



London
Funders

Working together to strengthen London's voluntary and community sector

LONDON FUNDERS

Self-evaluation report for London Development Agency

**on effectiveness of LDA's grant
2007-10 to London Funders**

May 2010

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1. Executive Summary

1.1 Project Summary

Table 1: Project Summary

Project Summary	
Project name	London Funders
LDA Delivery Manager	Jessie Sampah
Manager completing the self evaluation	Gaynor Humphreys
Project number	23268
Total approved LDA funding for project	£157,500 (incl. £7,500 for external evaluation)
Total lifetime cost of the project¹	£229,750 (approximately)
Actual project start date	1 October 2007
Actual project end date	31 March 2010

1.2 Key Findings

London Funders was originally an informal grouping of London's principal funders of the voluntary and community sector working in the capital. Since its origins in 1996, London Funders has grown to become a membership organisation comprising currently 96 members (full members and associates). In 2005 the then London Funders Group registered as a charitable company, London Funders, and has since had a two-person Secretariat and a board of trustees, though until late 2007 it was operated as a project managed by a support organisation, the Association of Charitable Foundations.

In October 2007, the LDA started a grant of £157,500 for three years to March 2010 in order to help secure London Funders on a firmer footing, by meeting three specific objectives:

- Its establishment as an independent company and charity with two staff;
- A more robust programme of work; and
- A move to recruit and retain sufficient members to become independently sustainable through member subscriptions as the major funding stream.

London Funders' increasing membership year-on-year is an indicator of sustained demand for a forum and network of this kind. It is also a reflection of the considerable changes and challenges within London's funding environment, both since the group's inception in 1996, and particularly over the last three years coinciding with the LDA's support.

The LDA's original rationale for funding the project was that:

- London Funders fits with the LDA's strategic aims by bringing a wide range of funding bodies together to:
 - Ensure appropriate infrastructure is in place for London's economic beneficiaries (ie second tier voluntary sector infrastructure);
 - Explore ways to address more effectively issues of common concern for London such as poverty, disadvantage and discrimination; and
 - Ensure that grant funded activities achieve the greatest social and economic benefits.
- London Funders strengthens the effectiveness of London's third sector by bringing funders together to share, learn and work together. London Funders' members report that their membership has provided them with:
 - Opportunities to forge working relationships and/or partnerships;
 - Opportunities to learn and share experience with others;

¹ In this context, "project" refers to salaries only, since that is what the LDA grant covers. The table on page 16 also shows total expenditure.

- o The opportunity to have time away from the office to think about best practice and be challenged; and
- o An opportunity for funders to make savings and reduce duplication of funding effort by working together.

At the start of 2010, London Funders' membership stands at 96. The pattern over the last few years is as follows:

Table 2:

Type and number of London Funders' membership	2009	2008	2007
Local and regional public sector funders *	37	38	38
Non-departmental public bodies	6	6	3
Charitable foundations	36	29	26
Corporate funders	2	2	2
Associates	15	11	5
Total	96	86	74

*This includes all 33 London boroughs. The current number is an increase of 30% since the start of the grant period.

All the evidence collected by Rocket Science as part of this survey and report, points to the conclusion that the LDA grant has achieved the objectives of establishing London Funders as "an independent company and charity with two staff" and of supporting London Funders to develop and deliver "a more robust programme of work". This is evidenced by the results of the member survey, which received 62 responses from a wide range of members and others who had accessed London Funders' services (a response rate of 53%). Respondents reported that they had made good use of these services, with the majority accessing each service several times a year or more.

Achievements against the third objective are more complex to assess. The grant objective was originally stated as "to recruit and retain sufficient members to become independently sustainable through member subscriptions as the major funding stream". On the one hand, if the objective is seen in terms of building membership, then London Funders has slightly exceeded its targets, largely through yearly increases in membership based on word of mouth. On the other hand, if the primary objective of the grant was to secure the organisation's sustainability solely through member subscriptions, then this has not been achieved. Subscriptions provide at present about 50% of total income. Much of this comes from London Councils, which makes a single annual payment to London Funders on behalf of all 33 local authorities in the capital, in the process securing membership for each of the boroughs, the City of London Corporation and London Councils itself.

Other notable achievements of London Funders over the last three years include:

- Creating a real and meaningful dialogue across the sectors around funding and support for the third sector; bringing the public sector together with the independent sector; learning what makes each other tick, their drivers and key constraints etc.;
- Bringing in high-level, keynote speakers which both stimulate the membership and are invariably able to tie the national, regional and local pictures together;
- Developing a greater shared understanding of the power relationships in London and the need to adapt funding vehicles accordingly to address the needs of London's hugely diverse communities (including migrants and refugees);
- Influencing and speaking out without compromising any member's independence – eg on the controversial issue of funding for single equalities groups;
- Providing a vehicle which can exert influence both internally within the membership and externally with a wide range of partners and stakeholders;
- Organising an influential conference, *The recession: we're all in it together*, to assess the impact of the recession on different types of funder and on the third sector in London.

As for individual members, over half of the 62 respondents (53%), agreed that "Involvement with London Funders has made my organisation a more effective funder". No respondents felt that involvement with London Funders had made their organisation a less effective funder. Furthermore, in order to apply the LDA's test for added value, members were also asked to consider how services they received related to others which are available to their organisation from other sources. Over half of the respondents (52%)

said “they are unique”; 46% said “they complement other services”, and only 2% said “They duplicate other services”.

There are a number of factors which have been critical in terms of contributing to the success of London Funders. Some of these have been by design, others have been more circumstantial. The former include:

- The recruitment and commitment of a highly motivated and effective staff team;
- The engagement and support of many of the principal funders of London’s third sector and the willingness of leading figures in the funding community to take positions on the project’s Executive Committee;
- The deal with London Councils to pay a single subscription in order to engage all 33 London boroughs as members. This arrangement, in one fell swoop, removes the administrative burden from the Secretariat of chasing boroughs for individual membership subscriptions at the same time as putting the combined weight of the local authorities, and their interest in the third sector, behind London Funders.

Other opportunities, which have been more a factor of timing or events largely outside London Funders’ control, include:

- The continued, if not heightened expectations of the third sector to deliver a critical element of public services, across a wide range of sectors (skills and employment, health, social services, housing, etc);
- The recent onset and prolonged impact of the recession, which has seen rising demand for the kinds of services traditionally provided by third sector bodies at the same time as significant reductions in the amount of funding available as a consequence of the impact on charitable foundations’ endowments. The need for funders and front-line organisations “to deliver more for less,” has arguably only made the existence of a funders forum to drive up the efficiency and effectiveness of grantmaking all the more important;
- Changes to the way services are procured and the increasing intention of public sector funders to transfer the risk and responsibility for delivery to fewer, larger contractors, which in turn has had knock-on effects in the way independent funders provide complementary support to enable the third sector to adjust and, where appropriately, survive.

An important element of the LDA grant purpose was to ensure that the positive effects from the project and the LDA’s investment are sustained. The Executive Committee is confident that London Funders does have a sustainable future. This is dependent, however, on the Committee’s persuading stakeholders like the LDA and future potential funders to appreciate the critical difference between self-sufficiency (ie self funding without subsidy) and sustainability. As evidence from a brief review of other funders forums shows, almost no examples exist of such networks operating on a self-funding basis – ie solely supported by membership fees.

Even if London Funders is able to convince partners and investors of the need for continued financial backing, in the current economic climate the amount and level of subsidy is likely to fall. Faced with the challenge of either supplanting or supplementing its grant funding, London Funders has a number of options to consider. These are likely to include:

- The private sector - the Executive Committee appreciate that there is no quick and easy way of involving most corporate funders. Corporate social responsibility budgets, in many cases, tend to support popular causes and not see the need to delve into more complex aspects of grantmaking. The Committee intends, however, to explore the scope to offer the knowledge base of experienced London funders from the public and independent sectors as a resource to the corporates with London interests wanting to maximise the value as well as the visibility of their CSR funding, and to make sure that London Funders’ broader membership understands the new style of corporate/venture philanthropy which is developing among more sophisticated companies.
- London’s local authorities currently get a good deal from their joint membership subscription to London Funders – at around £1,450 each in 2009. There is a case to be made for increasing London Councils’ contribution on behalf of the 33 individual authorities and itself, given the take up of services by staff of most of the boroughs and London Councils (especially if compared with the costs of training and professional development activities by other providers). After the 2010 elections, once the likely future of London Councils is known, this will be explored in more depth.
- As time permits, London Funders will also look at similarly federated membership arrangements that could be negotiated with other sector bodies such as London Housing Federation on behalf of

- registered social landlords in London, or NHS London on behalf of the primary care trusts.
- A potential income stream moving forward might be for London Funders to raise additional funding for bespoke pieces of in-depth work, along the lines of the Young Foundation's model, where the Foundation offers an idea for a research project to a group of local authorities and other funders who then take part in the project, share the research and own its implementation.

As with many things, what an organisation gets out of London Funders is primarily a function of what it puts in, and this applies to its funders as much as it does to its members. The conclusions of Rocket Science's analysis and of London Funders' self critical examination of its work are, looking at both the hard evidence and the many different perspectives on London Funders, that the LDA has made a sound investment, but that this needs to be maintained, if not by the Agency then by a comparable core funder, albeit with a new set of objectives, in order to sustain London Funders' good work and take it to the next stage.

2. Conducting the Survey and Self-evaluation

2.1 Background and Purpose

The London Development Agency commissioned Rocket Science to undertake a study of the outcomes of its support to London Funders, in order to inform and assist London Funders' self-evaluation of its use of the LDA grant (2007-10). The work by Rocket Science was a detailed assessment and has provided the bedrock of this report by London Funders, adding to our own data about take up of our services and participation by our members; the growing membership base; a broadening range of activities, etc. It enabled us to add to our self-evaluation a layer of evaluative comment by users of our services, provided to Rocket Science as an objective, external body.

Rocket Science, reporting to the LDA, noted that this evaluation report comes at a critical juncture for the capital's funding bodies and the third sector they largely support. Rocket Science's brief was to:

- analyse the project's achievements in terms of member subscriptions prior to and after LDA's intervention;
- assess the financial sustainability of London Funders beyond the end of LDA funding in March 2010;
- provide quantitative and qualitative information and analysis to feed into the London Funders' Self-evaluation Report;
- analyse how the Project's activities had changed London Funders' member organisations funding priorities and what the impact had been on its members;
- assess whether the project has achieved greater efficiency, effectiveness and promotion of LDA aims and Mayoral objectives within the voluntary and community sector by using London Funders as a conduit for influence (ie the test of Strategic Added Value);
- make an informed judgement as to whether the organisation's activities have resulted in increased performance by London Funders and its members and associate members (eg in areas of improvement in service delivery, income raising/generation, employment, skills services, etc).

The findings from Rocket Science's work are extensively quoted in this report.

2.2 Methodology

Rocket Science's analysis was based on the following inputs:

- Close communication with the key stakeholders in the London Funders' project including the LDA as primary funder and commissioner of this evaluation, the Secretariat, Executive Committee and its key stakeholders/members.
- Using a range of qualitative and quantitative data to assess and evidence the impact of the LDA's financial support of London Funders including, to the extent that it is possible, an assessment of its Strategic Added Value and a cost/benefit analysis.

2.3 Desk analysis

The desk-based element of the research looked at a range of documentation made available by the LDA and the London Funders' Secretariat, including:

- The LDA's original business case and rationale for its intervention.
- London Funders' management information, including the Business Plan, Quarterly Progress Reports on the project to the LDA and Annual Reports.
- Feedback from London Funders' activities and events, eg members' meetings, membership briefings, one-to-one business support, etc.
- London Funders' information on the project outputs and diversity targets.

This has helped to review the project's performance in relation to its original aims and objectives, how far it delivered its target outputs and what year-on-year improvements there have been in efficiency and impact.

