k)
 - Culture on Your Doorstep
 - Next Generation
 - Festivals

Connecting Communities

- Funded by ACE and UK Dept. of Local Government
- To support and showcase good practice in arts and culture that brings communities together
- To support local-level arts projects that locate culture at the heart of community life
- Overarching DCLG aims
 - Allowing people of all backgrounds to participate in the arts
 - Building a clear sense of shared values, aspirations and common good
- Partner cities in Burnley, Bristol and Bradford

Arts Champions

- 12 major arts and cultural organisations based in the city e.g. theatres, orchestra, galleries, ballet and opera companies
- Financial support
- Expectation of community engagement
- Each allocated to a specific area of the city



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Small Grants Programme

- Culture on Your Doorstep
 - Projects involving local communities being engaged in arts projects
- Next Generation
 - Specifically aimed at projects involving young people

FUNDEES

Royal Society for the Encouragement of Arts, Manufacture and Commerce (RSA)



- Social justice organisation with 27000 Fellows worldwide
- Action and Research Centre (ARC)
- Receives funding to research pressing social issues
- Mixture of grants and commissions

Leaps and Bounds



- Leaps and Bounds Trust
- Based in West Midlands
- Works with disadvantaged young people and communities
- Uses arts and culture as the vehicle
- Draws funding from national bodies, local trusts and local authorities
- 10 years' record of successful intervention



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Longbridge Public Art Project (LPAP)

- LPAP is an ongoing research in practice contemporary site-specific public art project
- Based in Longbridge, Birmingham
- Site of a now demolished very large car factory, undergoing considerable regeneration
- Partnership building and community engagement are integral
- The project aims to revitalize the area culturally and socially through a place making approach as it undergoes major regeneration
- Creates opportunities for artists to be fully embedded in the area over a period of time
- Work being developed is socially engaged, practical and functional with the aim to represent the intrinsic value of the existing built environment and to enhance the new development through artistic intervention and place making.

Fund-raising consultant – Richard Morris

- Raises funds for a wide variety of different organisations
- Organisations are of a varied size and location
- Well researched knowledge and funding bids are tailored to fit applicant
- Previous experience of working for a regional funding agency



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Interview Questions

Fundees

1. What are your views on the relationship that you have with your funders and what is the feedback you have had from them, whether you have been successful or not?
2. Are the expectations of the funders realistic and practically ideal in terms of gap between submission and delivery, a clear and transparent process, frequency/duration of bidding rounds?
3. What is your view on the support that funders give you in the bidding process and any resubmission?
4. Are you always fully aware of the key objectives and criteria of funders, are they clearly articulated and that decisions are clearly based on those criteria?
5. Is it getting easier or harder to access funds and what are your views on the reasons for any change?
6. What is your experience in terms of matched funding in terms of expectations by funders
7. If you were involved in a training programme between funders and fundees what aspects would you cover?
8. Are there any other areas of this relationship that you would like to explore?



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Interview Questions

Funders

1. How do you develop the relationship between yourselves and those organisations that you fund? Do you actively monitor that relationship and how do you actively use the information from both success and failure?
2. When drawing up guidelines what considerations do you make: e.g. practicalities in terms of delivery, timescales between submission and delivery, clear and transparent process, frequency/duration of bidding rounds?
3. What is your process for sifting and resubmission and what are the elements that makes a bid successful or unsuccessful? How much support do you give bidders prior to submission?
4. Do you feel that your key objectives are widely known and understood and if an interesting project comes in that doesn't quite fit your priorities how might you deal with it?
5. Is your funding pot growing or shrinking and if so why do you think that is the case. In terms of national providers, how much is your focus and key objectives driven by government policy & priorities?
6. What is your policy regarding matched funding especially in the areas where matched funding might depend on the application to your organisation being successful?
7. If you were involved in a training programme between funders and fundees what aspects would you cover?
8. Are there any other areas of this relationship that you would like to explore?



3. FINDINGS

Fundee perspective

There was a considerable amount of agreement in the responses to the various questions posed. This was irrespective of the size of the organisation or its national/regional/local remit. The only area where there was any significant divergence of views was in the aspect of match-funding.

Relations with Funders and their feedback

This is very much dependent on the funder, some funders have historically had a reputation for helping organisations develop relationship with themselves and other funders. This enables the organisations to have a point of contact with the funder to help develop applications, support delivery and enable issues to be addressed quickly without jeopardising the project. With recent cuts many funders have seen staffing levels reduced and changes in staff, this has resulted in damaging the relationships organisations have with funders, to the degree that each time an organisations applies to that particular funder they have to deal with a different member of staff. Furthermore in some cases each time an organisations contacts a funder they have to deal with a different person rather than someone assigned to their project.

The general feeling is that Trusts and Foundations, where large sums of money are concerned take too much interest in the minutiae and are very demanding, whereas with small grants there is little or no follow up or even checking that the funds have been used appropriately.

With Corporate funding they are hard to engage once a grant has been given and it is thus difficult to maintain an on-going relationship.

