



The Vehicle: FAQs

January 2024

What is the 'vehicle'?

The 'vehicle' is a shorthand term we're using to describe a new space for funder collaboration. It will be a subsidiary company of London Funders, set up to provide a simple and effective way for funders and civil society partners to work collaboratively to design and distribute funding. It will enable us to pool funds, test new ways of making grants, and to make funding decisions collectively and equitably.

Why has it been set up?

Funders and civil society tell us that they want to work more closely together when designing and distributing funding. One of the reasons for this is that the challenges we face are too big for any funder, charity or community to tackle alone, and collaborating enables us to draw on the strengths and assets of us all.

But we also hear that in practice, this can be difficult due to the different systems, restrictions and cultures which often hold us back. The vehicle offers a new space to make this collaboration a reality. It opens out a range of opportunities to do funding differently and more equitably, and overcome some of the long-standing challenges which funders say can inhibit collaboration at the moment.

This builds on many examples of collaboration – from the funder response to the Grenfell Tower Fire, to the [London Community Response](#) programme during covid-19, to the £100m ten-year [Propel](#) partnership launched last year – with all of our learning, and the voices of people across the funding and social justice sectors, helping us to shape the development of this new vehicle.

How will it work?

The vehicle will be a new charitable company that creates the space which holds 'pooled' money on behalf of multiple cross-sector collaborations. And importantly, it will also be a space where people will come together to design and decide how this money should be used – people with experience across the funding and social justice sectors.

We believe this can be a game changer in the way we fund.

- It will provide a simple and effective way for funders and civil society partners to come together in equal number to collaboratively design and distribute funding.
- It will enable funders in London and beyond to pool funds more easily, overcoming some of the systems, cultures and restrictions that can sometimes hold us back
- It will create opportunities to learn collectively, testing new ways of making grants and taking risks which we cannot take alone.

The vehicle will be overseen by a Board of Directors drawn in equal number from the funding community and civil society. The vehicle will have a shared portal, platform and tools so that aspects of the funding can be

done collaboratively alongside the decision making. By acting together, funders will be able to take risks they couldn't take alone, embed more equitable decision making, and generate learning that can be taken back into their own organisations and shape practice across the funding sector.

Why are pooled funds important?

Pooling funds is one mechanism for funders to collaborate.

There are many examples from around the world where, through pooling funds, funders are able to behave in ways that would be too risky for them to undertake alone. These examples also focus on building leadership and capacity across a network of grantees and funders, and on learning together about how change is happening.

For example putting money in a shared 'pot' helps funders to tackle an issue at scale, be more equitable in the way they make decisions, reach organisations that they couldn't otherwise fund, and operate outside of their normal financial constraints (e.g. having to spend funds within certain financial years).

Are there already ways for funders to collaborate and pool their funds?¹

Yes, there are – and we've been working to make sure that this doesn't duplicate what's already out there. . Crucially, the vehicle is also about the 'pooling of people' - ie by providing a space for staff to come together from across funders and civil society to collaborate, take action together and generate learning.

At the moment, the most common way to hold a pooled fund is for one of the collaborating funders (often the largest) to agree to hold and distribute funds on behalf of the others. There is usually an Advisory Group or Programme Board who will set priorities, review applications and recommend decisions, but the governance and risk rests with the funder holding the pool.

The vehicle we are developing will have its own governance, with the support and overall oversight of an independent Board of Directors, which will bring together Directors from the funding sector and from equity-focused civil society organisations in equal number.

What will be the advantages of the vehicle?

A combination of factors means that long-term, effective, systemic and strategic interventions can be hard to achieve. There are a range of problems with the way that funding flows through the system that have been raised with us by funders and civil society partners in developing recent collaborations². Many funders believe their work could have a bigger impact if they are able to do it differently, together. Civil society rarely has the opportunity to be involved on equal footing when thinking about how funding can be designed and distributed. We hear that:

- A lot of time is spent on separate funding programmes, often aimed at achieving the same thing, or for organisations asking multiple funders for the same needs
- Some funders find it harder to fund over long time frames even though they want to, due to internal restrictions or the structures they have to work within
- Multiple processes can be time consuming for everyone involved
- By working individually, we can miss the opportunities to really share and act on the learning that's generated by the work that's funded
- Civil society is often invited into funding spaces but expertise and decision making is not always valued or shared equitably.

