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# Executive Summary

## Research into:

- **The barriers faced by community businesses and organisations led by and/or supporting people experiencing marginalisation when accessing funding and support.**
- **Recommendations and solutions for funding and infrastructure organisations.**

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**April 2023**





power to  
change

**SPARK  
INSIGHTS**



**locality**  
the power of community

# Table of Contents

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**01**

**Research Overview**

**02**

**Evidence Review**

**03**

**About the Participants**

**04**

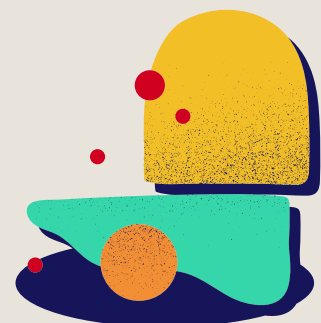
**Insights From Community Business  
and Organisations**

**05**

**Insights from Funding and  
Infrastructure Organisations**

**06**

**Recommendations**



# 01. Research Overview

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## 1.1. Research aim

In July 2022, Spark Insights, and Locality, were commissioned by Power to Change to conduct research on the experiences of community businesses and organisations led by or supporting people experiencing marginalisation on the barriers and solutions to accessing funding and support.

## 1.2. Research approach



**Evidence Review:** An evidence review was conducted to assess and understand the existing research.



**Interviews:** Tailored interviews were conducted with 27 community businesses and organisations, and 10 funding and infrastructure organisations.



**Roundtable discussions:** 2 roundtable discussions were conducted where participants helped to develop recommendations



**Internal Survey:** Power to Change staff were surveyed to support the research.

The insights in this report were gathered through thematic analysis of the research. The insights include recurring and emerging barriers for community businesses and organisations, responses from funding and infrastructure organisations and recommendations.

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## 1.3. Research partners





## 02. Evidence Review

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### 2.1. Striving for equity: an uneven playing field from the get-go

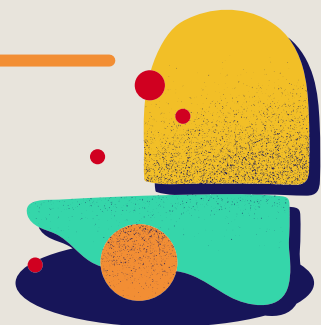
Persistent and severe underinvestment into community businesses and organisations supporting people experiencing marginalisation, alongside the impact of austerity measures and increased demand on stretched services has resulted in community businesses and organisations struggling with financial sustainability, dependent on volunteers and small teams, and ultimately striving for equity.

**“Persistent severe underinvestment - and the lack of equity in funding and procurement streams had left the sector in a state of mere survival.”**

**- No more blank pages, Locality Quote from Black South West Network (BSWN).**

### 2.2. Placing equal value on lived experiences: the battle between authenticity and tokenism

It is estimated that only 1 in 10 funders work collaboratively and equitably with people with lived experiences. Lived experience is still seen by funders and organisations as marginal rather than central. This results in lived experience insight being treated as an advisory tool, which further reinforces tokenistic approaches like focus groups or consultation sessions. Lived experiences will only effectively support funding decisions if taken seriously, and approached with consistency and commitment.





## 02. Evidence Review

**“There is a clear lack of lived expertise in leadership teams. CEOs are rarely connected to their cause, and usually come from privileged backgrounds.”**

**“This embeds a culture in which lived expertise is not understood as central and strategic but as ‘advisory’... the sector now broadly understands that lived experience is important, but even when action is taken, people with lived experience are often viewed more as ‘informants’ than change makers and leaders of change.”**

**How does the charity sector think about diversity? Association of Chief Executives of Voluntary Organisations (ACEVO)**

### 2.3. Changing exclusionary behaviours: pre-existing stigma and bias exists

Leaders and staff from marginalised backgrounds reported feeling uncomfortable or unwelcome when entering spaces and places which were not part of their ordinary communities. There seemed to be a sentiment expressed that people felt ‘not good enough’ to apply to certain programmes or opportunities.

