

Small Grants evaluation summary



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Executive summary

Small grants provide a lifeline for many organisations. Funders provide small grants to grass roots projects that deliver widespread benefits for people across the UK. The Big Lottery Fund (BIG) recently commissioned the Policy Studies Institute to complete a large-scale study which explored the purpose, benefit and potential of small grants from the perspective of both funders and projects. This is the summary of the main findings from the full evaluation report, which is available on our website at: www.biglotteryfund.org.uk.

Key findings

- ▶ A wide range of features in small grants programmes are important for applicants. These include the size of grant, the detail required for the application form, the focus of a programme and the speed of funding decisions.
- ▶ Small grants funding was perceived by some grant holders as a stepping-stone to develop the skills and experience necessary to apply for further grants. 58 per cent of BIG projects surveyed through the evaluation were first-time applicants
- ▶ Applying for small grants was particularly challenging for organisations that did not have any previous experience of funding.
- ▶ Some organisations would like further support in making the transition from small grants programmes to applying for larger sums of money.
- ▶ 70 per cent of survey respondents found the monitoring process useful as it led to improvements within their projects and helped them to develop better management systems.
- ▶ 71 per cent of the grant holders surveyed agreed that their project had been very successful in their local community, 60 per cent felt that individual lives had improved, 62 per cent offered more activities and 51 per cent had reached new beneficiaries.

- ▶ Despite the relatively small sums involved, small grants were cited as leading to a range of benefits: improvements in local facilities, an increase in community interaction and improvements in community cohesion, health and well-being.
- ▶ Small grants have helped organisations to improve the skills of staff and volunteers, increase their chances of sustainability, raise their profile in the local community, develop new partnerships and provided them with the opportunity to deliver more innovative solutions to local problems.
- ▶ Suggestions for improving small grants programmes 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 longer term funding and funding staff costs.

Introduction

Small grants play a vital role in supporting local community projects that are mainly delivered by third sector organisations. Over the past 14 years, BIG and its predecessor bodies have invested hundreds of millions of pounds in several small grants programmes that range in focus, delivery mechanism, geographical coverage and scale. These programmes range from the popular Awards for All programme which provides funding for a broad range of activities, to the Investing in Ideas programme in Scotland which supports organisations to pilot ideas or complete feasibility studies for projects which can then be scaled-up with further funding. Thousands of small grants have been awarded through both our current and legacy programmes.

In May 2008, we commissioned the Policy Studies Institute (PSI) to complete an evaluation to assess the purpose, benefit and potential of small grants. The evaluation explored these three areas from the perspective of BIG, other funders and projects and sought to answer questions including:

- ▶ What are the different purposes of small grants programmes run by BIG and other funding organisations?
- ▶ What are the most important features of a small grants programme for applicants and funders?
- ▶ What is the range and type of organisations that have received grants and how does this compare to applications to programmes that offer larger grants?
- ▶ What types of projects and activities have been funded through our small grants programmes and what outcomes do they achieve?
- ▶ Do small grants lead to larger grants for projects from BIG or other organisations?
- ▶ How do organisations find the current application and grant management process and what improvements could be made to small grants programmes?

For the purpose of the evaluation, we defined small grants as having a value of less than £50,000.

Methodology

The methodology for the evaluation included interviews with BIG staff, other funders and projects. It also included a large-scale survey which was completed by 2,800 projects. A sample of projects that received grants of over £50,000 were also sent a survey so that the different characteristics of small and large projects could be analysed in the evaluation.



Small grants serve a variety of purposes for BIG, other funders and grant holders. BIG and other funders primarily use small grants for three 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. Thirdly, small grants can act as seed money for an organisation to pilot and test the feasibility of ideas which can then be scaled-up through other sources of funding.

