Working together to strengthen London's voluntary and community sector

STRATEGIES FOR FUNDING THE VOLUNTARY AND COMMUNITY SECTOR

15 June 2009 at the Royal Society of Arts, London
A London Funders members' meeting following the AGM

WELCOME AND INTRODUCTIONS

Sara Llewellin, Chair, London Funders

Sara welcomed members of London Funders to the discussion which followed the Annual General Meeting where trustees had reported to members on 2008 and confirmed the new Board.

FUNDERS' RESPONSE TO THE RECESSION

Lisa Greensill, Government Office for London and Alastair Wilson, School for Social Entrepreneurs

Lisa reminded participants about *The recession: We're all in it together*, the conference on 11 February that had brought together funders and key second tier and front line organisations to consider what impact the recession was having on London's communities, the London voluntary and community sector (VCS) and funders, to plan how together they might respond. This event had been an important springboard for further activity. It had been informative about the impact of the recession on foundations and local authorities; and it was an opportunity to share the voluntary and community sector's worries. It had highlighted the increasing demand for VCS services: advice and debt advice services had been hit hardest and fastest so far with increasing numbers of people in debt, larger and more complex debt and a shortage of trained debt advice workers.

Specific actions since:

- The London Debt Summit, planned for 22 June, was bringing together debt advice services, concerned public bodies and funders of all kinds to review the problems and begin to work together on a response. This was a really good example of collaboration in tackling current issues, at least to mitigate problems by looking at how to combine information, knowledge and other resources.
- The Big Squeeze, London Voluntary Service Council's data gathering and analysis about the impact of the recession on the VCS, would provide a constructive source of information too.
- London Funders had created a website to inform and support funders as they explored how to stretch resources and develop supportive approaches. Lisa saw many challenges ahead in sustaining the VCS for the long term. She also saw opportunities for partnership and joint working and hoped that this discussion could be used to advise London Funders on what it could best do to help funders act practically and in the best long term interests of the sector.

Alastair then invited everyone in the audience to do some brainstorming in small groups on:

1. What we can jointly do to lessen the impact of the recession on the VCS, and
2. What London Funders can do to support funder collaboration.

After discussion, the six groups fed back their thoughts to the whole audience.

1 What can we jointly do to lessen the impact of the recession?

- Everyone thought more could be done to encourage **information sharing** – amongst funders and in the VCS. There was scope to share tools as well for coping with the recession.
- One group wanted to **understand** the recession more: how was it working through for funders and for the VCS? This was vital for funders' own planning. Why were some funders not receiving more applications than usual?
- Encouraging **collaboration** was a theme for all the groups. Firstly, VCS collaboration and how funders could help:
  - share information on how to collaborate,
  - be more aware of (and discourage) duplication of provision,
  - identify umbrella support groups that specialise in this field, eg bassac's Collaboration Benefits,
  - scope good practice on the benefits of merging.

  Funders could collaborate more too in funding partnerships, joint grants programmes and learning how to work smarter together.

- This shaded into ideas about **stretching funding** – care in the selection of grant recipients; supporting the most entrepreneurial plans; signposting groups to other funders; being cautious over new initiatives. A question discussed in most of the groups was how to support sustainability carefully especially in hard times. Answers included funding more core activity (rather than projects); considering a programme on investment readiness; encouraging consortium bids for funding; and awareness of the needs of small groups.

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- One group especially highlighted the need to be aware of, and perhaps shore up, organisations that may be **"unfashionable" but are "recession relevant"** – such as refugee community organisations and some second tier agencies.
- One group thought funders could **advocate** on behalf of the organisations they fund, sharing information on their impact, disseminating information on their role and their methodology.
- There was a proposal that this was a good opportunity for funders to **ease the burden of monitoring and evaluation**, perhaps best achieved by some agreement between funders about consistency in data needed.

2 What can London Funders do to support collaboration?

- **Information-sharing** is key, eg share examples of funder collaboration; build a database – which funders are doing what, how, when, why; support the pooling of resources for grantmaking – perhaps help funders work in bidding consortia and jointly raise funds; and organise regular updates on what is being funded.
- Encourage more **networking** - get funders talking about why some work matters and must not be allowed to fail.
- Facilitate **liaison** with other organisations - in particular, linkage with the work of the CVS sub regions and with support services like bassac's.

In responding to the groups' feedback, Gaynor Humphreys, Director of London Funders, promised that the Executive Committee would look at all these ideas very seriously. Some work was already moving in the right direction. With the help of Capacitybuilders, London Funders had set up a website to support funders in responding to the recession. It already included useful resources such as case studies from funders. Members were encouraged to have a look at it and feed back to the Secretariat what more it could offer, and also send their own material to help populate it.

