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BIG and small:
Capacity building, small organisations and the Big Lottery Fund

This study aimed to provide evidence to the Big Lottery Fund (BIG) on how best to target its efforts to build capacity or support capacity building in the [small] groups that apply to it for funding. The research took place between March 2009 and March 2010 and was carried out by a team led by the Institute for Voluntary Action Research (IVAR), in collaboration with colleagues from the Third Sector Research Centre, the University of the West of England and Cordis Bright.

This report brings together the findings of a review of relevant literature, an analysis of information from Merlin (BIG's grant-making database), interviews with 13 BIG staff and 24 applicant organisations, and an online survey completed by 122 applicants.

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Findings

The literature review: existing knowledge in this area (Part 1, section 2)

Earlier research highlights differences between types of organisational capacity in relation to: programme delivery; programme expansion; or helping organisations adapt to environmental pressures. Many authors see capacity building as *'any kind of action or progress which improves abilities to perform activities or functions'.*[1] This is consistent with BIG's own working definition of organisational capacity building as *'efforts to improve performance by developing skills and confidence'.*[2]

A number of focal points for capacity building recur throughout the literature, including: strategic planning; raising funds; human resources; recruitment of volunteers; networking with other voluntary and public sector organisations; governance; and financial management. Earlier research also highlights a distinction between two models of capacity building:

i. the deficit model, which focuses on what others (might) consider to be lacking in an organisation

ii. the empowerment model, which focuses on meeting an organisation's own aspirations (but does not exclude support from others).

Frontline organisations tend to prefer closer or more intense methods of support, such as face-to-face, consultancy-type support that responds to specific organisational contexts. This approach can, however, be very resource intensive. As a result, smaller organisations may be less likely to seek or prioritise capacity-building support. Finally, our own earlier research has argued that establishing coherence between the purpose, focus and method of capacity building is critical to any successful capacity building programme.[3]

Merlin – BIG's applicant database (Part 3, section 4)

The analysis of Merlin, BIG's applicant database, focused on applicants with an annual income of £10,001-£100,000. There was, however, little if any data *explicitly* related to the capacity building needs of small organisation applicants to BIG. This was itself an important research finding. While BIG is clearly committed to targeting its efforts to build capacity or to support capacity building in the groups that apply to it for funding, its internal systems do not themselves fully support that endeavour. Moreover, the application process does not explicitly invite reflection on or requests for support to build capacity, and indeed openness about such needs might jeopardise applications.

A central mechanism for gathering and collating information about capacity building needs – for example, repeated patterns of organisational problems in funded organisations – could be invaluable when trying to develop an approach to capacity building that responds directly to the needs articulated by the organisations.

Findings from interviews with BIG staff and applicants, and an online survey of BIG applicants (Part 3, section 5)

Capacity building is widely understood as a process of improving the skills and confidence of groups so that they can run their organisations and projects better. Within BIG itself, opinions vary about whether the primary focus of capacity building should be on an organisation's overall development or its ability to deliver project outcomes. Applicants generally see capacity building as a process that can help them achieve their goals and thus enhance their work in the community.

Capacity building needs of small organisations

BIG staff identified a range of capacity building needs among small organisations including governance, income generation and project management. Some of these needs related specifically to the organisations' ability to apply for BIG funding; others to wider organisational capacity.

The majority of the BIG applicants who were interviewed were well networked; they generally felt that they were responding to community needs and that they had the required skills, passion and commitment to deliver their organisational aims. Interviewees' thoughts about capacity building needs thus focused less on organisational deficits and more on areas that could build upon their existing strengths. In addition to prioritising funding as their most pressing need, they also identified a need for further support in seven main categories: governance; human resources; networking; fundraising; physical resources; marketing and communication; and new

needs that emerge after receiving funding. The top three support needs among survey applicants were: '*how to get more funds that we can spend as we wish*'; '*measuring the difference that we're making';* and '*writing applications and tenders'*.

