Third Sector Research Centre

Research Report (75)

‘Wherever there is money there is influence’: exploring BIG’s impact on the third sector

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Summary

The Big Lottery Fund (BIG) represents a significant source of funding for the third sector. It has been responsible for distributing £4.6 billion of Lottery money, £3.4 billion of which has gone to the third sector. While BIG's mission is to *'bring real improvements to communities and the lives of people most in need',* rather than specifically to achieve outcomes for the third sector, its scale of funding suggests it is likely to impact upon sector policy and practice. Here we report on a research study led by TSRC in partnership with BIG, which used a mixed method approach to explore questions of the role and impact of BIG in the third sector.

The report charts the development of BIG's approach to the third sector against its own internal organisational development and the development of wider third sector policy and practice. It argues that several key stages can be recognised in the relationship, and that different factors can be identified as having influenced this. It considers how the relationship is developing in the current context of widespread funding cuts and rapid policy change.

The report goes on to explore the impact of this relationship, arguing that BIG has had influence on the sector, not just as a result of its direct funding but also its philosophies, its strategies, and its processes. It has contributed to the establishment, continuation, diversification, expansion and capacity of third sector organisations. It has contributed to a move towards outcomes thinking across the sector, to partnership working, user involvement and the growth of local voluntary action. BIG's impact on the sector, however, is not as consistent or significant as it might be, and indeed it is not always positive. At present, at the sector level, while BIG is seen by some as *'transformational'*, others see it as '*transactional'*, and it is more likely to be seen a '*facilitator'* of change than a '*leader'* of change.

The potential for BIG to shift the balance in these positions raises a series of opportunities and challenges for BIG and for the sector. More generally, it exposes the significance of funders as policy actors within the third sector. The report concludes with five questions and associated sets of potential strategies for BIG and the third sector, about engagement, transparency, intelligence, independence, and the extent to which BIG is or could be an active policy actor within the sector.

Keywords

Third sector, BIG Lottery Fund, funding, impact, outcomes, relationship, engagement

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Executive summary

Introduction

The Big Lottery Fund (BIG) represents a significant source of income for the third sector ('the sector'). BIG has made awards of £3.4 billion to the sector since 2004, and as such, is likely to have impacted upon sector policy and practice. BIG's mission is not, however, to achieve outcomes for the third sector; it is to bring improvements to individuals and communities, and as such little is known about what difference it has made to the sector itself.

The research which underpins this report set out to explore:

- BIG's relationship with the third sector and how this has evolved over time;
- Perceived impacts of BIG on the third sector and its organisations;
- Future priorities and directions.

The research involved five key elements:

- Scoping: literature review and interviews with senior BIG staff (5);
- Key informant interviews: with Board members (2); third sector leaders (7); government officials (2); funders (3) and BIG, sector and government representatives in devolved administrations (8, plus 1 focus group);
- Focus groups: with BIG staff (1) and third sector organisations (4);
- Online survey: of England-based third sector BIG applicants, with 1,694 responses, including successful (1,422) and unsuccessful (272) applicants;
- Administrative data: analysis of BIG's database of 148,306 England-based applicants, of which 117,359 were from third sector organisations.

A BIG introduction

BIG's development has taken place against a backdrop of an evolving third sector. The last decade has, for example, been characterised by growth – of the number of organisations within the sector, of its income, its staff and its infrastructure. Statutory funding has become increasingly important, with grants from government increasingly replaced by contracts. New public management principles have been adopted by an increasing number of third sector organisations, to the extent that there has been a blurring of boundaries between third, public and private sectors.

The policy environment has also evolved. New Labour's period of office was characterised by high levels of engagement and support towards the third sector. After being elected in 2010, the Coalition government largely abandoned the programme of support for third sector infrastructure, along with implementing widespread cuts to public expenditure.

For its part, BIG has also evolved since it was launched in 2004, following the merger of the Community Fund and the New Opportunity Fund (NOF). BIG has so far been responsible for distributing over £4.6 billion of Lottery money, for which it is accountable to government via its Non-Departmental Public Body (NDPB) sponsor bodies – the Office for Civil Society (OCS) which sets its policy directions, and the Department for Culture Media and Support (DCMS) which sets its financial

directions. BIG's relationship with government is significant, and has influenced its development and its subsequent relationship with the third sector.

BIG's mission is to *'bring real improvements to communities and the lives of people most in need'.* Its belief that the third sector is often best placed to help it achieve its mission is reflected within the undertaking of its Board to ensure that a large proportion (originally 60-70%, rising to 80%) of its funding flows through the sector.

BIG's overall approach to funding has developed over time, moving from being something of a '*cash machine'* to an '*intelligent funder'*. Its funding programmes have also evolved. There are three strands to BIG's funding framework: open programmes, which are demand-led with very broad outcomes; targeted programmes, which are more strategic by being targeted at specific themes or sectors; and community or place-based programmes, which focus on particular geographical areas. Within each of these strands numerous individual programmes operate. The third sector dominates applications, and awards, across all funding strands. Beyond direct funding, BIG also supports the sector through a range of capacity building activities targeted mainly at applicant organisations and at award holders.

Building relationships

While the third sector and BIG have both evolved individually, the relationship between them has also developed. Various stages to the relationship can be identified over time, which we characterise as courtship, honeymoon and mature:

- *Courtship:* In the first couple of years of its existence BIG set out to '*woo*' the sector, to overcome concerns created by the merger of its predecessor organisations, consulting with a large number of sector stakeholders, launching a major programme targeted specifically at improving the quality of support for third sector organisations, and ensuring that between 60-70 per cent of its awards went to the sector.
- *Honeymoon:* Following a successful courtship, the period between 2006/7-2011 was something of a honeymoon, with BIG having built its reputation as an organisation that could be trusted. During this period BIG continued to respond to the sector's needs, through for example, introducing full cost recovery and five-year funding, and undertaking large scale consultations. The sector responded positively – en masse by applying for funding; to a lesser extent by responding to consultations; and amongst a few by sustained efforts to network and build strategic relationships.
- *A mature relationship*: What the next, current, phase will look like is unclear, but is likely to be influenced by high levels of anxiety within the sector, by cuts in public expenditure, and by BIG's move to a new sponsor department, the subsequent drafting of a new set of policy directions, a cap on its administrative costs, and its on-going commitment to engagement. While the relationship is likely to remain strong, it may become more challenging.

Within this broad overview, there are differences:

- *A less linear path:* For some, the development of the relationship felt less linear than suggested above, and others felt it had not changed at all;

- *Engagement mechanisms*: Different organisations have different types of relationship with BIG influenced, to some extent, by the ways in which they engage as: non-applicants; applicants; agents; informants; or partners;
- *Geography*: BIG is a devolved organisation, and relationships between it and the sector varied between Northern Ireland, Scotland, Wales and England;
- *Organisational size and type*: Indicative of the diversity of the third sector, the size, scale, tier, and function of an organisation made a difference to relationships with BIG, with a tendency for deeper relationships to be more common amongst larger, better resourced organisations.

There were also challenges to the relationship:

- *Bureaucracy*: While parts of the sector felt BIG had become increasingly flexible and responsive, others felt it was overly bureaucratic;
- *Making connections*: While some organisations had developed close working relationships with BIG, others struggled to build consistent relationships with grants officers, or to make connections between their grant officer contact and other parts of the organisation;
- *Getting to the table*: While some felt BIG was working to ensure a level playing field, others felt there was a '*charmed circle'* of organisations who were 'at the table' and able to influence decision making, access to which was limited to those who knew the right people/the right things, or who had the right resources.

Making a difference

BIG's relationship with the third sector is important to both parties, and has resulted in significant impacts, although these impacts were hard to quantify. Three overarching areas of impact emerged.

Firstly, BIG has a direct impact on the existence, size and scope of a large number of third sector organisations to varying degrees:

- *Starting and saving organisations*: Over one-tenth of survey respondents, who had received BIG funding, agreed that BIG had enabled the formation of their organisation; over two-fifths that it had enabled the continuation of their organisation. BIG was most likely to initiate or save small organisations.
- *Transforming organisations and activities*: For a larger number and broader range of organisations, BIG had contributed to organisational growth and development. Three-fifths of (BIG funded) survey respondents agreed that BIG had enabled an expansion of their organisation, and over four-fifths agreed it had supported the development of projects not otherwise possible.

Secondly, BIG has had an impact on the skills and capacity of organisations:

- *Developing skills*: A majority of online survey respondents reported skills development as a result of BIG, with some (limited) filtering through to unsuccessful applicants. For example, three-quarters of successful applicant respondents reported enhanced bid-writing skills, and one-third of unsuccessful applicant respondents also agreed with this view.

- *Working together*: Partnership working is a requirement within certain targeted programmes and an aspiration across all BIG programmes. BIG was seen to have impacted upon partnership working, most often through third sector organisations sharing knowledge and experience with each other, but also through working together to bid for and deliver BIG projects (most common among larger organisations).
- *Understanding outcomes:* Alongside requirements for identifying and measuring outcomes, BIG has delivered various capacity building activities to help organisations understand outcomes. Over half the online survey respondents who were award holders agreed BIG had enhanced both their ability to identify outcomes and to measure them. Between one-tenth and one-twentieth of unsuccessful applicants responding to the survey also agreed with this view.
- *Involving users:* User involvement has been a requirement in some programmes and an aspiration in others. Approximately half the online survey respondents who were grant holders agreed that BIG had positively impacted on the involvement of service users in both project design and delivery; with limited evidence of trickle down to unsuccessful applicants.

Thirdly, despite greater uncertainly as to BIG's impact beyond individual organisations, a set of three sector-wide impacts was identified:

- *The shape of the sector*: BIG was seen by some to have helped grow and maintain local, small scale voluntary action by giving small amounts of money to a large number of organisations;
- *Influencing funding practices*: Over half of the online survey respondents felt BIG may have had an impact on the policies and practices of other funders, one-fifth said definitely. BIG was felt to be influential on other funders in terms of: full cost recovery, longer term funding, two-stage applications, rigorous processes, self-evaluation, 'intelligent funder' approaches, and a move towards emphasising outcomes over outputs.
- *Influencing policy*: BIG's potential role in influencing policy is complicated by its NDPB status. In general, BIG's impact to date on policy was felt to be limited, or unknown: one-quarter of successful applicant respondents and one-tenth of unsuccessful applicant respondents felt that it had definitely had an impact on government policy, a third or more didn't know. There was some desire for BIG to beef up its policy influencing role.

Fundamental questions

BIG distributes a large amount of money to the sector; this creates a certain responsibility, and also a certain amount of power and influence. BIG has taken the responsibility seriously and invested heavily in the sector. The sector has also taken the relationship seriously, with leading organisations working hard to engage with and influence BIG, while most restrict themselves to interactions via the application process or through grants officers.

BIG influences the sector through its philosophy, strategies, processes and funding. It has contributed to the establishment, continuation, diversification and capacity of organisations. It has contributed to a move towards outcomes thinking, user involvement and partnership working in the sector, and has influenced funders and to a lesser extent government policy makers.

BIG, however, has a set of more direct responsibilities to other stakeholders – the communities and individuals its mission focuses on benefitting, and those who provide its money (government and the public). Balancing its responsibilities emerges as a continual theme. As does the need to balance other demands: open and targeted funding programmes; support for projects and organisations; and, its role as facilitator or leader of change. While BIG on the whole has got the balance right in these different areas to date, it treads along a precarious tightrope.

Five fundamental questions emerge from the research, each generating a set of potential strategies that BIG may do well to consider:

- *Engaged*? BIG engages extensively with the sector and has worked hard to do so, providing the basis for a healthy relationship. However, there are differences across the sector in organisations' experiences of engaging with BIG. There is disconnect between how BIG perceives itself and how parts of the sector experience it. As BIG continues on its journey into intelligent funding, and explores possibilities for co-production, ensuring equality of access and engagement becomes even more important. This raises the question: **How could BIG do more to widen and deepen its relationships with the third sector?**

  Four potential strategies have been identified:

  - *Clarify*: Expectations for engagement are high. Be clearer what is possible and what is not. In turn, third sector organisations could reflect more on what is realistic to expect of BIG, and themselves.
  - *Inform*: Make sure organisations are aware of the opportunities for engagement that do exist, and that good use is made of those existing mechanisms.
  - *Connect*: Ensure connections are made within BIG, between operations and policy in particular, and also within the sector, between individual organisations and infrastructure/membership organisations which may mediate the relationship with BIG.
  - *Coproduce*: Increase opportunities for third sector organisations to influence decision making within BIG.

- *Transparent*? For some, BIG is a model of a transparent funder, and this is not by chance as BIG has taken steps to ensure it is seen as such. Others, however, are less sure, with concerns around transparency in three key areas: how funding decisions are made; how programme decisions are made; and what thinking lies behind implicit or explicit 'strategies' for the third sector. Issues of transparency do not end with BIG; there are also questions as to how transparent third sector organisations are in their dealings with BIG, with regards to: applications; during grant management; and end of project reporting. Issues of trust lay under those of transparency. We are left with the question: **How could BIG and its applicants and agents become more transparent in their dealings with each other?**

  Three potential strategies emerge:

  - *Teach*: Where steps have been taken to ensure transparency, make them better known.

- *Tell*: Be more explicit about who can and can-not apply for funding and why, and about how BIG wants organisations to operate and why. For its part, the sector might consider more the potential long term benefit of reporting challenges alongside successes.
- *Trust*: Deepen relationships; build trust and a more open relationship.

- *Intelligent*? BIG has invested a lot of time and money into becoming an intelligent funder and the results of this are beginning to be felt and widespread respect built. Two key challenges, however, exist. First, BIG is seen to be encouraging the sector to operate in certain ways yet it is not always leading the way: it requires applicants and grant holders to identify and measure outcomes, yet it continues to focus on outputs not outcomes; it requires applicants to demonstrate user involvement, yet the engagement arguments above could be reframed as issues of user involvement. The second area of challenge relates more directly to BIG's use and sharing of intelligence: in decision making; to inform the sector; and to influence policy. The question we are left with is: **How could BIG become a more intelligent organisation?**

  Several potential strategies have been identified:

  - *Strengthen*: Strengthen BIG's evidence, and its internal cohesion, and the sector's use of evidence.
  - *Share*: Once strengthened, then share the evidence that BIG has – that it uses to inform programme design, about the types of organisations and projects that it funds, and about 'what works'. Share also the sector's evidence with BIG.
  - *Shape*: Make better use of intelligence to influence policy and practice, either directly or indirectly, with careful consideration from within BIG and the sector as to how best to do this.

- *Independent*? BIG has cultivated its brand as an 'independent' or at least a 'straddling' organisation, playing down its formal links with government. BIG is not, however, a truly independent organisation. It has a number of direct and indirect dependencies: it is an NDPB; it is committed to funding the sector; it is 'public'; it is 'populated' by executive and non-executive teams. BIG's straddling position contributes to different views across the sector as to how independent it has been to date and the implications of this. There are particular concerns within the sector at present about potential 'threats' to BIG's independence, relating to: Coalition policies, a new sponsor body, the wider funding environment, the delivery of non-Lottery programmes. Collectively these changes are contributing to a concern about the ability to maintain the distinction between BIG and government. The question that emerges is: **How could BIG do more to assert a sense of 'independence'?**

  There are at least two potential strategies:

  - *Reposition*: BIG could do more to position itself closer to foundations, away from government.
  - *Remind*: BIG could make more explicit the constraints under which BIG operates and its success in maintaining independence to date.

- *Active*? BIG is a policy actor: it has an impact on the sector at organisational and strategic level. It has transformed numerous third sector organisations, and has built the capacity of more. While sector level changes are harder to evidence, it has influenced funding practices and has occasionally impacted upon specific areas of policy affecting the sector. Its impact is not, however, as consistent or as coherent as it might be, and it is not always positive. There is also no agreement as to whether BIG wants to be seen as a policy actor, or as a leader of change within the sector, let alone as to whether the sector would like to see it as such. The question is: **Should BIG be a more 'active' policy actor in relation to the third sector and if so how?**

  Several potential strategies emerge:

  - *Reinforce:* Reinforce BIG's current position as primarily an outcomes funder rather than a sector funder.
  - *Reveal:* Make the underlying assumptions behind developments aspired to within the sector more explicit.
  - *Revisit:* Consider putting greater emphasis on achieving outcomes for the sector, over and above, or alongside, any wider outcomes.

To most readers these issues will be both familiar and contentious. The engagement of a range of stakeholders in debate about how they might be resolved could prove significant for future policy and practice in both BIG and the sector.

Section one: Introduction

1.1 Background

The Lottery is a 'very important element' of third sector[1] funding (Funding Commission, 2010). Representing 1.5 per cent of charities' income, Lottery funding has been the largest single, non-government, investment in the sector over the past decade or so (Funding Commission, 2010; Clark et al., 2010). The Big Lottery Fund (BIG) is the most significant Lottery distributor for the third sector. It has made awards totalling £3.4 billion to the voluntary and community sector since 2004; £200 million has been spent directly on building the capacity of the sector.

At a time of considerable cuts in public expenditure, the role of independent funding is likely to be critical for the third sector. BIG's importance, therefore, looks set to increase. Its relationship with the sector is certainly topical – whether or not it should channel its entire fund via the sector and how it might best support the development of the sector's capabilities have both been subject to recent debate.

BIG's mission, however, is not to achieve outcomes for the third sector; it is to achieve outcomes for communities and the lives of people most in need. It simply has an understanding that third sector organisations are often well placed to deliver this mission. As such, while evaluations of BIG funding programmes and reviews of its strategy have explored its effect on the third sector as part of a broader range of concerns, none have focused on this explicitly. Given the symbolic and financial importance of BIG, it is likely to have had considerable, albeit unanticipated, outcomes and impacts on sector policy and practice.

1.2 Research aims

The overall aim of the research which underpins this report was to explore BIG's role as a potential 'policy actor', in order to understand its intended and unintended impact on the third sector. In doing so, the research sought to address three key questions which are summarised below:

1. What is BIG's approach to and relationship with the third sector, and how has this developed over time?
2. What do different stakeholders perceive BIG's impact to have been on the strategic development of the third sector and on third sector organisations?
3. What should BIG's future priorities and directions be in terms of its approach to the third sector?

1.3 Research approach

A mixed methods approach was adopted, collecting both qualitative and quantitative data. The research involved five key elements which are summarised below:

1. Scoping: A scoping study was undertaken at the start of the project, including: a review of BIG documentation; a review of relevant published literature; and interviews with senior BIG staff

[1] Referred to throughout this report as the 'third sector' or 'the sector' or 'sector'

(5). Throughout this report quotes sourced from the scoping interviews are referenced with 'SI'. The findings of the scoping study were published separately (Ellis Paine et al., 2011).