Funding and capacity building programmes are perceived to have an entrenched and hidden ‘code’. This refers to decision making, nuances that aren’t transparent or communicated clearly, and dynamics that require pre-existing relationships to be aware of. These ‘codes’ often lock out people from marginalised backgrounds.

Funders and infrastructure organisations are at risk of further perpetuating wider systems of oppression with their behaviours without consistent, dedicated and embedded approaches to anti-oppression and anti-racism work.





## 02. Evidence Review

**“There was a general sense of being unwanted or unwelcome in certain spaces which was often discussed in direct association with gentrification, a commonly recurring theme across interviewees.”**

**- “We are ghosts”: Race, class and institutional prejudice, The Runnymede Trust and Centre for Labour and Social Studies**

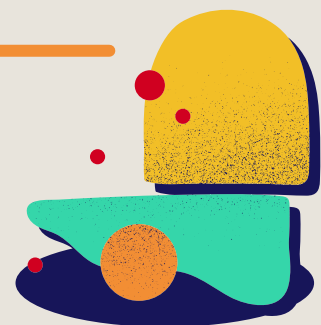
### **2.4. Rebuilding and redesigning: existing processes and approaches aren’t equitable**

Leaders experiencing marginalisation feel the system is not designed to support them. Whilst people can be upskilled, the sentiment from the evidence is that there will not be progression until systems are designed to include people experiencing marginalisation, regardless of how much capacity building is delivered.

Community organisations led by people experiencing marginalisation are facing additional pressure to support the development of the anti-racism movement in the sector. Alongside the increased demand on services, people experiencing marginalisation leading community organisations expressed deep levels of burnout, fatigue, exhaustion and reported feeling secondary trauma.

**This funding approach burns out good people and dissuades others. It conveys the message that seeking solutions to societal problems is only for the better resourced, the white and the middle classes.”**

**- Shared Futures: Funders, Funding and the BME Third Sector, The Runnymede Trust**





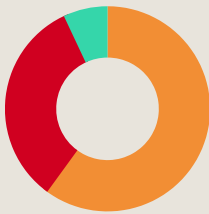
## 03. About the Participants

### 3.1. Research participants

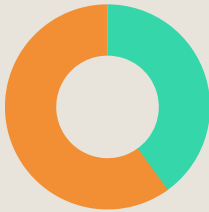
Our team conducted in-depth interviews to explore the experiences of community businesses, as well as funding and infrastructure organisations. We spoke with:

- 27 community businesses and organisations led by and/or supporting people experiencing marginalisation.
- 10 UK based support and funding organisations, including infrastructure organisations, grant funders and social investors.

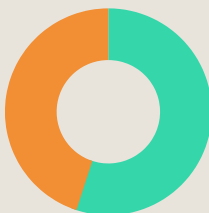
### 3.2. About the community businesses



- **Funding from Power to Change**
  - 60% had not previously applied to funding
  - 33% had previously applied but been unsuccessful
  - 7% had previously applied and been awarded.



- **Legal Structure**
  - 40% were community interest companies limited by guarantee
  - This emerged as the preferred legal structure due to its relative ease in setting up and comparatively manageable amount of administrative responsibilities.



- **Link to Local Community**
  - All the community businesses and organisations we spoke to had links to their local area, but only 55% felt they could be defined by this link in isolation.
  - Interviewees felt they were better defined by their link to a particular community through a social issue or cause, faith group or characteristic.

### 3.3. Funding and infrastructure organisations





## 04. Insights from Community Businesses and Organisations

### 4.1. New capacity challenges in a rapidly changing world

Whilst community businesses and organisations are experiencing unprecedented demand for services, funding and infrastructure organisations have not come close to catching up to provide the relevant support and funding needed in 2023 and beyond.

Organisation leaders described dealing with new challenges and realities in a post-Brexit, Covid-19 impacted world, with both the climate crisis and the cost-of-living-crisis posing new threats. Resilience of staff was described as “being at an all time low” and interviewees described feeling “as if we’re constantly coming up to a cliff edge”.

