

This paper was prepared by Marketa Dolezel who worked with the Baring Foundation as a Visiting Fellow from May-June 2005. The paper discusses some of the issues around funding for organisational development and pages 8-21 list other grant makers that provide support in this area.

1. Introduction and Methodology

The following report has been written for the Baring Foundation in order to give an overview of sources of grant funding in areas where the Foundation would fund under its Strengthening the Voluntary Sector Programme.

This programme supports work which will lead to a significant and lasting change in the effectiveness of an organisation by improvements to its strategy, structure, systems or skills. National organisations in England or Wales or in the local areas of Greater London, Merseyside, Devon and Cornwall. Both first tier and second tier organisations qualify for the programme. In order to keep the focus of the research as closely to this grant profile, company giving and support on offer in other forms has not been included in the following study. At the core of this report is a list of 20 grant-making institutions and their funding programmes, which incorporate several aspects of funding for capacity building.

Active Communities Unit - Change Up

Alan Lane Foundation

Arts Council England

Big Lottery Fund

Bridge House Trust

City Parochial Foundation

Community Foundations

Cripplegate Foundation

Esmee Fairbairn Foundation

Fidelity UK Foundation

Futurebuilders

Impetus Trust

John Lyon's Charity

Joseph Rowntree Charitable Trust

King's Fund

Wates Foundation

Lloyds TSB Foundation England and Wales

Northern Rock Foundation

As a first meeting of the Issue Based Network on Capacity Building has again confirmed, the understanding of the term lacks essential agreement. For the purpose of this study, i.e. in the context of grant-making, I define the *funding for capacity building* as “supporting a voluntary or community organisation in the process of reviewing and redefining how it functions as an institution as well as giving it the opportunity to implement desired changes. All of these processes should enable the organisation to anticipate and prepare for possible future hardships and challenges.” Further, organisational development is used as a synonym of capacity building.

Methodologically, the report relies mainly on internet research of funders’ programme guidelines for prospective applicants as well as their funding priorities as published in annual reviews and reports. Visits and conversations with grant-makers, first tier organisations, membership organisations and the Hackney Council for Voluntary Service (HCVS) have helped immensely to put the collected internet information into perspective and elaborate on the understanding of what different programmes aim for.

There are limitations to this analysis due to a six week time-limit on completing the report and minimal familiarity with the UK grant-making at the start.

2. In what situations do voluntary organisations feel the need to develop or improve organisationally?

The specific development needs of voluntary and community organisations will differ depending on the overall aim of the group and institution as well as its existing structure and pressures to reflect its work. A study by the National Council for Voluntary Organisations (NCVO) on skills gaps in the rural voluntary sector (2003) suggests that the impulse on reviewing and developing institutional know-how might often stem from the need to meet outside pressures rather than necessarily following a strategic line of action set out for the long-term. According to the authors such pressures might include an increased demand for services, rising expenditure levels, higher expectations towards the quality of service delivery with service users and monitoring and evaluation requirements by funders. This last point is certainly distinguishable in several funding guidelines issued by independent and governmental institutions alike (UK Fidelity Foundation, Future Builders, ChangeUp). Pressures from inside the organisation may arise in the context of workforce co-ordination. Many small and medium-sized voluntary or community organisations (VCOs) rely on part-time and voluntary work, which poses challenges for organisational continuity and communication. Governance issues including differences between staff and trustees may also lead an organisation to seek help and advice.

Interestingly, Victoria Anderson, Programme Development Manager at Charities Aid Foundation (CAF) remarks, that VCOs often approach CAF for consultation on organisational aspects that later turn out not to be the most

decisive one for their sustainability. As an example she states that consultation on fundraising is frequently sought after. This is confirmed on a local level by the Hackney CVS capacity building officer Kishore Kanani. However, fundraising not only requires gathering of presentation material but also a certain level of systematic evaluation and monitoring that the organisation might need to upgrade.

Another source on VCO needs are the local infrastructure plans prepared for ChangeUp. ChangeUp is a capacity building and infrastructure framework for the voluntary and community sector and has been initiated by the Home Office's Active Communities Unit. The Bedfordshire and Luton December 2004 study gives a list of needs voiced in relation to organisational capacity and again distinguishes between those management shortages the affected organisations state themselves and those shortages that are determined by local advisory organisations (<http://www.nacvs.org.uk/resources/lips/docs/bedfordshire.pdf>, see Appendix). While the issues raised by VCOs themselves predominantly focus on external relationships and their quality (access to funding sources and general training opportunities, networking and collaboration, visibility in the sector potentially feeding into policy advice), the developmental needs identified by local umbrella bodies are mainly occupied with internal tools and processes concerning finance, systems, governance or reviews. However, both perspectives agree that more attention should be paid to workforce development and collaboration with other organisations.

This very limited agreement might be a result of "professional bias" between a frontline and second tier perspective. Both sides of course have their own empirical authority, still, this only highlights the fact that funding decisions for organisational development should be driven by dialogue possibly enriched by third party consultation and in consequence should remain flexible and open to individual needs of the eligible organisation as well as open to negotiation.

