London Community Response Learning Report

Applying an equity-led approach to grantmaking - case studies of two funders

25 YEARS

LONDON FUNDERS

Introduction

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What is the London Community Response?

The London Community Response (LCR) is a collaboration of 67 funders, powered by London Funders – the membership organisation for funders of London's civil society. Responding to the covid-19 crisis, funders involved in the LCR have been working together to provide coordinated funding to support groups responding to the needs of the capital's communities.

The single application point provided by the LCR for charities and community groups has enabled organisations to access funding from multiple funders in a fast and efficient way. It has been designed based on insights from groups working with Londoners, to ensure that it is flexible and responds to needs as they emerge over time.

One year on from its inception, over £57.5m has been given out in grants through the LCR - with investment moving from crisis response in the early days of the pandemic, to building towards the recovery and renewal of civil society.

Working together, funders recognised that the social, economic and health consequences of covid-19 have disproportionately impacted those already-marginalised in society. To this end, the LCR funding programmes have prioritised supporting groups led by and for Black, Asian and minority ethnic communities, LGBT+ communities, Deaf and Disabled people and/or women.

Learning Partners

To support the process of learning, unlearning and thinking for the future, London Funders appointed two Learning Partners - Reos Partners and The Social Investment Consultancy - to work independently - but alongside - the LCR partnership. Working together, both organisations have focused on the experiences of working across sectors, and have sought to capture how best London Funders and the wider LCR collaboration can influence the funding sector to maintain new and better ways of working in the 'new normal'.

We had four questions to answer together:

1. How can we build on the experience of the LCR to enable future collaboration?
2. How can the experiences of civil society groups inform future ways of working?
3. How can we continue to strengthen our approach to equity and inclusion?
4. What should the key areas of focus be as we look towards renewal?

These case studies are an addition to the answer to question three, 'Learnings from the London Community Responses equity-centred grantmaking during Covid-19' and can be read in conjunction with that report.

Developing an approach to equity and inclusion

The LCR had five waves of funding, and developed its approach to equity and inclusion throughout:

Wave 1 – React: All funders joining the LCR were asked to sign up to a set of eight principles, one of which was:
Equitable: ensuring that funding decisions are as inclusive as possible and take account of the diversity of the sector - particularly of smaller organisations and organisations working with and led by marginalised communities.

Wave 2 – Respond: From the beginning of Wave 2, the theme of "equity and inclusion" was introduced as a funding priority. The guidance stated:

Equity and inclusion: We recognise that some communities were experiencing inequality before the start of this crisis, and that there is the potential for such inequalities to increase at this time without targeted work. We have heard about the importance of supporting user-led groups, and groups working in sectors (e.g. BAME, LGBT+ and Deaf and Disabled People's Organisations) that have not had equal opportunities to grow and develop due to previous patterns of funding, as well as ensuring that the rush to deliver via digital channels doesn't exclude people. We are particularly keen to fund work that:

- *Ensures the voices of people are heard in service design, and in shaping advocacy work to promote more effective funding and other practices beyond the crisis, including support for user-led groups*
- *Promotes accessibility in service design and delivery through embedding this in digital work, ensuring reach through other channels, and/or recognising the additional costs organisations will incur in ensuring that services meet the needs of all communities; and/or*
- *Supports groups with a strong track record and reach into communities to access funding and support to transition their services at this time*

We will also ensure the values of equity and inclusion are considered across all themes.

Also in Wave 2, London Funders commissioned four equity partners - Ubele (with Council of Somali Organisations and London Gypsy Travellers as partners in Wave 2), Inclusion London, LGBT+ Consortium and Women's Resource Centre - to work alongside funders in the wider LCR collaboration. As an immediate result of this, a set of equity questions were added to the application form. These enabled funders to review their data on grant decisions and to prioritise equity-led applications should they wish.

Wave 3 – Resource: The equity partners delivered workshops before Wave 3 to all funders in the LCR on structural inequality and how funding practices can change and were instrumental in designing the programme priorities.

