

# **Making A Big Difference with Small Grants: Paper for the VSSN Conference**

## **Introduction**

Small grants provide a lifeline for VCS organisations. Many funders provide small grants to grass roots projects that deliver widespread benefits for communities across the UK. The Big Lottery Fund (BIG) recently commissioned the Policy Studies Institute to complete a large-scale research study which explored the purpose, benefit and potential of small grants from the perspective of both funders and VCS organisations. This paper highlights some of the main findings from the research.

## **The Big Lottery Fund**

The Big Lottery Fund's mission is to bring real improvement to communities and the lives of people most in need. It is the single largest grant-making body to the VCS (aside from the government) and distributes half of all the money raised for good causes through the National Lottery. BIG awards grants that support community learning and creating opportunity, the promotion of community safety and cohesion and the promotion of well-being. Over the past 14 years, BIG (and its predecessor bodies) have invested hundreds of millions of pounds in a variety of small grants projects throughout the UK and overseas.

## **The purpose of small grants**

Small grants<sup>1</sup> serve a variety of purposes for BIG, other funders and VCS organisations. BIG and other funders primarily use small grants for two purposes: the first is for funding small grants to cover discrete, time limited projects, purchases or one-off events. The second is to use small grants for organisational development and capacity building through applying, managing and monitoring a grant. Additionally, small grants can act as seed *money* for an organisation to pilot and test the feasibility of idea which can then be scaled-up through other sources of funding.

The characteristics of small grants programmes differ between funders. 45 per cent of the funders surveyed through the research take an entirely strategic approach to funding, with clear and restricted criteria in order to achieve a specific set of goals. Strategic programmes enable funders to publicise clear guidelines about their expectations for a programme which can help applicants to understand potentially complicated eligibility criteria. This reduces the incidence of ineligible applications that waste time and resources of both applicants and funding organisations. A further advantage of strategic funding is that it allows funders to target on a specific area or issue that they want to change.

37 per cent of funders surveyed as part of the research provide grants on a purely demand-led basis. This type of funding allows communities to apply for funding which meets their own locally defined need. The most frequently cited advantages of demand-led funding is that it allows funders the flexibility to judge applications on their merit on a case by case basis and respond to local preferences and evolving need. A few funders also indicated that a demand-led approach enables them to fund causes that might otherwise 'fall through gaps' in funding. For some funders the demand-led approach was associated with a simplification of process and application management.

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<sup>1</sup> For the purposes of this paper we define small grants as awards under £50k.

Around one fifth of funders operate a mixed portfolio of programmes which combine both strategic and demand-led approaches to funding. Small grants can also be used as a means to support causes and activities that do not receive widespread backing from other sources of funding.

The research explored the purpose of small grants from the perspective of VCS organisations delivering projects. The qualitative interviews with grant-holders suggest that small grants are a prime source of funding for their activities and the grant from BIG was the only funding a group had received for many projects. Although small grants are usually associated with smaller organisations, larger organisations also rely on small pots of money to support short-term projects.

Findings from the research indicate that grant-holders regard a wide range of features in small grants programmes as important including, size of grant, ease of applying, criteria for funding, purpose of the programmes and speed of decisions.

VCS organisations mainly use small grants to make improvements in local communities to areas that have a health, education or recreational remit. Most grants were designated for the benefit of all community groups, although young people appeared to be the most popular target sub-group. Smaller sized grants tend to be received by groups that are run solely by volunteers and groups that were fairly recently formed.

Small grants funding was perceived by VCS organisations as a stepping-stone to develop the skills and experience necessary to apply for further grants. Findings from the research suggest that small grants can also lead to larger grants. Almost one third of survey respondents had applied for more funding since their last BIG grant and within this sub-sample around half had applied for a higher grant amount.