3. How do grant-makers define organisational development and what are their priorities?

As might have been expected, there is no single set of characteristics that aligns a funding programme with the objective to improve on the functioning of an organisation. While stated programme guidelines frequently include terms such as "capacity building", "organisational development", "infrastructure development", "community building", "strengthening the voluntary sector", "achieving change", "efficacy" or "sustainability", the type of costs funders are willing to cover in order to encourage these processes vary widely. Identification with this positive process for individual VCOs or the sector lies chiefly with the grant-makers themselves. Therefore finding a common ground means drawing up a list of costs covered for what purpose. While some guidelines do not explain their use of general terms (running costs, core costs, revenue) further, others straight away refer to concrete expenditure purposes such as training, business plans, salaries, Information and Communication Technology (ICT) systems. Equally usage of the term "core costs" is not consistent, some grant-makers do cover salaries for support staff under "core

costs”, others would not, some exclude research and development or rent. However, apart from these differences in what expenditure is acceptable to trustees, the different funders’ approaches to capacity building may be categorized as follows:

Explicit capacity building programmes

The first step in addressing the needs of organisations in this field is to signal the importance this takes in a funders programme to potential applicants. Eleven out of the 20 grant-makers looked at in detail have set aside a funding programme as part of their overall policies that explicitly relates to organisational improvement. The majority of these 11 programmes address organisations in the whole of England. Out of the local ones only Bridge House Trust and the Northern Rock Foundation have set out a separate programme for a capacity building purpose.

Service Provision versus Capacity Building

The above profiling of programme comes with a distinction between the concern for service delivery and one for structures, systems, the people and their skills in the organisation. Programme guidelines and objectives reflect the difficulty to draw a neat line between capacity and service delivery. Where no explicit strengthening programme is given, only summarizing guidelines, exclusions, annual reports or descriptions of grants give away the willingness to support costs that are related to the management and efficiency of the organisation. Otherwise, the priorities concentrate on what causes and target groups the grant-maker wants to see addressed. The implication in this case is that the abilities of the organisation will be judged on the basis of successful services and not on how to organise that delivery better. If core, capital, running costs or training costs are covered in such a service-delivery oriented grant programme, this might impose double evaluation pressure on the receiving organisation. In this context, four of the grant makers have strong priorities as to the funded target groups and/ or service benefits. The majority of grant-makers state four or more beneficial target groups and/or subject areas as a priority while each of them allows for wide identification and inclusion (ex.: education, social change, arts, poverty, discrimination, minorities).

First tier/ second-tier policies

There are two contrasting approaches. One is to fund organisations and groups who are in first-hand contact with the deprived, needy or discriminated against. The alternative is to strengthen the resources of a supportive structure (membership/umbrella organisations) that helps the latter group with advice on possibilities and tools for organisational improvement, offers relevant information, mediates between consultants and clients etc. Only three grant-makers - ChangeUp, the Big Lottery Fund and the Bridge House Trust - make their programmes accessible only to second tier organisations, however, these three have considerable weight. Futurebuilders and three independent trusts have a clear priority for supporting organisations in direct contact with deprived target groups. The majority however, either make no distinction or include both institutional types.

National or local beneficial area

Apart from the governmental grant programmes, which partly favour a list of local areas identified as especially deprived, the funders here described do not connect the decision of beneficial area to organisational development. Overwhelmingly their geographical focus is motivated by tradition and not modified when allocating a proportion of funds to building organisational strengths. However, it might be of interest that while there are development grants restricted to boroughs or regions, no capacity building programme has been found concentrating only on national organisations. Instead, national grant programmes frequently include local groups as well.

Income generation restrictions

Grant-makers are more likely to select organisations on the basis of their annual income. CAF, for example, sets a maximum annual income of £3 million for its consultancy and collaborative programmes. Lloyds TSB favours charities with an annual income less than £100,000. Impetus defines its medium-sized target charities as those with more than £250,000 but less than £10 million income per year. Futurebuilders excludes organisations with an annual income of £1 million or more. Nevertheless, it should be noted that these restrictions on annual income are not (yet?) consistently present throughout grant programme descriptions.

4. What type of organisational development is frequently financed by these grants?

As mentioned before, studying grant-makers' guidelines emphasises that the terms used are not consistent. Therefore the attempt here has been to find out what costs may be covered by the grants and explain them in detail where possible. Among the costs grant-makers include in organisational development programmes, the following appear most frequently:

- consultancy (business plan, governance, evaluations and monitoring)
- training (trustees, fundraising, financial management, income revenue, marketing)
- salaries for coordination, strategy and development
- IT software and other system tools
- collaboration (exchange visits, sharing back-office or other, merging)

- running costs (e.g. telephone, stationary, electricity, water, travel costs, support services, insurance)
- salaries for support staff and service-providing staff
- capital (e.g. buildings, vehicles) and refurbishment costs
- equipment (e.g. IT hardware, furniture, service-related ex. books for library, special needs)

The second set of four could be labelled as helping the organisation to stabilize on a material and personnel level, while the first set of five is more concerned with knowledge, skills and management. It is those first five that seem to feed more directly into change and improvement.

