IVAR

Working in place: Collaborative funding in practice
Bristol Impact Fund: Coordinating council grant streams

Institute for Voluntary Action Research

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Contents

This case study is one of five exploring how independent charitable funders and local, regional and national public agencies can work together in a given geographic area.

The case studies are part of IVAR's wider work on place-based funding approaches, which includes *Working in Place: A framework for developing and designing place-based funding approaches* and *Working in Place: Collaborative funding in practice*.

This document shares the learning of independent and public funders working together in place from the perspective of the key partners involved. It is based on interviews with council representatives, independent funders and voluntary and community organisations. Interviews for the case study were carried out before the allocations process for the Bristol Impact Fund. Participants also attended a workshop after the funding decision had been announced to discuss the emerging findings from both the case study and the research as a whole.

For the full research series, please visit
www.ivar.org.uk/research-projects/place-based-funding/

The Bristol Impact Fund 'at a glance'

The Bristol Impact Fund (the Fund) has brought together many of Bristol City Council's voluntary and community sector (VCS) grants from across the authority into one £3.29m pot with the aim of focusing spend on areas that will make the greatest contribution to reducing disadvantage and tackling inequality, through a lens of building social capacity and capital, and developing community resilience and self-determination. The agreed package was confirmed by the Council in March 2017 and the grants will run from two to four years.

The Fund has two further significant features:

- The criteria for funding and the allocations process were co-designed with the local voluntary and community sector.
- Three independent funders were invited into the grant-making process as members of the allocations advisory panel.

Who provided funding?

Bristol City Council allocated £3.29m for grants to voluntary and community sector organisations under five headings:

- Poverty
- Tackling unemployment
- Improving access to information
- Reducing social isolation and improving mental health and well-being
- Enabling influence and participation in the community

Timescale of the initiative

The development of the initiative began in 2014. Applications were invited in autumn 2016 and allocations agreed by the Council in March 2017. Grants started on 1 July 2017 and will last for two to four years.

2.0   Summary learning

This section summarises what we have learned about place-based collaborative funding from the Bristol Impact Fund.

Council respondents felt that, if more resources had been available for developing the strategy, and with the benefit of hindsight, other things could have been done – more in-depth research, comparisons with other places, more collaborative working, maybe having a joint group on each challenge to tease out some of the priorities. But, overall, they believe that they have done the right thing and have the right product. As an independent respondent said, the status quo was unsustainable. So they had *'to trust big-time that they have done enough thinking to improve on what they had before' and that what they came out with would be 'good enough'.* A platform now exists for them to move forward and share learning, both locally and with other authorities.

Respondents identified the following ingredients for success in any joint funding venture:

- **Individual personalities are crucial** – particularly the lead officer's willingness to take risks, the support the Fund had from the CEO of the Council (at the time) and previous and current Mayors. Case study interviewees reported that the lead officers were: *'very highly respected in the sector – very passionate, very driven – [they] get it from both sides [LA and VCS], which is a very difficult line to tread'.*

- **Time:** Time is an issue that came up repeatedly in interviews *'... time is needed to build effective partnerships and ... you need to invest in the development of those relationships – it is not something you can do quickly.'*

- **Local knowledge is crucial and national funding initiatives need to be tied into locally sustainable organisations:** *'If you get the people on the ground involved, this takes out the money you'd otherwise need for marketing, community engagement. Funders need to tie their intervention into something that has a longitudinal focus, that will still be there 10 years down the line'* (Independent respondent).

- **National funders need to recognise local funders' autonomy:** *'it has got to be a coalition of the willing ... they also need to understand the complexity of a city that is changing on a daily, yearly basis'* (Council respondent).

- **Funding voluntary sector infrastructure to provide independent support has been essential,** especially for smaller organisations, and it can also help to support collaborative bids.

- **Council officers underlined the value of an independent facilitator at all stages of the process.** They brought in a facilitator from Bristol University to provide a half-day workshop, in which to work through the issues, agree who needed to be in the room, and who didn't, and agree a formal co-design process. They then secured an independent facilitator with significant national and international experience to support the co-design group throughout the process.