The issue of sustainability is a persistent and challenging problem for the VCS who frequently voices concern about the difficulty of planning for the future and maintaining current commitments given the uncertainty of funding. The economic downturn could have an impact on the ability of organisations to secure further funding and concerns have been raised that large, well-resourced organisations will survive at the expense of smaller organisations in a more competitive funding environment.

### **VCS organisations experience of applying for small grants**

Applying for a small grant can present a number of opportunities and challenges for VCS organisations. The researchers found that while BIG staff acknowledged that application processes were simple and straightforward, they pose a number of challenges for applicants from newer organisations, or for people who that are inexperienced in applying for funding. Common issues include applicants not sending in the correct information and not fully completing the application forms. This has a considerable impact on staff time, particularly on high volume programmes, including Awards for All, which is BIG's flagship small grants programme.

The researchers found that the least experienced groups sometimes find it hard to succeed in securing funding which means that some of the target recipients for small grants programmes are not being reached. This view was mirrored by interviews with some VCS organisations who stated that assessment processes favoured people who knew how to convert project ideas into the right terminology.

Interviews with projects identified that some VCS organisations would like further support in making the transition from small grants programmes to applying for larger sums of money. Half of small grant applicants sought help in completing their application, including a fifth who sought this from BIG. VCS organisations also got support from community development workers, third sector umbrella organisations or other networks, but more support seemed to be desired.

### **VCS organisations experience of monitoring small grants**

The monitoring requirements for projects vary according to the size of grant received from BIG. Monitoring requirements are light touch for BIG's very small grants and consist of a basic end of award report form, compared to more in depth reporting on outcomes and budgets for organisations who receive a grant of over £10,000. Only 64 per cent of other funders surveyed monitored their grants and a further 12 per cent do not have any monitoring requirements. The types of monitoring used by other funders (including BIG) include monitoring visits, audits, or through involvement in project steering groups. The type of monitoring is often relatively proportionate to size of grant awarded to an organisation.

The change in the level of monitoring information required between smaller and larger grants can be problematic for organisations with less experience of receiving funding. However, projects reported that once monitoring systems are successfully set up they could be used time and again. Similarly, the majority of survey respondents in qualitative interviews recognised the importance of monitoring and felt that it was justified and around 70 per cent found the monitoring process useful as it led to improvements within projects and helped them to develop better management systems.

### **VCS organisations experience of delivering small grants**

The research identified some of the issues that VCS organisations experience when delivering small grants. 60 per cent of the projects sampled experienced no issues with delivering their grant, but the remaining 40 per cent had issues with factors such as the length of time to deliver the project, meeting staff costs, problems with recruitment, inadequate planning, delays caused by external partners and the amount of grant requested by the applicant to deliver the project.

The type and incidence of problems experienced by projects are similar for organisations that have received both large and small projects. One particular issue identified by the research was that some small grants programme delivered by funders do not cover staffing costs. Many projects felt that using a small grant to contribute to staff costs would make a big difference to their success. For example, some organisations stated that projects would have been able to achieve more with a paid member of staff in place to recruit and manage volunteers and to keep the project delivery on track.

The research identified that one in ten grant-holders believed that they should have been more ambitious in their design and plans for the project. In contrast, a small minority of both large and small grant-holders indicated that more help, more money or a less ambitious approach would have achieved better results.

Funders identified a number of issues with delivering small grants programmes. 57 per cent of funders reported that the amount of time and resources spent on delivering small grants programmes was their biggest issue. The volumes of applications for small grants programmes can also have an impact on administration costs, which was an issue cited by 13 per cent of funders. Dealing with organisations that are inexperienced in applying for grants can also have a considerable impact on funders resources.

## **Benefits**

The research highlighted the considerable benefits that small grants can have for organisations, projects and communities. More than half the organisations surveyed through the research believed that individual lives had been improved, new activities have been delivered and more beneficiaries have been reached as a result of funding. Small grants also led to improvements in local facilities, an increase in community interaction and improvements in community cohesion, health and well-being.

