

# **Strengthening the hands of those who do**

**a review of a decade of project grants awarded  
under the Baring Foundation's Strengthening  
the Voluntary Sector Programme**

**Margaret Bolton**  
Foreword by Professor Ann Buchanan



# **Strengthening the hands of those who do**

**a review of a decade of project grants awarded  
under the Baring Foundation's Strengthening  
the Voluntary Sector Programme**

**Margaret Bolton**  
Foreword by Professor Ann Buchanan



---

## Contents

|   |    |
|---|----|
| Acknowledgements                        | 4  |
| About the Author                        | 4  |
| About the Baring Foundation             | 4  |
| Foreword                                | 5  |
| Executive summary                       | 7  |
| 1. Introduction                         | 11 |
| 2. What was funded?                     | 13 |
| 3. The impact of funding                | 17 |
| 4. Conclusion                           | 25 |
| Annex 1 A potted history                | 27 |
| Annex 2 A spotlight on the sample of 50 | 31 |

---

## Acknowledgements

Thanks to all 50 of the projects and to the Baring Foundation trustees, staff and advisers (Tessa Baring, David Carrington, David Cutler, Matthew Smerdon, Julia Unwin and Claire Walters) who very kindly agreed to be interviewed for this project – their help has been invaluable. Particular thanks to Matthew Smerdon and David Cutler for providing insightful comments on earlier drafts.

**Margaret Bolton**

## About the author

**Margaret Bolton** is an independent consultant who specialises in voluntary sector policy. Previously Director of Policy and Research at the National Council of Voluntary Organisations (NCVO) she was seconded to the Prime Minister's Strategy Unit to work on a major review of the law and regulation of charities and other not-for-profit organisations before going freelance over five years ago. In 2004 she was appointed as Adviser to the Joint Parliamentary Scrutiny Committee on the Charity Bill. She is a board member of Capacitybuilders. She has authored a number of reports on voluntary sector issues including, in 2006, *Foundations for Organisational Development* a report that aims to support and encourage the growing interest in organisational development.

## About the Baring Foundation

The Baring Foundation was set up in 1969 to give money to voluntary organisations pursuing charitable purposes. Our purpose is to improve the quality of life of people suffering disadvantage and discrimination. Since 1969 the Foundation has awarded over £90 million in grants.

The Foundation believes in the fundamental value to society of an independent and effective voluntary sector. It uses its funds to strengthen voluntary sector organisations, responding flexibly, creatively and pragmatically to their needs. The Foundation puts a high value on learning from organisations and their beneficiaries and seeks to add value to grants by encouraging the sharing of knowledge through a variety of means.

---

## Foreword

*'It is to be remembered that there may be no better way of advancing the objects one has at heart than to strengthen the hands of those who are effectively doing the work that needs to be done.'*

*(Joseph Rowntree 1904 Founder's Memorandum)<sup>1</sup>*

The dilemma facing charities is that most funding is restricted to specific projects and this gives organisations no time or money to develop their core services, to adapt to changing needs, or to respond to changing opportunities.

In 1995 the Baring Foundation decided each grant made and each commissioned piece of work should 'in some way contribute to the further growth and development of a vigorous and creative voluntary sector'. In 1996 it launched its Strengthening the Voluntary Sector (STVS) programme. There were two elements: grants for core costs, and small project grants for organisational development work across a wide range of issues and themes. Nicholas Baring was Chair of the Committee from 1997 to 2000 and I took over from him until the new programme on Independence was initiated in 2006. During my six years on this committee I have visited many of the organisations we have funded. The dedication and commitment of those running the organisations is humbling but their creativity is inspirational.

As trustees, we have seen through monitoring reports and our own visits that STVS grants appear to be tremendously helpful to organisations. We wanted to examine this conclusion in more detail. So, in 2006, ten years after the launch of STVS, the trustees decided to commission an independent review of the programme. This report is the result.

It is rewarding to see from this review that the funding has made a significant impact relative to the amount of money awarded. Many organisations feel that the grants have left a lasting legacy. The Foundation's grant monies appear to have filled three major gaps: money for second tier organisations to develop unproven services; money to deliver support to front line organisations; and money to enable organisations to move on to the next stage.

Grants recipients often ask us why more funders do not provide this sort of funding. Some may think that this sort of funding is not very interesting and yet there is great satisfaction in seeing the organisations that are funded thrive. We hope that this report will encourage other funders to recognise that investment in organisational development can be an extremely effective use of funds.

In Joseph Rowntree's initial draft memorandum he noted: 'It will be observed that the Joseph Rowntree Charitable Trust and the Joseph Rowntree Social Service Trust, Limited, will come to an end not later than 35 years from the date of their formulation'. Presumably he assumed that after that there would be no further need for his services. He was wrong. The need to further 'strengthen the hands of those who do' remains just as strong today as it was in 1904. One of the best ways of doing this is by making grants for organisational development.

**Professor Ann Buchanan, Baring Foundation trustee**

---

<sup>1</sup> <http://www.jrf.org.uk/centenary/memorandum.html>





---

## Executive Summary

The Baring Foundation's Strengthening the Voluntary Sector (STVS) programme was launched in 1996 in response to concern that most funding was tied to service delivery or restricted in purpose; as a result many voluntary organisations were finding it difficult to invest in building their internal capacity for example, to carry out strategic planning or improve finance systems. The programme had two main elements:

- grants for core costs – underpinning the central running costs of selected organisations;
- small project grants for organisational development work across a wide range of issues and themes.

The STVS project grants element of the programme is now closed – hence this review, which surveys the small grants awarded between 1996 and 2006. Over this period 683 project grants valuing £5.4 million were awarded – the average was just under £8,000.