2.4 Survey of members and non-members

At the outset of this review Rocket Science designed and conducted an electronic survey of members, associate members and other users of London Funders' services. Following input into the survey from both the Secretariat and the LDA, an invitation to take part was sent out to over 117 different organisations with a personal message from London Funders' Director. All returns came back automatically to Rocket Science in order to guarantee confidentiality. It was intended that the data would be used on an aggregated basis rather than attributed to any one individual. Similarly, members' qualitative assessments of the work of London Funders were guaranteed anonymity, unless the respondent indicated to us otherwise.

A control group survey was infeasible in the time available, not least as it was unlikely that there is a comparably-sized group of organisations, of similar diversity to the membership, which are not members of London Funders. Instead Rocket Science opted to try to contact a number of recently lapsed members which would be given the opportunity to comment on their perceptions of the value of the project and why they had ceased to be members.

The survey was web-enabled using QuestionPro software and distributed electronically. The format included a mixture of tick-box and Likert-scale questions to convert qualitative statements into quantitative benchmarking data and to enable consistent evaluation of member organisations' experiences. Questions covered the perceived benefits of London Funders' support, whether the activities delivered complemented other services and support available, which activities were most and least effective, whether the Project was able to respond to individual requests, the quality of the support, and the perceived or evidenced impact it has had on the respondent's organisation. A copy of the survey used for this report is included in the Appendices to this report.

2.5 Focus groups with members

Rocket Science also asked in the survey if members and users of London Funders were willing to participate in a focus group or interview. Over a dozen volunteers came forward and a group of six of these took part in a focused, hour-long discussion. The members' focus group was supplemented by a 40-minute structured discussion with the Executive Committee at its meeting on 1 February 2010.

2.6 Interviews with project staff and key stakeholders

Rocket Science also undertook a series of interviews, both face-to-face (ie with the London Funders' staff and the LDA) and, where necessary, by telephone with individual stakeholders in the London Funders Project. These were with the following:

- The London Development Agency – Jessie Sampah, Contract Manager;
- London Funders' Secretariat - Gaynor Humphreys, Director, and Yvonne Schwartz, Network Development Manager;
- London Funders' Executive Committee member – Ian Redding of London Councils
- London Funders' former Chair, Sara Llewelin (the current Chair, Lisa Greensill of Government Office for London, was unavailable owing to ill health);
- Leads or senior representatives of other associations which provide similar membership services – Peter Lewis, Chief Executive of LVSC; Hugh Harris of London First and Paul Bower of London Civic Forum.

The interviews were semi-structured, using a topic guide agreed in advance with the LDA and designed to reflect the self assessment reporting template. Interviewees' views were sought on the support and services provided by London Funders, including:

- impact on member organisations
- which activities were most and least effective
- the quality of the support provided, and
- any improvements that they felt could be made.

2.7 Case studies

Three short case studies were written by Rocket Science about different organisations which have received direct support from London Funders. These seek to define and illustrate the nature of the support and the impact on the organisation and the added value of London Funders' support.

2.8 Comparison with similar projects and activities

Comparison with similar projects was the focus of our discussions with other membership-based organisations in London which, while not directly comparable with London Funders (eg London Voluntary Service Council; London First), offer similar services intended to engage their members effectively and, where appropriate, collaboratively in London's economic development. Rocket Science was also able to use its contacts and experience of working with the Scottish Funders' Forum to compare more directly the services, work and costs/benefits with a similar body to London Funders.

2.9 Cost-benefit, additionality and strategic added value

There are a number of difficulties in providing an analysis of the cost-benefit/additionality achieved from the LDA's £150,000 investment in the London Funders' project. Calculating the unit costs for specific forms of support or intervention is a relatively straightforward task, for example, in establishing the cost of running events, facilitating project groups or producing information bulletins. It is also possible to show the positive movement, over each of the three years in which the LDA grant was made, in terms of the cost effectiveness and cost per member of London Funders. However, assessing comparative effectiveness with other membership-based activity of this nature is more difficult: no two organisations are the same or provide directly comparable services; and the complexity and costs of running services in London can create a challenge in making comparison with other places and regions.

Cost-benefit may be calculated by considering the wider outcomes of organisations assisted through membership of London Funders. For example, the existence of the network and its information sharing may result in improved efficiency and effectiveness of grantmaking – reduced duplication and waste. It also may account for an overall increase in the total funding being drawn down and made available to London – ie additional funding which would not have been available otherwise. The cost-benefit, therefore, of the LDA's support in relation to funding leveraged through London Funders' work presents on the face of it an achievable calculation, but it is subject to so many conditions and caveats that it is virtually meaningless.

To reach a rigorous calculation of cost-benefit based on agreed outcomes directly attributable to London Funders' work (discounting outcomes that would have happened without the availability of the London Funders' network and its support) would require a comparison with the amount of funding levered into London by a control group of organisations, not members of London Funders, but this would be a highly ambitious and expensive exercise.

Survey and focus group responses, however, provide insights into the impact of London Funders' work on the efficiency and impact of funders and go some small way to helping with an understanding of benefit achieved by the funding.

Strategic Added Value

More rigorously Rocket Science offered the concept of Strategic Added Value (SAV) to address a number of the objectives of the evaluation. SAV is a measure for capturing the wider impacts of a given intervention through analysing strategic leadership, partnership creation and decision-making. It is defined under the following headings:

Table 3: Strategic Added Value

Strategic Added Value	Example Outputs
<p>Strategic Leadership Articulation and communication of needs, opportunities and solutions to partners in the area and elsewhere</p>	<p>Creating confidence in the prospects for economic growth through strategic investment; Improving capacity of funding partners and stakeholders to realise the potential for improved performance/grantmaking and commissioning</p>
<p>Strategic Influence Stimulating activity that defines the distinctive role of partners, gets them to commit to shared strategic objectives and to behave and allocate their funds appropriately</p>	<p>Generating partnerships of mutual benefit focused on the particular needs of different target groups/communities in London; Achieving alignment and better joining up of priorities and investment plans of partners/funders</p>
<p>Leverage Provision of financial and other incentives to mobilise partner and stakeholder resources – equipment, people as well as funding</p>	<p>Funding and other resources levered from members and stakeholders in support of particular policy or programme objectives</p>
<p>Synergy Using organisational capacity, knowledge and expertise to improve transfer and co-ordination and/or integration of the design and delivery of interventions amongst partners</p>	<p>Reduction in the duplication of work amongst partners which could be better shared; scaling up of project or group of projects to a level that provides sufficient critical mass for securing more sustainable outcomes/pathways etc</p>
<p>Engagement Mechanisms and incentives for more effective and deliberative engagement of stakeholders in the delivery of priorities and programmes</p>	<p>Introducing quality and innovation in grant funded interventions through the transfer of good practice, the development and use of benchmarks and the adoption of new/common processes and methods (e.g. for applicants to use; assessors to apply consistently, etc)</p>

Section 5.3 of this report comments on the strategic added value of London Funders' work. This method of analysis has proved of value and interest to London Funders and will be used in future evaluation.

3. Project Background, Context and Rationale

3.1 The history of London Funders

London Funders was originally an informal grouping of London's principal funders of the voluntary and community sector working in the capital. Since its origins in 1996, London Funders has grown to become a membership organisation comprising almost 100 full and associate members; in 2005 the then London Funders Group registered as a charitable company, London Funders, and has since had a two-person Secretariat and a board of trustees. The latter is currently chaired by Lisa Greensill, Head of the Communities and Third Sector Team at Government Office for London. It should be noted that the first senior member of staff in the new company left before this LDA-funded project started, and her replacement joined after an interim manager had negotiated objectives with the LDA. (There has also been a change of personnel during the period in the other staff position due to maternity leave and subsequent resignation).

The Association of Charitable Foundations supported London Funders as a project in 2005-7 until London Funders emerged as a fully independent organisation in late 2007. In mid-2007, the LDA approved £157,500 for three years to March 2010 in order to help secure London Funders on a firmer footing, and grant payments cover the three year period from October 2007. Grant purpose was described as including:

- London Funders' establishment as an independent company and charity with two staff;
- A more robust programme of work; and
- A move to recruit and retain sufficient members to become independently sustainable through member subscriptions as the major funding stream.

The membership organisation brings funders together to:

- Share knowledge about social issues in London and keep up to date with social change;
- Increase understanding of current funding and policy trends;
- Identify and encourage best practice in grantmaking or investing to support and strengthen the voluntary and community sector;
- Get to know each other better and work intelligently together;
- Improve efficiency and increase leverage on investment;
- Promote innovation in funding;
- Be a channel for dialogue between funders and the third sector in London.

London Funders' Annual Report 2008 (the most recent at the time of writing this Report) describes a good year, including membership growth and "more face to face activity, including many opportunities for cross-sector discussion and shared learning". London Funders provided a range of member services, including regular events on issues such as Olympic opportunities, partnership working, commissioning and procurement, evaluation and the role of the third sector in public service delivery and supporting refugees; also addressing areas such as infrastructure development, research and evaluation and efficient and effective funding practice. The draft report for 2009 reinforces these and shows further progress in membership and range of activities.

3.2 The changing nature of funding for the third sector

London Funders' increasing membership year-on-year is an indicator of demand for a forum and network of this kind, but also a reflection of the considerable changes and challenges within London's funding environment, both since the group's inception in 1996, and particularly over the last three years, coinciding with the LDA's support. These have seen, for example:

- significant changes, agreed with the European Commission, to the administration of the EU Structural Funds in London;
- a major overhaul of London Councils £28 million per year grants programme and the recommendation of a shift from a largely reactive process of grant support to initiatory commissioning in order to deliver pan-London patterns of provision that meet identified priority needs;
- the election of a new Mayor of London with a strong commitment to funding services and opportunities for particularly disadvantaged young Londoners;
- increased prominence of the third sector, recognised by sustained levels of funding from

Government, via the ChangeUp programme, which set out a vision that, by 2014, the needs of front-line voluntary and community organisations will be met by support that is effective, accessible and sustainably funded;

- in return, the heightened expectation of central government that public services can and will increasingly be delivered by third sector organisations as well as by statutory and private sector partners;
- the roll out of a more devolved approach to commissioning skills and employment services (by the Department for Work and Pensions/Jobcentre Plus and the LDA) at the same time as they have been awarding longer-term, output-funded contracts to so-called "Prime Contractors" which take on the risk and responsibility for managing delivery supply chains (comprising many third sector providers);
- the replication of the prime contracting model in other public service areas;
- the credit crunch and onset of recession which is now anticipated to lead to swingeing cuts in public spending over the next few years in order to reduce the unprecedented level of government debt.

3.3 The LDA's funding of London Funders, 2007-10

The LDA's original rationale for funding the project was that:

- London Funders fits with the LDA's strategic aims by bringing a wide range of funding bodies together to:
 - Ensure appropriate infrastructure is in place for London's economic beneficiaries (ie second tier voluntary sector infrastructure);
 - Explore ways to address more effectively issues of common concern for London such as poverty, disadvantage and discrimination; and
 - Ensure that grant funded activities achieve the greatest social and economic benefits.
- London Funders strengthens the effectiveness of London's third sector by bringing funders together to share, learn and work together. London Funders' members report that their membership has provided them with:
 - Opportunities to forge working relationships and/or partnerships;
 - Opportunities to learn and share experiences with others;
 - The opportunity to have time away from the office to think about best practice and be challenged; and
 - An opportunity for funders to make savings and reduce duplication of funding effort by working together.

Prior to this project, an LDA grant of £313,400 over three and a half years had been managed through the Association of Charitable Foundations in order to help London Funders become a structured network for funders in London. At the end of this grant, the case was made that the process had been completed, but that it had not left London Funders as a sustainable group.

The rationale behind the additional three years of LDA grant support was to consolidate what had already happened, building on the achievements to date, but focussing on elements of sustainability. One staff member described this as being able "to get some breathing space in order to work towards sustainability". The in-built assumption, however, was that membership subscriptions would become the main source of income in the future.

The demand for the project was clearly articulated by the London Funders' Executive Committee, which remains "very committed to funder communication and collaboration". The evidence of the need for the project was partly based on the extent to which members had taken up services in the period of the previous LDA grant, along with evidence of further demand in terms of the growing numbers of members and the potential for yet more to join.