- **It is important to have systems that allow new and small organisations to apply.** One respondent was particularly critical of government initiatives that are supposedly meant for small charities but set the threshold far too high in terms of size, income and reserves.

Local knowledge is crucial and national funding initiatives need to be tied into locally sustainable organisations

3.0 About the Bristol Impact Fund

Bristol City Council is one of a diminishing number of authorities that continue to make grants to the voluntary and community sector (VCS). As such, it is an important local funder. But the Bristol Impact Fund represents a significant departure from previous grant-making practice in Bristol City Council in that it has brought together many of its voluntary and community sector grants from across the authority into one pot (£3.29 million). As stated above, it has also introduced two new features to engage more fully with the local voluntary and community sector and with independent funders operating locally. The local VCS has been involved in an extensive co-design process, while independent funders have been invited onto the allocations panel.

The Fund aims to achieve three main impacts in line with wider Council policy:

1. Reducing disadvantage/inequality
2. Improving health and well-being
3. Increasing resilience and building on strengths

In line with this, it focuses on five key challenges:

1. Reducing financial, food and fuel poverty
2. Tackling unemployment and underemployment
3. Improving access to information, services and opportunities in the city and increasing digital inclusion
4. Enabling influence and participation in the community
5. Reducing social isolation and improving mental health and well-being

And it seeks to promote four ways of working within the sector:

1. Giving the right help at the right time
2. Helping people to help each other
3. Building the strengths of people and communities
4. Connecting people and organisations within and across communities

3.1 Key elements of the approach

Consolidating the Council's own grants streams

The principal driver for this initiative has been austerity. Bristol City Council, like other local authorities, has suffered from major cuts and is increasingly unusual in maintaining a VCS grants budget. It felt that it needed to get to grips with the fact that the future will look very different.

First, it wanted to make sure that it gets best value from its diminishing resources:

> *'It became clear in aligning the council grants that there were some organisations that were getting multiple grants from different sources, all with their own costs.'*
> (Council respondent)

But the Council also wanted to ensure that its resources are linked to its overall aim of reducing disadvantage and tackling inequality: *'It is no longer enough to be a lovely voluntary organisation doing good work. It needs to be making an impact on the most important challenges for the city.'*

Co-design

The Council believes that, given the uncertain future of its own funding, it needs to change from being a doer to an enabler:

> *'In terms of the pressure the Council is facing, the co-production fits well with the vision of the Council as an enabler with smaller VCOs at the front and centre of delivery… The VCS will be pivotal to the future as the Council moves forward into being an enabling authority.'*
> (Council respondent)

Involving independent funders

By inviting independent funders onto the allocations panel, the Fund hoped to be able to tap into their local knowledge and experience, while supporting independent funders to be better informed about the Council's priorities – what has been funded and where the gaps are. The Council will still have the final say but, while there is no joint funding strategy, the hope is that there will be more alignment, both to avoid duplication and to inform independent grant-making:

> *'We have to avoid the risk of double funding, where we might end up paying for something that is already covered in a grant from someone else. We need to get smarter and work with each funder on value added funding and possible joint funding initiatives.'*
> (Council respondent)

> *'It is always difficult to see good applications miss the cut. We therefore made it a point to provide feedback and suggest alternative sources of funds. The chances are that another funder might be able to fund groups who have strong proposals which may fit their grants criteria.'*
> (Council respondent)

These hopes are shared by the independent funders who have been involved:

> *'Independent funders have limited funding too and need to put it where it will be best used.'*
> (Independent funder)

'There is potential for other funders to get involved further down the line to support unsuccessful applicants or to think about where they fit in the local funding jigsaw, rather than operating in isolation. It helps us to think about where our money could have the best impact in the area and be operating, not in isolation but filling a gap.'
(Independent funder)

There is also the potential for match funding if the Council can't give the full amount:

'If we've got someone coming in for £150k and we can't fully fund that given the proportion of our total grant budget it would take, then another funder might be in a position to match fund.'
(Council respondent)

Finally, the Council also sees an opportunity to get independent funders on board with the equalities agenda and extend their reach. Some local funders are already fully committed to equalities, but respondents felt there was room for improvement elsewhere:

'There is a huge culture gap between the philanthropic network and people in disadvantaged communities in the City.'
(Council respondent)

4.0 How the Bristol Impact Fund worked in practice

4.1 Development of the Fund

The idea of a consolidated grants fund within the Council took shape over the second half of 2014. Once the Council had officially agreed to go ahead with the idea in December 2014, officers brought together a working group of selected individuals from the voluntary sector. Two workers from the local infrastructure body (CVS) for the sector, were on the working group. The CVS was commissioned to run a consultation process from November 2015 to February 2016 with the wider voluntary and community sector. In order to avoid conflicts of interest and role, the responsibilities of CVS staff were clearly delineated, with *'firewalls round the desks'.* The employee who ran the consultation was not involved in the working group and the CVS CEO also stepped back so that the infrastructure body would be able to comment independently and challenge if need be.

Once the working group had agreed the overall prospectus, it was disbanded, so that members would not have a conflict of interest if they applied. The Compact Officer was the only CVS person involved in designing the selection process.

The Fund was opened for applications in September 2016. In the end, it did not prove possible to include all council grant streams, but there was £3.29m in the pot out of a possible £7m. The Fund had three tiers of grants – small, medium and large. The allocations process for small grants took place in November/December 2016 and was designed to *'ensure that the demands of the process were appropriate to the level of funding':*

'It isn't fair to expect someone in a small organisation to deliver as finished an application as someone with a PhD. [The process] also aims for proportionate monitoring and evaluation that allowed people to take risks.'
(Independent funder)

It was a three-stage process. The small grants were assessed towards the end of 2016. Applicant organisations that met the basic structural criteria were asked to a discussion with a small grants panel. Those who got through this stage were asked to fill in a simple application form, which was then scored by the allocations panel, with those reaching an agreed score threshold being successful. The CVS was commissioned by the Council to provide support throughout the process. It felt its input was valued and that it made an important contribution in advising the process.

The medium and large grants were considered in January and this was also a three-stage process. The first stage was an eligibility assessment in relation to finance and governance structure, followed by a technical appraisal, whereby panels of internal council policy experts reflecting the specific challenge areas were set up to score applications against agreed criteria. Then the allocations panel – which, in a radical new departure brought together a mix of council officers, independent foundations and two other independent members (see next section) – had a series of meetings in which the applications that had met the score threshold were mapped against geography, equalities, need and the five 'challenges'. There was an opportunity between the second and third meetings for the Council to seek any clarifications needed before presenting a broad set of proposals to the Panel. The Council was open at this stage to encouraging groups who had made similar or overlapping applications to co-ordinate with each other, and the CVS's contract included support for collaboration between organisations.

The whole package was agreed by the full Council in early March: 49 projects were approved involving 70 organisations, of whom 26 had never received council funding before. So the Fund had succeeded in one of its major aims of extending reach. However, as expected, the Fund was heavily oversubscribe – by £5m – and 29 organisations lost their funding.

There were some areas which the Council wanted to prioritise but where there were no successful applications, for example in relation to giving a voice to equalities groups. In this case the Council is looking to commission services to fill the gap.

Finally, once the funds had been allocated, council officers provided constructive feedback about unsuccessful applications and had decommissioning meetings with all existing grant recipients who had failed to make the cut.

4.2 Structures

The initiative was led by the Service Director for Neighbourhoods in the City Council and a Council grants officer. As the previous section reports, the initiative was co-designed with a working group, which brought together 12 members from the VCS and seven from the Council.

Independent funders were not involved in the working group. Instead, the local community foundation ran a meeting for local independent funders to inform them about the process, with a presentation from the Council's lead officer. Three independent funders were then invited onto the allocations panel for medium and large grants – the community foundation, the Big Lottery Foundation and Bristol Ageing Better. The allocations panel was advisory – final decisions and accountabilities still lay with the Council.

