

**UKCOMMUNITY
FOUNDATIONS**
GIVING FOR LOCAL GOOD

INVESTING, INSPIRING AND INCLUDING: HOW COMMUNITY FOUNDATIONS ARE HELPING THE RECOVERY FROM THE PANDEMIC

JULY 2021

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Black Butterfly based in Hasting and St. Leonards. Photo courtesy
of the Sussex Community Foundation and Darren Cool



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FOREWORD FROM OUR CEO

This time twelve months ago our network of community foundations was working flat out to distribute emergency funding to the organisations that were supporting the people experiencing unprecedented levels of hardship.

One year on, as the dust begins to settle, the magnitude of what was achieved by our partners, community foundations and the organisations we support, cannot be overstated. However, as things begin to return to “normal” we must recognise that levels of need are rising. This message from our network and the organisations they support has come through loud and clear. As the flow of emergency funding to the sector is slowed, we must ensure that as funders we are doing the best we can to support communities as they recover from the long-term effects of the pandemic.

As well as looking ahead we should also reflect on the lessons we learnt; including the fact that the pandemic highlighted the historic underfunding of BAME-led organisations.¹ The establishment of the BAME Infrastructure Fund and the relationships we have built over the past year, have allowed us to better understand our role in this and the steps we can take to ensure that our funding processes and distribution are both inclusive and equitable for the diverse communities we serve.²

This report takes stock of where we are now and offers thoughts on the way ahead. Whether you are a funder looking at how best to direct your grantmaking, a grassroots charity mapping out a new future, or a business seeking to provide support to community organisations, I hope you will find inspiration and ideas and connect with us to join the conversation.



Rosemary Macdonald, CEO,
UK Community Foundations

¹ The term BAME is used throughout this report to refer to those who identify as being Black, Asian and/or another minority ethnic group. However, this term has been highlighted as homogenising and confusing by some of the organisations we have worked with on this fund. As such we are reflecting on how we can improve the language we use to reflect the distinct but unique needs of those communities who experience racial inequity

² The BAME Infrastructure Fund was launched in July 2020 with funding from the National Emergencies Trust's Coronavirus Appeal. The aim of the fund was to support BAME-led infrastructure organisations across the UK to apply for funding at community foundations. All allocation decisions were made by an independent panel of BAME Voluntary and Community Sector leaders and experts.

THE BACKGROUND

The effects of the pandemic have been felt differently depending on where you are in the UK. However, whether you live in an urban, rural or coastal area, one thing that has been present in communities across the country is the impact of local charities and community organisations. Over the past twelve months millions of people have been supported thanks to their efforts.

During February and March 2021, we asked our network of community foundations to complete a survey to help us understand the challenges that local **Voluntary and Community Sector Organisations (VCSOs)** faced and the changing areas of need.³ Alongside building a clearer picture of the emerging and ongoing issues, we also wanted to get a firm grasp of the steps that funders can take to support local VCSOs. This report encapsulates the findings of the survey, our experience of emergency grant-making during the pandemic, initial conversations with the BAME Infrastructure organisations we have worked alongside, and decades of place-based investment in communities. It aims to make a series of solution-focused recommendations on how we can best support local VCSOs now, and in the years to come.

EMERGENCY FUNDING

Community foundations have played a pivotal role in distributing emergency funding throughout the pandemic. As the main distribution partner for the National Emergencies Trust's Coronavirus Appeal, community foundations have awarded 13,244 grants to organisations working to support the people and communities most impacted by the pandemic.

Drawing on their expertise in emergency grant-making and insights provided through long-term relationships across their communities, community foundations were able to offer rapid support to local VCSOs on the ground. Whether it was a food parcel left on a doorstep, a friendly face appearing on a screen, or guidance through uncertain times, our network was able to ensure that public generosity made its way to the organisations best placed to make the biggest difference. Millions of people benefitted directly from the work of the local VCSOs supported through the Coronavirus Appeal.

³ The term Voluntary and Community Sector Organisation is inclusive of registered charities, social enterprises, unconstituted community groups, Community Interest Companies (CICs) and the many other types of organisation that make up the UK's civil society. Community foundations support a wide range of organisations at a local level.



Coronavirus Aid Chelsham, Farleigh and Warlingham received funding from the Community Foundation for Surrey to help them deliver food, medication and essential items to people that were shielding.

