

DIRECTORY OF SOCIAL CHANGE

INFORMATION AND TRAINING FOR THE VOLUNTARY SECTOR

Rating Government Funders

An Evaluation of the Quality of Funding Information and the Delivery of Government Funding Opportunities for the Voluntary Sector

27 July 2009

Anna Adams, Researcher and Amy Rosser, Project Manager

Directory of Social Change
Federation House
Hope Street
L1 9BW
Tel: 0151 708 0136
www.dsc.org.uk

© Directory of Social Change
July 2009

AA/AR/Rating Government Funders/270709

Abstract

When you look at government funding as a whole (including central government departments, independent bodies appointed by government, regional government and local authorities), it is clear that there is a lot of money available for the voluntary sector. But when funding programmes are hidden from view, or wrapped in so much jargon as to make them unintelligible, the value of that funding to the sector is diminished.

Improving the quality and delivery of the information given to applicants will result in better applications, and fewer ineligible ones for funders. In particular, saving time and misplaced effort for those smaller organisations that do not have the luxury of a fundraising department, or even a fundraiser.

DSC is seeking to highlight how government can deliver funding opportunities effectively and how improved funding practice can foster the development of a 'mutually supportive relationship'¹ between the voluntary sector and government.

The Government as a Funder

In recent years voluntary organisations have become more engaged with various parts of government and new ways of funding have been introduced (see Appendix B). Because the funding environment is becoming more complex, the availability of clear, comprehensive and accessible information from government is now increasingly important.

Commitments

The Compact was launched in 1998 to enhance the relationship between Government and the voluntary and community sector in England. In July 2009 a consultation

¹ Department for Culture, Media and Sport *Third Sector Strategy* (April 2009)

paper for the Compact noted that ‘a well managed application stage will encourage a diverse range of organisations to apply.’ The paper stressed the need for practice such as documents being ‘accessible and in Plain English’, with ‘enough information for organisations to make an informed decision on whether to bid or apply’ and went on to outline a clear funding process.²

The Government has also committed itself in a number of Third Sector Strategies to engage positively with the voluntary and community sector (VCS), beginning with the Third Sector Review³. The Department for Culture, Media and Sport (DCMS) recently announced its Strategy (published 13 May 2009), described by DCMS’ director as the ‘first step in the process of developing a new and mutually supportive relationship between the department and its third sector colleagues’ (Graham Turnock, 15 May 2009)⁴. Within this strategy, the importance of close contact, communication and support is stressed.

Challenges

Although often alluded to, the ‘relationship’ between the government and the voluntary sector is not always reflected in practice, especially in terms of funding. Quick turnover of schemes, short application windows and long and complicated guidance notes are some pitfalls of funding opportunities. Such obstacles lead to additional and unnecessary costs to those organisations applying for it, and subsequently, poorer returns for the funders in terms of meeting their objectives.

There are however examples of effective funders and successfully executed funding programmes, based on good practice, which government and the sector can learn from.

What makes a good funder?

Through researching statutory funding to the voluntary sector for over 10 years, the Directory of Social Change (DSC) has developed a sound knowledge of government

² Refreshing the Compact: A framework for partnership working (Commission for the Compact: July 2009)

³ Cabinet Office *The future role of the third sector in social and economic regeneration: final report* (July 2007)

⁴ Department for Culture, Media and Sport *Third Sector Strategy* (April 2009)

practice. This has given us a unique insight into why government funding can be more complex and difficult to access than it needs to be.

We have identified five indicators that we consider essential for every funder to aim for in its provision of funding programmes: availability of information, good contacts, clear language and direction, relevance to the sector, and a simple application process. Each indicator is explored in more detail below.

1. Aims and Methodology

1.1 Aims

Using the information available to applicants prior to making an application, this research aims to:

- evaluate the quality of government funding programmes at the pre-application stage using a qualitative analysis of current practice; and
- show how better administration can be achieved, by highlighting factors that either help or hinder both the applicant and the funder in the funding process.

