

Event report

# SUPPORT IN A CHALLENGING CLIMATE

Learning from Funders

16.09.2013

HOSTED BY BUZZACOTT LLP

---

VENUE

---



London Funders  
Central House  
14 Upper Woburn Place  
London  
WC1H 0AE

For some funders, investment of more than money is increasingly seen as important to the needs of funded organisations in the current tough operating environment. This discussion invited funders to explore the role of *funding plus* in these challenging times.

Discussion explored what can make a difference to stressed organisations, where the leadership is under strain and the whole structure may be facing crisis. Does the nature of the relationship between funder and support provider make a difference to the results that can be achieved? With grantmaking decisions under pressure, is it time to introduce tougher assessment and more rigorous risk analysis into the grants process whether for a grant or funding plus support? Should grantmaking decisions be “all head, not heart” in this environment?

**Samantha Rennie, Homeless Link** (and London Funders trustee) chaired the discussion and first invited participants to say a little about their experience of funder-plus and their questions and concerns. For many the notion of robust, sustainable, less grant-dependent organisations was the goal.

Specific experience round the table included Heritage Lottery Fund’s Catalyst Programme, which supports organisations rather than projects and can offer a mentor or trouble-shooting support if this seems to be needed. Charity Bank explores applicants’ investment readiness very carefully, and if a borrower later encounters problems, the Bank works with them to seek a helpful solution. London Catalyst is a small organisation but partners with others to achieve the right combination of support, for example by combining its resources with Church Urban Fund which can add capacity-building support to a grant from London Catalyst. Camden Council specifies clear outcomes expected from funding, and can offer support from officers whose role is to strengthen organisation development or help build partnerships. The Royal Borough of Greenwich is radically reviewing how it adds value to funded work. BBC Children in Need can offer development awards to cover specific needs for grant recipients and they also involve Charities Evaluation Services in outcomes monitoring.

The main body of the discussion was based on a conversation between **Lucy Bardner**, Grants Manager, The Harpur Trust and **Amanda Tincknell**, Chief Executive, The Cranfield Trust. Lucy described her Trust which works exclusively in Bedford, running independent schools and sheltered housing as well as making grants to local organisations – the relationship with the local community can therefore be quite complicated. The grantmaking ranges from £1 million to £1.5 million per year through some 60-90 awards. They find lots of ways to offer extra support to groups. Their schools may offer help with fundraising though providing volunteers and venues. They have offered workshops and opportunities for knowledge sharing. They offer their own trustees or staff to sit on boards if necessary. They work closely with the local council for voluntary service, especially to keep informed about the state of the local voluntary and community sector. Some of their grants include a specific capacity-building component.

Given the very challenging context, however, they discussed at one point whether the Trust needed to appoint a staff member to support development work locally. They decided this was not appropriate and that in

**“With grantmaking decisions under pressure, is it time to introduce tougher assessment and more rigorous risk analysis into the grants process.....?”**

order to tackle harder issues or offer support in challenging circumstances, it would be preferable to have an arms' length relationship with grant recipients. They have therefore been funding The Cranfield Trust to offer pro bono management consultancy.

Amanda took up the narrative at this point and described how The Cranfield Trust works, using volunteers from the commercial sector to offer structured support with a wide range of management issues, including strategic and business plans, strengthening governance, and tackling financial management issues (e.g. reporting to the board, or improving financial literacy in the staff or board). Many groups ask for help with marketing, which can be a response to the development of personalised budgets, requiring different visibility for local services, or may reflect an increasing competitive funding environment.

Amanda explained that increasingly her Trust works through relationships with funders: the link with the Harpur Trust was one of the first and has been a good model for others. Some like this one are based on a geographic area. The first link was prompted by The Cranfield Trust in response to multiple requests from the Bedford area. The Harpur Trust funded them to respond though the early stage was not very successful. Groups seemed unwilling to take up the offer of a Cranfield Trust consultant: Amanda found that there was quite a shortage of strong staff and board members, and that most people were focused on practical ways of surviving. The local VCS seemed a crowded market of small groups with little time to stand back and review their situation. The second phase of the Bedford work was set up rather differently, offering a more structured programme providing longer term intervention with a smaller number of groups. The Harpur Trust recommended its grant recipients to take up the Cranfield Trust offer but was careful not to require it.

