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Place-based funding: developing best practice



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October 2021

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Foreword

It is now two years since the idea for commissioning this piece of work was first floated in a conversation between several place-based funders about the prospects of better collaboration across the sector. During the process of interviewing funders, holding various workshops and discussions, and finally drawing together these thoughts into an analysis and framework for publication, the world around us has undergone seismic shifts.

We have weathered changes in political leadership, a fraught race with deadlines to Brexit, a general election, Brexit itself and then, of course, a global pandemic which has surely brought about some of the biggest shifts in how we think about place, connection and the way economic and social systems work. It feels like the efforts of all those who invest time, resources or any aspect of person power into the job of making our places work properly so people can thrive, are precious, urgent and indispensable – now more than ever.

For those of us able to make financial investments in this crucial work, there's surely a compelling case for a shift up in gear in how we collaborate across the funding sector. To do this we need to answer some challenging questions: how clear are we, with ourselves and others, about the ultimate outcomes each of us are striving to achieve? Where does that place us in the broader ecosystem of financial as well as other resources? How able are we to 'walk the walk' of long-term, agile, responsive, vision-led funding with partners in places?

Funding organisations are already having many of these key conversations, internally and externally, and we hope the reflections and suggestions in this paper help stimulate further productive discussions in future; offering some scaffolding with which effective future collaborations can be built.

Bonnie Hewson

Place Based Investment Manager
Power to Change



Though it is gently put, it is hard to read this paper as anything other than an indictment of the way funders and funding sometimes operate. When those we exist to support are saying that, in many cases, funding operates in ways that actually hamper the kind of change we all want to see, something is fundamentally wrong. It is also the case, however, that there is ambition to do things differently and an increasingly clear understanding of what those different things are. It is laid out for us here – and there are certainly other things we could add. The challenge is to take these ideas and principles – partnership, collaboration, agility, openness to experimentation, promoting leadership by those with lived experience – and to push these as far as we possibly can in our own practice. Really doing this stuff means acting very differently and being pretty uncomfortable in the process. One way funders should collaborate is to urge each other on, to build our collective courage and to make some of the practices that hold us back seem increasingly anachronistic. I hope this paper contributes to that work.

Cathy Stancer,
Director,
Lankelly Chase

Lankelly Chase

The timing of this report coincides with the re-emergence from the pandemic, during which we have experienced a shift in funders' actions towards a more collaborative and supportive role. At a national level, many funders have coalesced around utilising their collective resources to play a part in the social sector's response to Covid-19, creating space for more humility and less hubris. But now is the time for funders to engage in place with the courage to 'be more humble'. The privilege of being part of the local ecosystem, respecting the existing vision and ambitions of local leaders and understanding the dynamic culture of the local community, is one that funders should not take lightly. The framework recommended in this report helps to prepare funders to embark on a collaborative journey in 'place', to tread lightly and to do no harm. Funders in place should bring greater leverage than funding a place, and I encourage colleagues to reflect on the recommendations from this report, and reach out to others to increase the impact of place-based funders across the UK.

Caroline Broadhurst,
Deputy Chief Executive Officer,
Rank Foundation

Executive summary

This report is an account of the themes emerging from discussions with place-based funders and place-based institutions. It reflects on how these indicate an existing pattern of approaches across funders, explores some of the challenges faced by place-based actors as a result and suggests some potential approaches funders might take to evolve their place-based funding practice to help.

It must be up to funders to consider how far these principles reflect their own sense of how they would like to develop and how practically viable the aspirations are. We stop short of making recommendations for action by funders, but draw from a cross-section of the impressions of both major funders and a selection of place-based actors to outline some potential areas for action and collaboration for their consideration.

01.

Funding follows place-based strategy, not vice versa

This principle is a commitment by place-based funders to base their support on an existing local strategy, and to consider funding the process of generating a local strategy first if none already exists. This contrasts with those funders that require organisations applying for funds to demonstrate how their work will achieve the funder's own established programme strategy.

02.

Funders act as part of the wider ecosystem of resources

This is an acknowledgement that funders play a part in a wider ecosystem of resources that circulate in a place. Recognising this may be expressed in a willingness to match fund, both public and private sector resources; proactively seeking to fulfil niche requirements that may vary place to place, rather than duplicate existing approaches for the sake of consistency; and supporting place-based actors in linking up local resources meaningfully.

03.

Funding sets out to leverage next steps towards long-term change

This is about ensuring that all place-based funding is supporting longer-term strategy by making the next steps possible: perhaps through developing an asset that can generate further income, setting up relationships which can leverage further resources and power-shifting, or investing seed funding into work that will grow.

04.