2. Key informant interviews: Semi-structured interviews were conducted with key informants drawn from five stakeholder groups, as follows:

    a. BIG Board members (2);

    b. Third sector leaders from key national infrastructure and policy organisations in England (7);

    c. Government officials (2);

    d. Funders (3);

    e. Devolved administration representatives from BIG, third sector and government in Wales, Northern Ireland and Scotland (interviews with 4 BIG staff, 2 government representatives, 2 sector representatives, and 1 focus group with sector and government representatives).

    Throughout the report quotes sourced from key informant interviews are referenced with 'KI'.

3. Focus groups: Five focus groups (in addition to the one above) were conducted in order to explore BIG's relationship with third sector organisations in England and broad areas of outcome and impact to be tested out within the survey. The groups consisted of organisations based in England that had applied for BIG funding - success and unsuccessful – sampled from BIG's applicant database, and were as follows:

    a. BIG staff;

    b. BIG applicants from the third sector:

        i. Small organisations (with annual incomes of £100,000 or less);

        ii. Medium organisations (with annual incomes of £100,000-£1m);

        iii. Large organisations (with annual incomes of over £1m);

        iv. Infrastructure bodies.

    Quotes sourced from the focus groups are referenced with 'FG'.

4. Online survey: An online survey was conducted amongst BIG third sector applicants based in England. A link to the survey was emailed to a single address for each organisation on BIG's applicant database where an email address had been provided. Over 47,800 emails were sent; 36,000 delivered; and 20,000 viewed, forwarded or opened. In total, 1,694 useable responses were received and analysed. Respondents included those who were successful applicants (1,422, 565 of whom were currently in receipt of funding) and those who were unsuccessful (272). The online survey enabled a quantitative assessment of BIG's impact on third sector organisations.

5. Administrative data: An analysis was conducted of BIG's data base of applicants. This included records of all applicants based in England to BIG since 2004.[2] Out of the 148,306 applications recorded on the database, 117,359 were from organisations classified as third sector, 53,211 (45%) of which had resulted in third sector organisations being awarded a grant[3] (see table A1.5 in Appendix A). Many organisations receive more than one grant, meaning the number of individual organisations that have applied to BIG and that have received funding are less than these figures might suggest. The database was also used to sample respondents for the online survey, focus groups and workshops.

6. Participatory workshops: Towards the end of the evaluation period three workshops were conducted with key stakeholders. The aim of the workshops was to explore with participants their reflections on the emerging, high-level, findings from the research and their implications. Throughout the report quotes sourced from the workshops are referenced with 'WS'.

The research focused predominantly on England, although it did also consider, in brief, the situation in each of the devolved administrations. The report therefore reflects this focus. While we highlight where relevant the distinct characteristics and issues affecting BIG's relationship with and impact on the third sector in Scotland, Wales and Northern Ireland, and we draw on data collected from within the devolved administrations throughout the report when country context was not relevant, on the whole the report should be read as reflecting the situation in England.

1.4 The report

Before moving to the main part of this report, it is important to recognise some of its limitations. Firstly, we have not spoken to third sector organisations that have had no contact with BIG, and this report therefore reflects the views of those who have at least to some extent been engaged with BIG – at a minimum as an unsuccessful applicant. Secondly, throughout this report we refer to the 'third sector' (or 'the sector') rather than using any alternatives – this was a pragmatic decision reflecting the classification of organisations in BIG's database. The report provides a high level overview of relationships and impacts and therefore could be read as presenting the sector as being more unified than it is: where differences were most significant we point these out. Finally, it is worth reminding readers that this report focuses on BIG's role and impact on the third sector – not with and on the individuals and communities who are its true intended beneficiaries.

The report has been structured into five main sections. Following this introduction, section two provides the context within which BIG has developed its relationship with the third sector – both the internal organisational context and (briefly) the external context of third sector policy and practice. The third section focuses on BIG's approach to and relationship with the third sector, how this has developed over time, and how it is differentiated and challenged. Section four looks at impact at an organisational level (existence, and then capacity) and at a sector wide level. The final chapter concludes the report by posing five fundamental questions regarding BIG's current and future role in the third sector.

[2] Although based in England, they may be operating elsewhere, including delivering BIG projects overseas
[3] Excludes successful applications where the grant was subsequently withdrawn (N=957 third sector applications).

Section two: A BIG introduction

Before beginning to explore BIG's relationship with and impact on the third sector, it is important to understand the context within which these relationships are grounded.

2.1 Third sector policy and practice

BIG's development, and that of its predecessors, has taken place against a backdrop of an evolving third sector; here we summarise key changes over the past decade or so, of most relevance to its relationship with BIG.

2.1.1 Practice environment

The third sector is not a homogeneous entity: it is a 'loose and baggy monster' (Kendall and Knapp, 1995). Its diversity means that generalisations about sector practices or issues are inevitably contentious. Even the preferred title and definition of the sector is evolving and contested, described by Alcock (2010a) as a 'strategic unity'. Nevertheless this strategic unity has provided an important focus for policies and practice, particularly over the last decade or so; and we draw on that broad unity in this report, taking the third sector to include all organisations operating outside the formal state or public sphere that are non-profit making.

The UK's third sector is numerically dominated by small organisations: in 2007/8, 85 per cent of the sector's organisations had incomes of £100,000 or less; together they accounted for only 6 per cent of the sector's income. It also has a small number of very large organisations: 0.3 per cent of organisations had incomes over £10 million and together accounted for 44 per cent of all charitable income (Clark et al. 2010).

Some of the key developments affecting the sector, since BIG's inception, are:

- *Growth:* Until recently the sector had been growing steadily for over a decade. The number of charitable organisations increased, reaching 171,000 by 2008 (Clark et al., 2010), the sector's income more than doubled between 1990/1 and 2007/8 (see Kane et al., 2009 and Clark et al., 2010), and the paid employee workforce grew to reach 750,000 by mid-2009 (Moro and McKay, undated). In the last year or so, this growth has begun to slow or reverse (see Clark et al., 2011 for employment figures for example);
- *Infrastructure*: The significance of the sector's infrastructure has grown, helped by the introduction of new 'horizontal' support mechanisms by the previous (Labour) government (now arguably being dismantled);
- *Contracts:* The sector has become increasingly involved in the delivery of public services, and this has been associated with a shift from grant funding to contracts and more generally an adoption of market principles and practices;
- *Partnership:* With encouragement from government and elsewhere there has been a move towards partnership and collaborative working across the sector, and between the third sector and others;
- *Management*: New public management principles and practices have been adopted within the sector, with an associated trend towards professionalization and managerialism;

- *Hybridisation:* Influenced by some of the trends above, there has been a blurring of boundaries between the third, public and private sectors.

2.1.2 Funding environment

The third sector generates income from a number of different sources, and the significance of these difference sources has changed over time. Statutory funding, for example, increased considerably over the past decade; although only a minority of organisations received it (Macmillan, 2010). In 2007/8 £3.5 billion of the sector's income came from grants from charitable trusts and foundations, including around £523 million from Lottery distributors, meaning that grants from the Lottery accounted for 1.5 per cent of the sector's income (2.7% for medium charities) (Clark et al., 2010).

Recent cuts in public spending, along with an increased focus on commissioning, are reshaping the funding environment in which parts of the sector operate. There is increasing demand on other sources of funding, including from the Lottery. As a number of our respondents commented, BIG is increasingly likely to be seen as one of only a few remaining funders. This was seen to raise questions of additionality; whether BIG could or should maintain its position of complementing rather than replacing government funding in the face of services being cut.

Analysis of funding philosophies and practices, such as Unwin's (2004) identification of different models of 'giving, shopping and investing', have pointed to poor contemporary practices by many funders. In response, independent foundations have moved towards 'intelligent funding' (with an emphasis on effectiveness, efficiency, and results/outcomes rather than just activity) and/or a 'grants plus' approach (whereby which funders engage more deeply with grant holders, by, for example, offering support on top of cash), or more generally improved practices in areas such as full cost recovery and longer term funding.

2.1.3 Policy environment

The policy environment in which the UK third sector operates has changed over time (Lewis, 1999; Kendall, 2009a and 2009b). Some of the most significant developments during BIG's existence are summarised below.

New Labour's period in office were characterised by high levels of engagement and support from government towards the third sector (see Alcock, 2011):

- *Hyperactive mainstreaming:* A concern by government to engage more directly with the sector and to bring it more closely into the policy arena by means of an expansion of financial and policy support (Kendall, 2009a).
- *The compact:* Launched in 1998 following recommendations of the Deakin Commission (1996) to formalise relations between government and the sector.
- *Investment in infrastructure:* Horizontal support for the sector's infrastructure increased substantially, and vertical support (within particular policy areas) also expanded (Kendall, 2003).
- *The Office of the Third Sector (OTS)*: Created in 2006 at the heart of government in the Cabinet Office, OTS was accompanied by the appointment of a Minister for the Third Sector, an advisory board including sector representatives, and the development of a strategic partner programme.

- *Devolution* of large sections of policy making to England, Scotland, Wales and Northern Ireland has resulted in separate third sector policy development, although hyperactive mainstreaming was a common feature, in part because Labour was in power for much of the time in all (Alcock, 2010b).

Since May 2010 the UK has had a Coalition government, led by the Conservatives. The new government moved quickly to distance themselves from much of the policy and practice of the previous administration, at least in appearance (see Alcock, 2010c). Significant changes for the third sector included:

- *OTS became the Office for Civil Society (OCS)* and following the autumn 2010 spending review its programmes of financial support for the third sector were largely abandoned.
- *Big Society* is at the centre of the new government's policy for the sector; it is based in principle at least, on the expectation that government will no longer seek to influence and shape the sector, but rather will seek to replace such 'top-down' state support with 'bottom-up' citizen led organisation.
- *A new programme of activity and support for the sector*: led by OCS, albeit with a changed emphasis and a reduced financial commitment. Some programmes, such as the Transition Fund, have been outsourced to BIG.

At the same time as the third sector's practice, funding and policy environment has evolved, so too has BIG.

2.2 Introducing BIG

BIG is a large and complex organisation. It employs 982 staff, based in 13 offices across the UK, and has been responsible for distributing £4.6 billion of Lottery money since 2004. In 2010/11 it made over 14,000 awards, while continuing to manage a further 31,000 made in previous years. It distributes an average of £500-600 million a year, with individual awards ranging from £300 to several million pounds (although awards of over £1m are relatively rare).

2.2.1 Structure and governance

BIG came into being on 1 June 2004, and was established as a legal entity on 1 December 2006. It is a non-departmental public body (NDPB). Between 2004 and 2011 its sponsor body was the Department for Culture, Media and Sports (DCMS). Since 2011 its main sponsor body has been the Office for Civil Society (OCS) within the Cabinet Office, from whom it receives policy directions, although it continues to receive financial directions from DCMS.

BIG was formed through the amalgamation of two organisations. The National Lottery Charities Board, trading in later years as the Community Fund, was created by the National Lottery etc. Act 1993, and was established in 1994 to provide funding for charities as one of five good causes to benefit from Lottery money. It funded charitable, philanthropic and benevolent organisations, mainly through large open programmes administered at a regional level, instilling a strong sense of ownership and loyalty across the sector. The New Opportunities Fund (NOF), created in 1998 to fund a new, sixth good cause – health, education and environment – provided funding across all three sectors, through a series of strategic, tightly defined interventions that were seen to be driven largely by national government agendas. The two organisations were culturally and strategically distinct, and

their legacy affected early relations with the sector (section 3.1.1). In 2006, BIG took on responsibility for the residual activities of the Millennium Commission.

BIG is governed by the National Lottery etc Act 1993, as amended in 1998 and 2006. It receives policy directions (matters to take into account when deciding how to spend money), finance directions (how to manage Lottery money) and account directions (how to account for the use of Lottery money) from Westminster. As a result of the change in administration, a new set of policy directions has been drafted and subject to consultation is due to come into force in 2012. The new directions have particular implications for BIG's relations with the sector, containing within them guidance on the extent to which BIG should ensure its funding flows through the third sector. Consultation on the draft directions has brought back to the fore a debate that began with BIG's creation about the proportion of its funding that should go to the third sector. Despite concerns that the new policy directions could issue a return to the heavily prescriptive style characteristic of NOF days, they are generally seen to have followed on from more recent ones in being '*high-level statements of intent'*.

BIG's Board is appointed by the State. The Coalition government recently appointed new chairs for the Board, and for the England, Wales and Scotland committees. Its five committees (one for each country and one for the UK) are subsequently appointed by the Board, with state approval.

BIG has been devolved since it began, blending the Community Fund's regional presence with NOF's more centralised structure. Amongst the 17 members of its original coterminous Board were three representatives from each of the four nations. Subsequently, country committees were established in Northern Ireland, Wales and Scotland, with the chair from each sitting on a slimmed-down Board. Separate directorates were established within BIG for Northern Ireland, Wales and Scotland. The governments in Wales, Northern Ireland and Scotland develop separate policy directions, balancing Westminster's UK-wide directions with their own priorities. Similarly, while BIG's overall strategic framework is set by the Board, each country committee has responsibility for developing its own part of the strategy.

It wasn't until 2010 that England and the UK were separated within BIG, each getting a committee and England getting its own directorate. The development of the England committee and directorate was seen by some BIG and sector respondents to have the potential to positively change engagement with the sector. The England committee is responsible for approximately 70 per cent of BIG's Lottery allocation.

2.3 Strategy and positioning

BIG's current strategic framework – BIG Thinking - was launched in 2009 and runs until 2015 (Big Lottery Fund, 2009). The strategy set BIG's mission as being to '*bring real improvements to communities and the lives of people most in need'.*

In 2011 the strategy was refreshed in response to internal and external changes. The refreshed strategy reasserted BIG's focus on:

- Those most in need;
- Building partnerships;
- People centred approach;

- Building stronger organisations.

It also placed new emphasis on:

- Supporting the development of social investment;
- Delivering outcomes for others through BIG Fund;
- BIG and the third sector engaging more with the private sector.

Underlying the strategy is the continued evolution of BIG's strategic direction and funding philosophy. The broad thrust of change most dominating BIG's development has been its journey from '*cash machine to intelligent funder'*. Although the 'intelligent funder' approach has been long in development, BIG respondents noted that it has only been in the past few years that it has been formalised and steps taken to ensure that it '*permeates through the whole organisation'*. The six themes (Big Lottery Fund, undated) are:

- *Outcomes funder*: focused on results not just activities;
- *Building capacity:* strengthening funded organisations and learning from past experience;
- *Engagement*: supporting organisations and becoming more efficient, effective and 'customer' focused;
- *Working together*: encouraging and facilitating partnerships and networking;
- *Encouraging innovation*: looking for new solutions and evaluating innovation;
- *Lasting impact*: results to have sustainable rather than temporary impact.

BIG is not strictly a government funder, yet it is not a foundation funder either – it sits between two worlds and two sets of expectations (Big Lottery Fund, 2005). As BIG respondents pointed out, BIG's NDPB status creates a dynamic that '*you can't lose sight of*', or '*fight with'* – its relationship to government is critical, not least because *'it's the hand that feeds us'*. It means that BIG is subject to certain restrictions: it is *'conditioned autonomy'*. In light of this BIG has sought to '*staunchly protect'* its independence, to create a '*culture of independent arms-length funding',* and to consciously *'build ourselves into the family trusts and foundations'.* This '*straddling*' position is seen as a core organisational characteristic.

Responses to our survey suggest different views within the sector as to BIG's current independence from government – 23 per cent said they did not know how independent BIG had been to date, while 15 per cent said it had been independent to a great extent, 50 per cent to some extent and 12 per cent that it had not been independent at all. Some organisations that we spoke to were surprised to hear that BIG is an NDPB and in some way answerable to government; others were familiar with its status and the implications. There was greater agreement, however, on future desires: 73 per cent would like BIG to be independent to a great extent in the future, with an additional 19 per cent saying to some extent (see Table A2.11, Appendix A).

BIG's relationship with government extends beyond its NDPB status. Although its closest ties are seen to be with its two sponsor departments, other less formal relationships exist across multiple

departments. However, one sector respondent felt other departments *'never seem to get their act together talking to BIG at all'*.

Relationships vary not only across departments within Westminster, but also across the devolved administrations influenced by factors including political colour, length of time in office, priority given to the relationship, government-third sector relations, and broader socio-economic contexts. In Scotland, the relationship between BIG and the government was described by BIG and the sector as '*positive'* '*influential*' and '*symbiotic*'. Relations in Wales were also felt to be strong, with overlapping policy interests leading to some joint decision making, but also creating communications challenges. The dominance of one national sector infrastructure body in Wales was seen to have shaped relationships between BIG, the sector and government. In Northern Ireland relations were strengthening, although the country's fragmented political past had historically made engagement difficult.

BIG's relationship with government was argued by a BIG respondent to have a '*direct impact on our relationship with the sector*'. In England, the shift in BIG's main sponsor department was, in particular, seen as having implications for the sector. The DCMS was generally seen to have had a '*hands-off*' relationship with BIG – one of '*benign neglect'* - perhaps because it was funding in areas that were largely outside of the interests of the department. The language used by BIG and government respondents to describe how the relationship might work between BIG and OCS had shifted to '*connected', 'challenging'* and '*demanding'.* The greater overlap between BIG and OCS in areas of policy interest and in engagement with the third sector, was seen to create opportunities, but also risks for BIG and the sector (see also section 5.4). The opportunities that were identified included, for example, a more connected and interested relationship that would make it easier to identify distinctive contributions of Lottery and government. Identified risks included a greater likelihood of being pushed to fund in line with OCS strategy, with the move towards social investment funding within BIG used as evidence to suggest that this was already happening.

2.4 Funding framework

A majority of BIG's funding is Lottery money, which it distributes mainly via grants, but also contracts. Until recently it received 50 per cent of the 'good causes' money raised through Lottery ticket sales. In 2009/10 this amounted to £740 million. As of April 2011, BIG's proportion of 'good causes' money was reduced to 46 per cent; in 2012 it will be reduced to 40 per cent. From 2009 to 2012, £638 million of BIG's Lottery money was transferred to the Olympic Lottery Distribution Board.

BIG has recently begun administering additional funding programmes on behalf of others. For example, it is administering the government's (£100m) Transition Fund for the third sector in England on behalf of OCS; and, also on behalf of OCS, the £30 million Transforming Local Infrastructure fund. This diversification of funding raises questions for its relationship with the third sector (section 3.1.4); beyond these considerations, however, this report focuses on BIG as a Lottery funder.

BIG's Lottery funding programme has developed over time, not least in response to the changing funder philosophy underpinning it, and the changing economic and political landscape. Its early funding programme was influenced by the legacy of its two predecessor organisations and by an initial need to '*get the money out of the door'* (and, indeed, to some extent this pressure continues). It

combined the Community Fund's emphasis on large open programmes, with NOF's far more targeted, strategic programmes – although without the prescriptive direction from government as to their focus.

