

A New Funding Ecology— A Blueprint For Action

Henry Kippin and Rory Swinson Reid



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A note on this report

This paper is the second we have supported examining the issue of the funding ecology for civil society. The first paper made the case that an ecological approach, one based on collaboration and a better understanding that independent funders operate within broader systems, would be one more likely to support positive social change. The first paper was largely theoretical. It's great to see this second paper move the conversation on from exploring the theory behind our funding ecology, to a blueprint for how we take action to better support civil society.

This paper emphasises that much of what is discussed is not new to a sector that tends to be analytical and reflective. The blueprint contained in the paper builds on existing thinking and initiatives. Its clarion call is that we strive to “turn a nascent set of ideas and practices into a real movement”.

It's heartening that many new independent funders have joined this conversation since the first paper was published earlier this year. We see this follow-up as the earnest beginnings of a framework for us all, laying down a challenge to funders across the sector to pick up the baton and develop the tools and culture outlined.

This collective momentum gives us an opportunity for funders to better help citizens achieve their aspirations.

DAWN AUSTWICK
CHIEF EXECUTIVE
BIG LOTTERY FUND

ANDREW BARNETT
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ABOUT COLLABORATE

Collaborate is an independent CIC based at London Southbank University, focusing on the thinking, culture and practice of cross-sector collaboration in public services. We believe that an increasingly complex operating environment needs an outcomes-focused and more collaborative approach – and we work with government, business and civil society to make this happen in practice. Instead of ‘public services’, Collaborate facilitates coalitions developing ‘services to the public’ – efficient, dynamic services that have a closer relationship with the people using them and are more resilient to the challenges they face. You can find out more about Collaborate at www.collaboratei.com

ABOUT THE AUTHORS

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ABOUT THE BIG LOTTERY FUND

The Big Lottery Fund is responsible for distributing 40 per cent of all funds raised for good causes (about 11 pence of every pound spent on a Lottery ticket) by the National Lottery – around £670 million last year. Since June 2004 we have awarded over £6 billion to projects supporting health, education, environment and charitable purposes, from early years intervention to commemorative travel funding for World War Two veterans. Our funding supports the aspirations of people who want to make life better for their communities. We deliver funding throughout the UK, mostly through programmes tailored specifically to the needs of communities in England, Scotland, Wales or Northern Ireland as well as some programmes that cover the whole UK.

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ABOUT THE CALOUSTE GULBENKIAN FOUNDATION

The Calouste Gulbenkian Foundation is an international charitable foundation with cultural, educational, social and scientific interests. Based in Lisbon with branches in London and Paris, the Foundation is in a privileged position to support national and transnational work tackling contemporary issues. The purpose of the UK Branch, based in London, is to bring about long-term improvements in well-being particularly for the most vulnerable, by creating connections across boundaries (national borders, communities, disciplines and sectors) which deliver social, cultural and environmental value.

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1. Introduction

“The funding ecology is real. For those of us outside of the sector, it is what we have to navigate all the time...”

VOLUNTARY SECTOR CHIEF EXECUTIVE

“A good dose of humility is needed. As funders we are in an unbelievably privileged position, but things are changing.... do we want to be the dinosaurs or the disrupters?”

FOUNDATION CHIEF EXECUTIVE

“We need to explore the conditions for fertile collaboration. This is more important than pushing some notion of strategic funding”

FOUNDATION TRUSTEE

In early 2015 Collaborate, the Calouste Gulbenkian Foundation (UK Branch) and the Big Lottery Fund published a paper called Supporting Social Change: a New Funding Ecology. The paper was a call to action: a provocation piece that poked at some underlying assumptions and established issues for the independent social funding sector. Our argument was about self-awareness, interdependence, collaboration and impact. The power of a well working funding ecology to effect social change is obvious. But without funders doing more to understand their (and others) place within it, we suggested that the sector will punch below its considerable weight against the social problems of massive importance that it exists to address. And without making the journey from celebrating independence to actively exploring interdependence, the potential for greater collaborative impact could be lost.

Much of what we highlighted was not new to a sector that is already extremely analytical and self-reflective. Indeed, much of the insight we garnered came directly from some of its leaders. In some ways we spoke to tensions that will always be inherent to the role that independent funders play in society. But we also argued that the operating context for the sector is changing fast, and that those changes - to the role of the state, the financing of social support and the needs and aspirations of citizens - place renewed responsibility on those with the levers to effect them. Theory must translate into practice. Our work has already been influential in at least one major strategic review process, and the ‘ecology’ language is increasingly being used elsewhere, suggesting that there is appetite for these arguments.

The idea of an ecology of social support reflects our own inherent bias. We believe that, in a world of complex problems and multiple identities, the model of “see a need, deliver a service and expect a causal outcome” (to paraphrase one interviewee) is as broken for funders as it is for those in the public, private or voluntary sectors. The structural change which forms the *raison d’être* for so many trusts and foundations - such as eroding inequalities, combatting loneliness or

ending homelessness - is inevitably the product of a complex range of actors, networks and activities over a sustained period of time. And if we recognise and accept this, then the corollary is a model of social support that must reflect it.

Using the terminology of an ecosystem puts an emphasis on humility and self-awareness. It implies that even the largest and most powerful organisations act with cognisance and respect for others in their field. It also implies movement; a constant reorganisation, repositioning and shifting of roles and responsibilities to sustain outcomes and keep the whole ecosystem alive. This analogy feels more apposite than ever as long-term shifts in the balance between citizens, state, business and society are quickened in a post-financial crisis environment. They render concepts like scale, impact and sustainability subject to considerable flux.

We have been struck by the extent to which leaders within the independent funding sector want to explore and unpack these trends themselves. More so because, frankly, many do not necessarily need to and are not incentivised to do so. Independence is often fiercely won and jealously protected. There is always a balance to be struck between respecting the ability of funders to take risks and to support causes that others won’t, and articulating the potential added value of partnership and collaboration.

None of this is about pushing a particular approach for the sake of it. Collaboration can be a nuanced, powerful and at times artful process; but it represents the means, not the end; and it isn’t always appropriate. The issue is, as one major foundation CEO put it, “not about collaboration, but awareness”. And regardless of where trusts and foundations locate themselves on the spectrum of demand-led to proactive, or from seed-funders to scalars (more of which below), it is the Dolly Parton question that looms largest. Can funders more effectively “find out what they’re good at and do it on on purpose”? This report is about supporting trusts and foundations to do exactly that, because the scale of social challenges they face absolutely demands it.

2. About this work

This work itself is a co-production: the result of partnership between Collaborate, the Calouste Gulbenkian Foundation (UK Branch) and the Big Lottery Fund, and with input from many others. It is based on UK-wide research with 40 structured interviews, a number of group sessions and informal conversations with a wide range of leaders within the independent funding sector (including a workshop held at the Association of Charitable Funders annual conference). It draws on Collaborate's wider work across public services, and reflects expertise and analysis from a number of organisations and commentators looking at the sector from the outside in.

The purpose – following our initial provocation paper – was to substantiate our thinking, work with a wider range of funders, and develop lines of inquiry and practical solutions using the framework we had set. Our goal through the process has been to act as a critical friend, taking both elements of that brief seriously. The social sector as a whole has taken a battering recently, and independent funders have taken their fair share of flak for a range of issues related to the themes within this (and our previous) report. It has not been our intention to amplify this external critique (though elements of it are of course valid); but instead we have tried to work within the sector and create a shared space within which to debate, advance and foment practical solutions to what are inevitably enduring problems.

We would like people to read this report as a signal of intent and as a source of practical support. We tell a story about why the funding ecology approach is so important and dig into some of the shifts in practice that are needed to make it a reality for individual funders and for the ecosystem at large. As ever, the devil is in the detail. It is in individual case studies, comparative examples and the honest reflections of those who have been through processes of change that we find most value. And whilst we use this report to highlight some of these things on paper, providing the locus for an ongoing conversation between a wide range of people at the coalface is arguably where we have added the most.