4. London Funders – Key Facts and Figures

4.1 Project Aims and Objectives

The aims and objectives of the London Funders Project (ie for the use of this grant) were:

- Its establishment as an independent company and charity with two staff;
- A more robust programme of work; and
- A move to recruit and retain sufficient members to become independently sustainable through member subscriptions as the major funding stream.

4.2 Project Outputs and Expenditure

Commentary on project outputs

Table 4: Project Outputs

Output	Target/Profile output	Actual output
Membership numbers	94 (at Mar 2010)	96 (at Mar 2010)
Business support outputs	130 (by Mar 2010)	249 (by Mar 2010)
Activities delivered	See table 5	See table 5

1. Business support outputs – equivalent to two hours or more of support to an organisation ‘new’ to London Funders. (This is not counted if it is a new person from an organisation that has already received support). London Funders hugely exceeded the targets to start with, but this has been harder to maintain as organisations currently supported have mostly already been counted in the earlier figures.
2. Activities delivered – project groups, quarterly meetings, special or joint events.

London Funders has demonstrated delivery of “more than was initially said, in many ways” and this is borne out by the evidence of the extensive membership survey (see section 5) as well as the project’s quarterly reporting on milestones to the LDA.

Table 5 on the next page sets out the agreed workplan.

Commentary on participants – both intended and unintended participants

London Funders’ primary intended participants are organisations that are funders of the voluntary sector in London. Virtually all the group’s work is aimed at them and their participation has become stronger, reflected in increased membership, better levels of participation and engagement by existing members as well as impressive member retention from one year to the next.

In addition, London Funders has supported a significant number of secondary or “unintended participants”, ie a broader range of individuals and organisations which subscribe to the e-bulletin, including third sector organisations and other stakeholders which have an interest in funding issues in the capital, but which are not funders themselves. However, London Funders’ services, including the website and e-bulletin, are developed and delivered principally with members in mind.

London Funders is a membership association. Membership is open to organisations which support London’s third sector with grants and donations, or which purchase services from the sector through commissioning. These may be public bodies, charities and voluntary organisations, private sector companies and individual donors.

Table 5: London Funders LDA Grant Plan October 2007–March 2010

Quarters for claim quarterly in arrears	Covering quarter	Financial claim (£)	Business support targets	Business support actual	Milestones (Communications milestones not included)	Member targets	Members Actual
Q1 January 08	Oct – Dec 07	15,000	25	49	Quarterly meeting, 4 project groups.	72	74
Q2 April 08	Jan – Mar 08	15,000	20	20	Business plan. Quarterly meeting. 4 project groups. Voluntary sector event. Policy briefing	78	79
Q3 July 08	Apr-June 08	20,000	10	33	Quarterly meeting / AGM. 4 project group meetings. Corporate event. Housing event		
Q4 October 08	July – Sept 08	20,000	10	48	Quarterly meeting. 3 project group meetings. Research planning, sponsorship sought. Health event		
Q5 January 09	Oct – Dec 08	15,000	15	16	Member meeting. 5 project group meetings. New project group. Voluntary sector event. Policy briefing.		
Q6 April 09	Jan – Mar 09	15,000	10	50	Member meeting. 5 project group meetings Corporate event	85	88
Q7 July 09	Apr-June 09	15,000	15	3	Member meeting/ AGM. 5 project group meetings. Voluntary sector event. LF conference		
Q8 October 09	July – Sept 09	10,000	5	4	Member meeting. 3 project group meetings. Policy briefing. Voluntary sector event. LDA Evaluation planned		
Q9 Jan 10	Oct – Dec 09	15,000	10	16	Member meeting. 6 project group meetings. Research event (sponsored). New project group. LDA evaluation		
Q10 Mar 10	Jan – Mar 10	10,000	10	10	Member meeting. 6 project group meetings. Corporate event. Voluntary sector event. Policy briefing. LDA evaluation. Planning for second LF conference (sponsored)	94	96
Total		£150,000	130	249			

Reports against these milestones generally recorded close adherence to original plans. The conferences to which milestones refer relate to the recession and its impact on London's funders and voluntary and community sector (one held in February 2009, one planned for September 2010).

Associate membership is open to third sector organisations distributing funding in London but not as their primary function. They may participate in all meetings to which members are invited. However, associate members' staff, volunteers and committee members have no vote at London Funders' meetings and may not hold office in the organisation, or be members of the Executive Committee. Strategies for expanding membership have been a key part of London Funders' work in 2009 and 2010.

Table 6: London Funders Membership 2007-10

	End of 2007	End of 2008	End of 2009
Total membership	74	86	96
Public bodies	51%	44%	39%
Charitable sector	42%	47%	53%
NDPBs	4%	7%	6%
Corporates	3%	2%	2%

Several initiatives with regard to membership are now under way as a result of discussions and plans in the Executive Committee. Part of a small grant from Awards for All, received in January 2010, is to fund feasibility work on developing membership among housing and health funders. Work so far on housing funders looks promising. A second piece of work, regarding health funders, will be commissioned shortly. London Funders also has a freelance consultant working on individual approaches to potential members (to be paid a small commission on results). The latter has not yet delivered new members but the work has only very recently begun. Executive Committee members have also each made a commitment to try to attract new members among funders with which their work brings them into contact.

To contain the time needed to handle enquiries from the voluntary and community sector, during 2005 London Funders applied for and received a ChangeUp grant (the government's programme of investment in third sector infrastructure) to create an "e-gateway for fund-seekers".² This is a section on the website which provides third sector organisations in London with advice on how to apply for money. Since then it had become rather out of date and it was fully reviewed and relaunched in November 2009. Following this, there has been a reduction in email and telephone enquiries concerning how and where to apply for funding. The e-gateway says upfront that "London Funders is an association of funders which support London's voluntary and community sector. It is not a funder itself . . . Please note that we are unable to help individual fund seekers, nor advise on particular applications."

The London Funders' staff team is cautious about further enabling this group of "unintended participants" to benefit from London Funders' activity. There is a commitment to members that "funders won't be fundraised from at meetings". Non-distributing third sector organisations are only invited to contribute with a particular purpose in mind, eg to present at a meeting, and the Secretariat is wary of "hidden funding pitches". The Secretariat constantly makes judgments about involving other stakeholders that are not funders themselves, but nevertheless have specific knowledge and expertise to bring. For example, LVSC has been invited to join the project group about voluntary sector infrastructure; Charities Evaluation Services has been involved in the Research and Evaluation project group; and London Civic Forum and London First participate in the Olympics and Paralympics project group. Joint meetings have been developed with non-funders in order to inform funders about specific areas or facilitate discussion and debate: examples are some meetings with MiNet to look at funding challenges for organisations serving black and minority ethnic communities; a seminar jointly organised with Employability Forum on the current landscape for refugees and asylum seekers; and an event on the value of infrastructure bringing together funders with members of the London Regional ChangeUp Consortium.

Terms of engagement with participants

London Funders exists to promote more informed and better funding decisions. Members take communications/information from London Funders, but also use the network as a vehicle for imparting their own funding priorities and raising awareness within the funding community of their own interests. The terms of engagement with members have not changed particularly over the lifetime of the project's funding. The Secretariat has stepped up its efforts to communicate as much as is possible with members one-to-one, despite limited staff resources. This enables London Funders to develop a relationship with a

² <http://www.londonfunders.org.uk/Egatewayforfundseekers/tabid/57/language/en-US/Default.aspx>

primary contact in each member organisation and to encourage them to think who else in the organisation could benefit as well as to be as informed and up-to-date as possible about the priority needs and interests of each member and about that member's areas of expertise and specialist knowledge. During 2009, the Secretariat conducted a mapping exercise to ensure that contacts were up-to-date, and this had a good response. Gradually, a greater proportion of staff in the member organisations is receiving information directly from London Funders (rather than a primary contact forwarding the e-bulletin or notice of forthcoming meetings to work colleagues). The e-bulletin's readership has also grown: a thorough review of the mailing list in early 2009 removed hundreds of out-of-date or redundant names from the list, yet the numbers of readers climbed over a few months to well over 1,000 and a great deal of feedback is received about the usefulness of each issue's content.

One stakeholder, who has been involved with London Funders in its various guises since its beginnings, gave a long-term perspective on this issue:

"The fact that more people are constantly joining suggests it's something worth being a part of. At the same time, there's still a hard core of people who've been there right through – big charities, who give it weight and credibility."

Retention of members

Alongside the growing demand for the services provided by London Funders, as evidenced by the steady increase in membership year-on-year, another indicator of its success has been the high levels of retention amongst members. The Secretariat is only aware of eight organisations which have allowed their membership to lapse within the last few years, and efforts to assess their reasons for doing so suggest that there is no single underlying cause. Reasons given have included the loss of London regional staff and therefore regional focus (Sport England); spending down grantmaking resources and no longer being a funder (The King's Fund, Stone Ashdown Trust); closure of the organisation (Learning and Skills Council).

4.3 Equalities information

Equalities groups as defined by the LDA were the only target in relation to use of the LDA's grant that has engaged the LDA in dialogue with London Funders. The targets set were for London funders' work with "business owners" to deliver an agreed percentage of outputs to organisations "owned" by a majority of women, or disabled people or black and minority ethnic people. The LDA equalities staff asked London Funders to change its core purpose in order to meet these targets. The organisation's Executive Committee has been disappointed with the way the equalities targets were set and interpreted by the LDA (feeling these did not relate well to measurement of effective work with the voluntary and community sector) and mandated the Director to enter into written correspondence on the subject with the Agency.

The Secretariat has sought to find out about the "business ownership" of the organisations that they support, ie the composition of their Boards. The project has equalities targets set at 15% of businesses led by a Black Asian and Minority Ethnic (BAME) majority, 5% women and 2% disabled people. As the following table indicates, these have been impossible to achieve, but there are mitigating reasons to explain these shortfalls, most particularly in the history and structure of funders (especially both public sector bodies). A measure based on the focus of members' funding of equalities groups would demonstrate the priority given to equalities work.

Moreover, London Funders has been involved in a number of activities that are working towards equalities in a way that is both more significant and also more appropriate to London Funders' core purpose. For example, the organisation was instrumental in the development of HEAR (London's pan-equality third sector network); it has also helped member organisations to consider equalities issues in their own work; has a project group on issues in migration and asylum; and worked with MiNet in helping funders and BAME organisations understand each other better. London Funders jointly mounted a conference for refugee services and projects and funders, to kick off the Mayor's consultation on the GLA's refugee policy. The Secretariat has offered one-to-one support to the staff of the new UK women's fund, Rosa. Both Voice4Change England and Race on the Agenda (ROTA) have recognised the role played by funders in tackling racism by inviting London Funders to contribute, respectively, a written piece for publication on the period since the McPherson Enquiry into the death of Stephen Lawrence, and inviting London Funders' Director to speak on funders and hate crime at an event at the House of Commons. It should be irrefutable that most of London Funders' activity and focus is in effect concerned with equality

of opportunity and targeting social and economic disadvantage and discrimination in the capital.

Table 7: Project Participants – output business support (NB figures relate to businesses not individuals)

	BAME				Women				Disabled people			
	Target	Actual	Variance (actual)	Variance (%)	Target	Actual	Variance (actual)	Variance (%)	Target	Actual	Variance (actual)	Variance (%)
2007-8	15%	0	-3.8	-100	5%	0	-1.3	-100	2%	0	-0.5	-100
2008-9	15%	0	-4.1	-100	5%	0	-1.3	-100	2%	0	-0.5	-100
2009-10	15%	8	+2	-33.3	5%	5	5	+150	2%	0	-0.8	-100

4.4 Commentary on project expenditure

Table 8: Project Expenditure

	Approved Budget (£)	Actual Budget (£)	Variance (£)
Total LDA Grant	£150,000	£150,000	£0
Additional Income	£383,250	£360,603	£22,647
Total Spend	£533,250	£510,603	£22,647

Project expenditure is made up of staff salaries, which have been in line with forecasts. The Secretariat currently comprises two full-time members of staff, the Director, Gaynor Humphreys, and the Network Development Manager, Yvonne Schwartz.