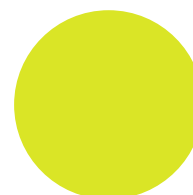
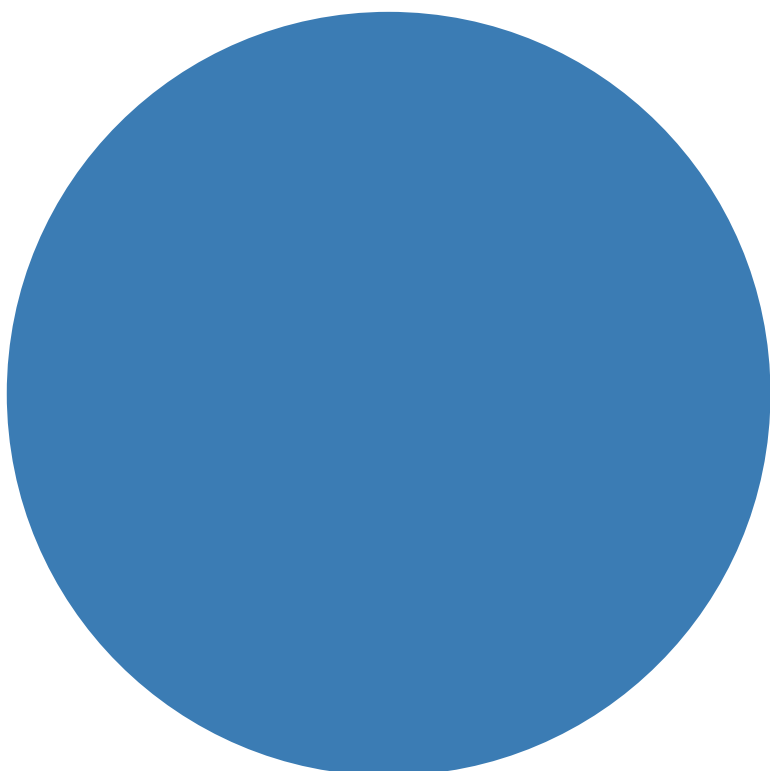
Funders act as co-designing partners

This captures the commitment of place-based funders to work proactively as an equal partner alongside place-based actors, rather than in a donor–beneficiary relationship. This includes not just flexible and trusting relationships once funding is in place, but also a commitment to co-design and collaborate, and proactively facilitate the development of local partnerships.

05.

Funders strive to move away from competition towards collaboration

This relates both to funders' supporting coalition and collaboration within places where they fund, and also to a commitment to work collaboratively and not competitively with other funders. It means co-funding, sharing learning and communicating well even if it is not always viable to work in formal coalitions or collective programmes, and acknowledging that different funders will still have unique and sometimes divergent ultimate goals, as well as an appetite for influence or voice at a national level.



1. Background and introduction

Over the past five years, a number of major UK funders have become increasingly active in their focus on ‘place-based systemic change’. As well as driving projects that achieve impact locally, these funders have, broadly, all been keen to build on the opportunity provided by place-based work to build long-term alternatives to systems that don’t work nationally and, in some cases, to use local innovations to understand how national social and economic systems might be changed.

Driving this thinking has been the emerging reality that several places in the UK have become hosts to a wide range of exciting, impactful programmes of work that are funded by separate funding streams from across the same group of funders. These place-based actors are working hard to align these strands within their own place strategically and coherently, often arriving at similar ways of knitting together these local versions of national programmes effectively. But as things stand, these national programmes are neither strategically aligned nor even set up to share information effectively across programmes and funders.

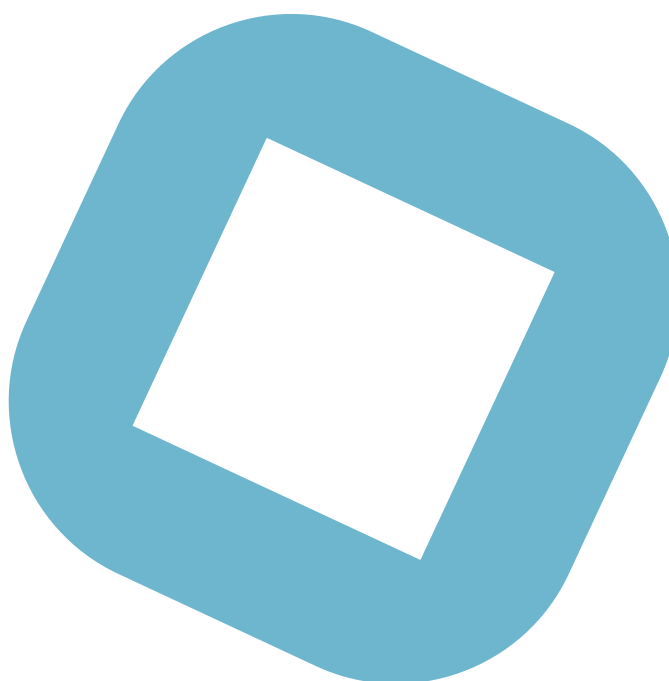
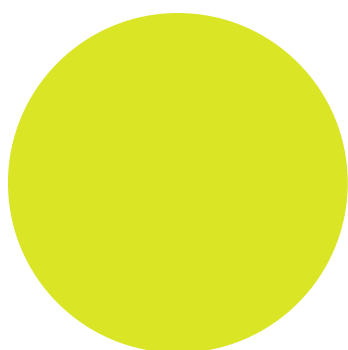
This report was commissioned in 2019 to understand how different emerging approaches to funding place-based systems change might be better aligned across the funding sector, to collectively share learning and amplify impact. Most importantly, how can they function in the most effective way possible as funding partners to the place-based institutions delivering work on the ground in communities across the UK?