3. The Funding Ecology Model

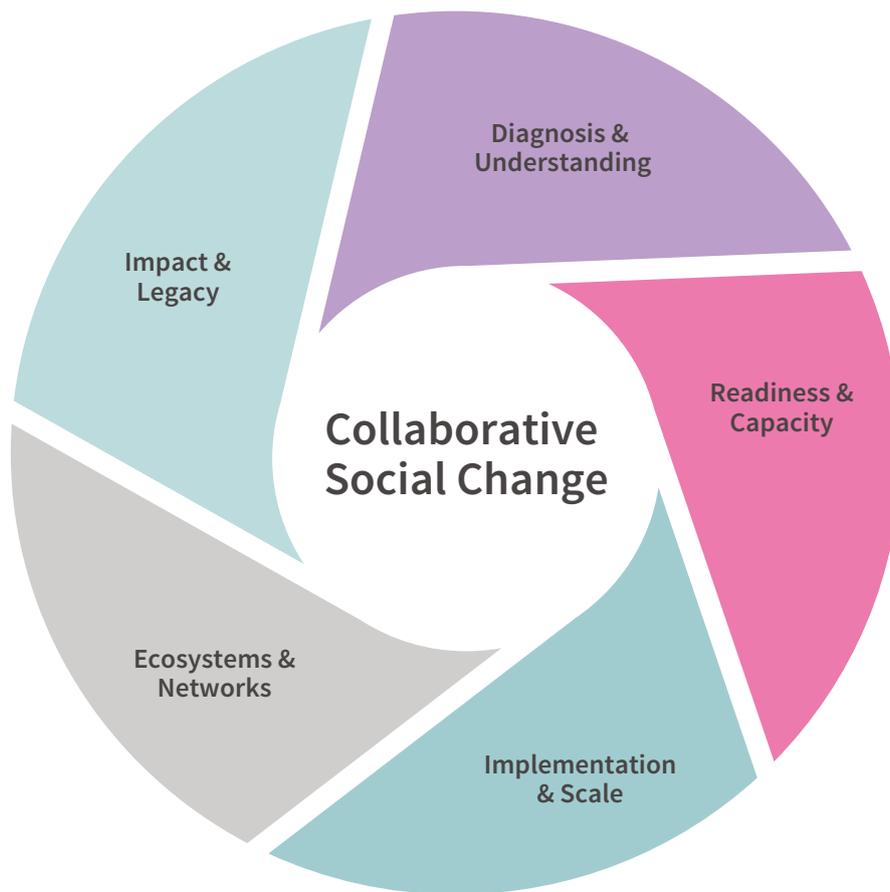
The funding ecology model is outlined in *Supporting Social Change: A New Funding Ecology*, which was published in early 2015. It argued that independent social funders are an “established part of a mature ecosystem of social support in the UK” - a diverse sector which increasingly needs to “analyse the way (it) responds to a rapidly changing operating context”. Complex times demand a complex response, and our report called for a period of inflection in which the sector should be questioning, disrupting and, ultimately, refashioning traditional ways of making grants to address social needs. The rationale is summed up by a quote from the report, itself paraphrased from the interview response of one sector leader:

“Funders (need to) see their role less as guardians of self-identified change from issue-to-outcome, and more as partners within a well-functioning ecosystem of support for others.”

THREE FOUNDING PRINCIPLES FOR THE FUNDING ECOLOGY APPROACH

1. **“Funding the right models of change”** – the need to build in nuanced understanding of the underlying drivers and dynamics of social change – embracing new analytical tools and contemporary thinking on theories of change, complexity and demand.
2. **“Being clear about where we create value”** – the need for clearer and more deliberate articulation of funder agency – being clearer about where organisations sit on a spectrum of issue-to-outcome, and from micro-to-macro.
3. **“Collaborating to maximise our impact”** – the need to explore a more deliberative models of funding - less about planning from design to delivery, and more about creating coalitions to effect change with others.

‘Easier said than done’ said some respondents, pointing to myopic behaviour, poor communication, overlapping priorities, unconvincing theories of change and a lack of serious attention to assessing collective impact. Some have seen the work as irrelevant or a threat to their independence. But others took a contrasting view: that serious challenges for funders paled into insignificance set against the obstacles for voluntary sector organisations trying to take good ideas from inception to scale at a local and national level. Each of these starting points suggested a need to re-frame the issues and offer a range of shallow routes in to changing practice. We made a start by presenting a five-point framework for Collaborative Social Change that showed the change journey from diagnosis and insight, right through to delivery and impact.



FIVE ELEMENTS OF COLLABORATIVE SOCIAL CHANGE

DIAGNOSIS & UNDERSTANDING

Reflecting on whether models of funding and support are fit for purpose within today’s context – and unpacking the underlying assumptions upon which grant making strategies are based.

READINESS & CAPACITY

Understanding what forms of capability, capacity and financial support might be needed at critical stages in the lifecycle of a funded initiative - and therefore how funders can work together to best provide them.

IMPLEMENTATION & SCALE

Re-evaluating notions of growth and scale – asking how to encourage diffusion, collaboration and system change over organizational growth within the social sector - and what the implications would be for the operating models funders employ.

ECOSYSTEM & NETWORKS

Developing the role of independent funders in creating and sustaining systems of support for social change over and above more traditional, linear funding models - and how to do this within their own funding ecosystems.

IMPACT & LEGACY

Exploring the ways that independent funders collate and deploy evidence (or otherwise), and the extent to which they could be working together to create the conditions for broader system change and collective impact.

This five-point framework formed the starting point for a second, broader, round of inquiry, and for the development of practical tools that we will be deploying within the sector with wider application. We do this within a narrative about the state of the sector and its direction of travel as a whole, beginning with a set of reflections on the operating context and the direction of travel.

4. A New Operating Context

“There will always be independent funders who for good reasons don’t want to be compelled to collaborate with others. It’s not for everyone. You need to consider sensibilities, be able to share data securely, and, perhaps most importantly, be absolutely realistic.”

“How many of us funders test our guiding documents against the current operating environment?”

Rudimentary questions about “who we are” and “where we are” are the basis of strategy - basis of strategy - the building blocks of high-minded attempts to define systems thinking or an ecology approach. Yet it turns out that, for some, these are the most difficult questions to find answers to if they choose to ask them at all. The independent funding sector is diverse, and this diversity and financial wherewithal is massively important. According to most recent data, it numbers approximately 8,000 in the UK, giving out grants of approximately £3 billion every year. ¹ So it should strike a chord when some of the sector’s leading figures suggest that the assumptions upon which some of this grant making activity have been based should be subject to question. For one foundation Chair, “the wheel is coming full circle. Services which were once the sole preserve of charities became the responsibility of the state. And now, as the state retrenches, charitable foundations are once again taking the strain.” She goes on to add that “what hasn’t been clear to date has been exactly how those grant makers are managing in the changing context.” ²

The context for social action is indeed changing dramatically. In just one of many pieces of dramatic financial analysis, Collaborate with the Local Government Association and a range of other organisations estimate a £14.4 billion supply-and-demand gap will emerge for local public services by 2025. ³ Half is the product of spending cuts, but half again is down to the impact of demand driven public spending. The primary driver for this is demographic change, which the independent Office of Budget Responsibility estimates will pull up the proportion of GDP spend on public services to 38% by 2060-61 - “equivalent to an extra £79 billion in today’s terms”. ⁴ Who knows what appetite future governments will have for matching this spending prediction?

In addition to projections of sustained social demand is the likelihood of this being more spiky or complex than before. We live, work, socialise and make choices in a different way to generations past, and the impact of inequality and technological change is likely to exacerbate what is already a set of outcome inequalities that public services have struggled to improve. In Glasgow for example, some experts estimate that over a quarter of children growing up in the city may have some experience of child poverty. Michael Marmot’s review of health inequalities – still the benchmark – noted a ‘social gradient’ in health, whereby ‘the lower a person’s social position, the worse his or her health’. ⁵ And the Joseph Rowntree Foundation note that over half of people in poverty are ‘in work or living with an in-work adult’. ⁶ The starkness of these numbers - and the degree to which big and better data helps us be more aware of them - make the case for more than ‘filling the gap’: they call for a realignment of roles, responsibilities and resources across the sectors. The funding community will need to display more of the entrepreneurial and sustainable spirit it seeks to encourage for its voluntary sector partners. And herein lies the opportunity.

The question we have been asking of independent funders is: how well set up do you feel to deliver against your mission in the light of these shifts? Most respondents have answered equivocally. To quote one Chief Executive, the “grant making community is standing still while everything around us changes...” Others have been kinder, pointing to the diversity of capacity and staffing models within the sector as an obvious and understandable barrier to doing this more systematically. The issue here is about fitness-to-serve as a whole sector; and the degree to which those with more staff and more resource should be working with others to support activities that might help develop the ecology.

WHAT'S HAPPENING

Independent funders (IFs) with higher % spend within some issue areas as state pulls back

State no longer inevitably picking up and scaling innovation

R&D/innovation in public services squeezed by permanent crisis mode

WHAT ARE THE IMPLICATIONS?

Greater onus on IFs to understand and boost collaborative impact

Need for creative thinking about models of scale & diffusion within the IF sector

Gap emerging around citizen-centric innovation that IFs need to be addressing

PRACTICAL ACTIONS

Mapping of local spending trends, needs & assets; mapping of existing funding ecologies (place & theme)

BLF's Accelerating Ideas Fund. Larger funders leading dialogue about **collaborative models of scale** with social finance & private sector partners

Diagnostic work on IFs mission & operating principles in light of new assumptions about journey from idea to initiative

DEVOLUTION - A BURNING PLATFORM TO BUILD NEW FUNDING ECOLOGIES?

