Place-based funding: A briefing paper

June 2015

1.   Introduction

The Institute for Voluntary Action Research (IVAR) is working in partnership with London Funders, the Association of Charitable Foundations and a number of independent funders[1] on research to explore place-based funding approaches.

Using a combination of literature review and interviews/case studies with a range of UK trusts and foundations, the study aims to:

- Begin to map the field and spectrum of place-based approaches – from light touch to deep engagement
- Arrive at a common language to describe the phenomenon of place-based funding
- Identify the key pitfalls and successes of approaches on the place-based funding spectrum
- Develop a series of case studies that focus on learning about the approaches in terms of rationale, success and failure.

This briefing paper is a working document that will be refreshed during the course of the research. Readers who would like to give feedback on the paper or who are interested in the study are invited to contact Eliza Buckley (eliza@ivar.org.uk).

2.   What is a place-based approach?

The term place-based funding is used to describe a spectrum of approaches. At one end of the spectrum, it may be used simply to refer to grant-making limited by geography – a decision to fund only in specified geographic areas; at the other it may refer to long-term and multi-faceted collaborative partnerships aiming to achieve significant change. In most cases, it is more than just a term to describe the target location of funding; it also describes a style and philosophy of funding.

Place can refer to a region, city or a smaller area. It may be determined by the funder or, more rarely, places may be invited to offer their own definition of a meaningful territory: for the W K Kellogg Foundation's programme in Brazil, for example, it could mean a '*political-administrative unit, an environmental bioregion such as a valley … or an area defined by a common economic activity or cultural identity*'.[2]

3.   Why adopt a place-based approach?

Decisions to adopt a place-based approach are often based on a recognition that:

- The issues funders wish to address – especially in the most disadvantaged areas – are multi-faceted and require a holistic approach.
- Grantees do not operate in isolation but are part of a 'system' or 'ecology' which is characterised by interdependence and whose resilience and adaptability depends on collaboration rather than competition.

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[1] The study will be overseen by a steering group, which includes the Association of Charitable Foundations, Big Lottery Fund, City Bridge Trust, Comic Relief, Esmeé Fairbairn Foundation, LankellyChase Foundation and Tudor Trust.
[2] Hansford, F. and Thompson, A. (2011) *International Programming,* Local Development and Youth: An Experience in Northeast Brazil*, Foundation Review* (2) 4.

They are often also influenced by:

- A desire to be in closer contact with the concerns and experience of potential grantees on the ground.
- A concern to reach beyond the most visible and confident organisations to connect with areas, groups and projects that rarely make it through conventional bidding processes, that *'wouldn't have made the grade on paper'*.[3]

In some cases, the decision to use a place-based funding approach is:

- A strategic choice to test out a particular approach before rolling it out on a regional or national basis.
- A response to the interest of successive governments in localism and decentralisation.

4. How place-based funding works in practice

The precise approach taken to place-based funding appears to vary according to a number of factors, including:

Number of areas: A funder may focus in depth on one area, fund a place-based approach in a number of areas (for example, Local Trust or the California Endowment Fund); or work in a series of areas over time.

Intensity: A funder may target funding at particular areas, with little additional involvement; it may engage in a funding plus strategy, offering additional support to grantees; or it may employ a more complex process of community development and partnership working.

Programme management and support: Previous work in this area finds a number of different approaches to the practical delivery of place-based funding. A funder may:

- Set up its own team in an area to develop an approach
- Employ a Programme Manager with knowledge of the area (as JRF did in Bradford[4])
- Work through an intermediary – for example, a community foundation
- Designate a member of its staff team or Board of trustees as the link person to an area and set up a local Steering Group on which s/he sits (and may chair).
- If working in a number of areas, a funder may use a pool of consultants or facilitators to provide support (as was the case in the JRF Neighbourhoods Programme[5] and is the case with Big Local[6]).

Coverage: It may go for breadth – taking a generic approach – or it may settle on a niche, working in more depth on a particular topic.

Collaboration: It may work alone, or it may work in collaboration with other funders.
Timescale: place-based approaches often specify a medium to long-term time frame, in order to achieve results.

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[3] Joseph Rowntree Foundation (2013) *What Makes Effective Place Based Working? Lessons from JRF's Bradford Programme,* York: Joseph Rowntree Foundation.

[4] Ibid.

[5] Taylor, M., Wilson, M., Purdue, D. and Wilde, P. (2007) *Changing Neighbourhoods: the impact of 'light touch' support in 20 communities,* York: Joseph Rowntree Foundation.

[6] Big Local is a long term innovative programme that aims to achieve lasting change in 150 areas in England using a mixture of funding, finance and support. See http://localtrust.org.uk.

Attitude to risk: funders will take different views on the balance between supporting promising and proven programmes and 'riskier' grants to support innovation and new/unproven groups.