**“We're going into a really, really horrible political climate, in terms of racial justice, and refugee and migrant rights. And we're going to need to be supported 100% by organisations that can fund or give guidance, or support organisations like ours, because it's going to get more and more difficult.**

**We need funders to understand that we are going to need all the help; so much more help, in the coming years, because it's not going to get more progressive.”**

**- The Refugee Buddy Project**

**“I don't have a team of people to apply for funding... I do everything from start to finish.”**

**- DON'T SLEEP ON US**







## 04. Insights from Community Businesses

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### 4.2. Community Businesses and Organisations feel locked out by funding criterias and requirements

Community businesses and organisations gave great care and consideration to application criteria posed by funders. There was a strong sense that it was not worth applying unless they met the criteria to an exacting degree, and could robustly evidence that.

Requirements around legal and governance structures, turnover, track record and impact evidence thresholds were stated as common barriers.

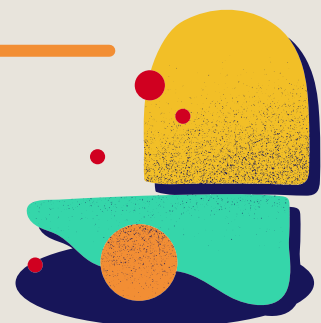
Interviewees expressed that their organisations often struggled with being too capacity poor to take any risks, and a common challenge was the perception that it was not worth the risk to invest the time required into applying for funding given rigid criteria.

**“We’re hovering just under the £100k mark that [the funder] required. I don’t want to push myself to get a higher turnover. I want to push myself to serve my community more.”**

**- The Bipolar Lift**

**“There’s no level of fluidity, you have to fit in with their model of operation”**

**- Home Girls Unite**





## 04. Insights from Community Businesses

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**“It was mind blowing ... the legal side of everything, the responsibility of everything.”**

**- Let's Keep Growing**

### 4.3. Applications processes pose problems from A to Z

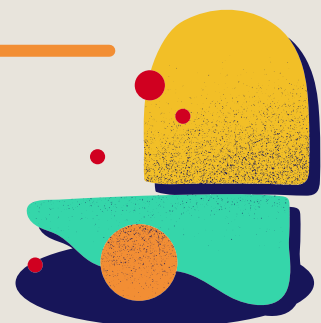
Interviewees expressed that application processes for both funding and support were a strong pain point. Recurring themes that came up were time, energy, data requirements and use of language.

There was a sense of fatigue and frustration towards buzzwords, jargon and acronyms. To many community businesses and organisations, the style of language used by funders felt like the language of an entirely different social group; inaccessible language that further reinforced hierarchical structural systems and inequalities.

Many interviewees spoke about not being able to report or describe their impact in the way that funders required due to the lack of quantitative data.

**“I think there is a laziness... a lack of awareness that this isn't our language... why do you think that we should understand that acronym?”**

**- Mabadiliko CIC**





## 04. Insights from Community Businesses

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**"The minute I see a funding application something happens to my body. Too much, it's just too much."**

**- GoGrowWithLove**

**"For people who are disabled who or living with chronic health conditions or energy limiting conditions, these [funding applications] are [expletive] so energy intensive."**

**- Asian Woman Festival**

### **4.4. Innovation is stifled by competitive and restrictive processes**

A strong emerging frustration from community organisations was the lack of investment and support to foster innovation practices. Over half the organisations we spoke to expressed a desire to be supported to bring new innovations to solve existing problems being faced by the communities they exist to serve.

There was a sense of resignation that innovation had been stifled and that this was ultimately holding the community business sector back from delivering effective interventions to tackle marginalisation.

**"Question yourselves - why is funding structured this way? You might be dealing with the symptoms rather than the problem. The problem doesn't go away and needs something innovative."**

**- Inspired Neighbourhoods**





## 04. Insights from Community Businesses

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### 4.5. Funders need to engage with human stories and human problems on a human level

Human contact was the strongest theme when it came to both finding out about funding and support opportunities, and feeling confident enough to apply to them.

Overwhelmingly, community organisations and businesses strongly felt that human conversation and interaction was the best way for people in decision making positions to truly understand impact. Webinars and virtual sessions were also received with great positivity, and seen as a tool to meet community businesses and organisations halfway.