While the mix of open and targeted funding has remained, there has been an evolution of programmes, most notably the development of targeted programmes with increasingly specific, focused outcomes for a specific type of beneficiary or policy issue, and the development of 'place-based' funding. The appropriate balance of open and targeted funding is an issue of internal and external debate, as is the challenge of balancing pressures to distribute Lottery money effectively and efficiently at the same time as maintaining a low administrative overhead cost and as having a high impact.

Within the third sector there is widespread support for the open programmes in which applicant organisations can largely define their own outcomes and access resources to enable them to innovate and respond to community needs. BIG's flagship open programme - Awards for All - is held in high regard, described by sector respondents, for example, as '*accessible*', '*proportionate*' and '*change making*'.

Targeted programmes enable BIG and its grant holders to focus on achieving specific aims around a relatively narrow issue, at scale. Within BIG and among some sector stakeholders, targeted programmes were seen as offering greater potential for impact when compared to open programmes. As one respondent said:

> *'I think a targeted programme by its nature is targeted so the outcomes are easier to identify, distil, promote and disseminate. I think if we're putting £100 million into village halls I think it's much easier to see the difference from that than if we're putting £100 million and it could go literally on anything from an allotment to an old people's nursing home, to a hospice to a whatever. So I think by definition it's almost going to have greater impact' (BIG, FG)*

However, there is a danger of concluding that as the impacts of targeted programmes are easier to measure they are therefore more significant. The following comment suggests a different view, that it is not the targeted programmes that have the greatest impact, but BIG's more general ways of working:

> *'…setting a standard of rigour about planning and professional competence has probably helped move the sector in a certain way […] I think […] that broad push has probably been much more impactful than some of the specific things we've tried to achieve in specific sectors' (BIG, SI)*

Alongside the general support for targeted programmes across the sector, there was some concern that the setting of targeted outcomes within programmes signalled a more 'top down' approach and meant that BIG would become less responsive to need and therefore have less of an impact:

> *'there's a real risk in there that they actually become so clever at defining outcomes and wanting coherence that they miss the point, in my view, which is to support the aspirations of community activists and community leaders all over England who know what the needs are and know how they want to meet them and just need to get their hands on some money to get on with it' (Sector, KI)*

BIG's community, or place-based, funding was less commonly discussed within this research, despite representing a significant element of BIG's funding. Place-based funding has provided a significant mechanism for BIG to ensure geographical equity in the distribution of its funds by channelling additional funding and associated support mechanisms into areas of the country that have been found to be less likely to apply for or be awarded funding from open or targeted programmes.

Within this three-pronged (open, targeted and community) framework is a diverse mix of individual programmes, within which attention is paid to balancing funds across different policy areas, target groups and geographical areas. While BIG is generally seen to be '*progressive*' and '*accessible*' by stakeholders in its support for a wide range of groups, concerns about equality of distribution are on-going: certain parts of the third sector have periodically felt they have received an unfair share.

Within the broad framework of BIG's strategic plan, the detailed shaping of the funding portfolios are decided by the country committees. The committees draw on evidence of need, evidence from previous experience, and on knowledge of the wider environment. Stakeholder views are also incorporated, with their involvement seen to have evolved and deepened over time. Indeed, BIG's latest policy directions specify that public, private and third sector stakeholders must be engaged in the development of its programmes. Funding models and programmes also reflect the unique contexts in each of the countries:

- England has a particularly large and complex range of funding programmes, operating 30-40 programmes at any one time. In Table 1.1 we provide a typology of recent programmes, underlying which is a great deal of complexity. In 2011 the 'People Powered Change' initiative was introduced as an over-arching banner bringing together all investments in England, with new programmes having common high level aims.
- Scotland's funding programme is characterised by its 'single door' approach, with the development of one main programme – Investing in Communities - which has a broad outcomes around life transitions and supporting 21st century life. Other programmes do operate, but far fewer than in England.
- Wales also has fewer programmes than England. Its development has been influenced by factors including the presence of EU grants (resulting in match funding), the dominance of one main third sector infrastructure body which also distributes funding to the sector, and the Welsh Assembly Government's third sector policy which has involved investment in the sector's infrastructure. Wales was the only country where the committee voted not to implement a specific programme aimed at building and sustaining third sector infrastructure.
- In Northern Ireland the development of the funding programme was seen to have been influenced by the presence of a number of alternative funding streams including peace and reconciliation money, and by the broader political and social context. One of the key programmes developed in recent years is the place-based Building Change Trust, which is a 10 year investment administered by an award partner.

Table 1.1: Framework for funding operating in England, 2010/11

Type	Key aspects	Aspects	Example programmes operating in England
Open	Demand-led Organisations identify need and set outcomes Dominant type of funding in Community Fund	Direct	UK: Awards for All England: Reaching Communities
Targeted	Targeted at specific problems/sectors Was dominant type of funding within NOF Involvement of stakeholders in programme development	Direct/ Award Partner Single/ Portfolio Solicited/ Application Broad /narrow outcomes	UK: Heroes Return; Forces in Mind; Jubilee People's Millions; International; Replication and Innovation; Improving Futures; Realising Ambition; Social Impact Bond; ENGLAND: Improving Financial Confidence; Youth in Focus; Parks for People; Silver Dreams
Community	Place-based May be targeted at areas with low levels of applications/awards and/or high deprivation May be long term funding Devolving decision making to local level High levels of public involvement/engagement	Endowment	UK: Village SOS; Your Square Mile England: Big Local

2.5 Support for the sector

A majority of awards and of funding also goes to the third sector – 78 per cent in 2006/7, 92 per cent in 2009/10, and 90 per cent in 2010/11. Historically BIG's Board has made a commitment to ensuring a certain percentage of its Lottery funding goes to the sector: 60-70 per cent in 2004, rising to 80 per cent in 2009. In England, a new policy direction has been set which states that funding decisions will be influenced by a need to 'ensure that money is distributed to projects that benefit local people and local communities served by the voluntary and community sector'. The third sector is seen to be in a unique position to help deliver BIG's intended outcomes:

> *'The voluntary and community sector's ability to reach those most in need, and work with communities who are often most poorly served by mainstream provision, makes them the natural and primary partner.' (Big Lottery Fund, 2009)*

Pressure on BIG, from the sector, and from the Conservatives during their time in opposition, to channel all of its funding via the third sector has, however, been resisted, with BIG arguing that some problems are best or only solved through partnership working across sectors, in the knowledge that some parts of the country are poorly served by the third sector, in acknowledgement of the important

role that public sector institutions such as schools and parish councils play in local community life and with an understanding that should all funding go to the sector the balance of power would shift. This pressure has been particularly intense in England; with the devolved administrations joining BIG in resisting it. For some sector respondents, there was an apparent contradiction in BIG's commitment to directing a certain proportion of its funding to the third sector, while also maintaining that it is an outcomes funder when the outcomes sought are for individuals and communities not for the sector per se.

A more detailed analysis of data within BIG's database of applicants based in England confirms that a vast majority of applications for funding come from third sector organisations, and that this has been consistently so over time (see Table A1.1). Small organisations, with incomes under £100,000, are responsible for three-quarters of third sector applications (see Table A1.2 in Appendix A), with nearly two-fifths of applications from third sector organisations being for small grants of £10,000 or less (Table A1.3 in Appendix A).

Overall, 45 per cent of third sector applications resulted in grants being awarded, while 54 per cent were rejected. The success rate for the third sector was similar to that of the public sector (see Table A1.5, Appendix A). Within the third sector, applications from smaller organisations had a higher award rate than from larger organisations (Table A1.6, Appendix A), although this is likely to reflect applications for smaller grants having a higher award rate than those for larger grants: 53 per cent of applications for small grants (£1,000-£10,000) were awarded; 15 per cent of applications for major grants (over £1m) were awarded (Table A1.6, Appendix A). Award rates also varied according to programme: for example, 54 per cent of third sector applications to Awards for All were awarded, compared to 18 per cent to Reaching Communities, and 29 per cent to Building and Sustaining Infrastructure Services (BASIS) (Table A1.6, Appendix A).

The median amount requested in applications from third sector organisations was £7,350 (compared to £6,900 from the public sector), while the median amount awarded was £5,000 (£5,109 for the public sector, or £5,000 if parent grants are excluded) (Table A1.3). A vast majority (93%) of awards to third sector organisations were for small grants of £10,000 or less (Table A1.4, Appendix A). Five per cent of awards to third sector organisations were for large grants, over £100,000, while 0.1 per cent (equating to 60 awards) were for major grants of over £1 million (Table A1.4, Appendix A).

Many organisations have been successful with more than one award from BIG. Nine organisations were identified on the England database that currently hold five of more grants – one currently had 18 grants in operation, with a total value of over £5.5 million. Two of these nine organisations had, over time, been awarded 28 grants from BIG. These grants may be awarded to different offices within one organisation. All nine were large organisations, with annual incomes of £1 million or more.

Relatively few programmes are focused specifically on achieving outcomes for the sector itself. There are exceptions, most notably the £157million Building and Sustaining Infrastructure Services (BASIS) programme which aimed to build capacity within the third sector in England, with similar programmes also operating in Northern Ireland and Scotland. The Advice Plus, Supporting Change and Impact programmes also had explicit outcomes for the sector. Individual applications to other programmes may also include third sector organisations as beneficiaries.

Beyond its funding programmes, BIG supports third sector organisations through a number of capacity building activities, which are summarised in table 1.2.

Table 1.2 Third sector capacity building support

Stage	Beneficiary	Example	Method
Pre-grant	For any organisation	*Pass it on* campaign	Informal capacity building through encouraging funded organisations to pass on skills to other organisations
		'Getting funding and planning successful projects' booklet	Guide to help organisations develop successful grant applications and deliver successful projects
		Full cost recovery spread sheet	Tool to help organisations calculate full cost recovery
	For applicants	Briefings	Providing information on new funding opportunities
		Training provided through 'Support Contact' within certain programmes	Building capacity to complete funding applications, for calculating full cost recovery, business planning etc
		The application process	Implicit, informal capacity building through rigorous application process
		One-to-one support from regional team for failed applicants in 'cold spots'	Raising understanding about why applications fail and how to improve
In-grant	For all award holders	Programme design	Informal capacity building through requirements for elements such as partnerships, user involvement etc
		Participation Works	Supporting organisations to involve young people. Developed within Young People's Fund but open to all
	Programme specific	Action learning sets within Community Libraries programme	Bringing groups together to share knowledge and ideas
		Support for self-evaluation	Top slicing grants to enable organisations to bring in extra resources to support self-evaluation
Late-grant	Programme specific	Training on income generation and exit strategy	Offering training, via support contracts, to organisations on diversify incomes and exit strategies

Section three: Building relationships

We now consider the nature of BIG's relationship with the third sector and how it has developed over time. Broadly speaking, the relationship was seen to be important and positive. Words such as '*good*', '*open'*, '*healthy*' and '*excellent'* were used by both BIG and the sector to describe the relationship; so too, however, were words such as '*varied'* and *'single-directional'*. The significance of the relationship was such that both BIG and key sector representatives invested time and energy to nurture it.

The relationship has not remained static: it has evolved over time in response to a number of different factors. Neither has there been one single relationship, but a complex set of relationships differentiated according to the nature and quality of contact individual organisations have had with BIG, organisational size and type, and geographical location. Before exploring these differences, we provide a broad overview of the evolving nature of BIG's relationship with the sector.

3.1 An evolving relationship

BIG's relationship with the third sector has developed over time (although see section 3.2.1). Respondents from BIG in particular identified various stages in the development, which we have re-characterised as courtship (2004-6); honeymoon (2007-10); and mature (2011-). Most relationships, however, come with baggage and here we see no exception, giving a fourth, or 'pre-stage' within which the sector had relationships with BIG's predecessor organisations.

3.1.1 Previous relationships (before 2004)

BIG's relationship with the sector has been influenced by those of its predecessor organisations. A strong and largely positive relationship existed between the sector and the Community Fund, with a strong sense of ownership. However, while parts of the sector had positive relationships with NOF, it was viewed by many with scepticism as an instrument of government. The merger of the two organisations created fears within the sector that 'their' Community Fund would be swamped by 'government's' NOF, and concern that this would lead to BIG becoming top down with a consequent loss of open programmes and a decline in the money coming into the third sector. There was, therefore, some '*opposition', 'tension'*, '*antagonism'* and '*suspicion'* surrounding the merger, meaning the new organisations was launched into an environment in which, as one sector respondent put it, '*people did not feel that BIG was theirs, or on their side…'*. In face of the pending merger, the sector began lobbying government and was successful in securing a commitment from the newly formed BIG Board that a proportion of its funding would flow into the sector.

3.1.2 Courtship (2004-2006/7)

With this as its starting point, and in recognition of the importance of the third sector for achieving its mission, BIG set about '*wooing*' the sector. An agreement was reached that 60-70 per cent of BIG's funding for new programmes would go to the third sector. This can be seen largely as a symbolic move, a public statement to reassure and '*win over*' the sector. The target has generally been exceeded (section 2.4). Efforts were made to consult with a wide range of sector stakeholders in the design of BIG's first programmes: *'we worked our socks off to try and get everybody who conceivably might have an interest'*.

Another significant step to 'win over' the sector was the 2006 launch of BASIS (see section 2.4), which aimed to ensure that the third sector had access to high quality support. The programme was seen as an attempt to raise the quality of applications to BIG, and as a visible demonstration that BIG was serious about the sector. Given that the Community Fund and NOF had both previously funded sector infrastructure, for BIG to stop doing so would have been a *'statement in itself'.*

This courtship was taking place in the context of strong support from government for the sector and an associated period of sector growth. While, as we shall discuss later, not all within the sector were won over, BIG was largely successful in building a reputation as an organisation that could be trusted. One sector respondent described their initial concerns as '*ill founded*', another felt that BIG had gone '*out of their wa*y' to address the sector's fears. They were seen to have '*been responsive and willing to learn and willing to develop'.*

3.1.3 The honeymoon (2006/7-2011)

Following a successful courtship, the period between 2006/7 to 2011 can be characterised as something of a honeymoon period for BIG and the sector. Within BIG there was a sense that by this stage they enjoyed a good reputation in the sector, having established '*a trust relationship',* that was *'robust'* and *'engaged'.*

During the honeymoon BIG continued to respond to the sector's needs. For example, it established full cost recovery and long(er) term funding as standard practice. It continued to run programmes aimed at the sector, and to develop capacity building activities. It also tightened its engagement with national third sector organisations, both infrastructure and key players in vertical policy subsectors. This was seen as a way of involving the sector in the development and delivery of strategic interventions, and also as an exercise in '*reputation managemen*t' with an acknowledgement that it continued to be important to have certain sector bodies on side (*'it matters what they say'*). At the same time, BIG was developing a broader relationship with the sector as its customer, both through the funding process and through mass consultation exercises in which '*the market*' was segmented to ensure that BIG reached small, medium and large; national and local; and different 'vertical' sub-sectors. In 2009, for example, Big Thinking engaged over 3,400 respondents, 70 per cent of whom were from the third sector. Consultations were also undertaken on programme design. It was estimated, for example, that the design of the Improving Futures and Realising Ambition programmes involved speaking to 400 and 800 groups respectively.

For its part, the sector maintained its relationship with BIG, most commonly simply through applying for funding, but also through attending events and responding to consultations. It recognised improvements in the relationship that reflected BIG's shift towards an intelligent funding approach, and a greater level of flexibility. As one respondent said, BIG became '*more accommodating of different ways of working and less bureaucratic'.*

For an important minority group within the sector - the sector's 'policy elite' based in large nationals and infrastructure bodies – additional effort was made to secure the relationship, engaging in strategic conversations with BIG senior staff. As one respondent from a national infrastructure organisation put it: *'I've made it my business as Chief Exec to always have a relationship with the [BIG's] Chief Exec'.* At this level, relationships were built through formal and informal networking activities.

Towards the end of the honeymoon period a joint letter was issued by the sector's policy elite to the newly elected Coalition government urging them to not to change BIG *'because they're a highly admired and effective funder that make a real difference to the sector'*, marking a high point in the relationship.

The honeymoon was set against the backdrop of enabling internal and external developments (see section 2). Within BIG the move from '*cash machine'* to '*intelligent funder'* was significant, bringing with it a stronger focus on outcomes - generally viewed within the sector as *'very welcome'* and *'very influential'.* The move also brought with it, what was seen by many as, an '*appreciable shift'* toward being more *'flexible', 'accommodating',* and '*client focused'* in approach. The development of a largely '*hands off*' and '*benign*' relationship with its sponsor department can also be seen to be significant. Within the sector itself, for the most part, the period of policy stability and high levels of horizontal and vertical support from government continued, as did the growing strengthen of infrastructure. The changes that were to come with the election of the new Coalition government towards the end of the honeymoon period were yet to bite. All of these factors enabled BIG to concentrate its efforts on the sector, rather than being 'distracted' by government or others, and by providing the resources (financial and status) needed within the sector, particularly amongst the sector elite, to put into building and maintaining the relationship.

3.1.4 A mature relationship (2011-)

As the honeymoon was coming to an end, there was broad agreement amongst BIG, sector and government respondents that the next (current) phase would see the relationship move on to a different footing. What exactly this would look like was less clear given the uncertain context in which it was based. The shift of responsibility for setting BIG's policy directions from DCMS to OCS, the election of four new chairs, the development of new policy directions, the reduction in BIG's share of Lottery good causes money, and the cap on administrative overheads, which all followed the election of the Coalition government, along with the unstable financial environment, were seen by respondents in BIG and the sector to have implications for the relationship. Developments within BIG, such as its continued commitment to engagement as demonstrated within its People Powered Change initiative in England and its increasing use of social media as a key mechanism for engagement also have potential to change the relationship.

