



Esmée Fairbairn Foundation: learning in responsive grant-making

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1 Introduction

2 The theme for the third UK roundtable is *'learning in responsive grant-making'*.
3 Around 20 trustees, current and former staff and grantees of Esmée Fairbairn
4 Foundation agreed to be interviewed for a teaching case telling the story of
5 how the Foundation has developed its approach to, and use of, learning over
6 the past 15 years.

7 There are many foundations that prefer an approach to grant-making which
8 has clear areas of interest but does not over-specify what its grantees should
9 do. Instead of prescribing outcomes, their aims are couched in terms of
10 enabling others to act. One challenge with a responsive approach to grant-
11 making - from a foundation's point of view - is how to generalise lessons
12 from its experience in the face of data gathered from so many diverse
13 settings and contexts. What conclusions can be drawn about how the
14 foundation adds value? What strategic implications can be drawn from such
15 a mixed portfolio of grants? What lessons can be drawn about what, where,
16 when and how to fund?

17 Esmée Fairbairn Foundation has long been committed to a responsive
18 approach to grant-making and has never funded against closely defined
19 programmes or prescriptive criteria. As one of the largest UK foundations
20 - now committing more than £37 million a year to more than 400 grantees
21 in the arts, the environment, children and young people, and social change
22 - the Foundation is well placed to reflect on the opportunities, challenges
23 and pitfalls of being a learning organisation. This teaching case tells the
24 story of how the Foundation has thought about, developed and organised
25 its approach to learning over a period which saw four Chairs, three Chief
26 Executives and many new ideas about the role of foundations; and which
27 stretched over a period from pre-recession to austerity.

1 Background

2 In 1961 Ian Fairbairn, a leading City figure, decided to endow a charitable
3 foundation with the bulk of his holdings in M&G, the company he had joined
4 some 30 years before.

5 M&G was a pioneer of the unit trust industry in the UK. It grew out of Ian
6 Fairbairn's determination that investments in equities, previously the preserve
7 of the affluent, should be available to all – giving everyone the potential to
8 own a stake in the nation's economy.

9 His purpose in establishing the Foundation was two-fold. In the interests of
10 wider prosperity, he aimed to promote a greater understanding of economic
11 and financial issues through education. He also wanted to establish a
12 memorial to his wife, Esmée, who had played a prominent role in developing
13 the Women's Royal Voluntary Service and the Citizens Advice Bureau. She was
14 killed in an air raid during the Second World War. Esmée Fairbairn's sons, Paul
15 and Oliver Stobart, also contributed generously to the Foundation established
16 in their mother's memory.

17 Before 1999, the staff worked as a secretariat to the Trustees. Grants were
18 made in five sectors – Arts and Heritage, Education, Environment, Social
19 Development, and Social and Economic Research. Each sector reflected many
20 interests and priorities, a span of grant type and size, and a UK-wide remit.
21 Described as 'a grant-making factory' by Margaret Hyde, on her appointment
22 as Director in 1994, a total of 4.5 staff dealt with nearly 4,000 applications,
23 making around 1,000 grants a year and spending £9.2 million.

24 The Foundation was well-managed, but trustees had no explicit agenda for
25 change. Hyde says: '*The Trustees had strategy reviews and things like that. It*
26 *was doing the basics really in terms of thinking what its future grant-making*
27 *should be. Words like evaluation occasionally surfaced. But there was a fair deal*
28 *of scepticism about that sort of thing.'* Staff numbers had increased to 11 by
29 1998 in order to effectively manage the volume of applications and to maintain
30 the broad grant-making patterns and significant small grants programme that
31 trustees wanted to see.

32 1999 - 2002: Accelerated professionalisation

33 We join the story of the Foundation's approach to learning on the morning
34 after the trustees sold its holding in M&G as part of the company's takeover by
35 Prudential Corporation PLC. Overnight, the endowment almost doubled – to
36 £650 million.

37 With the sale, Esmeé Fairbairn Charitable Trust (as it was then) was looking at
38 an annual grant-spend up from £13 million in 1998 to an estimated £26 million
39 in 2000, bringing it to fifth in the league table of independent foundations in
40 the UK. Hyde confirms the impact this had on the trustees' thinking: '*There*



1 was a general realisation that this was something quite other, quite exceptional
2 and we couldn't go on as we were.'

3 The Foundation appointed external consultants to support Hyde in preparing
4 recommendations on future development. Resulting papers were considered
5 at a two-day trustees' meeting in October 1999. The then Chair, John
6 Fairbairn, identified the priorities as being to determine the nature of the
7 Foundation's future business and how to relieve the pressure on staff and
8 trustees in dealing with the increased volume of business.

9 **A new strategy**

10 The consultants recommended that the Foundation simplify its grant-
11 making and build on its strengths. They believed that it should focus on a
12 maximum of three sectors in greater depth, with clearer priorities, making
13 larger grants, of a more limited range of types, with more specialised staff.
14 Sub-groups of trustees should be established to oversee each sector. And
15 action should be taken to reduce staff caseloads, which were then very high
16 relative to other trusts.

17 In the event, trustees were reluctant to significantly reduce the Foundation's
18 scope, dropping only one sector (Social and Economic Research). However,
19 they did agree to a new structure for managing sectors, with each overseen by
20 a sector group, comprising at least two trustees plus expert external advisers
21 and staff. Sector groups were given significant authority for the setting
22 and review of priorities, within the overall expectation that these should be
23 relatively limited. Priorities were to be announced in published guidelines
24 and on a new website, reviewed from time to time and changed if it seemed
25 sensible to do so.

26 Minutes of the trustees' meeting indicate that improved capacity for learning
27 played some part in this decision: *'Trustees recognised that the proposed*
28 *sector structure would give them more opportunity to work in teams, become*
29 *more knowledgeable about their sectors and improve support to staff. A more*
30 *creative less pressurised environment would provide greater opportunity for*
31 *reflection and lead to improved decision-making.'*

32 Trustees also decided to explore taking a more proactive role in
33 identifying and supporting larger initiatives - this was a new departure
34 for the Foundation. These new special initiatives would initially focus
35 on alternatives to prison and then drugs. More generally, sector groups
36 were authorised to determine the degree of proactivity appropriate to
37 their own sector, subject to general oversight by the Board. The minutes
38 provided guidance on what a more proactive programme of work might
39 include: *'looking at who affects the problem and what needed to change*
40 *and deciding a strategy in the light of this; taking a scientific approach to the*
41 *work; seeking as an outcome to present government with workable solutions;*
42 *focusing on skills and people, not buildings, with learning and access to new*
43 *experiences being important components; aiming to achieve significant*
44 *differences by the end of three years'.*



1 Alongside this approach, trustees confirmed their commitment to dispersing
2 the lion's share of funds through open programmes of responsive grant-
3 making. For Hyde, this was a very strong part of the Foundation's culture,
4 reflecting trustees' *'belief in the market place as the generator of ideas'* and a
5 shared scepticism across the organisation about *'grant-making organisations*
6 *who think that they know best'*. She grounds this in the commercial
7 background of the founder and many trustees: *'It's about the market place*
8 *knowing best rather than we sitting in our relative ivory tower. People with an*
9 *investment background tend to listen to the market.'*

10 **A new team**

11 Trustees acknowledged that their decision to retain four sectors, as well as
12 their reluctance to give up making grants of less than £10,000, meant that
13 recruiting a much larger team was a high priority. The minutes record that
14 caseloads should be reduced to *'more manageable levels, to the benefit*
15 *of applicants as well as staff'*. To the same ends, it was agreed that the
16 Foundation should make improved use of IT, including developing a website
17 to communicate more effectively with potential applicants.

18 This was a huge task for Hyde: *'Those changes were incredibly positive but it*
19 *was incredibly stressful to try and keep the show on the road and double the*
20 *staffing.'* Each sector was to have its own committee, programme director
21 and grants team with clearly articulated priorities and published guidelines
22 for applicants. And Hyde was determined to make the Foundation more
23 welcoming and accessible as a funder. As a past applicant, she had found the
24 Foundation opaque in both its processes and selection criteria: *'One of the*
25 *things I had tried to do, since 1994, was to make the Foundation - our systems*
26 *and how we operated - a little more friendly to applicants. I suppose these*
27 *days you would use terms like "becoming a listening organisation".'*

28 New arrivals brought new skills, experience and ideas. Sharon Shea, a
29 grants officer with the Foundation since 1998 (and now Director of Funding),
30 remembers that the three externally appointed programme directors came
31 in with experience at the Arts Council, New Opportunities Fund and National
32 Lottery Charities Board: *'Those institutions had processes, remits, feedback*
33 *loops, and were used to thinking about what you are doing and why - and*
34 *thinking about doing it effectively.'*

35 But they also brought cultural challenges. Not all staff were used to working
36 with trustees who were so directly engaged with grant-making, both in
37 proposing applicants and actively making selections from those that passed
38 due diligence tests carried out by staff. Hyde believes that *'the role of*
39 *trustees is very important, but a lot of organisations, I'm afraid, pay a certain*
40 *amount of lip service to it sometimes'*. This was not the expectation at the
41 Foundation: *'The iteration that goes on between staff and trustees was*
42 *fundamentally important. They had their own thoughts and ideas, many of*
43 *which were very sensible ones. They needed to have these ideas discussed*
44 *and engaged with positively.'*