The Foundation said in launching project grants that it was particularly interested in supporting smaller organisations. Analysis of a random sample of 50 recipients (around 7% of the total) indicates that the majority, 76%, had an annual turnover of less than £500,000.

Grants supported a wide range of organisational development activities (see the box below). The largest number of grants was awarded for strategic and business planning and organisational and systems reviews (20%) and for the development of organisational development services (20%).

Grants supported a wide range of organisational development activities:

- information and communications development or other systems changes;
- support for mergers or other structural or organisational change;
- provision of organisational development services;
- developing standards and other assurance/evaluation systems;
- standards and other quality assurance work in individual organisations;
- joint working and networking;
- service user advocacy and involvement;
- strategic and business planning and organisational and systems reviews;
- volunteer (including trustee) training and development activities;
- service development projects in individual organisations.

58% of awards went to organisations supporting other organisations. Of these, 31% helped build the capacity of support organisations, 65% supported organisational development services<sup>2</sup>, and 3% supported sector building activities for example, research.

Research for the project included interviews with Baring Foundation staff, trustees and advisers and telephone interviews with a random sample of 50 recipients. The main findings are as follows:

<sup>2</sup> Taken here to include services across the Foundation's activity categories so including work developing quality standards and other quality assurance systems, joint working and networking, service user advocacy and involvement and service development projects where this work was undertaken in support of a number of voluntary organisations.

---

## 1. This funding had a significant impact relative to the amount of money awarded

Although the grants awarded were relatively small – the average for the sample was £9,000 – interviewees reported that they had had a significant impact relative to their monetary value. One interviewee commented: *'it shows how relatively small amounts of money can lead to the development of big projects.'* Another typical comment was: *'the impact was out of all proportion to the size of funds awarded.'*

## 2. These grants left a lasting legacy

44 out of 50 organisations said without hesitation that the grant had left a lasting legacy in the organisation. Some commented that it had been the most significant funding they had ever received because it enabled them to move on to the next stage in their development for example, merging with another organisation, improving their governance or becoming a membership organisation.

Grants were regarded as having a number of concrete benefits for example, enabling the organisation to:

- access other funding;
- become more efficient, often reducing costs;
- modernise, often through use of new technology;
- develop new services;
- enhance its reputation;
- increase its policy influence.

## 3. Funding for organisational development led to an improvement in services for beneficiaries

The majority of recipients (47 out of 50) said that the funded project had improved services for beneficiaries and most of these (42) were able to give concrete examples of how this had been achieved for example, by:

- improving understanding of needs;
- enhancing service quality through training;
- permitting greater investment in services as a result of efficiency savings;
- improving information systems enabling better referrals.

## 4. Certain features of this funding appear to explain its significant impact

This funding appears to have had a significant impact because it:

- came at a key stage in organisational development;
- enabled review and reflection;
- allowed risk taking and innovation;
- was flexible (see point 5);
- provided a welcome vote of confidence in the organisation.

In a small number of instances a STVS project grant also provided a welcome bridge out of or into core funding.

---

## 5. A simple and straightforward application and assessment process and a flexible funding approach made a difference

The majority of those able to comment on the process because they had been involved in the initial application commented that it was simple and/or that Foundation staff were supportive. Assessment visits were particularly welcomed on the basis that they gave organisations an opportunity to explain the project and what they were trying to achieve. The Baring Foundation's willingness to be flexible in its funding, allowing organisations to change their plans based on experience, was regarded by some recipients as key to the success of innovative projects.

## 6. Awarding a lower grant than requested had a detrimental effect in some instances

The majority of the organisations in the sample were awarded lower grants than requested. Organisations were generally able to raise funding from elsewhere for the project, contributed from their own resources, scaled the project back or developed it over a longer time frame. Some recipients said that having to take a more gradualist approach probably helped over the long run. However, for others receiving a lower amount than requested caused some difficulties.

## 7. It remains very difficult for organisations to secure funding for organisational development

Despite increased interest in this funding theme (for example from Capacitybuilders and the Big Lottery Fund) organisations report a continuing dearth of:

- funding for support organisations catering to specific functional areas for example, the arts; and
- small grants to build the capacity of small and medium sized voluntary organisations providing direct services or campaigning on social issues.

## Conclusion

This research, although modest in scale and based on a relatively small sample of recipients, suggests that grants for organisational development can have a significant impact if given at the right time and in the right way. The Baring Foundation hopes that it will encourage other funders to recognise that investment in organisational development can be an effective use of funds.



---

# 1. Introduction

In 1995 the Baring Foundation decided that in the future each grant made and each commissioned piece of work should *'in some way contribute to the further growth and development of a vigorous and creative voluntary sector.'*<sup>3</sup> Significant funding for the voluntary sector was tied to specific projects or restricted in purpose and it was therefore very difficult for organisations to find resources to strengthen their infrastructures.

After running a small pilot, the Baring Foundation launched its first Strengthening the Voluntary Sector (STVS) programme in 1996. The two main elements of the STVS programme were:

- grants for core costs – underpinning the central running costs of selected organisations;
- small project grants for organisational development work across a wide range of issues and themes.

The Foundation decided to award core grants under each of its programme areas – STVS, Arts and International Development – on the basis that its lack could leave *'unfunded the creative core of an organisation and constrain its ability to plan ahead and develop new policies and ideas.'*<sup>4</sup>

Small project grants were regarded as an important complement to the core funding element. Core applications are solicited whereas there was an open competition for project grants. They enabled the Foundation to support a greater number and wider range of organisations and to ensure it was in touch with developments and issues across the sector.