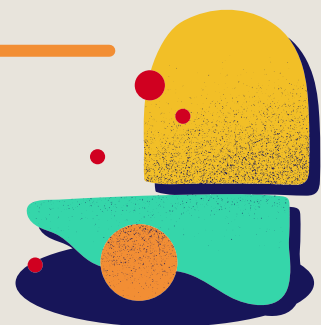
**"If they had more staff on the ground, talking to people before they submit the applications, you would, you would think, have more equitable funding."**

- Community Enterprise Engine

### 4.6. Funders need to hold space for complexity, nuance and multiple realities

Interviewees were frustrated by the lack of space for complexity and nuance, describing the lack of understanding from funders of more complex and granular considerations. This includes things such as tribal differences within communities or the census not collecting data on different East and Southeast Asian identities.

There was a sense of protectiveness towards the people and communities experiencing marginalisation and a reluctance to share [and even collect] data around lived experiences and protected characteristics, driven by the desire to centre the safety and wellbeing of individuals from funders who lacked understanding.





## 04. Insights from Community Businesses

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**“I don’t like having to identify myself and my characteristics.”**

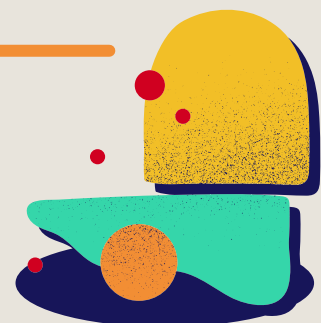
- Think2Speak

**“We have not applied for funds if the information they are requesting feels too intrusive.”**

- Brighton & Hove Black Anti-Racism Community Organisation (BARCO)

**“It’s box ticking for funding, what funders want to hear.”**

- Black Butterfly





## 04. Insights from Community Businesses

### 4.7. Funders need to address their own barriers - it's a two way street

Community organisations shared their concerns around internal skills, knowledge and capacity of funding and infrastructure organisations to work more equitably.

A recurring theme was the desire to see funders address their own internal systemic imbalances. Trustee boards, for example, were often cited as a perceived barrier for funders striving to work more equitably.

Community organisations were vocal and challenging of existing narratives and exclusionary practices within the grant funding and social investment landscape.

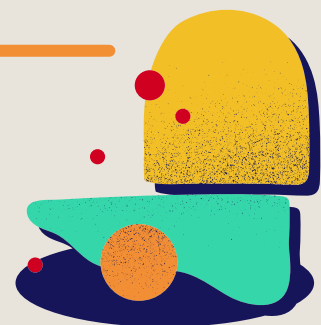
The question posed by several interviewees was why grant funders and social investors weren't using their endowments and investment returns to invest into their capacity to do inclusion work more effectively.

**"We know how much money there is at the top of the charity sector, and we know how little money there is at the bottom."**

- Made in Hackney

**"Funders have huge amounts of wealth. If some of their barriers are capacity or not having enough resources to truly support marginalised organisations, why aren't they taking some of their endowments and investing it better? Into their own organisations, so that they can serve communities better?"**

- Community Enterprise Engine





## 04. Insights from Community Businesses

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“We were running out the back alley of a social housing estate. We don't have an address or bank account. Luckily a local organisation stepped in and let us run the funds through them.”

- Anonymous

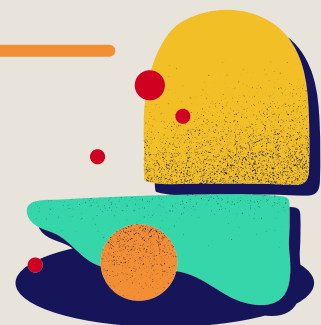
“We hold funding for smaller community organisations that don't have all the legal stuff in place but it makes us look bigger than we are. But what can you do, do you just turn your back?”

- Anonymous

### 4.8. Community anchors are evolving to support each other where current funders and support systems don't

Smaller community businesses and organisations we spoke to describe working with “anchor” organisations as a vital source of support; these are more established community businesses and organisations that are acting as custodians, providing access to an address or a bank account for example.