1 **A new framework for monitoring and evaluation**

2 In December 2002, the Foundation adopted its first monitoring and evaluation
3 framework.

4 During the first couple of years of the new sector groups, monitoring and
5 evaluation had not been a priority for staff. Nicola Pollock, then the new
6 programme director for social development (and now Director of the John
7 Ellerman Foundation), talks about the work being *'very front loaded. Most of
8 our thinking was about what the criteria should be - what you think the gaps are
9 and what you think the needs are.'*

10 And there was no pressure from the Board for more evaluation. Kate Lampard
11 - appointed as a trustee in 2001 in support of the Trustees' wish to increase
12 the number of younger members in their late 30s, 40s or early 50s - saw little
13 or no evidence of interest in structured monitoring or evaluation in her new
14 colleagues: *'A maverick, independent spirit was highly prized. The idea of a
15 systematic learning process which might influence decisions would have been
16 anathema.'* Although a policy and communications role, with responsibility for
17 evaluation, had been agreed as part of the new structure, the first postholder
18 left within a year. Pollock recognised the challenges of the role: *'She got a lot
19 of push back, particularly at the Board level. They didn't see it as relevant.'*

20 James Wragg (now Director of Operations) was appointed to this vacant post
21 early in 2002. He identified other factors at work in trustees' thinking, notably
22 a reaction from some against what they saw as the rise of a highly bureaucratic
23 form of funding for charities through the European Social Fund and the
24 Lottery: *'There was a strong sense that "this wasn't what the Foundation was
25 meant to do".'* He identified the general view - which persists to this day - as
26 being: *'We want to back good people and let them get on with it. What we are
27 doing as a Foundation should not get in the way of people doing their day job.'*
28 Trustees did not want the Foundation to set itself up as some kind of expert:
29 *'there was a genuine concern about appearing "too clever".'*

30 Wragg was appointed with broad job responsibilities and acknowledges that
31 *'M&E [monitoring and evaluation] was a long way down the list of priorities.'*
32 However, he and Hyde turned their attention to developing a framework in
33 preparation for the Trustees' strategy review meeting at the end of 2002.
34 Hyde's commitment was to *'intelligent grant-making where one brings all
35 one's experience to bear - plus the facts and the evidence'*. She understood
36 why some reacted against the idea of *'checking up on people'*: *'In the 1950s
37 and 60s, to make a gross generalisation, the welfare state was accepted as a
38 given and as generally a good thing. It wasn't expected to quantify itself or
39 demonstrate how it was doing. Likewise, charities were de facto a good thing
40 because they were charities.'* But she saw positive results from changing
41 attitudes, as *'sensible notions like value for money started to gain currency.
42 And understanding better what you were trying to achieve through your
43 grant-making came much more to the fore.'* She believed the Foundation
44 should give proper attention to monitoring and evaluation, provided it was
45 clear about its purpose and kept things in proportion: *'There was a lot of talk*



1 about evaluation. I remember feeling that, rather than be a means to an end, it
2 could become an end in itself. You have to ask yourself, "What do you want to
3 evaluate, why and with what consequence?"'

4 Wragg describes the monitoring and evaluation framework presented to trustees
5 as 'a "needs must" model - a pragmatic proposal that reflected the culture and
6 didn't fight the Trustees'. But he argues that it contained 'many of the seeds of
7 what has been done since'. He gives Hyde the credit for setting the Foundation
8 on a learning (rather than an impact measurement and accountability) journey:
9 'Margaret spotted very early on that learning was the thing that mattered - if we
10 were interested in anything, we were interested in learning.'

11 The stated purpose of the framework was 'to help the Foundation know
12 whether its funding was making any difference'. Specifically, it proposed
13 a mix of monitoring whether funds had been spent as agreed; gathering
14 information to support decision-making on follow-on grants and to improve
15 the Foundation's processes; uncovering unexpected outcomes or surprises;
16 and broader learning to, for example, identify new funding opportunities or
17 feed into the policy and practice of others.

18 All of this was underpinned by principles of proportionality and differentiation.
19 Wragg designed light touch accountability requirements across the portfolio,
20 reflecting the Foundation's 'scepticism about the effectiveness of monitoring as
21 an audit function'. And, based on the 842 grants made in 2001, he proposed
22 a distinction between 'routine' and 'noteworthy' grants, selected on the basis
23 of risk, longevity, trustee interest, level of proactivity by the Foundation or
24 potential to inform future funding policy and priorities.

25 Routine grants would be subject to very light touch monitoring, with simple
26 reports answering the questions 'Has it happened, were there any surprises
27 and has it been a success?'. For the first time, the Foundation would provide
28 detailed guidance on reporting requirements and use a standard form,
29 available from the website. But there was no requirement to provide specific
30 data and no mention of outcomes. Opposition from some trustees to all
31 things 'bureaucratic' meant the form was not mandatory but offered as an
32 optional alternative to grantees reporting in their own format.

33 Noteworthy grants were expected to comprise no more than 5-10% of the
34 portfolio. Grantees would have a tailored process, reporting against the same
35 core questions but with individually agreed in-depth recording or feedback.
36 The expectation was that grants staff would meet or have substantial calls
37 with all grantees in the noteworthy category, during and after the grant, 'to
38 draw out learning that other forms of investigation cannot'. Beyond this, there
39 was no standard format or expectations of the approach to monitoring and
40 evaluation, which was left for sector leads to determine.

41 The special initiatives introduced in the 1999 strategy meeting would
42 continue to be dealt with separately. These would continue to focus on
43 specific priorities within the Foundation's broader areas of interest, inviting



1 applications that it hoped would fit together to affect larger change. However,
2 initiatives approved from 2003 onwards would be subject to a more consistent
3 evaluation process, with a clear definition of what they were trying to achieve
4 and how this would be measured to be signed off in advance by trustees. All
5 would be subject to some form of structured assessment, whether by Wragg
6 or through formal external evaluation.

7 Trustees accepted the logic of a monitoring and evaluation framework based
8 on principles of proportionality and differentiation. It was approved by
9 trustees in December 2002 for implementation from January 2003.

10 **2003 - 2007: Stronger themes and programmes**

11 The new strategy and organisational framework brought many advantages to
12 the Foundation - including a bigger team to manage significantly larger sums
13 of money, new opportunities to keep trustees engaged in grant-making while
14 building a more professional executive function, and scope to experiment
15 with different ways of making grants.

16 **Learning through specialisation**

17 The structure adopted for the new strategy had positive results on the
18 learning front. Trustees involved in the sector groups developed considerable
19 knowledge and insight into their specialist content area. Lampard, who
20 chaired the Environment Sector Group, reflects: *'Dividing up by sectors was
21 very good for the trustee experience and for disseminating and learning.'*
22 Committee members got to know the issues and the players very well:
23 *'They presented to us or we went out and met them or they were involved in
24 roundtable discussions. The same sort of issues would come up again and
25 again and we would hear them from a different angle.'* Pollock agrees that
26 this added value: *'One of the benefits of a small committee focusing on an
27 individual sector was that the Trustees began to ask questions about the impact
28 and effectiveness of the work.'*

29 Tom Chandos, who joined the Board in 2004 and took the Chair in 2007, also
30 saw a structure that had provided clarity and order at a time of considerable
31 change: *'I had been recruited for my investment skills and felt I was a novice
32 in thinking seriously about philanthropy and grant-making. I think the
33 dominant culture at that time was discipline. Our visible wealth had increased
34 significantly - so Margaret [Hyde] imposed discipline to avoid profligacy and
35 self-indulgence.'*

36 Hyde certainly believes that the structure spoke well to trustees' preference
37 for learning through discussion and debate - between themselves, with
38 staff and with the external advisers the Foundation used in those days: *'I can
39 recall several very robust conversations with trustees, and occasionally with
40 advisers. And that was a very good thing.'* This was increasingly grounded in
41 shared experiences and exposure to practice through collective visits and
42 regular presentations at meetings. In the context of current practice, Lampard



1 saw value in these more intimate discussions: *'For grantees, we forget how*
2 *intimidating it is to turn up at a trustee meeting. Maybe we should do a bit*
3 *more going to look at things, as we did then.'*

4 Shea reflects on the changing use of language: *'This work was not called*
5 *learning or fact-finding but the whole thing was around understanding, for*
6 *example, what it takes to run a prison. What the challenges are and what the*
7 *programme of work that we are funding means for the prison and the prisoners.*
8 *And we were hearing about it at three levels - from the person who ran the*
9 *programme, from speaking to prisoners and then speaking to the governor.*
10 And John Mulligan, who joined the Foundation as a Grants Manager in 2005
11 (now Director of Funding Development), concurs: *'We were learning, but in a*
12 *very niche and informal way. We developed insights from being out and about*
13 *and from meeting organisations in a very discrete field. We steered towards the*
14 *sources of information that we needed. There was a synergy across the team*
15 *in terms of understanding the context and rooting out the best applicants and*
16 *supporting the grants. It was more about unstructured activity than anything*
17 *we derived from the fairly rudimentary progress report approach.'*

18 **The monitoring and evaluation framework in practice**

19 But strong sector groups came at the expense of connections and consistency
20 across the Foundation, which Wragg remembers as being well-demonstrated
21 in patchy implementation of the monitoring and evaluation framework. He is
22 clear that the framework aimed for proportionality: *'Let's focus on what really*
23 *matters to us. For the rest, we will do some necessary light touch or routine*
24 *monitoring at a level where we can continue to support it.'*

25 However, his view is that reports on routine grants *'regularly barely got*
26 *read. They became all about payments.'* Many were passed on to a freelance
27 adviser, who provided summaries and offered a view on value. For Wragg,
28 outsourcing in this way meant that the Foundation missed the opportunity
29 to reinforce the idea of a learning culture, through informal sharing and
30 discussion across teams. And there was an additional challenge in the
31 Foundation's reluctance to tie down exactly how and on what grantees
32 should report. Gina Crane, who joined the Foundation in 2007 (and is
33 now Communications and Learning Manager), was concerned by the
34 consequences: *'Because we didn't insist on a simple form, grantees were*
35 *confused about how much information we wanted. Some of these reports were*
36 *20 pages long - the waste of grantees' time was shocking.'*

37 Even for *'the note-worthies'*, Wragg saw little consistency: *'Some staff actively*
38 *followed up and developed systems to identify learning. For others, it was*
39 *"Oh, just keep an eye on those. They might be interesting".'* Some grantees
40 had close relationships with the Foundation, including regular exchange of
41 observations and insights: others were much more at arm's length.