From within BIG there was a sense that their relationship with the sector would become more *'mature'*, remaining '*good and solid*', and based on mutual respect, but also one where you can be '*challenging'* and have '*disagreements*'. There was a sense that BIG could not continue to focus so intensely on its relationship with the sector, as efforts were needed to also build relationships with a new government and a new sponsor department. Pressures on resources, illustrated, for example, in a cap on BIG's administration costs, were also seen to have potential implications for the extent to which it could engage with and support the sector. These changes may have knock on effects for the role that BIG sees for itself in the sector and how it decides to fund the sector:

> *'…we may well end up being part of something which pulls the sector in slightly new directions around how you fund yourself' (BIG, KI)*

This potential change in role was also recognised by a government respondent:

> *'…they did come under so much kind of attack at the merger time and they've had to convince the sector that they are the good guys. I think they've done that now and I think that perhaps they can afford to take some more risks in terms of taking a leadership role' (GOV, KI)*

Within the sector there was uncertainty about what the new phase of the relationship might look like, with phrases such as '*varied'* and *tense'* being used to describe the current situation. There were concerns that with financial squeeze the government might be tempted to plunder BIG's resources:

> *'everyone knows just how strapped the Government is for cash on public expenditure, given that it will be almost impossible for them to resist […] going to BIG and saying, "We need help now, you must do it for us" sort of thing. And then, you know, will BIG, if those directions come into being... will they be able to resist at that point sort of thing, if you like'. (SECTOR, KI)*

The uncertainty about the future of the relationship was underpinned by a deeper sense of uncertainly regarding the sector's future more generally, with talk of *'a dramatic reformation of the third sector'* and *'a new order'*. The cuts to public spending, alongside a perceived decline in other sources of funding meant that BIG was seen by the sector as increasingly significant - *'the last funder standing'* or *'the only game in town',* which was a *'very different position from two to three years ago'.*

A different point was also raised by some who felt BIG's increasing role in distributing funding for other agents had the potential to change BIG's relationship with certain organisations, either by strengthening the partnership through collaborating on bids and delivery, or by reducing it from one of partner to one of competitor. Delivering other sources of funding was also seen to have the potential to change the relationship more generally, as it was suggested that it may become hard to distinguish between BIG's own programmes and associated aims and policy positions, and those within the programmes it is administering on others' behalves. Some felt there was a reputational issue for BIG in delivering such funds.

3.2 A differentiated relationship

As we enter the mature phase of the relationship, and even during the honeymoon period, it is perhaps inevitable that, given the diversity of the sector, not all parts of the sector engaged with BIG in equal measure, and not all saw the relationships in quite such rosy terms. Equally, not all saw that the journey had been so linear, or indeed that there had been any change in the relationship at all. Within this section we explore some of the complexities: the differentials within the relationship.

3.2.1 A less linear path

The journey, or marital, analogy used above suggests a rather linear development within the relationship, which, while recognised by many of our respondents, was not recognised by all. Some within BIG and the sector felt the relationship was more cyclical, driven by BIG's programme development and consultation schedule: periods of outward facing consultation and dialogue were followed by periods of introspection and strategy development, which was felt by some in the sector to create '*certain challenges in terms of maintaining continuous relationships with people'.*

There were also respondents who did not recognise any change in the relationship. One respondent from a relatively new infrastructure body did not see BIG as particularly relevant to their

members and saw little change in their relationship: '*it doesn't feel like it's very different now than it was three or four years ago, pretty much the same'.* Some within BIG also saw less change:

> *'I don't know that there has been that much of a change, we've always had the voluntary sector there as our main customer so we've just sort of carried that ethos with us all the way' (BIG, SI)*

3.2.2 Engagement mechanisms

Individual organisations within the sector had very different relationship with BIG depending on their own organisational characteristics priorities and the mechanisms through which they engaged with BIG. BIG has put in place, or enabled, many different engagement mechanisms at different levels within the organisation through its strategy and operations.

Within our online survey, for example, we found organisations had engaged with BIG in very different ways, with size of organisation influencing the depth and frequency of engagement (see Table A2.1 in Appendix A). For example, while 39 per cent of respondents from large organisations (those with annual incomes of £1m or more) frequently accessed information on BIG's funding, this was true for 19 per cent of small organisations (with annual incomes of £10,000-£100,000) and 9 per cent of micro organisations (with annual incomes of less than £10,000). Nearly half of respondents from large organisations occasionally or frequently responded to BIG consultations, compared to just over one-fifth of micro organisations. While half of large organisations attended events hosted by BIG and met with BIG staff frequently or occasionally, this was true for just over one-tenth of micro organisations and less than a third of small organisations.

We identified five key categories of engagement based on these different mechanisms and experiences. Any one organisation may fall into more than one of these categories, over time and at any one time:

- *Non-applicants* - unaware/uninterested/excluded from access/not wanting to access;
- *Applicants* - gathering information, submitting an application, being successful or unsuccessful;
- *Agents* - delivering BIG funded projects, wearing the 'badge', subject to grant-management;
- *Informants* - taking part in consultations and meetings to inform and be informed about programmes;
- *Partners* - strategic sharing of learning, influencing.

There was a suggestion that a sixth group - '*competitor*' - may also emerge in the future, as BIG increasingly delivers funding programmes that third sector organisations may also have tendered for the contract.

For those that are 'applicants' alone, the application process is central to how they understand and relate to BIG. For many 'applicants' BIG's strategic direction is of limited interest, with seemingly limited knowledge and understanding of BIG, how it operates, and the diversity of programme it funds. 'Applicants' are focused on the practical issues of finding out and applying for specific pots of funding. Reflecting the make-up of the sector, this group is dominated by small organisations.

'Applicants' (and to a certain extent 'non-applicants' and 'agents') often had their relationship with BIG mediated by a third party – a local or national infrastructure or umbrella body which kept them

informed and helped with grant application forms. ‘Applicants’ fell into two distinct groups – successful and unsuccessful. Many organisations have experience of being successful and unsuccessful; the real distinction came between those who had never been successful and those who had been successful with at least one of their applications. Experience of being turned down for a grant, perhaps inevitably, shapes perceptions of BIG; if someone is turned down for one application but successful with another these views are mediated.

Through the grant management processes ‘agents’ have a deeper engagement with BIG. Grant officers are key players in ‘agents’ relationship with BIG and a lot rested on them. Again reflecting the make-up of the sector, and the balance of BIG’s funding portfolio, this group is dominated by small organisations delivering projects funded by small grants (see section 2.4).

‘Informants’ are likely to be multiple applicants to BIG, and to be sizeable organisations operating within policy fields that BIG had developed specific programmes in, or infrastructure and umbrella bodies. They are likely to have had enough resources to allow them to take part in different forms of consultation or information sharing exercises, and this was generally seen to be highly valuable.

‘Partners’ are likely to be national (often but not always large) organisations, often either infrastructure bodies or membership organisations. They are likely to have the resources necessary to invest in the relationship. While many ‘partners’ will have received funding from BIG, and/or will be in negotiations about future funding, funding for the individual organisation is not the dominant factor in the relationship; although negotiating funding settlements for a particular sub-sector or interest group may be. They engaged with BIG on multiple levels, but most significantly at the top, in more or less formal ways and on a regular basis. The relationship here is more equal than elsewhere. Whilst ‘applicants’ and ‘agents’ hold relatively little power in their relationship with BIG, ‘partners’ have much more scope to influence BIG. As one respondent put it:

> *‘It feels like a partnership where, you know, if they’re giving us money it’s because they’re buying value from us, and if they’re not then it’s a real partnership where we’re actually able to support each other’ (SECTOR, KI)*

Alongside infrastructure bodies, BIG’s government sponsor department was also involved in mediating relationships, and this happened at different levels and across all types of engagement. For example, in the early days, DCMS reportedly received correspondence from sector organisations complaining of being treated unfairly by BIG either individually or as a sub-sector, in a particular geographic and thematic area. If the issue proved significant DCMS would then negotiate with BIG about its resolution. It was suggested, however, that these kinds of complaints from the sector had all but stopped. Other, more significant, examples of sector lobbying via government included a demand for greater transparency within solicited grants. The sector also lobbied government directly about its responsibility for setting directions for BIG, including objection to the transfer for BIG funding to the Olympics, and encouragement of 100 per cent BIG funding for the sector.

BIG’s relationship with the sector is, therefore, differentiated according to the nature, and quality, of the engagement individual organisations have had with BIG. These experiential differentials influenced respondents’ views of BIG and its performance.

3.2.3 Geographical differentials

BIG's relationship with the sector is also differentiated by national, regional and local context. We focused on the national level. As BIG is not wholly devolved there are also many commonalities across countries, including relationships with key infrastructure and umbrella bodies, but there are also differences.

Each country has a particular third sector profile, with different infrastructure arrangements and different funding arenas. In Wales, for example, it was suggested that BIG had initially focused more on their relationship with government and had taken longer to build relationships with the sector's key players. In Northern Ireland, however, the diverse and proliferated sector meant BIG's relationships with the sector operated via a large range of organisational networks and local infrastructure, alongside a close relationship with the large infrastructure bodies. Wales' main infrastructure body itself acted as a significant distributor of funds for the Welsh Assembly Government as did the infrastructure body in Northern Ireland, effectively setting up a degree of competition between themselves and BIG. With the Welsh Assembly Government investing in sector infrastructure, Wales was the only country where the BIG committee decided not to run a capacity-building programme (BASIS in England), which was seen to have knock on effects for the relationship. In Scotland, it suggested that close relationships had been built between BIG and both the sector and government, facilitated by the relatively small size of the sector. BIG was seen as part of the sector's '*ecosystem*', with the sector having a strong sense of connection and ownership over BIG, and BIG being able to influence both sector and government thinking and policy development.

Differences in physical size were frequently used to explain why England was different from the other three nations. Unlike Scotland, Northern Ireland or Wales, where it was possible to pull all the local infrastructure bodies together *'in the one room',* or where '*at functions you can meet many of these organisations on a regular basis'*, the sector in England was generally viewed as 'more distant' and 'geographically challenging' to access than elsewhere.

3.2.4 Differentiated by organisational size and type

As we have already pointed out, the third sector is extremely diverse. The overview we provided in the first part of this section is dominated by the views of key national third sector, particularly infrastructure bodies. A more nuanced exploration highlights that the relationships with BIG are differentiated according to the size, scale, tier of operation (front line, infrastructure etc), and function of organisation. The diversity of the sector is recognised by BIG, as are the challenges this creates:

> *'So we segment the sector, we don't see it as this kind of homogeneous thing. [..] We don't see it as homogeneous in any way, and that's what makes it so complicated, it's not homogeneous' (BIG, KI)*

There are many different ways of 'segmenting' the sector. One categorisation, which emerged through this research as influencing relationships with BIG, is as follows:

- The *policy elite* - national infrastructure and key national charities who are lobbyists, key stakeholders, and strategic partners in policy making processes affecting the sector;

- *Large and medium charities* – organisations with expertise in a particular subsector or policy field, ranging from large organisations with branch networks, to medium sized, regionally based organisations.
- *Generic and specialist infrastructure at local level* – membership organisations with a remit of providing a voice for members and often a capacity building function
- *Small and micro charities* – these include many which are entirely run by volunteers, as well as those employing paid staff.

Although this is an over-simplification, we tended to find that engagement was wider but shallower at the bottom of the list, and narrower but deeper at the top, in part due to the resources (of different kinds) available to larger organisations (section 3.3.3).

3.3 Trials and tribulations

Most relationships have their difficulties and this is true for BIG and the sector. While overall respondents were positive about BIG as a whole and the quality of their engagements with it, a series of significant issues were identified.

3.3.1 Bureaucracy

We reported above that some of our sector respondents felt BIG had become more flexible and responsive over time. Some respondents compared BIG to other funders, and felt that BIG was less bureaucratic than others, government in particular. Others, however, made less favourable comparisons, and argued BIG was dogged by bureaucracy, disproportionate at both ends of the programme funding spectrum (although Awards for All was generally excluded from these criticisms).

Whilst there was an understanding that BIG needed to be accountable some questioned whether it was worth applying for and managing a small grant given the resources needed to do so. The demands of the process were seen by some in the sector to put BIG applications out of the reach of many organisations. One membership organisation admitted that they advised members against attempting a Reaching Communities application as they felt *'it is a very long and costly process to actually submit the application'.* One respondent framed the issue as follows:

> *'There is an expectation, I think, nowadays, within the third sector, that if you ring a funder, a grants officer will be able to support you through your application. It doesn't mean you'll get the funding, but their role is not to act as a gatekeeper but to support you through your application. And I'm not sure that most people would see the BIG assessment process necessarily as a supportive process. They might see it as more of a gate keeping process.' (SECTOR, FG)*

It was not only small organisations that struggled. One award partner pointed out the contradiction within this model of funding due to the '*incredibly laborious'* paperwork which had meant they have had to '*go round and round in circles'*:

> *'So it's one of these unintended consequences, the Big Lottery wants the money out because they want somebody else to have more flexibility in distributing it […] But the way in which it's being handed out is building back the same inflexibility' (SECTOR, FG)*

This tendency towards bureaucratic practices was recognised within BIG. One staff member said they felt bureaucracy could make the relationship rather transactional:

> *'I think quite often by virtue of the fact we're dealing with so many and quite high volumes and we haven't got limitless resources for going round having nice chats with people, actually it can be sometimes only sort of, please tick the box thank you very much, good bye' (BIG, FG)*

3.3.2 Making connections

While we reported above that 'partners' and to a lesser extent 'informants' had developed close and personal relationships with BIG, at different levels and in different areas, for others this was seen as a challenge. Many organisations did not want a relationship with BIG other than being able to apply for funding, being awarded funding, and having that award managed appropriately. Others, however, wanted more. Among some 'agents' and 'informants' BIG was described as inaccessible and impersonal; they discussed difficulties in building relationships with staff or of communicating with BIG outside of a very formalised grant management structure or the helpline. They made comparisons with other funders with whom they had more personal relationships, helped, for example, by grant officers visiting them.

Grant officers were the key point of contact with and routes into BIG for 'agents', and their significance in shaping organisations' relationship with and views of BIG should not be underestimated. What was seen to be a high turnover of grant officers was widely felt to be disruptive and costly in terms of rebuilding relationships. Further, while there was some very positive feedback on grants officers, there was also some criticism and a general sense that, as one sector respondent put it: '*they're not people that really give a toss about what the funding is doing. They're just seeing their task that they need to do, tick them off, and that's it'*. There was also some frustration with the helpdesk as it was not seen as offering meaningful '*dialogue'*.

Beyond wanting BIG to have a more nuanced understanding of their project or organisation, some respondents also wanted to connect with BIG in order to share experiences and influence decisions: '*Well I want somebody that I have contact with that does influencing because then I can influence'*. Here a particular issue was recognised: disconnect within the organisation, between operations and policy teams. Respondents were not clear if information was passed up the organisations from grants managers or where to go with policy and learning from projects that wasn't simply about project process and management:

> *'How you can speak to people from an operational side to a policy side. That was difficult as well to work out who your point person should be.' (SECTOR, FG)*

> *'The only people that we can get access to are the lower echelons of the Lottery. How much influence do they have?' (SECTOR, WS)*

'Informants' or those who wanted to be 'informants' also struggled to find a way to start a dialogue with BIG or get invited to meetings and programme launches. '*It's not that easy to get to hear about the meetings'.* Even those who were on the mailing list said they were not informed and there was agreement that keeping up to date was something that organisations needed to invest time and

resources in, particularly infrastructure organisations who were seen by some as having a responsibility to be knowledge about BIG and to share that knowledge locally.

While it was recognised by some that one way to connect with and potentially influence BIG was through its consultation processes, some felt that these were ineffective. Concerns included: BIG was asking the wrong questions; they were asking the questions in the wrong way; they were asking the wrong people; or they weren't taking on board the answers they were given. One regional infrastructure body talked about very poor responses from their members to BIG consultations compared to others, despite being contacted on a weekly basis by their members asking what they were doing about certain issues connected with BIG such as the accessibility of funding. This suggested a *'disconnect'* between the things that people wanted to say and what BIG was asking, which were generally felt to be high level and abstract. Another respondent described having been involved in *'quite a lot'* of consultation over a new programme, but was unclear how much had been taken on board given that the final programme design was very similar to pre-consultation.

3.3.3 Getting to the table

There was also frustration from those wanting to influence BIG's decision making – to become 'informants' or 'partners' – but who felt that such an opportunity was only open to the *'charmed circle*' or a select few '*at the table'*. Solicited bids heightened this issue. Some sector respondents speculated that it was who you know, what you know, and what resources you have that matters:

> *'…but we're not at the table and it's too much of a network of colleagues who know each other and new players can't get in' (SECTOR, FG)*

> *'…it takes capacity and resources to make those contacts and follow that up, and there's something to do with whether you can get your foot in the door, if you have the resources to do it. There's something to do with the size and scale of your organisation which affects your capacity to do that to a certain extent' (SECTOR, WS)*

Some in BIG were aware of the issue:

> *'I think we work more in partnership particularly with some of our national stakeholders, we meet with them regularly, we bring them into focus groups, but I think speaking to some other people if you're not in those groups, if you're not in the black book then you don't see any of that, and I think actually we may not be as robust as we could be in managing the black book I suppose.' (BIG, FG)*

Others, inside and outside BIG, disagreed that it was driven by personal relationships, arguing, for example that '*actually one of the things that was wonderful for me about BIG was that it really felt like a level playing field'.* Some, for example, pointed to the extensive work that BIG has put in to opening up engagement through utilising social media in particular.

There is a strong narrative of inclusion within BIG, with efforts made to be open and engaged, although it is suggested that not everyone makes use of the opportunities:

> *'My sense of it is us going out to them, because for some reason […] people don't come and talk to you. So often, even with some really large strategic grants, people will make applications and they'll never have had a conversation with us. […] [T]here's nothing stopping anyone calling the Big Lottery Fund and asking to speak to me, nothing!' (BIG, SC)*

These responses highlighted a sense that whilst BIG talked about openness and accessibility, and indeed had put in place mechanisms to facilitate this, there was a tension between this goal and with the organisation's need to operate efficiently on a large scale and indeed their own systems to manage communication with the sector. There were also some different understandings of how to initiate and maintain dialogue between different parts of the sector and BIG: while some organisations (and indeed individuals) may respond well to certain engagement mechanisms and channels others will find the same mechanisms challenging and exclusive.

3.3.4 Philosophy

While most viewed BIG's move from '*cash cow'* to '*intelligent funder'* in a positive light, others were less convinced. More specifically, there was a perception amongst some respondents that BIG had moved towards being more of a 'top down' organisation, developing strategic interventions based on conversations about the evidence of need with the 'sector elite', rather than responding to what grass roots organisations are 'sending forth' in applications to open programmes. In simple terms this view represents a divide between those who favour targeted programmes and those who favour open programmes, and for the supporters of open programmes a concern that these may decline.

Section four: Making a difference

BIG's approach to and relationship with the third sector is significant to both parties, and has changed and developed over time. There is less clarity over the outcomes of this relationship, not least because BIG's impact on the sector encompasses both intended and unintended consequences. It includes change which is a result of:

- *Process*: a by-product of application and grant management processes;
- *Practice*: as a direct result of the funded programmes and projects, including those that have been specifically targeted at developing the sector's capabilities and all those that have not;
- *Strategy*: an emphasis, among other things, on partnership working, user involvement, and the use of evidence and learning.

In total, 79 per cent of our survey respondents felt that BIG, overall, had a positive influence on their organisation – 37 per cent said it had been very positive (see Table A2.3 in Appendix A). Amongst just those who had received BIG funding, 91 per cent felt the influence had been positive, with those for whom the funding was most significant indicating the highest levels of influence. For those respondents who were unsuccessful applicants, the picture was far more mixed and far less positive – while 16 per cent said BIG had a positive influence on their organisation, 41 per cent said it had a negative influence – 16 per cent that is was very negative. When delving deeper into these initial reflections different areas and levels of impact can be identified on individual organisations and on the sector as a whole.