1.2 About the sample

- The sample consists of funding administered from 46 funders, including 16 central government departments⁵ (for example, the Department for Energy and Climate Change) and 30 Independent Grant Administrators (IGAs) administering funding on behalf of the departments (e.g. Futurebuilders England for the Cabinet Office) (see Appendix A).
- The sample includes 89 funding programmes which have had competitive funding rounds in 2008/09 or with the prospective funding rounds for 2009/10.
- Funding programmes are all UK based; predominantly open to organisations based in England only, but also including funding for England and Wales or UK wide funding.

⁵ For the fluency of this report these will be referred to as 'departments'.

- All funding programmes are available to the VCS, though not always exclusively. Of the 89, 41 are targeted at the VCS and 48 are available to the VCS and other bodies (such as, local authorities, schools and the private sector).
- Various funding types are included in the sample (see Appendix B for a breakdown of the funds covered in this research). The majority of funding included is in the form of grants, but loans, contracts and grant in aid are also included.

1.3 Rating funders

Criteria

Each of the 46 government funders in the sample have been assessed against five criteria based on the information available to applicants prior to making an application.

1. Availability; if the funder makes available all of the information applicants expect and need to know, including:

- a total fund value and a breakdown of how funding will be allocated
- accompanying guidance
- clear information about the length of time funding will be awarded for
- separate information where funding is specific to region or area.

Best practice example 1 – Availability

The IGA *First Light Movies* (working on behalf of DCMS), has summaries of each of its funds with key points, along with timelines, guidelines and background documents.

2. Contacts; if there is an appropriate person to contact:

- who is generally easy to get hold of
- with a sound knowledge of the funding programme and the applicants' needs
- who has some level of institutional memory and awareness of the programme's background.

Best practice example 2 – Contacts

The Cabinet Office's 'Hardship Fund' (administered by the Community Development Foundation) has a dedicated helpline.

3. Clarity; if the funding information provided is clear and digestible to the average reader, including:

- information that is easy to understand and not full of jargon
- a website that is easy to navigate and access
- FAQs and / or help and advice available.

Best practice example 3 – Clarity

ENTRUST administers HMRC's 'Landfill Communities Fund', a complicated scheme, involving external funders and landfill tax liability. However, *ENTRUST* have a user-friendly website and make the scheme criteria and funding process easy to understand and follow.

4. Relevance; if it is clear who the funding is aimed at and how the funder decides who receives funding, including:

- funding targeted at the voluntary sector specifically or that makes it clear how voluntary organisations can cooperate or apply
- if previously awarded funds are available (unless new funding).

Best practice example 4 – Relevance

The Cabinet Office scheme 'Grassroots Grants' (administered by the *Community Development Foundation*) is only open to and clearly geared towards small and medium sized voluntary sector organisations.

5. Applications; if the application procedure is fair and clear, including:

- help available or applicants encouraged to discuss applications
- user friendly application forms
- reasonable deadlines
- if they open to applications on time.

Best practice example 5 – Applications

The availability of information is in some ways lacking, however the Home Office and Ministry of Justice's scheme 'Community Cashback' has a simple and accessible two stage application process.

How ratings work

Each set of criteria correlates with one point, so a funder can be awarded 0 (where the criteria have not been met at all), 0.5 (where some of the criteria have been met) and 1 point (if all of the criteria have been fulfilled).

The example below gives a breakdown of ratings for the Cabinet Office who use 6 IGAs to administer 16 funding programmes open to the VCS and administer no funding directly from the department.