The report was developed by Rachel Laurence – at the time working for the New Economics Foundation – and involved:

- a desk-based review of major funders active in the place-based funding space
- eight direct one-to-one interviews with representatives of major funders
- a workshop on emerging findings at the Association of Charitable Foundations (ACF) place-based funders group in September 2019
- two separate workshops with funders and place-based institutions, at the October 2019 Rank Foundation conference (20 participants) and the January 2020 Growing the New Economy conference (70 participants), that further developed and explored themes and issues
- working iteratively from August 2019 to March 2020 with commissioning funders Power to Change, Rank Foundation and Lankelly Chase Foundation, to reflect on emerging themes and develop recommendations.

This report sets out an account of the themes emerging from these discussions and reflects on how these indicate an existing pattern of approaches visible across funders. It then explores some of the challenges that are experienced by place-based actors within the current funding patterns and, finally, suggests some potential approaches funders might take to develop and evolve their emerging practice on place-based funding.

It should be noted that, while the report itself has been written during the Covid-19 lockdown, the work was all carried out before the advent of the pandemic crisis. Nonetheless, the themes still seem at least as pertinent if not increasingly relevant. The situation we are now witnessing serves only to amplify the need for a fundamentally flexible and co-creative approach from funders, that seeks to strengthen long-term infrastructure and support place-based actors to tackle problems structurally instead of settling for 'quick wins'.



2. Review of findings

2.1 How funders understand place-based funding, and what they aspire to

Eight funders kindly made time for 30–45 minute interviews to explore some core questions:

- Lloyds Bank Foundation
- The Access Foundation
- Co-operative Group Foundation
- Rank Foundation
- Lankelly Chase Foundation
- Carnegie Trust
- Barrow Cadbury Foundation

Local Motion (a major collaboration programme between Tudor Trust, Lloyds Bank Foundation, Esmée Fairbairn Foundation, City Bridge Trust, Paul Hamlyn Foundation and Lankelly Chase Foundation).

Questions covered the funders' theory of change in relation to place; their approach to relationships with grant recipients; the key characteristics of the funding they provide, including exit strategy and legacy; the opportunities and challenges they perceive in achieving systemic place-based change; and their sense of what the appetite may be amongst funders for a greater alignment of their missions.

What emerged from these discussions were some clear areas of convergence between most if not all those funders interviewed – which could cautiously be taken to indicate a developing alignment in some areas of good practice that several interviewees acknowledged has emerged only really over the last five years. In contrast, it is also interesting to explore the areas where there was divergence in the approaches.

2.1.1 Areas of convergence in approach

Relationship with grant recipients

It has been clear throughout the conversations held for this work, that there is a widespread aspiration for most funders in this arena to have a partnership-style relationship with grant recipients, as opposed to a paternalistic, beneficiary–donor one. Some suggested this was well-established in their modes of operation, and achieved through a variety of methods including:

- collaborating iteratively with place-based partners over long periods of time to identify need, develop projects, and then fund these
- providing a great deal of flexibility to those receiving funding to re-design work to meet changing needs
- seeking to bring place-based organisations into steering groups who make decisions on funding awards
- structuring funding programmes into chronological sections in which a smaller initial design stage is funded, during which the funder works very closely and supportively with the organisation to develop a pitch for further funding.

While some organisations are not easily able to implement all these, and in practice end up awarding and then monitoring grants with little intensive or iterative interaction along the way, there was no sense from any we engaged with that anything other than a partnership type relationship was desirable and ‘good practice’. The question was more about how realistic this was given the power dynamics where one organisation holds the money and the other does not, and where priorities (and time frames) are still set by funders – often by trustees – and not, fundamentally, by the community partners being funded.

Support for experimentation and innovation

Another perhaps surprising consistency was the support for experimentation – a willingness to fund work that might not be tried and tested, and to accept ‘failure’ as crucial learning. Again, there was clear variation in the degree to which different funders felt they were able to implement this as fully as they wished; even just from the perspective of how ‘viable’ a recipient organisation needed to be to qualify for funding at all, and the realisation that this in itself placed a limit on the degree of real experimentation a funder may be able to support. Many of those organisations in a position to bid successfully for experimental work are, after all, those with a track record of delivery who can therefore bring credibility and existing relationships to the table; but these things cannot be built in a funding vacuum. Broadly speaking, place-based funders appear fairly consistently to support a principle that flexibility to test and experiment is a key goal for the funding they provide.

2. Review of findings

Support for building networks across sectors

It now also appears fairly universally recognised that building cross-sector networks within place that outlast individual projects is crucial, and is how small-scale innovation can lead to larger-scale change. For this reason, many of the funders we spoke to explicitly fund the development of relationships and networks as an end in itself.

Recognising experience-based expertise

There was a consistently expressed respect for the value of the knowledge and learning to be drawn from the direct lived experience of communities suffering from economic and social disadvantage, although there was some variation in understanding what such experience-based expertise might actually be used for. There are still quite substantial variations in approach towards monitoring and learning, and research and evidence gathering to design funding streams: ranging from those that strongly favour academic research and evidence, where lived experience is essentially just 'illustrative', through to those who take a peer or action research approach, or even co-production techniques that co-create funding programmes based on lived experience.

Recognising the 'ecosystem' of funders and actors, and identifying one's place within that as a funder

Finally, there was a clear recognition expressed by everyone we engaged, that each funder occupies one part of a much wider ecosystem of actors – both nationally and in each place that they might be funding. Again, while this was recognised by all, some funders have taken approaches that are much more explicitly designed around partnerships with other funders or funding sources (for example, statutory partners), whereas others offer funding that is relatively self-contained, simply taking into account the wider 'ecosystem' in their own decision-making about, for example, where to prioritise devoting resources.