The devolution agenda has begun to create new geographies of support and service provision for citizens across the UK. An already vigorous debate is happening around the potential costs and benefits of devolved government and public services - centred on the tension between the possibility of exacerbating inequalities, versus the potential for increased local growth. The outcomes of these negotiations will have profound implications for the ecology of social support and therefore for independent funders.

- First, devolution in Scotland and Wales creates inevitable questions over the UK-wide strategies of some funders, both in terms of the underlying assumptions about the role and positioning of government (which will vary across places), and in terms of the models of social change that will be appropriate. As one Scottish funder told us, "we need to think about how UK devolution affects funding strategies because a one-size-fits-all approach will not work anymore, even if we thought it did beforehand!". She felt that a regular 'sense-check' of policy context and direction of travel is vital.
- Second, devolution highlights a set of existing fears about cold spots and the unbalanced nature of place-based funding. The North East of England, for instance receives 7% of total England grant funding despite having the 'highest level of income deprivation'.⁷ The journey of the Northern Rock Foundation since the financial crisis in 2007 (and its aftermath) illustrates both problem (marginal impact of major funder collapse in a funding cold spot) and opportunity (the opportunity to create new place-based models of collaboration, as the Tyne and Wear Community Foundation, Esmée Fairbairn, Garfield Weston and others have been working to do).

"For UK funders, there is a challenge of being genuinely UK-wide. It's not always realistic. London-centrism among funders is a barrier. If you want to fund projects in other regions, you need to think of capacity and people on the ground..."

- Third, devolution brings questions about the mix of social support and innovation in a place into sharp relief. Independent funders have an increasingly vital role to play in supporting social innovation and the 'local R&D' that the public sector finds hard (and in many cases can no longer afford) to do. But this requires place-based working that will take some funders out of their comfort zone, and will require building bridges across public, private and social settings in a way that is hard to effect from London. As one funder Chief Executive told us, "place is the only place that funders can realise the granular problems that the funding ecology is designed to address".

5. Role & Purpose – New Directions?

“The question is: what are we collaborating for? We don’t have a coherent view on that. Where do we sit down and talk about what we want the world to look like in 20 years?”

“The funding ecology is just a mechanism. What will the organisations we fund need over the next 5 to 10 years to deliver the impact and outcomes we want to achieve?”

The most fundamental question about all of this is why we are doing it - as the quote above implies, the funding ecology is a means to achieving certain ends, rather than a description of a never ending set of problems and interventions. Much grant making activity is driven by need, lacks or absences. This is manifest within funding applications, and evident in strategies to address fundamental dysfunction within systems of human services. This approach is clearly necessary and appropriate, but some of the leaders we interviewed felt this also reflects a problem: an inherent tendency towards deficit-thinking and a reason why more leaders within the sector don’t (but should) put their heads above the parapet and talk about long-term outcomes and about ‘what success would look like’ as a group.

“I think there should be greater recognition of the (funding sector’s) responsibility to society, in addition to more reflection about how it meets needs at a time when the social contract is rapidly changing. Alas, the vast majority of us haven’t caught on to the need to do this yet.”

Scenario planning or back casting can, if well placed, be a valuable exercise and this kind of collective strategic planning feels increasingly vital for the sector. When, as David Robinson of Community Links writes in a recent article, ‘local authority budgets dwindle and pressure mounts on philanthropists’⁸, the response of the sector must go beyond filling in the gaps which can only be done with a more proactive visioning of the alternatives.

One influential Chief Executive we interviewed saw this as part of a fundamentally different approach, arguing that “we have to look at this through a new lens”, and that “we should think of ourselves almost as bidders for impact - we develop a shared vision then bid for the bits” where we can add most value. This is “contribution, not attribution” (as the Barrow Cadbury Trust CEO Sara Llewellyn has argued) - a culture in which independent funders may respond in different ways, but all with cognisance of their contribution to the collective impact they are trying to make against an issue. We can see this ethos already apparent in initiatives like the Early Action Taskforce, the T2A Coalition, the Thomas Paine Initiative and the ‘What Works’ centres.

The data tells a mixed story about where we are currently. The Directory of Social Change points out that 14% of funders review their guidelines “every 5 years” or “never”. Two-thirds review their guidelines annually, 9 but IVAR analysis suggests that getting good data to evaluate properly is a problem, and that many funders experience a lack of ‘effective mechanisms’ to share learning across their organisations. ¹⁰ In an echo of several interview responses we heard, one response to a recent survey from the Environmental Funders Network (EFN) argued that

“Doing strategy within an organization is hard enough, doing it across organisations is quite hard. One of the feelings is that if we want to have greater cohesion and greater synergies and to make sure our actions are greater than the sum of our parts, we may need support to make that happen...” ¹¹

The funding ecology approach requires funders to be self-aware enough to turn their “collective difference into a strength” by working through their own funding ecologies and being clearer about where they have impact and comparative advantage in relation to their peers. During the research process we have worked through this question with a number of funders. We used a set of simple spectrum’s from ‘demand led’ to ‘instrumental’, and from ‘innovation’ to ‘scale’ as a set of axes on which funders could locate themselves. A case study of the approach is outlined below, and the approach as a whole draws on earlier work by Julia Unwin, CEO of the Joseph Rowntree Foundation, which is adapted in the table below. ¹²

REACTIVE OR DEMAND LED

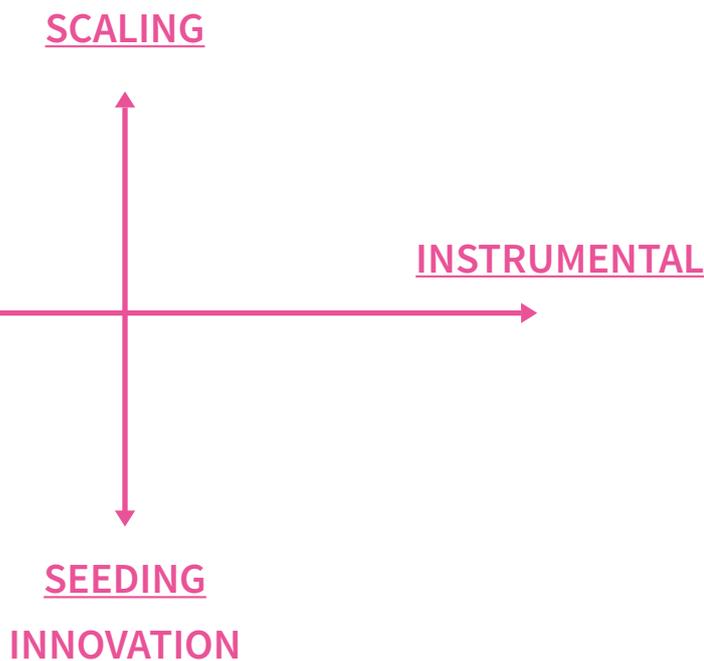
Funders judge applications on merit and are responsive to demand - risk is of dissipated impact & inability to support scale

COMPENSATORY OR DEFICIT LED

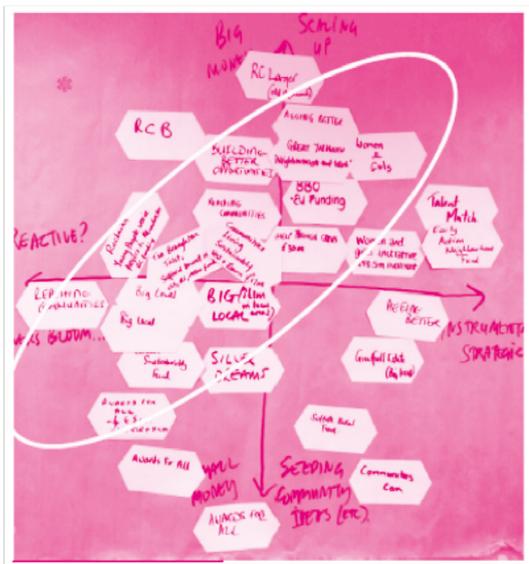
Strategy based on clear ‘deficiencies’ which may have received little previous funding - risk is of being continually reactive to externalities

INSTRUMENTAL OR INTERVENTIONIST

Clear about projected intent and impact - funding strategy aligned - risk is of lack of long term impact on structural determinants