42 In Pollock's view, this inconsistency reflected *'variable pressure on the different*
43 *sectors resulting in different practice'*. Social Development always had the
44 largest budget and most applications *'by some way'*. *'My impression was that*



1 *they always did more evaluation in, for example, Education, which had much*
2 *tighter funding criteria.'* Pollock implemented robust progress reporting with
3 the largest grants and greater attention was given to groups of grantees
4 working on similar issues: *'When you have a more focused area of interest, you*
5 *get repeat business and therefore it's the usual mantra of learning in order to*
6 *do your job better, in order to be a better grant maker.'*

7 Wragg retained cross-organisational oversight of strategic initiatives,
8 most of which were externally evaluated. Individual staff and trustees
9 remember positive results from initiatives developed by the sector groups.
10 Lampard, who chaired the Environment Sector Group, talks of their £1
11 million allotment initiative as *'having a huge effect - allotments had a huge*
12 *regeneration'*. And Alison Holdom, a member of the grants team since 2001
13 (and now the Grant Manager leading on Arts) rates the success of the Arts
14 initiatives highly. However, these impressions are not particularly influenced
15 by evaluation findings. For Wragg, this is not surprising: *'With the best will*
16 *in the world, a retrospective evaluation of a four-year programme that is*
17 *already finished and the world has moved on may have only minor benefit.'*
18 Holdom agrees that her judgements about impact rest more on being able
19 to see what grantees did once the initiatives were over. Using the example
20 of a £500,000 talent development programme for emerging theatre
21 directors, she said: *'After three years, all we could evaluate was the fact that*
22 *it happened and that there was an appetite for it and recruitment was done*
23 *well. Ten years down the line - that's when you can go, "Well, that's worked or*
24 *that didn't really make much difference".'*

25 Unsurprisingly, it is Rethinking Crime and Punishment, the largest and most
26 ambitious of the Foundation's strategic initiatives, that looms largest in
27 people's memories and raises the most questions about value for money and
28 impact. A seven-year programme set up in 2001, it aimed to raise the level of
29 public debate about the use of prison and alternative forms of punishment
30 in the UK, as well as supporting practical projects to increase public and
31 judicial confidence in community-based sentences. Chandos comments:
32 *'I, and indeed I think some other trustees that came in at a similar time, were*
33 *never convinced. It was one of the things that we tended to be enormously*
34 *self-congratulatory about. But in terms of value for money, I have to say I was a*
35 *sceptic.'* Lampard agrees, while acknowledging that *'some trustees still think*
36 *it's one of the best things we ever did'*.

37 Although it supported substantial programmes of evaluation and research,
38 Rethinking Crime and Punishment began before the monitoring and
39 evaluation framework was agreed and was not subject to systematic
40 evaluation itself. For Chandos and Lampard, a lack of collective critical
41 analysis is the reason for the diversity of view within the Foundation on how,
42 whether and why it succeeded or failed. Chandos is *'not sure that we would*
43 *have had as uncritical a view if learning and analysis had been more rooted*
44 *in our approach.* For Lampard, *'It was driven by the enthusiasm of trustees*
45 *particularly interested in this area of policy and we did it much more as a*
46 *convening instigator than usual.'* This unfamiliar way of doing things created



1 a situation with *'nobody actually daring to say, "hang on a minute what are we*
2 *achieving with all this"'*. The key learning for her is the importance of *'being*
3 *sure about roles and responsibilities, keeping everybody understanding where*
4 *you are on something and everybody feeling able to challenge - that's staff and*
5 *trustees alike'*.

6 Overall, during this period, learning was developed through meetings and
7 conversation rather than from data collected through formal reporting
8 systems. This learning was often about gaps in provision, funding
9 opportunities and what the sector felt was needed rather than a close analysis
10 of outcomes or impact. For all that systematic monitoring and evaluation was
11 now on the agenda, Wragg's view is that it was far from embedded: *'It wasn't*
12 *how you were judged in doing your job. Unless you change the culture, a grant*
13 *manager's focus will always be on input.'*

14 **Was this responsive grant-making?**

15 The constraints of tightly defined sector guidelines and specialist teams were
16 beginning to raise questions about the appropriate role and grant-making
17 approach for the Foundation. Mulligan talks of arriving in a foundation *'that*
18 *was not particularly responsive and with no cross-institutional learning'*. Even
19 the broadly framed Social Development programme had narrowed its focus,
20 largely funding work on social enterprise and financial independence: *'All*
21 *that terrain was something we knew inside out. We had a shared and united*
22 *approach, knowledge base and attitude. And the other programme areas were*
23 *just the same - all working in tightly defined fields.'*

24 For Pollock, *'the challenge was trying to join them up into something that felt*
25 *like a whole'*. Although not wishing to overstate the difficulties, *'it often felt*
26 *like four mini foundations with a shared back office. An awful lot of institutional*
27 *energy was taken up trying to make those systems and processes work better*
28 *together.'*

29 The next significant shift in thinking in practice came with the appointment of
30 Dawn Austwick as Chief Executive, following Hyde's retirement in 2006. She
31 saw a foundation that was always looking at how to add value: *'It had moved*
32 *away from being private to thinking about how it could help by doing things*
33 *like being a convenor, reviewing grant-making and publishing reports about*
34 *what had been learnt.'* But the strategy and structure, which had worked well
35 in professionalising its grant-making, was now standing in its way. Austwick
36 felt that the Foundation had become *'completely programmatic'* and largely
37 siloed: *'By being so specific, we were losing the opportunity to do things that*
38 *were in the interface between the sectors but that hit the button of what the*
39 *Foundation was all about.'* She was also concerned that *'there was little or no*
40 *exchange of learning and conversation'* across a team of only 24 people. It was
41 time to stand back and consider *'what's the way to go now to take this forward'*.

42 So, the Foundation embarked on a substantial review, running workshops
43 throughout the UK for practitioners in the areas where it funded - to find
44 out what troubled them, what inspired them and how the Foundation could



1 work to help solve or lessen the problems they faced. It also commissioned
2 focus groups and examined what other foundations and grant-making bodies
3 were doing. In the latter half of 2007, Austwick took her proposals for a new
4 approach to trustees.

5 **2007 - 2013: Let a thousand flowers bloom**

6 **A new strategy for responsive grant-making**

7 Austwick's proposal was 'to move away from programmes and programme
8 committees and become what I would call "strategically responsive"'. She was
9 conscious that this was going very much against the prevailing wind: 'When I
10 started talking about it, a lot of my peers in other foundations basically thought
11 I was potty! The whole trend was to be programmatic and the notion was that
12 you can't be strategic and responsive.'

13 She did not agree. Her thesis was that the job of funders is 'to make great
14 choices between A, B, C and D, based on what practitioners tell us about what is
15 important and what need looks like'. Funders who wish to be responsive should
16 not over-prescribe: 'As a responsive funder, you are basically saying "We are
17 interested in the ecology and the values system. And we are interested in great
18 organisations that can take the sector forward (or whatever). But we want them
19 to tell us how they are going to do it and what they think is important".'

20 The new strategy eliminated the sector groups and instead centred on a
21 single Main Fund, described in the Foundation's Annual Report as 'Esmée
22 Fairbairn's primary channel for grants. It supports work that focuses on the UK's
23 cultural life, education and learning, the natural environment and enabling
24 disadvantaged people to participate more fully in society.' It also signalled
25 the Foundation's commitment to developing its work in non-grant finance
26 through various social investment models. Some areas of special interest were
27 identified - now called 'strands' - which it intended to be 'modestly funded' in
28 comparison with the larger special initiatives of previous years.

29 Wragg saw Austwick's key message as 'we are one organisation and we are here
30 to serve the people who need our money in the best ways we can. And they will
31 tell us what these are.' The application and assessment process changed from
32 one to two stages, with the majority of declines made by staff on the basis of
33 a short first stage proposal. Panels of trustees, staff and outside experts were
34 established to make funding decisions for the new strands. Otherwise, all
35 applications flowed through the same decision-making structure. There were
36 significantly higher levels of delegation to staff and to a single Applications
37 Committee, attended by staff with two or three trustees on rotation. Crane
38 succinctly summarises the scale of the change for the team: 'We moved to one
39 system, one approach and one set of guidance. Grant makers had to do their
40 own admin and all the teams were expected to work together.'