4.3　Relationships

Involving the VCS in co-design was integral to the process and helped to protect the investment at a time of extreme pressure on council budgets. Some respondents argued that the process was made easier by the fact that there were already good relationships between council officers and the VCS. The VCS members on the working group were selected by council officers as people who could think outside the box and *'leave their organisations at the door'.* However, some VCS organisations expressed concern about a lack of transparency in the way working group members were selected and also about who was on the allocations panel.

The involvement of independent funders in the allocations process was seen by these funders as a *'fantastic step forward'.* They are *'very supportive'* of what the Council is doing and its intended outcomes. The community foundation, which organised a meeting for its investors, explained:

> *'We thought it was important for these funders to understand where local government is going with its activity – where they might complement, where they might take a different direction … Funders are asking people on the ground to work together – so they need to model that themselves.'*
> (Local funder)

Again, it helped that the Council already had good relationships with independent funders; council officers had informal conversations with those they knew well already and shared draft processes with some, in order to benefit from their knowledge and expertise. The fact that the Fund was co-designed was also critical:

'We would want to be clear that local people have to be in the lead – if we saw a top-down approach, we would be less likely to be involved.'
(Independent respondent)

The independent funders involved were closely aligned to the Council in terms of what the Fund was trying to achieve and attitudes to risk and control. The Council's hope was that, as a result of being involved with the process, independent funders would be able to align their funding strategies more closely with those of the Council in terms of picking up promising but unsuccessful applicants – or providing match funding. It is too early to say whether this will actually happen but the independent funders interviewed for this case study seemed to 'get' this and valued the increased transparency in the Council's funding. The community foundation was said to have made it clear to the Council, for example, that: *'one way it can help is to pick up some of those who have not been successful and take them into its process'.*

Initially, the Council had ambitions to involve other public bodies, such as the police and the Clinical Commissioning Group, but this proved more difficult. Some progress was made but there were then voluntary redundancies and relationships were lost. So, council officers decided to go it alone but to keep these agencies informed on what was happening. Rather than bite off more than they could chew, they decided: *'We'll build it and they will come'.* They also felt that it was important to check that the process worked first and did not upset the landscape, before seeing how they could make more statutory funders join up.

The grants process has to work with both council service departments and the Council's community development strategy. One of the council members of the allocations panel was the Service Director for Early Intervention who has been involved in discussions about how their commissioning fits with grant funding. Meanwhile, the community development team has an important role to play in areas (localities or themes) where no applications were put forward or where

applicants didn't get past the initial appraisal stage. Here, community development helps to build the potential for successful applications in future rounds:

'So for the small grants, for example, we had a group that … we could not fund … However, because [the community development lead] was there with her community development hat on, she said … "this is an area of work we absolutely have to do so why don't we give them priority in our mainstream resource for this year and then give them another opportunity to apply next year?" Because there is no point in giving people the money if they don't have the capacity to manage it. But we can bend our resources to support them in a different way. That was a nice way to resolve an issue where we could clearly see where the need was but we couldn't give them the money against people who were much more ready to manage the money.'
(Council respondent)

This might apply particularly to some BME groups, for example, where their culture isn't aligned to the formal requirements of grant-making processes. Through the CVS, the Council supported many of these groups in applying for grants. But there were some who were still not clear enough about what they wanted to do or how they would do it. One independent funder suggested that there might be some groups that were too risky for the Council to support, but that small independent private funders might *'like to speculate with or support with a small amount of money'.* Alternatively, as mentioned earlier, the Council could commission work with those groups from another organisation, although this money would then be a contract rather than a grant, and thus more closely specified and constrained.

Finally, there is the political imperative: *'It is important to keep the politicians really close'* so it is co-owned and aligned with the core political priorities.