THE CHALLENGE AHEAD

Despite the best efforts of funders and an amazing outpouring of generosity from all corners of society, there is still a huge shortfall in funding facing the sector. What is abundantly clear is that the shortfall in funding will have a detrimental impact on the communities and individuals across the UK that are served by local VCSOs.

COMMUNITY FOUNDATION GRANT-MAKING THROUGH THE NATIONAL EMERGENCIES TRUST'S CORONAVIRUS APPEAL

10,664
organisations supported by community foundations

11 March: World Health Organisations characterise Covid-19 as a pandemic

18 March: The National Emergencies Trust launches the Coronavirus Appeal

26 March: First tranche of National Emergencies Trust funding released to community foundations

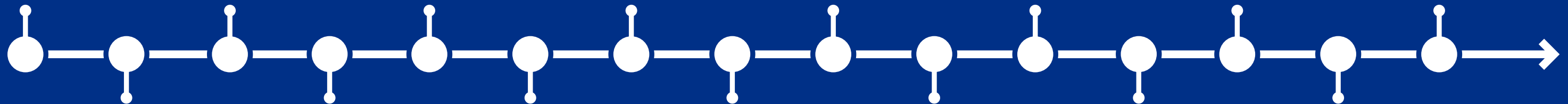
UK daily death toll reaches 1,172

4 July: Coronavirus restrictions eased as hospitality industry opens up

28 August: £42 million distributed through the Coronavirus Appeal

18 September: The National Emergencies Trust stops actively fundraising

9 October: £60million distributed through the Coronavirus Appeal



Community foundations launch local appeals

23 March: National lockdown comes into force

18 April: Community foundations distribute £8.2million to 2,514 local organisations through the Coronavirus Appeal

13 June: Community foundations distribute £30million through the Coronavirus Appeal

7 July: BAME Infrastructure Fund launches with funding from the Coronavirus Appeal

1 September: Additional £750k allocated to BAME Infrastructure Fund from the Coronavirus Appeal

20 September: 10,000 emergency grants made through community foundations

£5,159
average grant size for the Coronavirus Appeal

Over **£68million** distributed by community foundations through the the Coronavirus Appeal

EMERGING NEEDS AND INCREASED DEMAND

CHANGING NEED

As the pandemic has evolved, so has the need it has created. Over the past year we have seen the needs of communities change at different points. This has been reflected in the way community foundations have distributed grants. As place-based funders, community foundation funding allocation varies depending on the specific needs of the locality in which it is based. However, it has been possible to draw out macro trends based on data from the Coronavirus Appeal and our recent survey.

At the start of the pandemic, grants for organisations working to support people with “Food and Essentials” accounted for over half of all the emergency funding distributed through the Coronavirus Appeal. By October it was around a quarter of grant-making. As infrastructure was put in place to deal with food distribution, the longer-term effects of lockdown, traumatic experience of Covid-19 and compounding factors, meant that grants allocated to organisations providing Mental Health Services nearly doubled.

As the pandemic continues to cause increased hardship it is unsurprising **that all 100% of the community foundations we surveyed are experiencing increasing levels of need for the services that local VCSOs provide in their respective localities.** The top five services that community foundations perceive an increased need for are:

-  1. **100%** reported an increasing need for **mental health services.**
-  2. **97%** also reported an increasing need for **food and essentials.**
-  3. **91%** reported an increasing need for services supporting people experiencing **social isolation.**
-  4. **88%** reported an increasing need for **domestic violence support services.**
-  5. **85%** reported an increased need for **Technology and IT services.**

Women Today North East help Black African women living in Tees Valley build strong social networks and work towards better physical and mental health. They have been supported through the County Durham Community Foundation.



THE IMPACT OF CLOSURES AND DECREASED CAPACITY

The well-documented fundraising challenges that the sector has experienced have already impacted many VCISOs. **74% of the community foundations surveyed are expecting charitable organisations in their area to close due to financial pressures and 46% have already seen closures.** The impact of closures will be felt differently depending on the local VCISO landscape however, as with the areas of increasing need above, it has been possible to draw out broad commonalities in the responses.

The most commonly expressed sentiment was that closures would ultimately mean that people in communities across the country would be unable to access the vital services that local VCISOs provide at a time when they are never more needed.