The experience from this is that organisations are being given wrong or misleading information from funders that often are purely down to the inexperience of the staff within the funding body. Information then given about a particular funding stream is influenced by personal opinion of the staff involved rather than based on knowledge and experience of the funding criteria and grant-making panel.

On the other end of the scale are those funding bodies that clearly state in their guidelines that they will not enter into any communication with organisations after an application to them is made. This is often because they feel that if they offer advice, and a re-application is submitted they are concerned that any re-submission would be successful – not often the case!



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Realistic and practical expectations of Funders in terms of gap between submission and delivery. Is the process clear and transparent?

There was a general consensus that the 'decision gap' is broadly fair and in line with the level of monies applied for. Although everyone would rather that they were quicker! More transparency (and adhering to) on actual decision dates would be more helpful in order that organisations aren't left in limbo.

There nevertheless seemed to be a view that outcomes weren't always in line with the quality of bids, thus rendering the process itself a bit of a lottery. There was also a feeling that with some of the higher grant level trust and foundations there were 'hidden' pots of money that might become available.

Funders support during bidding (and re-submission process) and their feedback

On a very few occasions do funders give any feedback on why an application has not been successful. With the term that is often used being "the application did not fully meet our criteria," funders could help organisations by explaining why this is the case and how the application could be improved. This would actually save the funder time and effort by reducing the number of resubmissions from organisations and also help to improve the quality of the bids they receive.

Where they do provide constructive feedback it can lead to a better Fundee understanding of the overall process.

Awareness of key objectives and criteria of Funders

The biggest issue here is that many funders that do publish guidelines do so without detailing enough about what specifically they are looking for in an application – perhaps they are wary of a challenge if they are too specific. Grant panels often have, for lack of a better term "a secret agenda" when it comes to awarding grants. There is also the issues of 'luck of the draw' when it comes to individual funding rounds which have a round-specific funding pot. The other frustrating issue is the situation of funds being granted to projects that 'tick boxes' rather than on their own individual merit.

If there was more clarity and specifics then organisations would be better placed to develop stronger applications or decide that that particular fund was not suitable after all saving time, effort and costs.



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In some cases a wide disparity of views between assessors and individual grant panel members (often well-intentioned amateurs) can lead to bizarre outcomes. An opportunity to 'put one's case' might lead to more of a level playing field. If there was more clarity and specifics then organisations would be better placed to develop stronger applications or decide that that particular fund was not suitable after all saving time, effort and costs.

Is it harder to access funds?

Yes, most emphatically.

This is for several reasons:

- Reduction in amount of funding streams available especially from local and central government.
- Due to government cuts, local authorities are looking at all possible ways to save costs this includes transferring services that they previously provided, into trusts, to community groups and charities so that they can apply to funding bodies for additional funds, resulting in an increase in demand for these funds and competition with normal community projects/ charities.
- Often funders are less keen to fund what used to be in the public sector though, so a significant hole is appearing in this provision.
- Due to a reduction in interest rates many of the smaller funders that relied on the return from savings for the funds that they would donate being dramatically reduced and therefore having less funds to provide grants with.
- Many of the larger funders now require that applications have some degree of match funding secured before they will provide a grant. This makes it extremely difficult especially for smaller organisations to access these funds.
- There is also more competition for funds from organisations that traditionally would not have thought to or been able to apply for such funding like companies rather than registered charities.
- The entire funding concept is getting more complex and time consuming with a decreasing chance of success. Very dispiriting.

In addition, there is an overall feeling thought that funders are getting more conservative and more risk averse

Matched funding requirements

There was a degree of cynicism around this subject. The 'match' is often something of a game of figure massaging that doesn't really work. Whilst some felt that the requirement to raise other funds was a positive aspect the majority view was that, if the match percentage was too high, then it was a deterrent to the submission of otherwise excellent projects, especially those from smaller organisations that do not have a regular source of income or



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sufficient reserves in place. This is particularly relevant at the current time as many smaller charities in particular are either struggling to survive or closing. This is across all sectors. The larger third sector organisations have less of a problem in this regard with the consequence that smaller organisations are being squeezed out.

This latter point is even more true when it comes to 'payment by results' funding. Trustees of smaller organisations have neither the resources to underpin such approach nor the willingness to take a risk that targets may not be hit. Consequently many excellent locally based projects never get off the ground and the well established larger organisations are able to scoop up what funding (especially government/European) does become available.

Often, however, it is the smaller, more targeted local projects that can have the greatest impact rather than those from more national and strategically focused larger organisations.

What other aspects of the funder/fundee relationship might be developed?

Primarily what emerged was more support was required for organisations in working up bids. Funders need to understand the resources needed to write good bids. Although smaller organisations are very much hampered in this regard with much unpaid time being put into this, even large third sector organisations are wary of investing potential tens of thousand of pounds/euros that might ultimately fail because of the vagaries outlined in the earlier sections.

Support here could be through a number of different routes:

- A preliminary fund for funders to work up ideas as costs involved often prohibitive, especially for smaller organisations
- Work upon what is really in the public interest and what true value does a project have
- Series of funded steps
- Understanding why and how funders chose what their criteria is in more detail and what type of activities they would fund in the process
- How can funders support in the long term smaller organisations and individuals that have a good track record



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Funder perspective

Relationship, monitoring of fundee and use of information gained.