We think a Vehicle offers one way to overcome these challenges. It will:

¹ <https://co-impact.org/>

² To read more about this feedback, please see some of the learning from collaborations including the [London Community Response](#) and [Propel](#).

- Bring funders from across different parts of ‘the system’ alongside communities so they can co-design programmes and share decision making
- Enable funders and civil society to take risks together in funding approaches and respond to a dynamic environment
- Bring funders closer to the communities that they are seeking to benefit, and directly draw on their expertise
- help us unlock new learning about how change can happen.

Who has been involved in setting up the vehicle so far?

London Funders has worked with members of all types and sizes, alongside equity focused civil society organisations, to establish the need for, vision, and governance of the vehicle. The point we are at now follows extensive exploration with others to think about its scope and the mechanics involved in setting it up. This has included careful consideration about governance, the legal implications of a vehicle, and how we share the risk. The London Funders Board and the Strategy Group from another funder collaboration – Propel – have been heavily involved in the journey so far and we’re very grateful for their careful consideration and insights.

What will London Funders’ role be in the vehicle?

The vehicle is established as a wholly owned subsidiary of London Funders.

The CEO of London Funders will chair the vehicle’s Board of Directors.

The London Funders staff team will support the emergence of new funding collaborations, and provide operational support to the vehicle, alongside a team of secondees from collaborating partners.

London Funders’ membership will contribute to developing a shared understanding of needs and solutions that could be addressed through collaboration, and London Funders will also embed the learning generated by the vehicle in wider London Funders programmes, sharing approaches to effective funder collaboration and seeking to influence change in day to day funding practice.

What is the role of the Board of Directors?

A Vehicle Board of Directors will be responsible for entering into funding arrangements, holding and managing pooled funds.

The Board will comprise Directors from the funding sector and from equity-focused civil society organisations in equal number. By equity-focused organisations we mean organisations led by and for marginalised communities, where the organisation is seeking to address the structural inequalities that impact on those communities. We define ‘led by’ as when more than 75% of an organisation’s Trustees and more than 50% of staff members are people from the communities that they serve or have lived experience of the issues that they are tackling. People can apply to join via an open recruitment process, and an independent Nominations Committee will select and make recommendations on appointment to the London Funders Board of Trustees.

The Board of Directors will set the strategy for the vehicle, enter into funding arrangements to hold and manage pooled funds, and will maintain oversight of the range of collaborative programmes.

They will engage with some of the UK’s most innovative collaborations. Directors will decide which pooled funds the vehicle will support, and contribute to the development of new collaborative approaches. Directors will also play a key role in drawing out and sharing the learning generated through these pooled funds to transform how funding works more widely.

Whilst the vehicle will be holding funds for grant-making, the Directors won’t be making grant decisions. For each pooled fund, the Directors will appoint a Funding Committee – with the same commitment to drawing together expertise from both the funding and equity and justice sectors.

Who will be responsible for running individual pooled funds?

For each collaboration, the Board of Directors will appoint a Funding Committee and delegate authority to them for making funding decisions collectively and equitably. Other partners can be involved in this committee, for example specialists in the area or issue being funded, or with lived experience in the communities being targeted.

The Funding Committee will make collective and equitable grant decisions about the pooled funds in line with the priorities and principles set by the collaboration.

They will manage the grants and receive reports from funded organisations on behalf of the pooled funders. Depending on the fund, the committee may include secondees from the funding organisations and their partners (eg, equity partners and others with lived experience/expertise).

Who will be able to use the vehicle?