4.1 Impacting on organisational existence

BIG has had a direct impact on the existence, size and scope of a large number of third sector organisations to varying degrees. In some cases it is responsible for getting the organisation going; in others it is responsible for its continuation or expansion. In some it is responsible for enabling the development of new, or the continuation of existing, activities within the organisation.

For 1.5 per cent (26) of our survey respondents (1.8% of those successful applicants), BIG has at some point provided all of the organisation's income. It had at some point accounted for over half the income of 18 per cent of responding organisations – rising to 22 per cent if we exclude those who had never received BIG funding (or 39% amongst organisations with an income of under £10,000 per annum and that had received BIG funding). It was currently the most important source of income for 13 per cent of our respondents – or 16 per cent if we excluded those that had never received BIG funding. Funding from BIG is more significant (in terms of inputs if not outcomes) for small and medium organisations than it is for larger ones.

4.1.1 Starting and saving organisations

Over one-tenth (13%) of our survey respondents who had received at least some funding from BIG agreed that it had enabled the formation of their organisation. Micro (15%) and small (17%) organisations were more likely than medium (9%) and large organisations (1%) to report this impact (see Table A2.4 in Appendix A). Although this represents a minority of respondents and therefore an

even smaller proportion of third sector organisations in general, BIG's significance in terms of starting small-scale local community action was frequently commented upon.

We heard stories from individual respondents, such as: 'I mean for me, if it wasn't funded by BIG we couldn't have started up, we wouldn't be able to pay the overhead cost or anything like that'. While others commented more generally: '…so absolutely, [it's] been a really important force in starting new community led grass roots stuff'. The Awards for All programme, and the possibility of being awarded 100 per cent funding, were felt to be particularly important for enabling organisational start up.

Winning a grant was also felt to kick start organisations by providing a sense of legitimacy and identity. Receiving a grant from BIG, with being able to use the BIG logo was likened to gaining a cycling proficiency badge or being awarded a fair trade kite mark – it was a sign that you were a 'bona fide' organisation. This was seen to open doors for the organisation to other local organisations and to other sources of funding. As one respondent put it:

> *'But for us internally it would go beyond a grant. The fact that we had money from BIG Lottery funding is extremely important to us to be able to talk to trustees, for the funders to have credibility, to have kind of a first rate stamp, you know. And I cannot emphasise enough how important that would be for some organisations like us…' (SECTOR, WS)*

Overall, 40 per cent of our survey respondents agreed that BIG had enabled them to access other sources of funding, 33 per cent disagreed (see Table A2.4, Appendix A). While we heard several stories of organisations being able to leverage in additional funds on the back of a successful BIG application, one respondent talked about an organisation that had been turned down by another funder on the basis that as they had received a grant from BIG, they 'didn't need' additional funding.

Rather than kick starting an organisation, for some, BIG was something of a *'saviour'*. Over two-fifths of our survey respondents who had received BIG funding agreed that BIG had enabled the continuation of their organisation: three-quarters of those for who BIG was currently the main source of funding (see Table A2.4, Appendix A). Without BIG organisations would have closed. Although, as with initial set up, BIG was less likely to be seen to have enabled the continuation of large organisations compared to smaller one (see Table A2.4, Appendix A).

It has not been possible to assess the extent to which BIG funding has contributed to the overall increase in the number of voluntary sector organisations, nor how valuable any expansion of the sector might be. Some argued that a proliferation of organisations or the maintenance of otherwise unsustainable ones is not a particularly desirable outcome; although this was a minority view.

4.1.2 Transforming organisations and activities

Alongside contributing to the start-up and continuation of small organisations, BIG has had a wider impact in terms of expanding organisations, of all sizes. BIG was described as a '*catalyst for change'*; as having '*completely transformed the organisation'*, and as enabling organisations to '*pioneer new approaches and venture into new territory'*. This view, however, was not universal even amongst those organisations that BIG had funded, with a number of respondents making comment such as: '*it feels very much more a kind of transactional relationship rather than a transformational one. They give you money that is it'.*

Three-fifths of survey respondents that had received funding agreed that BIG had enabled the expansion of their organisation (see Table A2.4, Appendix A). BIG was seen as having supported the development of projects or services that would not otherwise have been possible (87% of respondents agreed with this), and, to a lesser extent, as ensuring the continuity of existing projects and services (64% of respondents agreed).

The structure of BIG's funding programmes was felt, by some, to facilitate growth and development – providing a 'stepping stone' or a 'ladder of opportunity and development' for organisations. We heard accounts of organisations getting started following a successful Awards for All application; growing through a Reaching Communities award, and expanding further through a targeted programme.

We cannot tell how common this type of development is, and for many organisations development is not nearly so linear, or indeed desired. For some, part of the value of the Awards for All programme was that it allowed organisations or groups that simply wanted to fund a one off activity to do so, without needing to think about growth, development and sustainability when that was not part of their agenda. For others, the jump between Awards for All and Reaching Communities felt too big:

> *'there's a big difference between the Awards for All programme which is a very bottom up, non-strategic programme that I think has been change making in the grassroots sector because that is the one programme that allows people, small groups, to do what they want to do. Absolutely change making stuff. […] the larger programme is… it's become beyond reach […] So very stark difference and no halfway house between the small stuff and big, completely inaccessible stuff.' (SECTOR, FG)*

More generally, while there was a tendency to focus on small organisations when discussing the impact of BIG in terms of existence and growth, several respondents stressed that BIG had also made a significant impact on medium and large organisations in terms of enabling expansion and development: *'one of the bigger impacts is being not just at the bottom [smaller organisations] but also introducing people, bigger organisations at the top end'*. One respondent suggested that this was a positive development to emerge from the evolution of the Community Fund into BIG. The introduction of targeted programmes provided larger funding pots more suited to the needs of larger organisations.

While recognising the contribution that BIG has made to organisational expansion and to supporting projects and services, several points of debate were raised in relation to this. Firstly, the relative value of encouraging innovation as opposed to enabling continuation and replication was discussed. Respondents were more likely to say that BIG supported new projects or services rather than continuing existing ones, and some felt this reflected an overemphasis on innovation. This had led some organisations to be *'creative'* in their applications, to apply for funding for core costs '*under the guise of innovation'*. Others disagreed and commended BIG for providing funding which was not all about innovation but allowed for continuity, something that not all funders were seen to support.

There was also discussion, along similar lines, as to the extent to which BIG was providing grants that went to fund 'core' activities or 'enhancement' activities, and the relative benefit of both. Organisations approached the funding in different ways. For some, the funding received from BIG contributed to the core costs and sustainability of the organisation – whether this was through BIG directly funding core activities, through projects which enabled capital investments, or through the full cost recovery approach which ensured a contribution to core running costs. For others, BIG awards

were far more marginal to the organisation; it was an enhancement rather than a core activity. In some cases it was suggested that projects were less of an enhancement and more of a 'bolt on' or even a distraction from the organisation's core mission, as projects were shoe-horned into BIG's programme criteria and outcomes: *'And that's been difficult looking at what's been available from the Lottery, making applications actually fit the criteria'*. While, for some, this led to a diversification of activities (for good or for bad), for others it meant that activities were re-badged, presented in such a way as to meet BIG outcomes, while being delivered as they always had been.

Also discussed was whether BIG funded 'projects' or 'organisations' and the implications of this. Some felt that BIG's emphasis was on projects – at the extreme BIG was not seen to be interested in sustaining organisations, only to be interested in innovative projects. This was, to some extent, reflected in the following comment from within BIG: *'We're not about the organisation per se; we're about the project itself and the change or difference that can make'*. Many organisations are successful with more than one application (see section 2.4), but whether this added up to anything more than a succession of individual projects was not clear. It was suggested that taking a different approach, by investing in organisations, rather than rounds of projects may achieve greater outcomes:

> *'…even that word "project" affects the relationship. So is someone funding a project or are they taking a more strategic approach and funding something else? Is it capacity building? Is it capitalisation? What is it actually, and what's BIG's role in all of that?' (SECTOR, FG)*

> *'I do think it makes a difference in the way that organisations can develop if we're looking at investments as opposed to rounds of projects' (SECTOR, FG)*

Linking together all of the above discussions were issues of sustainability. Some reported having been able to sustain activities funded by BIG, and that the funding mechanisms and support processes put in place by BIG helped to ensure this:

> *'I mean obviously it's funded some absolutely core projects for us which we're really pleased that we've been able to make sustainable at the end of those funding streams, so it's been a kind of investor in a step change in our development and actually opportunities for us to generate our own income going forward' (SECTOR, KI)*

Others felt that not enough was done to help ensure sustainability. The possibility of BIG funding one organisation to deliver a succession of projects; the size of grants available; the lack of requirement for match funding; and, more significantly, the possibility of BIG 100 per cent funding an organisation were all identified as being particularly risky in terms of sustainability. It was argued BIG had given small organisations '*a large cliff to fall off',* and that sometimes it *'sets people up to fail'.*

A more general issue was raised in terms of how BIG supports organisations as they come to the end of their funding: the provision (or lack of it) of after-grant support. One respondent talked about coming to the end of funding after having benefited from a succession of grants, with BIG at one stage representing a third of the organisation's income. There was a sense of abandonment when at the end of the funding, communication from BIG completely ceased, without a response to the final report or indication of concern about the future sustainability of the organisation, let alone access to any more formal or direct after-grant support package.

4.2 Impacting on organisational being

As well as having an impact on the existence of organisations, BIG was also seen to have had an impact on the capacity of, and ways of working within organisations – on organisational 'being'. The potential for BIG's capacity building activities and more general grant making processes to impact on unsuccessful applicants as well as on successful ones was recognised.

4.2.1 Developing skills

A majority of respondents to our survey felt that they had developed skills as a result of BIG, although skills development was far more common among successful rather than among unsuccessful applicants. Amongst successful applicants, skills development was more likely to be reported by those for who BIG was the organisation's main source of funding (see Table A2.5, Appendix A). While skills development within the sector had been an intended outcome within some projects funded under the BASIS programme, and of certain capacity building activities, it was more generally seen as an unintended consequence of BIG's application and grant management processes. The skills and experience of grant officers to support organisations through BIG's processes was seen by some to be influential on the degree of impact that they had on skills development.

BIG's application process is generally considered to be rigorous; going through the application process was in itself seen to have the potential to impact on skills development. Three-quarters of respondents who were successful applicants felt their bid writing skills had improved, at least to some extent, as a result of BIG; one-third of unsuccessful applications also agreed. As one respondent commented: '*There's not a lot you'd learn going through the Lottery that wouldn't come in bloody handy in any other decent application process'*. However, some respondents felt that it was '*over optimistic'* to think that one individual gaining bid-writing skills through going through a BIG application process meant that organisational capacity had been enhanced: the 'burden' and the subsequent 'learning' rested often with one individual (potentially a volunteer) who may well then leave the organisation or not be involved in any subsequent application. In general it was suggested that, beyond the Awards for All programme, the application process was challenging for organisations requiring *'a certain level of expertise'.*

Some felt that the application process was such that organisations increasingly brought in external professional bid writers, meaning that organisational learning was limited and more generally that organisations that could not afford professionals were being put at a disadvantage.

To a slightly lesser extent, BIG was also seen to be having an impact on project management and financial management skills, with 64 per cent and 51 per cent of respondents who were successful applicants reporting that they had developed skills in these areas at least to some extent. As one respondent put it:

> *'it's also given us, I think, a real programme management kick-up-the-bum really, you know, made us much more professional and commercial' (SECTOR, KI)*

It was less common for respondents to report that BIG had impacted on skills for organisational governance, although 45 per cent of respondents who were successful applicants and 19 per cent of those who were not successful said that BIG had to some extent had an impact in this area.

Running counter to the positive gains for bid-writing skills through the application process, the negative impacts on individuals and on organisations as a result of having an application declined were also discussed. Whilst 79 per cent of successful applicants responding to our survey said they were satisfied with the application processes, 62 per cent of unsuccessful applicants said they were dissatisfied. As reported above, 41 per cent of unsuccessful applicants felt that overall BIG had had a negative influence on their organisation. The negative impact on individuals was particularly highlighted. One account focused on the chief executive of a very small organisation who '*broke his balls'* over a two stage application process, only to be turned down – the experience had *'practically destroyed the guy'*.

Some felt that the requirements and implicit skills demand within the individual programmes was proportionate to funding, thus enabling progression of skills in line with progression through funding programmes. Awards for All was held up as an exemplar programme in terms of proportionality:

> *'…it wouldn't have been an intention of the Lottery but there's no question that an impact of this programme [Awards for All] has been enhanced skills in certainly financial management and governance, at the appropriate level for groups that size.' (SECTOR, FG)*

Others, however, disagreed, and felt that the requirements were often not proportionate and too much was required of organisations within programmes with limited grant sizes or that major grants were subject to micro-management better suited to small programmes. Having a *'one size fits all approach'* was seen to create a barrier to potential applicants and cause issues in grant management, which limited BIG's impact, or indeed resulted in negative outcomes for organisations and individuals. Overall, while 81 per cent of survey respondents were satisfied with grant management processes, 7 per cent were dissatisfied. Micro organisations were more likely to be satisfied with grant management processes than larger ones (Table A2.2 Appendix A). Further, 30 per cent of respondents to our survey who had received BIG funding agreed that doing so put pressure on staff time, with little variation according to organisational size. One respondent said: '*I could have built a hospital for less paperwork'*; another said: *'I almost don't think it's really worth it'*.

The role of grant officers was identified as being particularly important in terms of mediating the experience. Views on grant officers were variable. Some were viewed very positively as supportive and knowledgeable; others were seen as 'pernickety', and lacking in skills, knowledge or understanding which resulted in micro-management and a 'tick box approach' to grant management. An overly bureaucratic approach was felt by some to detract from BIG's focus on outcomes:

> *'[It] negates the fact that they're claiming to be interested in outcomes. Because, actually, if it really is about outcomes, then it really should be about outcomes. And what they should be badgering you is 'Can we meet five of the young men that you've supported through your project to see if they really did gain anything from it?' Or, 'Can we see a testimony from them.' That would be, kind of, reasonable. But, you know, the job description of that is about process, and they're saying it's not about process, they're saying it's about outcomes'. (SECTOR, FG)*

4.2.2 Working together

The encouragement of partnership working was felt to be a fairly recent development within BIG. Partnership working is increasingly '*wired in*' to the design of targeted programmes. The Youth in Focus programme, for example, had an outcome written into it about improving partnership working at the local level. In other programmes any encouragement to work together was more implicit. Indeed, partnership working – between sector organisations and across sectors - was identified as an expectation that BIG is perceived to have, based on certain (hidden) assumptions, but which has rarely, although increasingly, been explicitly articulated:

> *'I think just to go back to the question about transparency, I think there probably are assumptions there that are not articulated and the one that has come up in this conversation is the one about partnership working. Do you expect partnership working? Articulate it' (SECTOR, WS)*

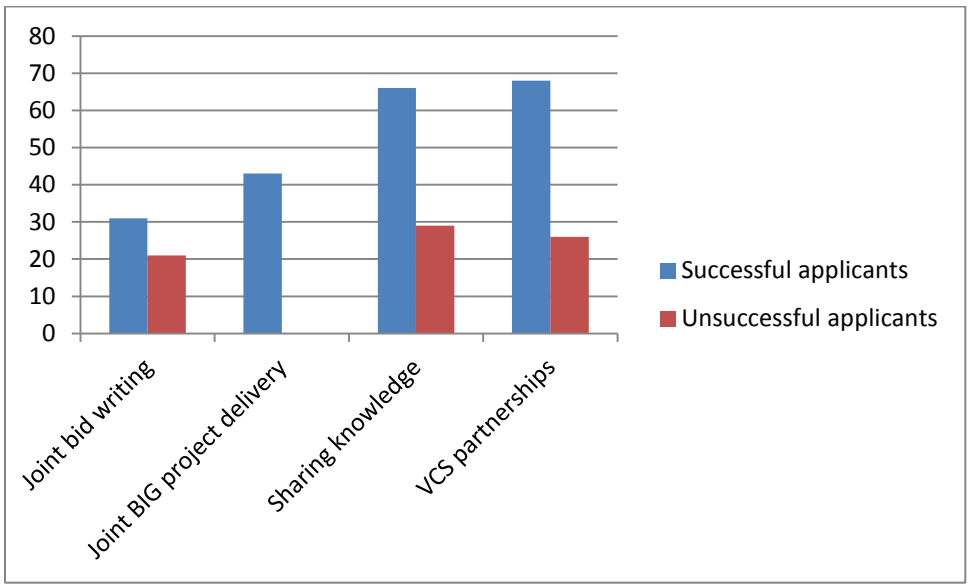
In addition to programme guidelines, BIG has funded specific projects to encourage partnership working within the sector, and to build the capacity of small/excluded groups to get involved. More generally, BIG provides direct opportunities for organisations to build partnership by hosting meetings for projects funded under certain programmes within local areas to get together to exchange ideas and experiences. There was a call for BIG to do more to facilitate this type of networking.

As figure 4.1 (see also Table A2.6, Appendix A) indicates, BIG was seen to have impacted on partnership working in a number of different ways, particularly amongst award-holders, but also amongst some unsuccessful applicants. The partnership working that had been developed most, however, appears to be of a relatively informal kind - sharing knowledge and good practice - rather than more formal mechanisms such as jointly bidding for BIG funding or jointly delivering projects.

Small and large organisations were equally likely to report that BIG had improved partnerships across the third sector in general and their own working with others to share knowledge. However, large organisations were more likely to report that BIG had influenced the extent to which they worked with others to bid for a deliver BIG projects, suggesting that larger organisations were more likely than smaller ones to engage in more active and formal partnerships. For some these partnerships extended beyond any funded activity, although for others the partnership ended with the funding. For some the partnerships had been more meaningful than for others.

For smaller organisations the impact had been more in terms of facilitating connections with other local organisations, either directly through BIG facilitated networking activities (although these were rarely mentioned except in a demand for more, or more accessible information about, other locally funded projects with which connections could be made), or more often through providing small organisations with a sense of identity and legitimacy in approaching other organisations.

Figure 4.1: Proportion of online survey respondents agreeing that BIG's had a positive impact on partnership working in four areas



BASE: All online survey respondents. Excludes don't knows and none responses.

4.2.3 Understanding outcomes

BIG's outcomes approach permeates throughout its strategies and programmes, reaching grant applicants and award holders. Alongside requirements for applicants to identify outcomes and for award holders to measure them, BIG has delivered various activities to help build organisational capacity in this area, and this was one of the key impacts that BIG staff felt they had had on the sector.