Funders offer different levels and type of support. These vary not only within the individual funders but also the type of funder.

Small foundations and grant making trusts tend to make individual decisions based on individual applications and there the relationship ends until it next receives an application. There is often not even any follow up as to whether the funding was spent as intended. This may be because the amounts are relatively small and also because the foundation will not have any of its own staff other than using an agency body (e.g. a solicitor firm) to administer the process and a volunteer board meeting on an irregular basis to make the decisions.

Larger foundations, often with specific criteria, will take a much deeper interest in how the money is being spent, very often because they themselves will want to use the information gathered for their own purposes (e.g. Rowntree Trust).

The more formal organisations, such as Arts Council England (ACE) or those local authorities still offering grant support, offer different levels of support. This in general ranges from one-off short-term projects to regular funded organisations (RFOs).

Funding for RFOs will relate to the specific *raison d'être* of the organisation. In the case of ACE it will be to realize and support their specific goals:

- Artistic excellence
- Public engagement – more people, more places
- Resilience – building for the future
- Leadership – diverse and strong leadership for the future
- Children and young people

As this support will be over a number of years then ACE will try, through a dedicated member of staff, to develop a strong relationship with the RFO and monitor performance against the criteria set for the RFO. These relationship managers are often embedded in the organisation itself and are part of the decision making process.

Although the overriding criteria may be different in the case of local authorities, e.g. well-being in priority neighbourhoods or delivering elements of its Cultural Strategy, the engagement differs little from ACE in their support of their own RFOs.

In both cases they are looking for the impact that those organisations are having on their own specific criteria. Future funding decisions may well be determined by this impact



measurement. There is, however, an ongoing concern as to how to communicate this impact measurement to decision makers in a way that informs future policy and funding.

With the funding of smaller, more stand-alone, individual projects this process is, by comparison, much less rigorous. Decisions around funding, however, will still be based on the same overarching criteria but the individual relationship and ongoing monitoring being much more relaxed. End of project reports (and sometimes mid-term) are usually required to release any final tranche of funds. Less, if any, measurement of impact is undertaken but the quality of outcomes may well influence any future funding applications from an organisation.

Guidelines for timescales, processes and frequency of bidding process as well as practicality of delivery.

The smaller trusts and foundations often give little or no guidance as to these issues. Sometimes closing dates for applications are issued, but very rarely when decisions might be expected. As outlined above, this is very often because the very 'amateur' nature of the organisation. There is usually little opportunity for applicants to feedback to these organisations so very little changes in this process.

Large-scale foundations and public sector funders have much more clarity in all these areas. Over the years they have obtained much more feedback from applicants and their processes reflect that.

Process for sifting applications and support prior to submission

Smaller trusts and foundations often offer little or no support prior to submission (occasionally there will be a pre-decision phone call or meeting, but these are relatively rare). There seems to be little or no sifting prior panel meetings.

The national organisations and local government have a quite rigorous process so that only those bids deemed to have a prospect of success go through to a panel meeting. This process will involve:

- Risk checks - financial and deliverability
- Eligibility for funding
- Strength and quality of bid
- Demonstration of strong management and financial control
- Quality of bid to meet overall criteria
- Comparisons with other bids
- Assessment of existing spend in a particular area of engagement
- Ensure that all aspects within the remit of the funding organisation are being covered by the range of submitted bids



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Clarity to applicants of key objectives

In all cases the funders feel that they issue funding guidelines that offer clarity to applicants. The amount of information given, most usually but not exclusively via web-sites, is proportionate to the level of funding on offer.

In terms of the larger organisations it is usual that these guidelines are clearly linked to the current strategic plan and criteria of the parent organisation

Levels of funding

The overriding view is that levels of funding are shrinking.

Smaller trusts have seen their own pots diminishing partly because of pressure of demand caused by cuts in national and local government funding for areas previously delivered by them, and partly because of low interest and other investment rates which means that additional funds are not forthcoming from these areas.

Local authorities and national bodies have seen their funding from national government cut significantly. This has had a disproportionately negative effect on cultural funding.

There are a number of national initiatives e.g. Connecting Communities that have seen some joined up thinking at national level that has produced a few new areas of spend and an opportunity to work in a different way but these are isolated cases.

The one area where more funding has been available has been through social investment. This has clear links to the locality agenda on national government and its wish to make local areas more responsible and responsive to their own needs. This overarching initiative is in its relatively early stages and there is some evidence that it is having a positive impact in some areas. However, many smaller local organisations, owing to their underlying lack of significant financial reserves, are risk averse to taking on what is either a medium to long-term loan or operating on a payment by results basis.

Other areas

An exploration of how funders can better help applicants learn from previous applicants success, both in being awarded funding and in the running of successful projects.

Looking at support funding so as to access Creative Europe and other European funding streams

Establishing a better understanding from fundees of the distinction between grant, social investment, crowdfunding, contract and commissioning funding streams