Delivery of capacity building

Currently, BIG identifies capacity building needs on the basis of its internal intelligence, risk assessments, stakeholder consultation events and application criteria. BIG staff had a number of suggestions about how BIG could target its capacity building support, including targeting by sub-sector, 'cold spot' areas and successful/unsuccessful applicants. There was some concern about the implications of such an approach for applicants who might be excluded from any such targeting.

In terms of the future delivery of capacity building, BIG staff offered four options:

i. BIG provides support itself

ii. BIG employs a pool of consultants to provide support

iii. BIG signposts organisations to other support agencies

iv. BIG gives organisations resources with which to purchase their own support.

Allowing organisations to purchase their own support was the most popular option among applicants; opinions were more wide-ranging with some country differences with regard to BIG's involvement in the design and delivery of capacity building.

Barriers to capacity building

BIG staff identified inadequate time, insufficient resources and a lack of organisational 'buy-in' as some of the main barriers to capacity building. These barriers mirrored the experience of some BIG applicants who reported that they had not sought support due to cost implications and a lack of time, resources and trust in support providers.

The BIG application process

Some BIG applicants described the application process as time consuming, lengthy, confusing and difficult. Most interviewees struggled to articulate their organisational value into words, experienced difficulties with identifying and expressing outcomes, and felt that BIG staff should provide

more one-to-one support during the application process. Others felt that the application process was not too onerous, given the amount of funding they were applying for; they attributed their ability and confidence to their previous bid-writing experience.

Discussion and concluding remarks (Parts 4 and 5)

Parts 4 and 5 of the report present some questions and tensions for BIG to consider when developing a capacity-building strategy, including:

    i.   How might capacity building be delivered?

    ii.   To whom and when might it be delivered?

    iii.   What might the various options mean for the way BIG works?

The purpose of capacity building

Within BIG there seem to be at least three priorities for capacity building:

    i.   to ensure organisations are able to apply, receive and spend a BIG grant

    ii.   to ensure organisations are able to deliver agreed project outcomes

    iii.   to support wider skills development within the voluntary and community sector.

Although it is important to retain some flexibility in the definition of capacity building to ensure that it applies to the majority of BIG's funding programmes and to each of the four UK nations, our study findings suggest that BIG's *primary* objective is inevitably to protect its investment by ensuring that BIG is able to deliver its own mission: *'We are committed to bringing real improvements to communities and the lives of people most in need.'*[4] This implies a need to target capacity building support in such a way that it prepares organisations to fulfil the obligations and expectations associated with a grant from BIG. Such an approach, however, might be at odds with accumulated learning in this area which indicates that capacity building is more productive and useful when it is focused on organisations' own perceptions of their need. For BIG to reconcile this apparent tension, it might need to think more carefully about the relationship between *projects* and *organisations*. For small organisations, the focus of this study, the distinction is blurred: their ability to deliver agreed *project* outcomes may depend largely on support for their *organisatio*n (such as governance and planning). In other words, priorities i. and ii. above need to be tackled together.

Targeting capacity building

In thinking about who to target, a flexible mix-and-match of extensive and intensive approaches is likely to be the most appropriate, as organisations have different needs according to their stage of development. Extensive options might allow more organisations to be supported. They would normally focus on specific skills and short-term interventions and might best match situations where organisations buy in their own training or one-to-one consultancy. Intensive options, on the other hand, involve more sustained, holistic organisational development, often delivered through a peer group.

While a mix-and-match approach might be ideal, BIG would also have to weigh the benefits against the likely administrative costs and the question of equity – that is, which organisations have access to support and when. That said, there is clearly scope for BIG to promote more sustained approaches through supporting peer networking above, and indeed beyond, projects funded under specific programmes.

Capacity building needs

It is clear from our findings that organisations primarily look to BIG for funding that will equip them to deliver their intended outcomes, support communities and develop their organisations. Future discussions about targeting capacity building in small organisations need to be mindful of this. BIG applicants also highlighted three areas in which existing support could be enhanced: increasing organisations' ability to secure funding from BIG; increasing the effective use of that funding; and adapting to the scale of change that BIG funding can create.