The Wave 3 guidance for applicants made a public commitment to prioritising equity-led applications:

We know that Covid-19 had caused difficulties to all Londoners, but that some people and communities have faced disproportionate challenges and negative outcomes. Through all the funding programmes available we will give particular priority to supporting:

- *Equity and inclusion – organisations led by and for marginalised communities and those most affected by the covid-19 crisis (particularly Black, Asian and Minority Ethnic (BAME); Deaf and Disabled; Lesbian, Gay, Bisexual and Transgender (LGBT+); and/or women's-led groups).*

The equity partners also provided additional advice on how to make sure the sifting process didn't discriminate against groups who could be suitable for the programmes, and undertook outreach and support through their networks to organisations wishing to apply.

Wave 4 – Revitalise: Organisations led by and for marginalised communities continued to be a priority, and the equity questions were enhanced.

Wave 5 – Renew: A workshop with the equity partners led to further enhancement of the equity questions, and the definition of led by being amended to*:

The equity partners also joined the decision-making panel for the London Community Response Fund, a restricted fund of Bridge House Estates administered by City Bridge Trust (CBT) known informally as the 'pooled fund' of the LCR. As a result of this approach, over 75% of the grants in Waves 3, 4 and 5 went to equity-led organisations (up to 86% in Wave 4) . Additionally, 27% of grantees were intersectional or belonged to more than one equity and inclusion pillar.

*The definition used in previous Waves was 50% of organisation's Trustees and senior staff are people with lived experience.

About the case studies

This paper details two case studies on how an equity approach has influenced funders' decision-making processes. It focuses on the dynamics within the decision-making process, rather than the general grant-making process, as some of the learnings have already been covered by the previous report. An equity approach, in this case, is broadly defined as:

- Prioritising user-led organisations in funding; and
- Considering how traditional grant-making and decision-making processes excluded certain types of organisations and working to address these issues.

The first case study is from the London Community Response Fund (LCRF), a restricted fund of Bridge House Estates administered by City Bridge Trust (CBT), known informally as the 'pooled fund' component of the London Community Response (LCR). Grants are awarded using both funds donated by other funders and CBT's own funds, with funds being received from 20 different funders across the five Waves. During the course of the LCR Waves 1-5 the LCRF awarded 48% of the grants, which amounted to 56% of the total funding distributed. Alongside the funding, contributing funders also provided assessors to the LCRF 'team'. A panel consisting of representatives from CBT, London Funders, other donors to the fund, and independent experts (including the LCR equity and inclusion partners) met regularly during funding Waves, and made grant recommendations to CBT, which used its various delegated authorities to approve funding awards (or not).

The second case study is from The Mercers' Company - the trustee of the Charity of Sir Richard Whittington - which participated in the LCR as an aligned funder, rather than pooling funds with the LCRF. This means that the Mercers' Company agreed to use the single application form and selected applications that aligned with its interests via the funder portal, but retained control over all aspects of the decision-making process.

The case studies were researched and written by a team from the Social Investment Consultancy. We are grateful for the time and thought of the many people who took part in the case study workshops and interviews.

Case Study One: The London Community Response Fund

This case study has been informed by two focus groups with City Bridge Trust (CBT) staff and one funder who contributed to LCRF, and by two interviews with CBT staff members.

Evolution of the grant-making journey

Given the emergency nature of LCRF, decisions had to be taken quickly and the team took a responsive and iterative approach to designing the process of assessment and decision making. Across the five waves of LCRF, the processes and practices had shifted and while this case study will not go into the detail in each stage, it is important to set the scene on the main changes that have taken place.

According to staff at CBT, half way through Wave 2, there was a discussion about prioritisation, partly to respond to need and partly to respond to the fact that the money was being used up very quickly. Equity data on the applications had become available during Wave 2 due to the introduction of equity based application form questions, the wording of which was co-designed by the LCR equity and inclusion partners. The equity lens was introduced as the team reviewed the data they were collecting, and became aware that there was under-representation in their portfolio. The team also wanted to be true to the eight LCR funding principles, which were rooted in equitable grantmaking, introduced by London Funders at the start of the process.

At the same time, reports from organisations like Ubele and CharitySoWhite highlighted that Black and Minoritised-led organisations were not accessing funding available in the wider philanthropic sector. These factors led to the team deciding to prioritise user-led organisations, initially Black and Minoritised-led organisations but that broadened to also encompass women-led, LGBT+-led and Deaf and Disabled-led organisations.