2.1.2 Areas of divergence in approach

Relationship between work in place and national level change and policy work

There was a clear variation in funders' views of the relationship between the change they seek to drive forward or enable in place, and the change they seek to support at a national or policy level. On one hand, several place-based funders clearly expressed their premise that systemic, national or policy level change is at the core of their theory of change as a funder, and that work in place is a part of how they see that broader change being achieved. On the other, several funders explicitly stated that they do not seek to drive national or systemic change, and that their focus on place-based funding is based on a premise that this is where change that matters happens, and that for them this is not connected to broader systemic change. Furthermore, amongst those interested in supporting national level policy change as part of their portfolio, there was a clear distinction between those who may have separate funding programmes dealing respectively with national and place-based work, with very little strategic connection between them; versus others who see the work in place as either driving forward and generating broader national change opportunities, or (again quite a different approach) as supporting, providing illustrative back-up or evidence for national policy work.

Emphasis on funding people to develop new ways to cope in the existing system, versus emphasis on funding people to change the system

On this aspect, again, there appeared to be wide variation in where place-based funders positioned themselves along the spectrum of focus on funding activities that build capacity in excluded communities; skills, resilience and networks, for example, to cope with the existing system at one end; versus a focus on funding activities that are primarily designed to change or rebuild the system so that it functions differently for those communities. Clearly, although projects and funders sit somewhere along that spectrum and may be seeking to support both kinds of activities, there is a clear and quite visible distinction often along the lines of the 'sectors' that funders have historically funded and, to some extent, the provenance of the funding itself.

Ambition, scope and length of relationship with a place

Here there is huge variation, with some funders committing to a place for as long as ten years, and others for the course of perhaps a one- or two-year programme. Some place-based funders are providing up to a million pounds over ten years to work within one small community, whereas others may be providing in the single digit thousands for a short-term project or even technical and facilitative support rather than any substantial funding, or support in kind such as training and capacity building. Some funders have chosen to focus on a very few specific places with whom they seek to build up multi-year relationships, while others look to support place-based activity across a very wide spread of areas.

‘Funding place’ versus ‘funding in place’

Finally, there was an interesting variety of perspectives on what is really meant by the term ‘place-based funding’. One respondent distinguished between ‘funding place’ and ‘funding in place’: suggesting that ‘funding place’ refers to approaches that seek to support the overall resilience, networks, capacity and perhaps wealth of a place to transform over a period of time; while ‘funding in place’ referred simply to support provided to institutions and actors whose work happens to focus on a place rather than at a national level, but does not necessarily imply any particular engagement on the part of the funder with the concept of ‘place’. Others shared different understandings of the term, and it was clear that this is an area of notable variance in approach and understanding between funders that appear to be offering some form of ‘place-based funding’ and are seen by place-based institutions and communities as being the ‘go-to’ funders to try working with to drive forward place-based activities: whether to support people to live well in difficult places, drive change in place, or to use place-based work to drive national change.

2.1.3 Reflective summary

It is important to acknowledge here that this report is by no means the only work that has been undertaken in recent years to map approaches by place-based funders. We recommend two reports of particular note:

Working in Place: Framework summary (2017) – Institute for Voluntary Action Research (IVAR)

You can’t get there from here: an essay on the concept of place in policy (2019) – John Hitchin, Renaisi

Both set out helpful frameworks for understanding existing approaches to place-based funding and place-informed system change. In particular, the IVAR framework offers an excellent tool to help funders reflect on how their programme should relate to each one of the 10 dimensions of their approach. Many of these are reflected in the interview responses we have shared here, particularly but not only in the areas where there was convergence.

Rather than duplicating the already excellent discussion in these existing publications, we felt it may be helpful, in the spirit of adding to the available resources, to offer a reflection on two specific points flagged in our findings on ‘divergence’: the matrix of place and policy change as one spectrum, and the type of change sought as the other.

2. Review of findings

The two papers refer to both of these in some way – Hitchin’s essay explores some of the core questions on the first of the two areas, with which we tend to concur and hope our framework sits neatly alongside; and the IVAR framework’s Point 3: ‘What contribution are you seeking to make’ relates to our second area. We felt that considering these two dimensions as intersecting axes offers a further angle, specifically on the range of ‘theories of change’ in current place-based funding.

Many funders have programmes that relate to different parts of these two axes, while others tend to focus on one ‘corner’. After some consideration, we felt that it would certainly be reductive, probably difficult and possibly unhelpful to map either real funders or their programmes onto our diagram. Instead we have developed some fictitious illustrations of the type of approach or programme that would fall into each quadrant – composite case studies of actual approaches we know – which we hope you will find familiar and easy to relate to.

We hope that funders will find this framework a helpful prompt for internal discussion, to review whether what they seek to achieve is aligning with what their current or emerging programmes are achieving in practice, and to inform conversations about strategic development and new programme design. We hope that place-based actors might also find it helpful in thinking about where their projects and strategies sit, and which funders might be most aligned with this.