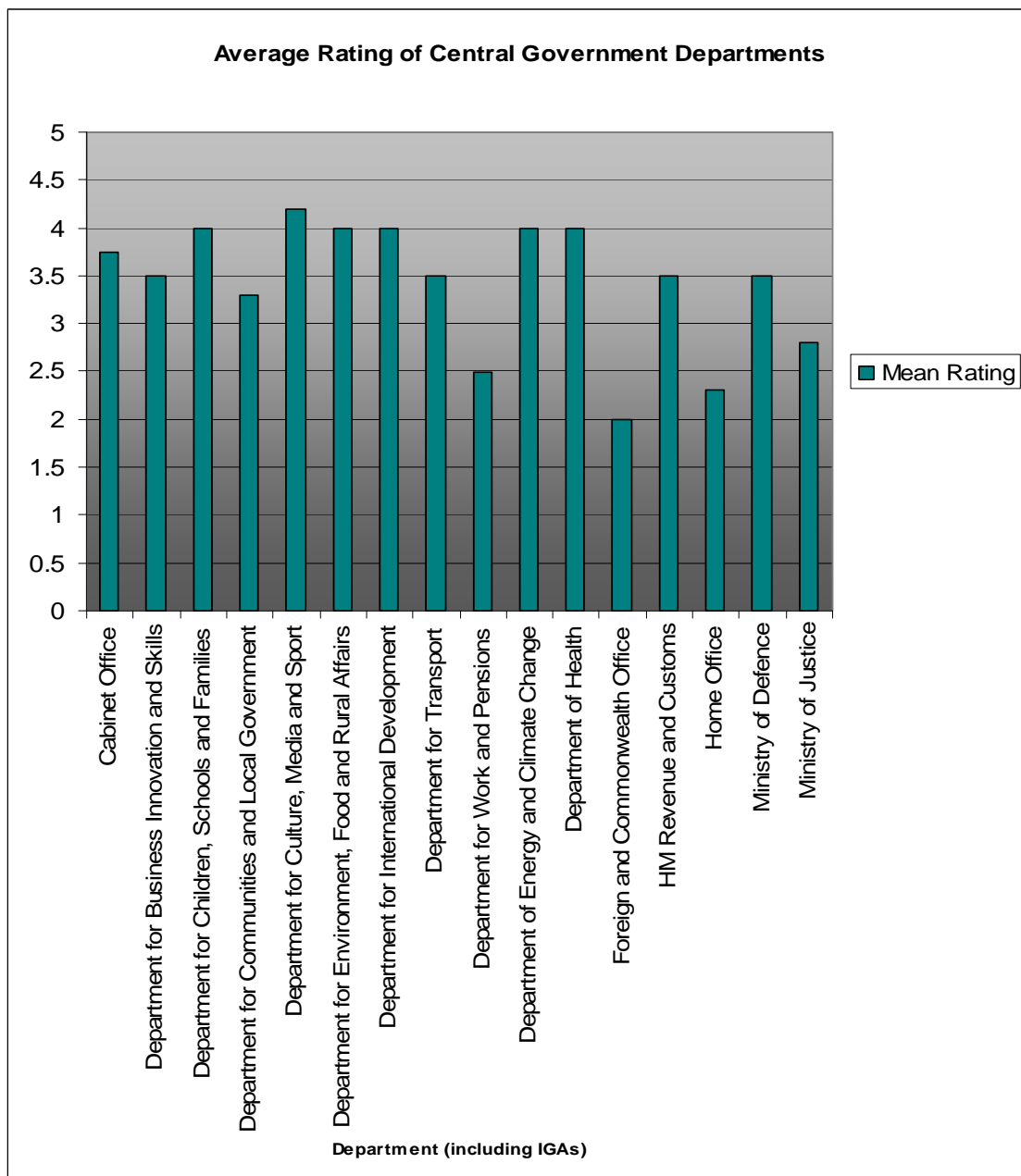
Administrator	Futurebuilders England	Innovation Exchange	v	Adventure Capital Fund	Capacitybuilders	Community Development Foundation
No. of Funding Programmes	5	1	1	2	3	2
Availability	0.5	0.5	0.5	1	1	0.5
Contacts	0.5	1	1	0.5	1	0.5
Clarity	1	0.5	1	1	0.5	1
Relevance	1	1	0.5	0.5	0.5	1
Applications	0.5	0.5	0.5	1	1	1
Overall Rating	3.5	3.5	3.5	4	4	4

1.4 Consideration of Validity and Reliability

1. **Sample.** The sample is not representative of all funding to the VCS. Instead we have focused on funding (89 examples) we have researched thoroughly and therefore make our ratings more reliable.
2. **Analysis.** The criteria for ratings are subjective and funders may be rated differently between researchers. To limit the impact of this on results a text field is used to provide evidence on how decisions are reached.
3. **Perspective.** The ratings are based on DSC's experience of researching funding programmes at the pre-application stage and do not reflect the entire funding experience. We are addressing this by inviting organisations to provide feedback.