From Wave 3 onwards, only applications from equity-led organisations with an income of under £1m were considered by LCRF in initial rounds, with applications from organisations with an income of more than £1m considered only if budget remained. Again, this was in order to align with the published London Funders guidance.

LCRF assessors assessed applications which had been through a sifting process managed by London Funders and were deemed eligible. In early Waves LCRF assessors were drawn from a pool of many funders (mostly funders which had donated to the LCRF) but as the Waves progressed the number of non CBT assessors reduced and in the final waves the assessments were conducted only by CBT staff. At the beginning of each wave, CBT LCRF assessors were also given a ten page guidance document, which helped to reinforce the priority and quality criteria. It was mentioned by a staff member that things that fell under the equity lens were at the forefront, including paying attention to the makeup of the Board, whereas the more bog standard due diligence questions came after that.

What worked well to enable user-led organisations to be funded?

Not rejecting applicants outright

Rejecting of applicants is quite common in funding processes as there is always more demand for funding than supply. Funding officers felt that rejection at LCRF has looked quite different from other funding programmes:

"We have applications from people who are not experienced in submitting applications, or they may not have financial knowledge to complete the template, or they couldn't fill in template. But even if they have submitted the applications in the wrong way, we then go back to them with the opportunity to resubmit, rather than rejecting them directly. And even if you receive something that is a red flag, there's an opportunity to go back."

An example of a funding officer going back to an applicant:

“If they had forgotten to attach a document, or made a mistake on their budget I would always go back to the applicant to give them the opportunity to amend, and could talk them through what they needed to do if necessary.”

The flexibility as shown by funding officers in checking with applicants, rather than rejecting them outright, has enabled those traditionally being under-funded, to access funding. After assessment, funding officers rated applications as red, amber or green, and they ensured that the funding panel had a chance to discuss the applications with red ratings as well:

“We wanted to ensure that the panels are informed. Often the decision is not a straight yes or no, it is much more nuanced.”

Another staff member commented that the rating system supported more equitable grantmaking:

“As an assessor, maybe you have a question mark – and you can allow for more experienced and diverse equity-focused panel to have another look at it in the round. That’s different from the approach we take otherwise.”

At times, panelists still had concerns around some applications, such as around governance and financial management. But these applications benefited from the fact that grantees of LCRF, which will also become grantees of CBT, could be offered Funder Plus support, which could in turn help them address these gaps. The assessment team and the panels were more interested in whether the applicants were aware of their gaps and were committed to addressing them, rather than needing to have everything in place. This approach helped ensure that organisations that have traditionally not received institutional funding access a more level playing field. Others summarised this approach to be a more trusting one. One staff member commented:

“Unless there were genuine red flags, we would look at applications in a positive light. Our starting point was we want to fund you, hopefully nothing will come up that makes us not able to fund.”

This was echoed by another staff member who said that there was a high degree of trust in the applicants, more so than other funding programmes typically.

Relational approach in assessment

Funding officers described how the assessment process, particularly in Wave 5 which made use of video assessment calls, adopted a relational approach that broke barriers for under-represented organisations.

One staff member, who joined CBT during covid-19, mentioned:
"LCRF has had an impact on how I approach my own assessment, especially thinking about power dynamics. When you are speaking through a video call, it was more like a conversation, not an interrogation. This has impacted my way of doing assessments moving forward."

While CBT does conduct face to face visits outside of covid-19 as part of their grantmaking, other staff also felt that the relational approach in assessment was particularly strong at LCRF. This was echoed by other staff in terms of the approach they also took in assessment:

"It was a relational approach that we took in terms of assessment. The video calls helped break down the barrier, we would share the questions in advance with the applicants, so that they can prepare and bring other people with them. There is no mystery or fear of the unknown. Through body language you can assure that you are not grilling them, try to be friendly, reassure by lots of nodding. You allow them to speak in their own words, and ask them open questions. When not doing face to face, you have to show and address the power dynamics."

This approach translated into actual differences in the assessment:

"For some applicants, English is not their first language. I had one application I was assessing, the video call helped to clarify what they were requesting as it wasn't clear in the application."

Understanding the context of applicants was mentioned consistently by staff. According to another staff member:

“We assess organisations based on their starting points. For example, we think about English as a Second Language, are they used to providing documents, do they have a professional fundraiser? What’s written down is one thing but may not be translated into actual assessment.”