Over half of the respondents to our survey who were award holders agreed that BIG had enhanced their ability to both identify outcomes (57%) and to measure outcomes (53%) (see figure 4.2). Those for who BIG was the organisation's main source of funding were more likely than those for whom it was not to agree that BIG had impacted upon them in these ways (see Table A2.7, Appendix A). A sizeable minority of unsuccessful applicants also agreed that BIG had enhanced their ability to identify (19%) and measure (15%) outcomes.

It was suggested that adopting an outcomes based approach had a potential impact that went beyond developing the capacity of organisations to identify and measure outcomes, with wider potential impacts on planning and strategy:

> *'…it makes you think strategically as opposed to just what we're doing next week. You know, are we paying the rent? Are we paying the wages? What difference is this project going to make? Where will that lead us next?' (SECTOR, FG)*

Whether or not BIG had led the move within the sector, or been more of a contributor to a broader movement was contested (see Table A2.7, Appendix A) although there was a general consensus that while BIG may or may not have led the move towards outcomes funding it had *'accelerated and reinforced'* it.

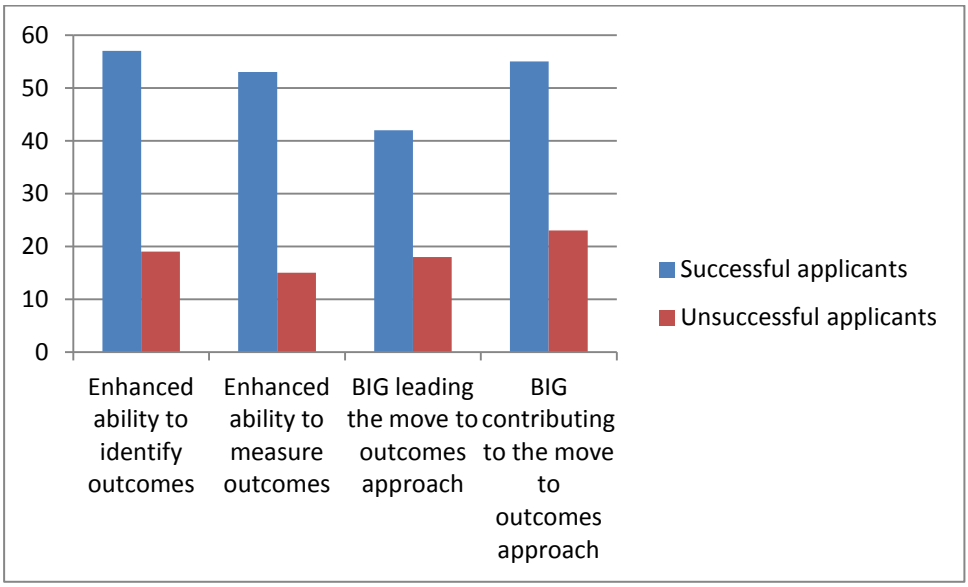
There was also some discussion as to the feasibility of measuring outcomes and therefore the value of doing so, and the challenges that it caused for organisations:

> *'…obviously one of the positive things about BIG has been the focus on outcomes, but then the negative to that is that it is the hardest thing to prove and evidence' (SECTOR, FG)*

There was also discussion as to the extent to which BIG itself really understood outcomes or were set up to measure them within their own internal systems, toning down BIG potential impact on the sector in this area (see section 5.3):

> *'I actually think the Lottery still don't understand the difference between an outcome and an output, and they still talk about outcomes and measure them as though they are outputs' (SECTOR, FG)*

Figure 4.2: Proportion of online survey respondents agreeing that BIG's had a positive impact on outcomes thinking



BASE: All online survey respondents. Excludes don't knows and none responses.

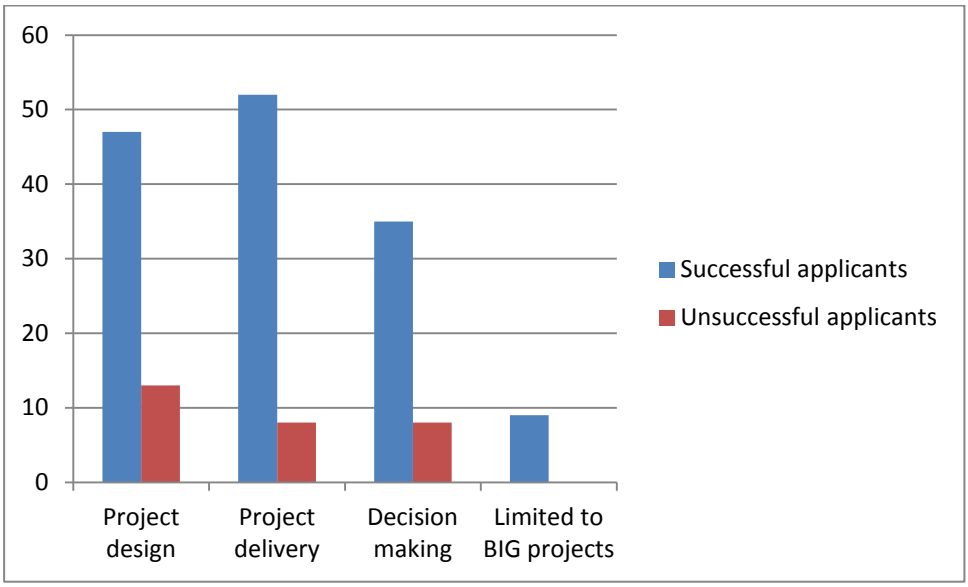
4.2.4 Involving users

Encouraging user involvement in project design and delivery has been a feature of BIG's recent approach. While it has been a requirement within some targeted programmes, it is a more general aspiration across the whole portfolio. BIG applicants are, for example, expected to explain how users have been involved in the development of the project and how they will be involved throughout delivery. Particular attention has been paid to encouraging and supporting youth involvement.

Our survey suggest that BIG has positively impacted on the involvement of service users in project design (47% agreed) and in project delivery (52% agreed), amongst some of its grant holders, but it has had limited impact beyond (see figure 4.3). Amongst grant holders, large organisations were less likely than smaller organisations to agree that BIG had led them to increase user involvement (see

Table A2.8, Appendix A). It was uncommon for BIG's potential impact on user involvement to be spontaneously mentioned by sector stakeholders.

Figure 4.3: Proportion of online survey respondents agreeing that BIG's had a positive impact on user involvement in four areas



BASE: All online survey respondents. Excludes don't knows and none responses.

4.3 Scaling up to sector-wide impacts

It is one thing to assess BIG's impact on individual organisations. It is another to assess its impact on the sector as a whole. Overall, there is a sense that BIG has a positive impact on many individual organisations, but there is a lack of certainty about the sum of the parts. When asked about BIG's impact on the sector, responses ranged from: '*it's massive*'; through to *'…I think it should. I'm not so sure that it always does';* and on to *'…it hasn't transformed the ways things have always been done and will continue to be done'*.

There was a sense firstly that BIG's impact on the sector was hard to define, and secondly that it had not quite been as transformational as it might have been given the amount of money it has dispersed to or through the sector. Several impact areas were, however, identified and these are discussed below.

4.3.1 The shape of the sector

There was a view amongst some that BIG had helped to grow and maintain local, small scale, voluntary action, thus effectively making a difference to the shape of the sector (see section 4.2). Giving relatively small amounts of money to a large number of organisations to enable them to do things was highlighted as being particularly valuable in terms of sustaining voluntary action. Some felt that without BIG there would have been less small scale voluntary action:

> *'I think it's maintained very small locally based voluntary action civil society at a time where that could easily have been squeezed out by the other funding changes. I mean I think the fact that we've maintained a lot of smaller community based organisations in the*

face of this drive to public contract is actually due to the counter weight that BIG has provided.' (SECTOR, KI)

The potential for BIG to have *'distorted'* the sector by sustaining organisations that would otherwise have closed was raised. Particular mention was made of BIG's investment in the sector's infrastructure, and whether or not this had 'skewed' the sector by maintaining or expanding this part of the sector in a way that was unsustainable (see Macmillan et al., 2007, for a report which highlighted the reliance of infrastructure organisations on Lottery funding). It was also noted, however, that it was difficult to separate out BIG's impact on the sector infrastructure through its BASIS programme from that of government through CapacityBuilders.

Whether BIG has impacted more broadly on the shape of the sector through the impact at an aggregate level of its capacity building activities– whether the impact on the capacity of individual organisations added up to fundamental changes in the sector as a whole - was debated. Our analysis suggests that while BIG has been transformational for some individual organisations, and has been important for others, those impacts are not filtering down to any great extent to unsuccessful applicants, and BIG is therefore unlikely to be affecting the many (a majority of?) organisations within the sector which have no contact with BIG.

4.3.2 Influencing funding practices

Over half (58%) of our survey respondents felt that BIG may have had an impact on the policies and practices of other funders, one-fifth (22%) felt they definitely had, while less than one-tenth (5%) said they had definitely not. Respondents from medium and large organisations were more convinced than smaller organisations of BIG's impact on other funders, as were organisations who had received BIG funding (see Table A2.9, Appendix A).

A number of factors contributed to BIG being seen as influential amongst other funders. Although the view was not universal, BIG was generally regarded as an exemplar funder, with a 2008 Public Accounts Committee report, which commended BIG's approach to funding, held up as evidence of this. BIG has put effort into building relationships with other funders and to sharing learning. Specific examples of partnership working were given, such as BIG's involvement in the establishment of the Intelligent Funding Forum in England, and a joint event for funders in Northern Ireland with programmes focused on young people. The sheer size and scale of BIG meant that it was hard to ignore what they were doing. BIG also has the resource to invest in research and development functions, often on behalf of the wider funding sector.

Several distinct areas of influence on other funders were identified:

- Full cost recovery;
- Longer term funding;
- Outline and main-stage applications;
- Rigorous application and grant management processes;
- Self-evaluation;
- Intelligent funding approach;
- An outcomes approach.

BIG was not generally seen to have been the first to have developed, or pioneered, these approaches, but it was seen to have driven change by 'putting its weight' behind them and this was seen to have influenced how other funders operated. While BIG was regarded as a '*leader*' by some funders, others saw it as an influential '*key player'*. At the same time it also created expectations within the sector about how funders should operate and *'empowered*' them to make demands on funders, such as for legitimate costs, including through providing tools and resources, such as the full cost recovery calculator. One funder felt that BIG potentially influenced the policy areas in which other funders invest: *'… BLF [Big Lottery Fund] can change the mood music by saying 'this is an issue, we recognised it and put this much money in''.*

While 22 per cent of all our survey respondents felt that BIG had definitely influenced the policies and other practices to date, 38 per cent said they would definitely like them to do so in the future. The views of funded and unfunded organisations, however, were notably different – while just 9 per cent of organisations that had received funding felt that BIG should definitely not seek to influence the policy and practices of other funders in the future, this figure rose to 31 per cent of those who had never had a successful application (see Table A2.9 and A2.10, Appendix A).

4.3.3 Influencing policy

BIG's potential role in terms of influencing public policy is complicated by its NDPB status, which affects the extent to which BIG can be seen to have an overtly lobbying role. However, it was suggested that BIG works in a number of implicit and explicit ways to influence policy, including: providing ministerial briefings; involving civil servants in consultations and learning events; involving policy makers in the coproduction of programmes and outcomes; and through the selection of areas in which to invest which in turn influences the policy environment. Several specific examples were given by BIG staff where they had worked to influence policy:

- In Scotland BIG convened a forum for organisations involved in providing services for young care leavers to share learning, swap good practice and set standards. The learning that came out of the event was used to influence policy and practice in local authorities, government and the third sector;
- Evidence had been generated through BIG's Well Being portfolio programme of the positive effects of activities such as keep fit classes on older people's well-being. This evidence was used to influence policy makers and was felt to be changing the views of the medical profession;
- Initially a NOF programme, the investment in after schools clubs was seen to have influenced policy and practice, with the success of the programme leading to the widespread adoption of after school club provision.

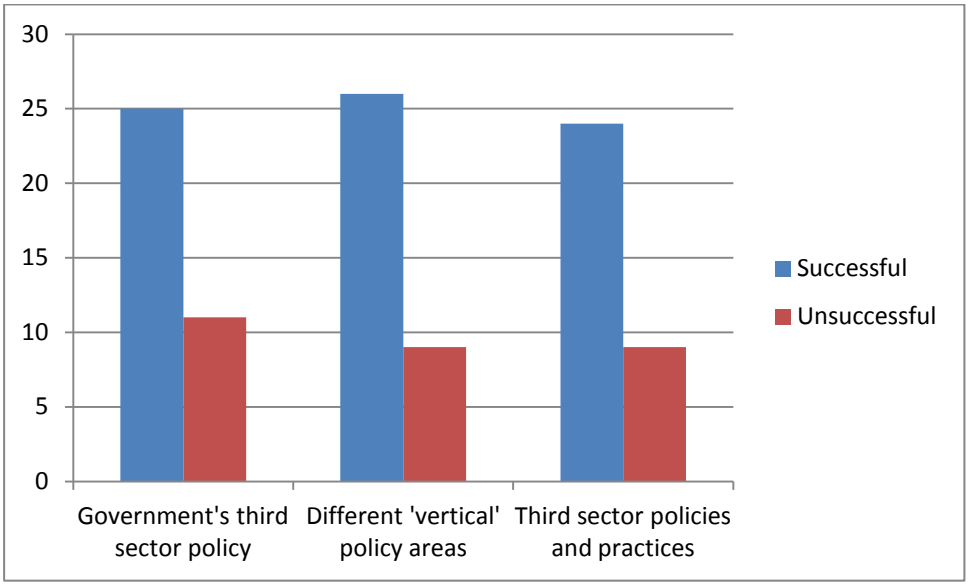
Less successful examples were also given, including, most notably, BIG's programme to develop Healthy Living Centres which despite being seen as largely successful, were not sustained as struggles to gain evidence of impact meant that they were not mainstreamed by government. BIG felt that difficulties in collecting evidence on the impact of their programmes created challenges in terms of influencing policy. Further, it was recognised that the policy process is not rational and while BIG might be able to show what works and what doesn't, different factors intervene affecting whether the

evidence influences policy. As one person suggested, while policy makers may be happy to take evidence from a funder when it confirms what they want to know, they may be less willing to listen when it suggests otherwise.

Responses to our survey were mixed on the influence that BIG has had on policy to date, with many respondents saying that they did not know if it had had an impact on policy or not (see Table A2.9, Appendix A). As indicated in figure 4.3, one-quarter of respondents who were successful applicants felt that BIG had definitely influenced government policy on the third sector, different policy areas such as environment or health, and the policies and practices of third sector organisations. Unsuccessful applicants were less likely to agree. Amongst successful applicants, those for who BIG is currently the main source of income were most likely to recognise BIG's impact on policy. The following comment represents a fairly typical view:

> *'I think that given the amount of money they have and the number of staff they have and the capacity to get information from what they do, I don't think they are nearly as policy shaping as they could be.' (GOV, KI)*

Figure 4.4: Proportion agreeing that BIG's had a positive impact on policy



BASE: All online survey respondents. Excludes don't knows and none responses.

As suggested in the last comment, there was a general desire for BIG to beef up its policy influencing role, although there was far from universal agreement on this. While more than two-fifths of our survey respondents said that BIG should definitely seek to influence government policy on the third sector and in different (vertical) areas of interest, and a further third thought maybe they should, one-tenth said definitely not. Large and medium size organisations were more convinced than micro organisations that BIG should be seeking to influence government policy. Similarly, respondents who had been successful applicants were more likely to think that BIG should seek to influence policy in the future compared to those who had been unsuccessful (see Table A2.10, Appendix A).

Amongst those who felt BIG should have a policy influencing role in the future, there was a suggestion that BIG has a responsibility for using the evidence it generates from its investment to influence public policy or at least to put that information in the public domain for use by the third sector in policy influencing activities, or more generally to inform their own practices. While it was recognised that BIG was doing this to some extent already, it was argued by some that more could be done, to greater effect: making better use, for example, of evidence from evaluations, monitoring information, and from grants officers. As one sector respondent put it: *'…if there are lessons from what they are funding, then I think it's important that the sector knows what those lessons are'.*

However, within BIG there was an acknowledgement that the quality of evidence and knowledge they have is not always as high as people might believe:

> *'…it's interesting to hear that people think we sit on a whole bunch of knowledge that tells us about what works and what doesn't. Because I would say that we sit on a whole bunch of data, but I couldn't tell you what works and what doesn't. And it's not … there's no intelligence like that. We would have to mine the data – and what the quality of our original data is' (BIG, WS)*

Issues regarding BIG's ability to make use of its evidence from its grants monitoring processes relate back to earlier points made about BIG's own understandings of outcomes and to questions of personal engagement: they mirror concerns amongst some that BIG was collecting a whole lot of data from organisations which didn't add up to outcome measures and which wasn't being used to any effect. As one respondent said:

> *'If you look at your funders overall, there are only a small number where you don't really care what you say in the end of grant report, because you don't actually believe there's somebody who's going to notice any difference, and BIG does fall into that category. […] There's no belief that it's going to matter' (SECTOR, WS)*

Some (within and outside BIG) also felt that BIG should be neutral in its presentation of evidence; it should not or perhaps could not take on an advocating role. As one member of BIG staff put it:

> *'…one of the issues in the influencing policy area is that in order for us to influence policy, we actually have to come up with a very clear view. And, I think, that takes us into a political arena which, actually, we can't be in. However, I do think we have responsibility to use the information we have responsibly' (BIG WS)*

There was a general sense among some, then, that the collective lessons of experience were (to some extent) being lost: that BIG could do more to understand and make use of the evidence it has (or should have); to inform its own future funding programmes and strategies; to enable the sector to improve its own practice; and to be used to influence government policy, with differing views other whether BIG should do this itself or share it evidence to enable others to do so (see section 5.5).

More fundamental questions were also raised about the appropriateness of BIG adopting a more overtly policy influencing role, particularly in terms of whether or not it should look to more directly influence the development of the third sector itself. These discussions focused on whether BIG already has a set of assumptions about the sector; whether it does or should have a strategy in terms of how it thinks the sector needs to develop; and subsequently whether BIG is or should look to be a leader of change within the sector. As the comments below indicate, while there was some support for

BIG influencing policy and practice in the sector, there was a general rejection of any notion that it more overtly sets out to drive change:

> *'I think it could be very beneficial if it did have more of an influence and shape the sector because it has so much intelligence, it's worked with so many groups and knows how we work and so on, and that could be put to good use. But the big fear is that if it sets itself as an influencer, as a shaper, then that it's not actually reacting to the organisations on the ground, it's reacting to other policy decisions' (SECTOR, WS)*

> *'I don't think that it should be a leader of change, because it's not part of the sector, it's a funder that supports the third sector, and the sector's supposed to be independent so there's no way that BIG should be leading us and telling us as a sector the way we should go forward' (SECTOR, WS)*

Section five: Fundamental questions and potential answers

A short extract from a focus group discussion	
A:	*'Giving comes with a responsibility, doesn't it?'*
B:	*'I think wherever there is money there is influence, so…'*
C:	*'You can't ignore that.'*

BIG distributes a large amount of money to the sector. As the conversation above illustrates, this creates a certain responsibility for BIG towards the sector; it also creates power and influence for BIG within the sector and beyond. BIG has taken this responsibility seriously. It has invested heavily in engaging with third sector organisations and in supporting capacity building activities for the sector. For its part, there is widespread recognition across the sector of BIG's importance within and for the third sector, and the organisation is mostly held in high regard. Certain organisations have gone out of their way to build high level and intense relationships with BIG in order to exert influence over how BIG strategizes and operates. Many are hopeful of influence on less strategic decisions, and limit (or are limited in) their engagement to grant officer level or through responding to consultations issued by BIG.

