

# Provocation paper

Designed to spark discussion and debate across the sector.



## GRANT-MAKERS MUST LEARN NEW TRICKS

December 2017



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Grant-makers are major players in shaping civil society. At £6.5bn, the value of grants made by independent foundations to the voluntary sector now exceeds grants made by government\*.

And it is likely that the state is going to be providing a lot less support in the future, meaning that philanthropic funding will be more sought after than ever. Funders must consider how they can use their brains, as well as their financial brawn, to support a much relied-upon and overstretched voluntary sector.

As a country we face huge challenges. These challenges present questions for everyone who funds charities. It's time to ask whether charitable foundations in the UK are doing enough—and are doing the *right things*—to support the voluntary and community sector. Is funding services sufficient? Are funders making the most of all the tools at their disposal to support the voluntary sector and wider society?

Lloyds Bank Foundation for England and Wales has been thinking through these questions over the past year, and has been working with New Philanthropy Capital to research the tools that foundations across the globe are using to support civil society. The result is *More than grants*, two reports that look at funding practices around the globe. We are sharing these insights to encourage other foundations to think about the same questions.

## Redefining grant-making

Philanthropy is changing. Trusts and foundations from Alaska to Alsace and Boston to Bonn have long played a vital role—with, through and alongside grantees—in changing the world. Good grant-making of course remains fundamental, but for many, doing more than grants is key to their success.

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At their best, the UK’s foundations can be entrepreneurial, transformational catalysts for social change, bringing all of their assets to bear on the challenges we face as a society. But not enough do this. Foundations sit on significant financial resources. But those resources alone cannot create the impact that has escaped countless governmental initiatives with far fatter wallets. We must learn from those that are one step ahead, and then follow suit.

Many funders are conscious of, and keen to avoid, exploiting their power. This often leads to inaction on anything other than grant-making. Yet this means their power is neither relinquished, nor put to good use. It is possible for funders to do more while being sensitive to their position—by consulting their grantees effectively and amplifying their voices rather than just speaking for them.

UK funders need to be bolder. They hold both the resources and expertise to make a more substantial difference. Foundations must exploit the potential of their knowledge, expertise, data, networks, convening power, and human energy and talent if we are to help create positive social change. They are often able to leverage these skills and experience in a way that most frontline organisations are not.

Going beyond grants should no longer be a bolt-on to the money funders invest in charities, but a key part of the package. Trusts and foundations should capitalise on the in-depth understanding they have of the areas in which they work and significantly amplify their impact. Given the austere times we face, funders must do all they can to better support the charities they fund.

Lloyds Bank Foundation has been moving more into an influencing role in recent years—for example putting the value, role and challenges that small and local charities face on the radar of central and local government. NPC has long believed that funders need to look more carefully at how they create lasting change. We share a recognition that tougher times require bolder responses. These reports, we believe, show funders their potential, and that they need not be afraid to use their voice—or help charities to find theirs—to call for the changes we need and utilise the wide range of tools to strengthen the charities and organisations they reach.

## Giving more than grants

Now more than ever, foundations should be considering whether they should be agents of change rather than just funders of it. Through [More than grants](#), we are helping to set out a roadmap of exactly how this can be done. The global examples highlighted provide a fresh and exciting challenge to UK funders on the need to do more, but simultaneously offers a wealth of experience to draw upon to highlight the possibilities for doing so and to ensure that practice is of the best quality.

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We have found funding organisations worldwide that are already investing in [building capacity and capability among their grantees](#), or are using their [influence](#) to have longer-term impact. We know UK funders have a wealth of experience to draw upon and that, by learning from those abroad, they can step up to the challenges of our times.

By [supporting an organisation’s development](#)—whether that’s through, for example, unrestricted funding, or paying for training and mentoring—trusts and foundations have the power to make a longer-lasting impression on the charities

they work with. This support can take many forms, yet in the UK such ‘grants-plus’ support is too often limited to paying for consultancy to implement organisational development. Our research reveals that in other countries, support comes in different guises. This ranges from developing peer support networks like that of the Bodossaki Foundation in Greece—which uses small, thematically based peer working groups to provide training support—to funders like Fondo Centromerica de Mujeres, based in Nicaragua—which runs sessions using its own staff’s skills to benefit small, grassroots groups.

Back here in the UK some funders—including Lloyds Bank Foundation and Impetus-PEF—are widening their offer to include these elements. We need to see more of this. We also need to see the process honed further: long-term organisational change can only be achieved if non-financial support—like partnerships, support from specialist staff, and the provision of office space for grantees—is considered *alongside* grants as core to the offer, rather than as an additional benefit.

As well as funding charities to find new ways of achieving change, we’ve found more grant-makers are now using their unique position to **push for changes in policy and behaviours**. They often have a good understanding of the issues, as well as the freedom to put their heads above the parapet and fight for change. This is especially important in those situations when the risk for charities to speak out can feel too great.

Internationally, the Annie E. Casey Foundation, for example, has shifted its focus from traditional grant-making to campaigning for improving children’s outcomes across America over the course of 27 years. The Foundation used the wealth of evidence it was collecting to fill the gaps it identified, and its campaigning work is now at the heart of its offer.

In the UK, funders such as the Joseph Rowntree Foundation have long led the way, inspiring social change to reduce poverty through research, policy and practice, and speaking out loudly where they identify policy that is hampering the cause. Others like Trust for London have driven change by commissioning challenging research. Their work on the costs and impact of low wages led to the London Living Wage campaign for fairer pay across the city. They then went beyond this research, using their convening power to bring people together, investing in campaigning and undertaking lobbying and communications activity themselves. These are just some of the many tools and skills funders can bring to influencing activity.

Through both [capacity-building interventions](#), and [campaigning and influencing support](#), grant-makers can help shape upstream solutions to societal problems. By building capacity and enabling charities to campaign they can drive deeper, longer-lasting system change than a grant to deliver a single service ever could. In tackling issues at their source, this approach can over time improve the services that grant-makers traditionally fund, through reducing need and promoting more effective and longer-lasting solutions to society’s challenges than any service, however good, can achieve on its own.

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As a country we face huge challenges. These challenges present questions for everyone who funds charities. It’s time to ask whether charitable foundations in the UK are doing enough—and are doing the *right things*—to support the voluntary and community sector.

We welcome all responses so please get in touch via [info@thinkNPC.org](mailto:info@thinkNPC.org) or tweet [@NPCthinks](#) using [#MoreThanGrants](#).

<sup>\*</sup> This does not include government contracts.