This report reviews the small project grants awarded under the STVS programme between 1996 and 2006. During this period there were variations in the way in which the programme was delivered. Here, the focus is the project grant element of the programme as opposed to the specific strands of funding provided for knowledge and skills exchange and structural change including mergers (see annex 1 for a potted history of the programme). In 2006 the Foundation decided that it would continue to provide small grants for organisational development but focused on work to secure the independence of voluntary organisations from government. A specific programme of research has been developed evaluating these grants.

This report is based on the following main sources:

- interviews with Baring Foundation trustees, staff and advisers (Tessa Baring, David Carrington, Matthew Smerdon, Julia Unwin and Claire Walters);
- desk research examining key documentation;
- a high level review of project grants 1996-2006;
- an analysis of project grants 2000-2004 previously undertaken by the Baring Foundation;
- telephone interviews with 50 recipients spanning the period 1996-2006.

Taking data and comment from these various sources it aims to provide some insights into:

- what was funded;
- whether the funding was useful;
- why it was useful;
- the broader policy context.

---

<sup>3</sup>The Baring Foundation Annual Report 1996. <sup>4</sup>The Baring Foundation Annual Report 1997.



---

## 2. What was funded?

Between 1996 and 2006 683 STVS project grants valuing £5.4 million were awarded. The average grant valued just under £8,000. The maximum awarded was £30,000 and the minimum £750.

The voluntary organisations awarded grants can be divided into three broad categories:

- organisations providing social or other services to individuals or engaged in campaigning activity;
- organisations supporting other UK based organisations;
- organisations engaged in overseas development.

(see annex 2 for more information about eligibility and how it changed over the period).

The initial guidance on applications expressly said that the Foundation wanted to fund *'across the whole range of activities in which voluntary, charitable and community organisations are engaged'*. This element of funding therefore supported organisations working with a broad range of beneficiary groups and engaged in a wide range of activities (see annex 3 for further analysis of the organisations receiving grants).

Applications material for project grants has emphasised that the Foundation:

- is particularly interested in supporting small charities and voluntary organisations;
- values and will fund voluntary organisations that support other voluntary organisations;
- gives priority to organisations and activities that are considered difficult to fund or are unlikely to attract public support.

Analysis of the random sample of 50 recipients indicates that the majority, 76%, had an annual turnover of less than £500,000, while 58% were organisations supporting other organisations. A few specifically indicated that the project grant had supported work that other funders would not (see section 3).

Analysis of the awards made between the years 2001 and 2004, for which consistent data is available, indicates that 61% of awards were made to organisations working across England and Wales or in London.

Over the 10 years of funding examined in this report project grants were awarded for a broad range of activities – see the table below. The largest number of grants (139 or 20%) were awarded for strategic and business planning and organisational and systems reviews. Almost as numerous were grants to enable the development of organisational development services (136 or 20%). The box below describes the sort of projects funded under each of the main headings in the table.

| Purpose <sup>5</sup>   | No of awards | %          |
|--|--------------|------------|
| Strategic and business planning and organisational and systems reviews                         | 139          | 20         |
| Provision of capacity building services  | 136          | 20         |
| ICT development or other systems changes   | 92           | 13         |
| Joint working and networking   | 69           | 10         |
| Mergers or other structural or organisational change   | 41           | 6          |
| Service development projects in individual organisations                                       | 41           | 6          |
| Standards and other quality assurance work in individual organisations                         | 41           | 6          |
| Volunteer (including trustees) training and development activities in individual organisations | 41           | 6          |
| Service user advocacy and involvement  | 39           | 6          |
| Developing standards and other assurance systems   | 27           | 4          |
| Other  | 17           | 2          |
| <b>Total</b>   | <b>683</b>   | <b>100</b> |

While many of the grants helped individual organisations – many helped groups of voluntary organisations particularly by developing support organisations or by funding organisational development services. In our random sample of 50 organisations, 58% of awards were to organisations supporting other organisations – 31% of these helped strengthen support organisations, 65% supported organisational development services<sup>6</sup> and 3% supported sector building activities for example, research or events on fundraising.

## What sort of projects were funded under the general headings?

1. **Strategic and business planning and organisational and systems reviews** – mainly these are strategic planning or business planning projects, the development of fundraising strategies or reviews of policies and procedures.

Example: *Hammersmith and Fulham Volunteer Bureau* was awarded a grant of £5,000 in 2001 to review the organisation and develop a three year business plan.

2. **Provision of organisational development services.**

Example: A grant of £20,000, awarded in 2000, supported the *Youth Federation for Cheshire, Halton, Warrington and Wirral* to deliver training and support for 50 voluntary youth organisations.

3. A range of **ICT development or other systems change** projects were funded including: the development of websites, databases and other information management or communications systems.

<sup>5</sup> Many funded projects incorporate more than one activity for example, the grant may have been awarded for the development of a new strategic plan and training and development work with trustees. However, to enable analysis of grants by the activity supported, each project has been categorised according to an assessment of its primary activity.

<sup>6</sup> Taken here to include organisational development services across the Foundation's activity categories so including work developing quality standards and other quality assurance systems, joint working and networking, service user advocacy and involvement and service development projects where this work was undertaken in support of a number of organisations.



---

Example: A grant of £2,400 was awarded in 2005 to the *Angolan Advice and Information Centre* to purchase, install and train staff in the use of a casework management database.

4. **Joint working and networking** covers a range of projects including studies examining the potential for joint working; events or forums networking individuals or organisations working on the same issues and resource sharing or co-location initiatives.

Example: *The Iranian Association* was awarded £9,900 in 2004 to pilot a project setting up a network of Iranian voluntary organisations.