41 It meant big changes for trustees as well as for staff. Chandos believes
42 that Austwick was 'pushing good intuition' but the consequences were



1 challenging: *'In the eyes of some of the longer serving trustees, it was quite*
2 *traumatic and changed their relationship with the grant-making'.*

3 Pollock was appointed to lead the unified grants team: *'putting everything*
4 *together in one big box'* was a major task, especially without losing specialist
5 expertise. One advantage was that the workload became more evenly spread
6 between grants managers, reducing the sense of inconsistent treatment of
7 grantees depending on their 'sector'. But there was no doubt that in 2008 *'it*
8 *was all about change management again - and again there wasn't much time to*
9 *think about learning'.*

10 **Implications for learning**

11 Austwick believes that strategically responsive grant-making calls for a
12 particular approach to learning: *'You haven't got, "Here's my target 1, target 2*
13 *and target 3". And you can't then create a very smart matrix of what's going to*
14 *be delivered when, how you are going to measure it and so on.'* She talks about
15 *'doing something that is on the one hand softer but, on the other, perhaps a bit*
16 *more sophisticated, because you have to have a deeper judgement capability'.*
17 The aim is not to prove anything or to *'force practitioners into your agenda'*
18 but to enable them to learn in a way that means *'they own the learning and*
19 *change as a result of it'.* While she accepts that commissioned and other more
20 instrumental approaches to grant-making are valid choices for foundations to
21 make, she argues: *'The responsive approach was absolutely right for Esmée*
22 *- and, for me, is absolutely the right choice if you want civil society to thrive,*
23 *because it puts it in the lead.'*

24 The 2009-11 strategic plan set clear aspirations around improved monitoring,
25 learning and dissemination processes. The focus was fourfold:

- 26 • To develop and implement a framework for evaluating and tracking grant-
27 making performance.
- 28 • To experiment with groups of grants and different approaches to partnership
29 funding, to establish the added value of shared working and learning.
- 30 • To establish a differentiated approach to assessment and monitoring which
31 maximises efficiency and learning and improves decision-making.
- 32 • To trial and analyse a variety of ways in which grant-making can influence
33 policy and achieve change.

34 But everyone remembers the real emphasis being on the way learning was
35 done. Wragg describes Austwick's focus as creating an informal learning
36 culture, believing *'you will learn most from talking to people and working*
37 *with people'.* Although there were significant changes to the applications
38 process, including introducing electronic applications for the first time, Crane
39 believes: *'Really the changes in 2008 didn't change anything on the (formal)*
40 *learning side.'* Mulligan agrees: *'There didn't feel like any push from the top to*
41 *systematically manage learning from the money we were giving out, other than*
42 *in discreet areas or dedicated funds.'* Learning was highly anecdotal: *'There*



1 *was a sense that impressions mattered – and if you wanted evidence that nailed*
2 *impact, you were on a hiding to nothing.'*

3 This approach was reflected in the new office, which Austwick saw as part
4 of creating the right environment for learning. Instead of a five-storey town
5 house, the single team had an open plan office with everyone on one floor,
6 good spaces regularly used by grantees and other visitors – creating the
7 opportunity for chance meetings and exchange of ideas. She believed that
8 *'the physical space plays a key part in enabling very informal, under the radar*
9 *learning'*. And the message she wanted to project was: *"We are open, we*
10 *want people to come in. We want to exchange, we want to have dialogue. We*
11 *want a space visitors, as well as our staff, feel ownership of and comfortable*
12 *in."* Although the new strategy and structure preceded the 2008 credit
13 crunch, the view was that flexibility would be increasingly important as the
14 subsequent global recession took hold. Austwick's introduction to the 2008
15 Annual Report said: *'Whilst we could not have foreseen the deterioration in the*
16 *economic climate, our new responsive approach gives us the flexibility to react*
17 *to external changes and adjust our funding choices accordingly.'*

18 Looking back, many staff talk about this as a stimulating time. For Shea,
19 breaking down the barriers between sectors meant *'we were all exposed to a*
20 *whole range of things that we had not been exposed to previously'*. Funding
21 team meetings were regularly attended and addressed by practitioners
22 and other experts: *'We put the learning of key organisations to good use –*
23 *because we needed them. And they supported us around understanding the*
24 *composition of their sector, what good looked like and the gaps where a funder*
25 *like Esmée might play a role.'* And Holdom talks about mechanisms that were
26 adopted to ensure that the specialist knowledge built up under the sector
27 groups was shared rather than dissipated: *'We set up a peer review system*
28 *internally so people with different specialisms would advise each other on*
29 *applications and reports – and we still use it now.'*

30 Austwick recognises that the approach placed high expectations on staff: *'You*
31 *would want them to have a core area of expertise and then an extra one. You*
32 *would want them to be abreast of what is happening in the sector, networked into*
33 *that sector. Then, depending on the nature of the grant, you would want them to*
34 *have a relationship with the grantee, so "we learn from you, you learn from us".*
35 *You would want them to be applying what they are hearing, putting all these*
36 *different sources of data – the internal, external, the grantees – into a pot. And*
37 *to have some sort of analytical framework that says, "This is what is happening*
38 *in this sector and we might want to tweak a bit here or tweak a bit there" or*
39 *"There is something really interesting bubbling around here and we need to*
40 *go and talk to a few of these people".'* This would provide a developmental
41 pipeline for future grants – and topics for events or blogs to stimulate
42 discussion. She saw the job as broad and interesting but the combination of
43 skills was *'actually quite a big ask. You can't expect everyone to be able to do*
44 *all of it equally well, being great at the developmental learning side, as well as*
45 *being brilliant at due diligence, assessment, monitoring and so on.'*



1 **Changes in the Board**

2 James Hughes Hallett, who became a trustee in 2005 and took the Chair in
3 2013, describes his early years as *'quite uncomfortable'* because of the lack of
4 Board interest in *'any sort of more scientific study or quantification. Certainly,*
5 *there was a sense among some of the trustees who had been around longer*
6 *- and I can remember finding this sometimes frustrating, so this is almost an*
7 *accurate quote - "It's only money".'*

8 In 2008, four of the longest serving trustees retired. For Wragg, this was a
9 turning point in the attitude of the Board towards learning: *'New trustees*
10 *came on the Board and their starting point wasn't, "Why do we need to do*
11 *this?" Their starting point was, "Of course, a modern organisation is interested*
12 *in learning from its behaviour".'* Learning reports became a regular feature
13 of the Board agenda. But Wragg is clear that *'this was not science - it was "six*
14 *things that have happened, interesting things we have seen, some things we*
15 *have learnt"'*.

16 In Lampard's view: *'I'm not sure we actually reached a point where we were*
17 *altogether open to the idea of learning together and indeed the idea of making*
18 *decisions on a commonly held understanding of what good grant-making*
19 *looked like.'* But she saw positive moves to maintain intelligent exchange
20 between trustees and a wider range of staff - through the Applications
21 Committee and staff attendance at the Board meetings: *'Knitting together*
22 *trustees and staff is the key to the evaluation and learning piece. It's not just*
23 *about having the tools and mechanisms. It's having the opportunity to unlock*
24 *things.'*

25 Jonathan Phillips, who became a trustee in 2010, found *'an organisation*
26 *that was very responsive and did quite a lot of convening in order to share*
27 *experience and knowledge amongst grantees'*. But trustees had very little
28 structured data to form an opinion about the impact of individual grants:
29 *'Trustees were only told about grants if there was an issue or they came back*
30 *for a further grant.'*

31 **Some challenges**

32 At the coal face of grant-making, the team sometimes struggled to create a
33 seamless and consistent approach to learning based on relationships and
34 engagement alongside the challenges of being a volume grant-maker. After
35 a period of focused programmes and application levels running at around
36 2,000 a year, the Main Fund opened the floodgates. As Shea describes
37 it: *'Dawn was about getting grant managers out from behind their desks -*
38 *learning through contact. "What does it feel like, what does it smell like, what's*
39 *the sense of the opportunity?" But we had nearly 5,000 applications in the*
40 *first year of the Fund - saying no to more than 90% of them is desensitising*
41 *and creates remoteness.'* The new two stage process was not designed or
42 resourced to enable much contact with unsuccessful applicants, with greater
43 administrative efficiency sometimes coming at the expense of the personal
44 connections that lay at the heart of learning for the Foundation: *'that site visit,*



1 face to face meeting, or just a phone call – rather than doing your job at your
2 desk and through email’.

3 Pollock was also conscious of how much personal knowledge, learning and
4 networks influenced choices within a paper-based application system: ‘One
5 of the things that I have always said [about responsive grant makers] is that we
6 try to fund people who are thinking carefully about their own impact. So, a lot
7 of it is about understanding organisations and people. But at Esmée we didn’t
8 tend to see many of the people we funded.’ Faced with a pile of first stage
9 applications, staff were always looking for other touch points: ‘You would be
10 sitting there thinking “do I take this forward or not?” Unless there is something
11 so brilliant about the concept, a powerful trigger would be whether you knew
12 something else about them.’