There is a competitive application process which sets high aspirations for the consultancy, encouraging the group to make the most of the opportunity, including ensuring the commitment of trustees and identifying it as a leadership programme. A small amount of funding, proportionate to the size of the organisation, is offered to help organisations participate, perhaps to support additional administrative time to free Chief Executives and Managers to take part in the programme.

In the programme, the organisation asking for support from a Cranfield Trust consultant is identified as the client. The offer is substantial, some 30-50 days of consultancy support over three years and each client-consultant relationship is individually specified and structured to achieve maximum impact.

In each case, a regionally-based Cranfield Trust project manager visits the group, to do some initial assessment, specify broadly what is needed and ensure a good match with a consultant. Most consultants are quite local to the groups they support and it is interesting that around 80% of them stay in touch with the client group after the contract period is over.

## Recommended reading

**Beyond money - a study of funding plus in the UK**  
**Institute for Voluntary Action Research, 2011**  
**How far funders add value to funded projects with a funding plus approach, i.e. offering projects extra support beyond just money.**

**Duty of care**  
**Institute for Voluntary Action Research, 2012**  
**The role of trusts and foundations in supporting voluntary organisations through difficult times.**

**“..... high aspirations for the consultancy, encouraging the group to make the most of the opportunity, including ensuring the commitment of trustees and identifying it as a leadership programme.”**

As well as consultancy support, programme organisations are offered tailored workshops on themes of common interest. Issues addressed to date include financial scenario planning, governance and impact measurement and reporting.

It was deliberate on the part of the Harpur Trust and Cranfield Trust that accepting a consultancy is not a requirement from the funder. This was partly based on the experience of the City Bridge Trust – participating well in such a relationship and achieving effective outcomes prove to be correlated with willing commitment. There was some discussion of whether this factor should apply to all funders. Where a borough, for example, needs to move groups into investment readiness for commissioning, there may be a case for requiring change and therefore participation in such a programme. Gülten Fedayi described a two year programme run for Greenwich Council by the CVS.

There was some interesting debate about this area of work and whether there is evidence that this sort of support really does make a difference to a group's chance of winning contracts – and clearly there are other factors at play which complicate the answer.

The worsening financial situation in which groups are operating has resulted, Amanda noted, in more funders asking for her Trust's intervention in emergencies. In extreme circumstances, The Cranfield Trust can offer good support for managed closure but is more concerned to work with organisations at an earlier stage, before crisis has been reached. One approach increasingly taken up is for Cranfield Trust volunteers to offer coaching and mentoring for senior VCS staff and this is proving supportive and effective. Since 2008 they have also developed a specialism in facilitating mergers, though take-up has been slow: it is, however, gathering momentum now. Other funders shared the experience that there seems still little appetite for collaboration or merger and that there continues to be a sense of competitiveness that gets in the way of what could be positive change. One borough officer noted here that while their colleagues were trying to push groups into more efficient ways of working together, this was undermined by a councillor-led interest in encouraging a "thousand flowers" to bloom in the voluntary sector. Amanda thinks that groups see merger as their last option when all else fails, but also notes that (especially at the moment?) groups can be completely unaware of other organisations operating in a similar space – very little scanning of their environment seems to be done. Victor (London Catalyst) commented that they are seeing some evidence of "consortium exhaustion".

The group discussed the conundrum of persuading organisations to confide in a funder at an earlier stage of crisis – when they realise that something is going wrong. Most funders express a willingness to assist if this honesty is offered but groups are understandably nervous at demonstrating vulnerability. Amanda's advice is twofold: funders could be more demanding in their expectations of funded groups' standards of management and governance and especially of real-time financial forecasting. The group noted that many organisations do not use cash flow analysis but manage through

**....the conundrum of persuading organisations to confide in a funder at an earlier stage of crisis – when they realise that something is going wrong....**

budgets and this can let them down very badly. A funder requiring financial forecasts, and more involvement in financial management by boards, could achieve a lot.