Community businesses and organisations who had acted as anchors felt it was their responsibility to support the incoming generation of community leaders with the common hurdles perpetuated by the formalities of incorporation or application processes.





## 05. Insights from Funding and Infrastructure Organisations

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### 5.1. Alignment to mission and values is essential

There was a notable difference between the organisations that were able to articulate the link between their mission and values, and how these related to engagement with people and communities experiencing marginalisation.

Where organisations were unable to clearly link their strategies or their approaches in working with people experiencing marginalisation to their own mission and values, there was a general lack of clarity and sense of confusion regarding the effectiveness of their approach, as well as individual roles. Where approaches and strategies were developed and delivered in line with the organisation's mission and values, there was a greater sense of clarity around the end goals.

**“Our entire mission is creating a fairer future, so we say it's almost like the thing that drives us. Even though we do research, checking and challenging, whose voice are we not hearing? How involved are people to varying degrees? And what might get in the way?”**

**- The Young Foundation**







## 05. Insights from Funding and Infrastructure Organisations

**“Tackling inequality is our like North Star. It's what we believe we're here to really do, you know, through providing grants and finance to socially focused organisations, we believe that is contributing to tackling inequality.**

**So how we do that is really important, because obviously, if we're not reaching people from different communities in that process, then we're just not going to meet our aims and our mission. We do have a clear strategy on that.”**

**- Social Investment Business (SIB)**

### 5.2. Building confidence, knowledge and credibility has to be prioritised

Interviewees from funding and infrastructure organisations recognised the limitations around their own personal knowledge, as well as discomfort around not having lived experiences. Ultimately, interviewees stressed the importance of building credibility.

All organisations expressed that there were a wide range of starting points and knowledge levels across their organisation when it came to equity, diversity and inclusion. One of the key challenges experienced by funding and infrastructure organisations was getting staff on the same page in terms of priorities and establishing a starting position.

**“I think everybody that is involved brings their own perspectives and experiences, that personal point of view or marginalisation that they have felt.”**

**- Plunkett Foundation**





## 05. Insights from Funding and Infrastructure Organisations

“It might be a struggle to think of what the specific actions we should take are, it's more about uncovering and reflecting on what the issue is and understanding the scope of the challenge. It's moving now into a phase of what can we do more proactively to address this?”

- National Association for Voluntary and Community Action (NAVCA)

### 5.3. Limitations around data collection and management need to be addressed

Organisations we spoke to acknowledge the various limitations around data collection and management. A recurring theme was the lack of metrics and performance indicators regarding the performance and outcomes of equity, diversity and inclusion measures.

Limitations included:

- Uncertainty around what data to collect
- Lack of knowledge on how to frame questions and response options
- Lack of clarity on how to balance data with lived experiences and frontline insights directly from communities.

“Data takes you so far, it can be useful... it can't be a purely neutral, data driven thing though. There always has to be an element of it which is interpersonal. There's no amount of data that tells you, for example, would X individual be competent and confident enough to talk about the great work they're doing in front of X audience.”

- Social Enterprise UK (SEUK)





## 05. Insights from Funding and Infrastructure Organisations

**“There's lots of data collection and Impact Reporting. But actually, do you really understand, at a visceral level, what communities are grappling with? And what's happening on the ground? What's really, really taking place, what the needs really are outside of what the report has told you?”**

**- Social Investment Business**

### 5.4. Developing trust with people and communities is a pressing priority

Whilst community businesses strongly expressed the desire to be trusted, funders and infrastructure organisations recognised the existing dynamics were not designed to create and foster this trust.

There was emphasis on the importance of being intentional, and developing long term relationships, and a deeper understanding of people, communities and the different types of marginalisation. Funding and infrastructure organisations are also aware that often language used in the sector was exclusionary and detrimental to creating trust.

**“You've got to build the relationships and you've got to create that kind of trust. So that organisations feel able to come and talk to you when things are going wrong.”**

**- Social Investment Business (SIB)**





## 05. Insights from Funding and Infrastructure Organisations

“Organisations can be trusted to know where they need the funding.”

