

New principles for grant reporting

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In partnership with:



Hu Community Church



Introduction

Over the course of two workshops in April and September 2018, a group of funders and funded organisations¹ developed a set of principles to make grant reporting a shared, more meaningful and mutually beneficial experience.

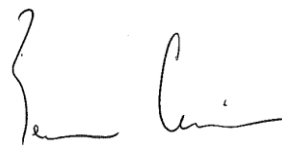
Our intention from the outset was to see how much progress could be made over two workshops and early on we decided to focus on core funding, rather than project funding. At the end of the second session we all felt there was merit in sharing and testing the principles we had developed. For each funder, this will mean something different. For some, the principles will facilitate internal conversations and thinking; for others, they will be directly applied to a grant-making programme.

The starting point for this initiative was a shared view – across the group of funders and funded organisations involved – that current reporting arrangements can be burdensome rather than useful. The group's goal is to address and reverse that. In attempting to do this, we have recognised and acknowledged that the power to make change happen – to do things differently – rests with funders. The design of reporting arrangements – format, frequency, content – is in their gift. So, although the process of developing the principles set out here has been genuinely collaborative, it now falls to the funders involved to find ways to apply these principles to their practices.

In Appendix One, we have also shared the group's suggestions for using more conversations and less paper in grant reporting.



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¹Big Lottery Fund, Cardboard Citizens, Comic Relief, Esmée Fairbairn Foundation, Heritage Lottery Fund, Hull Community Church, Institute for Voluntary Action Research, Joseph Rowntree Foundation, Lloyds Bank Foundation for England and Wales, Older Citizens Advocacy York, One25, Paul Hamlyn Foundation, Pears Foundation, Refugee Action, Thames Reach and Tudor Trust.

Principles for mutually beneficial grant reporting

High level principles:

1. Funders explain why they have awarded a grant.
2. Funders and funded organisations are clear about what grant reporting will look like.
3. Funders are clear about the type of relationship they would like to have with the organisations they fund.
4. Funders only ask for information they need and use, and question whether they need bespoke reporting.
5. Funders give feedback on any grant reporting they receive, and share their thoughts on the progress of the work.
6. Funders describe what they do with the information they obtain from funded organisations.

1. Funders explain why they have awarded a grant.

Organisations want to know why they have been funded. It helps them to understand if and how they fit into a funder's broader strategy, and what that funder expects them to track and report on. Clarity at the start of a grant relationship could prevent misunderstanding and wasted effort later on. Funders could identify which aspects of a funded organisation's work that they are particularly interested in – or not interested in – and share their views on what success could reasonably and realistically look like. This would help organisations to provide focused reporting that gets to the heart of what funders are most interested in.

<p><u>Example 1</u></p> <p>A funder shares a short explanation of why they made the grant in the grant offer, drawing on notes taken from trustee discussions, and/or the grant manager's assessment of the application.</p>	<p><u>Example 2</u></p> <p>A funder holds a grant inception meeting or call with the funded organisation, sharing the reasons for making the grant and the aspects of the funded organisation's work they are most interested in. The organisation is actively encouraged to ask questions of their own.</p>
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2. Funders and funded organisations are clear about what grant reporting will look like.

It is important for funder and funded organisation to understand each other's expectations of grant reporting. Funders should give organisations clarity over any non-negotiable reporting requirements when awarding a grant, and undertake not to change what those requirements are. Wherever possible, reporting processes and formats should be agreed that meet both parties' requirements, circumstances (including pre-existing commitments of the funded organisation) and capacity. Small changes to funders' systems could have a big impact on the organisations they fund, easing pressure at busy times and making progress reports more manageable.

<p><u>Example 1</u></p> <p>A funder specifies that their own grant reporting form is used, but invites the funded organisation to propose a timescale that coincides with milestones in the work being funded, or other funders' timings.</p>	<p><u>Example 2</u></p> <p>A funder meets with the funded organisation at the beginning of a grant to discuss the most appropriate reporting timetable and format. The discussion starts with a blank sheet of paper and both parties design a process, format and timescale that are mutually beneficial.</p>	<p><u>Example 3</u></p> <p>A funder contacts the organisation's other funders and asks them to co-ordinate around a single reporting timetable.</p>
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3. Funders are clear about the type of relationship they would like to have with the organisations they fund.