2. Summary of Findings

The performance of departments is diverse. Average ratings range from 2 (for the Foreign and Commonwealth Office) to 4.2 (for the Department for Culture, Media and Sport). The majority (75%) of departments have an average rating of 3 or above, showing that performance is generally good, but has room for improvement, and that only a handful of departments routinely fall down on our indicators.



Cabinet Office (3.75 / 5)

As the Office of the Third Sector sits within the Cabinet Office the department is arguably one of the most important funders for the sector. Out of a maximum of 6 (the number of IGAs used by the Cabinet Office in the sample), the categories each received:

Availability	4
Contacts	4.5
Clarity	5
Relevance	4.5
Applications	4.5

The lowest category rating for the Cabinet Office is for ‘availability’ – with all but two of the IGAs only rating 0.5 – the main issues being that the funding information is either out of date, missing, or difficult to access. The availability rating is also impacted by delays when programmes are due to open to applications, making funding rounds very difficult for organisations to plan for.

The highest rating overall is for ‘clarity’ – the information that is provided is well summarised and simple to understand. The Cabinet Office’s relevance rating is inevitably high because all funding is targeted to voluntary and community organisations (VCOs) which immediately makes information more applicable and easy to digest.

2.1 Best and worst practice

While the Department for Culture, Media and Sport (DCMS) rate the highest with a mean average of 4.2, the Department for Environment, Food and Rural Affairs (DEFRA), Department for International Development (DfID), Department of Energy and Climate Change (DECC) and Department of Health (DH) all also have a high average rating of 4 out of 5.

Some common examples of **best practice** that make these funders stand out include:

- Additional help documents (other resources or frequently asked questions)

- Helpful and well informed contacts
- Clear aims and eligibility criteria.

The Foreign and Commonwealth Office (FCO) only received a rating of 2 out of 5. The level of administration varies between the different funding programmes and each has its own page on FCO's website, however there are distinct gaps in information which are exacerbated by infrequent updates and often unhelpful contacts.

The Home Office (HO) and the Department for Work and Pensions (DWP) are the departments with the next lowest ratings. HO has a mean average rating of 2.3 and DWP rate marginally better, with a mean average of 2.5.

Some common examples of **worst practice** across all of these central government departments and the IGAs used are:

- A lack of information about the funding programme and procedures
- Infrequently updated information
- Short application windows.