While this case study is focused on decision-making, it appears that the relational approach is considered after grants are awarded as well. According to staff:

“The temporary covid monitoring form is much shorter than CBT grantees. Equity concerns fed into the design of the monitoring for LCRF – we thought about putting the onus more on us as the funder rather than the organisation to report. We also offered monitoring via telephone calls, where we kept the calls very conversational, and we as the staff were responsible for making notes.”

Reconsidering risks

The nature of emergency grant-giving has shifted the team’s view of risks, which has also enabled user-led organisations to be funded. As summarised by a team member:

“We came to the agreement quickly that these were very short-term grants and were emergency response in nature – it’s not appropriate to ask someone to give us three years’ financial information, or to project income far into the future.”
Many user-led organisations have weaker financial positions, which would often be seen as ‘risky’ by funders. In fact, staff have commented that at CBT, traditionally financial risks take precedence, whereas for LCRF, they want to be just financially reassured (a slightly lower bar) and they hope that the evolved considerations around financial risk, as a result of LCRF, can be factored into CBT’s approach moving forward.

Not only are the formal decision-making criteria around risks reconsidered, some funding officers also appeared to shift their personal perceptions.

One funding officer said:

“I’ve become more understanding of organisations and their current situation, given covid emergency. They were focused on delivering to their communities, they may not have had the time to check the organisation’s financial and governance management.”

Equity is part of assessing quality of organisations

Given the strong focus on equity throughout the LCR, some staff have also felt that equity has become part of what ‘good’ looks like when they assess organisations:

“One area where LCRF has shifted some of my thinking is appreciating lived experience as an area of skill in itself. How to bring people with lived experience on board is really critical, as other skills such as financial management is easier to train for.”

When staff assess organisations from an equity perspective, they mentioned that they look at the quality of their programming, how involved organisations were within the communities they serve, and how included voices of service users are. Staff’s understanding on this was particularly influenced in Wave 5, when they were able to hear directly from equity partners during the funding panel discussions. For example, one staff member cited:

“We came across quite a few parent-led organisations supporting disabled children. My understanding on this has shifted, I now understand why these may be disempowering.”

During the panel discussions, it was discussed that parent-led organisations are not user-led organisations, as most parents are not themselves disabled people – the definition of Deaf and Disabled People’s Organisations, according to the equity partner Inclusion London, is about leadership of disabled people.

These messages were reinforced by a team guidance document, as well as the training sessions done for each wave for all the assessors. The training drew out various points that helped assessors understand the importance of equity in assessing applications:

- *"We say verbally that we want to level the playing field – historically we recognize that a lot of these organisations have been underfunded, they were not able to access previous funding."*
- *"We would make points like – is it a poor application or has the application been written by someone whose English is not their first language? We are not looking for polished, well-seasoned fundraisers, these will be from grassroots organisations."*
- *"There may be information missing, but we as assessors could get emails to clarify - put onus on us to complete the application."*

Inclusion of equity partners in funding panels

It was mentioned repeatedly that the funding panel composition and the discussions there made a huge difference to the equity agenda. As summarised by one person:

"There was robust and good knowledge and experience on the panel, and there was also clear scrutiny".

It was felt that it was more a space for discussion rather than interrogating, and it was helpful to be able to discuss the applicants rated red and amber (the rating system was already mentioned to be an enabler above). In particular, the inclusion of equity partners in Wave 5 was deemed "incredibly useful", "powerful" and "influential". The value of the equity partners on the panel included the following:

- *"Justified the why of the applicants", in terms of the applicants' mission and how their lived experience is central to their mission,*
- *"Have the knowledge and expertise on the communities",*
- *"Provided the nuances we needed to make decisions", particularly there're intersectional issues, cross-cutting communities of interest, that complicated the 75% threshold.*

One staff member mentioned that they would be really keen to think about how to involve the equity partners moving forward in their future grantmaking:

"The role of equity partners (having that expertise) is certainly something I hope to see in our standard grant-making. We couldn't have anticipated how valuable it is to have them."