“
The impact of closures will be felt by those who are already isolated and vulnerable and on existing provision as they see an increase in demand for support.
”

Sue Fortune, CEO, Lincolnshire Community Foundation

“
People who are hardest to reach and are supported by small and micro charities that have closed will no longer be able to access these services as they are not a statutory provision.
”

Josephine McCartney, CEO, Kent Community Foundation

Some respondents pointed out that many local VCISOs were already under severe financial pressure prior to the pandemic and that for some the pandemic was the final straw.

“
Groups were on a knife edge even before Covid, as evidenced by our and others' VCSE surveys, most of these are small community groups. 50% in our region said that they would not last the year up until end of December 2020.
”

Ruth Willis, CEO, South Yorkshire's Community Foundation

“
A survey HCF conducted in May 20 indicated that up to 40% of local charities would not be financially viable beyond May 21. This is hugely concerning at a time when we expect more local residents than ever before to call on the support of their local VCSE as the ongoing impact of Covid-19 is felt.
”

Helen Gray, Foundation Director, Hertfordshire Community Foundation

Many of the respondents stated that closures alone were not their only cause of concern. Rather, decreased capacity to deliver services was frequently cited by community foundations as being likely to have more impact than outright closures in the short to medium term. Some respondents said it was too early to tell the full impact and that it could be 2022 before we fully see the implications for the sector.



Several respondents highlighted the precarity of very small and micro charities and the potential implications that this could have for already strained statutory services and the wider public sector. Others cited that the “safety net” that these organisations provide to multiple bodies, including larger VCOSs, is under threat. It was noted that the impact could be particularly hard in rural locations, where there are fewer organisations to cover the demand and therefore less resilience.

“

Whilst they [local charities and community organisations] don't support huge numbers of people, they do support people in their local community with very early-stage problems. This early intervention often stops the problems escalating, and without it larger organisations may have to take more on, and then face their own pressures, not to mention increased demand and pressure on statutory services.

”

Steve Adams, CEO, Community Foundation for Staffordshire

The unique value that hyper-local VCOSs bring to communities was also cited as being at risk. The closeness and ability to reach the people that struggle to access statutory services was especially apparent during the pandemic. In the early days of lockdown, it was imperative to deliver support at pace and it was these networks at a hyper-local level that played a pivotal role in doing this. The reach and trust that these organisations have cannot be replicated easily.

“
Closures will impoverish the range and experience of community provision that has built over many years in some cases.
”

Kate Hainsworth, CEO, Leeds Community Foundation

For some local VCOSs the switch to remote working has led to digital innovation resulting in increased engagement and use of services. However, for many, in person contact remains an integral part of what they do. The continuing uncertainty about “business as usual” activities and the resumption of face-to-face services means that many local VCOSs are in a precarious position when it comes to having a premise to operate out of. The financial viability of space let out to community organisations at lower rents, coupled with difficulties in generating the income needed to cover running costs, means that many face the prospect of not having premises to return to once restrictions end.

Several respondents also highlighted that there could be a knock-on effect for volunteering. The national response to the pandemic was characterised by the groundswell of people willing to pitch in and volunteer their time. With the scaling back of services it was noted that this would reduce the number of volunteering opportunities available as the infrastructure would not be in place to facilitate them. It would also increase the strain on existing volunteer networks that have been under immense pressure.

What is evident is that the closures and the scaling back of the services that local VCOSs provide will have a huge and varied impact, leaving many communities incredibly vulnerable as we approach an uncertain economic future.



Braintree Area Foodbank were awarded £40,000 from Essex Community Foundation, over three years, towards the salary of a full-time Project Manager to manage the expansion of a busy foodbank.



Cumbria Gateway outreach breakfast at St Aidan's church hall, Carlisle. Cumbria Community Foundation have supported the organisation over several years. Photo by Phil Rigby.

WHAT CAN FUNDERS DO ABOUT IT?

HOW CAN FUNDERS HELP?

There's no doubt that the pandemic has accelerated improvements in grant-making practice across the funding sector. However, as things begin to return to a semblance of "normal" funders must ensure that good grant-making practice continues and that they do all they can within their power to make sure that funding processes do not hamper or hinder the critical work being done to meet increased demand and emerging needs.