13 Staff focusing on Social Development grants had been dealing with the
14 challenges of volume for some time – as this element of the Foundation’s work
15 was always heavily oversubscribed. But for grantees who had been funded
16 under other areas of interest, this was a significant change. Kathy Wormald is
17 Chief Executive of conservation charity Froglife, which had its first grant from
18 the Foundation in 2007, through the Environment Sector Group: ‘We had a
19 close relationship with our first grants manager. We were confident to raise
20 challenges and concerns because we knew he understood us.’ Subsequent
21 changes in strategy and structure has meant more than one change in grant
22 manager and a greater reliance on written communication: ‘Sometimes you
23 are trying to convey quite difficult concepts and terminology. When it gets to
24 the stage where a donor is sending through loads of questions, it’s probably
25 time to meet or have a phone conversation.’ She believes that keeping in
26 contact during a grant helps develop a relationship with grantees, which
27 leads to more transparency and should help the Foundation to learn: ‘Without
28 a relationship, it can be difficult for grantees to raise concerns. All too often,
29 reports only highlight successes and not things that have not gone as well.’

30 The whole question of the power dynamic was then – and remains – a
31 challenge for grant-makers seeking to learn from their grantees. As far back as
32 2004, the Foundation’s guidelines for progress reports said: ‘We are keen for
33 projects to tell us the “whole story” and not just good news. We recognise that
34 for all organisations [including ourselves] everything doesn’t always go right,
35 and things sometimes don’t go to plan or don’t work out. This learning is just
36 as important as when things go according to plan and sometimes more so. We
37 encourage you to be as honest as possible in your responses.’

38 Austwick puts some of the onus on the voluntary and community sector
39 to stand up for itself and what it believes: ‘Practitioners seem to have lost a
40 self confidence that says, “what I’m doing is at least as valuable as what you
41 are doing”.’ But, at root, ‘too much is done to practitioners. Which is where
42 I part company with being highly commissioning orientated. Because that
43 drives them down into transactional thinking, which leads to a massive power
44 imbalance, because you are not having a relationship or a conversation.’ For
45 Austwick it is critical that the practitioner community – in all its diversity – is



1 able to articulate its views: *'What is Civil Society for? It is to enable everyone*
2 *to thrive, challenge us all to be better, hold our own society to account. It's*
3 *not there simply to be a transactional service deliverer. In this situation, it's*
4 *incumbent on us as funders to understand how big our boots are.'*

5 **First investments in dedicated learning staff**

6 Under Pollock's leadership, the grants team did experiment with and explore
7 more formal approaches to monitoring, evaluation and learning: *'We did*
8 *expose ourselves to the latest thinking - for example, a consultant came in with*
9 *some hard-core methodologies using logic models and a lot of recent thinking*
10 *from the US. It didn't work for us - but it challenged us and stretched us.'*

11 The first real changes in the formal learning effort were sparked by a strategic
12 review in 2010. Sector focus groups said: *'We need you to do more, you*
13 *need to speak more on our behalf, people will listen to you, you can open*
14 *doors for us, you can do things that we can't.'* Crane recalls: *'I think we hadn't*
15 *listened to people saying that to us before - and it went counter to the Trustees'*
16 *reluctance to put our name on anything.'* Austwick was keen to *'open things*
17 *up'* - to share information and stories and develop the website to enable
18 people to interrogate the Foundation's funding. She appointed external
19 communications and public affairs advisers to help identify and amplify
20 the impact that grantees were achieving. Crane explains: *'The focus was on*
21 *helping grantees tell the story and find their voice - and on getting access to*
22 *power in whatever way that might be.'* So, when the Foundation talked about
23 impact it was *'about increasing the impact of the work we fund, not about*
24 *understanding the difference we were making. It was about helping them.'*

25 In 2010, Crane took on this work on a part-time basis. She became a strong
26 advocate for a more outward looking approach: *'I can remember having*
27 *to campaign hard for us to join Twitter - but the main impact (which I didn't*
28 *foresee because I saw it as just a way to get our messages out there) was that*
29 *the feeds were full of what our grantees were doing - and we were learning*
30 *so much about them.'* Even this small amount of dedicated resource gave
31 learning more presence organisationally. As Pollock says: *'Markets change,*
32 *grantees and other foundations are more interested and technical systems*
33 *have improved - but allocating it to someone is a major trigger.'*

34 Towards the end of 2010 Pollock left to lead the John Ellerman Foundation
35 and overall responsibility for monitoring, evaluation and learning passed
36 jointly to Shea and Mulligan. Wragg was conscious of a desire to learn in
37 order to *'make better decisions about who to support in the context in which*
38 *they work. But, in terms of resource it was "just another thing to do". There was*
39 *lots of discussion about where the work should sit. It has to live with the grant*
40 *managers but someone has to make it happen.'*

41 Over 2011, discussion about impact measurement was becoming a much
42 more regular feature of the foundation landscape. And in 2012 Crane
43 was appointed as full-time Impact & Learning Officer. She talks about the
44 Foundation having *'been on a journey like a lot of people we fund - you talk*



1 *about it a lot. Then you repackage everything you already do as impact - that's*
2 *the next step. Then you appoint someone - that was me - and then you are*
3 *really doing it, because you've got a person with impact in their job title!*

4 **Impact measurement**

5 The Foundation was an early funder of some of the organisations that were
6 introducing new approaches to impact measurement in charities and social
7 enterprises. But, as the trend towards quantitative impact measures gathered
8 pace, some in the Foundation reacted against it. And trustees turned down
9 applications from some leaders in the field. Crane remembers: *'The message*
10 *we got was that the Trustees were saying "We don't believe in this: we don't*
11 *believe it is helping the sector".'* But, from a trustee perspective, Hughes
12 Hallett describes attitudes as being much less uniform: *'I do remember*
13 *some of the other trustees expressing frustration at what they characterised*
14 *as unnecessary bureaucracy but I don't think this held up the progress we*
15 *continued to make with regard to measuring impact.'* Certainly, trustees active
16 in this period express an interest in the impact of grants. Lampard talks about
17 the need to learn in order *'to make better individual grants and to have a*
18 *better understanding of priorities and the impact of our grants - whether they*
19 *have effected change or presented a solution to a knotty problem'.* And Phillips
20 believes *'there is only a justification to being experimental if you are willing to*
21 *observe the experiment and see what it gives rise to'.*

22 However, there were genuine concerns about some emerging thinking. Crane
23 says: *'Our original argument with the impact measurement agenda was that*
24 *it ultimately reduced everything to being about money. Look at some of the*
25 *things we fund, like uncharismatic species in the environment.'* And Wragg
26 talks about the effect that a quest for aggregated impact was having on
27 funders: *'If what you are most interested in is knowing your impact, then you*
28 *have to define your guidelines as tightly as possible. But it doesn't necessarily*
29 *mean you'll have more impact: it just means you will be able to tell what it was.'*

30 In Austwick's view, the idea of learning was being *'a bit hijacked by the word*
31 *impact. And because funders have such influence, practitioners end up*
32 *jumping hurdles to acquire more funding, as opposed to learning about the*
33 *difference they have made and how to do better.'* In short, her view of learning
34 is that *'all of it should be about improving not proving'.*

35 Wragg remembers there being *'huge scepticism at all levels about data and*
36 *numbers - almost anything that was about data was suspiciously interrogated'.*
37 Austwick clarifies that her objection was to *'hysterical data'* - fuelled by
38 fundraising demands and designed to impress and message - not to *'humble*
39 *data'* - drawn directly from what organisations need to record to provide a
40 good service. *'I'm all up for the return of humble data. None of that is going*
41 *to create some headline like - "we have transformed the lives of three million*
42 *children between the ages of 2 and 6" (even though there are only 200,000 of*
43 *them). That's what I am getting at. The bold assertion use of data other than the*
44 *quiet learning use - that is what I am trying to distinguish between.'*



1 Reporting on outcomes

2 It was not until 2012 that the Foundation formally required applicants to
3 identify three outcomes they wanted to achieve and to report against them
4 during the grant. Crane reports that the new approach was intended to be
5 very light touch: *'We wanted people to set outcomes and to express them
6 in language that made sense to them and not to stick rigidly to requiring
7 SMART outcomes. So, if you are a tiny organisation doing something useful
8 in a community, you can just say what you are going to deliver.'* And Holdom
9 described a desire to reduce the reporting burden for grantees: *'One of the
10 key things about the outcomes and the new reporting system was just to make
11 it easier. Our assessment process is rigorous so we shouldn't need detailed
12 lengthy reports.'*

13 Pollock remembers the Foundation thinking about outcomes from a much
14 earlier date: *'I felt we had been talking like this for a long time but it was
15 perhaps more informal.'* However, Mulligan believes the relatively late start
16 with a formal system reflected caution about how it might be used to make
17 judgements on quality in a mechanistic way: *'There was a fear of reductionism.'*

18 For Austwick, reductionism is avoided by thinking clearly about what you want
19 to achieve but keeping an open mind about where and how positive change
20 might happen: *'Of course, knowing what you are trying to achieve is useful.
21 But what happens when the outcomes you set at the start bump up against
22 learning? What if you find you are not achieving the outcomes you expected
23 but other changes are happening? The most important thing is to listen to
24 what has been learnt and not to say "I'm not interested in what you have to say
25 because you haven't achieved your outcomes". It's like project management.
26 Of course, you need a good plan and to understand your destination. But
27 you may change your route significantly to get there. Outcomes are great and
28 purposeful. But they are ultimately disregardable in the face of learning.'*

29 Next steps

30 In 2013, Austwick moved on to become Chief Executive of the Big Lottery
31 Fund and Caroline Mason joined the Foundation as Chief Executive. She
32 brought with her the experience of a long career in the commercial sector
33 - particularly in financial services and web technology - followed by senior
34 roles in both Big Society Capital and Charity Bank. *'I was new to the sector, so
35 I decided I would spend the first year learning. I must have visited 70 grantees
36 and spoken to 50 foundations. I wanted to really understand what Esmée
37 actually did and what it was trying to achieve.'*

38 She was impressed by the quality of the groups funded by the Foundation
39 and the work that they do. But she was surprised that the Foundation did not
40 have easy access to intelligence drawn from its portfolio overall: *'One of the
41 questions I asked when I first got here was, "OK, we have a thousand grants
42 or a thousand relationships at any one time. What does that look like in the
43 last five years? What's changed? What are the trends? What are the gaps?''*
44 Her conclusion was that the Foundation was made up of *'highly effective sole*



1 *traders held together by a process. Each working on each application as a*
2 *finely crafted gem.* But the idea of looking horizontally across the portfolio to
3 identify where and how the Foundation was making a difference and using
4 this intelligence to support decisions about the most effective use of its
5 resources was *'simply not in the DNA'*.