Part of the cost of a service level agreement with the Association of Charitable Foundations (from which London Funders rents a small office and share of a meeting room) was the provision of finance services for an average of one day per week, including payroll. A review at the end of 2009 cut this to one day per month, with an appropriate reduction in costs. London Funders has made good use of office-based volunteers and interns, as well as support in kind from members and other organisations.

4.5 Management and administration costs

The London Funders' Executive Committee has been concerned to ensure that the organisation remains "lean and mean": they do not want to see its administration grow. Their objective, as described by one Committee member, has been "to try to work smarter" and a recent example of putting this into practice has been in developing technically more efficient e-bulletins that have saved staff time in preparation. The recent Awards for All grant has allowed the purchase of a database, with the specific aim of helping the staff team to work more efficiently and deliver "more bang for the buck". London Funders has improved its success in securing in kind help: three of the four quarterly meetings in 2009 were sponsored or hosted by another organisation.

London Funders has also made strides to create a brand identity, albeit in low-cost ways such as using the same font and colour schemes to make publications more recognisable. There has also been a move to make the website more accessible and informative, eg listing publications, highlighting examples of funder collaboration, providing a carefully written (and accessible) record of members' meetings, detailed minutes of the meetings of project groups (for group members) and short notes for others. The Director described how she "made a deliberate decision to deepen what we did, including creating a more permanent record of what was learned and shared". The recession conference in February 2009 provided a trigger to add a section on the website which shows how funders are responding to the economic downturn in London and offers funders ideas and information to support them as most struggle with higher demand and lower resources.

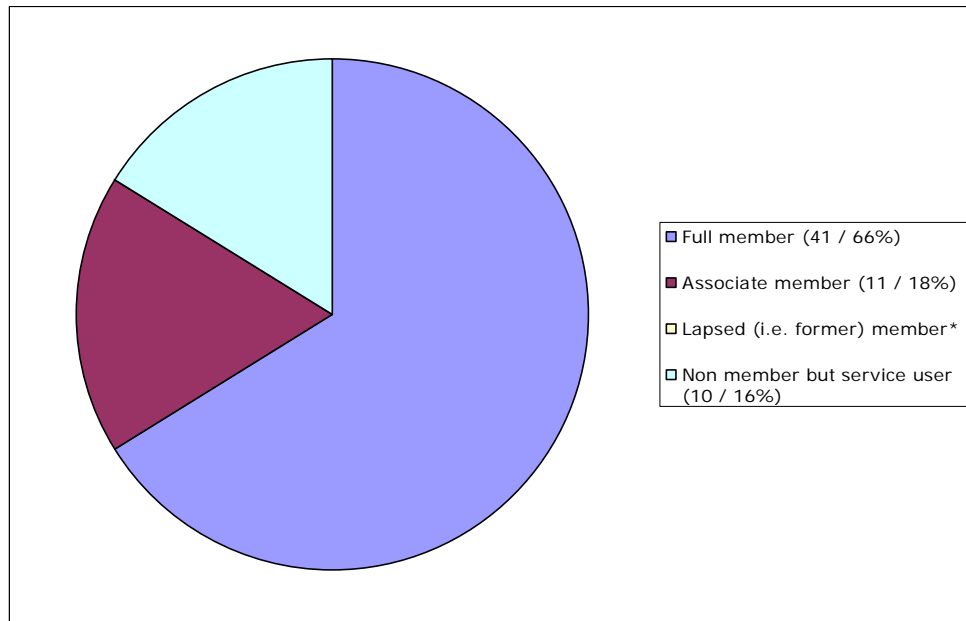
4.6 Conclusions on outputs and expenditure

The LDA funding enabled the consolidation of London Funders as an independent legal entity. It required such a catalyst in order to move on from the original network known as the London Funders Group – essentially an informal meeting of like-minded funders, in order to create something more permanent and sustainable; shrugging off in the process its image, held in some quarters, as a “closed shop” or “talking shop”. The current Executive Committee is convinced that London Funders would not have achieved the scale or impact it has (as quickly as it has) without the LDA investment.

5. London Funders – Impact Assessment

Rocket Science’s survey of London Funders members was sent out to a list of 117 organisations comprising 97 full and associate members, 12 regular users of London Funders’ services, plus 8 organisations whose membership had lapsed. The survey elicited 62 responses – a rate of 53% which is remarkably high in a stakeholder consultation exercise of this nature, and a powerful indicator on its own of the levels of support for, and interest in, the work of London Funders.

Diagram 1: Breakdown of the London Funders’ Survey Respondents by Membership Type



*No lapsed members responded to the survey. In most cases they had either wound up as funders, or key staff members who knew London Funders had left.

Of the 62 respondents, 40 classified themselves as third sector organisations which included independent funders such as charitable trusts and foundations; 16 responses were received from London boroughs; four from other public sector organisations and two from the private sector.

5.1 Achievements against project objectives

Objective 1: Establishment as an independent entity

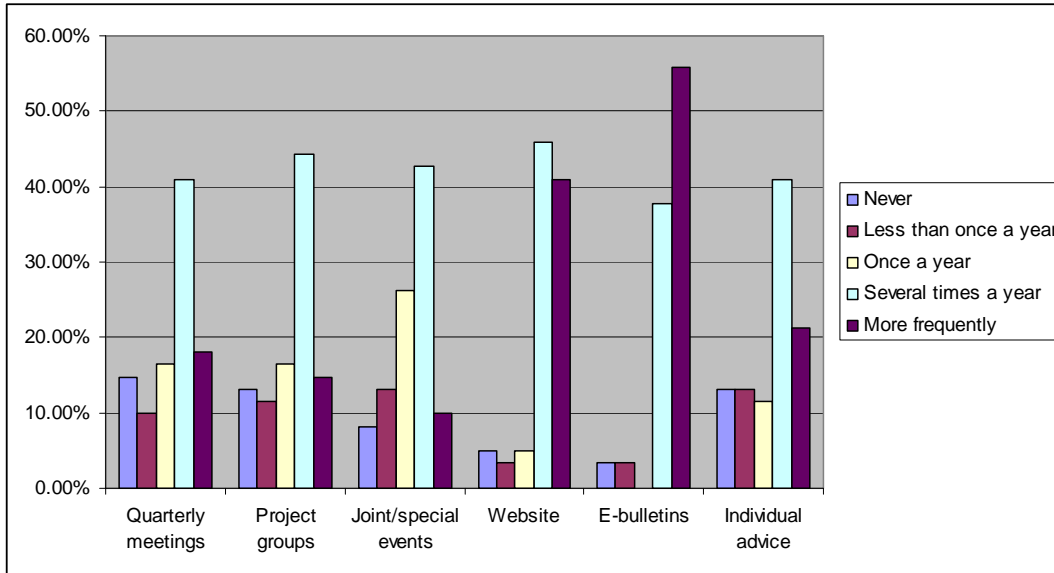
All the evidence collected as part of this survey and report, points to the conclusion that the LDA grant has achieved its stated objective of establishing London Funders as “an independent company and charity with two staff”.

Objective 2: A more robust programme of work

The LDA grant has achieved its objective of supporting London Funders to develop and deliver “a more robust programme of work”.

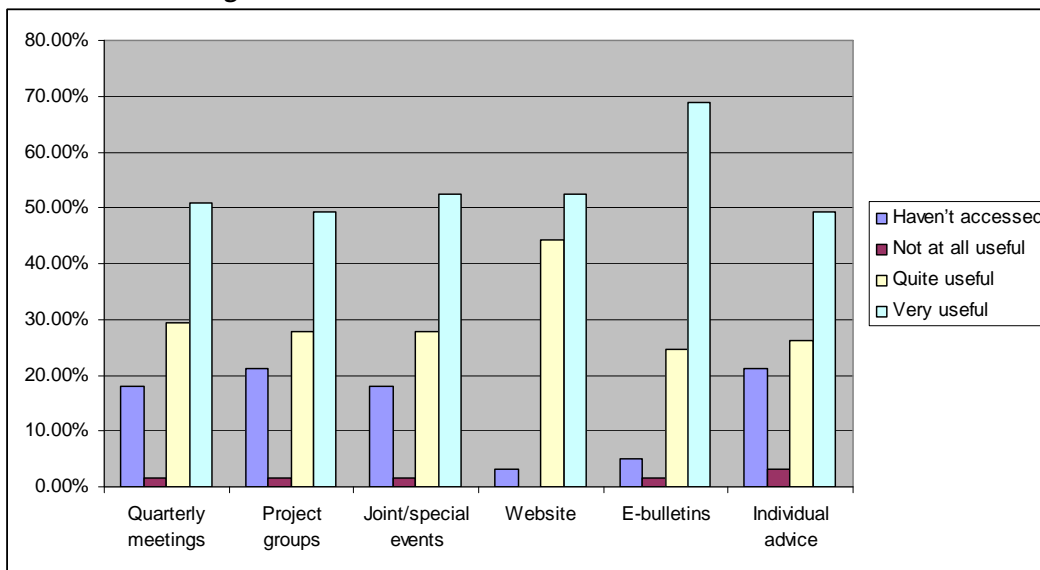
This is evidenced by the results of the member survey, which received 62 responses from a wide range of members and others that had accessed London Funders’ services. Respondents reported that they had made good use of these, with the majority accessing each service several times a year or more.

Diagram 2: How often does your organisation make use of the following services?



Moreover, as Diagram 3 below illustrates, respondents also reported that they had found these services to be particularly useful. Each of the London Funders' services was rated "very useful" by about 50% of respondents – with the e-bulletins rated "very useful" by 69% of respondents. Hardly any respondents rated services as "not at all useful", although some admitted to not having accessed particular services.

Diagram 3: Please rate the usefulness of London Funders' services that your organisation has accessed



Objective 3: Sustainability through member subscriptions

Achievements against the third objective are more complex to assess. The grant objective was originally stated as "to recruit and retain sufficient members to become independently sustainable through member subscriptions as the major funding stream".

The London Funders' Secretariat points out that this can be seen in two ways. On the one hand, if the objective is seen in terms of building membership, then London Funders has very slightly exceeded its targets, largely through incremental increases in membership based on word of mouth. There is a plan to

“do more wholesale building” and London Funders has received a grant from Awards for All to market its services specifically to health and housing funding organisations.

On the other hand, if the primary objective of the grant was to secure the organisation’s sustainability solely through member subscriptions, then this has not been achieved. Subscriptions provide at present about 50% of total income. Much of this comes from London Councils, which makes a single annual payment to London Funders on behalf of all 33 local authorities in the capital and itself.

London Funders’ Secretariat is very aware that relations between London Councils and the boroughs are crucial to the organisation’s sustainability. London Councils’ payment of a single membership fee for all the boroughs is a huge benefit, not least in saving considerable time and money on the collection and administration of individual authorities’ annual fees. However, in spite of the combined membership fee equating to a cost per borough of some £1,450, it is still subject to annual scrutiny by the London Councils’ Grants Committee. This has led to the Secretariat’s mapping of boroughs’ participation and extra efforts to strengthen relations and dealings with individual boroughs.

The mapping exercise reveals that some boroughs have as many as four or five different officers who make regular use of London Funders’ services, attending events and/or participating in different project groups. Boroughs including Haringey, Harrow, Barking and Dagenham, Islington and Camden have been the most engaged; Haringey, Lewisham and Southwark currently have officers elected on London Funders’ Executive Committee.

The efforts appear to have borne fruit. Initially, following London Councils’ negotiation of the joint subscription, the boroughs’ attendance at meetings was quite patchy. A meeting was held in late 2008 to introduce London Funders and its services to the boroughs. This was well-attended and since then participation levels have risen well.

The Secretariat has also been invited to attend quarterly meetings of the Borough Grants Officers’ Forum, a gathering which develops the relationship between the boroughs and London Councils and also allows the discussion of issues affecting borough funding of the VCS. London Funders is now a member of this Forum and has a guaranteed slot on each agenda. Relationships with boroughs and most other public sector partners are perhaps stronger than they have ever been. There has been a recent period when the LDA has not participated as a funder amongst its peers but with its renewed staffing in terms of voluntary sector liaison, this situation is changing.