The Association of Charitable Foundations recent ['Rising to the Challenge'](#) report indicated that 9 out of 10 grant-making charities expect to maintain or increase grant funding for civil society in 2021. What will this funding look like? And will it meet the needs of local VCSOs?

In the survey we asked community foundations two questions about what funders can do:

- ➔ **What steps can funders take to help local VCSOs continue operating in the short to medium term?**
- ➔ **How can funders build resilience so that local VCSOs can respond to similar crises in the future?**

The responses of community foundations can be broadly summarised in five categories.

SUPPORT WHAT HAS BEEN PROVEN TO WORK

The pandemic has expedited digital innovation, led to more efficient ways of working and reinforced the value of existing service delivery models that have been proven to work. A common sentiment expressed among the respondents was that funders need to ensure that they are facilitating the continuity of tried and tested methods rather than forcing VCSOs to reimagine services to access project funding.

“Our charities are resilient, innovative and creative, and are rising to the challenges of Covid and adapting their model to meet changing needs. We need to make sure we're not holding them back by keeping funding focused on short term response.”

Jenny Bevan, Head of Programmes, Norfolk Community Foundation

As well as being able to support proven strategies, funders can support the agility of local VCSOs by being adaptive to situational changes. In the early days of lockdown this was key because it meant that VCSOs could divert existing funding to address the unique needs created by the pandemic. In effect this means funders can support **what is working** on the ground, as it happens, without having to solicit burdensome applications.

PROVIDE CORE FUNDING

Core funding refers to the running costs of an organisation. These could include staff salaries, equipment, building costs or anything that is necessary to continue day-to-day operations. Offering more core funding was the most frequently cited action that funders could take to best support the sector.

“Groups in Wales tell us consistently that funders are reluctant to offer core funding. In this time, the need for core funding is critical for survival of these groups. They need long term funding programmes that show we believe in their core purpose and which enable them to work most effectively with their communities.”

Richard Williams, CEO, Community Foundation Wales

Despite the widespread acknowledgement and consensus that core cost funding is integral to the health of our sector – it is still in very short supply. It is ultimately in everyone's interests to encourage more core funding to the sector. Giving local VCISOs the freedom to spend funding where it is most needed will maximise the positive impact it will make.

“

There's plenty of funders who can help us to buy equipment and run projects. Our cupboards are bursting with toys and things to run activities. But we've no money to turn the lights on and pay insurance and salaries. Finding core funding to keep us open is our biggest challenge.

”

Cylch Meithrin Wyddgrug, a voluntary organization specialising in Welsh early years provision featured in Community Foundation Wales' 'Loud and Clear' report

FLEXIBILITY

Over the past twelve months funders have taken the sensible and pragmatic steps needed to ensure that funding reaches the local organisations tackling the most pressing needs presented by the pandemic. Whilst this may have been expedited by circumstance, there's no reason why outdated and regressive grant-making practice can't become a thing of the past.

Taking a flexible, empathetic and understanding approach to grant-making is within every funders power to get right. Alongside this, funders have to be open to listening to the feedback of their grantees and adapt grant-making practice accordingly.

Continue to be flexible and approachable and listen. Every organisation is different and we are aiming to support all reasonable funding requests and change of spend requests, as much as we can; as funders we need to trust those on the ground.

”

Rachel Hirst, Director of Communities, Forever Manchester

Extending deadlines, repurposing existing grants, introducing non-restrictive criteria, stripping back onerous reporting requirements and simplifying application processes are all practical steps that every funder can take. By doing this we allow local VCISOs to focus on their strengths. These are all processes that have been outlined in the Institute of Voluntary Actions Research (IVAR) #FlexibleFunders initiative.

“

Importantly for BLCF the engagement starts before we receive application with our Grants Team working closely (pre Covid) with communities to understand the need at a grassroots level.

This relationship continues into pre application calls where projects are discussed and shaped to best fit our criteria. At the end of the day our duty is to get funding to those groups who need it and be enablers not barriers to this. This has raised our application success rate to 63%.

”

Karen Perkins, CEO, Bedfordshire and Luton Community Foundation

COLLABORATION

There's no doubt that the urgency of the situation over the past year has dramatically increased funder collaboration. The Yorkshire Funders Forum, The North East and Cumbria Funders Network, the London Community Response Fund and many funder collaboratives worked together to ensure emergency funding could be accessed quickly, resources could be pooled and that applicants faced minimal bureaucracy.