6 The Foundation was clearly making considered judgements and selecting
7 impressive grantees from a wide range of disciplines. But Mason's view was
8 that, without this view across the whole portfolio, *'we were not able to clearly*
9 *express what "good" looked like to us'*. Not only did this raise challenges for
10 decision-making and learning, it made it very hard to communicate what the
11 Foundation was looking for in a successful application and a successful grant.
12 Crane remembers this well: *'I think somebody had told her it takes three years*
13 *to get to know what an Esmée grant looks like – and she'd said, "Well, I don't*
14 *have three years – I need to do it now!"'*

15 Hughes Hallett, who became Chair shortly before Mason's appointment, was
16 supportive of the direction her thinking was taking: *'Her career had taken*
17 *her along a path which had taught her about the importance of knowledge*
18 *and recording stuff. And that, of course, takes us straight into impact*
19 *management and measurement and understanding the impact of what we*
20 *are doing.'*

21 **2014–2017: Frameworks, evidence and new questions**

22 **Evolution not revolution**

23 In response to her observations, Mason worked with trustees and staff to
24 develop a new 5-year strategic plan for the Foundation, signed off by the
25 Board in June 2014. Her focus was on achieving greater clarity in the funding
26 framework to support better communication of the Foundation's priorities,
27 improvements in the way it worked and *'a more structured approach to*
28 *mapping, monitoring and learning from our funding as well as utilising,*
29 *disseminating and sharing that learning'*.

30 The new strategy broadly retained the Foundation's long-standing areas of
31 interest – now framed as Arts, Children and Young People, Social Change and
32 Environment – alongside Food, one of the strands first introduced in 2007.
33 All sat beneath the Foundation's four overarching aims: *'to unlock and enable*
34 *potential, back the unorthodox and unfashionable, build collective networks*
35 *and catalyse system change'*. And each has specific funding priorities and
36 broadly framed outcomes.

37 So, for example, the Foundation's environmental funding gave priority
38 to: connecting people with nature; large-scale conservation of natural
39 environments on land and at sea; countering the effects of damaging human
40 activities; lesser known plants, animals and organisms. The outcomes it hoped
41 to support included identifying practical solutions; greater individuals and
42 community ownership and stewardship and changes in culture and systems.



1 Mason's recommendations were built on both a programme of research and
2 consultation and on a retrospective analysis of beneficiaries and proposed
3 outcomes of all grants made in the past three years. This analysis revealed
4 priorities and outcomes that were powerful in the Foundation's grant-
5 making decisions but not explicitly recognised or shared. In the new plan,
6 she sought to make these transparent, to save time for both applicants
7 and the Foundation. She also brought grant funding and social investment
8 together into a single funding team, with a view to moving to a single
9 delegation and approvals structure in due course. This unified structure is
10 intended to support a single 'tools in a toolbox' approach, so that applicants
11 had access to a flexible package of grant-making, social investment and non-
12 financial support.

13 A clearer funding framework was fundamental to Mason's plans to build
14 robust underlying data to inform the Foundation's future grant-making
15 strategy and improve its funding practice. She understood why the way
16 measurement had been used had made it *'a sterile, unappetising and*
17 *unusable construct for foundations in general'*. And she shared concerns about
18 a narrative that was too often overly quantitative and short-termist, paid too
19 little attention to proportionality or value to grantees and failed to recognise
20 the importance of judgement in assessing impact. However, she was clear
21 that good data is a critical tool for learning: *'The danger in all this is that*
22 *foundations, including Esmée, are missing out on the potential that intelligent*
23 *use of data mapping, tracking and monitoring, combined with a qualitative and*
24 *evaluative overlay, has to provide genuine insights and learning.'*

25 Wragg saw Mason's priorities as the natural next step in a structured evolution
26 of the Foundation's approach to learning: *'Many of the ideas were there but*
27 *were not properly structured or consistently delivered - she wanted to see a*
28 *proper framework.'* But it was a significant change nonetheless: *'Impact - in*
29 *terms of how it influences our everyday operations - is now more at the centre*
30 *than it has ever been.'* Crane recognised early on that Mason's strategic
31 goals would challenge established patterns of working: *'What she didn't do*
32 *was question our strategy or the grants that we made but she questioned*
33 *everything about the process and the way that we worked.'*

34 **Cultural challenges**

35 Mason was aware from the start that her emphasis on frameworks and data
36 would be unsettling for the team: *'There was a lot of resistance. People*
37 *thought that I was trying to be restrictive, that I was trying to put people in*
38 *boxes. And I was saying "No, this is indicative. It's about painting pictures,*
39 *so you can see things differently. It asks the question, it doesn't give you the*
40 *answer. It gives you the opportunity to ask better questions".'*

41 Shea described Mason's challenges as uncomfortable: *'Very much from day*
42 *one she was saying, "Actually, we don't know anything about what we do and*
43 *the difference it makes. We spend a lot of time reporting on cash spent and*
44 *geographic distribution. But we know nothing about how has it impacted on*
45 *individual beneficiaries and so on".'* The established culture in the team was to



1 be suspicious of anything that smacked of the *'if you can't measure it, it's no*
2 *good'* messages they saw as being pushed by many in the impact business.
3 Worries were expressed about mechanistic use of data or downgrading of
4 qualitative evaluation, informal learning and judgement in decision-making.

5 There was also anxiety that the push for cross-cutting data was the first step
6 to *'measuring Esmée's impact'* – something that the Foundation at all levels
7 had resisted for a long-time. But Crane sees this as a misreading of Mason's
8 motivation: *'Caroline is massively keen on data and measurement in general*
9 *but she is not interested in us being able to claim what impact we are having.*
10 *I don't think she sits there thinking, "What we need to say is we have improved*
11 *people's lives by 4%", because it is meaningless. But she absolutely believes*
12 *we need to collect data to understand whether we are making good grants that*
13 *make a difference.'*

14 Mason was surprised to find genuine confusion about how meaningful data
15 could be extracted from a diverse portfolio of grants: *'People said, "You can't*
16 *do it. You can't mix apples and oranges." And I'm saying, "The idea that you*
17 *can't compare a construction company with a retail company just doesn't exist*
18 *in financial services or the business sector." You have to compare apples and*
19 *oranges, you just find proxies. And we're now using a rating system as a proxy*
20 *for performance.'* She believes that opening the Foundation up to people from
21 outside the sector – such as data analysts and project managers – has brought
22 in new skills that have added real value to the change process.

23 Mason's commitment was to take the team with her – and to allow time to get
24 things right: *'People have been very unhappy through this process, without a*
25 *doubt. But I think they are happier now because they can see the benefits of it –*
26 *and can see that it's not about numbers, it's about questions and about getting*
27 *better at what we do.'* And she had the support of trustees in this approach.
28 Hughes Hallett acknowledges that staff found the new focus on data *'a bit of a*
29 *cold shower, at least to begin with'*. However, Phillips recognises the progress
30 that is being made: *'It is accepted that we are much more concerned about*
31 *observing impact in a structured way, so that we can look at the impact across*
32 *sectors. This has not been easy for the staff, but we are getting there.'*

33 **Building the structure for learning**

34 Charged with putting the new approach to learning into practice, and to do
35 so with the contribution and consent of the funding team, Crane's aim was
36 to achieve something that *'is practical, proportionate and above all useful for*
37 *our everyday funding practice, as well as building an evidence base for the*
38 *next strategy review'*. The period from 2014 to 2017 has seen developments in
39 coding and data management, reporting, feedback systems and mechanisms
40 for sharing learning.

41 **A uniform approach to data:** The Foundation has developed a consistent
42 coding framework across its portfolio. This includes demographic information
43 about the grantee and who it serves; the match with Foundation aims and
44 priorities; and reasons for declining unsuccessful applications. Proposed



1 outcomes are recorded but not codified: a different mechanism is used for
2 assessing performance against outcomes. Coding began in earnest in 2015,
3 with past grants retrospectively coded back to 2012.

4 **Asking for and giving feedback:** The Foundation now routinely gathers
5 anonymous feedback from applicants and grantees after it declines
6 applications, makes payments or approves grants. It also provides top-level
7 feedback on unsuccessful applications.

8 **Shorter progress reports:** No report is more than four pages long and may be
9 followed up with a call or visit. The aim is that no grantee should be collecting
10 data that is not of direct use to them.

11 **End of grant conversation:** Grant managers hold a 'learning conversation'
12 with grantees at the end of each grant, so that both can feed back on what
13 worked well, what did not, and about the funding and its impact. End of grant
14 conversations began in 2016.