London Funders has good reason to be nervous about the impact of the recession on member organisations given that it uses a sliding scale of membership fees, based on the amount each organisation distributes. The recession and the considerable fall in interest rates have significantly reduced the size of many funders’ grant allocations, which will have a financial impact on London Funders as members, consequently, pay less. There are also fears that public sector members will also be hit hard next year, as cuts in public expenditure begin to bite.

Continuing relevance of the project’s aims, objectives and rationale

A range of stakeholders was asked whether London Funders’ aims, objectives and rationale were “still relevant after taking into account any changes in the social and economic context in which the project is working”. The overwhelming consensus was that not only were the aims and objectives still relevant, but they are more relevant than ever. This can be attributed to three key developments:

1. **The recession** - as funding budgets are reduced, there is an ever increasing need for funders to work together to be more effective and make money go further. London Funders plays a role in helping funders to understand each other’s processes and decisions, and to communicate with each other. Stakeholders’ comments on this point included:

“The case for London Funders needs to be made even more strongly in an era of funding cuts as it will become even more imperative that we achieve more for less and make what funding is available go further.”

“The recession has sharpened everybody’s awareness of how important it is to work money hard.”

“The different funders of London’s voluntary sector do not naturally work well

together. It is so important to have a good cross-sector organisation to help all funders maximise the value of their contribution. With the difficult economic times ahead, it is more important than ever that we all share information and understand what is being funded where, by whom and why. London Funders plays a very important part in this and one that I expect to grow."

2. **The shift to procurement and commissioning services from the third sector** has increased the demand for cross-sector discussion between those making grants and those commissioning. Grantmakers have a particular desire to understand the commissioning process that their beneficiaries are going through with other funders.

"Within the bigger political picture, the need for London Funders is greater than ever. The Conservatives are trying to dismember the state and get the third sector and business to take up the burden. Anything that helps money to be spent more effectively is to be welcomed."

"London Funders is more valid than ever, as long as it works properly. LDA and GLA are pulling out of a lot of core funding because of their change in focus. Bringing people together to discuss a completely changed situation has got to be positive."

London Funders has recently assisted the London Skills and Employment Board (LSEB) in an exercise it is undertaking to assess the impact to date of the move to fewer, larger contracts for the commissioning of employment and skills provision in London, as set out in the Department for Work and Pensions' Commissioning Strategy and the LDA's new investment frameworks. A survey went to members to assess their views of the impact of the new contracting models, particularly in relation to the funding of third sector providers and the effect this may have on meeting the needs of those clients who are furthest away from entering the labour market.

3. **Devolution and the localism agenda** may have brought more funding for grassroots organisations, but many funders have also passed down the burden of monitoring and reporting. There is growing awareness of how wasteful this can be if it is not also accompanied by more proportionate monitoring and reporting. London Funders has begun to play a role in facilitating discussion amongst funders in London that could lead to improvement in monitoring systems and data collection.

5.2 Additional project outcomes

Key achievements include:

- Creating a real and meaningful dialogue across the sectors around funding and support for the third sector; bringing, especially, the statutory sector together with independent foundations; learning what makes each other tick, their drivers and key constraints, and to gain insights into their respective depth of knowledge of the voluntary and community sector in their specialist/geographic areas; bringing traditional and more cautious funders together with more creative and risk-taking ones; sharing methodology and good practice.
- The ability to bring in high-level, keynote speakers who both stimulate the membership and succeed in tying the national, regional and local pictures together.
- Greater shared understanding of the power relationships in London and the need to adapt funding vehicles accordingly to address the needs of London's hugely diverse communities (including migrants and refugees).
- Carefully taken opportunities to influence and speak out without compromising any member's independence – eg raising detailed concerns on government attitudes to funding single equalities groups.
- Providing a vehicle which can exert influence both internally within the membership as well externally with a wide range of partners and stakeholders;
- The conference on *The recession: we're all in it together* which informed funders about the differential impact of the recession on themselves and the third sector in London.
- While some of London Funders' meetings are very much about deepening funders' knowledge and awareness of issues, the event on the *personalisation agenda* in late 2009 brought the implications of this important issue for the first time to the attention of some funders.

As a core funder of London Funders, the LDA is keen to understand, in evaluation terms, "the

counterfactual position" ie if the project had not been funded by the Agency, what outputs and outcomes would have been achieved anyway. It is not possible on the basis of Rocket Science's review and survey and even London Funders' own critical self-evaluation to report anything other than anecdotal or qualitative information. Nevertheless, it is widely acknowledged that the more formal establishment of London Funders, moving from an informal association of a small group of like-minded funders to become an extensive network of all the main funders of the third sector in London, has ensured that both the level and quality of its work have increased significantly.

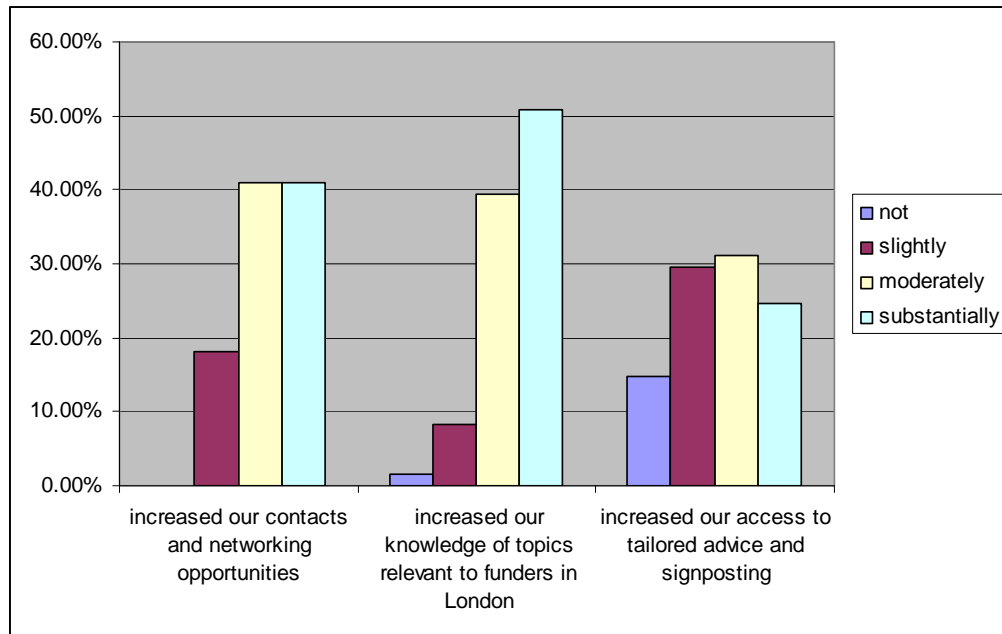
It was not possible for Rocket Science to create a plausible "control group" in order to effect a quantitative evaluation of the work of London Funders, and assess the extent of any deadweight from the LDA's investment. Rocket Science concluded that this, in itself, is testimony to the demand for the organisation. With the membership of London Funders currently at almost 100, drawn from right across the statutory and independent funding sectors, it is inconceivable that there is a comparably-sized group of organisations, of similar diversity to the membership, which are not members of London Funders.

Impact of the project on its intended participants

Members were invited to rate the impact that London Funders has had on their organisation against several specific questions. They reported a significant impact in terms of networking and knowledge sharing, and a more moderate impact in terms of access to tailored advice and signposting.

Diagram 4: Assess what your involvement with London Funders has done for your organisation

Involvement with London Funders has...



It is perhaps unsurprising that a lower rating is given for London Funders' success in providing members with tailored advice and signposting; with a full-time staff complement of just two this is something that the Secretariat is not sufficiently resourced to deliver. However, it is possibly a service which could become a way of generating future revenues for the organisation as it seeks to supplement basic membership fees with additional fee income.

Significantly, over half of the 62 respondents (56%), agreed that "Involvement with London Funders has made my organisation a more effective funder" (respondents were asked to define "effectiveness"). No respondents felt that involvement with London Funders had made their organisation a less effective funder. However, 25% felt that it had made no difference to their effectiveness as a funder and 20% did not think the question applied to them (ie presumably they were not – or not primarily - funders).

When asked to explain their answers, members commented:

"It has increased opportunities for collaboration with other funders, and helped to ensure that our work does not duplicate what others are doing."

"My involvement has led to an increase in opportunities to discuss funding possibilities with other funders; I have had real benefits from being able to discuss projects with local authority colleagues and several grants have been awarded by my trustees because we had this extra information"

"We fund small amounts, but undertake research and tailored services and London Funders' involvement has helped that tremendously."

"As a local authority we have become much more aware of the issues facing London as a whole and other funders approach to this. This means that Local Authorities are not so blinkered in their approach to funding and we have made a wide range of contacts which gives the potential for better collaborative working."

"Better informed strategic planning; better understanding of other funders' priorities and aspirations; better able to ensure funding complements and avoids duplication; better able to prioritise services that add value to others."

"Sharing of good practice in grant making, knowledge of other funders' priorities, networking with other boroughs and funding bodies has improved our wider understanding of London's needs and improved our effectiveness in grant allocation."

The Executive Committee is very clear that LDA funding has enabled London Funders to undertake a range of activities that would have been impossible without the Agency's support. Committee members cited:

- Exploring particular themes/issues of interest to members (eg 2012 legacy)
- Developing the organisation as more than just a network
- Building funders' capacity – sharing skills and knowledge
- Promoting "intelligent funding" – sharing intelligence on grant applicants
- Influencing thinking – responding to the recession in London
- Offering a genuinely mixed-economy view on the key challenges for funders – which bodies like ACEVO or NCVO cannot claim to do.

Member Testimonies and Case Studies

Comments from funders represented on London Funders' Executive Committee:

The Mercers' Company emphasised the great value of having a single meeting place for funders with an interest in the social and economic wellbeing of London – not least giving independent funders direct access to the key statutory sector bodies, building relationships and trust. **Big Lottery Fund** sees London Funders as most beneficial given that the Lottery's rationale is to complement and add value to other funders' work. **London Councils** has also shaped its own funding priorities based on what it knows from the work and priorities of others (both other statutory and independent funders of London's third sector) and is currently refreshing its priorities.

To supplement understanding of such strategic-level impacts and benefits, post-event evaluations are used to capture individual members' feedback and satisfaction with specific events. Project groups regularly attract 15-20 people from different funder organisations (eg on good practice in grantmaking or research and evaluation) and each group has a broader mailing list receiving information from the meetings. These serve, for example, to capture instances where individual funders have made decisions to change practice as a consequence of their membership – eg **St Katharine & Shadwell Trust** began to collaborate with other funders and trusts, where previously it had been a unilateral funder, and to move into boroughs adjacent to Tower Hamlets in order to extend its reach.

London Funders has convened ten separate organisations that deliver Grassroots Grants in London on behalf of the Office of the Third Sector. From a starting point of some of the group not knowing each

other, after just a few meetings they developed forms of mutual support to cope better with the programme's rather bureaucratic set-up, sharing tips and tools that have resulted in more money flowing into the sector.

One member of the Grassroots Grants initiative observed how:

"London Funders created opportunities for collaboration with other Grassroots Grants funders. They initiated, hosted and minuted regular meetings and have facilitated e-discussion and dialogue between us between meetings. When I've had to present apologies, London Funders conduct a phone interview to collect all pertinent information that I would have delivered in person and ensures that it is contributed to the meeting."

This initiative saved Grassroots Grants funders money:

"[In] a meeting discussing building Grassroots Endowment Funds, where another participant mentioned that it was ok to transfer funds in our existing endowment to the Grassroots one in order to meet our target. London Funders ensured that other group members who were absent were quickly apprised of this option. The Grassroots endowment fund is doubled by the government so this meant quite a significant sum collectively was claimed that would otherwise have been lost to the voluntary sector in London."