While equity partners often knew the organisations applying, conflicts of interests were also flagged where appropriate so no one felt that inappropriate lines were crossed. It was also felt that the equity partners were listened to and that there were no problematic power dynamics, though this will need to be verified by speaking to equity partners too and their experiences.

Delegated authority to staff and learnings across staff

Another enabler was put in place early on during LCRF, given the emergency nature of covid-19 funding, as there was more delegated authority to staff. Given that LCRF's grants were all up to £50,000, much lower than the delegated authority threshold of £100,000 without Chair input during crisis, staff were able to make a lot of the decisions. The panel also quickly agreed that for grants under £10,000, this would be delegated to two CBT staff. It was mentioned that this level of delegated authority influenced the culture and the ability to respond with more flexibility.

Staff being more involved in decision-making in LCRF, compared to other programmes, may have also led to more learnings among staff themselves. Staff mentioned:

"As we were doing assessment, we had a Teams chat – we had specific questions about applications, I learnt so much from reading the chat about other queries that people had. It felt we were a team involved, to assess as quickly as we could and to be fair. With the speed we were assessing, the chat was very lively."

It is also possible that learning is much wider than just CBT - panel members from other funders will have taken these approaches back to their own organisations, though all apart from one have not been interviewed in the development of the case study.

Barriers to more equitable funding

The case study has explored the enablers to more equitable funding during the decision-making process, but during the focus groups and interviews, barriers to more equitable funding were also discussed – some were things that LCRF has managed to do but may not be replicable in the future; and some were things that LCRF did not manage to do or fell short on.

The level of infrastructure required

Being able to get funding out quickly and equitably has been made possible by the points made in the section above, but what underpins that, as acknowledged by a few people interviewed, required the "CBT machinery sitting behind – e.g. the spreadsheets, the administration". It was also noted by staff that although the LCRF processes (especially later rounds when there was less in kind support from other funders) required a lot of overtime and consultants, so was more expensive than the normal grant-making processes, this was mainly due to the pace and the very high numbers of eligible applications, rather than the equity element.

Urgency is a double-edged sword

While it is critical for organisations to receive funding promptly, the sense of urgency may also have led to some potential oversight in the process. For example, staff mentioned that in Waves 1 and 2, they did not have firm criteria around equity and it was only from Wave 3 onwards that:

"We were able to take the time to stop and think, and we were then able to guide the assessors what we're looking for."

Nonetheless the time pressure was still there, and there was a sense that the equity criteria could be more well thought-through if there was more time:

"The prioritisation criteria we used may be blunt. We acknowledged that we didn't have time to develop from scratch to develop a Theory of Change or strategic plan, and we prioritised what was already being measured. There is a risk that what was measured was the easiest stuff and we let that lead the prioritisation, but we had to take a pragmatic approach."

Nonetheless, the questions on equity developed more nuance over time, especially from Wave 3-5, as set out in the LCR Equity Report.

Further on the user-led criteria, one staff member also discussed the challenge that some user-led organisations may not want to identify as user-led, and time (as well as sensitivity) is needed to discuss with applicants about this.

"Some groups may be user-led but don't feel they can just tick a box. Diplomatically, sensitively, sometimes it is not appropriate to talk about it. Some women's organisations have been asked about this and we understand that it may have caused trauma. But then at the same time, a few organisations said they were user-led but they weren't, and we had to honour the judgment of the equity partners."

Bias in decision-making

Even though people engaged in this study were very aware of their own biases and sought to mitigate biases through the process, it was discussed that there was nonetheless bias that could have hindered some groups' chances in accessing funding. One person commented:

"There is a perception out there that if you have greater diversity in an organisation, there's a trade-off with lower quality in delivery and governance. I haven't had first-hand experience of it but it could be a barrier."

Will the learnings from LCRF be embedded?

In the interviews and focus groups, it was also explored whether the learnings from LCRF would be embedded within the funders more widely, particularly relating to their Diversity, Equity and Inclusion (DEI) approach.