BIG's influence on the sector comes through its philosophy, its strategies, its processes, and its funding. It has contributed to the establishment, continuation, diversification, and expansion of organisations, and to their capacity to deliver. It has contributed to a move towards outcomes thinking across the sector, to partnership working, user involvement and to growth of local voluntary action. Its influence on others – funders in particular, but also government policy makers – has, in certain areas, had an impact.

BIG also has more direct responsibilities for and influences over other stakeholders – most significantly the individuals and communities that its mission identifies as its main intended beneficiaries. While the third sector is often best placed to help BIG deliver its mission, this may not always be the case. BIG also has responsibilities towards and influence over those that give it its money and power – its sponsor department(s), government in general, and the public who buy Lottery tickets.

Balancing its responsibilities to these different stakeholders, and in particular its commitment to outcomes for individuals and communities and its commitment to dedicate a certain proportion of its money to the third sector, is one of a number of balancing acts that emerged throughout this research. Another is its balancing of open and targeted funding programmes – whether to invest more in letting '*a thousand flowers bloom*' or in achieving outcomes set '*from the top down*'. It also has to balance its support for projects and for organisations – whether it gives funding to a succession of projects or whether it invests in organisations. It also has to balance its role as a facilitator of change and as a leader of change – the extent to which it supports its users (the third sector in this case) in achieving the change which they think necessary, or that it drives forward its own ideas about what change is needed amongst its users. On the whole, BIG seems to have got the balance in all these areas about

right at present. It is however continually walking a tight rope – one step in the wrong direction may risk its reputation and jeopardise relationships.

This research never set out to provide hard measures or metrics of BIG's impact on the third sector. It was not an evaluation of individual programmes or indeed of BIG as a whole. It was instead designed to be an exploration of BIG's existing and potential role as a 'policy actor' in the third sector; a review of BIG's relationship with the third sector and of its potential and perceived impact. At the end of our exploration, rather than having firm answers as to what impact BIG has or has not had (although we certainly understand considerably more about this now than we did at the beginning), we instead offer a set of questions focused on BIG's role in the third sector.

We approach the rest of our conclusions by setting out five fundamental questions. These questions emerge at the end of our research, to be reflected upon, discussed, and in time answered by BIG, in conversation with the third sector and all its other stakeholders. Within these questions for BIG are also questions for the sector itself. We do not provide the answers to any of these questions in this report. Instead we set out the findings that gave rise to the questions, and provide options –sets of potential strategies or choices facing BIG and the sector – that emerged from the research which might be considered when addressing them.

5.1 Engaged?

There is no doubt that BIG engages extensively with the third sector. BIG has worked hard to become and be seen as a funder that listens and responds to its stakeholders, and is proud of what it has achieved. Various tools have been put in place to facilitate engagement, with different mechanisms for non-applicants, applicants, agents, informants and partners.

In its engagements BIG has, to greater or lesser extents, sought to reach out across the sector, geographically, thematically, and organisationally. It tries to ensure it has a wide reach when conducting consultations; and it reviews its evidence of the parts of the sector that its funding is reaching and those it is not and takes steps to address any gaps. These efforts have provided the basis for a strong and healthy relationship with large parts of the sector, reaching a high point towards the end of the last decade.

However, there are big differences across the sector in organisations' experience of engaging with BIG and their perception of how BIG operates. While BIG is seen to be good at engagement and a good partner by some; it is seen as inaccessible and impersonal by others. These differences are influenced, in particular, by different fracture lines within the sector – organisational size, organisational tier, policy area, field of interest, and beneficiary group; also by how 'resource rich' an organisation is (not just financial, but also the confidence and capability to engage); and by past experience of engaging with BIG.

There is considerable disconnect between how BIG sees itself and how some people experience it. There are a number of issues which in particular illustrate and contribute to this disconnect:

- **Finding out:** While BIG has developed a whole range of mechanisms through which organisations can engage with it, at different levels, knowledge of these mechanisms varies considerably. For some very small organisations even finding out about BIG, its funding programmes and priorities

was a challenge. To give a more specific example, while there is knowledge amongst some about the possibility of accessing application assessment reports, this was not widespread.

- **Being helped:** The responsibility for facilitating the relationship between BIG and the sector and ensuring that it is accessible and inclusive lies in a number of places. While BIG takes its share of the responsibility by putting in place various engagement mechanisms, they also push back the responsibility to individual organisations by suggesting that the mechanisms are open so it is up to organisations whether they use them or not. Sector infrastructure bodies variably saw it is as their role to facilitate the relationship – to be knowledgeable about and connected to BIG in order to support their members/customers in their engagements with BIG. Not all infrastructure bodies recognised this role or felt they were resourced enough to fulfil it, creating additional issues in terms of equality of access, not just to BIG directly but also to these mediating agents.
- **Answering the right questions:** BIG has consulted extensively on its programmes and strategies, and often received a large number of responses. The sector is, however, large and diverse and responses received relatively small. A disconnect was identified in the questions being asked in consultations and the things that third sector organisations want to say.
- **Making connections**: Organisations that wanted an engagement with BIG that went deeper than that related to a specific application or project faced challenges in making connections with and within the organisation. Relationships were largely restricted to grants officers, who in themselves were often changing, with a sense of frustration for those who wanted a policy rather than operational contact and for those who wanted BIG to connect up internally ensuring that any message they send via their grants officer had a chance of influencing the organisation. BIG would argue that the doors to its policy officers are open – both literally and via email – and that so too are the 'online' doors to its CEO - and that lots of organisations do make use of them. Yet for many these engagement mechanisms were felt to be either unknown, out of reach, or inappropriate.
- **Getting to the table**: For some within BIG the 'top table' is a myth. Organisations of all shapes and sizes can (in theory) make contact directly with the CEO or policy officers, or respond to consultations, and so influence the organisation and its decisions. Certain members of the sector would agree, commending BIG for setting a 'level playing field'. For others, however, being part of a (perceived or real) inner circle with influence over BIG is seen to be both important and inaccessible. Getting to the table is seen to be about whom you know, and/or what you know, and/or what resource you have.

While there is no doubt then that BIG engages extensively, there is some doubt about whether it has done enough, or enough of the right things, to make sure it is as inclusive in its engagements as the sector has come to expect. This expectation arises, at least in part, as a result of the image that BIG has created for itself. Large parts of the sector will never want to engage with BIG to any greater extent than finding out about and applying for funding. For those who want to take the relationship deeper but feel or find they can't, there is frustration, a feeling of being let down, and of exclusion.

As BIG continues its journey towards being an ever more intelligent funder, and continues to explore possibilities for co-production, ensuring equality of access and engagement becomes more

important. As the potential to influence BIG becomes greater, the need to ensure that the right organisations are doing the influencing becomes greater; the risk otherwise is that it is the most powerful organisations or those with the greatest capacity who get to influence/make the decisions.

The fundamental question that we come to then is: **How could BIG do more to widen and deepen its relationships with the third sector?**

Within this overarching questions are several sub-questions:

- Are expectations set too high?
- Do enough organisations know about how to engage?
- Are the right engagement methods being deployed?
- Are current engagement mechanisms open and inclusive enough?
- Whose responsibility is it to facilitate engagement?
- Could the sector do more with existing engagement opportunities?

In response to these questions, several points of potential emerge through the research:

- **Clarify:** Expectations for engagement are high. To some extent this is driven by BIG's branding and public relations. Being clearer about what is possible and what is not in terms of engagement may help to manage expectations and therefore avoid frustration, particularly as the recent cap on administration costs will further limit what is possible. For its part, a deeper reflection across the sector on what is realistic to expect from BIG in terms of engagement, and is possible for them, and what is hoped to achieve by enhancing engagement may also be beneficial.
- **Inform:** Making sure more organisations know about BIG, and about the opportunities that it provides, both funding opportunities and engagement opportunities – most specifically opportunities to influence decision making. Careful consideration of the potential role of intermediaries, including generalist and specialist infrastructure and membership bodies at national and local level, in 'informing' others, particularly smaller organisations, might be helpful. The sector – individual organisations and infrastructure bodies in particular – must also take its share of the responsibility in terms of making the best use of mechanisms in place to keep itself informed and informing others.
- **Connect**: Ensuring the connections are made internally – so that the intelligence that the grants officers glean from their engagements with grant-holders is brought into the organisation, and so that organisations can make the links within the organisation between teams, particularly between operations and policy teams – may help to streamline engagement, reduce sector frustration, and boost internal cohesion and intelligence. Strengthening connections within the sector may also help in terms of ensuring that organisations that have been positioned/position themselves as mediating organisations, between BIG and the rest of the sector, effectively reach and/or represent the parts of the sector that they claim to.
- **Coproduce**: Increasing the opportunities for organisations to influence decision making, and making sure that this is done transparently and equally may serve to improve BIG's reputation across the sector and enhance programme design and impact, while also providing evidence BIG

practices what it preaches in terms of user involvement. Of course, far from everyone will want to get involved at this level, increasing the need to make sure those that do are representative of the sector as a whole, or at least the parts of the sector that are going to be affected by the decisions that are being made.

5.2 Transparent?

BIG, for some, is a model of a transparent funder. In comparison to certain other funders – government in particular – this was an area in which BIG is seen to be doing well in. This is not by chance; BIG has put various mechanisms in place to ensure that it is, and is seen to be, as transparent as it believes possible or appropriate. When calls have been made for greater transparency – around solicited bids for example – steps have been taken to respond.

There is, however, another disconnect between the theory (and perhaps reality) of transparency and how many people experience or perceive BIG. To some extent this disconnect reflects levels of knowledge and understanding about the mechanisms that are in place to ensure transparency; to some extent it reflects a desire to make the implicit explicit. Concerns about transparency related both to how decisions are made (particularly at the programme level), and to what assumptions lie behind decisions (particularly at a strategic level). Three key areas of concern around transparency have been identified:

- **Funding decisions:** Concerns were raised about how transparent BIG is in its decision making process concerning individual grant applications across the spectrum of funding programmes and models. Any perceived lack of detail within feedback on unsuccessful bids heightened this concern. There seemed to be limited knowledge of additional mechanisms that have been put in place to ensure transparency, such as the possibility of receiving reports of assessment panel processes. Whether or not someone knows about these mechanisms influences their view of BIG's transparency. Decision making within solicited bids causes particular concern among larger and more policy-orientated organisations.
- **Programme decisions**: Issues of transparency within decisions around programme design exist on two levels. Firstly, there is concern around whether decisions had been made to exclude certain groups from funding. Certain groups felt that programme guidelines were written in such a way to specifically preclude certain types of organisations, fields of activity, or interest/beneficiary groups (e.g. single issue groups, face to face advice work) but without this ever being made explicit and stated openly. While certain funders had made exclusions explicit, the perception is that any that BIG had are implicit, found by reading between the lines within programme guidelines, and arguably therefore open to misinterpretation. Secondly, there is concern surrounding the transparency about 'how' programme level decisions are made: what evidence is used and who is involved in the decision making process. This concern was particularly pertinent for those who felt their area of interest had missed out or was in danger of missing out in the future.
- **Third sector strategy decisions**: As with programme decisions, issues of transparency around thinking on the third sector and its organisations were also identified on two levels. The first issue is whether or not BIG has a (more or less) hidden set of aspirations, or 'implicit drivers', about how it

wants organisations to work. Organisations understood that BIG wanted them, for example, to work in partnership, to involve users, to be entrepreneurial, but sometimes that understanding was reached not through reading explicit statements or requirements but again through 'reading between the lines'. It was even less obvious whether or not BIG had an underlying (hidden?) (formal?) (coherent?) 'strategy' for the third sector, which underpinned all these aspirations for different ways of working. The second concern was, if BIG did have a set of aspirations about how organisations should work and/or a 'strategy' for the third sector, then what assumptions and/or evidence was it based on or assessed against?

Issues of transparency in the relationship did not end with BIG. There are also questions as to how transparent, or honest, the sector is in its dealings with BIG. Three specific areas were identified:

- **In applications**: A pressure to 'make things fit' combined with a 'need to get funded' can lead to creative ways of presenting projects and providing answers (on issues of sustainability or on outcomes, for example) within the application process. While to a certain extent this is just a matter of 'playing the funding game' it makes any assessment of impact harder.
- **In grant management:** A (perceived?) pressure to deliver on exactly what was applied for and funded can lead to an avoidance of admitting to any change within the project.
- **In end of project reporting**: A general (perceived?) pressure (not limited to BIG) to provide positive end of grant reports and to avoid mention of failure, coupled with a view that the reporting does little to influence decision-making within BIG which can result in less effort being put into it, reduces the evaluative and learning potential of end of grant reports, again making any assessment of impact harder.

Issues of trust lie below the questions of transparency. Where the relationship was not one of trust it is less likely to be an honest and open one. Trust related to the depth and experience of engagement: where there was no relationship there could be no trust and truth and transparency were less likely. Where relationships were strong, trust was strong and 'honesty' was more likely.

The fundamental question that we are left with is: **How could BIG and its applicants and agents become more transparent in their dealings with each other?**

Within this, there are several sub-questions:

- Is transparency just about process?
- How could publically available material (e.g. within web content, publicity materials) extend transparency?
- How can BIG encourage greater trust and transparency in funded third sector organisations?
- How can third sector organisations be more confident in the value of honesty within grant applications, monitoring and returns?

In response to these questions are a number of potential strategies emerged from the research:

- **Teach:** Where mechanisms are in place, make them better known. BIG has done a lot more to ensure that it is transparent than is apparent to many within the sector; educating the sector as to how BIG already ensures transparency may serve to allay any concerns the sector has. This has

resource implications, not just in terms of taking action, but also in terms of responding to any demand it may create - if more organisations know about being able to access grant panel assessment reports, for example, BIG can get more requests for them, increasing the administrative burden.

- **Tell:** Be more explicit about, for example, who can and cannot apply for a grant, why and what evidence has been used to inform these decisions. Also be more explicit about how BIG wants organisations (individually and collectively) to operate, why and on what evidence these plans have been based. For its part, the sector might also benefit, in the long term, from being braver about telling BIG how it is – being prepared to admit when things go wrong or stray from the plan.
- **Trust:** Deepen relationships, build trust and therefore allow more honest answers, in applications, through grant monitoring, in end of grant returns and in consultation. BIG's learning about what works, what doesn't, and why, and about what impact it is having, may be enhanced if it is more confident in what organisations are reporting – deepening trust and being willing to listen to stories of failure as well as of success may help this to happen.

5.3 Intelligent?

BIG has invested a lot – of time, energy and money - into becoming an intelligent funder. Considerable thought has been given as to what such an approach might look like for BIG and how this might be translated throughout its strategies, planning and delivery. The results of this thinking and doing are beginning to be felt. BIG is generally respected – across stakeholder groups – for its level of knowledge and increasingly intelligent approach.

Two key areas of challenge, however, can be identified.

- **Walking the walk:** There are two areas in which BIG is seen to be encouraging the sector to work in particular ways, yet not always setting the standard in terms of their own internal performance, and as a result weakening intelligence within the organisation, and reducing potential impacts.
  - **Outcomes:** BIG has contributed towards a move within the sector to an outcomes approach. It has skilled up organisations that it funds to understand, articulate and assess outcomes. It is, however, criticised for not fully understanding outcomes itself, or at least not reflecting an understanding of outcomes within its grant application, management and reporting processes. The guidance it has provided to organisations to understand outcomes, does not match up to the processes it has itself put in place to assess them. Inappropriate requirements for outcomes reporting, for example, can contribute to poor data and subsequently to poor use of evidence – reducing the quality and use of intelligence within the organisation.
  - **User involvement:** BIG has encouraged organisations to involve users and beneficiaries– in project planning and delivery and in organisational governance. The challenges to BIG regarding the depth and breadth of its engagements with the sector, as outlined above, however, can be read as a challenge to its own adoption of the user-led approach it is encouraging its applicants and agents to adopt. BIG's users and beneficiaries go beyond the sector, but this research has not reviewed the extent to which these other groups are or are not involved in decision-making.

- **Knowing the know:** More explicitly linked to this debate, were three challenges as to how BIG gathers, uses and shares its intelligence:
  - **Decision making:** There is a call for greater clarity as to what and how intelligence is used in decision making within BIG, particularly that concerning programme design, and as to where that intelligence comes from. For example, questions were raised as to whether and how BIG uses the evidence it collects through grant applications (successful and unsuccessful) and monitoring and evaluations to inform programme design, including not just that which is written but also that which is contained within 'the heads' of its grants officers, and how this internal evidence is set against other external sources of evidence. Questions were also raised as to who was providing intelligence – was BIG listening to end beneficiaries, the sector, or government in the design of its programmes? BIG undertakes increasingly extensive consultations on its programme designs, yet these can only ever reach a minority of its stakeholders and are not always perceived to be as effective as they might be.
  - **Informing the sector:** There is a call for BIG to do more to share its intelligence with the third sector so that it can be used by the sector to improve its own policy and practice. In particular there is a call for BIG to share lessons that emerge from what it is funding – about what works and what doesn't work. If there are lessons coming out from what BIG has funded, then it is important that the sector knows what those lessons are. The quality of the 'evidence' or 'intelligence' that BIG actually has from its grants, and the resources required to improve (and disseminate) currently limits how much of this sharing is possible. The evidence used to inform decision making in BIG might also be useful for the sector for use within its own decision making processes.
  - **Influencing policy:** There is a potential for BIG to do more with its intelligence to influence policy, or to enable others to influence policy. There is no agreement as to which of these options is preferable. As with informing practice, however, there is a question over the quality of evidence that BIG has. There is also a more fundamental question about the appropriateness of BIG engaging in 'political' activities, and on whose behalf it would be seeking to influence policy.

The question we are left with then is: **How could BIG become a more intelligent organisation?**

Underlying this are several sub-questions:

- How can BIG ensure that its practices what it preaches – that it is internally coherent in the messages it sends out and the practices that it adopts?
- How can BIG improve the quality of the intelligence that it draws on, particularly the evidence (formal and informal) it generates through its grants application and management processes?
- How can BIG make better use of its evidence and intelligence, to either directly or indirectly influence policy or practice?
- How can the sector make better use of the evidence and intelligence that BIG does already and could potentially provide?
- To what extent should BIG aim to influence – directly or indirectly - the policies and practices of other funders?