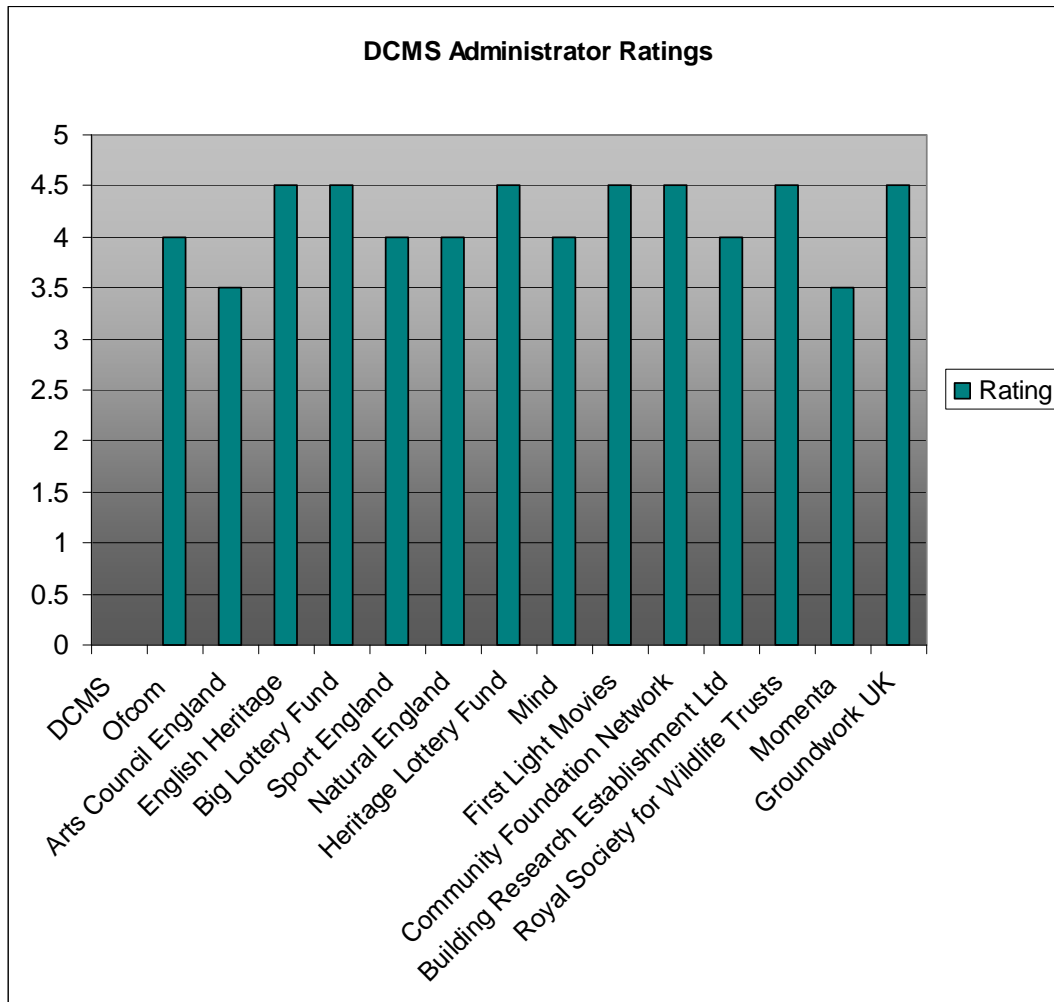
2.2 Effective Delivery - Central Government Departments or Independent Grant Administrators

The average rating for the 13 departments directly administering funding programmes is 3 out of 5, whereas the average for IGAs is 4.

The Department for Culture, Media and Sport (DCMS) does not administer schemes directly, but chooses to run its funding programmes through 14 different IGAs. With 27 funding programmes offering small and large grants, DCMS offer the most funding programmes available to the VCS in the sample.