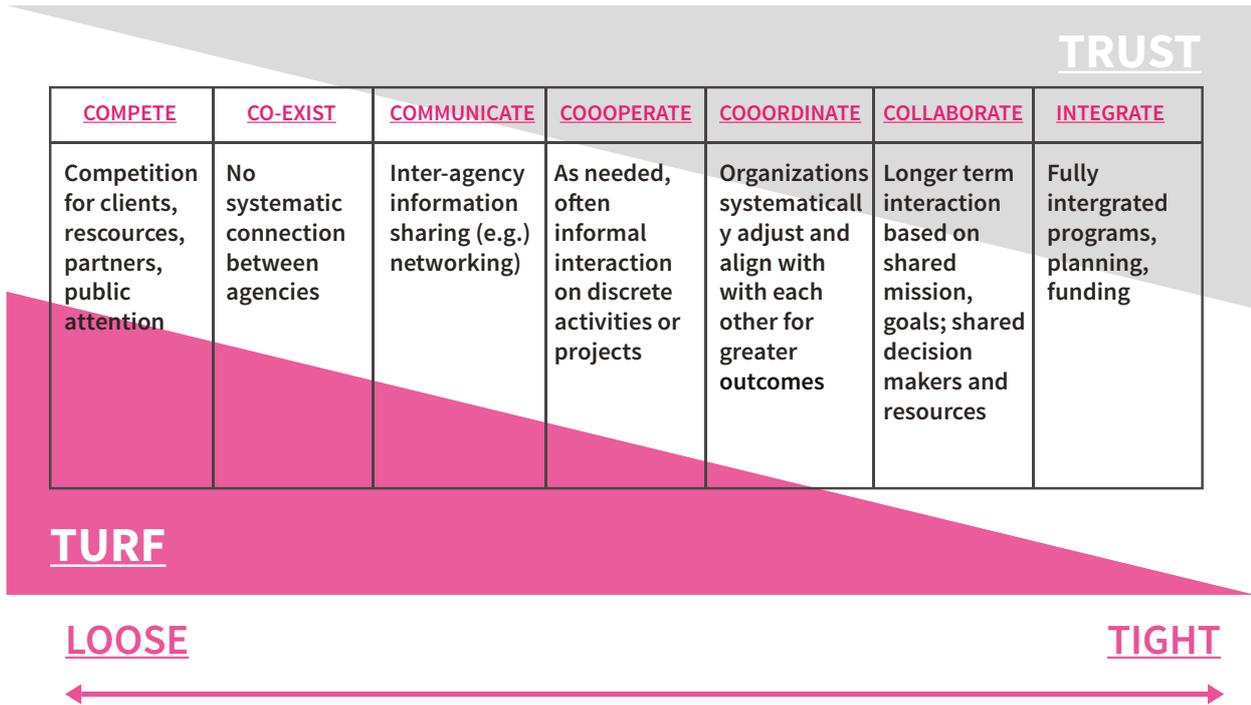
These ‘spectrums’ were tested out in a workshop with one independent funder in summer 2015 (see example worksheet below).



During the workshop we looked at the relative position of different funding streams and grant programmes on the grid, then used this analysis as a diagnostic tool to unpick the underlying assumptions about how the whole picture fit together. A key takeaway was about the relationship between risk, scale and strategy – which we have since heard reflected back several times in dialogue with other funders. Put simply, we tend to take more risks with reactive grantmaking on a smaller scale. This stands to reason: larger bets need greater assurance and the in-built capability to define, measure and account for process and impact. But this equation changes when we think about funding in collaboration, because the risk is collective, and the likelihood is that the issue funders are trying to address together is systemic. This begs the question: at what point does the risk of not working together against a changing set of social issues outweigh the organizational or financial risk inherent in doing so?

“Funders are (working in) an environment of economic instability and growing need. There is a knowledge gap in terms of what they can do to meet demand”.

This risk equation is why some feel that collaborating around outcomes the direction of travel is so important. If “real collaboration takes time and effort”, as one Chief Executive put it, then the question is: what is the shared vision of success that binds people together through the ups and downs necessary to get there? Those trusts and foundations that have been part of long-term collaborations will talk about the realism, pragmatism and commitment that are needed. Sometimes a single organization needs to hold the ring. And inevitably, different funders, recipients and partner organisations will bring different attributes to the table. As one senior funding manager noted, collaboration is “not just about doing and leaving”, and can involve a whole range of activities from the light-touch right through to organizational alignment and integration. Some of these are set out in the diagram below, taken from a report on ‘collective impact’ by Liz Weaver (VP of the Tamarack Institute for Community Engagement in Canada). In the next section we look at some different ways of working within the sector that draw on characteristics from across this spectrum.



BRIDGESPAN GROUP'S (PARAPHRASED) FIVE STEPS TO FUNDER COLLABORATION

1. Align structure with purpose
2. Do a proper collaboration cost-benefit
3. Retain the capacity to adapt & be flexible
4. Be clear about the (joint) commitment
5. Get the exit strategy right up-front

Source: http://ssir.org/articles/entry/five_guidelines_for_successful_funder_collaborations

NEW PHILANTHROPY CAPITAL'S (PARAPHRASED) FIVE STEPS TO GOOD TRUSTEE-MANAGEMENT RELATIONSHIPS

1. Alignment of mission, objectives & strategy
2. Strong personal relationships that can hold tension
3. Good planning & expectation setting
4. Get Chair recruitment right
5. Maintain diversity on the board

Source: <http://www.thinknpc.org/publications/happy-relations/>

6. Routes to a Funding Ecology— Emerging Models

“We need to fundamentally change the model. And there is more opportunity now than ever because central government policy is so fragmented...”

“Sometimes we are like teenagers sitting round a pool - no-one will get in without the others doing it first!”

In a recent article for the Harvard Business Review (and subsequent book), a group of consultants argue that many businesses fail not because they lack a strategy, but because they haven't picked the right one. For them, two factors are crucial: the predictability and malleability of the environment at hand. Put another way: how far and confidently can you predict the future operating context? And to what extent can it be influenced or changed? ¹³ The categorization created by Martin Reeves and colleagues (adapted in the diagram below) is a useful way of analysing the context for independent funders, not least because most funders with a portfolio of activities will see some reality in all four categories.



EXAMPLE:

	CLASSICAL	ADAPTIVE	SYSTEM	VISIONARY
Trust for London’s work on London Living Wage	Clear policy goal and campaign strategy	Commissioned research & policy work to assess changing context	Built cross-sector coalitions for change	Successfully influenced the national policy narrative for government

The following five snapshot case studies represent one example of an emergent model of funding within the sector that came up consistently within our interviews. Each are indicative of the funding ecology approach because they are non-linear, multi-agency, involve a different model of risk, and in some ways subvert the traditional model of holding a process from issue to outcome. We are not aiming for completeness here. There are many other examples, and these snapshot case studies illustrate a direction of travel rather than a fully formed set of strategies or outcomes.

1. Place Based Models of Funding

A case study of Islington Giving from Clare Thomas and Deborah Xavier from of London Funders. This is important because it shows some of the practical elements that need to be in place to make place-based funding models work. Understanding this is particularly vital in the light of what one community foundation CEO described as the “major opportunity for change and progress” that devolution and local integration could represent. But getting the granular detail right is key, as this London case study shows.

2. New Relationships with the Public Sector

A case study of the MEAM approach from Annabel Davidson Knight and Jason Bergen of the Calouste Gulbenkian Foundation. This is important because it models a type of relationship between multiple independent funders and social sector organisations around an evidence-based theme, and tells a story of engagement with the public sector and central government within a context of funding constraint and policy change.

3. Funding Strategies for System Change

A reflection of the Lankelly Chase Foundation’s strategy from La Toyah McAllister Jones of Collaborate. This is important because it models a shift to what Peter Senge has called a ‘systems leadership’ approach. This recognizes that “continuing to do what we are currently doing but doing it harder or smarter is not likely to produce very different outcomes”; and that “real change starts with recognizing that we are part of the systems we seek to change”.¹⁴

4. New Models of Financing & the Role of Social Investment

A look at the grantmaking-social investment relationship from Richard Harries of Power to Change. This is important because it speaks to a key set of evolving relationships between the grant-funding and social investment sectors, and in particular tensions around how social investment ‘culture’ could reinforce (not undermine) the mission-driven ethos of philanthropic giving, and how the right balance of financial models can be struck.

5. Network Based Funding –

A case study of three funding networks by Rory Swinson Reid of Collaborate. This is important because it picks out examples of networks that have already been set up to address some of the issues highlighted in the funding ecology framework. Drawing on interviews with the START, Ariadne and Environmental Funders networks, it shows how practitioners are already creating ecologies of support around thematic areas like human rights, development and environmental change.

6. Adaptive Models in International development

A snapshot of the activity underway in the international development sector (and within some US foundations) to promote ‘adaptive programming’ and a more nuanced and collaborative form of aid delivery. This is important because it represents emerging consensus: between donors, NGOs and practitioners who see the limitations of a top down approach.