- NCVO (The National Council for Voluntary Organisations)

“I've heard some people from marginalised communities report a lack of trust between their community and funders, including public sector funders, because they've been let down in the past.”

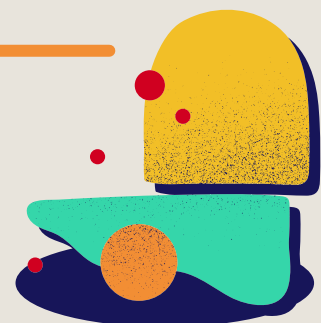
- Power to Change, internal staff survey

### 5.5. Building effective partnerships is a tried and tested way of building trust

There was consensus that an area of success and best practice was around building partnerships. Interviewees acknowledged that there were different types of partnerships that were essential to develop:

- Specific expert partnerships with infrastructure organisations who have knowledge, reach and engagement in particular area or communities
- Collaborative partnerships with other funding and capacity building organisations to share knowledge and best practice
- Delivery partnerships allowing organisations to work together on specific programmes of funds.

A risk of the current approach in building partnerships is an over reliance on a small group of the same organisations; it is imperative that funders expand their network of partners.





## 05. Insights from Funding and Infrastructure Organisations

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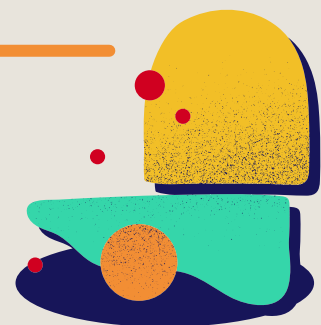
A risk of the current approach in building partnerships is an over reliance on a small group of the same organisations; it is imperative that funders expand their network of partners.

**“What we've realised is actually partnerships work, so bringing different people together has been an area of success.”**

**- The National Lottery Community Fund**

**“I'm not sure we ever feel confident we've got it right. And I'm not sure we feel we're the experts in this. So we do look to external organisations to see what they're doing.”**

**- Co-Operatives UK**





## 06. Recommendations

### 6.1. Messaging: language, images and videos

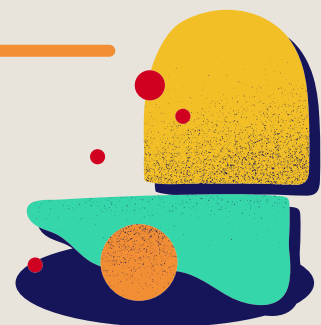
**6.1.1. Language:** Language: Community organisations felt that language used shows if a funder is working to be genuinely inclusive and holding space for complexity. We would recommend the use of plain English across external communications, eliminating jargon and acronyms wherever possible, tailoring language use to specific communities and reviewing language use on an ongoing basis.

“If an organisation or a fund is quite clearly thinking about people who are disabled, and so using the disabled communities language. If they are thinking about people who are queer, and so using the queer communities language. If they're thinking about people of colour, and using the language that people are using on the ground at that moment in time. Language evolves and they need to evolve.”

- DON'T SLEEP ON US

**6.1.2. Images:** There is a desire to see more authentic images showing people experiencing marginalisation in assertive and leadership roles. Community organisations also felt there needed to be more representation of different types of marginalisation, including some that are less visible but can be captured through photography e.g. people with caring responsibilities, disabled people, Black men, the LGBTQIA+ community.

Our recommendation would be to do an image audit, add alt text for photos that include a description of the image and its source, and incorporate more images that do not reinforce existing power dynamics.





## 06. Recommendations

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**6.1.3. Videos:** There is a great opportunity to incorporate videos as a tool to better engage with people and communities experiencing marginalisation. Some examples given were:

- Short and clear videos that show how to submit an application
- Step by step videos that shows how to use online tools
- Case study videos that show how people and different communities applied for and used funding
- Webinars, as well as webinar videos on the relevant programme pages, were well received and encouraged.