15 **Judging performance:** Following the learning conversation, staff judge
16 whether each grant was 'effective' in terms of:

- 17 • The Foundation's own performance - *'were we the right funder for the*
18 *organisation? Could we have given more support or acted differently?'*
- 19 • Outcomes - *'did the grantee achieve what they planned to with our money?'*
- 20 • Organisation - *'how do we rate the organisation overall?'*
- 21 • Each element is scored on a four-point scale from excellent to poor. These
22 results are coded into the grant management system for analysis. And
23 grants managers summarise what can be learned or changed as a result of
24 the grant - whether by the grantee, the Foundation or the wider sector.

25 **Sharing learning internally:** The effectiveness of all closing grants is
26 considered every month at funding team meetings. Discussion is based on a
27 report containing both effectiveness judgements and the summaries of what
28 can be learned. For Crane, the purpose is to identify how the Foundation can
29 do better: *'We ask provocative questions based on issues raised in the report*
30 *or patterns spotted in judgements or learning information: what changes can*
31 *we make as a result of what we've learned, to the way we fund, to our funding*
32 *strategy, or to how we communicate?'*

33 The Foundation has also introduced a new grants management system, using
34 Salesforce. Mason identifies the discipline of specifying its processes from end
35 to end as *'an important learning tool and a challenge to every step of how we*
36 *work'*. For Crane, *'it has made us build systems for things that people think just*
37 *happen automatically - like finding all the grantees who are trying to replicate*
38 *their work or understanding how much contact we have with individual grantees'*.

39 There is broad appreciation of the role that Crane has played in engaging
40 people and developing an approach that works. Holdom says: *'I think she*



1 - and now that department, as there are two of them - is an absolute pivot.
2 Because she does learning and communications, it's the bit that everything
3 revolves around.' For Mason, 'It was a bit of a bumpy journey and she [Crane]
4 did an extraordinary job in making it happen. We have given her a project
5 which is fundamental to the organisation rather than it being something that
6 happens at the end of the piece. I would say it is probably the most important
7 thing we do.'

8 Crane has been conscious throughout that she must not become the 'owner'
9 of the Foundation's learning: 'When you appoint someone to a job like mine,
10 the risk is that you outsource the learning to that person.' Her aim has been to
11 embed learning in everyone's day to day work: 'This is what we are trying to do
12 now and we are succeeding in some ways.' But, she argues, 'you have to have
13 some systems in place for that to happen. It can't just be a happy coincidence'.
14 Done well, all the work on priorities, structure, outcomes and so on 'builds the
15 systems for you to do what is actually quite a touchy-feely thing and just talk
16 about it more'.

17 **Emerging benefits**

18 Everyone stresses that these are early days for the new learning framework.
19 And that there is still much to do. It has taken time to find a shared language,
20 build knowledge and develop new skills in rating performance, coding
21 reports, and using the data to support decision-making. But, with a portfolio
22 of 1600 grants now consistently coded back to 2012 and end-of-grant
23 performance data increasing by around 30 grants per month, the Foundation
24 is beginning to see a number of practical benefits.

25 The anonymous survey of rejected applicants that is built into the
26 Foundation's grant management system achieved a 27% response rate in the
27 last quarter of 2016. Some of this feedback is very direct. And the Foundation
28 has dealt positively with criticisms that were considered too difficult to resolve
29 in the past. Murette Kroonenberg, who joined the Foundation's resources
30 team in 2010 and is now Grants and Administration Manager, says: 'People
31 have always wanted feedback on first stage applications. In 2016, we were able
32 to start doing that - because we have coded the reason why they were turned
33 down.'

34 While expecting some hard messages in anonymous surveys, Crane has been
35 surprised how ready grantees are to give negative feedback in end of grant
36 conversations: 'I didn't think that would be the case because people are always
37 buttering you up as a funder. But if you genuinely say, "tell us some bad things",
38 they will tell you. It's just that we never asked.'

39 For the funding team, end of grant conversations and the effectiveness
40 framework they support are emerging as powerful drivers for improved
41 practice. Holdom already sees that the framework 'suggests things that
42 should be interrogated more closely and can illuminate things you didn't
43 know were a problem or an opportunity'. The monthly learning meetings are
44 seen as an increasingly effective forum for collective development of these



1 insights. Kroonenberg attributes this to the structure provided by the new
2 learning framework and Crane's facilitation of these meetings: *'In the past,*
3 *the assumption was that, if people met, they would share learning and jointly*
4 *reflect - but that didn't happen in practice.'*

5 And conversations are leading to changes in practice. Holdom has dug
6 deeper into data confirming the challenges that disabled artists can face in
7 progressing their careers and is setting up a collaborative workshop with the
8 sector to share findings and identify solutions. Laura Bowman, who joined the
9 Foundation as a Grant Manager from the Tudor Trust in 2015, reflected on the
10 mismatch that can happen between the Foundation's view of itself as a *'hands-*
11 *off funder'* and the needs of some grantees: *'We have learned from feedback*
12 *conversations that we need to be clearer about setting expectations of our*
13 *grant management relationships.'* As a result, the Foundation experimented
14 with a 'charter' explaining its grant-making approach but has now settled on
15 a simple description of what to expect, which is used by all grant managers
16 when setting up new grants. And there have been changes in the grants offer,
17 as Kroonenberg explained: *'One of the things that came to light is that one*
18 *year grants are not helpful to people - and we have decided we shouldn't do*
19 *them unless grantees specifically ask us, as a year is not long enough.'*

20 Crane has been struck by grant managers' willingness to criticise their
21 own performance: *'We were worried that people would be wary of giving*
22 *themselves less than a "good". Actually, they aren't - and we've had really*
23 *productive conversations about those particular judgements, why we were*
24 *making them, what we did during that grant and what went wrong.'*

25 Kroonenberg agrees that these open discussions are *'really helpful'* but
26 remains uncertain about how they will translate into assessment of individual
27 performance overall: *'How do you judge whether someone is a good learner?*
28 *Perhaps it's better to think about being better at sharing?'* Bowman agrees
29 that engagement and clear expectations are crucial to encouraging a positive
30 approach to learning: *'We have to be open to challenge and change if we are*
31 *going to be a learning organisation. But there needs to be good consultation*
32 *and discussion to ensure that everyone is on board with it all.'*

33 More broadly, Mason sees better data - whether this is grant managers'
34 assessments of effectiveness, demographic information or self-reported by
35 grantees - as beginning to enable a more rounded and informed discussion
36 on key areas of the portfolio: *'A couple of trustees questioned the level of our*
37 *support for campaigning. So, we looked at the grants we have made over the*
38 *last five years and the outcomes. And the results were strong. We can do that at*
39 *a tap of a button. It doesn't take someone four days to interrogate the system:*
40 *it's all coded and available and it takes about 20 minutes to produce.'*

41 As the approach develops over time, she believes it will support the Foundation
42 in *'really thinking strategically about the best use of our resources'*. Even now,
43 both the coding and effectiveness frameworks are picking up changes and
44 challenges. For example, the Foundation has seen impressive achievements



1 around a relatively small amount of funding to community renewable energy.
2 But, during 2016, results from grantees went from *'fantastically good'* to
3 *'struggling'*. Mason's expectation is that the system will help to surface
4 patterns and changes quickly, enabling the Foundation to ask the right
5 questions and make informed, strategic decisions about how best to respond.

6 Crane is clear that there is still work to do in bedding down the basic systems
7 to support learning, in building individual skills and improving consistency.
8 And she sees development challenges in improving the flow of learning with
9 grantees during their grants, engaging effectively with trustees and in sharing
10 learning beyond the Foundation.

11 **Learning with grantees**

12 The Foundation's outcome-based approach
13 to progress reporting has been in place
14 since 2012 and is considered reasonable
15 by grantees. Amy Ross, Director of
16 Development at the Art Fund, which has
17 received significant support from the
18 Foundation, likes the balance it achieves:
19 *'Esmée are clear about what they want us to*
20 *address but not over-prescriptive in terms of*
21 *format or precise facts and figures. Some are*
22 *so prescriptive you end up not being able to*
23 *say what you have achieved.'*

24 But Mulligan questions whether routine
25 reports ever contribute much to learning: *'I don't know whether progress*
26 *reports can be anything other than a funder requirement, which induces a kind*
27 *of mechanical response.'* He was one of the instigators of a recent attempt by
28 the Foundation to separate monitoring for accountability from reporting for
29 learning purposes. Payments would be automatically released on receipt of
30 very basic information: progress reports would be less frequent and always
31 followed up with a learning conversation.