With London Councils, London Funders was following up an idea from 11 February, of using some of the best economic indicators to predict the progress of the recession and align that analysis with what was happening in London's communities. A small group with expertise in finance, economics and social policy, and practitioners from the voluntary and community sector was coming together to work on this, hoping it would provide a resource for funders in planning their strategic response to the crisis.

To find the report of *The recession: we're all in it together*: click here
London Funders recession response website: click here

NCVO's FUNDING COMMISSION

Rachel Lomax and Stephen Dunmore

Sara Llewellin, in the chair, expressed London Funders' good fortune that Rachel Lomax, Chair of NCVO's Funding Commission and Stephen Dunmore, a Commission member and Interim Chief Executive of The Diana, Princess of Wales Memorial Fund (a London Funders member) had come to share the Commission's key issues in future funding of the voluntary and community sector.

Rachel explained that the Commission aimed to set a new agenda for the funding of voluntary and community organisations (VCOs) in the next decade. The timing is important - the long term could particularly suffer because everyone is so stressed about the short term. She noted the huge fiscal deficit, loss of faith in the market. The voluntary sector "shoe will pinch", along with cuts in public services.

As well as already holding several Commission meetings to begin to refine their agenda, the Commissioners have held a roundtable with the Carnegie UK Trust considering what the sector's operating environment could look like in the next decade and beyond, commissioned a 'think piece' by David Carrington, and had undertaken some desk research on past, current and likely future funding trends which reminded the Commission that the last ten years had been quite a golden period for the third sector, with new funding streams, the opportunity to tender to deliver public services, and better relations with government. But some of these shifts had masked financial volatility and fragility in the sector.

David Carrington's paper had led the Commission to some broad conclusions which informed their choices for detailed work. One was on the need to make all funding more "intelligent" ("we've grown a funding market but it doesn't work very well"). Further, the sector needs stability; a significant way of achieving that would be to see VCOs capitalised, with stronger balance sheets. Finally, additional resources are needed and so the Commission should look at innovation – the use of new technology, new structures, and so on.

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A 12-week consultation period with VCOs and sector experts had just closed and had generated a good response. All of these opportunities for information and reflection had resulted in a decision to pursue three key themes where the Commission see themselves as having the opportunity to bring forward new policies and new thinking – adding real value to the field. They are also wisely planning to address issues which feel right in this recession and which they believe would go with the political tide and receive support from the sector. They are mindful of the current climate – any proposals need to be realistic in this fiscal context, not simply demands for new tax breaks, for example.

The themes selected are:
1 capitalising the sector **2 modernising giving** **3 boosting local effectiveness**

They are being viewed in part via cross cutting questions about

- the funding practices of both funders and recipients – this featured strongly in the consultation;
- any instruments or structures that might be needed or usefully developed;
- capacity building and skills; and
- relevance to the diversity of organisations that make up the sector, including issues of equality, and the many small groups that may "fly under the radar".

1 Capitalising the sector

The Commission's starting point is that there is a lack of capital in many parts of the sector. One reason why it can be difficult for VCOs to raise capital is the perception that if they hold capital or reserves they are "hoarding". Increased capital could enable VCOs to plan beyond the short term, cope with lumpy income streams, cover staff shortages due to illness or emergencies, or purchase assets. Issues such as asset transfer and reserves will be reviewed too.

2 Modernising giving

This is a crucial area for the third sector, being the primary supply of unrestricted income, and available to fund core costs. Some of the work needed may just be to make sure donors understand how important this kind of contribution is. The Commission is interested in looking at how to increase giving by individuals, corporates and foundations. Both main political parties have an interest in this and the recent appointment of Dame Stephanie Shirley as Ambassador for Philanthropy should be helpful, but levels of giving have not changed much in the last ten years. There were many ideas to follow up including more analysis of changing demographics and alignment of expectations of giving from different population segments; and tax mechanisms that might encourage businesses to give more. There are various lobbies working towards changes in Gift Aid, and promoting "lifetime legacies". The Commission will add its weight where it seems needed but it will also seek out new ideas.

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3 Boosting local effectiveness

Stephen addressed this topic. If both government and the market are reduced it may be the right time to strengthen the case for a vibrant civil society. There is plenty written and done on this – not all of it good practice. In funding relationships, specifically, he believes that most funders now realise the importance of proportionality in reporting processes but there are other questions he hopes to see the Commission tackle. Should more funding be **locally determined** and if so what roles will be played by Local Strategic Partnerships, Local Area Agreements, community foundations and councils for voluntary service? The Commission will look at both sides of the equation - how VCOs can make better use of existing funding and how funders can ensure their practices are appropriate to local VCOs.