The ethos of collaboration isn't only relevant to funders. Several survey respondents also expressed the view that funders need to be doing more to encourage collaboration between local VCISOs.

“

We can try to support the continuing development of partnership working between groups where appropriate (and without requiring or choosing who groups should work with) - for peer support between established and new groups, and for joined up working to avoid duplication and doubling up of resources.

”

Ellie Maguire, Grants Manager, Dorset Community Foundation

By ensuring that funding encourages collaboration rather than competition, funders can help reshape the dynamic between organisations at a local level. Taking this approach will ensure that the already stretched resources of local VCISOs are not spent competing with others for funding. Rather, it will mean that efforts to address specific need in communities are complementing each other.

We brought 30 groups dealing with the reality of how to support children and young people through lockdown, to share good ideas on overcoming these challenges and to feel like they were part of something bigger.

Jan Garrill, CEO, Two Ridings Community Foundation

LOOK AHEAD

As we continue to move away from the emergency phase there is a great opportunity for funders to adapt their grant-making so that it is responsive to the actual needs of the sector. **74%** of respondents agreed with the statement that **local VCISOs had been well-provisioned with emergency funding to deal with the short-term impacts of the pandemic**. However, as we move forward funders need to reevaluate the type of funding that they are investing in the sector.

By supporting organisations for the longer term, by supporting training and development and expanded capacity as well as delivery. By making sure funding is accessible and equitable and proportionate in terms of requirements. We have the mechanisms in place now to respond quickly and well to crisis, but we do also need to take the time to learn our own lessons from this period and we need to listen to our charities too.

Hannah Clay, Head of Grant Programmes, Sussex Community Foundation

Respondents frequently cited the need for multi-year funding that would give organisations the financial stability to improve their organisational capacity to deliver services and take stock of the lessons learnt during the pandemic. As well as multi-year funding, the view was also expressed that funders should be open to support training and development, leadership development and resilience funding.

Diversity House recently awarded multi-year core funding from the Kent Community Foundation. They aim to ensure opportunities are open to individuals no matter their race or ethnicity.

Provide funding to give organisations space to think, adapt and do things in different ways. Preventing these organisations from having to constantly fire fight. Provide mentoring support and resilience training, to enable organisational development, and preparation for the future.

Orla Black, Grants Director, Community Foundation Northern Ireland

All of the recommendations above are realistic and entirely feasible if trust underpins the relationship between funders and grantees. Community foundations work closely with the local organisations they fund and build relationships over many years. Local organisations that work to support some of society's most vulnerable people know what they are doing. It is therefore incumbent on funders to make sure that their systems and processes are not a barrier or hindrance to organisations applying for funding.



THE ROLE OF COMMUNITY FOUNDATIONS

The community foundation model enabled thousands of local VCSOs to receive the support they needed over lockdown. This was possible thanks to the fantastic support of donors both locally and nationally. However, as the needs presented by the pandemic become more protracted and less immediate, it is inevitable that the flow of emergency funding to the sector will decrease. As we move forward, community foundations will play a different role in supporting local VCSOs, which will be as important in the recovery as it was in the emergency.

THE POWER OF PLACE

The community foundation model is placed-based. This means that grants are distributed differently depending on the specific needs of the locality in which the funder is based. Place-based funding works on the principles of community engagement and collaboration. Its success as a model is contingent on longevity, relationship building and being able to leverage local philanthropy to address local problems.

Over time community foundations have developed an expert understanding of the issues in an area and how best to deliver funding to tackle them. They do this by:

- ➔ **Encouraging local philanthropy:** community foundations actively attract local donors committed to funding local VCSOs and deepen this commitment by connecting them to and involving them with the funding process
- ➔ **Need analyses:** community foundations use a combination of localised data and active consultation with VCSOs to have a robust understanding of community need
- ➔ **Strengthening the local VCS:** many community foundations either fund infrastructure support to the sector or have staff devoted to these roles, enabling VCSOs to develop leadership and access institutional funding

- ➔ **Convening community resources:** community foundations regularly bring together local VCSOs that tackle similar areas of need to share insights and best practice, encourage collaboration, and provide the essential space these groups need for peer support.