32 There were many questions in the team about the consequences for grant
33 management relationships. Holdom, for example, was concerned about
34 losing effective review points in the ongoing relationships that characterise
35 much of the Foundation's Arts funding. And Bowman worried about missing
36 challenges facing small organisations until it was too late to help. In the event,
37 logistical challenges on the payment side made the idea unworkable in
38 practice. So, finding the right mechanisms to encourage free flow of learning
39 during a grant, rather than just at the end of it, remains a work in progress.
40 Approaching it from another angle, Mulligan now suggests: *'Much more*
41 *powerful would be a statement at the front of the grant that says, "Nothing*
42 *other than fraud or insolvency will take it away. We will be absolutely flexible.*
43 *And, if you want to re-purpose the grant, you go ahead. You've got it in the*
44 *bag. Now in return be honest."* *So, maybe we can achieve the same result with*
45 *two lines in our offer letter?'*

Grantees

Amy Ross

Art Development Fund

David Robinson

Community Links

Kathy Wormald

Froglife



1 David Robinson, co-founder of Community Links (a long-term grantee of the
2 Foundation), would welcome a clearer distinction between accountability and
3 learning: *'I've always thought that pretty much all the evaluation funders expect
4 from us is really about whether we have spent the money in the way we said
5 we were going to spend it. The extent to which we have transformed people's
6 lives, and done it in the most efficient and effective way, has been a secondary
7 issue. I think trying to separate the two is highly desirable. And, particularly in
8 the trusted relationships that funders like Esmée are trying to develop, ought to
9 be possible.'*

10 **Involving Trustees in the learning conversation**

11 Mason believes that a clearer framework, supported by more and better data,
12 will enable a more open conversation between trustees and staff. She has
13 taken both through a structured review of the Foundation's appetite for risk in
14 the light of its strategy. For her, strategic risk work with trustees is fundamental
15 to becoming a learning organisation: *'It is the strategic governance mechanism
16 that says it is ok to get things wrong and, from that, allows for risk taking and
17 learning.'* As a result of this work, *'we now know that we all want to be a more
18 high-risk funder and we all know what that means.'* And it underpins a shared
19 understanding of what good results look like: *'If we're only ever getting
20 fantastic performance out of our performance framework, we are failing -
21 because we are not taking enough risk.'*

22 The team is more cautious about what this will mean in practice. Crane says: *I
23 have had some push back on how we share, for example, the information that
24 certain types of grant aren't meeting their outcomes in case trustees say we
25 won't make any more. But I think we all need to give each other a little bit more
26 credit and trust that won't happen.'* She is encouraged by the impression that
27 *'because of this data, we are actually talking with trustees about things that
28 didn't go well in a way that they are interested in.'*

29 The focus on improving underlying data speaks well to the current Trustee
30 Board. Chandos reflects: *'As long as I have been a trustee, we have talked
31 about the importance of impact and measuring it. Like, I suspect, so many
32 people in our field, we acknowledge its importance but struggle to achieve
33 it.'* He is interested in understanding the extent and limits of the value of
34 measurement: *'How much more susceptible is what we do to quantitative
35 analysis? Even if we do increase and improve the more objectively analytical,
36 the intuitive bit is always going to be hugely important.'* Hughes Hallett is clear
37 that the Foundation is not looking at *'grant-making by numbers. We just want
38 the numbers - or number equivalents - to help us make choices, not to bind
39 us. They provide a foundation, not the answers. Then you have to make a value
40 judgement.'*

41 Lampard sees the new tools as *'a perfectly sensible way to proceed'*,
42 although reports to trustees need context and intelligence drawn from the
43 experience of the team: *'We could do with some of the staff being more
44 vocal about what they know and have learned.'* In general, trustees feel it
45 is too early to say what value will be delivered. Phillips says: *'It is very early*



1 days to establish whether it is being effective and the approach is yet to be
2 completely embedded in the organisation. I think in twelve months' time I'd
3 give a much more positive answer.'

4 **Sharing learning**

5 Mason is keen to see the Foundation reach a point where it can begin to share
6 its data and learning more actively: *'We are part of an ecology here and being
7 self-contained is not helpful. People, data and learning are all resources - not
8 just funding.'* She hopes to achieve critical mass on the data side by 2018: *'We
9 have had learning conversations with about 150 grantees, so about 15% of the
10 portfolio. That's not enough when you break it down by sector. But once we
11 have got 30-40% of our portfolio covered, we start being able to do something
12 more meaningful.'* The aim is to develop the website into a learning and
13 communications platform - as well as more active forms of sharing, such as
14 going out on regular 'roadshows' around the UK.

15 Crane is equally eager to get the learning out and feels a particular
16 responsibility to grantees *'as they are having these conversations with us and
17 we are not yet sharing it back'*. But she is exercised by how to create value not
18 just *'more reports that no-one reads'*. As a grantee, Robinson has benefited
19 from successive grant managers *'bringing experience and wisdom built up
20 from working with lots of different organisations over a long period of time'*. But
21 he did not see this as based on any shared organisational resource: *'I always
22 felt it was about their personal experience rather than central to their function.'*
23 He reflects that the Foundation has knowledge, experience and a wide gaze:
24 *'There is a repository of wisdom there, which is not generally available. From
25 time to time those of us who seek money from them have access to it but it's in
26 a very random kind of way.'*

27 He suggests there is value simply in sharing stories about what others are
28 doing. And Mulligan agrees that learning can be a very simple thing: *'Done
29 well, it pollinates everything you do. It seems a terrible waste not to recycle
30 that back into the sector. But I think we can get carried away with the idea of
31 learning as a high-level artefact. It could be just putting grantees in touch with
32 each other or sharing a telephone number. We have to lose this sense that
33 learning is this higher purpose objective that is written in tablets somewhere.
34 We need to get down and dirty and not be so high and mighty about it.'*

35 **A grantee perspective on learning relationships with the Foundation**

36 Mulligan talks about trusting relationships as being at the heart of good
37 learning: *'I think there is an inherent problem with a learning relationship
38 whenever a funder holds all power and the grantee is essentially (whether it
39 feels it is doing this or it's the reality) jumping through hoops. It's an absolute
40 prerequisite to sharing anything meaningful to have trust and candour.'*

41 There is some encouraging feedback about the way the Foundation's
42 approach is developing. Community Links has received funding at various
43 points across the last 20 years, giving Robinson a long-term perspective. In



1 the early days *'Esmée was quite opaque and, if you pitched something, you*
2 *never knew why you got it or didn't get it.'* This changed over time to a much
3 more open attitude: *'We were encouraged to talk at an early stage about an*
4 *idea and to design it on our own terms but with some guidance as to what*
5 *they would be interested in.'* However, this phase was *'very, very light touch*
6 *- to the point, I would have thought, of learning very little'*. More recent years
7 have seen increasing rigour in the assessment process and in a more explicit
8 focus on outcomes.

9 In his view, the Foundation is now positioned in a helpful space: *'Early in*
10 *my working life, most trusts would say they funded good works. And you*
11 *would try and make yours the "goodest" of the work, without really knowing*
12 *what they would and wouldn't support. The pendulum has swung almost to*
13 *the opposite extreme now. More and more are following a model that is not*
14 *quite commissioning but has very specific criteria, even to the point that they*
15 *decide what the theory of change should be. I think that has almost become*
16 *the definition of good funding. And I don't think it's helpful either. The ideal is*
17 *somewhere in between.'*

18 Ross also enjoys an open dialogue with the Foundation. Although a grantee,
19 the Art Fund is also a grant-maker. She feels this creates a relationship which is
20 *'quite peer to peer in some ways'*. But both she and Robinson have experience
21 of relationships between the Foundation and other organisations where
22 the ground was less sure - whether because *'the process was opaque'* or
23 they could not be confident of *'Esmée's appetite for creative risk'* or notions
24 of success and failure. This chimes more with the changing experience of
25 Wormald (the Chief Executive of Froglife) over the years, from a close and
26 supportive relationship with their grant manager in the days when specialist
27 sectors were still in place, to a more uncertain and sometimes arms-length
28 connection in more recent years: *'The grant manager is your voice with the*
29 *Trustees and it feels really important that they understand your organisation,*
30 *the pressures it is working under and its achievements.'*

31 None is entirely clear about how much learning the Foundation has
32 been able to draw from grantee relationships or how the new learning
33 framework may change expectations. Ross believes they have been
34 well used but *'being a learning resource for Esmée manifests itself quite*
35 *casually. I'm not sure how much they use the more formal stuff that we put*
36 *in our reports.'* Wormald appreciates that the Foundation *'doesn't get too*
37 *nitty gritty after the grant has been made'*. But she wonders whether it can
38 have a real appreciation of the difference that its funding has made: *'They*
39 *have supported one of our core posts for nearly 10 years, which has had*
40 *phenomenal impact. But I don't know if Esmée really understands just how*
41 *valuable that has been for our work.'* For Robinson, the responsibility has
42 to be shared: *'I think that funders over the years may have got the data they*
43 *deserve in the sense that evaluation was seen as a bit of luxury, added on*
44 *the end and not properly funded. Unfortunately, on the delivery side of the*
45 *fence, we have conspired with that and not done anything like the sort of*
46 *evaluations we should have done.'*



1 A big question for all three is how well both the relationship, and any learning
2 that might flow from it, is embedded in the Foundation as an organisation.
3 Robinson observes: *'I value and enjoy my personal relationships but the
4 primary relationship must be between our respective organisations or it
5 isn't sustainable. We need to work at this from both sides of the table.'* And
6 Ross concurs: *'The notion of the learning organisation can work well when it
7 has someone like Alison [Holdom] who is constantly learning, digesting and
8 sharing. But I live in fear of her leaving, if there isn't a structure to spread it out
9 across the organisation.'*

10 **A final reflection**

11 Crane remembers: *'When we first talked about doing this teaching case,
12 I was really nervous because I thought, "What we are doing is so basic - it's
13 not rocket science".'* But, on reflection, she takes a different view: *'Actually,
14 I like that it is basic - the fact that it's basic is one of its best attributes.
15 In effect, we are doing what we want our grantees to do, which is using
16 something that works - that makes us share and have a discussion - and then
17 we are learning. And that helps us do our jobs better and can hopefully help
18 us make a wider contribution.'*



Esmée Fairbairn Foundation Brief 'learning timeline'

Interviewees

Milestones