Organisations find it helpful to understand the type of relationship that a funder wants. This might include descriptions of the types of contact (e.g. reports, emails, phone calls or meetings), the frequency of contact and the depth of those contacts. At the start of a grant relationship, funders could give funded organisations an opportunity to say what type of relationship *they* would like, so that the nature of the relationship can be agreed mutually.

<p><u>Example 1</u></p> <p>A funder includes in the grant offer an expanded reporting schedule – with a description of the type and amount of contact they expect to have with the funded organisation.</p>	<p><u>Example 2</u></p> <p>A funder discusses the relationship with the funded organisation at a grant inception meeting and asks about the funded organisation's preferences. The agreed outcome of the discussion is then summarised in a follow-up e-mail.</p>
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4. Funders only ask for the information they need and use, and question whether they need bespoke reporting.

Organisations often have many funders, and have to report on the same work in different ways. This can mean they have to prioritise reporting to funders over their own Trustees, or their annual report. Funders should find out what reports organisations are already producing and ask themselves what more they really need. If they do need extra information, funders could consider whether this 'bespoke' reporting is proportionate to the size of the grant, the size of the funded organisation, and which other funders are asking for similar things.

<p><u>Example 1</u></p> <p>A funder giving a small grant asks for no reporting other than the organisation's annual report and accounts listing the grant, and may meet or visit the funded organisation instead to hear about progress.</p>	<p><u>Example 2</u></p> <p>A funder giving a core costs grant encourages the organisation to put the time that would have been spent in grant reporting into a published learning report instead.</p>
<p><u>Example 3</u></p> <p>All the funders of a large project meet regularly together with the funded organisation and receive one common report on progress.</p>	<p><u>Example 4</u></p> <p>A funded organisation uses one funder's report template to report to all of their funders.</p>

5. Funders give feedback on any grant reporting they receive, and share their thoughts on the progress of the work.

Funded organisations put a lot of effort into the reports they submit to funders. It is therefore important for funders to acknowledge receipt of reports and provide feedback. This is an opportunity to validate good work and celebrate success, as well as address where things may not have gone according to plan.

<p><u>Example 1</u></p> <p>After receiving and reading a report, a funder gives the organisation a phone call to acknowledge the</p>	<p><u>Example 2</u></p> <p>A funder follows up on a grant report by arranging a face-to-face meeting with a funded organisation.</p>
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report and briefly discuss key points. The funder asks any follow up questions.	They want to discuss a difficult issue, and feel that doing it face-to-face will help to build trust and support an honest exchange of information and opinions.
<u>Example 3</u> A funder provides written feedback on a report, highlighting what they found particularly inspiring about the work, whether there is any clarification needed and providing advice on any challenges raised. This is followed up with a phone call or email conversation.	

6. Funders describe what they do with the information they obtain from funded organisations.

Funded organisations have a reasonable expectation that there is a purpose to providing funders with information in their grant reports. Funders should therefore make clear to funded organisations what they do with their reports. This could include an indication of who reads the reports, what assessments are made, how the reports feed into future decision-making and how grant reports feed into a broader analysis of a funder's grant programme. This would give funded organisations confidence that the information they are providing is used, and ensure they are providing the most useful information.

<u>Example 1</u> A funder writes a short statement that explains how they make use of grant reports across their organisation and includes this on their website and in grant offers.	<u>Example 2</u> A funder provides tailored feedback on how a grant report has been used when providing feedback to the funded organisation. This includes information on what assessment the funder has made, what information has been used by the funder and how this is being fed into to the wider work of the funder.
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How we are using principles

A number of funders will be testing the principles over the coming months, as outlined below. In summer 2019, we will work with them to review and refresh the principles based on how they have worked in practice.