The evaluation survey highlighted that small grants are widely used by funders to support first-time applicants. 53 per cent of the 85 other funders surveyed stated that around half of their grants were awarded to first-time applicants. Similarly, 58 per cent of BIG projects surveyed through the evaluation were first-

time applicants. This suggests that small grants are often the first step on the funding ladder for smaller organisations enabling them to go on to further sources of funding after the initial grant. 30 per cent of survey respondents had applied for more funding since their last BIG grant and 52 organisations in this group had applied for a higher grant amount. For example, 44 per cent of survey respondents stated that they applied for a larger grant following their small grant from BIG.

The characteristics of small grants programmes differ between funders. The evaluators surveyed 85 other funders and found that 45 per cent of them take an entirely strategic approach to funding, which includes clear and focused 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 help applicants to understand

potentially complicated eligibility criteria. This can reduce the incidence of ineligible applications that can waste time and resources of both applicants and funding organisations. A further advantage of strategic funding is that it allows funders to target a specific area or issue that they want to change, which can help to influence wider policy or practice in the longer term. Examples of strategic programmes include BIG's International Small grants programme which provided grants of up to £10,000 for organisations to research the feasibility of delivering a larger project through the International Communities programme.

37 per cent of funders surveyed as part of the evaluation 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 advantage 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 the gaps' in funding. For some funders the demand-led approach was associated with a simplification of processes and application management. However, one of the challenges of this approach is that it can often result in more applications for grants than the amount of funding available for a programme. This can have a direct impact on funders' resources and administration costs, as a significant volume of applications have to be assessed which do not ultimately receive any funding due to the limited resources available.

Case study – the benefits of small grants

A self-help group received £3,850 from BIG's Awards for All programme to expand the services and opportunities provided for local women experiencing stress and post natal depression. The funding paid for trainers to deliver a programme of exercise and relaxation therapy on a monthly basis over one year. Activities included pilates, stress management, reflexology and other alternative therapies. The project helped to raise awareness about post-natal depression. Participants mainly benefited through improved mental and physical health. Regular meetings provided a social time for young mothers away from their family responsibilities. Mothers were also able to learn new techniques for relieving stress.



Around one fifth of funders (including BIG) operate a mixed portfolio of programmes which combine both strategic and demand-led approaches to funding. This enables funders to make both a specific change to an issue and also respond to locally-defined needs from applicants through open small grants programmes. The mixed approach to funding is popular amongst applicants as it means that a diverse range of projects can be funded through small grants programmes. Small grants are also used by funders as a means to support causes or activities that do not receive widespread backing from other sources of funding, such as public giving. Funders sometimes use small grants to support causes that are less popular with the public or the media, but this funding often provides a critical lifeline for organisations that are helping people who are most in need or from particularly disadvantaged communities.

The research explored the purpose of small grants from the perspective of projects that had received funding from BIG. The qualitative interviews with grant-holders suggest that small grants are an essential source of funding for their activities and, in many cases, the grant from BIG was the only funding a group had received. 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 BIG grant-holders regard a wide range of features in small grants programmes as important, including the size of grant available, the ease of applying for funding, the criteria for grants, the focus of the programme and the speed of decisions. Expert support provided by funders for organisations was also cited as being important for applicants. For example, BIG provides specialist support through third party providers to support organisations with applying for funding and helping them to develop systems to evaluate the impact of their grants.

The research found that BIG projects 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 sub-group that were targeted. Older people and people with a disability were targeted by a quarter of survey respondents. Smaller-sized grants tended to be received by groups that are run solely by volunteers and groups that were recently formed.

“Small grants can lead to big things... It’s about a smallish group of people doing something that actually could benefit the wider community.”
BIG staff member

Small grants funding was perceived by grant holders as a stepping-stone to developing the skills and experience necessary to apply for further funding. Almost one third of survey respondents had applied for more funding since their last BIG grant and half of the projects within this sub-sample had applied for a higher grant amount. This demonstrates the value of small grants in enabling organisations to develop and progress on to larger grants so that they can deliver more services to tackle a theme or issue in their community.