Positive signs

There were a lot of positive signs discussed. Firstly, it appears that the learnings from the process have been internalised by staff who were involved in LCRF, and all have talked about how this has influenced their way of doing things:

- *"The funding panel conversations helped us as assessors to have better conversations with organisations in the future."*
- *"Speaking personally, I've been influenced by LCRF to apply more scrutiny to applicants' answers to what extent they are user-led and take on board users' views in designing services."*
- *"Colleagues who have assessed for LCRF will have unconscious equity lens moving forward, and seeing the value of the equity lens, even though it was not a criteria written down for CBT grantmaking, but we as assessors would look at moving forward."*
- *"My approach to conversations around how you involve users is more developed, whether that's in assessment or general grant management. The learnings from LCRF have enriched those conversations."*
- *"I'm being more conscious about the user-led aspect. For example, when assessing Deaf and Disabled organisations, I'm more aware of how they involve the service users in the decision-making."*

Second, it also appears that LCRF has begun to influence internal strategies around DEI, directly or indirectly. A co-funder to LCRF said that their Board has been excited by the learnings from LCR, and that it has indirectly influenced their own internal work around equity.

At CBT, staff felt what was achieved with LCRF in terms of equity would otherwise "have taken years" – "we took a lot of risks and they paid off." There are already beginning signs of things shifting within CBT, such as introducing the Race Action Plan, a DEI Working Group and a DEI Action Plan.

Challenges

Organisational change is a long-term journey, and multiple challenges were explored in the discussions. First, there was a question about whether the confluence of factors a year ago, mainly covid-19 and the Black Lives Matter movement, could happen again to build the level of momentum to push for change. There was a recognition that what was accomplished by LCRF was:

"driven by the fact that we all became more alive to equity issue – not meaning that we weren't alive before. The two drivers of covid affecting disadvantaged minority groups disproportionately, and Black Lives Matter producing the shock internationally we felt accelerated the DEI and Race Action Plan to bring that to the foreground."

This led to a group of like-minded funders coming together to do something bold and different, but it was unsure how much the momentum would be sustained after the crisis.

Second, there was also recognition that there are still many barriers in the grant-making and decision-making processes that need to be resolved. Staff mentioned: financial assessment may still be onerous for some organisations, despite the lowered demands; the need for the team to be more representative of the communities we seek to serve; and the inherent power dynamics between funders and grantees.On the last point, there was also a question whether the more relational approach is necessarily what grantees prefer:

"Some grantees may want the relationship to be more transactional, we don't know. Having that discussion with grantees on what kind of relationships do they want with us, is important. We should be leaving it up to them so they don't have to do as we say as the funder. "

Third, staff also mentioned some internal processes they need to put in place in order for the progress towards equity to continue. This includes the need for ongoing training and learning, given the evolving language and complexity of DEI, thinking more about how to value lived experience, and exploring approaches such as participatory grant-making. It comes back to a central point mentioned by a lot of staff – the need to be authentic in leading on equitable funding starts from within.

Case Study Two: The Mercers’ Company

This case study has been informed by a focus group with the Company’s staff.

Overview of the grant-making process

Unlike funders that were part of the LCRF, aligned funders such as the Mercers’ Company applied their own decision-making processes to select and award grants to organisations. From the London Funders’ portal, on whichapplications made through LCR were uploaded after the eligibility sifting phase, funders like the Mercers’ Company were able to select organisations that alignedwith their own strategy and goals to consider them for funding. In other words, fundersin this positiongained access to a pool of potentialgrantees, from which they were able to select based on their own funding priorities and criteria. Key steps in the Mercers’ Company’s decision-making process included:

1. On the portal, filtering and selecting projects based on user groups and grant-making programmes (Older People & Housing, Young People & Education)
2. Looking at eligibility criteria and due diligence
3. Writing up a brief on each of the selected projects to present to the relevant grant making committee
4. Committee decisions on projects proposed

The funding approach taken by the Mercers’ Companyas part of LCR differedfrom their usual process in certain ways, for example:

- It was the first time the Mercers’Company had used a third party collaborative portal to find potential organisations to fund. Usually applicant organisations either complete the Company’s own Expression of Interest form or are approached (in particular for the Young People & Education programme) proactively whereby the Grant Programme Managers reaches out directly to potential grantees.
- Some parameters for the grants – duration and maximum grant sum – were set by LCR.

What worked well in the decision-making process to enable user-led organisations to be funded?

The combined influence of the covid emergency and the support and advice offered by LCR's equity partners to funders, had significant influence over the decision-making processes at the Mercers' Company.