1. PLACE-BASED MODELS OF FUNDING – A SHORT CASE STUDY BY LONDON FUNDERS

London's Giving, a London Funders initiative backed by City Bridge Trust, is promoting new ways of giving at the local level. Working in 13 boroughs from Barnet in the North to Sutton in the South, Barking and Dagenham in the East to Hammersmith and Fulham in the West, it is promoting pioneering approaches to working collaboratively campaigns to help solve local problems. Each in its different way is building a partnership, often funder led, to help boost its spending power and to pool resources and local knowledge for maximum effect. Cash strapped local authorities are finding it increasingly difficult to support local infrastructure and the emerging collaborations are innovative responses led by independent charities and are bringing in additional resources and money

These new expressions of local infrastructure are valuable additions to the funding ecosystem. Inspired by Islington Giving, they are to varying extents providing new models of philanthropy for the 21st century. Islington Giving, the highly successful prototype was launched in September 2010 and has raised £4 million and recruited 4,000 volunteers. Its aims are simple: 'to fight poverty and create opportunity by taking action to improve people's lives.' It is based on the premise that everyone can give to Islington.

Led by Cripplegate Foundation, the coalition comprises Breadsticks Foundation, City Bridge Trust, the Macquarie Group Foundation, the Morris Charitable Trust and Richard Cloudesley's Charity. Each of the funders was concerned about the poverty, isolation and lack of opportunity in the Borough highlighted in a report entitled 'Invisible Islington.' Islington has the third-highest level of child poverty in the country, one of the shortest life expectancy of men in London, the highest level of depression in England and there are 15,000 children living in families where no one works. These key facts were critical to building a local campaign which is challenging the perception of 'trendy, affluent Islington.'

London's Giving, itself a manifestation of a new regional infrastructure, is disseminating the lessons learnt and evidence base provided by Islington Giving across its network of representatives from the 13 boroughs. They are all at different stages, from first thoughts to running successful giving campaigns. A key message is that a local campaign addresses the priorities of that locality and not the priorities of the particular donor or funder so that the funding fits the particular needs and characteristics of their borough.

Other successful campaigns such as Hackney Giving, Love Kingston and the Kensington and Chelsea Foundation are sharing their experiences and 'know how' through the London's Giving network. Working in partnership with local experts to identify local need they have succeeded in both bringing new resources into their boroughs and harnessing existing assets – not just money but the skills and energy of local people and businesses too.

While they have aims and approaches in common, there is no off the peg solution because the boroughs themselves are so different. Some apparently wealthy boroughs conceal surprising layers of hidden disadvantage, and while some boroughs are rich in resources such as dynamic infrastructure organisations, big, socially aware businesses and local funders, others will have to be very creative in setting achievable objectives and finding ways to engage local people.

2. NEW RELATIONSHIPS WITH THE PUBLIC SECTOR – A CASE STUDY OF THE MEAM APPROACH FROM ANNABEL DAVIDSON-KNIGHT AND JASON BERGEN FROM THE CALOUSTE GULBENKIAN FOUNDATION

Making Every Adult Matter (MEAM) was established in 2008 with the aim of improving the quality and coherence of services for the estimated 60,000 individuals facing multiple needs and exclusions who historically had been passed back and forth between services. MEAM works to ensure that in every local area people with multiple needs are supported by effective, coordinated services and empowered to tackle problems, reach their full potential and contribute to their communities. The Calouste Gulbenkian Foundation (CGF) helped bring together and sits on the Programme Board of the MEAM coalition – formed of Clinks, Homeless Link and Mind (and originally DrugScope) – which seeks to promote changes in policy and services at a national and local level in order to make this vision a reality.

The problems experienced by people with complex, multiple needs was at that time (early 2008) still poorly understood – identified by those in the sectors concerned, but not a well-recognised area of concern in government or more broadly. The CGF, along with the charity Chief Executives, recognised the need to work differently to achieve the right support from public services: there was a need to create a shared space by convening key actors, while gathering evidence of what works. On the back of its early piloting evaluation was conducted by FTI Consulting and ProBono Economics that demonstrated the significant cost savings across different areas by using the MEAM Approach. This evidence allowed the coalition to continue and expand with support from CGF and later, other funders.

Evidence has helped MEAM to engage policymakers during its 7 year history through white papers, think pieces and events including funder's roundtables. Over the past year together with the Calouste Gulbenkian Foundation there has been significant work with central government and senior civil servants across departments that has raised the profile of this issue across government in a period of funding constraint and policy change. The Foundation helped too in identifying a need for an Independent Chair for the coalition, Baroness Claire Tyler, who has been instrumental in pushing the issue of multiple needs up the political agenda. As an independent player in the field, the Foundation has been able to convene in a way that others are less able to do.

The collaborative model represented by MEAM later informed a more collaborative funding model – one where the early stage funders were able to influence the activities of other funders who came into the field later like the Big Lottery Fund (BLF). MEAM is providing direct support to the BLF's Fulfilling Lives: Supporting People with Multiple Needs programme.

In 2015, MEAM Coalition continues and its work has evolved to support eleven local areas across the country that are using the MEAM Approach to design and deliver better coordinated services. It is raising public awareness and addressing stigma through increasing voice and policy work. It is now modestly funded by the Calouste Gulbenkian Foundation, Lankelly Chase, John Ellerman and the Garfield Weston Foundation and is piloting a hybrid-commercialisation model in new areas.

“Too often the social sector is not sufficiently reflective and challenging of its own role and risks complicity in (system dysfunction)... System change is not the only way of addressing social problems, but it provides us with a helpful way of understanding them and evaluating them, and sets out principles for achieving social change”. 15

(ABERCROMBIE ET AL, 2015)

The Lankelly Chase Foundation’s portfolio of work is the place to start for emergent practice on systems change. Much of their funding is premised on the insight that entrenched social issues don’t play out in isolation 16 and that individuals facing severe and multiple disadvantage need a funder response that embraces and works within this complex system. Three elements of the Lankelly Chase approach stand out:

1. Creating a coalition of the willing

The Promoting Change Network (PNC) brings together a diverse (and sometimes antagonistic) range of providers, commissioners and people with lived experience as the ‘agents of change’. The idea is that the network can identify where weaknesses lie, share ideas on how to respond and work together to build and understand the interdependent relationships necessary for real systems change.

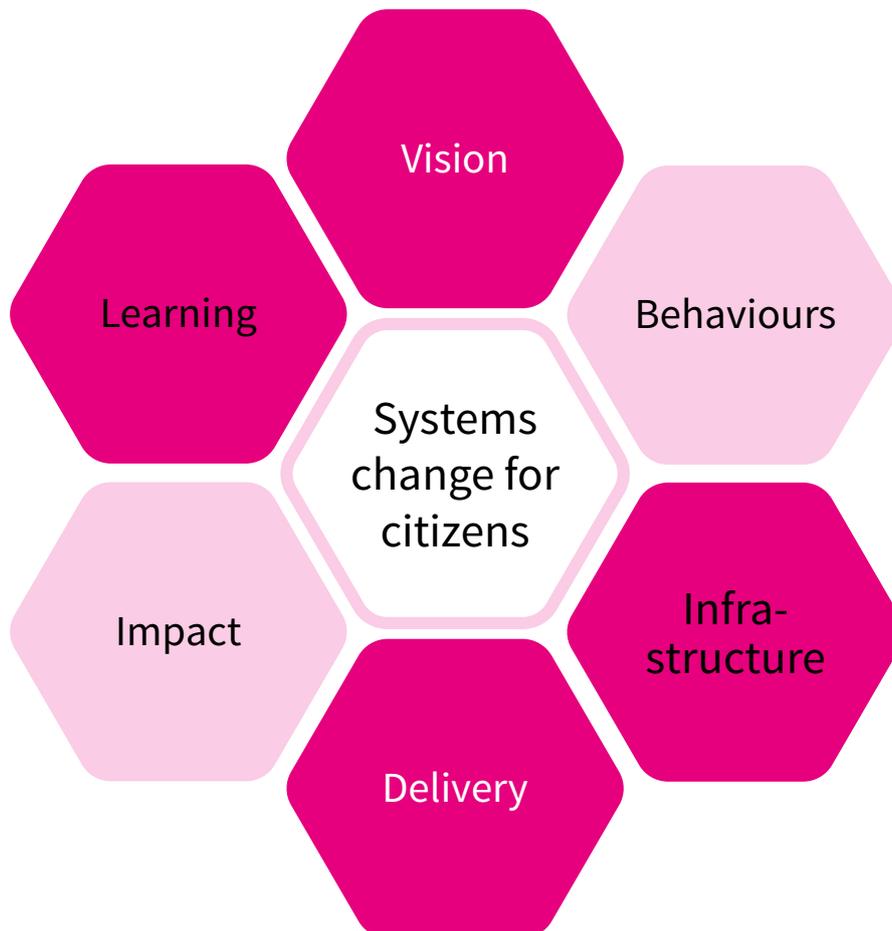
2. New thinking on assets & systems

The Foundation has funded notable thought leadership to give voice to lived experience, and promote an asset based approach to front-line services; as well as funding exploratory work on the theory and practical implications of systems change. (See Rob Abercrombie’s excellent research on the spectrum of systems change approaches)

3. Co-producing the strategy

a recent residential retreat held by the Foundation sought to co-produce its future work programme with its grant recipients and partners. Action plans were developed by participants at the residential, who now have responsibility to bring these ideas to life supported by others in the network. This feels like a real shift in the role of the funder, asking providers and those with life experience to set the agenda and offer support to help those stake holders deliver.