The issue of securing further funding to continue activities after the initial grant ends is a continuous challenge for both small and large third sector organisations. Some small grants are for one-off events and are time-limited, whereas others are designed to deliver activities over a longer period of time. For the latter type of project, securing additional grants from funders is the main approach used to continue activities. Some smaller organisations interviewed as part of the evaluation felt that larger organisations with more experience of completing application forms would have a better chance of securing future funding in the current economic climate, compared to smaller organisations with less capacity.

Applying for small grants

Applying for a small grant can present a number of opportunities and challenges for organisations. The evaluators found that while BIG staff felt that application processes were simple and straightforward, they pose a number of challenges for applicants from newer organisations, or for people who 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, such as Awards for All, which is BIG’s flagship small grants programme.

“Once you build up a good sort of CV of different funders who really like what you’re doing, I think it helps you go on to access another fund if you like.”
BIG grant holder

The researchers found that groups with little experience of applying for funding sometimes find it difficult to succeed in securing a grant. This is mainly because smaller organisations tend to be run by volunteers who did not always have experience of completing application forms and suggests that there could be a role for funders in providing support at the application stage to these organisations. Some smaller organisations cited the time required to complete applications forms as an issue. The evaluators also found that some applicants stated that funders’ assessment processes favoured people who knew how to convert project ideas into the right terminology.

‘I knew these funny little phrases like, what are your outcomes? what do you hope your outcomes to be? - education speak! I’m not sure that would be terribly easy for somebody that didn’t have that background.’
Applicant

Interviews with projects identified that some organisations would like further support in making the transition from small grants programmes to applying for larger sums of money. This was mainly due to the extra level of information that is required to apply for larger grants. Half of small grant applicants sought help in completing their application forms, including a fifth who sought this from BIG. Several applicants also got support from community development workers, third sector umbrella organisations or other networks. These findings suggest that support for organisations who do not have experience of applying for funding is critical in helping them secure a grant. Funders may want to consider how they can provide further support for applicants that do not have much experience of applying for grants, or simplifying their application processes to make accessing funding easier for these organisations.

Grant management

The monitoring requirements during grant management vary according to the size of grant awarded to a project. 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. The evaluation found that 64 per cent of other funders surveyed monitored their grants and 12 per cent did not have any monitoring requirements. The types of monitoring used by other funders and BIG include visits to projects, compliance audits, or involvement in steering groups. The type of monitoring is generally proportionate to the size of grant awarded to an organisation by BIG.

The change in the level of monitoring information required between smaller and larger grants can be problematic for organisations that have less experience of receiving funding. However, projects reported that once monitoring systems are set up successfully, they could be used time and again. Similarly, projects recognised the importance of monitoring and felt that it was justified. Around 70 per cent of survey respondents found the monitoring process useful as it led to improvements within projects and helped them to develop better management systems. This in turn can have a bearing on securing further funding to sustain a project's activities, as they will have evidence to demonstrate the impact that their activities have made in communities.



The research identified some of the issues that projects experience when delivering small grants. 60 per cent of the projects sampled experienced no difficulties with delivering their grant. The remaining 40 per cent of respondents 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. Projects which experienced problems during delivery reported that BIG staff were flexible and supportive in agreeing revisions to targets or extending deadlines where appropriate.

The type and incidence of problems experienced by projects are similar for organisations that received both large and small grants. One particular issue identified by the research was that some small grants programmes 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 if they had a paid member of staff in place to recruit and manage volunteers and keep the project delivery on track.

The research identified that 36 per cent of grant-holders believed that they should have changed an aspect of their project in various ways. These include being more ambitious in their design and plans for the project, using the grant over a longer period of time or requesting a higher grant amount. This suggests that even small projects, delivered over relatively short timeframes, operate in a changing environment and may need adaptation to achieve their intended outcomes. Robust planning by the project and probing assessment by the funder may help to address some of these issues.