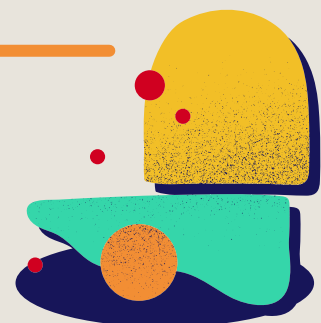
### 6.2 Simplifying application processes

Simplicity needs to be centred in application processes. Community organisations are struggling to operate in the current environment; every question asked and document request made contributes to the feeling of overwhelm, and further strains capacity.

Community organisations led by neurodivergent people, disabled people or people with chronic illnesses all expressed a desire to see application processes that were more inclusive for people with accessibility requirements.

There was no particular format that people preferred to communicate in, however, there was a strong desire to be able to choose to submit applications and communications in a format most appropriate to them. For example, interviewees expressed a preference for being able to choose between submitting a video, a voice note or a written application.

- Consider allowing applications via different formats, recognising that accessibility requirements often lead to different preferences, and these are rarely static.





## 06. Recommendations

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- We would recommend and encourage incorporating webinars and in person visits where possible.
- We would recommend reviewing current application processes and reducing the number of questions, the information volume and documentation needed.

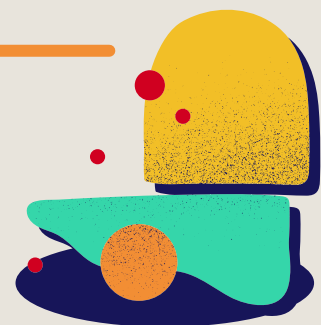
### 6.3. Targeted capacity building

There was a strong and clear desire to see targeted support in three key areas:

- Early stage set up: what you need to know, consider and have in place to set up a community business.
- Legal and governance structures: what do they mean, what are the risks, how to choose the right one.
- Financial management: what financial documents do you need and how can this be done.

These topics were seen as the most pressing for community organisations; there was a sense that not being supported in these areas was at best holding community organisations back from delivering on their mission, and at worst contributing to their closure. It was stressed that support needed to be accessible, relatable and inclusive.

Social capital also emerged as a pressing issue. Community businesses and organisations and organisations identified that a lack of social capital affected their ability to build relationships with grant managers and investors, as well as decision makers in bidding and procurement processes. Community organisations expressed that they would greatly benefit by supporting building social capital.







## 06. Recommendations

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### 6.4. Anchor organisations

There is an opportunity to further build networks and partnerships with anchor organisations who both work directly with communities experiencing marginalisation, and support community organisation leaders. Anchor organisations need to be resourced and equipped to continue developing the vital support they currently provide.

Community businesses and organisations shared examples of how this could work:

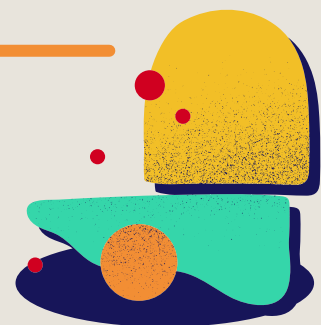
- Enabling anchor organisation to act as interpreters and/or translators
- Resourcing anchor organisations to support with applications
- Equipping anchor organisations to support impact and/or outcomes measurement and management.

### 6.5. Internal Representation

Decision makers and staff need to both better understand and better reflect the communities their organisations are aiming to serve. Community businesses and organisations expressed the importance of transparency around what the internal makeup of the staff team is, as well as the measures being taken to address any gaps.

We suggest that funders and infrastructure organisations:

- Publish data on the internal makeup of the organisation
- Share steps that are being taken to support existing staff and address gaps
- Make team profiles accessible and visible on websites and communications.





## 06. Recommendations

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### Collaboration and Knowledge Sharing

For funders and infrastructure organisations alike, there was a recognition that knowledge and skills needed to be further developed within internal staff teams. There was also an appetite for peer support, and to share learnings as well as absorb best practices from other organisations in the sector.

We would strongly recommend funders and infrastructure organisations prioritise collaborating with others in the sector to build internal capacity and knowledge. Some examples of how this can be done are publishing blogs and data, creating peer networks or sharing knowledge through webinars and workshops.