5. Most of the projects funded under the heading **mergers or other structural or organisational change** concerned mergers – either investigations into their feasibility, or the funding of various aspects of the work necessary to or consequent on them. Some funding supported de-mergers enabling projects to become independent from a parent charity. Other projects provided training for staff and volunteers during or after a period of major organisational change.

Example: A grant of £11,000, awarded in 2002, went towards the costs of the merger of *Action for ME* and *Westcare UK*.

6. **Service development projects in individual organisations** encompasses funding for feasibility studies or audits of need to inform service plans and the piloting of services provided direct to individuals.

Example: A grant of £9,000, awarded in 2000, to *Relate Cheshire and Merseyside* helped to establish a new service after the old one went into liquidation.

7. **Standards and other quality assurance work in individual organisations** – this category includes evaluations, work to implement quality standards or staff training programmes within individual voluntary organisations.

Example: £12,500 was awarded in 2003 to the *Family Welfare Association* to provide staff with the tools and resources they need to pass on their skills to their peers.

8. **Volunteer development (including trustees)** – most of these projects are volunteer, including board or trustee, training programmes. Many also encompass staff training.

Example: £5,000 was awarded in 1997 to the *National Federation of Music Societies* for training for 220 volunteers grouped into regional committees.

9. **Service user involvement and advocacy** encompasses a range of projects including the development of resources to help encourage user involvement or consultation or training programmes run within particular organisations or networks of organisations.

Example: A grant of £7,500 to *OpenDoor*, was awarded in 1997, for a three year user involvement programme.

---

10. **Developing standards and other assurance systems** covers a broad range of activity undertaken on behalf of particular groups of voluntary organisations including work developing standard complaints procedures; accredited training programmes; events promoting effective practice and work developing benchmarking and evaluation systems.

Example: £8,000 was awarded in 1998 to the *Advice Services Alliance* towards a small grants fund – part of a pilot project to improve standards in small advice centres.

11. **Other** – mainly these are strategic research projects.

Example: *The Association of Charitable Foundations* received a £5,000 grant in 2002 towards the costs of a collaborative study examining how to replicate success in social projects.

---

### 3. The impact of funding

In order to gauge the impact of STVS project grants telephone interviews were conducted with a random sample of 50 recipients (7% of the total, see annex 2 for further information about the sample). This section summarises the main findings.

#### 1. This funding had a significant impact relative to the amount of money awarded

Generally, interviewees considered that these grants had had an enormous impact relative to their monetary value: *'it shows how relatively small amounts of money can lead to the development of big projects'; 'the impact was out of all proportion to the size of funds awarded'; 'outcomes in a bigger league than might be expected from a small grant' and 'achieved big things.'*

A number of those interviewed stressed that a small grant can make a massive difference to a small organisation:

*'a small injection of cash can be invaluable for a small organisation'; '£5,000 is a lot of money for a very small organisation – it concentrates the mind on what you're going to achieve' and 'for an organisation that relies solely on volunteers it's a lot of money.'*

#### 2. These grants left a lasting legacy

Interviewees were asked about the organisational impact of the grant – whether it had left a lasting legacy. The overwhelming response was yes. 44 out of 50 interviewees said without hesitation that the funded work had left a legacy: *'had a huge impact, best ever grant in that respect'; 'that and one other grant our most significant support – kept us improving.'*

They were able to describe this legacy in concrete terms; variously grants had enabled organisations to:

Access additional funding – *'gave us the basics to make successful funding applications.'*

Become more efficient – *'without the grant we wouldn't have been so professionally organised' and 'we wouldn't have been so efficient and able to compete for funds'.*

Develop new services – *'shows how relatively small amounts of money can lead to big development projects' and 'left a huge legacy, spawned a much bigger project'.*

Modernise – *'we couldn't have continued without the IT training'.*

Enhance their reputation – *'we were a relatively new organisation and the grant significantly raised our reputation'.*

Increase their policy influence – *'we now have better connections and our membership structure gives us credibility so we are better able to influence policy'.*

Many interviewees said that the grant had enabled them to put the basics in place – i.e. the systems and procedures that enabled them to operate efficiently: *'we were able to do all sorts of things that made our work much easier for example, we developed an excellent*

---

*database' and 'before the grant we were all over the place, it enabled us to operate in a much more systematic way'.*

A small clutch of interviewees said that a grant to pilot or develop new service models had defined their approach to the present day. It *'provided the foundation for how we work today', 'was the foundation stone',* formed the basis for *'the development of a range of services.'*

One interviewee described the funding as *'catalytic'* enabling the organisation to grow and develop for the better in a range of ways. Often projects had a range of benefits beyond those originally sought for example, the investigation of a merger leads an organisation to consider the distinctiveness of its mission; the clarity achieved results in a much stronger strategic and business plan and makes it easier to access funding.

Typical comments about these grants were that they had created *'a step change'; 'marked a turning point'; 'enabled a transformation.'*

### 3. Funding for capacity building led to an improvement in services for beneficiaries

Grant recipients were also able to make a link between the grant and improvements in services for beneficiaries (both individuals and organisations). The majority said that the project improved services for beneficiaries (47 out of 50) and most (42) were able to describe this benefit in concrete terms, for example projects had:

Given the organisation a better understanding of beneficiaries' needs – *'the project enabled us to refocus on beneficiaries and their needs', 'it gave us a chance to look at what we were doing and to talk to stakeholders – this was a key aspect of the success of the project'* and *'as a result of the review we have developed new services'.*

Resulted in improvements in service quality – *'training for volunteers has definitely improved our services since volunteers provide the support and training on the ground'.*

Enabled organisations to provide services to more beneficiaries': – *'without the grant we would not have been able to cope with the later massive demand for our services'* and *'we were able to provide the service in an area previously without one'.*

Enabled improved case work – *'the project will make it easier for us to follow up on cases for the people that we work with'.*

Facilitated user involvement – *'the grant resulted in a change of ethos in the organisation – it started to look at how service users could be more involved in decision making'.*

A few interviewees also stressed that projects had created efficiency savings and that these savings were reinvested enabling the organisation to work on service quality or cater to a larger number of beneficiaries.