Case study – developing capacity

A local community group had been fund raising for their community hall building project since 2002. A committee run solely by volunteers co-ordinates the 80 members of the group. An Investing in Ideas grant was used to pay for planning permission for the building. The group needed to secure further funding to pay for the development of the building and received support for preparing grant applications to different funders from the local council, the Scottish Council for Voluntary Organisations and Big Lottery Fund staff. The group have now successfully received a grant from the Investing in Communities programme to pay for half the building costs and secured the remaining funding



Funders identified a number of issues with delivering small grants programmes. 57 per cent of the 85 funders surveyed reported that the amount of time and resources spent on delivering small grants programmes was their biggest issue. The high volume of applications for small grants programmes can also have an impact on administration costs, which was an issue cited as problematical by 13 per cent of funders. Dealing with organisations that are inexperienced in applying for grants can also have a considerable impact on funders' time and resources, if they choose to devote additional resources to helping such organisations, as most do.

The evaluation explored the cost of administering small grants programmes. 29 per cent of other funders surveyed through the evaluation did not know the administrative cost of their small grant programmes. Of those funders that were aware of their administration costs, 50 per cent stated that their costs were lower than 9 per cent of their programme budgets, compared to 10 per cent who stated that their costs were more than 30 per cent of the overall programme budget. In comparison, the overall cost of delivering both strategic and open programmes for BIG in the 2008/9 financial year was 8.6 per cent of the total budget. Interestingly, 57 per cent of other funders stated that there was little difference in cost between delivering small and large grants programmes.

The research highlighted the considerable benefits that small grants can have for organisations, projects and communities. For example, 71 per cent of survey respondents stated that their project had been very successful for the local community, 65% had improved the lives of individuals, 60 per cent had reached new beneficiaries and 44 per cent had led to improvements in health and well-being. Small grants were also cited as leading 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). The survey identified differences between small and large grants in relation to helping vulnerable members of the community. This was cited as a benefit by 37 per cent of small grant-holders compared to 70 per cent of large grant-holders and suggests that more resource-intensive work is needed with this beneficiary group, indicating that a higher grant value is required.

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. The evaluation found that small grants can make a big difference and are

a vital source of funding for organisations to make changes within their communities.

Staff capacity and skills have been enhanced in organisations that have received small grants funding. Benefits for organisations include improved skills of staff and volunteers, increased chances of sustainability through gaining the skills required to apply for further funding, increased profile of the organisations in the local community through activities being delivered, the creation of new partnerships to deliver projects and the delivery of more innovative solutions to local problems. Survey respondents reported similar benefits for their organisations from small and large grants.

The survey showed that small grants from BIG 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 continued in part. Overall these figures suggest that even small-scale funding has helped projects to deliver benefits that last beyond the lifetime of the grant.

Case study – developing skills

This voluntary organisation received £40,000 over four years from the Reaching Communities programme to deliver a summer play scheme for children from disadvantaged backgrounds. The scheme had been running for nine years and was funded through grants as well as contributions from local businesses, parental fees and some statutory funding. Management of the project and fundraising is undertaken by a voluntary management committee, while paid sessional staff and young volunteers staff deliver the activities. The group had received grants from funders in the past and this experience helped the organisation to grow and develop, as they were able to apply for further funding. They have also found the monitoring process for the Reaching Communities grant useful as it helps them to show the difference that their activities are making for beneficiaries.

Improving small grants



The research identified how small grants programmes could be improved from the perspective of both funders and grant holders. Almost one fifth of survey respondents felt that BIG could not improve its 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 cited by funders would be to provide extra money so that they could support more groups and activities which deserved backing, but did not receive funding due to the intense competition for the limited financial resources that were available. Other measures to improve programmes cited by funders 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.

What next?

BIG is committed to delivering small grants programmes in the future as they are an essential source of funding for many organisations and can help them to make a real difference to communities. The Awards for All programme is currently open for applications and provides grants of up to £10,000 in England, Scotland and Northern Ireland and up to £5,000 in Wales.

The learning from the evaluation will be extensively disseminated to other funders and stakeholders. BIG will also be acting on the findings from the evaluation to help inform its funding programmes and processes in the future. For further information about the evaluation or our open programmes please visit our website at:

www.biglotteryfund.org.uk