For the **London Borough of Camden**, the members' meeting on personalisation was particularly useful and has led to a local initiative to pull together a group of organisations working on this agenda within the borough. According to Capacity Building Co-ordinator, Kiran Patel, the session: "Deepened my understanding of personalisation and particularly in terms of universal service and models for procuring/ commissioning these, and also models for getting the third sector ready to do this."

On several occasions, London Funders has supported the **Minority Ethnic Network (MiNet)** specifically to inform BAME organisations about the different perspectives and experiences of London's funding bodies. According to MiNet's Director,

"London Funders has provided a conduit for BAME organisations to receive information which increases their dialogue and understanding of issues affecting funders, which is extremely pertinent at the present time."

"This is cost effective as it provides a single point for Third Sector organisations to communicate with. Additionally, though difficult to measure in financial terms, yet no less important, is the information sharing and brokerage opportunities London Funders have provided which ensure organisations can be prepared to survive. Often not tangible, but certainly significant."

5.3 Strategic Added Value

To analyse strategic added value, the following headings have been identified: leadership, influence, leverage, synergy and engagement. From London Funders' own records and from the comments of members and other stakeholders, there are many examples of strategic added value under each of these, where London Funders' work can be said to have contributed different forms of strategic added value to the funding and sustainability of the third sector in London. The following section provides one or two examples of each.

Leadership

London Funders' quarterly meeting on personalisation was planned and offered well ahead of most individual members' engaging with this agenda. It proved to be a well-received event that raised awareness of what a significant change in social care personalisation represents. Local authority attendees commented that the London Funders meeting provided the first opportunity for some cross-borough face-to-face contact on a key policy topic, as normally this kind of liaison only occurred at the most senior level (i.e. assistant director and above).

Contributing to the government's thinking on community cohesion, and analysing the damage that would

be done by moves to discourage funding of single equalities groups: London Funders helped its members to articulate the case that, while building cohesive communities is important, there remains a strong case for continued support of single equalities groups, eg in work with ethnic minorities that addresses exclusion, confidence building etc. Government's draft guidance against single equalities funding was subsequently withdrawn. The official responsible for its drafting attended a London Funders' meeting as a speaker, where he heard some of the arguments first hand, and experienced the leadership role that London Funders was able to take on this particularly important issue for London.

This was an exceptional case. As London Funders' Director readily admits, "we cannot be a policymaking body for our members". London Funders' members often have different policies and opinions on issues, and thus it would not be possible, nor appropriate, for the group to provide a single voice on some issues. In this instance, London Funders provided a platform for the articulation of counter-arguments which aimed at re-balancing government advice.

Influence

London Funders' conference in early 2009, *The recession: we're all in it together*, was helpful in making funders aware of how the recession was affecting them in different ways and at different speeds. They began to talk about more collaborative approaches to supporting the sector. In particular, the event raised awareness of the intense pressure on debt-advice agencies – more households in debt, with bigger and more complex types of debt; a shortage of trained debt advisers; a change in underlying funding for legal advice that has, at the same time, removed many lawyers from providing pro bono help. London Funders subsequently supported a London Debt Summit and is represented on the Mayor's London Debt Strategy Group, also keeping funders au fait with these issues.

Leverage

London Funders has brokered a number of collaborations between its members, including for example, Church Urban Fund and GrantScape, as well as Church Urban Fund and London Catalyst. These pairings both resulted in a small joint grants programme and shared learning about ways of bringing what appear to be rather different funders together. One collaboration was developed as an equal partnership, which led to some complications in delivery. The other saw one organisation clearly taking the lead; this was easier to put into effect, but required a high level of trust. Papers describing the experience were shared with London Funders' members (online) and subsequently were also used as case studies on the new NCVO Funding Central e-portal.

London Funders has also introduced the government's Grassroots Grants programme to a number of London borough grants officers. This exposure has encouraged a number of them to think about potential donors locally to help draw down the government funding which has been made available for matching local endowments and has accelerated a related discussion in some boroughs about identifying dormant or hard-to-use funds within council assets and transferring them to independent foundations to create new borough funds.

Synergy

Synergy is frequently prevalent in London Funders' facilitation of cross-sector discussions and networking at the quarterly members' meetings, and in the project groups such as the research and evaluation project group's work on sharing tools. The dissemination of good practice is also highly valued – eg the way Cripplegate Foundation in Islington has refreshed its approach to its own area and developed a new, strategic approach to addressing local poverty. That Foundation commented that another Association, of which they are also a member, had tried a conference workshop on the same subject with almost no interest; the London Funders' meeting attracted a big audience and generated a lively discussion.

Engagement

The conference, *The recession: we're all in it together*, successfully brought second tier and pan-London front-line organisations into a discussion of the issues with funders; similarly London Funders brought funders together for a frank discussion with BAME organisations about their challenges. Also funders and second tier (generalist and specialist) organisations have started to debate the value of infrastructure support to London's Voluntary and Community Sector which has generated some interesting ideas that have been taken up by the London Regional Consortium.

6. Conclusions and lessons learnt

London Funders continually seeks to review its effectiveness in fulfilling its own objectives, deepening its offer to members, developing its understanding of members and their mission and needs, ensuring sound governance, efficient working practices and strengthening its funding base. The process of self-evaluation required by the LDA, with its particular focus of attention on the LDA grant objectives, has been a good discipline for staff and Board members. The survey undertaken by Rocket Science and their objective analysis of minutes, reports, records and data all contributed to make this a challenging and thought-provoking exercise from which London Funders has gained.

There are a number of lessons emerging from the project which are outlined in this final section of the report, including several pointers as to the future sustainability of London Funders beyond the LDA's current funding. These lessons are endorsed by Rocket Science as a result of the work they undertook.

6.1 Key barriers to achievement

A significant restraint on the growth and development of London Funders, which was overcome largely as a result of the LDA's investment, was its existence as an informal network. The project funding enabled the full development of an independent charitable company with a Board of trustees and a permanent, albeit very small, Secretariat. This combination of a highly engaged and influential Executive Committee – comprising key funders of the third sector in London from the statutory, independent and private sectors – and a highly dedicated staff team has underpinned the organisation's achievements and largely met the hitherto untapped demand for a funders' forum in the capital. The only constraints on its capacity to do more are the inevitable resource limitations of running a very tight ship and the Executive Committee's determination to minimise the central overheads and running costs of the organisation.

Whilst the LDA funding provided a significant fillip to London Funders, it has been suggested in discussion with other members that the benefits of this investment could have been much greater had the Agency added to its funding a commensurate level of staff interest and involvement in the work of London Funders. This comment was not made in the context of the LDA as one of the organisation's funders so much as its being a member alongside other funders in London: while other members took part in London Funders' activities, learning and sharing, on the whole the LDA did not. In its evaluation report, Rocket Science recognised that the period of this funding from the LDA coincided with considerable turbulence and staff changes within the Agency, and seemingly a change in the LDA's approach to its funding of certain external bodies, "from", as Rocket Science reported, "being an engaged funding partner to that of a more mechanistic contract manager".

6.2 Key opportunities

There are a number of factors which have been critical in terms of contributing to the success of London Funders. Some of these have been by design, others have been more circumstantial. The former include:

- The recruitment and commitment of a highly motivated and effective staff team
- The engagement and support of the main funders of London's third sector and the willingness of leading figures in the funding community to take positions on the organisation's Executive Committee and/or to lead project groups
- The deal with London Councils to pay a single subscription in order to engage all 32 London Boroughs plus the City of London Corporation as members. This arrangement, in one fell swoop, removed the administrative burden from the Secretariat of chasing boroughs for individual membership subscriptions at the same time as putting the combined weight of the local authorities, and their interest in the third sector, behind London Funders.

Other opportunities, which have been more a factor of timing or events largely outside London Funders control, include:

- The continued, if not heightened expectations of the third sector to deliver a critical element of public services, across a wide range of sectors (skills and employment; health; social services; housing etc.);
- The prolonged impact of the recession, which has seen rising demand for the kinds of services

traditionally provided by third sector bodies at the same time as uncertainty about the amount of funding available as a consequence of the impact on charitable foundations' investment value and threatened cuts in public sector funding. The need for funders and front-line organisations "to deliver more for less" has made the existence of a funders forum to drive up the efficiency and effectiveness of grantmaking all the more important;

- Changes to the way services are procured and the increasing intention of public sector funders to transfer the risk and responsibility for delivery to fewer, larger contractors, which in turn has had knock-on effects in the way independent funders provide complementary support to enable the third sector to adjust.

6.3 Management and delivery processes

London Funders has provided a service to members, which is in many ways quite traditional in its mode of delivery, giving people the opportunity – the time and the space - to meet, talk and network, largely free from the pressures of having to meet specific targets or objectives. This can, in turn, leave the project vulnerable to accusations of not delivering measurable, hard outcomes. However, a number of stakeholders (within the independent funders' community and amongst public bodies) recognise that something does not always have to be measurable to have a value.

Nevertheless, the London Funders Secretariat has made significant strides in the last couple of years particularly to develop its management information systems, including its capacity to inform and signpost members (and non-members); to track funders' activity and report back to funders.

6.4 Added value

Added value and complementarity

It is a requirement of LDA funding that all activity must demonstrate added value. This means that the activity would not have taken place or would have happened in a different, less effective way without LDA support.

In order to apply the LDA's test for added value, members of London Funders were asked to consider how services they received related to other services and support available to their organisation from other sources. Over half of the respondents (52%) said "they are unique"; 46% said "they complement other services", and only 2% said "they duplicate other services".

Invited to explain or substantiate their answers, members and service users commented:

No other bodies offer a London focus on funding and funding related matters."

"[There is] no other umbrella organisation for the capital and for funders, who can therefore bring together all the disparate local funders for a particular funding initiative - in this case Grassroots Grants - for our mutual benefit."

"We have links with other membership organisations e.g. ACF, ACO, London branch NHF etc. but London Funders provides a uniquely cross sector view which enables me to provide information and background to my trustees to help their grant making decisions."

"They are unique because of the diversity of funders who are brought together with an objective of developing and improving funding practice in London."

"The London Funders' perspective is unique especially in strategic funding decisions and making connections to tackle specific issues."

"London Funders adds to the suite of support available. In our case it is a good place to see what is happening on commissioning and evaluation."

"No one else has brought together the funders across London in the way that they have."

"London Funders is unique in the way it operates and the information available to funders. To my knowledge there are no other organisations who can provide this type of information and networking opportunities, free of charge (sic), on issues relevant to London."

“London Funders provide comprehensive, well-coordinated support and services to funders on a regional basis. We have access to other fora, but these are far more limited in their scope and impact.”

“London Funders is a unique service and has an overview of and brings together a range of specific funders and their objectives. This in itself helps identify gaps and overlaps.”

“London Funders is the only organisation in London which provides this type of ‘umbrella’ service. Officers who attend meetings are using their time well, since the topical meetings usually bring together what all major funders are currently doing (rather than having to attend a number of different briefing events).”

“This one place where local authorities can come together with other funders to look at issues affecting third sector and also to enable us to share good practice and policy development.”

6.5 Value for money

The LDA is interested to see if the project has achieved the best combination of:

- Economy, ie “doing things at the right price”
- Efficiency, ie “doing things the right way”
- Effectiveness, ie “achieving the right things, in the right way, at the right price”.

London Funders has a small Secretariat of just two full-time staff. It is clear from minutes of Executive Committee meetings that the trustees pay considerable attention to keeping running costs and overheads to a minimum; the staff team has succeeded in meeting this requirement. For the most recent year of operation (2009), the running costs can be analysed as follows:

Table 9: London Funders’ expenditure, 2009

Expenditure by work area	£	%
Member services		
<i>Meetings and events</i>	74,321	46%
<i>Advice and policy</i>	15,819	15%
<i>Information, website</i>	38,056	28%
Governance	16,267	8%
Cost of generating funds	4,776	3%
Total	149,239	

This breakdown of costs shows that 89% of the London Funders’ budget was committed to the delivery of services to members and other London stakeholders (ie via the web portal). The percentage proportion spent on fundraising (only 3% of the total) is lower than might have been expected given that the organisation is due to lose its principal source of grant funding (the LDA) at the end of 2009-10. The proportion of the Director’s time spent in seeking funds and liaising with potential supporters will need to increase dramatically from 2010. The Board recognises this and is looking with the Secretariat at ways of streamlining other work to make time for this.