For community foundations no place or neighbourhood is “forgotten” or “left behind”. Their understanding of need isn’t shaped by stereotypes, preconceptions, or assumptions about a locality, rather it is shaped by decades of listening, learning, and living in the places that they operate.

“

‘Place’ might be the flavour of the month however for community foundations ‘place’ has been the very essence of what we do over the decades. We will always trust local people to find the solutions to local problems.

”

Rosemary Macdonald, CEO, UK Community Foundations

As the “power of place” becomes more prevalent in public discourse it is key to remember that an effective place-based approach cannot be replicated easily or quickly.



Eastside Community Trust is a community anchor organisation in Easton, Bristol. It received funding from Quartet Community Foundation for organisational development which helped in its establishment as a merger between three East Bristol organisations.

OUR ROLE IN RECOVERY

Community foundations will play a vital role in supporting local VCOS through their grant-making. As we move into the recovery phase of the pandemic, community foundations across the UK are running programmes that offer longer-term strategic funding, that focusses on building capacity and resilience in VCOS and that are responsive to the evolving needs of the sector. Examples of these include:

- ➔ **The Building Effectiveness Programme** run by the Hertfordshire Community Foundation supports local VCOS by offering a 9-month intensive development programme tailored to make their organisations stronger, more effective, and sustainable.
- ➔ Community Foundation for Tyne & Wear and Northumberland and the County Durham Community Foundation are working collaboratively on **The Growth and Resilience Fund**. The Fund has supported organisations from across the North East to help them “survive, adapt and grow” to become more financially resilient and better meet need.
- ➔ Quartet Community Foundation recently ran the **Funding the Future** grant programme. Its aim was to support **community anchor organisations** such as Community Associations, Neighbourhood Trusts, Community Centres, and others adapt to the changing fundraising environment and find new ways of generating income.
- ➔ Through the **Doing Things Differently Fund** the Heart of England Community Foundation has supported 167 organisations with £2m in funding to help local VCOS increase their digital capacity to deliver services online.

Alongside strengthening the sector, community foundations are also responding to emerging needs by running themed programmes of grant-making that address specific areas of localised need.

1. In partnership with NHS Leeds, the Leeds Community Foundation have launched the **The Addressing Mental Health Inequalities in Minority Ethnic Groups Fund** to fund local VCOS supporting people from minority ethnic groups with their mental health.
2. Six community foundations are working with Cellnex UK, an infrastructure operator for wireless telecommunication, to distribute funding to address digital exclusion in rural areas.
3. The Suffolk Community Foundation recently ran the **Equity in Mind** grant fund programme in partnership with NHS Ipswich and East Suffolk and NHS West Suffolk clinical commissioning groups. The programme will fund local VCOS that provide community-based interventions to support people experiencing a range of mental health and complex emotional needs.
4. Kent Community Foundation are running The Employability, Skills and Enterprise Fund to support local VCOS providing meaningful support to people who are far from the labour market.

These examples are just a snapshot of the work happening across the community foundation network.



Lettershandoney & District Development Group received funding from the Community Foundation for Northern Ireland towards upskilling and delivering a Rural Works programme to provide new opportunities for young adults and rural communities within their locality.



RELATIONSHIPS

As experienced place-based funders, community foundations are in a unique position to be able to bring different local actors together to help build a clear picture of local needs and the collaborative solutions needed to meet them.

LISTENING TO COMMUNITIES

Community foundations use a range of methods to ensure that different voices have a meaningful say in how need is identified and how funding is distributed. This is a vital part of how community foundations operate and there are several input mechanisms used to ensure that a range of voices are heard. Recent examples include:

- ➔ Gloucester Community Foundation's **"Let's Talk" event** was the culmination of months of engagement with the local VCS. At the event, a report was presented that outlined how this input would play a key role in their future strategy to build a "thriving charity sector" across the county.
- ➔ Northamptonshire's **Community Conversations events** brought together local donors and local VCISOs to have a solution focussed discussion centred around Sustainable Development Goals (SDGs). Each event developed a series of actions that Northamptonshire Community Foundation would take to achieve the SDG goals.

PARTICIPATORY GRANT-MAKING

As well as helping identify need, community foundations also involve communities in deciding how funding is allocated. By sharing decision-making responsibility, community foundations help shift the power to the people and communities impacted by funding distribution. This process is not a gesture, it is an invaluable way of bringing the insights of people with lived experience to the table.