Reconsidering risks

In the other case study about the LCRF, we saw that the nature of emergency grant-giving and the acuteness of needs during the pandemic sometimes had the effect of shifting funders' views of risks. In response to the crisis, they were more likely to take risks if that meant having a positive impact on those most affected. This is also true for the Mercers' Company, and in some cases, it enabled more user-led organisations to access funding.

During the focus group, the team reflected on their ability to balance risk and impact. There is a sense that, as an independent funder with a broad portfolio of organisations being funded, the Company can take risks on making smaller grants to newer organisations in the right circumstances. Although it is not exactly new for staff, this sense was reinforced by the pandemic and the LCR. As a team member explained:

"I am willing to take more risk with organisations that might not get funding - in the right circumstances. There is a role that we can take in taking more risk. We haven't explored that as much as we can, but it is quite new. And learnings from LCR are informing this."

The fact that, in the contextof LCR, the team awarded smaller grants certainly helped simplify decision-making processes, including due diligence.*

*The average grant award across the three main programmes at Mercers' Company is £70,700.

While the team normally examines financial reports in detail and a certain level of financial sustainability, they explained that they were willing and able to be more flexible on financial performance and governance in general for organisations funded via LCR because of the nature of the emergency. In this context, other elements – such as user engagement and the organisation being on the frontline– became more important than more conventional risk assessment criteria. A team member commented on this shift:

"The starting point is to look at the risk and then work back from that. Because some things are riskier, but they are also more needed."

The team also reported that exposure to exposure to how other funders manage risk might have helped them think about the different ways of presenting risk.
Since many user-led organisations have more vulnerable finances, the shift in how the team approaches risk assessment was likely to have been beneficial for them and made the grant- making process more inclusive.

Equity as a part of assessing quality of organisations

The strong focus of LCR on equity and recommendations from equity partners, influenced the assessment criteria used by the Mercers' team to evaluate potential grantees. The team explained that, after working with LCR and equity partners, they better understand the value of user-led organisations and their unique capacity to deliver impact particularly in an emergency. Through the LCR, the team actively tried to fund organisations that were led by users and not merely working with them, which was a relatively new focus. As summarised by a team member:as well as considering the quality criteriaof "what" (was being done to create impact) the "how" (impact was generated) became equally important.

"My main view is that it is more about the 'how' rather than the 'what'. Organisations that are in touch with communities and led by them are more likely to do it well – so outcomes are likely to be better."

More generally, the team's involvement with LCR helped them think more about the value of lived experience within organisations being funded. It is not an entirely new focus for the Company, but its importance became very apparentthrough LCR. Lived experience within potential grantees staff and Board was considered as an important factor in funding decision, sometimes more important than other factors such as governance. As one team member said:

"I think the balance between governance and lived experience has changed since LCR."

The attention paid by the Mercers' Company to the applicants' leadership and user engagement is very likely to have enabled user-led organisations to receive funding, especially organisations that might not have been awarded funds otherwise.

Funding smaller organisations

In the context of the LCR, the Mercers' Young People and Education programme, in particular, shifted their focus from relatively large organisations to smaller ones. The LCR was also a departure from the proactive approach to grant-making taken by the Young People and Education Programme, whereby Grant Managers reach out to organisations they have researched and identified as experts in their field to discuss possible funding. This had the effect of widening the spectrum of organisations that received funding from the Mercers' Company. As user-led organisations tend to be smaller in size and less well-connected with funders as their bigger counterparts, this shift resulted in more of them being able to access funding. One team member said:

"It (LCR) made me want to look at a wider range of organisations. We normally look at bigger organisations so we miss out on community and youth-led organisations".

Another team member added:

"During the first part of the pandemic we focused on the organisations we were already funding. The legacy of the LCR is working out who we are not reaching."

The Mercers’ team reflected on the advantages and challenges linked to funding large organisations and using a proactive approach to grant-making for some of their programmes. While both potentially pose obvious challenges in terms of inclusivity, a team member noted that it might be more equitable for funders to be the ones who need to do the research and reach out to understand potential grantees working in their priority areas.

Even though those questions were still being discussed at the time of the focus group, it was clear that the shift that happened in the context of LCR was likely to have a long-term impact.

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25 YEARS LONDON FUNDERS