Lankelly Chase supported Collaborate to develop a set of frameworks for collaborative system change based on practice-based research in the City of Coventry. This work is adapted in the funding ecology preconditions framework set out below. Unpicking the barriers to system change with citizens and cross-sector partners in the city was informed by this simple graphic of the characteristics of social change for citizens:

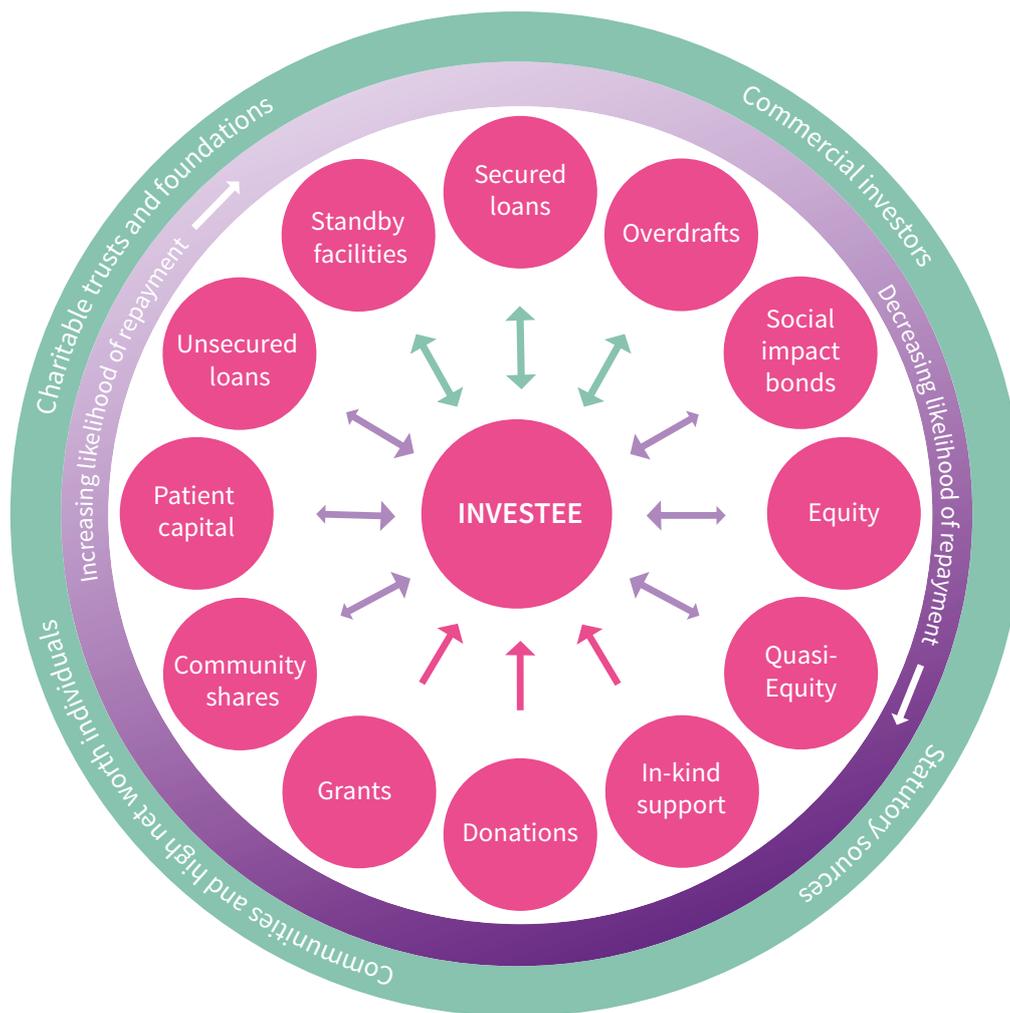


4. “SUPPORTING SOCIAL CHANGE: THE ROLE OF SOCIAL INVESTMENT” - KEY RECOMMENDATIONS FROM RICHARD HARRIES’ PAPER IN THE FUNDING ECOLOGY SERIES

Richard Harries’ sister paper to this report offers a narrative of the evolving relationship between social investment and more traditional forms of philanthropy. A core theme is the belief amongst trusts and foundations that they have much more to offer the social investment marketplace than the £100 million of risk capital they have already invested. 17 Independent funders bring a wealth of knowledge and experience to share with policymakers and other market participants, and many are keen to work in partnership to shape the future direction of the social investment market. The unanimous view of all those who contributed to Richard’s paper was that trusts and foundations need to work collaboratively to create the future they want to see. He picks out five next steps:

1. “Create a new forum, or build on an existing forum like the Social Impact Investors Group, to bring together trusts and foundations with an interest in social investment and promote a common approach. This could include agreeing a vocabulary of key terms, adopting standard investment appraisal methodologies (such as the EXIST framework developed by EngagedX), and developing new ways of capturing the social impact of investments.
2. Work with the Access Foundation, Big Society Capital and other Social Investment Finance Intermediaries (SIFIs) to develop standard templates (e.g. social investment policy statements and terms of reference) that can be adopted and adapted by individual trusts and foundations.
3. Forge stronger links between grant managers, SIFIs and Big Society Capital investment directors. This could build on existing structures, such as the Association of Charitable Foundations (ACFs) Issue Based Networks and Personal Development Programme.
4. Explore opportunities for syndicate investing, creating formal structures that allow foundations to co-invest with other foundations, as a way of spreading risk and potentially reducing the cost of capital. Another option would be to create a bespoke SIFI for trusts and foundations.
5. Draw together existing evidence, and commission new research, in good time to influence the anticipated revision of CC14, the Charity Commission guidance on investment.”

To illustrate the changing relationships and interdependencies between different types of funding, Richard has created a visual of the funding ecology which is shown below:



5. NETWORK BASED FUNDING – A SHORT CASE STUDY BY RORY SWINSON REID

Networks like Ariadne, Start Network and Environmental Funders work to support foundations and other partners working to solve problems in a particular field. Ariadne is a European peer-to-peer network of several hundred funders and philanthropists who support social change and human rights support. Start Network is a consortium of over 20 leading NGOs working together to connect people in crises to the best possible solutions. Environmental Funders is an informal network of grantmakers with a focus on environmental and conservation issues.

Funding networks see their role as providing platforms for debate, focus, and offering the shared space and support necessary for members. They can support partnerships by bringing together different organisations within their membership through online forums and events. They can also use their role to act as a vital enabler for social change, and tend to be good at mapping the interactivity of their members and their collective relationship to the initiatives they fund (Note – sharing learning from these processes to inform ‘ecology mapping’ activities would be valuable).

Difficulties some face range from proving their worth (publications, events, impact on membership, etc.) to negotiating the needs of their members. The funding sector is a very broad church, and every grantmaker has its own agenda and governance structures to adhere to. While some funders are more relaxed about working with other organisations on issues-based projects, others are less willing or able to.

“The human relationships are what is needed to get real change working. What is needed is often to pool a degree of autonomy...”

Just as networks must keep up with the times to remain relevant, they also need to enable their members, especially the larger, more traditional organisations, to evolve in their ideas and practices. Networks can provide them with innovative new ways of working by offering incentives.

“The cost of collaboration has come down - you now don’t need to be in the room together all the time... cross agency and border collaboration is much less expensive”

“With technology...the playing field is leveled, allowing changemakers of all backgrounds, resources and ages to enter the marketplace and scale up their solutions.” 18

With the changes apparent since the recession, there has been an increased acceptance of the need to enter partnerships, where appropriate, to achieve greater impact while keeping costs down and avoiding duplication of funding. With the roles of civil society and the state in transition, networks are well placed to champion collaboration between funders, building on the knowledge, resources and capacity in their membership.