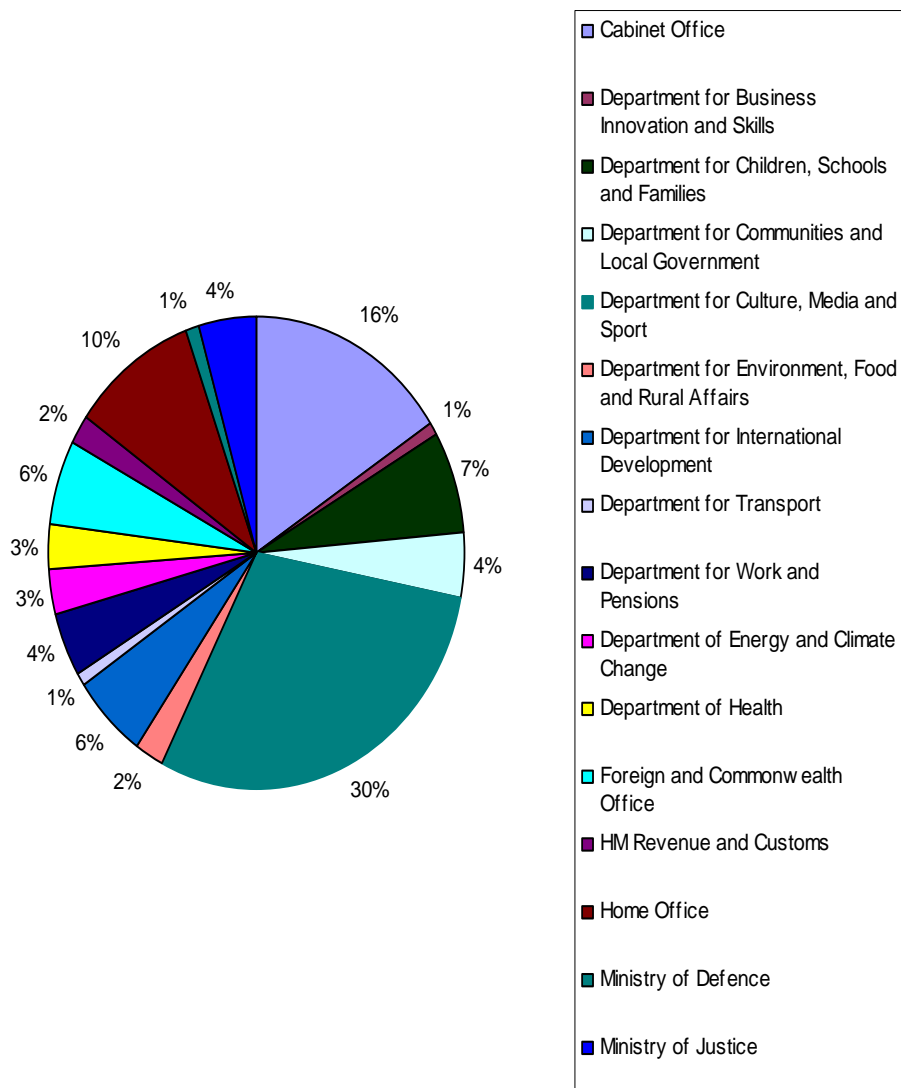
All but two of the IGAs administering programmes for DCMS have a rating of 4 or more out of 5. Whilst recognising that IGAs are not always well appointed or have the right resources and facilities to administer funding programmes to the VCS as effectively as we would like to see, a recurring theme from the data in this report is that IGAs administer funding more effectively than departments.

Graph C: Rating of DCMS IGAs



2.3 Experience makes a better funder?

Graph D: Overview of the percentage no. of programmes funded by each department in the sample



There is no definite correlation between the number of schemes administered by departments and their ratings and our data does not account for the longevity of funding programmes. For example, it is worth noting that though the Department of Health (DH) only oversee three funding programmes in the sample, but that DH has a longstanding

practice of administering funding specifically for the VCS and we have found that their funding practice has evolved to reflect this level of experience. DH and Volunteering England (the IGA used by DH) both receiving a high rating of 4.

Of the 89 funding programmes, 41 are targeted at the VCS and 48 are available to the VCS and other bodies (such as, local authorities, schools and the private sector). Those programmes targeted at the VCS have marginally higher ratings.

Generally speaking funders with more schemes and more experience of funding the sector may be more equipped but this does not always translate into their funding practice.

2.4 Small grants

Of the 89 funding programmes in this sample 31 offer small grants (of £10,000 or less), which suggests that the Government is recognising the need for extra efforts to reach small community and voluntary organisations.

When launching the Cabinet Office's Grassroots Grants scheme in September 2008, the then Minister for the Third Sector, Phil Hope stated:

*Grassroots Grants will put essential cash in the hands of small local voluntary groups without all the paperwork required for larger grants.*⁶

This was also highlighted in the recent Compact consultation paper, in which funding documents are advised to be 'proportionate in length to the amount being allocated'⁷. The importance of clear and accessible information for small grants is even more crucial when targeting small VCOs with limited fundraising resources. In the sample used in this research 8 of the 16 departments provide small grants, with 20 administrators in total managing the programmes. The average rating for these administrators is 4 out of 5 with 8 of the administrators receiving a rating of 4.5. Because other types of funding that these administrators may manage is also included in the ratings (such as loan funding), this is not a definite indication of the quality of administration of small grant schemes.