It should further be noted that the period for which grant-makers are happy to offer a grant seems to reach a glass ceiling at three years. Two year relationships are common, anything above three years is very rare (Impetus, 5 years). Only in the few cases where loans are part of the capacity building portfolio, the period is extended of course. Loans have a big advantage for voluntary organisations in that they can negotiate their investment needs with more freedom. The reason why loans are not offered so frequently may be that such a system now exists, for instance, through the Charity Bank.

Other more risky and thus unusual programmes for organisational improvement are crisis funding (Arts Council) and the provision for start-up costs.

Categorisation of Grant-making programmes for capacity building

	towards organisations with national and local outreach		towards org.s with national outreach only		towards org.s with local outreach	
	generalist approach	target restricted approach	generalist approach	target restricted approach	generalist approach	target restricted approach
First tier and second tier org.s	SECTION I Baring, Esmee Fairbairn, Lloyds TSB England&Wales, Impetus, CAF	SECTION IV Camelot Foundation, Arts Council England			SECTION V Fidelity UK Foundation, Northern Rock Foundation, Wates Foundation, Community Foundations (Neighbourhood Renewal Community Chest)	SECTION VIII City Parochial Foundation, John Lyon's Charity, King's Fund
First tier org.s	SECTION II Futurebuilders, Joseph Rowntree Charitable Trust				SECTION VI Cripplegate Foundation	
Second tier org.s	SECTION III Big Lottery Fund, ChangeUp				SECTION VII Bridge House Trust	

Glossary:

First tier: charities who are in direct contact with the deprived target group or individuals concerned and provide services directly

Second tier: charities who serve as umbrella organisations and offer advice and other services to other charities

Generalist approach: grant priorities cover four or more subject areas or target groups (ex. health, arts&heritage, environment, youth, training & education, discrimination, BME groups) and allow for a wide variety of grant-seekers to fit into these categories

Target restricted approach: grant priorities are restricted by three or less subject areas or target groups

National charities: serving either the whole UK area or an area such as England and/or Wales

Local charities: serving a county or region in London, Merseyside, Cornwall, Devon or other

5. Catalogue of independent and statutory UK grant-making programmes currently supporting organisational development

I. GENERALIST GRANT PROGRAMMES AIMED AT FIRST TIER AND SECOND TIER ORGANISATIONS WITH EITHER A NATIONAL OR LOCAL OUTREACH

LLOYDS TSB FOUNDATION ENGLAND AND WALES

programme name:

Community Programme

Community Programme objective:

promote capacity building and strategic and collaborative working within the voluntary sector, TSB recognise the need for core funding to enable tried and tested ways of working to continue

period of programme:

2005-2006

programme budget:

approx. £ 1,560,000 for core funding p/a

geogr. focus:

England and Wales

grant definition:

consultation and planning, training for management and trustees, salaries, income generation, feasibility studies, quality management, collaboration, one-off grants or two-year grants, average £15,000, overall generalist grant-making with a priority on refugees, minorities, disabled, underfunded

excluded:

building projects but possibly equipment or furnishings, overseas travel, fundraising activities, loans or business finance, charities with annual income larger than £750,000 (while prioritising to charities with annual income less than £100,000)

programme name:

Collaborative Programme

Collaborative Programme objective:

improve sector effectiveness

period of programme:

2005-2006+, after 2006 there will be a thematic focus on this Programme with 1/3 of budget reserved for it (cf. 2005 assessment review on this programme)

programme budget:

approx. £266,000 p/a

geogr. focus:

England and Wales

grant definition:

sector building, projects enhancing co-ordination, co-operation, collaboration between charities and with statutory agencies; sharing best practice, skills, systems, emphasis on monitoring and evaluation processes

excluded:

charities with annual income larger than £750,000 (while prioritising to charities with annual income less than £100,000), building projects but possibly equipment or furnishings, overseas travel, fundraising activities, loans or business finance,

info source: www.lloydstsbfoundations.org.uk

CHARITIES AID FOUNDATION

programme name:

CAF Grant Programme, separates into “**Consultancy and Training Fund**” and “**Collaborative Fund**”

overall programme objective:

provide expertise to diversify funding streams, funding core costs and thus develop small and medium-sized charitable organisations

period of programme:

1 May 2005-30 April 2006

programme budget:

£1.2 million

target applicants:

exclusively charitable organisations with annual income up to £ 3m

geogr. focus “Consultancy and Training Fund”:

UK

geographical focus “Collaborative Fund”

UK and international

grant definition Consultancy and Training Fund (all for core staff):

applicant organisation has no chosen consultant but identified consultancy need in funding strategy, income generation, board development, partnership and mergers, urgent staff needs (volunteers, gapping), financial training, governance,