How much more investment ought there to be in **capacity-building**? Funders have a crucial interest in the efficiency and effectiveness of what they fund. What is the best route for funding capacity-building? Collaboration and mergers are increasingly seen as providing economies of scale but there may be more work needed to help government and other funders understand their cost and the resources needed to build partnerships and collaborations.

There has been a shift in the nature of funding with more and more money being awarded **prescriptively**: Stephen sketched in a spectrum of types of funding relationship from money given on the basis of funders' outcomes and terms of contract, to open grants programmes such as Awards for All, and on to individual gifts. He hoped the Commission would make a helpful contribution to the discussion about where the right balance lay.

Funder "mechanics" would also be under the microscope, eg the opportunities for funder collaboration, sharing best practice, joined up funding and other improvements.

Audience feedback

1 The role of **loans** – useful for larger organisations, but not relevant to the bulk of smaller ones.

2 The ability to build up **unrestricted reserves**: the Funding Commission might need to work hard on the Charity Commission about this, as well as encouraging better practice in the presentation of accounts, and more awareness of the value of reserves and assets amongst all funders. Anja Beinroth (East London Community Foundation) thought that it would need quite a big attitudinal shift among some funders too. Rachel hoped the timing was right for this – business people on boards should understand the principle, and the uncertainties of a recession could help get the point across.

3 Some funders, and notably government funders, were overly **bureaucratic, and often unrealistic** about timescales for proposals and decisions on funding. All funders should be interested in the Commission's recommendations and the Commission members were encouraged to put some pressure on the more inflexible funders.

4 The point was made that there was room for better understanding of the appropriateness of **full cost recovery budgeting** and perhaps more standardisation of practice.

5 Alastair Wilson, newly returned from setting up a School for Social Entrepreneurs in Australia, noted that some of the points made in this discussion drew on experience in other countries. While he recognised that there was always a lot to learn from other countries, he noted what huge recognition there currently was for **UK third sector experience**, especially our long history of developing social enterprise. There was a market to be exploited for the benefit of UK VCOs.

6 Mubin Haq of City Parochial Foundation shared discussion currently under way among foundations about how to **align investment with mission**; he hoped the Commission might challenge the simplistic requirement of trustee boards to get the best financial return and thought there were alternatives to the financial market which had failed some foundations so spectacularly. He quoted his own Foundation's investment in playing fields, initially for social and environmental reasons, but which in the longer term had also benefitted the Foundation's finances.

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7 Mubin was also concerned about some points in the discussion of strengthening local funding. It was often hard to get funding for local work in **campaigning and advocacy**, as against service delivery, and he hoped that the Commissioners would try to improve this balance. At the same time he would not wish to see a diversion away from **national, regional and sub-regional investment:** in working with minorities such as Roma, local work was not necessarily the most effective. Stephen confirmed that he took all this on board: the focus on boosting local funding was about funding more effectively to strengthen civil society; national and regional investment would still have an important role.

8 Points were made about the importance of **well managed collaboration** and the scope there was for sharing back office services. Funders should be part of encouraging this and one sub-group of London Funders had recently had a session on VCO collaboration and funders running joint programmes.

The final word went to London Funders' Chair, Sara Llewellin: "any injection of funding should leave an organisation stronger than it found it". The worst waste was to see lost opportunities when funders and VCOs did not collaborate.

Everyone was very pleased to have had the opportunity to hear about the Commission and the two presenters were warmly thanked. They encouraged funders to keep in touch with their work and to make further points. In August NCVO will begin a further round of targeted consultation to seek feedback on proposals that will be developed by the Commission. They welcome input at any stage from members and others: the contact is Dr Toby Ganley (toby.ganley@ncvo-vol.org.uk).
For updates on the Funding Commission: www.ncvo-vol.org.uk/fundingcommission.

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LIST OF SPEAKERS AND PARTICIPANTS