6. ADAPTIVE INTERNATIONAL MODELS - A SNAPSHOT OF EMERGING PRACTICE

The Disasters and Emergencies Preparedness Programme (DEPP) is a three year, £40 million programme that seeks to improve disaster preparedness and response by “strengthening the capacity of the humanitarian system at all levels”. Principally administered through the Start Network, itself a diverse network of humanitarian organisations, the programme is based on collaborative working between aid agencies in the pursuit of innovation, effectiveness and cross-boundary responses. In a recent blog, one DEPP participant reflects projects in the Philippines, Kenya and Ethiopia, describing what has been an uneven process - she notes that collaboration is a human activity and reflects the context in which relationship building is taking place. 19

The Overseas Development Institute (ODI) has built an impressive coalition of individuals and organisations under the Doing Development Differently (DDD) banner over the last year, mobilising an international coalition lobbying for more adaptive and self-aware approaches to development programming. Their work is influenced by Ben Ramalingam’s excellent 2013 book *Aid on the Edge of Chaos*, which set out a manifesto for a more complex and nuanced approach to the delivery of development programmes, and a more ecosystem-aware approach to international funding and support. 20 In a recent blog, he sets out an “adaptation gap”; that is, “the gulf between the growing need for adaptive management and the level of capabilities, cash and commitment that we have in place to meet this need”. 21

In the U.S., the McKnight foundation has implemented what it calls an ‘adaptive action process’ as a way of ‘adjusting’ their ‘strategies over time in response to changes in cultural, economic, environmental, political, scientific and technological landscapes’. It is based on the following questions:

- 1. “WHAT?”** what is the external context in which we pursue our mission and goals? What data, trends and patterns do we see?
- 2. SO WHAT?** what are the implications of these trends and patterns for our work as a Foundation and across our diverse (programme) areas and operations?
- 3. NOW WHAT** how do we best deploy our resources to optimize our impact?” 22

In 2016 Collaborate and UK Non-Governmental Organisation (NGO) network Bond will be convening a summit for major international aid donors to consider how they can work more collaboratively to support long-term sustainable development in the context of the Sustainable Development Goals (SDGs) and major strategic reviews being carried out by some key donors. 23

7. Unpicking Tensions & Supporting Change

“We are rightly conflicted on the basic principles... Why wouldn't you want to create maximum value by collaborating; but on the other hand, diversity is a good thing too...”

“How we use our time and independence is the key question. We will be here when politicians have come and gone... But sometimes we take this as an excuse to rest on our laurels and do things slowly. This has to change.”

This section builds on analysis of the operating context, the direction of travel and some emerging models to look at what happens next: how we navigate some enduring tensions that funders themselves highlight, and what practical actions could help generate a different set of possibilities for funders working through the issues in practice.

TENSION 1 **TOO MUCH DOWNSTREAM AND NOT ENOUGH UPSTREAM?**

Is too much grant funding reactive? Some interviewees felt that independent funders do collectively too little to meet problems upstream, with too much grant-making addressing symptoms of causes that could have been prevented with a more collaborative and preventative upstream approach. Cut-backs in public sector funding (e.g. voluntary sector grants and latterly to public health budgets) make this problem more acute, and they also increase the pressure on independent funders who cannot 'fill the gap', but can play a key role in stimulating and sustaining new preventative models.

“If you look at the data we are now giving out more money than government (to the voluntary sector) in some areas! How can we do this better, with humility and realism? It isn't feasible to march behind one drum, but where is the room to say: can we go about addressing these big problems as an industry and do it together?”

There is a heavy irony in a policy narrative around integrated care being prosecuted in a financial context that undermines prevention. This makes it critical for independent funders to think through their collective upstream role in the light of city-regional devolution and the break-up of traditional forms of public service provision. As one Chief Executive told us, “we have the opportunity to invest now in what good looks like in 10-15 years' time - to fundamentally change the model! Now there is more opportunity than ever because central policy is so fragmented”. The pace of change on issues like devolution will be quick as tactical negotiation on growth tips into the reality of public service reorganization across a different scale and place. Social funders fast need to be thinking collectively about their collective role and positioning within this context.

TENSION 2 **LOTS OF STRATEGY BUT NOT ENOUGH REFLECTION?**

'Strategic funding' is generic terminology we have found to be pretty unhelpful. As section 6 (above) showed, being strategic is about finding the right fit between the things you do, the operating context you are in, and the direction of travel you want to take – not necessarily whether you are at the 'instrumental' or 'demand led' end of the funding spectrum. A well working ecology needs a whole range of funders to be working in concert. But even this relatively simple process of reflection creates tensions within the sector. Philanthropic giving can by nature be undemocratic (individuals who have made money and want to spend it in the way that they want), binary (often based on yes/no decisions at the grant application stage), and fragmented (a range of different grant-makers pursuing their own versions of social progress).

Interviewees told us about the difficulties of aligning incentives between executives and trustees who may rightly have a different view of what 'good giving' really means. Several executive leaders talked about the slow shift they were trying to make towards a culture of what is sometimes called 'joint leadership' in the public sector: co-creating new models of risk, of assessment, and re-thinking the role of governance within the strategic framework of a trust or foundation (e.g. less scrutiny of applications and more scrutiny of impact?). Trustees told us about the practical issues in squaring part-time, voluntary roles with the strategic impact they want to make. Many trusts and foundations experience these tensions (as research from NPC has shown). But funders told us that more could be done to help them work through them. In the final section to this report we suggest a 'collaborative risk framework' as one route in to this.

POTENTIAL CHARACTERISTICS OF A COLLABORATIVE EVALUATION

A short case study by David van Eeghen, Collaborate

- Impact and evaluation need to be part of the planning stage to produce smart/indirect metrics as indicators and pilot predictors, not targets
- Agreement on the issue being addressed and thresholds for qualification to avoid ‘hot potato’ incidents
- Consultation between service users, community, commissioners and providers to identify and codify service priorities
- Shared understanding of purpose and values to enable tactical alignment. This is essential to build organizational & collaborative focus over individual job focus
- True modesty! A clear understanding of how each member of the collaboration interacts and relies on one another
- Clear definition of targeted primary/secondary and direct/indirect effects of activities by each member of the collaboration.
- Trust built on consistency, transparency and modesty, reinforced by reciprocal value.

TENSION 3

ENGAGEMENT PRINCIPLES BUT NOT ENOUGH PRACTICE?

It has been fascinating to be an observer as major foundations have gone through their strategic review processes. All the elements have been in place: deliberation over theories of change; consultation with staff and with funding recipients; nods to the direction of travel within government and local social policy. Much of this has been gratifying to see – a window into the reasons why a funding ecology approach is hard to implement, and into why some of the more simplistic language around collaboration and partnership can’t always hold the weight of the issues it is trying to address.

“The world has changed. We expect the organisations we fund to be entrepreneurial, be self-sustaining... if that is the reality, then we need to live up to this too!”

To look at the Big Lottery Fund’s six new strategic principles is to recognize that the funding ecology ethos is present – and there is great potential to engage more profoundly with the citizens, communities and ‘unusual suspects’²⁴ when the strategic framework for giving demands that programmes are co-produced and issues around ownership, power and control are unpacked. And yet there is also something of a fiction to these processes without also paying attention to the capability of funders (and the individuals within them) to think and work differently on issues with which they already have great expertise. Collaborate calls this ‘collaboration readiness’.²⁵ For Srik Gopal and John Kania and colleagues, “no foundation can accomplish (systemic change) without undergoing at least some sort of internal transformation. Systems change is not possible without shifts in individual and collective ‘habits of mind’ that have been entrenched in the way foundations operate”. What they call ‘adaptive capacity’ is, concurrently, “the ability to seek new information, see connections, and make ongoing changes (which) needs to be built at three levels: the individual, the team, and the organization”.²⁶

TENSION 4

TOO MUCH GROWTH AND NOT ENOUGH SUSTAINABILITY?

The relationship between growth, sustainability and scale has been a consistent theme woven through our conversations within the sector. Our previous report, drawing on the reflections of Simon Tucker, we talked about the ‘bottlenecks’ that hinder social change from the point of view of charities on the ground (see box below), and several of these related to the ‘valley of death’ between funding for innovation and the possibility of taking initiatives to scale. A rudimentary segmentation of UK trusts and foundations would quickly show very few funders who can deal in sustaining scale-as-growth. But one might expect more funder collaboration and perhaps even new prime-and-sub type models to emerge in the bridging space.

“More consolidation is needed in the foundation world. We can still keep our names and historical identities, but let’s think about lead provider and distributor models too...”

Some see the problem as a conceptual – a default tendency to conflate sustainability with growth, and scale with size. As Jake Hayman has noted, this can drive perverse incentives within the sector: (some foundations) “define sustainability as the growth of an organisation through revenue rather than the dissemination of an idea, concept or approach into the mainstream beyond the organization”. He goes on to argue that “defining goals as organization/programmatic may be an easy way to showcase success but it’s a far less important metric than broader market penetration of a solution against a problem or widespread improvement in existing practice and whether the problem has actually been impacted”.²⁷ If we accept this critique, then finding and disseminating models of social support that reflect what one CEO calls “scale through diffusion” should be a priority.

TENSION 5

NOT ENOUGH COLLABORATION IN OUR EVALUATION?