See the box below for some specific funding examples with recipients' comments on their benefits.

---

## Funding examples

### **Southwark Diocesan Welcare Service Trust**

A grant of £8,000, awarded in 2004, helped ten social care charities undertaking the same work in different areas to merge. Specifically it paid for a finance consultancy and work on financial systems in preparation for a merger. £13,000 had been requested for the work and £8,000 was awarded. Each of the participating charities contributed from their reserves.

*Comments: The services would have closed without the merger because each individual organisation was struggling to comply with a range of different regulatory and funding requirements. We still think we are not quite big enough to meet all the requirements placed upon us and are exploring partnerships with both smaller and larger organisations delivering similar work. Nonetheless we are now delivering a higher quality service.*

### **Margaret Jackson Centre**

A grant of £2,000, awarded in 2002, freed the Director of a counselling centre from routine duties enabling development of a business plan and quality assurance system.

*Comments: We started from a very low base – an emphasis was placed on getting the key policies in place like child protection, health and safety etc. It marked a key stage for us – of moving from an informal to a more formal organisation. It changed how we work. Before 3 trustees met twice a year, now 6 trustees meet 4 times a year. The work brought to the fore a lot of issues that we needed to respond to. We weren't able to act on them immediately but it was the start of a process. It helped us to clearly define what we do and our ethos. One result has been that clients are now much clearer about what they can expect from us.*

### **Merton Voluntary Service Council**

A grant of £4,000, awarded in 1996, enabled a new CVS to develop and pilot a training programme for community groups.

*Comments: The grant enabled us to develop a really good programme. On the basis of the pilot we were able to get external funding and we have run the training every year since. The finance element of the programme highlighted the need for a community accountancy service and we have subsequently raised additional funding to provide such a service. We were a new organisation and the project had real tangible benefits for us. It enabled us to hit the ground running. It helped us to network and get to know the sector in our area and the surrounding areas very quickly – we recruited people from the sector skilled in specific areas like fundraising or strategic planning to run elements of the training. It also helped us look at how we did things internally ourselves and to consider whether we were demonstrating best practice.*

### **BASSAC**

This community sector support organisation received a grant of £15,000 in 2003 towards a pilot scheme examining how local community groups might share services.

---

Comments: *We requested £19,000 but were awarded £15,000. This did not have a significant impact, although it slowed the project down a little, because we were able to contribute from other pots of funding. This work was the forerunner of a much bigger project, which has succeeded in achieving significant funding from other sources, supporting 20 pilots around the country. The work as a whole is likely to have a significant impact in the future across the community sector.*

### **The Foyer Federation**

A grant of £7,500, awarded in 1998, to a support organisation for housing, employment and education enabled the organisation to research the skills and experience needed by managers.

Comments: *A manual was produced out of the project. This is a good solid product that we continue to use. It helped managers perform their role better. The project also allowed us to develop our ideas about how we could better support managers. As a result we have developed a whole new network support function including training and mentoring; part of the objective is to develop the capacity building skills of staff. The function has gone from strength to strength and now employs over a third of our staff.*

## 4. Certain features of this funding appear to explain its significant impact

This funding appears to have had a significant impact because it:

- came at a key stage in organisational development;
- enabled review and reflection;
- allowed risk taking and innovation;
- was flexible (see 5 below).

### *Key stages of organisational development*

One theme of the responses was that the funding had come at a critical time for the organisation: *'it came at a critical time for us'; 'a critical investment at a critical time' and 'with the glorious benefit of hindsight – a very strategic contribution.'* For example:

- relatively soon after the organisation was established when it was seeking to develop new services/build its reputation;
- at a point where it needed to 'professionalise' for example, by training volunteers, being clearer about committee members roles, by taking on paid staff;
- at a point where it needed to develop better systems for example, computerise or develop underpinning policies or procedures;
- change its structure in order to increase its influence or income generating potential;
- reduce its cost base;
- at a time when it was at risk because of fundraising and/or cashflow problems.

For a handful of interviewees the funding had been extremely valuable because it signalled a welcome vote of confidence in the organisation during a difficult period. One interviewee

---

described the grant as *'disproportionately important because of the confidence it showed in the organisation'*. Another said *'we had lost a lot of funding and the grant signalled confidence in us and our new strategy'*. This was particularly the case because the process was described as one in which assessors made a real effort to understand the proposed project and its potential value (see 5 below).

Some organisations in the sample had received more than one project grant – using the funding at key stages to think through/prepare for their next stage of development: *'we received 3 or 4 grants during periods of rapid growth – we're a big organisation now and the funding was hugely valuable in underpinning our development'*.

#### *Enabling reflection and review*

A high proportion of the organisations receiving grants for strategic planning or other review projects of one sort or another commented on the key role this funding had played in the organisation's development – allowing it *'to stop, reflect, review and move on.'*<sup>7</sup> Many reported that the grant had enabled the organisation to reflect and plan in a systematic way that would have been impossible otherwise. In a number of instances awards were made for administrative support to free up the Directors of small organisations to enable them to develop strategy or review projects. Sometimes consultants were involved but generally in a limited way to facilitate events or to contribute specific expertise for example, on fundraising or finance. Grant recipients generally reported that achieving clarity about aspects of their strategy and operations had had numerous benefits over the medium to longer term for example, helping them to deliver more responsive services; lever in additional funding and increase their influence.