Delivering capacity building

Despite technological advances, small organisations still have a profound desire for personal relationships. They appreciate direct contact with BIG during the application process, either face-to-face or on the phone. In addition, organisations in our study also indicated a preference for a more demand-led model of support that would meet their needs more directly. There are various ways in which BIG could respond – for example, it could invest more in ensuring that support providers become more attuned to the needs of frontline organisations rather than prioritising their own perceptions of need and demand; or it could create more opportunities for peer learning. Further research to explore how BIG can help to stimulate or facilitate such peer learning networks may be a worthwhile investment.

Whichever option(s) BIG decides to pursue, there will be pressure to balance cost-effectiveness with innovation, and targeting (to achieve greater impact) with equity. By their very nature, many BIG programmes are restricted to specific organisations or activities, so targeting already exists to an extent. Ultimately, the success of any of BIG's initiatives is likely to depend on the presence of clearly stated accounts of its purpose and rationale.

Internal and external communications

Finally, it is clear from the study findings that there is an abundance of intelligence and learning within BIG itself that needs to be shared more openly and effectively. The new IT system may be one way to collate such information; however, there is also a need to encourage more internal reflection and communications. Over-reliance on informal and ad-hoc mechanisms to distribute learning across the organisation will prove insufficient when it comes to developing strategies and setting budgets. The study also highlights a need to provide more information about the rationale of both the application and decision-making processes so that applicants will better understand what is expected of them and why.

Concluding remarks

The aim of this study was to '*provide evidence to BIG on how best to target its efforts to build capacity or to support capacity building in* [small] *groups that apply to it'*. The study was carried out against the backdrop of the recession, just prior to the formation of the coalition government and a period of restraint in the funding of capacity building in the VCS.

The supply-led programmes of capacity building which have come to dominate the capacity building landscape have not always been attuned to the practical realities of small organisations. Nationally driven programmes have, if anything, privileged the needs and views of suppliers (infrastructure bodies) over clients (frontline organisations). Whilst a strategic shift to supporting small organisations may be welcome and politically astute, it is likely to require dedicated attention – through internal communications, dialogue with frontline organisations and further research – as well as a commitment to experimentation and innovation. To achieve this shift, BIG will need to reach agreement about the focus and priorities of its capacity building support.

Our findings confirm that small organisations are both resilient and complex. Whilst broadbrush approaches to supporting them may prove successful in some areas of need, for example technical aspects of organisation and management, addressing their stability and performance will require more

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sophisticated interventions. Such support is unlikely to succeed if it is just focused on *projects*, rather than *organisations*, as such distinctions will be harder to draw in smaller organisations. This is not inconsistent with an approach to capacity building that is primarily concerned with '*improving performance by developing skills and confidence*'[5].

Although BIG cannot operate with the flexibility and freedom of, say, a family foundation, it might consider a more proportionate approach to how it supports (or funds support for) small organisations, allowing for geographical and programme differences, as well as new routes of delivering capacity building (such as through bespoke support or peer learning). Such a nuanced approach to targeting has the potential to produce practical outcomes for beneficiaries as well as to generate learning for both BIG and the wider voluntary sector.

In making these difficult pragmatic (and ultimately political) decisions about the depth and breadth of the engagement and support it wants to offer small organisation, BIG will need to be more explicit about the consequences of those choices. The more effective and popular approaches are likely to be the most resource-intensive, so approaches will necessarily vary between countries and programmes. Positively, BIG has the size and resources to experiment with different approaches in different contexts and should continue to do so. This report offers some options that BIG's decision-makers ultimately need to balance. The analytical framework of *purpose, focus and method* that we offer will help BIG to do this.

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[1] See, for example, Cairns, B., Harris, M., and Young, P. (2005) 'Building the capacity of the voluntary nonprofit sector: Challenges of theory and practice', in *International Journal of Public Administration*, vol 28: 869-885

[2] Big Lottery Fund (2009) *Invitation to tender: Analysis of the capacity-building needs of applicants to the Big Lottery Fund*, February 2009, London: BIG

[3] ibid 1

[4] Big Lottery Fund (2009) *Big thinking: Our strategic framework to 2010,* www2.biglotteryfund.org.uk/bt_strategic_framework.pdf

[5] ibid 2