Rocket Science looked at whether it would be possible to benchmark these figures with comparable organisations in London – though a more detailed comparison with London Voluntary Service Council (also funded by the LDA during the previous three years) and the London Civic Forum, both not dissimilar, largely third sector membership-based organisations might elicit this information. Their discussions with these two organisations (and another membership based organisation, London First) did not elicit this level of detailed information.

The calculation of unit costs, whilst possible, is unlikely to throw much further light on London Funders’ comparative value for money with other membership networks/forums, as we would not be comparing outputs that are like for like. During the course of 2009, for example, London Funders’ specific activities for members comprised:

- 4 member events including the AGM
- 22 Project Group meetings
- London Funders Conference for funders and key third sector bodies
- 2 additional member briefings
- 2 joint meetings with voluntary and community organisations (one on value of infrastructure, one on funding issues for BAME organisations)
- 6 issues of the e-bulletin and 13 mini-bulletins

There was a considerable investment of staff time also in planning members' events for 2010, including ensuring that London Funders fulfils a commitment to work with funders on climate change and environmental issues.

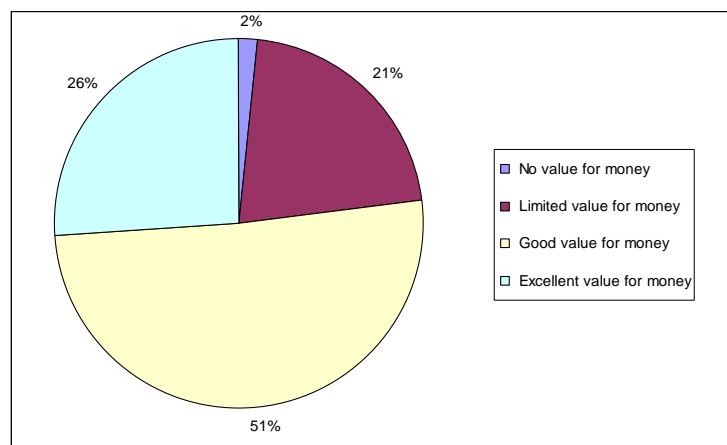
The LDA has expressed a wish for some more detailed cost-benefit analysis in relation to meetings. To give some sense of the scale of events, the next table shows attendance at London Funders' meetings and events for the whole grant period. In the calendar year 2009, 583 people attended our various meetings. The table on the next page shows the detail.

Overall the Secretariat calculates that 46% of the 2009 budget was spent on planning, running and reporting on these events (see table 10). The bulk of this cost was in salaries, ie Secretariat time. The cost of a quarter share of a meeting room at the office was (for 2009) £3,275. This is used for Project Group meetings, but also for most Executive Committee and Honorary Officers meetings, and many one-to-one interviews with visitors. When meetings are too large to hold at London Funders' own premises, appropriate, centrally-situated alternatives are hired. The Secretariat has been increasingly successful in finding venues that can be offered free of charge, with hosts often covering catering costs as well. Such hosts have included Mazars and Buzzacott, London Councils, The Mercers' Company, City of London, Greater London Assembly and Government Office for London.

London Funders has never so far paid for speakers and presenters at meetings. In two cases, for very specific reasons, expert chairing has been reimbursed (at £250 for the Climate Change event in March 2010 and £750 for the recession event in February 2009); and an experienced facilitator was hired to use Open Space Technology at one meeting (£1,130). For some quarterly meetings London Funders received direct support in cash payments to cover some of these costs, and CCLA Investment Management Ltd has twice paid its own PR consultants to give a few hours' help in preparing meeting material.

From the members' perspective, over three quarters of the 62 surveyed see London Funders as representing good, if not excellent value for money, as shown below:

Diagram 5: *To what extent do you think that London Funders services provide value for money?*



Many of the respondents to the survey chose to give an example of London Funders' services providing value for money or saving their organisation money; these responses can be categorised into one of the 3 Es of value for money – Economy, Efficiency and Effectiveness – as follows:

Table 10: Log of individuals and organisations attending London Funders' meetings and events during period of LDA grant

	October 07 - March 08			Full year April 08 - March 09			Full year April 09 - March 10		
	Date	Indivs	Orgs	Date	Indivs	Orgs	Date	Indivs	Orgs
FMM									
Equalities	Dec 07	55	40						
Working Money Harder	Mar 08	33	32						
Young people				May 08	29	21			
Funding Faith Groups				Oct 08	33	28			
Health				Dec 08	38	30			
The recession				Feb 09	136	101			
Funding strategies							Jun 09	48	37
London Perspectives							Oct 09	51	37
Personalisation							Dec 09	40	33
Climate Change							Mar 10	46	32
Project Group									
GPG	Nov 07	14	12	Jul 08	7	7	Jun 09	13	12
	Jan 08	11	10	Oct 08	11	10	Sep 09	21	18
	Mar 08	1	1	Mar 09	10	10	Nov 09	10	8
							Feb 10	11	10
O/P	Nov 07	15	12	Apr 08	12	11	Jun 09	4	4
				Jun 08	14	10	Aug 09	30	24
				Oct 08	19	17	Nov 09	10	10
				Dec 08	9	9	Feb 10	11	11
				Mar 09	7	7			
ARM	Oct 07	20	17	Jun 08	10	10	Sep 09	13	13
	Mar 08	15	13	Sep 08	17	14			
				Nov 08	15	12			
R+E	Nov 07	8	7	Apr 08	12	12	Jun 09	11	10
	Jan 08	10	6	Jul 08	10	10	Sep 09	10	9
				Sep 08	12	10	Dec 09	7	7
				Dec 08	11	10	Mar 10	14	10
				Mar 09	15	15			
VSID	Jan 08	11	10	Jun 08	7	7	Jun 09	15	13
	Mar 08	6	5	Oct 08	13	13	Sep 09	13	11
				Dec 08	8	8	Nov 09	10	9
				Mar 09	7	7	Mar 10	9	9
Grassroots Grants				Mar 09	8	7	Sep 09	5	3
							Oct 09	12	10
							Jan 10	5	5
							Feb 10	6	4
Joint									
GPG/VSID	Mar 08	22	18						
Accountability&learning				Oct 08	15	13			
Value of funders				Sep 08	94	82			
Peter de Courcy Hero				Mar 09	16	15			
BIG breakfast meeting							Oct 09	20	12
BAME							Nov 09	20	20
Value of infrastructure							Dec 09	21	20

Economy

"There was a recent quarterly meeting on three aspects of funding and beneficiaries (the London Poverty Profile, Cripplegate Foundation's grants approach and the work of the Mayor's Fund). Two of our grants officers attended. The cost of the event is included in our annual membership. They both came away with increased knowledge and understanding which they have immediately put to use in the way that they prepare background papers for our grant making meetings. I cannot think of another training event that would provide as much value in such an effective way - and at no additional cost."

"Accessing presentation and discussion events has been positive in leading to development at low or no cost."

"The Members Events are free to full members and as they are particularly chosen to address current issues they are highly rated by officers who attend them. Meeting/Conferences of this nature would be extremely expensive and in light of the current financial state of LA funding it would be difficult to justify attendance. The projects groups are also extremely useful and the E-Bulletin and are used frequently researching current issues and funding opportunities."

"The cost per learning events we attend is minimal compared to what we would need to spend to get the same level of experience."

"Saving money on professional development and marketing."

Efficiency

"We started a dialogue with another member that led to us sharing services that we would otherwise have accessed individually which would have cost more."

"The development of a high degree of trust with other funders has led to a couple of occasions when we have been alerted to potential problems with a grant, investigated and found significant issues. On one occasion this led to us withdrawing a £500,000 following an investigation into issues which could not have been identified through our usual assessment processes."

"Could be seen as savings by reducing the hours that officer hours would have been used to search for information."

"The time that can be saved particularly around research and information on certain subject matters is invaluable and can save an awful lot of people time and money..."

Effectiveness

"The fact that we are able to join project groups for no extra cost is a major benefit of our membership."

"Having access to the network potentially makes considerable savings on communication and consultation."

Intriguingly, a couple of comments from respondents illustrate how London Funders needs to be mindful of its *raison d'être* (ie to support effective grantmaking to London's third sector) and not be used for other purposes, not least the tempting one of using the network as a vehicle to raise funds from its members:

"Assistance with our fundraising has been invaluable. Contacts made through London Funders have raised us many hundreds of thousands of pounds to fund the services we provide to London advice agencies and the wider VCS."

"[My organisation] also markets to the third sector and local authorities. Our involvement with London Funders provides a very cost effective channel."

In spite of this overwhelmingly favourable customer feedback from members, London Funders' Executive Committee is far from complacent and is always looking for ways to improve the quality and impact of its work. As a second tier organisation within a quite crowded marketplace of London membership-based, third-sector focused organisations (LVSC, London Civic Forum, LVSTC etc.), London Funders is acutely aware of the pressure it is under to be able to evidence hard outputs and justify its existence.

At the same time the period of investment in second-tier/infrastructure organisations, which followed the seminal government Cross Cutting Review of the Voluntary and Community Sector in 2002 and which led to the ChangeUp investment programme and the setting up of Capacitybuilders, is now over. Impending cuts in public expenditure and the heightened priority to invest what funding is available in front-line services, in order to deal with the casualties of economic recession, have made future grant aid for organisations like London Funders more precarious.

Faced by these external challenges, London Funders' Executive Committee remains concerned that the organisation is not as good as it could or should be at turning its work into tangible outcomes and good news stories; it is, of course, the front-line organisations that have benefited, albeit indirectly, from the work of London Funders, which grab the headlines. Yet, with a full-time staff team of just two, the resources for generating press and PR are limited. Further, the limitations on policy development referred to in section 5.3 hamper London Funders' ability to capture press interest. The Committee argues that it should look to its members more to credit the work of London Funders, especially when its very existence or the implementation of London Funders' ideas lead to huge savings in unnecessary expenditure through improved ways of working.

London Councils, for example, believes that it would have had to have spent tens of thousands of pounds on its own research and information gathering, which instead it has been able to acquire through membership of London Funders and the access this brings to a wealth of knowledge, expertise and best practice. Moreover, for individual boroughs paying in effect less than £1,500 each (in 2009) the savings are also potentially enormous. The annual fee is the equivalent of barely three days of one staff member attending professional conferences or seminars in a year. In short, the savings to each Council's Continuing Professional Development budget are considerable and these are before taking into account the less measurable benefits from officers subsequently making better funding decisions as a result of their learning and networking with other funders in the capital.

6.6 Exit strategy

As part of the survey and self-evaluation, London Funders was asked to consider (and Rocket Science to advise on) what might be done to ensure that the positive effects from the project and the LDA's investment are sustained. Aware of the time-limited nature of the LDA grant, in early 2009 London Funders' Executive Committee delegated the task of developing ideas for sustaining the future of the organisation to a small subgroup. This group made its report to the Executive Committee and a decision was made that all future thinking and planning about sustainability be led by the whole Committee and that it be a feature of each Committee meeting and a priority area for London Funders' Business Plan.

Executive Committee meeting minutes show that they have already considered a number of options in terms of filling the considerable gap in the organisation's finances, once the LDA grant comes to an end in the spring 2010:

- Securing further funding – London Funders is currently in receipt of a Big Lottery Fund Awards for All Grant which it is using to explore the potential for increased membership from within currently under-represented sectors of housing and health;
- Increasing membership fees – membership fees have been increased in each of the last two years and the intention is to keep putting them up a bit more than inflation in order to compensate for the reduction in grant aid.
- Charging for particular services/consultancy (ie above a core membership package) – London Funders has to date made a feature of the fact that a subscription buys the whole package. However, there may room to charge for particular services: one of the organisation's volunteers, for example, is helping to develop a bespoke training programme.
- Mainstreaming – becoming a part of another organisation (eg the Association of Charitable Foundations (ACF), the GLA, LDA, London Councils, Big Lottery Fund – London Region). The Director and Executive Committee do not consider this a viable option (“a desperate fallback”) as this would result either in losing the exclusively London focus, or the ability to be an independent broker of genuine cross-sector collaboration and knowledge sharing. Indeed, being currently

based at ACF, London Funders is caught in a bit of a cleft stick – some would say this is a good thing (ie if it was not co-located then it ought to be); yet the very fact that it is co-located invites some criticism that there is duplication and inefficiency, despite the two bodies being fundamentally different.