#### *Provision of risk capital*

A small proportion of those interviewed commented that project grants were particularly valuable because they enabled organisations to try something new. They referred to a willingness to fund work *a little outside the mainstream* – work that other funders were not interested in, that *would not otherwise get done*. They described the Foundation as being a *'bit less risk adverse'*, prepared to *'grow seeds/incubate new ideas'*. A couple of funded organisations referred to their grant as being akin to the provision of *risk capital*. They said it had been very difficult to get small grants to develop or try out new support services or products – the general perception is that increasingly funders like big projects and that it is difficult to access small grants which enable voluntary organisations to experiment and try new things. One interviewee commented that it was: *'very difficult for BME organisations to raise the money to do innovative things, most funding comes through the machinery of large programmes, often based on a commissioning model.'*

## 5. A straightforward application and assessment process and a flexible funding approach made a difference

Around half the interviewees were able to comment on the process because they had made the application or were in the organisation at the time of the bid. All but one praised the process; some superlatives were used *'perfect'*, *'fabulous'* and *'great'*, *'nothing but praise'*, other comments were that the process was *'straight forward – more straight forward than others'*, *'fine'*, *'smooth'* or *'fairly easy.'*

---

<sup>7</sup> 16% of the awards made to the sample group were specifically for strategic or business planning projects but projects falling into other categories also involved audits or reviews of needs, systems and services which involved reflection and review and moved the organisation on.



---

A handful of those interviewed emphasised how supportive the Foundation's staff and assessors had been; they were described variously as *'friendly', 'helpful', 'accessible' and 'very professional': 'I felt listened to'; 'x phoned to see how we were getting on'; 'x put us in touch with other similar projects that we could learn from'; 'x was excellent; I was always put through direct to x [the Foundation Director] who was always willing to help.'*

A few commented positively on the assessor visit saying that this was very welcome since it gave applicants an opportunity to explain the project and how it would move the organisation forward.

The word most frequently used to describe the funding approach was *'flexible': 'there weren't strict targets as there are with other funders'; 'they gave us the money and let us get on with it'; 'the fact there weren't strict targets enabled us to respond to need.'*

Interviewees commented that they were able to change the design of the project based on their early experience of trying to implement it – in these instances scope to learn and adapt the work was crucially important to the ultimate success of the project: *'we started by saying we would do x but quite early on we discovered that this wouldn't work. We were able to change tack without having to reapply for funding and this was immensely valuable.'*

A couple of organisations commented that the monitoring was *'just right'* – the implication being that it enabled reporting on whether a project was a success in its own terms rather than according to a set agenda. Grant recipients therefore did not have to skew the project or reporting which enabled them to concentrate on delivery.

## 6. Awarding a lower grant than requested had a detrimental impact in some instances

Many of the organisations in the sample (36 out of 50) received lower awards, in a few cases significantly lower, than requested. In two cases organisations received higher grants than requested because the assessor considered that the project had been under budgeted.

Notably, the majority of those receiving a lower award than requested said that this had not had a significant impact because they:

- were able to raise other funding;
- contributed from their own general income;
- scaled the work back or developed it over a longer time frame – or a combination of these.

However, interviewees commented that the reduced award meant that they *'weren't able to do as much as they would have liked and when things were happening, they happened on a smaller scale.'* One said that they *'hadn't got the project to where they wanted it to be when the funding ran out.'* Another said that it took a significant period to get all the funding in place to enable the project to proceed.

Two interviewees said specifically that the reduced funding had had an impact on the quality of the work delivered. In both these cases consultants were appointed and high consultant fees were identified as an issue.

A couple of interviewees commented that not receiving the full amount, although difficult to manage at the time, had been a boon in retrospect; it had forced them to develop the



---

work incrementally and to learn as they went along. One of these said *'we did some feasibility work with the smaller amount of money which led to a much bigger project than we had originally envisaged.'*

One interviewee said that they had not achieved full cost recovery on the project. A couple more mentioned that they had subsidised the project from their unrestricted funds. Another said specifically that the fact that they had had to contribute to the project from meagre unrestricted income cut against the Foundation's general interest in core funding and full cost recovery.

## 7. It remains very difficult for organisations to secure funding for organisational development

Funded organisations interviewed in the research acknowledged that more funding is now available for some types of capacity building activity: *'when the Baring Foundation first started to give these grants – there were very few places you could go for support with capacity building projects. There are now some major funders including the Lottery and Capacitybuilders and the ChangeUp programme.'* And, a handful of those interviewed reported that capacity building services developed with small project grants from the STVS programme had subsequently been funded by the Big Lottery Fund or Capacitybuilders. However, feedback from the interviews suggests that there is still a dearth of funding for some types of capacity building projects – namely:

- for organisations providing support in functional areas for example to arts or sports organisations; or
- to build the capacity of small and medium sized organisations providing services direct to service users or campaigning on social issues.

Such organisations tended to report that it remained difficult to raise funding of the sort they had received from the Baring Foundation: *'funders are less keen to support umbrella groups'* and *'few trusts recognise that in order to develop successful projects you need the building blocks in place'*.



---

## 4. Conclusion

The Foundation commissioned this study to explore the impact of 10 years of STVS project grants. In conclusion:

1. The study has helped to reinforce the value of small grants for organisational development. STVS provided money in three key areas, to:

- second tier organisations to develop new unproven products or services;
- second tier organisations to deliver support services to frontline organisations;
- enable organisations to move on to the next stage in their development.