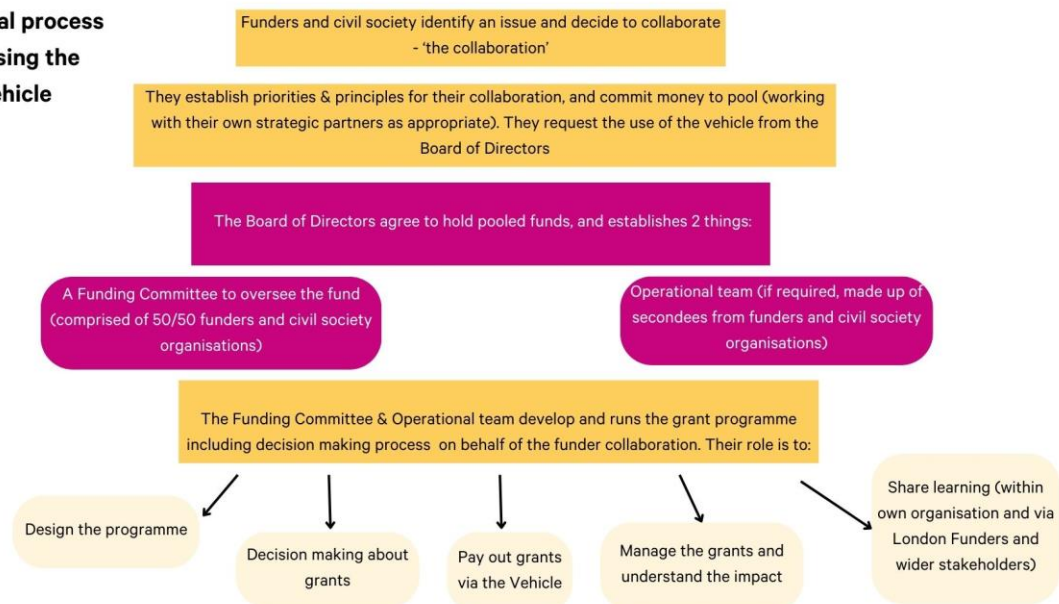
The vehicle will be able to support collaborations in London, and also beyond – other regions or national collaborations can request the use of the vehicle's service.

The vehicle's Directors will make a case by case decision on what support it can offer to each collaborative initiative. We are aware that funders and representatives from civil society organisations may wish to use the vehicle or be part of organisations which could stand to benefit from funds held by the vehicle. We will manage conflicts of interest carefully and appropriately, and have established systems and processes for doing this from our work supporting collaborations over recent years.

The vehicle will ask collaborating funders to ensure its operational costs are covered, which could be in the form of contributing a percentage of pooled funds, a grant for administration or secondments of people to support delivery. Or a combination of all three.

The below diagram is a simplified version of the key stages involved in a typical collaboration using the vehicle:

A typical process for using the Vehicle



Can the vehicle be used by funders to undertake mainstream grant management?

No. It is not designed to be used for single funding programmes, manage grants or to distribute donor led funds – there are other mechanism and organisations which can be used for this such as place based giving schemes or Community Foundations.

What makes the vehicle different is the joint Governance structure and ability to pool funds across different partners alongside community representatives. It is not a mechanism for outsourcing grant management.

Who will the equity partners be and what is their role? How will different voices be involved?

We envisage the Board of Directors being comprised of an equal split between funding organisations and representatives from civil society which might be equity led groups or equity infrastructure organisations. But the funding committees will also bring in different voices, either from equity partners, the communities involved in the funding or other lived experience. There is considerable scope to bring in new voices via the funding committee which is relevant and targeted to the particular focus of each fund.

If I use the vehicle, what resources will be available for the collaboration to use?

A number of resources and processes will be developed for collaborations to draw on. This includes things like single reporting forms, single application forms, and an online portal.

When will the vehicle be operational?

We're aiming to have the Board of Directors in place by March 2024, with the Vehicle operational from late Spring 2024.

How can we find out more or get involved?

If you are involved in a funding collaboration, or considering developing one, and are interested in the pooled fund facility, get in touch with James.Banks@londonfunders.org.uk or Geraldine.blake@londonfunders.org.uk