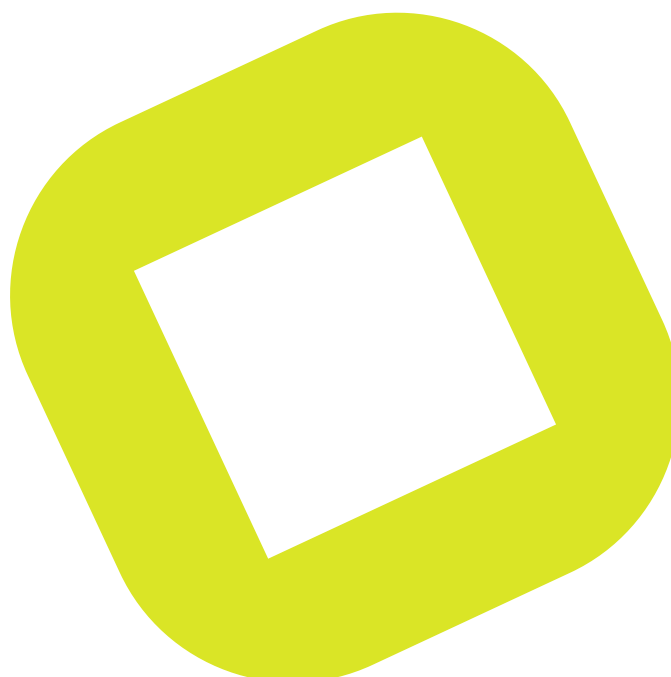
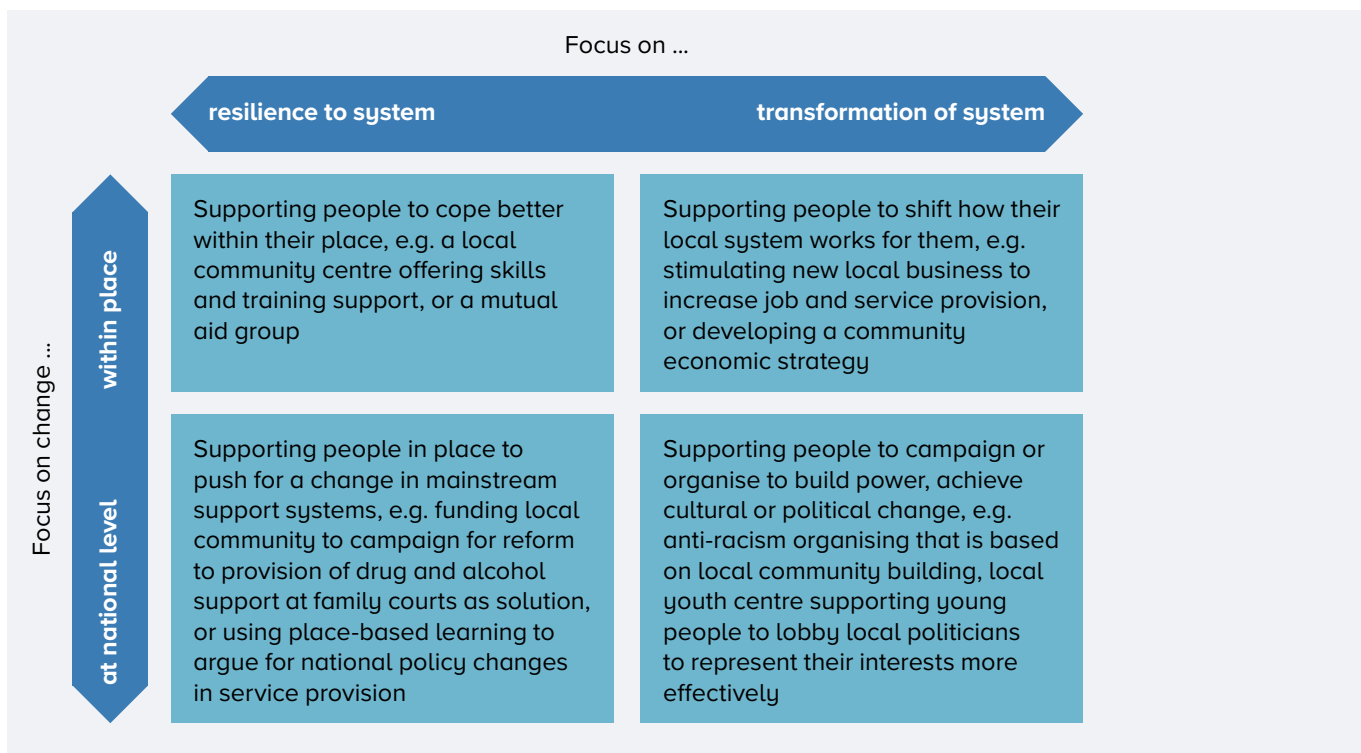


Figure 1: Theories of change and intended outcomes of place-based funding



2.2 How place-based actors understand place-based funders, and how they would like them to operate

Following the interviews, emerging findings were shared with a wider stakeholder group in three forums: a range of place-based funders, including a few of those interviewed, at the Association of Charitable Foundations (ACF) place-based funders’ group; a participant workshop at the Rank Foundation conference in October 2019, made up largely of place-based practitioners as well as some funders; and a workshop on place-based funding at the Growing the New Economy conference in February 2020, with participants including a wide range of stakeholders, from small-scale community development practitioners and council officers, to local and national funders and social finance sector actors.

While discussion in the first two sessions was informal and fed iteratively into developing the structure of this report, the final workshop with around 70 participants was able to explore two specific questions in particular depth, capturing a broader perspective from many recipients of place-based funding and others acting alongside place-based funders in other parts of the finance and funding ecosystem.