5.0 Benefits of the Bristol Impact Fund

5.1 Increased reach

The Bristol Impact Fund has reached groups that council grants have not reached before, including a good proportion of BME groups. It has brought groups who were not known to the Council, such as an organisation tackling modern slavery, into the mix. It addressed the problem of duplication between council departments and has resulted in a different funding landscape.

The simplicity of the small grants process, in particular, means that it is better geared to smaller organisations than previous council grants rounds have been, or indeed those of many independent funders:

> *'In small charities the person who does the fundraising is also running the service, so it is important to have a simple application form and simple monitoring. They are working on a shoestring.'*
>
> (Independent funder)

5.2 Improved transparency

For independent funders, the benefits have been that they can see more clearly where council grants are going, where the gaps are and how they can complement council funding:

> *'It's the right thing for an organisation like the Council to do – pulling together little pots of money within one overarching framework rather than having a multi-headed hydra. It makes it easier for us to engage with their priorities.'*
>
> (Independent funder)

'Knowing the jigsaw – the funding ecology – how you fit in and who else might fit in, formally or informally.'
(Independent funder)

It encourages a culture of transparency across the board:

'It's exciting – clarity is long, long overdue. It makes it easier for fundraising not having to second guess everything, depend on the grapevine.'
(Independent funder)

'It is a different way of operating – more hands-on and open about sharing data. It encourages more transparency.'
(Independent respondent)

This was seen as being an advantage for national funders coming into Bristol: *'They won't be forcing people into marriages of convenience'.*

5.3 Responsiveness

Meanwhile, respondents commented that the co-design process gave the VCS more voice than it had previously, and that the new Fund increased the chances that council grants would respond to what local organisations want and need. Consolidation also meant that voluntary and community organisations would no longer have to squeeze themselves into a specific departmental pot but could overflow the boundaries in a way that is more natural to them:

'Currently some organisations might have four separate grants, so they'd have four separate bits of the Council assessing, monitoring, asking questions at different times and in different ways … If organisations are successful in the Bristol Impact Fund, they will have just the one relationship with the local authority, so it should mean that the Council is asking questions that join up and that there are standard funding agreements.'
(Council respondent)

And the involvement of other funders is a way of modelling what the Council (and indeed those other funders) want to see in the sector:

'People locally will be able to see that we are aware of each other and trying to complement each other. It gives funders more confidence in what they are funding.'
(Independent respondent)

5.4 Knowledge

Independent funders *'can bring experience of the applications process but also a snapshot of local needs and what groups are applying for'.* They bring a different perspective as well as their expertise. They also bring insights from their own informal networks on the ground:

'It's been good to have people on the panel with different perspectives on common issues. They brought in different knowledge. It is just not possible for one organisation to know everything.'
(Council respondent)

*'We hear different perspectives on how things are seen locally –
so we can go into the allocations process knowing what people
are saying on the ground.'*
(Independent respondent)

*'The Council is good at service provision but less good at
understanding the ideas that come up from the community.
This is something funders can do and help develop into
something that is not traditional service provision.'*
(Independent respondent)

6.0 Challenges encountered

As one respondent commented, *'there will always be teething problems with culture change'.* Council officers were building the new model as they went, *'building the aeroplane in flight'*, as it were. There have been challenges to overcome in relation to the background of austerity and cuts, in relation to the VCS and co-design, in relation to joint working, and in relation to time and turnover.

6.1 Grant-making in an era of austerity

The Fund was heavily oversubscribed. Some case study interviewees were concerned that councillors would not be prepared to countenance their pet charities falling from grace and that long-established bodies which were not successful would make a fuss. Expanding the range of potential applicants meant that the likelihood of disappointment was greater. Some felt that the previous grants regime had encouraged a dependency culture in parts of the sector and that the new approach would be a rude awakening. But while some failures might be due to poor applications or an inability to meet the Fund criteria, there was not enough money to go around, which meant that there would inevitably be good applications that fell through the net:

> *'The danger is that the Council could be seen as the bad guy, even though it has made this offer. It needs to be careful about transparency and the decision-making process so that people don't feel they have to challenge. The Council has already been challenged over its priorities and reductions in the amount that was initially advertised as being on offer… Whether justified or not, organisations are under huge pressure and people fear for their jobs and that their beneficiaries will lose out. So they will probably challenge even if the process has been open.'*
> (Independent respondent)

These concerns were raised before the allocations process. In the event, the final settlement could not meet all the claims made on the Fund, however worthwhile, and it was indeed received with dismay by groups who lost funding – the local press reported 'cries of shame' at the Council meeting which agreed the allocation. The involvement of independent funders, however, did add substance to the Council's pledge to work with the groups to find alternative sources of funding. It remains to be seen how groups will respond over the longer term.

The situation will certainly not get any easier with austerity and the prospect of further cuts. However committed the Council is, one independent respondent questioned whether there would be any grant funding at all in future.

> *'However you look at the future, it is a perfect storm. The more you dig in, the more troubling it is. Austerity, benefit cuts, rising demand for services, the zero hours economy – people are juggling four or five jobs to make ends meet – what does that mean for their families, communities, etc.?'*
> (Independent respondent)

The Council's commitment to the new approach – and indeed funding for the VCS more generally – will also be subject to political cycles. The Bristol Impact Fund was developed under a previous Mayoral term. The election of a new Mayor could have stalled the process, but in fact the Fund was one of the few initiatives that survived the transition and it has the current Mayor's full support. However, the Fund has a four-year cycle which means that the next round, if there is one, will coincide again with the mayoral election.

6.2 The VCS and co-design

One Council respondent questioned whether the sector was *'getting its head around what the future might look like … People are still not thinking about really driving a new agenda'*. Was the voluntary sector ready for change? But the Council also acknowledged that it needed to do more thinking itself about how to fund in a way that would deliver *'a fully self-determined, resilient sector'*.

So, what were the tension points? At a very basic level both council and VCS respondents commented that some organisations took no notice of the requirements of the new Fund:

> *'There are some people who have put in bids the size of a house! And they know the Council only has £3.29 million. If people don't read the stuff and just send in what they have always sent in, they won't get funded.'*
> (Council respondent)

But the sector's response also reflected more general fears about the impact of austerity and how this will affect their work. In addition, all this is taking place against a background of outsourcing services and many VCS organisations feared being used to subsidise public services:

> *'The Council has to move beyond its enabling rhetoric but the people in procurement aren't ready for this yet and are community organisations able to take that on board? They still see commissioning as pushing the cuts onto the VCS.'*
> (Independent respondent)

There were concerns about process too, mainly in relation to the membership of the working group and the allocations panel. In the former case, this was because the VCS representatives on the working group had been selected by a council officer rather than elected from within the sector: *'... as a membership body, they are concerned about accountability'* (Council respondent).

Council respondents felt that the original timescale did not allow for this (the timescale was only later extended).

The co-design process also raised the question of conflicts of interest and there was a Freedom of Information request in relation to this. As mentioned earlier, this was addressed by disbanding the working group once the strategy was agreed and

working on the applications process with only the Compact Officer based at the CVS. Another concern that was raised related to applications being assessed by officers without an adequate understanding of the particular field of operation. In response, the Council set up expert technical appraisal panels as part of the medium/large grants process.

So, consultation with the VCS brought a lot of fears to the surface – about austerity, transparency, substitution. Sometimes these fears translated into critical responses and reinforced traditional tensions. But the co-design process did allow for the sector to make a positive contribution. And sector respondents did welcome the fact that the VCS had been involved: *'this wouldn't have happened before'.*

Nonetheless, the process posed dilemmas for the infrastructure body. CVS staff members were involved throughout the process in the working group, in running the wider consultation with the sector, in supporting grant applicants and in advising on the process. But as a membership body, it needed to be able to represent critical views as well as more positive ones – to be able to challenge as well as contribute to the process, if necessary. For this reason, it was very careful about differentiating between roles during the process, as discussed earlier. However, now that funding decisions have been made, members who feel let down and whose funding has been cut, expect support and representation. It was described as a difficult and sometimes stressful balancing act.