CAF’s own consultants only, no service development

Maximum grant value £10,000

grant definition Collaborative Fund:

target groups are umbrella organisations, member organisations, it is not clear whether this programme is for collaboration with the CAF on the consultations issues above or for organisations among themselves

info source:

www.cafonline.org/grants/g_programme.cfm

ESMEE FAIRBAIRN FOUNDATION

programme name:

no explicit capacity building programme focus, see grant definition below

programme objective:

improve the quality of life for people in the UK, Programme area of Social Change: Enterprise and Independence comes closest to sector building, its aims are among others support work which improves access to financial services for (...) voluntary and community organisations (...)

period of programme:

2005 and ongoing

programme budget:

approx. £11.2 million p/a; 41% of 2004 grant spend went to core costs

geogr. focus:

UK (Northern Ireland, Scotland and Greater London largest beneficiaries in that order)

grant definition:

no explicit capacity building programme focus (programme areas are Arts&Heritage, Education, Environment, Social Change: Enterprise and Independence)

however, **types of grants made include core costs** defined as running costs such as staff salaries (one per organisation at a time), overheads, rent, volunteer expenses, stationary, supporting costs of evaluation and dissemination as part of a wider project, sharing good practice; a sample of grants given in 2004 as published in the annual review reveals that **very often, these core costs grants support service development or expansion rather than internal institution improvement**, when grants are awarded, there are possibilities to receive additional funding for research and development, training and planning or networking among grant recipients

excluded:

large national charities, websites, publications, seminars; equipment and capital funding (building refurbishment) unlikely

info source: www.esmeefairbairn.org.uk

IMPETUS TRUST

programme name:

main programme

programme objective:

support established charities facing critical change

period of programme:

2005 and ongoing

programme budget:

£3,000,000 overall

geogr. focus:

UK, London and south-east England up to 50% of funds

Impetus Trust continued

grant definition:

ca. 10 medium-sized (between £250,000 and £10 million charitable income per annum) and actively selected charities with focus on the disadvantaged, funding for growth, revision of services, merger or alliance; funding as grant or loan for 3-5 years, capacity building and core costs (example: business planning and development, marketing and market positioning, financial systems and management, performance management, trustee and management development, monitoring, infrastructure funding, rebranding and relaunch for mergers)

excluded:

animals, culture, heritage, religious, exclusively research or advocacy

info source: www.impetus.org.uk

Comic Relief will be publishing their new and updated UK grants guidelines after the completion of this report (13th June 2005). Please consult www.comicrelief.com then.

II. GENERALIST GRANT PROGRAMMES AIMED AT FIRST TIER ORGANISATIONS WITH EITHER A NATIONAL OR LOCAL OUTREACH

FUTUREBUILDERS

programme name:

main loan & grant programme

programme objective:

reducing the grant dependency of the voluntary and community sector, support organisations to develop their public service delivery in a way that encourages full cost recovery and sustainability

period of programme:

2004 – 2008, but 25-year loans have already been made

programme budget:

£215 million over four years

geogr. focus:

England

grant definition:

the programme does not offer stand-alone grants but loans as investment in schemes that involve the delivery of public services (50% must be financed by the public once the service is running) on the basis of a service delivery contract with a public agency, applications can be made only for loans with a minimum of £30,000, Futurebuilders pro-actively allocates so-called development grants up to £10,000 (officially, but may be more, so far up to £30,000) to loan applicants in order to develop and qualify for a loan later, of the 37 investments made so far, 22 were development funds, investment

offers that may include a grant in combination with the loan have so far ranged from £133,000 to £5.2 million and can reach up to 25 years; the service streams supported are: community cohesion, crime, education and learning, health and social care, support for children and young people, cross cutting themes

excluded:

second tier organisations such as local development agencies are not excluded, but their proposal has to be service driven and not fall into the ChangeUp programme

info source

www.futurebuilders-england.org.uk

JOSEPH ROWNTREE CHARITABLE TRUST

programme name:

Peace, Racial Justice, Democratic process, Corporate responsibilities, Quaker concerns;

no explicit capacity building focus, but generally open to strategic grants, core costs, development costs and start-up costs as well as salary when cause fits guidelines

programme objective:

helping to remove problems through radical, innovative and imaginative solutions which demonstrate a clear objective. The trust tries to maintain an adventurous approach to funding, take risks and fund unpopular causes which may not always fall neatly into one of the programme areas

period of programme:

2005 and ongoing

programme budget:

£4 million p/a

geogr. focus:

Britain

grant definition: work in one of the following programmes: peace, racial justice, democratic process, corporate responsibilities, Quaker concerns; work at national level in Britain or local within racial justice programme, grants can range from a few 100 £ to more than £100,000 over 3 years, occasionally supports core costs, development costs and start-up costs as well as salary when cause fits guidelines,

excluded:

no academic research programmes, capital and refurbishment costs, please check website list for more general ones

info source: <http://www.jrct.org.uk/>

III. **GENERALIST GRANT PROGRAMMES AIMED AT SECOND TIER ORGANISATIONS WITH EITHER A NATIONAL OR LOCAL OUTREACH**

BIG LOTTERY FUND

programme name:

Voluntary and Community Sector Infrastructure Programme

new programme to be launched in Autumn 2005

programme objective:

help to raise funds, increase influence in local partnerships and raise benefit from local Resource Centres, increase opportunities to participate in community

period of programme:

2005-2009

programme budget:

approx. £155million over four years

geogr. focus:

England

grant definition:

prioritising second tier organisations to cover financial advice, resource centres, developing new generic infrastructure in deprived areas, sharing learning and best practice, governance and cross-sector influencing

info source: Press Release March 30, 2005, www.biglotteryfund.org.uk

further inquiry:

contact Kevin Ashby

UK HOME OFFICE, ACTIVE COMMUNITIES UNIT

programme name:

CHANGE UP (Capacity Building and Infrastructure Framework for the Voluntary and Community Sector)

programme objective:

strengthen capacity building and infrastructure support for the voluntary and community sector; make generic and specialist second tier organisations accessible nationwide to all and structure them for maximum efficiency, ensure their sustainable funding, make them reflect and promote diversity; supported second tier organisations should then be able to serve frontline organisations so that they can improve their performance, develop their paid and unpaid workforce, make better use of ICT, improve governance, improve their ability to recruit, develop volunteers and fund their activity,

period of programme:

2004-2008

ChangeUp continued

programme budget:

£150 million (£80+£70 million)

the first £80 million are planned to be invested by March 2006, of these first £80 million, £8 million have already been spent on creating the whole ChangeUp network and on an Early Spend programme, the remaining £72 million will feed the three investment programmes below (£67 million) in revenue and capital as well as support investment management, administration and evaluation with an amount of £5 million

£70 million were allocated to ChangeUp by the Home Office in March 2005, this will contribute to setting up Capacity Builder by April 2006, a sector-led agency for the ChangeUp fund management

geogr. focus:

England

programme definition:

3 spending programmes, regional Government Offices will co-ordinate investments and probably subcontract VCSs and others

1.: Embedding quality and Improving Reach, £33 million of which £ 9 million will improve ICT support and development services for the sector:

five national hubs at national level are being financed to ensure collaboration:

- Workforce development,
- Financing Voluntary and Community sector Activity
- Information and Communication Technology
- Governance
- Performance Improvement

2.: Modernising Infrastructure, £29 million:

creating regional, sub-regional and local infrastructure development plans to analyse what front-line organisations need

3.: Driving up activity in key services: £5 million: encourage engagement in public service priority areas:

- older peoples' health
- correctional services
- ethnic minority employment
- homeless hostel provision
- parenting support services

excluded: frontline organisations, no detailed criteria and commissioning arrangements have been made public yet

info source: "Developing Capacity: Next Steps for ChangeUp. Developing Excellence in the Voluntary and Community Sector", Home Office, Active Communities: March 2005, www.nacvs.org.uk, <http://www.homeoffice.gov.uk/comrace/active/developing/>, www.ncvo-vol.org.uk

IV. **TARGET RESTRICTED GRANT PROGRAMMES AIMED AT FIRST TIER AND SECOND TIER ORGANISATIONS WITH EITHER A NATIONAL AND LOCAL OUTREACH**

ARTS COUNCIL ENGLAND

programme name:

Training, Development and other Activities/ Grants for Organisations

programme objective:

support long-term stability in arts organisations, increase resources for the arts, encourage cultural diversity in arts, create opportunities to take part in or experience high-quality arts activities

period of programme:

2005-2008

programme budget:

£ 325.8 million (2007/2008)

geogr. focus:

England

grant definition:

research and development, professional development or training, improvement of long-term stability of arts organisations, recovery from financial difficulty, grants range from £200 to £100,000 for a period of up to 3 years

excluded:

see website list for those exclusions not related to capacity building

info source: www.artscouncil.org.uk

CAMELOT FOUNDATION

programme name:

Strategic Change Programme (theme focus changes every 2-3 years)

programme objective:

strengthen the capacity of organisations that work with young people (11-25 years) who self-harm

period of programme:

2004-2007, exploration of new strategic change programme is now starting

programme budget:

approx.: £800,000 over four years

geogr. focus: UK

grant definition:

for local, regional or national organisations towards IT infrastructure (incl. websites), training skills and leadership development, salary costs for policy development regarding self-harm, collaboration, evaluation skills, grants can reach a maximum of £30,000 for up to two years

info source: <http://www.camelotfoundation.org.uk/>

V. GENERALIST GRANT PROGRAMMES AIMED AT FIRST AND SECOND TIER ORGANISATIONS WITH A LOCAL OUTREACH

FIDELITY UK FOUNDATION

programme name:

Community development programme

programme objective:

strengthen charitable organisations to achieve their goals and reach long-term sufficiency,

period of programme: 2004 and ongoing

programme budget:

£900,200 p/a (2004)

geogr. focus:

Kent Surrey, London

grant definition:

projects in which charitable organisations take significant measures to reach greater levels of proficiency such as: capital improvements, technology upgrades, organisational development, planning initiatives, costs covered are for an organisations infrastructure, meaning equipment, buildings, systems or consultancy on business planning, grants are awarded for amounts up to £30,000 and up to 3 years

excluded:

running costs, but may be considered on individual basis through the Foundation's small grant scheme, start-ups

info source

www.fidelityukfoundation.org, no annual review or report,
contacted: Ewa Morgan, tel.: 01732 777 364

WATES FOUNDATION

programme name:

Community Support and Development

programme objective:

to help develop the capacity of community organisations to deliver their services better

period of programme:

2004 and continuing

programme budget:

approx. £700,000 p/a (2003/2004)

geogr. focus:

Greater London

grant definition:

mainly service-oriented, but open to community capacity building projects such as training, salaries, core and infrastructure development and promotion

of standards such as quality assurance, one-off grant (up to £15,000) or three year maximum (up to £60,000)

excluded:

building projects, projects with activity abroad, other grant-making bodies, large national charities, capital purchases

info source: www.watesfoundation.org, annual review, grants policy

NORTHERN ROCK FOUNDATION

programme name:

Better Sector

programme objective:

a better, stronger voluntary sector - making the sector more capable of helping itself and others, articulating its needs and fighting its corner

period of programme:

2005- end of 2006

programme budget:

£1,5 million p/a (2004)

geogr. focus:

Cumbria, Northumberland, Tyne, Wear, Durham, Tees Valley

grant definition:

core costs, capital costs, loans and other investments towards umbrella groups offering services for the development of smaller organisations as well as training in governance and management of first tier organisations, improving their policies and practices of volunteering, networks and forums, quality standards

excluded:

grant-making bodies, long list of exclusions

info source: annual report, <http://www.nr-foundation.org.uk/>

COMMUNITY FOUNDATIONS

programme name:

Neighbourhood Renewal Fund

programme objective:

improving the quality of life in the 88 most deprived areas of England, increasing and enhancing community activities in deprived areas

period of programme:

2003- March 2006

programme budget:

£25,000,000 p/a

geogr. focus:

eligible local councils in London Merseyside, Devon, Cornwall:

LONDON: Barking and Dagenham, Camden, Croydon, Ealing, Enfield, Greenwich, Hackney, Hammersmith& Fulham, Islington, Kensington & Chelsea, Lambeth, Lewisham, Newham, Southwark, Tower Hamlets, Westminster

MERSEYSIDE: Knowsley, Liverpool, Sefton, St Helens, Wirral
DEVON: Plymouth, CORNWALL: Penwith, Kerrier

grant definition:

small grants between £50 and £5,000 to voluntary and community groups, could be used for buying basic IT equipment and training, exchange visits (collaboration), learning opportunities and other more service related purposes

excluded:

see geographical guidelines above

info source:

www.governmentfunding.org.uk, www.neighbourhood.gov.uk

VI. GENERALIST GRANT PROGRAMMES AIMED AT FIRST TIER ORGANISATIONS WITH A LOCAL OUTREACH IN LONDON

ALAN LANE FOUNDATION

programme name:

no explicit capacity building focus since youth work driven

programme objective:

no explicit capacity building focus, however strengthening the voluntary sector in terms of first tier organisations is one of the objectives, when organisation is aligned with the support of education and training of young adults, encourage appreciation of cultural diversity through artistic projects (dance, drama, music, creative writing, visual arts), child care and parental support, promote youth issues, develop new opportunities for young people

period of programme:

2004 and continuing

programme budget:

approx. £1,211,500 p/a for running costs and salaries (2003/2004)

geogr. focus:

London boroughs (Barnet, Brent, Camden, Ealing, Hammersmith and Fulham, Harrow, Kensington and Chelsea, City, City of Westminster)

grant definition:

capital costs and revenue costs (running costs), for strengthening the voluntary sector costs of management consultancy are taken on, added value through seminars and conferences (mainly focus on youth subjects) but also "Strengthening Management Committees" seminar (2003+2004)

excluded:

core funding of national charities, feasibility studies, research, unless designed to lead directly to advancement of practical activities in the community

info source: www.johnlyonscharity.org.uk , annual report 2004

CRIPPLEGATE FOUNDATION

programme name:

main grants programme

programme objective:

help organisations meet their objectives

period of programme:

2005 and ongoing

programme budget:

£270,000 p/a

geogr. focus:

South Islington (London)

grant definition:

core costs, salary costs, capital costs and running costs for South Islington organisations working with young people or in the fields of education & training, arts and leisure, environment, social welfare, health and mental health

excluded:

no doubling of statutory funding

info source: <http://www.cripplegate.org/>

VII. GENERALIST GRANT PROGRAMMES AIMED AT SECOND TIER ORGANISATIONS WITH A LOCAL OUTREACH IN LONDON

BRIDGE HOUSE TRUST

programme name:

Strengthening the Voluntary and Community Sector

programme objective:

support second tier or membership organisations in provision of services that strengthen organisation effectiveness, sustainability or sector development, improve on volunteer policies and practices in organisation and sector

period of programme:

2003 ongoing

programme budget:

£1,764,000 p/a

geogr. focus:

Greater London only

grant definition:

primary target group are second tier and membership organisations with priorities in governance, accountability, resourcing the voluntary sector: developing quality standards in sector, improve recruitment, induction, retention and diversity of trustees, funding advice, evaluation and reporting, income generation, ICT needs of sector, sharing facilities and resources, user involvement, average grant value £58,800

apart from this the Trust does fund running costs and salaries as well as capital and revenue costs in the other main grants programme (Disabled Access, Environment, Children and the Young, Older People). Running costs and salaries actually make up over 70% of the Trust's 2003/2004 grant spend (£11,672,320)

excluded:

individual organisations seeking to improve their own capacity, ICT benefiting only own group, second tier/ membership organisations providing training not related to organisational development, capital costs of residential care or sheltered housing

info source: www.bridgehousegrants.org.uk

VIII. TARGET RESTRICTED GRANT PROGRAMMES AIMED AT FIRST TIER AND SECOND TIER ORGANISATIONS WITH A LOCAL OUTREACH IN LONDON

CITY PAROCHIAL FOUNDATION

programme name:

main programme, no explicit capacity building focus but open to core cost funding

programme objective:

benefit the poor in London, who are socially, culturally, spiritually, environmentally and financially disadvantaged

period of programme:

2005-2006

programme budget:

total of £8.8 million p/a (2003), 5-10% are spent on capacity building for second-tier organisations

geogr. focus:

Metropolitan Police District of London

grant definition:

target organisations are those working with Black, Asian and minority ethnic communities, disabled people, lesbians and gay men, refugees and asylum seekers, young people 10-25, small one-off grants up to £10,000 from the above organisations are considered for the purpose of improving the efficiency of an organisation; organisations are also encouraged to include a reasonable amount of core and management costs

excluded:

see website list for those exclusions not related to capacity building

info source:

www.cityparochial.org.uk

JOHN LYON'S CHARITY

programme name:

main programme

programme objective:

to develop new opportunities for young people and help them achieve their full potential through training, education, arts activities and recreational activities in general, to provide child-care and support for parents' support education and training for young adults

period of programme: 2005 and ongoing

programme budget:

£1.2 million for salaries and running costs p/a

geogr. focus:

London boroughs: Barnet, Brent, Camden, Ealing, Hammersmith & Fulham, harrow, Kensington and Chelsea, City, City of Westminster

grant definition:

salaries and running costs, building and refurbishment, equipment for the objectives mentioned above, costs of management consultancy, advice and assistance to school governing bodies, youth clubs and charities

excluded:

feasibility studies, please check website list for more general ones

info source: www.johnlyonscharity.org.uk

KING'S FUND

programme name:

Partners for Health in London

programme objective:

helping to build knowledge and develop better services in 4 health areas

period of programme:

2005 and ongoing

programme budget:

£1.2 million p/a

geogr. focus:

mainly London

grant definition:

four grant areas: end of life care, sexual health, mental health advocacy, developing complementary therapies, grants will range from £ 5000 up to a maximum of £150,000 over up to three years

excluded:

grant guidelines for this programme have not been finalised yet, exclusions will be published later in the year

info source: www.kingsfund.org.uk/Grants?partnersforhealth.htm

5. Conclusion

With the help of three criteria (width of funding purposes, beneficial area, targeted organisational type), the grouping above shows those among the 20 grant-makers, whose capacity building grant programmes can be considered most closely related to that of the Baring Foundation. They are the Esmee Fairbairn Foundation, Lloyds TSN England and Wales, the Impetus Trust and the Charities Aid Foundation. These five grant-makers are still flexible about the make up of their grants' target group. However, this should not be mistaken for an equally consistent agreement on the aspects of organisational development each of them supports. There is a considerable range of components included in the programmes. While CAF, for example, specialises in making mainly consultancy accessible and affordable voluntary organisations, the Impetus Trust has adopted an approach that accompanies an organisation on every step in reviewing and changing its work, make-up and position in the voluntary sector. Furthermore, the Esmee Fairbairn Foundation is the only funder among the five, who does not have an explicit capacity building grant programme but does frequently support core costs.

These differences show, that a further study of "capacity building funding families" could be conducted, based on types of the costs covered, such as those listed under paragraph four as well as the amounts and grant periods awarded. This however would have to involve a much more empirical approach, i.e. looking at details of completed grants, which might also make it easier to surpass each grant-maker's usage of terms.

In conclusion, I hope that the categorisation presented here helps the Baring Foundation (and possibly other funders) to consider the development of their programmes.

6. GLOSSARY

A very extensive glossary on jargon used in the voluntary sector and grant-making is available on the funderfinder website:
<http://www.funderfinder.org.uk/jargon/>

capacity building (or organisational development)

From a grant-making perspective, capacity building means supporting a voluntary or community organisation in the process of reviewing and redefining how it functions as an institution as well as giving it the opportunity to implement desired changes. All of these processes should enable the organisation to anticipate and prepare for possible future hardships and challenges.