2. Newer, much bigger funders of organisational development including the Big Lottery Fund and Capacitybuilders have come on stream in recent years. But these funders do not provide grants directly to front line organisations to help them build their capacity. Rather, their emphasis is on funding the second tier with a perceived bias to information and general advice (to the frustration of some of the voluntary organisations that the Foundation comes into contact with). The experience of STVS grants is that it is important to get cash to organisations to spend directly on costs such as freeing up staff time for strategy development, training costs or IT software or to the second tier for more tailored and intensive support services.

3. There is significant impact generated by providing relatively small amounts of funding for small to medium sized organisations at a critical stage in their development. These organisations may come back two or three times when they need another injection of cash to enable them to move on to the next stage.

4. Projects are more likely to be successful where there is flexibility in the application guidelines and the monitoring process which allow projects to evolve and change over their life as appropriate and not be tied into particular outputs from the start.

5. There is a tendency amongst funders to assume that funding in this area is not as exciting as funding services. However, there is great satisfaction to be had in seeing the funded organisations thrive. The Foundation constantly receives requests from grant recipients to persuade other funders to provide this sort of funding. It is hoped that this report contributes to convincing more funders to do so.



---

## Annex 1 A potted history

For the duration of the £1.8 million pilot phase in 1996 grants were provided under two specific headings:

- enhancing skills and effectiveness;
- structural change including merger.

Applicants were advised that the maximum grant likely to be awarded was £12,000.

The main STVS programme for 1997-1999 when it was launched in 1996 described its three funding strands, additional to core grants, as:

- organisational skills and effectiveness – seeking to improve the effectiveness of organisations, both internally and their relationship with other voluntary organisations;
- knowledge and skills exchange, providing opportunities for interaction between organisations with common interests;
- mergers and joint structures.

The knowledge and skills exchange programme enabled organisations to share experience through visits and meetings, mentoring or shadowing. It was based on a partnership with eight organisations, each of which had its own network of voluntary and community organisations. These organisations were: BASSAC; Contact a Family; Development Trusts Association; DIAL UK; MIND Cymru, Scottish Council for Voluntary Organisations and Sia. In 1998, these partners took on responsibility for distributing project grants under this strand of the programme.

Towards the end of 1998, the Foundation announced that the maximum grant likely to be awarded had increased to £30,000.

In 1999, an evaluation of 30 project grants followed up a year after the project had been completed concluded that the funding was effective and met a funding gap in the sector and that the objectives of the programme were best served by grants: i) based on policy to meet needs within the sector as expressed by voluntary organisations themselves, but needs which are not well met by other funders; ii) are directed at organisations which, for example, through an infrastructure role, can spread the benefit more widely within the sector; iii) support organisations at a critical point in their development. A number of policy changes were made as a result of this evaluation for example, in 1999 the Foundation announced that it would no longer have a distinct knowledge and skills exchange and merger element within the programme – rather there would be simply be one general purpose project grants strand.

### Eligibility

Initially, the following types of voluntary organisation were eligible for project grants:

- national voluntary organisations (including organisations that work in only one country of the UK);
- voluntary organisations which work across several London boroughs or across the whole of London;

- voluntary organisations which work in only one London borough but provide services to voluntary organisations across the borough;
- voluntary organisations in Merseyside and the North East of England; and
- UK charities working with partner organisations in developing countries.

The Foundation decided in 1999 that with the development of the Tyne and Wear Foundation and the Northern Rock Foundation it would no longer help organisations in the North East of England under the STVS programme. In future it would support local projects in Cornwall and Devon (in addition to Merseyside and London) reflecting an intention to take a greater interest in rural issues.

In 2000 the Foundation ceased making grants in Northern Ireland and Scotland.

### The organisations receiving grants

The organisations funded provided support to, amongst others: children and young people; older people; refugees; people with drug and alcohol problems and the unemployed. In some instances they did this by supporting the organisations that worked with this particular group rather than providing services to them directly. The table below provides an analysis of grants awarded between 2000 and 2004 where organisations identified particular beneficiary needs that the award would address:

| Beneficiary need  | No of awards |
|---|--------------|
| People with a variety of needs  | 157          |
| Homeless people   | 17           |
| People with physical disabilities                                       | 12           |
| Other, medical  | 12           |
| Asylum seekers or refugees  | 11           |
| People experiencing racism or other forms of discrimination or violence | 9            |
| People with mental health problems                                      | 8            |
| People with physical and learning disabilities                          | 8            |
| Learning disabled people  | 7            |
| Carers  | 6            |
| People with an addiction  | 4            |
| People in prison or on probation  | 4            |
| Gay and lesbian people  | 2            |
| Hospital and hospice patients   | 0            |
| People in residential care  | 0            |
| Other   | 39           |
| <b>Total</b>  | <b>296</b>   |

The dominance of awards benefiting '*people with a variety of needs*' and the '*other category*' reflects other characteristics of this element of funding:

- the focus on the arts, voluntary sector support and overseas development – organisations working in these broad areas tend not to be focused on a particular group of beneficiaries but to provide a more universal service;

- the dominance of advice, information and counselling work – (see the table below), often this was delivered to a particular group for example, young people, single parents or families without reference to more particular needs for example, mental health problems.