Rick	Allard	Safer London Foundation
Jill	Andrews	Safer London Foundation
Lucy	Ashdown	Royal Borough of Kensington and Chelsea
Kate	Batlin	King's Fund, The
Anja	Beinroth	East London Community Foundation
Amy	Best	CCLA Investment Management Ltd
Haishan	Bi	City Bridge Trust, The
John	Blackmore	Action Acton
Christopher	Blyth	London Borough of Wandsworth
Sue	Bowers	Heritage Lottery Fund
Andrew	Budd	GrantScape
Rowena	Clewlow	Jack Petchey Foundation
Stephen	Cox	Peter Cruddas Foundation
Claire	Crump	Lloyds TSB Foundation
Stephen	Dunmore	Diana, Princess of Wales Memorial Fund
Dan	Fletcher	King's Fund, The
Toby	Ganley	National Council for Voluntary Organisations
Lisa	Greensill	Government Office for London
Daniel	Hale	National Council for Voluntary Organisations
Martin	Hall	City Bridge Trust, The
Mubin	Haq	City Parochial Foundation
Kate	Hinds	King's Fund, The
Barnaby	Hopson	Royal Borough of Kingston upon Thames
Susan	Humphries	London Borough of Haringey
Malcolm	John	London Borough of Harrow
Sandra	Jones	London Borough of Lewisham
Elizabeth	Kenyon	bassac
Sara	Llewellin	City Bridge Trust, The
Gustaf	Lofgren	New Philanthropy Capital
Rachel	Lomax	National Council for Voluntary Organisations
Connie	Mante	London Borough of Waltham Forest
Sarah	Mawle	Football Foundation
John	Merivale	City Bridge Trust, The
Jaishree	Mistry	Charity Bank
Monica	Needs	London Borough of Barking & Dagenham
Marlon	Nelson	London Diocesan Fund
Katherine	Payne	Mercers' Company, The
Debbie	Pippard	Big Lottery Fund
Jalal	Rajonuddin	London Borough of Havering
Ian	Redding	London Councils
Kerry	Riley	BBC Children in Need
Andrew	Robinson	CCLA Investment Management Ltd
Bonnie	Royal	London Borough of Southwark
Carolyn	Sims	Charity Bank
Inga	Spencer	London Borough of Hillingdon
Patrick	Vernon	North West London Community Foundation
Enid	Watts	London Borough of Hounslow
Alastair	Wilson	School for Social Entrepreneurs/UnLtd
Judy	Goldsmith	London Funders
Gaynor	Humphreys	London Funders
Yvonne	Schwartz	London Funders

SPEAKERS' BIOGRAPHIES

Stephen Dunmore is Interim Chief Executive of the Diana, Princess of Wales Memorial Fund. He was Chief Executive of the Big Lottery Fund until January 2008 and before that Chief Executive of the New Opportunities Fund (from 1998): he led the merger of NOF and the Community Fund that brought about the Big Lottery Fund. Stephen's early career was as an Inspector of Ancient Monuments and postings in housing and urban policy in the Department of the Environment, and later the Cabinet Office and the Merseyside Task Force. He is currently Chair of National Family Mediation, Chair of the BBC's Advisory Board on Charitable Appeals, and a member of the Office of the Third Sector's Advisory Body and Capacitybuilders.

Lisa Greensill is Head of the Communities and Third Sector Team in Government Office for London. The Team's role is to build relationships between Government and the third sector in London by working with both to make sure that Government policy and the needs of London's sector are understood. This includes ensuring the sector is involved in the design and delivery of Local Area Agreements, working to build the sustainability and capacity of the sector, locally, sub-regionally and regionally, and supporting and developing community empowerment at a local and regional level. Lisa chairs the London Regional Consortium for ChangeUp and the London Regional Compact Working Group. Lisa also sits on the Executive Committee of London Funders. Lisa has been in the Civil Service for 18 years and before that she worked in the third sector as both a project manager and fundraiser.

Sara Llewellin has been Chair of London Funders since 2006. She is the Deputy Chief Grants Officer of The City Bridge Trust. She has worked for the Trust since 1995. Prior to that she was the Director of a homelessness charity for five years and in the domestic violence movement before that. Sara is a member of the London Regional Consortium for ChangeUp, a member of Charity Bank's Credit Committee and was on the Investment Committee of Futurebuilders England (2005-8). She was a Vice Chair of the Community Fund in London (1998-2003) and Chair of Awards for All (1999-2003). She is a Director of the European Reminiscence Network and one of the initiators of 'Unboxed', developing approaches to human rights and leadership work with young people.

Rachel Lomax served as Deputy Governor of the Bank of England from 2003 until June 2008. Her previous roles include Permanent Secretary at the Department for Transport and Department for Work and Pensions and Vice President and Chief of Staff to the President of the World Bank. In 2008 she was appointed as a non-executive director of HSBC. She has an MA from Cambridge University and MSc in Economics from the London School of Economics. She is Chair of NCVO's Funding Commission.

Alastair Wilson is Chief Executive of the School of Social Entrepreneurs (SSE) whose core service is a year-long 'action learning' based programme during which each participant leads and establishes a project or organisation. After working for six years as a Marketing Manager for ICL/Fujitsu computers, Alastair spent a year as a student of the SSE. This led him to starting and running Homeless Direct and then returning to the SSE initially as Development Director, then CEO. Most recently, he has led the development of SSE's international work. He is a well-known speaker and writer on social entrepreneurship and chairs the Social Entrepreneurship Policy Group. Alastair is also a trustee of UnLtd and it is in this role he is elected to the Executive Committee of London Funders.

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