

Event report

IS IT NOW OR NEVER? THINKING ABOUT CORE FUNDING...

Learning from Funders

20.05.2014

HOSTED BY BUZZACOTT LLP

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VENUE

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130 Wood Street
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This meeting discussed the question of core funding, focusing on the benefits and challenges of core funding in the current environment, the implications of core funding on grant making practice and whether core funding should be used to support organisations engaging in the commissioning process.

David Warner, London Funders, Chair, introduced the discussion as an opportunity for people to be open and honest about their experiences, emphasizing that the meeting would be following the Chatham House Rule to encourage discussion and learning.

The meeting consisted of three speakers, questions and broad open conversation, which is summarised into key themes below.

Ben Cairns, IVAR

The Institute of Voluntary Research (IVAR) is an independent, charitable research institute, with a main focus on using action research to understand and strengthen voluntary and community sector organisation and management. IVAR's research '[Thinking about...core funding](#)', published in early 2014, draws on learning from their own and others' research and interviews with informants from seven charitable foundations providing core funding to attempt to shed light on why, when and how to use core funding. Ben emphasized that the report was produced with trusts and foundations in mind, however some issues and challenges can also relate to statutory funding. Ben gave a brief introduction to both the research and to IVAR, and outlined some key findings and observations.

John Mulligan, Esmée Fairbairn Foundation

The Esmée Fairbairn Foundation is one of the largest independent grant-making foundations in the UK, and committed over £38.8 million to a range of work in 2013. John gave an introduction to the Esmée Fairbairn Foundation's aims, including the ambition of being 'responsive' to need. John presented an independent grant funders perspective on the issues raised.

Kiran Patel, London Borough of Camden

Kiran gave an introduction to the Communities and Third Sector team at London Borough of Camden and their funding history. As the relationships have changed, an emphasis on project funding has emerged and Kiran shared some of the challenges and dilemmas involved in core funding from a local authority perspective.

The main themes that came out during the discussion can be seen detailed below:

- **Does core funding encourage complacency, or does it provide stability?**

All agreed that whether organisations can become complacent is a difficult question and that it requires long term relationships to know whether that would be the case for a particular organisation.

Previous IVAR research found that unrestricted core funding was constantly mentioned by organisations as the 'most useful' form of funding. It can provide stability and security and allow for development and movement, as well as helping organisations to become more stable.

The IVAR publication '[Turning a Corner: Transition in the voluntary sector 2012 – 2013](#)' may be useful in this conversation and was referred to in the meeting. It is focused on outlining the operating environment for voluntary organisations in 2012/ 2013, including what helps them to survive or thrive.

Participants commented that the sector has been badly served by its own infrastructure and that it's important to cross sectorial boundaries in the search for solutions.

- **The importance of building relationships based on trust**

The discussion around relationships set out that, where possible, there should be a partnership discussion when giving core funding, to create trust and a joint perspective. This is a challenge though, even for small grant makers. However, all agreed that the relationship is essential. Some examples included where individuals have been selected for core funding, and where this has transformed the relationship between the funder and grantee, creating honesty and candour where the lessons learnt and the trust gained was very important. In this situation, the individuals felt under a special obligation to do as well as they could. However, where individuals and organisations have not demonstrated an ability to perform under monitoring then it is difficult to give more trust and freedom.

- **Being 'fair'**

Although, commonly, current application processes do force people into turning their project into a service, a challenge is that there is no way to really differentiate yourself from others. There is a risk that core unrestricted funding could become less inclusive and less accessible, given to those to whom you already know and fund, and with whom you already have the good relationship. The danger of core funding can be that of privileging the few and increasingly entrenching that privilege.

Whereas some organisations would do fantastic things with core funding, others would not be able to give a good return. 'Thinking about...core funding' (pages 14 – 16 specifically) has a section on establishing how ready an organisation may be for core funding and how best to help them.

Some organisations and individuals are much better at knowing how to get what they want through the systems available. If funders moved to a more flexible form of grantmaking, giving core and other funding where required, it would require different skills from their staff in order to be able to make the critical judgements and empathy needed where not purely making decisions based on expertise. Additionally, core funding can often be about backing individuals, requiring a degree of trust and an attempt at having a partnership approach. Within local authorities, where there is public accountability, it is important that you are able to demonstrate fairness.