This is not the place for an in-depth discussion on the rights and wrongs of evaluation and impact assessment; organisations like The Social Innovation Partnership (TSIP), IVAR and New Philanthropy Capital already fill this space with distinction. But there is, however, something important about the way in which an ecology approach might affect the way that independent funders approach evaluation. For instance, if our starting premise is an ecosystem approach that is about ‘contribution not attribution’, then it makes little sense to see evaluation as a process that looks only at a single organization and its network of grant recipients.

“We are not into the evaluation game in a big way. It is too self-regarding. When funders say ‘we have brought about’... No! At best we have enabled...”

IVAR’s ‘evaluation roundtable’ data suggests that we have some way to go before understanding what this more fluid approach to evaluation could mean, even within a single trust or foundation. Their survey work found that most respondents were “very clear about what it means to be a learning organization; actively creating spaces and opportunities for knowledge”. But at the same time, 45% of respondents (drawn from trustees and senior officials) said “they are not content with the way their organization currently makes use of evaluative information”.²⁸ We think that developing this ecosystem evaluation should be a priority for the sector and a key next step for this programme of work. Organisations with a presence in this space should be driving this collective dialogue.

The next section draws together our findings as a set of infographics – setting out the preconditions for a funding ecology approach, then reflecting on the practical actions that will likely be needed to turn our five-point framework into a working reality.

8. Conclusion— New Tools For The Sector

THE PRECONDITIONS FOR A FUNDING ECOLOGY APPROACH

This graphic shows a set of what we believe to be preconditions for a funding ecology approach. It draws on the research outlined through this paper, and on Collaborate’s work on systems change and collaboration across services to the public more broadly – in particular utilizing the preconditions framework set out in our work on ‘behaving like a system’, published in November 2015. ²⁹ The framework is based on two categories of characteristics (the characteristics of the ecology), and behaviours (our terms of engagement within it).

CHARACTERISTICS: THE CHARACTERISTICS OF A FUNDING ECOLOGY

- Ecosystem impact over organization focus
- Issues are acknowledged as systemic and requiring collaboration
- Citizen-centred from concept to delivery
- Organisational strategies are adaptive and non-linear

BEHAVIOURS: HOW WE WORK TOGETHER WITHIN THE ECOLOGY

- Trusted partnerships: understand and adapt to each other’s values
- Strengths based: utilizing the assets of people, place & partners
- Resilient and risk embracing: safe to fail, able to quickly bounce back
- Distributed leadership: enabling, fluid, no egos, convening
- Able to let go: act as a platform for others



**THE FUNDING ECOLOGY
DIAGNOSTIC**

This graphic gives a sense of the practical actions that could be taken – and indeed are being taken in some cases - by independent funders to start making the shift to a funding ecology approach. Some are more immediate than others. For example, an ‘ecology audit’ or ‘context diagnostic’ are things that could be done quickly; whereas ‘cross-sector influence’ or ‘ecosystem evaluation’ are activities that need to be built over the medium-to-long term. We have set this out as a series of diagnostic questions, and suggested some collective steps that the sector could take in the subsequent conclusion.

**THE
FUNDING
ECOLOGY
DIAGNOSTIC**

**DIAGNOSIS &
UNDERSTANDING**

ECOLOGY AUDIT

Do you understand the funding ecology within which you are a part, and could you map it?

CONTEXT DIAGNOSTIC

Do you understand enough about the drivers for change that will impact you?

**READINESS
& CAPACITY**

ENGAGEMENT READINESS

Do you have the right level of engagement with grant recipients and the border community/place

COLLABORATION READINESS

How ready are you to work in partnership with other organisations (especially social support orgs) within your ecosystems?

**IMPLEMENTATION
& SCALE**

JOURNEY TO SCALE

Do you have a picture of what sustainability and ‘scale’ would look like, and how funder collaboration might enable it?

CROSS-SECTOR INFLUENCE

Have you built a picture of how public, private and social sectors within a place could support diffusion and sustainability of initiatives?

**ECOSYSTEM
& NETWORKS**

SYSTEM PRECONDITIONS

Do you have a picture of the preconditions that need to be in place for you to begin effecting systemic change through partnerships?

COLLABORATIVE RISK

Do you have framework for understanding the shared and collective risks inherent in a funding ecology project?

**IMPACT
& LEGACY**

BROKERING OUTCOMES

To what extent is your impact & legacy based on outcomes or social changes that are shared with (and supplied by) others?

ECOSYSTEM EVALUATION

Do your evaluation processes go beyond your own funding streams, reflecting the picture of social change suggested by the ecosystem audit?

DIAGNOSIS & UNDERSTANDING

What practical tools can independent funders use to improve their understanding of their operating context and funding ecosystem?

a) Ecology Audit – an independent audit of the funding ecology in a place or against an issue. This would map and analyse existing issues, initiatives, independent funding streams and social support mechanisms to provide a picture of the ecosystem and levers for change.

b) Context Diagnostic – systematic work to analyse the current and scenario plan future the operating context for independent funders, including consideration of the likely changes to public, private and social sector financing in future.

IMPLEMENTATION & SCALE

What methods can be used to provide independent funders with alternative ways to influence across sectors and scale innovations?

a) Journeys to Scale – targeted research and brokerage work to develop ‘journeys to scale’ for particular initiatives. This is about building in both an ‘exit strategy’ and some insight about future sustainability more systematically into the early stages of a funding relationship, and doing it in partnership with other funders.

b) Cross-Sector Influence – early work (in concert with point a. above) to understand the relationships with government, business and wider civil society that will need to be brokered in order to envisage systemic or structural change.

IMPACT & LEGACY

What methods can be used to support better alignment and evidence-sharing within different funding ecologies?

a) Brokering Outcomes – scenario-planning and rubber windmill-type processes that start and hold dialogue about normative scenarios for the sector and society. This is the flip-side to the context diagnostic and should be about co-creating the social change outcomes the sector wants to achieve with its partners.

b) Ecosystem Evaluation – design of adaptive evaluation frameworks that take an ecosystem approach and go beyond following the money for a single funder. This might be relevant for a partnership, a funding ‘ecosystem’ or for single funders who want a more nuanced and realistic understanding of their impact.

READINESS & CAPACITY

What practical ways can independent funders boost their organizational and partner capacity to engage and collaborate?

a) Collaboration Readiness – targeted organizational development work to carve out the time and build the capacity of funder staff and trustees to collaborate. Ideally this would work across an emerging partnership.

b) Adaptive Framework Design – design of bespoke ‘adaptive’ frameworks for decision-making drawing on aforementioned work from the international development sector and the U.S. philanthropic sector. BLF’s recent review of strategic principle is a good example.

ECOSYSTEM & NETWORKS

What tools do funders need to assess and improve the viability of their networks and partnerships?

a) System Preconditions – an independent assessment of the ‘preconditions’ that need to be in place for cross-funder relationships to work. This would focus on characteristics and behaviours in the manner of the example above, but be bespoke to particular relationships, networks and places.

b) Collaborative Risk – development of a collaborative risk framework that helps practitioners to understand the risks (and upsides) of funder collaboration – both to their own organisations, and to citizens and society. This requires policy, practice and legal expertise and could be part of the ‘adaptive framework’ mentioned above.

What Next?

“Looking to the future, I hope greater collaboration between funders will happen, but it’s not an either-or. Funders that operate as islands or those that engage in herd-like partnerships are unlikely to be successful in the long-term. Some funders will never collaborate, but my suspicion is that there will be a lot more cross-funder partnerships.”

The next steps of this funding ecology movement are for independent funders and their partners to shape. As many sector leaders have argued, this needs to be done by building on the great practice that is already happening within the sector, as well as leveraging the networks that already exist, such as the Association of Charitable Funders (ACF)’s issue based networks.

Deepening the process requires a step change in engagement and dialogue with non-funders – social, public and private sector partners. And part of our process to date has been about asking: to what extent are independent funders ready to do this? Do they want to? And, more importantly, can we help to improve the links between those trusts and foundations that already do, and those who might need more support to start?

Our hope is that we can continue to turn a nascent set of ideas and practices into a real movement. But this requires other funding partners to get on board, and will also benefit from push-back from the sector and its partners about the tangible things that can translate thinking into practice (i.e. what works). We have suggested some practical actions – and there are a whole range of organisations out there already doing work in these areas. It is not our intention to second guess or undermine this. Making it feel cogent, collaborative and more than the sum of its considerable parts is the task.

Collaborate, the Calouste Gulbenkian Foundation (UK Branch) and the Big Lottery Fund are committed to moving the funding ecology programme forward through 2016, and there will be further activity in the arts and social change, and international development space. Collaborate will also be working with The Social Innovation Partnership and others to develop plans for a Collaborative Evidence Hub. The Association of Charitable Foundations (ACF) has a vital role to play, and we will be convening further discussions in the coming months to set out how the ecology approach will be developed in the months ahead. We need and welcome your input.

End Notes

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