5.   Types of place-based funding

Based on a preliminary scan of UK foundations at the outset of our research, we were able to identify at least six types of place-based funding (though these categories may overlap):

- **Targeted geographic support**, where funding is explicitly targeted at a specific location (e.g. Rank Foundation)
- **London's giving models** (e.g. Islington and Hackney Giving; City Philanthropy)
- **Restricted geographic funding**, where funding is confined to giving in a specific area (e.g. Blagrave Trust; Harpur Trust; Northern Rock Foundation; Lloyds Bank Foundation for Northern Ireland)
- **Community development approaches** (e.g. Local Trust; Lloyds TSB Foundation for Scotland), where a funder works in an area using a community development approach, for example, asset-based community development
- **Grants distribution via a local intermediary** (e.g. Comic Relief and Community Foundations)
- **High engagement funding** (e.g. the Tudor Trust; Barrow Cadbury Trust) which is directed to a place as a means by which to fund effectively.

For each of these, there are also a number of key variables, including: drivers; purpose; contribution (of the funder); personality (of the funder); extent of collaboration.

6.   The roles funders play

As indicated earlier, these vary from simply giving funds within a defined area to working collaboratively with other stakeholders and communities. Tackling inter-connected issues may mean creating the conditions for impact rather than funding front-line work directly. For example, a funder can support key players locally, by playing a brokerage role or acting as a 'critical friend', bringing:

- A fresh perspective
- Different kinds of experience, evidence and expertise
- New connections
- Independence of established local interests/neutrality
- A national reputation and policy leverage.

The nature of the role may depend on levels of existing activity in the places selected as well as on the size of investment under consideration. In some cases, where there is little existing activity to build or where activity is fragmented and incoherent, funders have invested in community development.

7.   Benefits

The benefit of place-based funding relate to the reasons why funders adopt such approaches. Some of the benefits of funding in this way are:

- Providing the funder with much more detailed knowledge of the context in which grantees operate

- Allowing for dialogue with potential grantees and other stakeholders and bringing the funder 'closer to the community', ensuring that grant-making is shaped and informed by what is happening on the ground
- Enabling a funder to bring grantees and other stakeholders together and working with them to tackle local issues
- Giving them a better grasp of the impact of their funding approach and procedures
- Being cost effective by drawing in match funding and releasing in kind resources.

8.   Challenges

Familiar challenges from the literature include:

- External funders may be seen to be parachuting in. It takes time to gain trust and to work effectively with local partners and communities. This is especially true of areas that have been the target of successive initiatives over the years and where there may be a legacy of disillusion
- In choosing an area, funders need to consider whether the boundaries they define are meaningful to local people
- Choosing partners or intermediaries to work through also involves risks in relation to the skills and connections they have and the local 'baggage' they might carry
- In some areas, a history or local conflict, competing political agendas and the political culture can further complicate place-based working
- In others, high population turnover, often caused by the rise of private renting and welfare cuts, creates its own challenges to effective long-term action.

There is also the challenge of deciding where to work, which may involve an initial scoping process to assess community capacity, infrastructure, opportunities and needs (see Table 1).

Table 1: What kinds of area do we want to work in: the alternatives[7]

Level of need	Where most needed (e.g. level of deprivation; funding deserts)	OR	Where there are favourable conditions for testing something out
Amount of local activity	Virgin territory? *Can be difficult to find out what's going on and where to start; Progress may be slow – need to invest in building the Foundations for activity*	OR	Adding value to what is already going on, something to build on, contributing to something that already exists *It may be difficult to get in because of local politics; identifying who to work with and what baggage they carry locally (see below, who to work with)*
Size of 'place'	Region; City wide; *The bigger the place more difficult to show impact; often lots going on BUT*	OR	Neighbourhood; ward *Middle-sized towns which are small enough for the Foundation to make a difference but where there is local activity and experience to build might*

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[7] Taylor, M. and Wilson, M. (2014) *Scoping the potential of a new place based approach for Paul Hamlyn Foundation,* unpublished internal PHF strategy paper.

	more resources to work with		*be the best bet.*
Features of place	Urban *See above*	OR	Rural or semi-rural; coastal towns; Market towns *May have more impact*

9.   Learning

Finally, building learning in from the start – for communities, policy makers and service delivery organisations and foundations themselves – is, in our experience, essential to the success of place-based initiatives. This can happen in a range of ways:

- Some place-based initiatives are framed as action research and invest in research and development alongside action on the ground.
- Some funders will want to transfer approaches that have been successful in their initial target areas to elsewhere in the country, or at least to disseminate the learning further. However, this is not always straightforward and differences in local context and history will affect the dynamics of change and the transferability of the lessons, while some areas may be resistant to learning 'brought in' from elsewhere.
- Foundations also need to be prepared for place-based working to impact on their own internal processes, especially if the learning from this approach is to inform other approaches to grant-making.

While it is important to build in learning, assessing impact when working on complex issues with a range of partners over time will always be a challenge and it is important to have realistic expectations. To some extent, place-based working is a statement of philosophy and values – and it is crucial that trustees understand and buy-in to this.