The Executive Committee seems confident that London Funders has a sustainable future. This is dependent, however, on the Committee's persuading stakeholders like the LDA and future potential funders to appreciate the critical difference between self-sufficiency (ie self funding without subsidy) and sustainability. Almost no examples exist internationally of such networks of funders operating on a self-funding basis – ie solely supported by membership fees. The European Foundation Centre, based in Brussels, which represents hundreds of independent funders around Europe remains, after 21 years' existence, dependent on substantial subsidy in the form of grants from major (and principally American) foundations, particularly the Charles Stewart Mott Foundation. The previous Chair of London Funders is fearful that some of the "social enterprise" models for developing and underwriting London Funders' future endanger diluting the core value of the network. She argues that the US foundations and philanthropists are right that membership networks require subsidy over the long term, simply because the investment pays for itself in soft but nevertheless invaluable outcomes; or as she puts it "headlines rather than outcomes."

A brief assessment of a number of funder forums and networks, both here and abroad, shows that it is largely accepted that they need to rely for their own funding on a mix of membership dues and grants. Minnesota, for example generates over \$1 million in dues from its 180 members, which illustrates what American funders are prepared to pay for access to such a network and its services; this comprised 71% of the network's total funding last year. More typical is Illinois which gets less than 50% of its funding from membership subscriptions, even though their largest members are charged \$26,000 per year. They have many additional grants and specific project-based sponsorships from their members. The US funder associations also tend to be better able to tap into corporate funders. Typically large corporations are much closer to the philanthropy networks than they are in the UK, not least because they associate themselves much more with particular geographical locations.

In Scotland, as a response to the fragmented nature of funding for the third sector, the Big Lottery Fund first set up and supported a Scottish Funders Forum in 2006. The reasoning behind this was that BIG, as an intelligent funder (rather than only a funder of programmes and projects) should be looking to bring together other funders and create a space in which common issues could be discussed through a constructive dialogue. The format of the initial meetings was a facilitated discussion around an external presentation from an expert, an exchange about activities and the creation of an initial work programme around common application forms, common monitoring and common evaluation practices. A spin-off from the Forum was a front-line officers group to look at more practical issues.

The Forum has now expanded to 28 members, including the Scottish Government (ESF and Third Sector), NHS, CoSLA, SCVO, SOLACE (local authority Chief Executives), Children in Need, Lloyds TSB Foundation and several smaller trusts, the Scottish Arts Council, Sport Scotland, the Voluntary Action Fund and the People's Postcode Lottery. The original intention was to spread the funding of activities between members, but the complexity of this, given the relatively small costs (roughly £1,000 per meeting), meant that BIG continues to pick up the running costs and provide staff support.

In terms of what the Forum has achieved, the view is that:

- Expanding membership has been a success, capturing as it does the main funders in Scotland;
- Harmonising reporting requirements and the simplification that this implies is progressing (with a report due back in April on the way forward);
- The activities in the current work plan for 2010 – the role of independent funders, a 'Funding Plus' approach and better impact measurement – reflect the needs of both funders and applicants.

Even if London Funders is able to convince its investors of the need for continued financial backing, in the current economic climate the amount and level of subsidy is likely to fall. Faced with the challenge of either supplanting or supplementing its grant funding, London Funders has a number of options to consider. These are likely to include:

- The private sector - the Executive Committee have expressed some scepticism about the scope to attract company funders which run corporate social responsibility budgets since so many tend only to support popular causes with the scope for "lunches, launches and logos". However, it is

possible that a new style of corporate/venture philanthropy will see some corporates with London interests wanting to align their CSR funding with statutory and independent funders. It is clear from the few corporates (such as BAA) that have been members of London Funders previously that they particularly value the access that membership gives them to key statutory sector bodies (GLA, LDA, etc).

- London's local authorities currently get an extremely good deal from their joint membership subscription to London Funders. Some councils employ over 7,000 staff, all of whom in theory have access to London Funders' services . . . and many do take advantage. It is not atypical for a single borough to have four or five different officers having access to or taking part in London Funders services and events each year. It would appear that there is a strong case to be made for increasing the London Councils' subscription on behalf of the 33 individual authorities. There may also be other similarly federated membership arrangements that could be negotiated with other sector bodies such as London Housing Federation on behalf of registered social landlords in London, or NHS London on behalf of the primary care trusts.
- A potential income stream moving forward might be for London Funders to raise additional funding for bespoke pieces of in-depth work, along the lines of the Young Foundation's model, where the Foundation touts an idea for a research project to a group of local authorities/funders which then take part in the project, share the research and own its implementation.

A likely change of government in the spring of 2010, as well as fallout from the London Council elections, could also present opportunities for London Funders as its members and prospective members seek advice and guidance about the direction of travel of a new administration. In particular, given the ideas set out in the Conservative Party's green paper on the third sector, there is likely to be considerable interest in helping to fill the vacuum which some see in the vision of a Big Society and Small State.

As with many things, what an individual member gets out of London Funders is crucially dependent on what they put in. It is clear from both the hard evidence and the many different perspectives on London Funders that the LDA has made a sound investment, but that this needs to be maintained, if not by the Agency then by a comparable core funder albeit with a new set of objectives in order to sustain London Funders' good work and take it to the next stage.

Appendices

1. Survey of London Funders Members

About you and your organisation

1. Please give us a bit of information about yourself. (Individual answers will not be attributable but this will be used to allow us to monitor who has responded.)

Name:

Job title:

Organisation:

Post code:

2. What type of member of London Funders is your organisation?

1. Full member
2. Associate member
3. Lapsed (i.e. former) member*
4. Not a member of London Funders, but we do access their services/support

*If your membership has lapsed, please explain why you are no longer a member of London Funders:

3. What type of organisation are you?

1. London borough
2. Other public sector body
3. Private sector organisation
4. Third sector organisation (including charitable trust or foundation)

4. Where does your organisation operate (i.e. if a funder, where does it provide funding)?

1. Across the country
2. Across all of London
3. Across multiple London boroughs (but not all of them)
4. Across one London borough
5. Other (please state) _____

5. How much funding has your organisation given out in your last financial year to third sector organisations in London?

1. £0 - £99,999
2. £100,000 – £999,999
3. More than £1,000,000
4. Not applicable – i.e. my organisation is not a distributor of funds

Your use of London Funders services

6. How often does your organisation make use of the following London Funders services?

	Never	Less than once a year	Once a year	Several times a year	More frequently
Quarterly members' meetings on different topics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project groups to discuss current research etc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint or special events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
London Funders website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
London Funders e-bulletins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual information, advice and signposting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Please rate the usefulness of the London Funders services that your organisation has accessed:

	Not at all useful	Quite useful	Very useful	I haven't accessed this service
Quarterly members' meetings on different topics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Project groups to discuss current research etc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Joint or special events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
London Funders website	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
London Funders e-bulletins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual information, advice and signposting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8. Have you accessed any similar services or support from other organisations? Please give details below:

9. How do London Funders services relate to other services and support available to your organisation?

1. They are unique
2. They complement other services
3. They duplicate other services

Please explain your answer:

10. Has London Funders ever responded to an individual request for support from your organisation? If yes, please give details below:

Benefits of your involvement with London Funders

For the following questions, please select the statement that best applies to your organisation's involvement with London Funders.

11. Involvement with London Funders has...

1. ...not increased our contacts and networking opportunities
2. ...slightly increased our contacts and networking opportunities
3. ...moderately increased our contacts and networking opportunities
4. ...substantially increased our contacts and networking opportunities

12. Involvement with London Funders has...

1. ...not increased our knowledge of topics relevant to funders in London
2. ...slightly increased our knowledge of topics relevant to funders in London
3. ...moderately increased our knowledge of topics relevant to funders in London
4. ...substantially increased our knowledge of topics relevant to funders in London

13. Involvement with London Funders has...

1. ...not increased our access to tailored advice and signposting
2. ...slightly increased our access to tailored advice and signposting
3. ...moderately increased our access to tailored advice and signposting
4. ...substantially increased our access to tailored advice and signposting

14. Involvement with London Funders has...

1. ...made my organisation a less effective funder *
2. ...made no difference to the effectiveness of my organisation as a funder
3. ...made my organisation a more effective funder *
4. N/A (i.e. my organisation is not a funder)

*If you answered "less effective" or "more effective", please explain your answer (e.g. my involvement with London Funders has built the organisation's capacity, or improved funding

processes, or created opportunities for collaboration with other funders etc. Please be as specific as possible):

15. To what extent do you think that London Funders services provide value for money?

1. No value for money
2. Limited value for money
3. Good value for money
4. Excellent value for money

16. Can you give an example of London Funders services providing value for money or saving your organisation money? (eg saving money on the professional development budget)

17. Are there any ways in which London Funders services could be improved?

18. Do you plan to continue to subscribe (or re-subscribe) to London Funders in 2010?

1. Yes
2. No*
3. N/A (i.e. not eligible to apply for membership)

*If you answered no, please explain why not:

19. Do you have any other comments about London Funders?

20. Are you willing to take part in a short focus group about the issues raised in this survey? If so, please provide contact details below:

Telephone:

Email:

2. London Funders Executive Committee, 2009-10

Officers

Chair - Lisa Greensill - Government Office for London
Vice Chair - Katherine Payne - The Mercers' Company
Treasurer - Ian Redding – London Councils

Committee Members

Jill Andrews - Safer London Foundation
Kristina Glenn - Cripplegate Foundation
Mubin Haq - City Parochial Foundation
Susan Humphries - Haringey Council
Sandra Jones - London Borough of Lewisham
Sara Llewellyn - The City Bridge Trust
Debbie Pippard - Big Lottery Fund
Andrew Robinson - CCLA
Bonnie Royal - London Borough of Southwark
Alastair Wilson - UnLtd

3. Topic Guide for Interviews/Focus Groups (February 2010)

Introduction

- Could you each tell me your name, which organisation you're from and how long you or your organisation has been involved with London Funders?
- What do you know about the original rationale for the LDA grant? Who or what was driving the demand for the project? Were you involved at that stage?

Project Aims and Objectives

- From your perspective, how effective has the LDA grant been in fulfilling LF's aims and objectives?

Note to facilitator:

In October 2007, the LDA approved £157,500 for three years to March 2010 to help secure London Funders (LF) on a firm footing, including:

- *Establishment as an independent company and charity with two staff;*
- *A more robust programme of work; and*
- *A move to recruit and retain sufficient members to become independently sustainable through member subscriptions as the major funding stream.*

The rationale for the LDA funding LF can be seen in terms of:

- *LF fits with the LDA's strategic aims; and*
- *LF strengthens the effectiveness of London's third sector by bringing funders together to share, learn and work together.*

Activities and value for money

- What LF activities have you been involved with? Could you tell me about a particular event/activity that has helped you in your job as a funder in London?
- Do you think that LF offers value for money in terms of membership fees? (Comparison to other membership organisations and their services?)

Impact

- What impact has LF had on you and your organisation (and other participants)?
- What do you think LF has achieved in terms of Strategic Added Value (SAV):
 - Providing leadership for funders in London
 - Influencing policy makers/funders/partners
 - More joined up working and collaboration, e.g. coordinating different funding initiatives to achieve an impact greater than the sum of the parts, or reducing duplication of work and inefficiencies
 - Any methods which may have energised funders in London and introduced new tools/techniques, levels of quality etc.
- If LF had not been funded by the LDA, what outputs and outcomes might have been achieved anyway?

Looking forward

To what extent are LF's aims, objectives and rationale still relevant after taking into account any changes in the social and economic context in which the project is working? (ie the context for grant making and third sector)