Funder	Use
Big Lottery Fund	The Fund has made a commitment to continually improving its guidance & monitoring expectations together with the organisations we fund. These principles give us a great opportunity to look at our next steps with regards to reporting so that it can be aligned and useful to all - communities, the organisations we fund and the funder.
Comic Relief	Comic Relief will use the set of principles to challenge ourselves and reflect as we review our reporting approach. We will be testing out co-creating a reporting format with a few grantees who are onward funders of grassroots organisations.
Esmée Fairbairn Foundation	At a high level, we are keeping the spirit of the principles – using more conversations and less paper – in mind as we develop our new funding strategy for 2020. More practically, though we will look to make progress towards all the principles, we are currently trialling different approaches to numbers two and four – asking some organisations we fund when they would prefer to report, and in what format.
Heritage Lottery Fund	We have used the principles to shape some of the changes being made to the grant giving process as part of our next strategic funding framework and they will be used to inform a further process re-engineering over the next two years or so.
Joseph Rowntree Foundation	<ul style="list-style-type: none">• We plan to review our grant offer/conditions to reflect principles one and three

Funder	Use
	<ul style="list-style-type: none"> • We plan to review our reporting form to reflect principle six • We are aiming in 2019 to initiate learning and practice sharing workshops with grantees. This will enable a conversation regarding principles two and four • We presently produce a short summary of impacts annually drawn from reporting provided by grantees. We will review the possibility of sharing this with grantees (principle five)
Lloyds Bank Foundation for England and Wales	We are reducing the amount of bespoke reporting we require of our grantees, and want to tell grantees more clearly how we use the information they provide to learn and improve.
Paul Hamlyn Foundation	We are reviewing how we can integrate the principles into our grant making processes and for holding ourselves to account.
Pears Foundation	We will use the principles to continue our internal conversations about how we manage Partner relationships, and stimulate discussion with our Partners on their preferred reporting formats.
Tudor Trust	We are sharing the principles internally and testing with trustees and the grants team.

Appendix One: Moving Grant Reporting from Paper to Conversations

The principles for grant reporting may be implemented in many different ways. Indeed, they have been specifically drafted to allow diversity of practice. However, the funders and funded organisations involved in drafting these principles recognised that they would likely best be achieved by moving the focus of grant reporting away from a largely paper-based exchange towards greater investment in conversations which have the potential to replace some (although not all) of what is currently provided in written reports.

The notes below summarise why we considered a conversational approach to be beneficial and suggests ways of achieving a more conversational relationship between funders and funded organisations, to sit alongside material that is more appropriately provided in writing (eg. an organisation's annual report).

Why use a more conversational approach?

- A conversation is more personal and relational. It breaks down barriers and builds trust. This may foster a more honest and open exchange of information and opinions. It may lead to a more honest assessment of challenges, limitations and failures, which is a necessary precursor to high quality reflection and learning.
- A conversation allows the funded organisation to have a greater say in determining what it is most useful to report on. This is important because the funded organisation may have well founded views on what is most interesting, important and exciting about their work. A conversation allows funder and funded organisation to discuss any areas of disagreement sensitively.
- A conversation provides opportunities for a funder to share knowledge that it may have gained from other funded organisations. This may include the funder putting the funded organisation in touch with other organisations and encouraging peer learning.
- A conversation about a funded organisation's work is more likely to involve the personnel that actually deliver the activity. Funders can therefore have more direct contact with staff knowledgeable about front line activities and this can

help encourage greater interaction between fundraising and service delivery staff.

- A face-to-face conversation, especially where this takes place at the funded organisation, opens up the opportunity of including beneficiaries in the discussion when appropriate.
- Not all funded organisations are good at writing reports. Some organisations may be good at delivering activities and services but may struggle to communicate this on paper. A more conversational approach overcomes this.

How could a more conversational approach be implemented?

- Funders could make more use of phone conversations and face-to-face meetings, only using paper based grant reporting forms to cover essential accountability requirements.
- Funders could consider hosting collaborative learning sessions at which multiple funded organisations are invited to report on their progress and reflect together on what they have learnt.

What are the practical implications for funders?

- Moving towards a more conversational approach is likely to shift some of the reporting burden on to the funder. For example, grant managers may need more time to make phone calls or visit organisations, and to record notes about the conversations. There is also a question of how grant managers share relational reporting with their board – this requires high trust relationships between the board and grant managers.
- Moving towards a more conversational approach may require grant managers to draw on a wider range of skills.

What are the practical implications for funded organisations?

- Funded organisations often have multiple funders. Whilst a conversational approach may be favoured by many organisations, care is needed to ensure that the extent of an organisation's input into conversations is reasonable.