The small group discussions were based on answering two questions:

01. How best to support long-term economic change with short-term funding?

02. How would more visible and proactive collaboration between large-scale funders work for place-based partners trying to change local economies?

Five very clear and distinct points of analysis and recommendation emerged from the many insights shared in the 14 small group discussions during the workshop, and these grouped into three themes: the purpose of place-based funding; the nature or characteristics of the work it supports; and the approach and process for developing and channelling funds to places.

2.2.1 Purpose of funding: understanding place-based funding as ‘investment’

Across all the groups interrogating the first of the two questions, a shared starting point that generated strong agreement – particularly from place-based actors – was that ‘short-term funding’ tends to be helpful only if it is deployed in support of longer-term processes and strategies.

Building on this, an interesting set of ideas emerged about what this means for ‘best practice’ in deploying funding to places to generate long-term change. As well as recommending that funders focus on enabling communities themselves to specify long-term strategic outcomes (something only sporadically evident) rather than try to fit their projects into funder- or programme-level strategic outcomes, there was a widely shared recommendation for funders to re-think the nature of their involvement from ‘funding’ (and indeed from just financial resources) to ‘investment’ (not only of financial but other resources such as skills, power and assets). The combined purpose would be:

a) leveraging further resources (investment, funding, finance) and power (relationships, mandate, voice), and b) ‘seed funding’ bigger and longer-term work through initial support.

In addition, but related to this point, was the reflection that the availability of larger pots of money for a place can often have the effect of bringing together local partners around a table and incentivising them, not only to collaborate to access immediately available funds, but also to develop a greater shared sense of long-term strategy. In a sense, catalysing place-based partnership and strategy work is also part of the ‘purpose’ of place-based funding – even before an award is made.

Essentially, the suggestion here is that place-based funding should always be able to answer the question, ‘what is this engagement going to leverage in terms of further and future resources, power and momentum?’

2.2.2 Nature and characteristics of the work that place-based funding supports

Another recurring theme across all discussion groups, and in light of both our questions, was what type of work is most helpful for place-based actors seeking systems-change to be able to resource? This revolved around two distinct themes:

2.2.2 (a) Organisations and institutions

In the context of considering what is most needed by organisations and institutions, several groups reflected that by far the most effective type of funding from place-based funders is that which:

- A. nurtures the strength and resilience of local institutions – including core funding – but also funds the development of things like internal strength, structures, processes, quality and systems
- B. enables local institutions to lift their heads above the daily grind required to survive and meet current need, including funding that provides ‘headspace’ to reflect and innovate, be reactive and nimble, open to new opportunities and ideas, and to have the ‘space to fail’.

2.2.2 (b) Networks and individuals

In the context of reflecting on what places need from the individuals and networks they form across and outside formal institutions, a strongly emerging theme across multiple groups was a need for funding for leaders as individuals, rather than just for institutions, and for this to focus on:

- A. supporting the development of leadership across multiple networks within a place, including the ability to innovate and take risks, to develop their own and also facilitate others’ new connections, to be given a more recognised mandate to lead and connect, and to connect with peers across different places
- B. investing in the ‘human capital’ of a place in a way that sustains the momentum of change outside and beyond the scope of the more limited three- to five-year cycles of political power and many funded programmes; so that a place is able to be rich in individuals who are ‘in it for the long haul’ and able to drive long-term change over 10 or 20 years.

2.2.3 Approach and process

Lastly, but perhaps most importantly, delegates identified several insightful potential solutions to the significant problems with the process by which decisions are made about how funding is designed, channelled, monitored and learnt from. Again, insights fall into two broad areas: one focussing on how things work in place, and the other on how funders collaborate with each other nationally.

2.2.3 (a) In places

This was a particularly rich seam of thought throughout discussion on both questions, and many shared views emerged from separate groups. Broadly speaking, the suggestion was for a fundamental shift in how funders design programmes: moving from an approach where programmes are designed in isolation from, or possibly in consultation with, potential applicants, towards one in which programmes are co-designed with potential applicants. Or as one delegate put it: a shift from seeing funding recipients as ‘consumers’ to viewing them as ‘designers’.

Moreover, integral to this idea was the feeling that, ideally, the potential recipients of the funding in a place should not initially be designing a programme with a funder, but instead a collective strategy for the place; then working with the funder on how best to design funding awards that would support the achievement of that collective, longer-term strategy.

As some delegates also highlighted, this in turn would require an expectation that funders could help drive: that place-based partners should be collaborating to design these strategic visions, and then bring in funding to support the appropriate actors to deliver the relevant parts. This would contrast with the current situation in which different place-based actors, who could be working in partnership, all too often find themselves competing for the same funding streams from the same funders.

Another related suggestion was that funders should be seeking to embed certain principles into the design of place-based funding awards (which it was felt would be more likely to be assured if designed collaboratively with place-based actors), so that the way the funding worked reinforced positive cultural and systemic change rather than replicated the very structures we are all seeking to transform. One example was how short-term (even one- to two- year) funding cycles lead to short-term casualised employment, which is often antithetical to the economic shift the funding seeks to support. Another was that introducing competition between applicants for funding eroded the partnership culture the funding was often ostensibly pursuing. Delegates also raised the issue of risk: where they had experienced a general aversion to funding untried or emergent organisations, despite funding programmes setting out to drive innovation and bottom-up development.