6.3 Collaboration and joint working

Not all council grant funding is in the Fund (£3.29 million out of £7 million) – some has been politically protected (arts, for example). This means that the pot is smaller than the amount originally advertised. And some departments who were outside the Fund had already gone ahead with their grants round, so it has been difficult to have any influence over their systems, the forms they used, etc. There are some concerns about what has been included and what not – social care, youth, and environment are particular examples, although there is a clear rationale for leaving these out in terms of the other pots of money that are available. And there were some reluctant joiners in the council pot who some felt would probably be scrutinising the outcomes to make sure their money has been used to meet their needs:

'When you work creatively out in the community, you have to be comfortable with risk. But council colleagues … may not be at the same point.'
(Independent respondent)

Indeed, convincing officers who have managed money in the past to put their grants into the pot took *'dogged determination and time, going and talking to people'*, a lot of *'cycling around Bristol to the different offices'*. But most of these officers are still part of the process, through the technical panels, and the money is still grants not contracts. Nonetheless, respondents said that it had been *'really hard for some people, because that is not how councils usually work'*. It has also been difficult to get other public bodies involved and the hope is that this can be done further down the line, at least in terms of aligning processes and objectives with those of the Impact Fund.

So, branding could be a big issue within the Council and the wider public sector. But independent funders also talked about branding issues in their own sector, where there has not been much exchange of information or dialogue in the past. There are now conversations about working more closely together, for example around ageing, but it has been necessary to go gently:

'Historically, there has been quite a lot of defensiveness. Brand is a big issue, especially for smaller funders. They want to be involved but they don't want their identity to be swallowed up in that of a larger funder. This is quite a thing to overcome. Each funder wants recognition for what they are doing – each has its own principles and drivers … some charities … are very established and very particular about what they do …'
(Independent respondent)

Even if branding is not an issue, one independent respondent said that trying to get funders to work together was like herding cats.

The Council has taken a big risk but feels that this has paid off:

> *'Reputationally the Council has put itself in a high-risk situation but everyone at least knows we are doing it for the right reasons'*
> (Council respondent)

However, there is a reputational risk for independent funders too, because they are involved in the decision-making but not in control of the final outcome. Nonetheless, worries that external people might be nervous of being associated with any fallout from the process proved unfounded:

> *'… they have been brilliant and stepped up.'*
> (Independent respondent)

6.4 Alignment

For the VCS alignment between funders is welcome:

> *'Alignment takes the power away from individuals and makes the process transparent.'*
> (Independent respondent)

However, interviewees stressed that they would not want alignment to *'stifle innovation, off-field ideas … some degree of chaos is necessary to produce innovation and change'.* Another concern was that having grants all visible in one place could, at least in theory, make cuts.

6.5 Time and turnover

There were major issues with time and resources. These meant that the whole process has taken longer than hoped – the small grants were agreed in December 2016, but not announced until March 2017 because of the need to treat all the grants as one package:

> *'It's a shame … The problem is that we are very short of resources so we've had to stack it in a linear way rather than work in parallel because we just don't have enough people to do it.'*
> (Council respondent)

There were very limited Council resources to implement the Fund – a small proportion of the lead officer's time and a half-time Grants Manager post. And now that the package has been agreed, resources are needed to negotiate grant agreements, provide constructive feedback to unsuccessful applicants and decommission existing grantees.

Time and resource issues were not confined to the Council. Respondents expressed concern, too, about the VCS infrastructure:

> *'The infrastructure organisations are under a lot of strain. They are trying their best to remain positive but they are not given the bandwidth/wriggle room. They no longer have the space to try out things that might not work. But if they go to the wall, picking up the pieces will cost a lot more. It takes a generation to build up community trust.'*
> (Independent respondent)

Indeed, there was general agreement that everyone across the statutory and voluntary sector is overloaded – with no space for networking or for building relationships and trust, no space to reflect, adjust and learn:

'Independent funders can help create the space to build relationships and trust – it's not possible to just switch that on. But if everyone is going nineteen to the dozen, there is no space to build that in. Groups will start to focus more and more on their own thing. They won't have time to get to meetings … No one nowadays has the time to do a good job on anything, unless they do it in their own time.'
(Independent respondents)

All this is exacerbated by turnover. Cuts often mean that key people move on and relationships have to be rebuilt from scratch. There have been two rounds of voluntary severance in the Council and key people from the technical panels have left each time. Trying to find who has taken over, who has the cost code, is not always easy and people are stressed by having to take on more work. This is a real challenge for capturing learning. Council officers felt that it was essential that the Council doesn't go through the process again in four years' time without having learnt anything. But it was going to be a challenge to celebrate success and to learn – to have learning events without any resources.

7.0 What happened next?

The next challenge will be to design systems for review and impact measurement. Council officers want to do this in a way that is co-designed. They also want it to be supportive, reasonable and flexible in its operation:

> *'Some people will have a well-established theory of change; others not so much. So if someone gets to the end of Year One and says, actually it's not like that, because it is still a grant, we can have that conversation. Instead of them being frightened, we could have that debate.'*
> (Council respondent)

However, co-designing and then implementing a meaningful and flexible impact measurement system will need time and resources:

> *'We have tried to create a system that doesn't penalise applicants for not having a good outcome written in – not many applicants can get this one together. Small organisations are often disadvantaged in commissioning and other funding programmes. So we will need to spend time on this. That is the beauty of a grant – you can do this, but it takes time.'*
> (Council respondent)

It will also be important, of course, for the Council to have the time and resources to build on the relationships they now have with independent funders. The Council is talking to independent funders about how to align funding further, by, for example, sharing the information each has about whom and what they are funding, so that funders can see where the gaps are and standardise information about what is being funded. All funders could use information better – reference was made to Vital Signs, a tool used by community foundations across the UK as one approach that could be used.

'There is a commitment to working together but the next step will be starting to align processes.'
(Independent respondent)

Respondents also identified lessons for future council initiatives. Some funders would like to be involved earlier:

'In an ideal world there could be a discussion with funders at an earlier stage: co-production before the decisions are made. For example, telling the Council: we know you are interested in funding that, but we could fund that and free up the money for you to fund something that we cannot fund ... We would like to see earlier involvement in this process – honest conversations at the outset about the funding and the intention – it might change the way cuts take place.'
(Independent funder)

More generally, there is much to be done as part of a broader, more sustainable funding strategy. There is much scope for independent funders to share information and work more closely together. If the whole process is about developing community resilience (given the prospect of ever decreasing council funds), it will also be necessary to explore the potential for social investment, and there have been discussions with regional social enterprise bodies and business. The aim is to have a city strategy rather than a council strategy:

'It is not just about council money. It is necessary to harness additional resources, working through the Mayor's City Office – corporate social responsibility, the Local Enterprise Partnership, which gets £238 million. Many VCOs are technically small businesses/companies (social enterprises) so we need to find a

way for them to access funds available from the LEP & other business growth funds'
(Council respondent)

'It would be really interesting to get the information on corporate social responsibility out into the public domain and start aligning the support provided in cash or skills terms with the needs of the local community… moving from patronage to investment.'
(Council respondent)

If this is to be achieved, the Council will continue to have an important role in levering in other funds:

'The Council can act as a beacon to attract speculative funding and a backbone for developing a community business structure over time.'
(Independent respondent)

Finally, much has been learnt from the implementation of the Fund. It will be important that this is not lost, especially if key people move on. Grant funding is now in place for two years for smaller organisations, four years for medium and larger-sized organisations, subject to a taper. It remains to be seen whether the Council will be able to maintain its grants budget but there is the prospect of bringing other public and independent funders at least into alignment over the coming years – sharing and building on what has been learnt. Above all, the hope is, as the Council lead officer said:

'In four years' time, we want to see that this co-designed approach to VCS grant funding… is resulting in reduced disadvantage and inequality.'
(Council respondent)

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