- **Is it the responsibility of the funder to shape the sector and provide infrastructure?**

The group discussed the idea of core funding as a ‘carrot’ to develop certain areas, or building in certain requirements with the funding in order to encourage the delivery sector to change in certain ways. For example, the group discussed the need for a voice of the sector to champion the organisations and whether organisations and projects should be encouraged to take that role.

The importance of encouraging collaborations, partnerships and innovation was emphasized, and participants discussed where local authorities and funders have a certain knowledge which gives them a responsibility to help organisations to think and act strategically to meet their goals. Therefore the group discussed where it is the responsibility of the funder to shape the sector and to provide the infrastructure, and where it is for the sector to deliver. It is difficult to know how far funders can shape the change.

The group argued that everyone has a vested interest in the marketplace and while it really is for the providers to organise themselves, it is legitimate to have an idea of the characteristics you are looking for and find mechanisms to help to manage and reconfigure the marketplace. Discussions with the providers about the project and about the funding, as a partnership, may be a good way to help to guide and encourage this.

- **Supporting organisations when funding may be cut**

When funding is cut, there can be a massive impact on organisations. Some organisations put money aside for this, and give a grant when long term funding is cut, in order to support them in becoming independent. Advice or support is also helpful to guide them in applying for other funding.

Additionally, the group discussed the place for core funding in coming years as there are increasing cuts, and considered whether there could be something in core funding which could help to unlock funding in the capital and take the pressure off.

- **Flexible funding**

Although there is a challenge when people ask for ‘bespoke’ support, the group discussed an approach being highlighted by IVAR: the idea of ‘flexible funding’ with differentiated arrangements rather than more standardised approaches to grantmaking. Different packages of support which are tailored to the organisations’ needs and aims could include core, long term or non-financial support. However where this is possible, the support should not be negated by too much reporting.

IVAR publication, [‘Duty of Care: The role of trusts and foundations in supporting voluntary organisations through difficult times’](#) discusses this, commenting on the responsibility of trusts and foundations to support organisations in ways that fit with and respond to their circumstances.

Attendees also emphasized that flexible funding, including core funding, would not always be glamorous or 'popular' funding, but that these things need to be paid for in order to help organisations to establish other projects and make themselves more sustainable.

More flexible support could focus on questioning what the organisation needs in order to realise its ambition: what is the problem and what does it need in order to change? In response, core funding becomes just one (significant) tool in a broad box of possibilities.

The group agreed that this topic is complex and there is no one solution or approach. Flexible funding emerged as a key theme in the discussion, as did the importance and challenges to forging strong relationships and partnerships.

In conclusion, David noted that whilst core funding may not be available or easy in the current climate for the local authority and others to justify. It was clear from the discussion that it remained an important part of the funding landscape and that in the context of trying to sustain a diverse mix of providers, core funding could be an important element. David thanked the audience for attending and for the quality of the conversation.

Participants

Chris	Butcher	Big Lottery Fund
Andrew	Wright	Cripplegate Foundation
John	Mulligan	Esmee Fairbairn Foundation (Speaker)
Ben	Cairns	IVAR (Speaker)
Kiran	Patel	London Borough of Camden (Speaker)
Lola	Akindoyin	London Borough of Hackney
Gurmej	Rihal	London Borough of Hackney
Malcolm	John	London Borough of Harrow
Claire	Thompson	London Borough of Havering
Joanna	Eve	London Borough of Islington
Winston	Castello	London Borough of Lewisham
Liz	Dart	London Borough of Lewisham
Amanda	Roberts	London Borough of Merton
Glen	Ocsko	London Borough of Sutton
Gulten	Fedayi	Royal Borough Of Greenwich
Jill	Darling	Royal Borough of Kingston upon Thames
David	Farnsworth	The City Bridge Trust
Ugo	Ikokwu	The Social Investment Business

In attendance

Becky Green	London Funders
David Warner	London Funders (Chair)

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