- ➔ The **Deciding Together sessions** held by the Two Ridings Community Foundation brought together charity workers, Council staff and people who have lived experience of accessing services to decide how £250,000 of funding will be distributed to address the root causes of multiple complex needs in York.

- ➔ After the Grenfell Tower tragedy the Evening Standard launched the Grenfell Young People's Fund. The Fund is being run by the London Community Foundation. Local young people from North Kensington **have a major say** in how funding is allocated to local VCISOs working in the area.
- ➔ The **Civic Innovation Programme** in Northern Ireland uses a combination of intensive project design support, expertise on public participation and grant-funding to support the delivery of new initiatives that aim to deepen local democracy and put people at the heart of decision-making.
- ➔ Cumbria Community Foundation run the **#CanDo project** which gives young people across West Cumbria the chance to have their say in which projects they feel will make a difference in their community. Allocation decisions are made by a youth panel.

BUILDING ENDOWMENT

Funding scarcity has been a huge issue for the sector for several years. The lack of reliable funding streams means that increasingly organisations are competing for smaller funding pots. A fundamental element of the community foundation model is building endowment.

By building endowment community foundations can guarantee an independent source of revenue for local VCISOs in perpetuity. Regardless of the political environment, disruption to fundraising activities, or any other unforeseen circumstances, local VCISOs will always be able to access funding that has been generated from the yield of community foundation endowments.

“We shouldn't be afraid to talk about growing endowment. Funding sustainability is a key issue for the local charities that community foundations support.”

Rosemary Macdonald, CEO, UK Community Foundations

Whilst the value of community foundation endowments will never be enough to keep the sector financially buoyant, it can be an assured source of income in an uncertain financial landscape. The more endowment grows, the more certainty there will be in future funding streams for the local organisations that communities rely on.

By helping to grow community foundation endowment, donors can contribute to the asset base of local communities and support the future of sustainable funding to the local organisations that communities rely on. The long-term thinking behind endowment is key to enabling community foundations to go beyond grant-making, bringing together donors and voluntary organisations to tackle local needs.

The Island York, supports young people vulnerable young people through positive mentoring relationships and activities. It received core cost funding from the Two Ridings Community Foundation.



RECOMMENDATIONS FROM OUR BAME INFRASTRUCTURE FUND

The concerns articulated by community foundations in the sections above are ones that have long been felt by BAME VCOS. However, our work with BAME Infrastructure organisations over the past year has underlined the need for specific actions to ensure that funders can better support BAME VCOS. In this section we will share some of the recommendations from the BAME Infrastructure organisations that we have engaged with.⁴

As highlighted by the [Ubele Initiative Report](#) in April 2020, the pandemic placed immense pressure on BAME-led community organisations, with 9 out of 10 at risk of closure. The historic marginalisation of BAME-led VCOS from access to institutional funding had the potential to leave vulnerable the communities already most exposed to the impacts of the pandemic. In response to this urgent need and the imperative to do better, UKCF was able to launch the BAME Infrastructure Fund with the support of the National Emergencies Trust. The work of BAME Infrastructure organisations has been key to sustaining the sector in this crisis, providing training to groups, offering one-to-one support in application writing, and highlighting actions funders can take to do better, based on their cultural knowledge, and lived experience of the issues BAME-led VCOS face. While the funding provided via the National Emergencies Trust aimed to ensure that BAME infrastructure organisations were able to support their communities to apply for emergency funding from community foundations, the relationships and learning that have come out of this work will bring value far beyond the funds delivered.

IMMEDIATE BARRIERS

Like many in the funding sector, UKCF is at the beginning of this journey. The insights provided by the BAME Infrastructure organisations we have worked alongside have already highlighted some immediate actions that funders can take to become less 'hard to reach':

1. Funders must have more flexibility around work hours in recognition of the fact that many leaders of BAME-led VCOS are working full-time jobs alongside leading their organisation.
2. Detailed feedback must be provided for rejected applicants to enable groups to improve their applications and encourage them to apply again.
3. Having conversations with applicants as part of the application is vital to building relationships and overcoming written language barriers.
4. Hiring staff with lived experience and actively reaching out to BAME civil society when recruiting for trustees is vital to enabling BAME-led VCOS to feel connected to and view themselves as reflected in funders' organisational structures.
5. The application process must be simplified for small grants targeted at micro-organisations who might have never previously applied for funding. The process must be proportional to the grant amount and aim to build the confidence of groups so they can apply for larger grants.
6. Funders must be explicit that events and workshops are targeted at BAME-led VCOS. They must put in the effort to build these relationships and signal to historically undervalued groups that their work is vital.