Funded organisations delivered a wide range of activities (again, see the box below for an analysis of the awards made between 2000 and 2004) but advice, information, counselling and care and support services dominant.

| Type of work undertaken                                    | No of awards | %   |
|--|--------------|-----|
| Provide advice, information and counselling                | 94           | 36  |
| Provide care or support services                           | 58           | 22  |
| Promote economic or community regeneration                 | 34           | 13  |
| Provide training courses                                   | 20           | 8   |
| Provide other services e.g. housing, transport, recreation | 15           | 6   |
| Provide advocacy services                                  | 12           | 4   |
| Campaign for change  | 11           | 4   |
| A community group eg club, residents group                 | 7            | 3   |
| Promote environmental conservation                         | 4            | 1   |
| Other  | 1            | 0.4 |

No analysis has been done of the geographical spread of awards over the 10 year period. However, in the three years 2001 to 2004, for which consistent data is available<sup>8</sup>, a large proportion of funded organisations worked across England and Wales or in London.

| Area                                   | No of awards | %   |
|--|--------------|-----|
| England and Wales                      | 79           | 34  |
| London                                 | 62           | 27  |
| Merseyside                             | 32           | 14  |
| Devon                                  | 20           | 9   |
| England                                | 16           | 7   |
| Cornwall                               | 9            | 4   |
| International (UK based organisations) | 5            | 2   |
| Devon and Cornwall                     | 4            | 2   |
| Wales                                  | 2            | 0.9 |

<sup>8</sup> 2000 is excluded from this particular analysis because in this year the Foundation made a small number of awards to organisations working in Northern Ireland and the North East but these areas were not funded from 2001 onwards.





## Annex 2 A spotlight on the sample of 50

The 50 interviewees (around 7% of the total) were drawn from a larger random sample of 100 organisations. A proportion of these 100 organisations could not be contacted<sup>9</sup> and a small number declined to participate – in all cases the reason given was that no one currently working in the organisation had sufficient memory of the project. This means that the sample is to some extent biased towards projects that were memorable.

The purposes for which grants were given broadly match that for awards as a whole (see the table below and page 14 of the main report). One difference worthy of note is that the sample has a higher representation of projects enabling the provision of organisational development services (20% per cent of all projects but 30% of this sample).

| Purpose  | No of awards | %          |
|--|--------------|------------|
| Enabling provision of organisational development services              | 15           | 30         |
| ICT development or other systems changes                               | 9            | 18         |
| Strategic and business planning and organisational and systems reviews | 8            | 16         |
| Joint working and networking   | 3            | 6          |
| Mergers or other structural or organisational change                   | 3            | 6          |
| Service development projects in individual organisations               | 3            | 6          |
| Developing standards and other assurance/evaluation systems            | 2            | 4          |
| Standards and assurance work in individual organisations               | 2            | 4          |
| Service user advocacy and involvement                                  | 2            | 4          |
| Volunteer (including trustees) training and development activities     | 2            | 4          |
| Other  | 1            | 2          |
| <b>Total</b>   | <b>50</b>    | <b>100</b> |

The sample also reflects a fairly even spread over the ten years of funding. However, 2006 is over-represented given that awards were only made in the first quarter of that year (see the table below).

| Year | No of awards |
|------|--------------|
| 1996 | 5            |
| 1997 | 5            |
| 1998 | 5            |
| 1999 | 5            |
| 2000 | 6            |
| 2001 | 5            |
| 2002 | 5            |
| 2003 | 5            |
| 2004 | 3            |
| 2005 | 4            |
| 2006 | 2            |

<sup>9</sup> Either current contact information could not be found or they did not respond to a number of telephone messages. In three cases it was determined that the funded organisation no longer existed and in one case the grant offer had not been accepted.

42% of the awards made valued between £5,000 and £10,000 (see the table below). The smallest award in the sample was £2,000 and the largest £22,500. The average was £9,000 (£8,000 was the average for all projects).

| Value of award (£) | No of awards | %  |
|--------------------|--------------|----|
| 5,000 or less      | 13           | 26 |
| 5,000 – 10,000     | 21           | 42 |
| Above 10,000       | 16           | 32 |

56% of the organisations funded had a turnover between £100,000 and £500,000 (see the table below). The smallest annual turnover for the sample group was £13,000 and the largest £8 million. The average was around £600,000.

| Turnover of organisation (£) | No of awards | %  |
|------------------------------|--------------|----|
| Between 10,000 and 100,000   | 9            | 20 |
| 100,000 – 500,000            | 26           | 56 |
| 500,000 – 1million           | 7            | 15 |
| Over 1million                | 4            | 9  |

29 awards were made to organisations supporting other organisations. 31% built the capacity of support organisations, 65% funded the development of organisational development services and 3% funded sector building activities (see the table below).

| Supports other orgs | No of awards | %  |
|---------------------|--------------|----|
| Yes                 | 29           | 58 |
| No                  | 21           | 42 |

| Approach   | No of awards | %  |
|--|--------------|----|
| Building capacity of support orgs                | 9            | 31 |
| Support capacity building services <sup>10</sup> | 19           | 65 |
| Sector building activities                       | 1            | 3  |

NB This information was missing for four of the organisations in the sample.

<sup>10</sup> Taken here to include capacity building services across our activity categories so including work developing quality standards and other quality assurance systems, joint working and networking, service user advocacy and involvement and service development projects where this work was undertaken in support of a number of organisations.



**“this grant had a huge impact, it was our best ever in that regard”** STVS grant recipient

The Baring Foundation’s Strengthening the Voluntary Sector (STVS) programme was launched in 1996 in response to concern that funding was predominantly tied to service delivery or restricted in purpose. As a result many voluntary organisations were finding it difficult to invest in building their internal capacity.

The STVS programme provides funding for a range of organisational development activity from strategic planning to improving finance systems. This report reviews the impact of a decade of grants concluding that the activities supported have been tremendously significant for the recipient organisations. It encourages funders to consider grants for organisational development as an excellent use of funds.

The Baring Foundation  
60 London Wall  
London EC2M 5TQ

Telephone: 020 7767 1348  
Fax: 020 7767 7121  
Email: [baring.foundation@uk.ing.com](mailto:baring.foundation@uk.ing.com)  
Website: [www.baringfoundation.org.uk](http://www.baringfoundation.org.uk)

Charity registration No. 258583

ISBN 978-1-906172-00-8