The research identified that in general the size of grant awarded to an organisation has a direct correlation to its impact on the wider community. Large grant-holders were more likely to describe their project as very successful for the local community than small grant-holders (83 per cent and 71 per cent respectively). Particularly notable differences were apparent in relation to helping vulnerable members of the community, cited as a benefit of their grant by just 37 per cent of small grant-holders compared with 70 per cent of large grant-holders.

BIG's small grants programmes have benefited local communities and disadvantaged groups in a wide variety of ways. Small grants funding has targeted education, health, recreation, social inclusion, social welfare and environmental needs. Beneficiaries of projects supported by small grants include young and older members of the community, disabled people, people with a mental illness, ethnic minorities, people living in rural areas and people from disadvantaged groups, including the homeless.

Organisations have benefited from BIG's small grants funding through improving the skills of staff and volunteers, increasing the chances of sustainability, increasing their profile in the local community, the creation of new partnerships and the opportunity to deliver more innovative solutions to local problems. Overall, the impact of small grants on organisations has been strong, diverse and widespread.

The survey showed that BIG grants are of critical importance to funded projects. Over half of all projects would not have gone ahead at all without funding from BIG. In around a third of the cases the project would have started, although in an altered or scaled back form. One quarter of small grants projects were not designed to continue as they were for one-off events, whereas half of the organisations surveyed reported that they continued with their projects in full at the end of the funding period and a further fifth were continued in part. Overall these figures suggest that BIG funding has long lasting effects beyond the lifetime of the grant

## **Improvements to small grants programmes**

The research identified how small grants programmes could be improved from the perspective of funders and VCS organisations. Almost one fifth of survey

respondents felt that BIG could not improve their small grant programmes in any way and that they were entirely happy with all aspects of their grant. Other respondents suggested changes to small grants programmes in several areas. These include simplifying the application process, providing more support for organisations inexperienced at applying and managing grants, making quicker decisions about funding, providing better feedback about unsuccessful applications, awarding more longer term funding, paying for overheads funding staff costs and raising funding thresholds within programmes. BIG has already responded to some of these issues directly through the new Awards for All programme and will be considering them when it develops its forthcoming round of programmes.

Funders identified several aspects of small grants programmes that could be improved. The single most beneficial measure to improve small grant programmes suggested by funders would be to provide more money so that they could support more groups and activities which deserved backing, but were all too often denied funding due to intense competition for limited financial resources. Other measures cited included: reviewing eligibility criteria, simplifying the application process, improving accessibility for a broader range of groups, reducing the requirement for match funding and increasing outreach services.

## **Conclusion**

Small grants serve a critical role in helping VCS organisations that deliver benefits for organisations, projects and local communities. The funding has helped VCS organisations to improve individuals' lives, offer new activities, reach new beneficiaries, improve local facilities and increase community interactions. The current economic downturn poses a significant challenge for both funders and VCS organisations. BIG is already responding to this by offering further funding through existing programmes and is developing specific funding streams to help communities to cope, stabilise and recover from the longer-term effect of the recession.

Funders may want to consider how they can apply the findings from the research to help optimise their small grants programmes and resources so that they can have an even greater and widespread impact on communities in the future.

There is undoubtedly a continual role for small grants to play in the funding landscape so that VCS organisations can address specific needs within communities. These activities often aim to meet very local issues and can make a real difference to people's lives. Social need is becoming increasingly complex and small grants are one of the essential components in helping the VCS to address these issues. Small grants also play a crucial role in building the capacity of smaller organisations so that they can develop their skills and capacity to become sustainable and make a greater impact on communities. The challenge now is to ensure that the right balance of small grants funding is delivered to the VCS to help it meet the increasing demand that is being placed on its resources by society.

For further information about the research and the Big Lottery Fund please contact Marcus Hulme, Senior Evaluation & Research Analyst on 020 7211 1939 or email: [Marcus.Hulme@biglotteryfund.org.uk](mailto:Marcus.Hulme@biglotteryfund.org.uk).