The functioning of an organisation is understood as a complex interplay of management, governance, services, skills, knowledge, structures and resources.

core costs

These are the costs of keeping the organisation going, not directly connected to any particular project or to services, e.g. administration, management, research and development, audit, IT and finance costs, personnel and training charges.

revenue

The money that runs through an organisation - that comes in and is spent within a year. Not capital.

efficiency

A state in which available resources are being used in the best way possible.

governance

The highest level of power and responsibility in an organisation - the Board of Trustees or Management Committee, for example. Governance is concerned with guarding the values and purpose of the organisation, setting direction and policy, acting as a final court of appeal for internal disputes and overseeing management, but not getting involved in day-to-day matters.

infrastructure

The overall system of essential operation components of an organisation, such as policies, processes, equipment, data, the workforce and external contacts. Infrastructure in the context of grant-making can either refer to one single organisation or to the voluntary sector as a whole.

voluntary organisations

Not a statutory organisation, set up by law, nor a commercial or private organisation, run for profit. A voluntary organisation may use volunteers, or all the work may be done by paid staff; what makes it voluntary is that the legal

responsibility for the organisation rests with a group of people who are not paid and who choose to be involved.

voluntary sector

All voluntary organisations, as opposed to the statutory sector or the private sector.

first tier organisations

These are organisations in direct contact with the deprived target group or individuals concerned and offer services, ex. legal advice, shelters, cultural events.

second tier organisations

Umbrella or membership organisations offering advice and other services to other charities, e.g. on funding, legal context or specialised contexts.

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Websites

www.dcs.org.uk

Directory of Social Change

information and support to voluntary and community sectors worldwide, useful news & information exchange section

<http://www.funderfinder.org.uk>

FunderFinder develops and distributes software to help not-for-profit organisations in the UK to identify charitable trusts, good resource on jargon and widely used cost definitions

www.grantsonline.com (one-off, free 7 day trial, otherwise need to subscribe) useful grant database with funding opportunities from Grant Making Trusts, UK Government, Lottery, Regional Grant Making Bodies and the European Union. Not always as up to date as it claims to be.

www.governmentfunding.org.uk

online portal to grants for the voluntary and community sector from the following funders: Department for Education and Skills, Department of Health, Home Office, Office of the Deputy Prime Minister, Government Offices for the Regions

<http://www.homeoffice.gov.uk/comrace/active/index.asp>

website of the Active Communities Directorate with updates on the governments capacity building plans, newsletters, reports and funding programmes (ChangeUp)

www.trustfunding.org.uk

Directory of Social Change's website with details all trusts included within DSC and CAF publications

www.nacvs.org.uk

National Association of Councils for Voluntary Service, network of 350 CVS and other local voluntary and community infrastructure organisations throughout England, section on ChangeUp Infrastructure network, downloads of Local development plans etc.

www.ncvo-vol.org.uk

National Council for Voluntary Organisations, resource for statistics on the voluntary sector and reports relevant to capacity building

APPENDIX

Bedfordshire and Luton VCS Infrastructure Consortium Voluntary and Community Sector Infrastructure Investment plan 2004-2006, published June 2004

Chapter on "Assessment of Context and Needs on Infrastructure Support" p.16

The Needs of Front Line VCS Organisations

Research by Local Infrastructure Organisations shows a diverse range of needs by a diverse range of voluntary organisations and community groups. These needs change as organisations move through their organisational life cycle. They can also change quite drastically as staff, volunteers and trustees move on, leaving an organisation bereft of skills and knowledge it once took for granted. The needs of VCS organisations can also vary because of their particular client group(s), service(s) or activity(ies), and capacity.

In general, the evidence has shown that organisations and groups describe their needs as being:

effective communication (they need to receive information that has been distilled, is relevant to what is happening locally, and informs them about what resources are available to enable them to do their job better.

Information on funding sources; advice and support in making successful applications;

Opportunities to promote what they do and influence potential clients, opinion formers, funders and volunteers

Mote trustees and volunteers (and how to recruit and retain them)

Networking, learning and skills development opportunities

Access to information, advice and guidance on a range of organisational, management and developmental issues (when they need it)

Premises, ICT and payroll/finance services

Front line organisations often struggle to prioritise their long-term development needs over and above immediate demands for resources to meet the needs of service users. Local infrastructure organisations, through their experience of working with such organisations recognise additional needs, not always perceived by organisations as a need or priority (at the time). These include:

Advice and guidance on reviewing, developing or changing governing documents and on developing good practice in governance

Developing appropriate employment policies, such as equal opportunities, child protection, working with vulnerable adults, health and safety, etc.

Developing and implementing financial controls, budgets and systems;

Developing strategic, business and delivery plans and using these as tools for the organisation

Undertaking organisational health checks and/or working towards quality standards

Contributing to local partnerships and working more collaboratively with other organisations.