The other side of the coin, however, is that if a funder can also establish an informal relationship with a group, there may be more chance of that group sharing problems at a stage when help can still usefully be offered. Concealing the likelihood of closure from a funder can simply mean that helpful intervention would be too late.

This led to some discussion about confidentiality. The Harpur Trust is funding the work but the Cranfield Trust volunteer consultants report only to their “client”, i.e. the group with which they are working.

What difference did this work make to the Harpur Trust as a funder? Lucy explained that there it was hard to avoid the hope that the Cranfield Trust work could be a “magic bullet”, which it clearly cannot be. But it has helped the Harpur Trust update its view of many of its funded organisations. As the consultancy progresses, where the relationship between a group and their Cranfield Trust volunteer is strong, Lucy sees a difference in the way the group reports and in subsequent fresh grant applications. She sees greater confidence, including a willingness to tender for contracts from other funders. She admits to being still occasionally surprised by learning about a group’s problems that she did not see coming.

Brenda reflected this from Tower Hamlets Council too: they contract with the CVS and Volunteer Centre to offer support and they see organisations change as this help works through. But they have also been working with the CVS to look at how the local voluntary sector can take advantage of contracts. Inevitably smaller organisations cannot compete, so there is effort going in to building a bidding consortium of local groups (though even this may not ensure the smallest groups get a chance to be part of contracts). Greenwich Council is working on this by trying to persuade bigger groups to positively involve smaller ones that are more specialised or more geographically focussed.

There were questions about risk – assessment and mitigation. Lucy’s view is that risk is mitigated by motivation.

Lola (LB Hackney) reminded the group of problems ahead. Her borough is budget-setting now for 2105-16 when public sector funding will be considerably reduced even beyond the current cuts. Adaptiveness in the VCS will be vital for survival yet many participants see groups as too focused purely on the flow of funding and not on the organisational skills and strengths they require to be resilient survivors. Trading is seen as a short-term lifeline, very often unrealistically. Merger is left too late: genuine merger (as against takeover) is a painstaking, time-consuming process.

Funders cannot make it happen, but through careful offers of support such as the Cranfield Trust service for Harpur, positive change is seen.

**“...risk is mitigated by motivation.”**

**Adaptiveness in the VCS will be vital for survival....**

Recommended publications on these subjects are [Beyond money - a study of funding plus in the UK](#) and [Duty of care](#), both from the Institute for Voluntary Action Research (IVAR). Also recommended is [Vital ingredients when collaboration and merger are on the menu](#) by Tim Brogden, LVSC.

## Participants

Lola Akindoyin	London Borough of Hackney
Lucy Bardner	The Harpur Trust ( <b>Presenter</b> )
Lisa Charalambous	London Borough of Camden
Elaine Crush	The Wakefield & Tetley Trust
Brenda Doku	London Borough of Tower Hamlets
Gülten Fedayi	Royal Borough of Greenwich
Katie Higginson	BBC Children in Need
Alice Kershaw	Heritage Lottery Fund
Tony Li	Mind
Natasha Malpani	Big Society Capital
Jaishree Mistry	Charity Bank
Jason Nuttall	Community Development Foundation
Samantha Rennie	Homeless Link ( <b>meeting Chair</b> )
Gurmej Rihal	London Borough of Hackney
Amanda Tincknell	The Cranfield Trust ( <b>Presenter</b> )
Victor Willmott	London Catalyst
Gaynor Humphreys	London Funders
David Warner	London Funders

---

London Funders, Central House, 14 Upper Woburn Place, London WC1H 0AE  
 Tel: 020 7255 4488, Fax: 020 7255 4496  
 Email: [info@londonfunders.org.uk](mailto:info@londonfunders.org.uk), Website: [www.londonfunders.org.uk](http://www.londonfunders.org.uk)