2.2.3 (b) Between funders

Correspondingly, and equally importantly, collaboration between funders was an explicit focus of discussion in several groups. Some helpful insights emerged even though there was a greater degree of divergence between delegates on this point. Some desired much greater and more formal collaboration between larger funders, for example by including common application forms and monitoring frameworks, while others were very hesitant about what they felt would result in the centralisation of administrative and design power away from place-based leadership, variation in design, and less opportunity for small organisations to develop strong relationships with individual funders.

However, there was clear convergence on the following principles:

the benefit to place-based actors when funders are proactively willing to collaborate with each other on a longer-term strategy: not only in terms of funding different sections of a strategy or programme concurrently, but also in terms of funding different stages of a strategy or programme chronologically. This included the desire for a greater ability for institutions and, even more so, existing local partnerships to pitch for larger-scale projects to a collective of funders; rather than, as one delegate put it, endlessly slotting together pieces of a 'jigsaw' of the right sets of match funding for a larger-scale longer-term programme, year after year, knowing that others elsewhere are also doing the same jigsaw from scratch.

- ◆ the importance for place-based actors of funders not seeking to compete with each other nationally. Although it can be helpful if your place has attracted a lot of interest and every funder wants to be involved, it can adversely lead funders to differentiate themselves from others through what they wish to fund, rather than more helpfully sharing a common approach. It was also felt important that funders should not seek to attribute a clear and distinct set of outcomes unique to 'their' funding, when they may be match funding a programme with another funder who also wants to attribute those outcomes to their contribution.
- ◆ It was clear from discussions that not all funders were operating in this way, and there were examples of funders specifically working to avoid such negative impacts. Nonetheless, greater explicit collaboration between funders at national level was strongly recommended in several groups, with suggestions including: a preparedness to join a programme in a place once one funder has effectively endorsed a programme or project by pledging support (and perhaps recommending it to a common group of regular collaborator-funders they wish to match fund or collaborate with); the desire for a shared 'framework' of ways of working, partnering locally and developing strategy; a commitment to supporting wider, joined-up place-based strategies as one part of a bigger ecosystem of funding and resource; and a commitment to partnership working and co-designing.

2.2.4 Reflective summary

In general, it is fair to say that participants focussed much more on potential solutions and recommendations than on categorising how they currently perceive funders. Notes from the discussions reflect how these ideas had their genesis in the widely shared experience of most of the participating place-based actors:

- that there is an emerging set of funders who are increasingly operating in line with the principles set out here – for example Local Motion, Rank Foundation and Community Foundations in some areas – but that, on the whole, place-based actors largely compete with each other for funding, there is competition and lack of collaboration between funders, and funded organisations are left to ‘piece together’ elements of funding from a range of funders into a coherent, strategic process at place level
- a general demand to demonstrate outcomes over three to five years, rather than an understanding of the longer-term time frame for systemic change
- a general sense of a greater than necessary or viable burden in administering the monitoring requirements of funders using diverse frameworks and forms
- a persistent reliance on short-term funding
- difficulty in accessing not only core funding to build resilience and sustainability at one end, but also risk-friendly funding for innovation, investment and asset or wealth-building at the other.

In light of all these insights, the suggestions outlined here seem not only highly sensible but also urgent for place-based funders to review and build into how they design their interventions and collaborations in future, if they are to unlock the full potential of place-based change that their substantial combined resources could surely leverage.



3. A suggested framework for collaboration

Reflecting on the combined feedback from funders, and from the discussions involving funders and place-based actors, there is clearly huge potential and significant appetite for developing funding practice, and sharing learning and collaboration between funders, between funders and place-based partners, and between place-based partners themselves.

It is also clear from the discussions with funders and the feedback from workshops, that there are various reasons why large-scale collaborative programmes at a national level, with common application forms and processes, are neither universally feasible nor desired. Nevertheless, in some instances it seems that place-based collaborative programmes, such as that being developed through Local Motion and those which have evolved organically in places such as Plymouth, may be useful to build on and expand.

However, there seems to be both appetite and viability for the concept of a shared set of principles of practice, to which place-based funders could explicitly aspire, and which place-based actors could use as a framework for developing their strategic approach either to individual funders or perhaps, in some cases, groups of funders to whom they would like to pitch a wider partnership approach.

Here, we have identified those principles that we feel emerge clearly from the themes set out in Section 2.



Developing best practice principles in place-based funding

01.

Funding follows place-based strategy, not vice versa

This principle is a commitment by place-based funders to base their funding support on an existing local strategy, and to consider funding the process to generate a local strategy first if none already exists. This contrasts with those funders that require organisations applying for funds to demonstrate how their work will achieve the funder's own established programme strategy.

02.

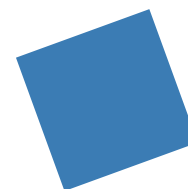
Funders act as part of the wider ecosystem of resources

This is an acknowledgement that funders play a part of a wider ecosystem of resources that circulate in a place. Recognising this may be expressed in a willingness to match fund, both public and private sector resources; proactively seeking to fulfil niche requirements that may vary place to place, rather than duplicate existing approaches for the sake of consistency; and supporting place-based actors in linking up local resources meaningfully.

03.