⁶ Cabinet Office Press release (4 September 2008)

⁷ Refreshing the Compact: A framework for partnership working (Commission for the Compact: July 2009)

However, such a high result shows a good sign in terms of the delivery of these programmes.

Conclusion

In this research we have highlighted some excellent examples of government funding and, if government commitments come to fruition, they could dramatically increase the value of funding to the sector. However, we have also shown that the quality of government funding is not universal and a handful of departments routinely fall down in their role as funders.

Our analysis of current practice has also indicates that:

- Independent grant administrators are well placed and better equipped to deliver funding programmes than central government as long as they are well resourced and can work in conjunction with government.
- Funding targeted specifically at VCOs is more accessible than more general funding programmes from government that also target private and public sector organisations
- The resurgence in national small grants programmes from government is a good one and delivery through IGAs has been effective so far.

DSC's ratings are by no means a final verdict, but a starting point to begin discussions about the voluntary sector's experience of government funding and to highlight the funders that get it right. DSC is currently inviting the users of its Government Funding Portal⁸ to contribute to the funder ratings. By continuing this work we hope to advocate efforts to standardise and coordinate best practice across government funding bodies. In turn, saving time and misplaced effort for applicants and encouraging a diverse range of organisations to utilise the funding opportunities that are available.

⁸ www.governmentfunding.org.uk

Appendix

Appendix A

Administrators used in the sample.

Central Government Departments:

Cabinet Office, Department for Business Innovation and Skills, Department for Communities and Local Government, Department of Culture, Media and Sport, Department for Children, Schools and Families, Department of Energy and Climate Change, Department for the Environment, Food and Rural Affairs, Department of Health (DH), Department for International Development, Department for Transport, Department for Work and Pensions, Foreign and Commonwealth Office, HM Revenue and Customs, Home Office, Ministry of Defence, Ministry of Justice.

Independent Grant Administrators:

Adventure Capital Fund, Arts Council England, BIG Fund, Big Lottery Fund, Building Research Establishment Ltd, Momenta, Groundwork UK, Royal Society for Wildlife Trusts, Capacitybuilders, Community Development Foundation, Community Foundation Network, English Heritage, ENTRUST, First Light Movies, Futurebuilders England, Heritage Lottery Fund, Innovation Exchange, Learning and Skills Council, Media Trust, Mind, National Family and Parenting Institute, National Offender Management Service, Natural England, Ofcom, Sport England, TUV NEL Ltd, v, Volunteering England, Regional Development Agencies, European Social Fund Co-Financing Bodies⁹.

⁹ CFOs (also referred to as Grant Co-ordinating Bodies) are public agencies, which administer the European Social Fund regionally. These vary within each region, but normally include Learning and Skills Councils or Community Foundations.

Appendix B

This table shows the funding types covered in the sample and the way in which these breakdown into the departments.

Funding Type	Definition ¹⁰	No. of funding programmes in sample ¹¹	Department
Loan Funding	Usually low interest and repayable over a longer period.	6	CO (5 schemes), DH (1 scheme)
Contract Funding	Contracts offered through competitive tenders.	2	DWP (1), CLG (1)
Grant Funding	Grant funding of £10,000 or above per award.	62	HMRC (1) HO (7), DCSF (3), DfID (3), CLG (3), DWP (4), CO (5), DECC (2), DEFRA (2), DCMS (22), MoJ (4), DH (3), DT (1), BIS (1), MoD (1)
Small Grant Funding	Grant funding offering a minimum award of £10,000 or less.	31	HO (2), DCSF (2), DfID (1), CLG (1), CO (5), DCMS (18), MoJ (1), DH (1),
Grant in Aid / Strategic Funding	'Grant in Aid' is given to individual voluntary organisations on an annual review basis. This is increasingly characterised as 'strategic funding'.	10	HMRC (1) HO (1), FCO (5), DCSF (1), DfID (1), CLG (1)

¹⁰ These are the definitions used for the purpose of this research.

¹¹ There is some overlap here as funding programmes may offer different types of funding (for example, loan funding and grant funding).