⁴ An infrastructure organisation is a civil society (third sector) organisation whose main purpose is to support the work of other groups in the local voluntary and community sector.



MAINTAINING CHANGE AND SHARING POWER

As highlighted by the [Funders for Race Equality Alliance](#), while the Black Lives Matter movement and the disproportionate impact of Covid-19 on BAME communities brought a shift in funding towards race equality, action must be taken to progress this further and avoid a reversion to the status quo. The BAME Infrastructure organisations we have heard from so far offered the following recommendations to support long-term change in our funding practices:

- ➔ Funders must allocate money to support capacity building and leadership development to enable the survival of strong and sustainable BAME-led VCISOs and compensate leaders for the work they do. Small batch and project-based funding does not allow for development and can create a sense of insecurity that discourages long-term planning.
- ➔ Funding programmes, particularly those targeted at BAME-led VCISOs, must invite co-design by the community that is intended to benefit at a conceptual stage, not when the decision is made.
- ➔ There must be funding dedicated to BAME infrastructure. Developing the confidence in groups to apply for funding can require one-to-one application support and mentoring so money must be directed towards this work if funders want to see more applications from BAME-led VCISOs.

We must move away from just labelling BAME communities as needing funding because of levels of deprivation and must shift the narrative to one where groups must be funded because they are a good investment.

Ajit Singh Ubhi – Nishkam Civic Association, speaking at the 'Voices from BAME Infrastructure' event held on 30/03/21

MORE THAN JUST PROCESS

To become equitable and inclusive funders will require more than the actions outlined above. Our conversations with BAME Infrastructure organisations so far have highlighted that the power dynamic between funders and BAME-led VCISOs can perpetuate and trigger experiences of marginalisation from other areas of life. The following are key points from their perspective:

- ➔ Many leaders in BAME-led VCISOs are not aware that the work they are doing is worth being paid for. Funding this work goes beyond the financial implications but can show BAME leaders that their contributions to society are valued beyond their community.
- ➔ Funders must reflect on what rejecting an application means to a voluntary organisation who has spent time working on an application, especially in the context of existing marginalisation and the power dynamic between primarily white funders and BAME-led VCISOs.
- ➔ Funders must not only account for the fact that English might be a second or third language for some, but also recognise multi-lingual individuals as having an asset that enables many of them to serve their community so effectively.
- ➔ It is essential that funders reflect on the biases they bring to the applications they read. Assumptions are made about small BAME organisations, particularly those that are faith-based and family run, which can cloud the vision of those reading the application.

The BAME infrastructure organisations we have spoken to so far say that they have been researched and surveyed repeatedly, so the recommendations in the sections above will not come as news to many funders. The place-based model of community foundations has shown that long-term relationships between funders and civil society are essential to shore up communities against crises. Even though the funding has now finished, we will continue work on its ultimate objective: to develop sustainable long-term relationships between community foundations and BAME infrastructure across the UK.

While this fund focused on racial equity, the recommendations that have already emerged can support greater access to funding for organisations led by those who represent a range of protected characteristics. We hope to dig deeper into this learning and broaden our work with infrastructure organisations, to guide more inclusive funding processes that recognise the importance of VCISOs led by the communities they serve. We are incredibly grateful to the BAME Infrastructure organisations we have spoken to so far and look forward to their guidance in supporting the growth of long-term relationships across communities throughout the UK.

In the UK, in the year of the pandemic and the George Floyd movement, a door has been opened that must not be closed until all have looked through it and accepted both social inequities that ethnic minorities face and the deep and massive contribution we have made and will make in the future to the UK's social, economic and cultural life. Failure to accept these truths will undermine every community foundation's long-term goals. Conversely, facing up to those will secure their success.

Mebrak Ghebreweldi – Diversity Resource International and Sussex Community Foundation, speaking at the 'Voices from BAME Infrastructure' event held on 30/03/21





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