Funding sets out to leverage next steps towards long-term change

This is about ensuring that all place-based funding is supporting longer-term strategy by making the next steps possible: perhaps through developing an asset that can generate further income, setting up relationships which can leverage further resources and power-shifting, or investing seed funding into work that will grow.



04.

Funders act as co-designing partners

This captures the commitment of place-based funders to work proactively as an equal partner alongside place-based actors, rather than in a donor–beneficiary relationship. This includes not just flexible and trusting relationships once funding is in place, but also a commitment to co-design and collaborate, and proactively facilitate the development of local partnerships.

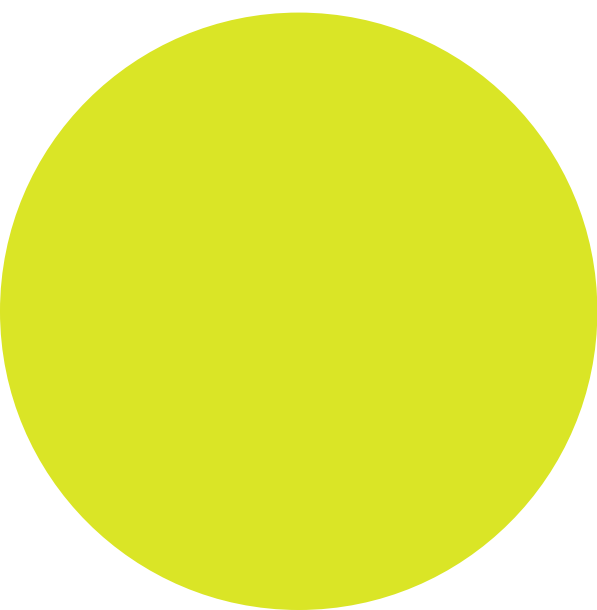
05.

Funders strive to move away from competition towards collaboration

This relates both to funders' supporting coalition and collaboration within places where they fund, and also to a commitment to work collaboratively and not competitively with other funders. It means co-funding, sharing learning, and communicating well even if it is not always viable to work in formal coalitions or collective programmes, and acknowledging that different funders will still have unique and sometimes divergent ultimate goals, as well as an appetite for influence or voice at a national level.

It must be up to funders to consider how far these principles reflect their own sense of how they would like to develop and how practically viable the aspirations are. This report stops short of making recommendations for action by funders, but draws from a cross-section of the impressions of both major funders and a selection of place-based actors, to outline some potential areas for action and collaboration that could be considered.

The table features some practical applications of these five principles in a variety of different scenarios, to illustrate what good practice could look like.



A framework for implementing best practice principles of place-based funding

	Small scale	Large scale	Short term	Long term
Funding follows place-based strategy, not vice versa	Funder might seek to contribute towards an existing strategy or contribute to supporting activities to develop one if none already exists	Funder might provide an initial stage of the funding that centres on strategy development, or might commit to supporting a substantial strand of a strategy that already exists	Could fund strategic workshops, or a short-term freelance contract for a convenor/facilitator to draw together partners in a process; could fund a catalysing event or report that is crucial to unlocking the next stage of a strategy or process	Could support several stages of a strategy; could support in a flexible drawdown way, allowing for iteration and variation over time as strategy is refined and developed; could support the maintenance of partnership networks or key staff who can drive through longer-term strategy across multiple programmes
Funders act as part of the wider ecosystem of resources	Can ensure that funding is filling a niche, matching or amplifying, or supports the leveraging of larger pots and further resources	Can fill a niche, can support the coordination of numerous resource flows, and meaningfully sit alongside longer-term investment or public funding, or capital investment	Can meet an immediate need; can be put towards assets or help unlock larger pots	Can meet ongoing un-met need, and be flexible to shifting focus as ecosystem develops
Funding sets out to leverage next steps towards long-term change	Can be matched with other funding; can support activities that are crucial in building ability to access further resource, e.g. a feasibility study, or covering staff time to fundraise, develop new ideas, or build partnerships	Can enable individuals and communities to build long-term strategic relationships with mainstream power holders and shift power relationships; can act as a front-runner, setting up serious and large-scale work that means greater and longer-term resources will be drawn to follow	Can act as seed funding or leverage; can be invested in capital project/asset; can be invested in training and leadership development	Can act as stabilising long-term income source against which organisations are able to bring in further funding, investment, borrowing
Funders act as co-designing partners	Ensuring that small-scale pots are effectively deployed to support existing and longer-term plans, designed to be as flexible and adaptable as possible	Ensuring that place-based actors are involved creatively in the design and, if possible, ongoing decision-making process for large-scale funding programmes	Could fund engagement work, or capacity building and/or reimbursing people's time to support places in building ability to become involved in co-design	Could fund long-term co-production processes; could support culture shift over many years, enabling people in place to lead on designing and directing resource flows in their place
Funders strive to move away from competition towards collaboration	Where not possible to fund multiple organisations, could ensure that in funding a smaller activity or element, it is something that supports broader collaboration and partnership or the capacity of one organisation to support wider ecosystem	Where possible to fund collaborative projects, the flexibility to fund across organisations, and to support the time it takes to run things together; where feasible, join up with other large as well as smaller funders to combine and align resources effectively	Short-term funding might support activities, investment and production of collective tools and resources that will enable ongoing collaboration and communication	Longer-term funding might include resourcing networks, organisations who convene, or individuals who are connectors; might support existing resource providers to connect more effectively



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