Several potential strategies flow directly from the above:

- **Strengthen:** Firstly strengthening the evidence that BIG has and secondly strengthening internal cohesion, may help to ensure that BIG improves its processes and practices, particularly in areas which it seeks to tell others how to act. For its part, strengthening the way that the sector uses evidence to inform policy and practice might enhance its ability to benefit from any intelligence that BIG provides.
- **Share:** Doing more to strengthen and then to share the evidence that BIG has could have the dual benefits of increasing BIG's impact on sector policy and practice, and empowering the sector to increase its own impact on wider stakeholders. This includes evidence used in programme design; the types of organisations that are/are not applying to it and the types of projects they want to fund; what works and what doesn't. Again, this is a two-way process – greater sharing of intelligence by the third sector with BIG could be beneficial to all.
- **Shape:** Making better use of intelligence to influence policy and practice could increase BIG's impact on the third sector and beyond. Careful consideration is needed by BIG as to whether it seeks to do this directly itself, or through a third party, and how best to do either. Careful consideration is also needed by the sector as to what role (if any) organisations would like BIG to play in shaping policy and practice and how best this might be facilitated.

5.4 Independent?

BIG has cultivated its brand as an 'independent' or at least a 'straddling' organisation. It has consciously positioned itself alongside the foundation world, while playing down its formal links to government through its NDPB status. This has been done: in part to distance itself from a legacy created by the New Opportunity Fund and to ally sector concerns about undue influence from government; in part to convince government that it is not an organisation that can be pushed around; and in part to reflect the development of its underlying funding philosophy.

BIG, however, is not truly an independent organisation. Its conditioned autonomy is a result of a number of direct and indirect dependencies:

- **It is an NDPB:** Whilst being set up to be at arm's length from government, BIG is strictly speaking a creature of government. Its NDPB status can either be seen as facilitative or constraining, depending on where you are sitting. Either way it is an unavoidable dynamic. As such a significant funder, BIG is also subject to wider political influences. Its relationship with government is critical (and is significant in shaping its relationship with the sector).
- **It is committed to the sector:** Since its creation, BIG's Board has committed it to dedicating a certain proportion of its funding to the third sector, a commitment which is now enshrined within its policy directions. This leaves BIG open not only to influence from government, but also to influence from the sector – to a certain extent BIG 'belongs' to the sector. The effects of sector lobbying to influence decision making within BIG can be seen at all levels. A direction to distribute all its funds to the sector could shift the power balance.
- **It is 'public'**: BIG is not a public funder (i.e. distributing money raised through taxes); as a Lottery funder, however, it is in some sense distributing the public's money and this leaves it open to

scrutiny and influence from the public – particularly from the media. Indeed, BIG has recently committed to increase public involvement in decisions about the allocation of Lottery funding.

- **It is populated:** The influence of key individuals within BIG – both now and in the past – is recognised by stakeholders inside and outside the organisation. Both individual senior staff and non-executives have shaped the strategic direction of the organisation, influenced what programmes have been developed and how, and impacted upon the nature and strength of relationships with the sector.

The 'straddling' position that BIG has adopted is reflected in how the sector views BIG. There is some confusion as to what type of organisation BIG is. Some have forgotten or never knew that BIG is an NDPB, viewing it either as another foundation funder or as a third sector organisation. This can create a set of expectations about how BIG should operate and what influences it should be open to, and can create a sense of surprise (outrage?) when something happens that is seen to compromise that perceived independence (the Olympic raid being a prime example).

The sector has mixed views on levels of independence to date. Many did not know enough to comment. Some felt it had been independent, others that it had not. Views were also mixed as to whether perceived levels of independence had changed over time – some felt it had become more independent, some felt it was less independent; others didn't know or didn't care.

There is a clear view, however, on future desires with a strong preference within the sector for BIG to become more independent, or at least to demonstrate more clearly the degree of independence it has. Underlying this desire for the future are concerns about current issues which are perceived to threaten BIG's independence, and more generally to create challenges for the sector which result in greater scrutiny of BIG. Current concerns include:

- **Coalition policies:** With its 'hyperactive mainstreaming' and development of both 'horizontal' and 'vertical' support for the third sector, recent Labour administrations heralded something of a boom time for the sector. There is uncertainty about how Coalition policy will affect the sector. The Coalition's rapid move to distance itself from previous policies (e.g. dismantling horizontal support) and, in particular, to cut public spending is creating hard times for the sector. Its Big Society, Localism and Reforming Public Services agendas have potential to create a more positive environment for the third sector, but whether or not they will remains to be seen. The change of government has then created a general level of uncertainty and anxiety within the sector, and brought with it renewed fears that government may unduly influence BIG to the detriment of the third sector.
- **New sponsor body**: The shift in the department with responsibility for setting BIG's policy directions from DCMS to OCS is, on the whole, seen positively by stakeholders, not least because of the closer synergy in interests between OCS and BIG. It has, however, created some concerns about future independence: whether the OCS will be more 'interventionist' than DCMS; whether a closer synergy of policy interests will lead to the distinction between government and BIG becoming blurred; whether BIG will be pressured to adopt OCS policy positions and to agree with

its preferred ways of doing things (its move to social investment funding is seen as an indication that this may already be happening).

- **Funding environment:** More broadly, the current harsh funding environment means that BIG is coming under greater scrutiny from both the sector and from government. The government is watching more closely the proportion of Lottery money spent on administering grants (which has included capacity building activities); and also getting involved in setting restrictions on pay and pensions, for example. The sector is increasingly likely to see BIG as the main funder in town. The funding environment is also raising fundamental questions for the concept of additionality: can or should BIG continue to maintain its principle of additionality, in the event of state withdrawal? To do so may result in service failure and therefore be irresponsible; not to do so may absolve government from its responsibility.
- **Delivery of non-lottery programmes:** BIG's move to deliver non-Lottery programmes on behalf of other funders, often government, raise further questions for independence. Although diversifying income sources arguably increases an organisation's independence; delivering programmes on someone else's behalf risks making it hard to distinguish what is BIG's own policy position and what is the position of those it is distributing the money for. There is also a reputational risk for BIG in terms of delivering programmes which may not be up to the standards that BIG has set.

Collectively these changes, and the concerns that they have generated, are contributing to a growing apprehension about the future ability to maintain the distinction between BIG and government. Is there a risk that they will become increasingly inseparable? Can BIG continue to have a separate agenda to government? Would BIG ever say anything that ran counter to the central thrust of government policy? In short, BIG is seen to be in *'dangerous or difficult waters'* at present regarding its 'independence', and this is making the sector worry not only for BIG but also for itself.

Issues of independence are not limited to BIG. BIG's role in funding the sector (numerically small, but symbolically significant) and its current and potential role in influencing sector policy and practice could be seen as a challenge to the sector's independence. We return to this point in the 'active' section below.

Returning to BIG, in recognition of the real restriction on it in terms of its dependence on government through its NDPB status, but also its ability to 'play up' or 'play down' that status, the question we arrive at is **How could BIG do more assert a sense of 'independence'?**

Beneath this are several sub-questions:

- How should BIG manage its relations with OCS?
- Should BIG align more closely with other independent sector funders?
- Should BIG deliver government funded programmes?

There are at least two potential strategies that BIG could adopt:

- **Re-position:** BIG could consider doing more to position itself closer to foundations, away from government, and in order to reinforce what independence it does have, enhance its image of being independent, and so make any attempts at 'interference' both less likely and more open to

opposition if and when they do happen. There is of course a second option, in that BIG could do more to position itself closer to government, away from foundations - although we found no support for this.

- **Remind:** Alternatively, BIG could maintain the status quo, but do more to make explicit the constraints under which it operates, and to provide evidence of how it has succeeded in maintaining its 'independence' to date, and of (if?) how government has come to respect and 'honour' this.

5.5 Active?

BIG is a policy actor: it has had an impact on the sector at organisational and strategic levels. It has transformed countless third sector organisations - giving some the kick start they needed to set up and become operational; and giving others the resources they needed to keep going, to expand their operations or to transform the ways in which they work. It has built capacity within hundreds if not thousands of organisations to write funding applications, to manage projects, to manage finances, to articulate and measure outcomes, and to involve their users and beneficiaries. It has resulted in a great number of organisations working together to share knowledge and experience, to plan and deliver services together. While sector level changes are harder to evidence, BIG has influenced funding practices which have in turn improved the funding environment for the sector: increasing the odds of funders being interested in outcomes, of providing longer term funding, and of offering full cost recovery. It has also had occasional impact on specific areas of policy affecting the third sector and the work that it does.

Its impact, however, is not as consistent as it might be; and indeed it is not always positive. The extent to which BIG has or has not impacted upon organisations it funds is influenced by a number of factors, including: the resources (income, staffing, skills) an organisation already has; the significance of BIG's funding to the organisation; the type of funding and associated support packages received; and the nature and depth of engagement with BIG. While BIG is having some impact on unsuccessful applicants, this can be positive or negative. With only a few of the positive impacts felt by successful applicants filtering through to unsuccessful ones, the impact on organisations that have had no contact with BIG is likely to be minimal.

Neither is its impact as coherent as it might be. It is not always easy to tell what aspirations BIG has for the sector – at an organisational or strategic level; what assumptions underlie these aspirations and what evidence they are based on; or what level of thought BIG has put into any implicit or explicit, more or less formalised sector strategy. This affects the coherence of any impact it may have on the sector. Its level of impact is also influenced by its ability to do any of these things – the resources that it has as its disposal (e.g. how much money it can use, as well as how much it can give away) and the limits of its legal status in terms of any policy influencing role.

Whether or not BIG wants to be seen as or to become a 'policy actor', let alone whether or not the sector wants to think of BIG, or see BIG become, a 'policy actor' is another matter. At present it is as likely to be seen as 'transactional' as it is 'transformational'; more of a 'facilitator' than a 'leader' of change. And of course BIG has established itself as an outcomes funder, not as a sector funder; the outcomes that it has prioritised are about individuals and communities and rarely are they about the

sector itself. Any impact is often unintended – any positive impact an added bonus of its funds and how it administers them; any negative impact an unfortunate consequence.

One view is that this is how it should stay: BIG should be nothing more than a distributor of grant funding, with no concern for policy influence. An alternative (less commonly held) view is that BIG should become a leader of change within the sector, using its money and power to influence how the sector operates and develops. There is also a middle position: that BIG should become increasingly intelligent in its decision making processes, to ensure that likely unintended, or secondary, impacts of funding programmes (and indeed wider strategies) on the sector are thought through and, if appropriate, explicitly articulated as intended programme outcomes; and that it should increasingly use its intelligence to inform the sector about what it has found to work and not to work and so empower the sector to shape its own practice and to do its own policy influencing.

The question that we arrive at is therefore: **Should BIG be a more 'active' policy actor in relation to the voluntary and community sector and if so how?**

More specific questions underlie this including:

- Should BIG engage in an internal discussion on its strategic role towards the sector?
- Should BIG engage in discussion on its strategic priorities and plans with external stakeholders?
- Should BIG identify (and publicise) its strategic goals?
- To what extent should BIG earmark resources for strategic intervention/support for the sector?
- What are the implications for the sector and its independence if BIG were to seek to become a more 'active' policy actor?

Several potential, alternative strategies emerge from the research for BIG to consider:

- **Reinforce:** Reinforce BIG's current position as, first and foremost, an outcomes funder, rather than as a sector funder. This may mean that the commitment to direct such a significant proportion of its funding to the sector is not sustainable, unless the sector could reinforce its role in and/or evidence of its contribution to meeting BIG's outcomes.
- **Reveal:** Make more explicit any underlying assumptions about views on developments needed within the sector, where the evidence comes from to support these assumptions, and how BIG will be supporting/encouraging/enforcing the sector to move in this direction. If BIG were to reveal its position on these issues, the sector would be in a position to consider and reveal its response.
- **Revisit:** Consider putting greater emphasis on achieving outcomes for the sector, over and above, (or alongside) any wider outcomes, in areas for which there is evidence that achieving those outcomes for the sector would then lead to wider societal impacts.

To most readers these issues will be both familiar and contentious. The engagement of a range of stakeholders in debate about how they might be resolved could prove significant for future policy and practice in both BIG and the sector.

Appendix A: Analysis tables

A1 Results from the analysis of BIG's (England) applicant database

Table A1.1 Proportion of applications to BIG from third and public sector organisations, over time

		Applicant sector			BASE
		Third Sector %	Public Sector %	Other/ unknown %	
Financial Year	2004/5	77	17	6	16,432
	2005/6	82	13	5	21,089
	2006/7	82	13	5	24,831
	2007/8	79	18	3	25,195
	2008/9	80	17	4	18,332
	2009/10	73	13	14	20,248
	2010/11	80	15	5	22,179
All applications (2004-2011)		**79**	**15**	**6**	**148,306**

BASE: All England applicants to BIG.

Table A1.2 Proportion of applications to BIG from different sized organisations, across the third sector and public sector

		Applicant Size (annual income)					BASE
		Micro (Less than £10,000) %	Small (£10,000-£99,999) %	Medium (£100,000 -£1m) %	Large (£1m - £10m) %	Major (£10m and over) %	
Applicant Sector	Third Sector	40	36	18	4	1	111,309
	Public Sector	15	18	43	23	1	20,305
	Other/ Unknown	41	41	15	2	1	4,814
All applications		**36**	**34**	**22**	**7**	**1**	136,428

BASE: All England applicants to BIG, April 2004 – April 2011, excluding missing data.

Table A1.3 Size of grants applied for, across applications from third sector and public sector organisations

		Size of Grant Requested					Average (Median) Amount Requested	Total Amount Requested	BASE
		Micro Grant (£1,000 or less)	Small Grant (£1,001-£10,000)	Medium Grant (£10,001-£100,000)	Large Grant (£100,001 -£1m)	Major Grant (Over £1m)			
		%	%	%	%	%	£	£	
Applicant Sector	Third Sector	2	76	6	15	1	£7,350	£13.8bn	117,163
	Public Sector	2	83	7	7	1	£6,900	£4.2bn	22,344
	Other/ Unknown	20	67	4	8	1	£4,247	£2.3bn	8,563
All applications		**3**	**77**	**6**	**13**	**1**	**£6,796**	**£20.3bn**	148,070

BASE: All England applicants to BIG, April 2004 – April 2011, excluding requests recorded as less than £150.

Table A1.4 Size of grants awarded, across applications from third sector and public sector organisations

		Size of Grant Awarded					Average (Median) Amount Awarded	Total Amount Awarded	BASE
		Micro Grant (£1,000 or less)	Small Grant (£1,001-£10,000)	Medium Grant (£10,001 - £100,000)	Large Grant (£100,001 - £1m)	Major Grant (Over £1m)			
		%	%	%	%	%	£	£	
Applicant Sector	Third Sector	3	90	2	5	0.1	£5,000	£1.6bn	53,193
	Public Sector	2	91	1	4	1	£5,109	£442m	9,930
	Other/ Unknown	33	65	0.5	1	0.1	£1,425	£71m	4,857
All awards		**5**	**88**	**2**	**5**	**0.2**	**£5,000**	**£2.1bn**	**67,980**

BASE: All England successful applicants to BIG, April 2004 – April 2011, excluding awards recorded as less than £150.

Table A1.5 Application outcome, by sector

		Application Outcome		BASE
		Awarded	Rejected	
		%	%	
Applicant Sector	Third Sector	45	54	117,359
	Public Sector	44	55	22,367
	Other/Unknown	57	41	8,580
All applications		**46**	**53**	**148,306**

BASE: All England applicants to BIG, April 2004 – April 2011.

Table A1.6 Outcomes for applications from third sector organisation, by applicant organisational size, amount requested and programme

		Application Outcome				BASE
		Awarded	Invited to submit 2nd stage proposal	Rejected	Withdrawn Grant	
		%	%	%	%	
Org size (Annual income)	Micro (Less than £10,000)	51	0	49	1	44,149
	Small (£10,000-£99,999)	48	0	51	1	40,391
	Medium (£100,000-£1m)	42	0.5	57	1	20,289
	Large (£1m-£10m)	39	2	59	1	5,006
	Major (£10m and over)	35	2	63	1	1,476
Amount requested	Micro Grant (£1,000 or less)	52	0.2	47	1	2,559
	Small Grant (£1,001-£10,000)	53	0	46	1	89,298
	Medium Grant (£10,001-£100,000)	15	0.1	85	0.2	7,506
	Large Grant (£100,0001 - £1m)	18	2	80	0.2	17,109
	Major Grant (Over £1m)	15	1	83	0.5	887
Programme	Advice Plus	8	0	91	0.2	1,287
	Awards for All	54	0	45	1	89,514
	BASIS	29	11	60	0.4	1,351
	Breathing Places	43	0	56	1	1,391
	Changing Spaces	30	0	71	0	44
	Community Buildings	12	4	84	0.2	1,958
	International Communities	16	11	74	0.3	742
	International Strategic	10	0	90	0	102
	Living Landmarks	6	0	92	2	110
	People's Millions	6	0	94	0.1	3,819
	Reaching Communities	18	0	82	0.1	11,108
	Well-Being	19	1	80	1	132
	Young People's Fund	26	0	74	0.2	2,432
	Heroes Return	99	0	0.4	1	273
	Other	16	0.3	83	0.4	3,096
All applications from third sector organisations		**45**	**0.3**	**54**	**1**	**117,359**

*BASE: All England Third Sector applicants to BIG, April 2004 – April 2011, excluding missing data. * Please note: Programmes with multiple rounds of funding, such as BASIS, have been amalgamated into one for the purpose of this analysis. Outcomes vary between different funding rounds for certain programmes.*

A2 Results from the analysis of the online survey

Table A2.1 Frequency of engaging with BIG, by respondent characteristics

		All Successful and Unsuccessful Respondents							Successful Respondents	
How frequently does your organisation deal with BIG in the following ways?		**All Respondents**	Size (Current annual income)				Application Success		Proportion of success	
			Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Unsuccessful	Successful	Some applications successful	All applications successful
		%	%	%	%	%	%	%	%	%
Accessing information about BIG funding	Frequently	**21**	9	19	35	39	14	23	31	12
	occasionally	**75**	85	77	65	58	78	75	67	84
	Never	**4**	7	4	1	3	8	3	2	4
Applying for funding from BIG	Frequently	**9**	3	9	13	15	6	9	13	5
	Occasionally	**89**	94	89	86	83	88	89	86	94
	Never	**2**	3	2	1	2	6	1	1	2
Taking part in consultations about BIG	Frequently	**3**	1	4	5	4	2	4	4	3
	occasionally	**36**	21	32	56	44	25	38	44	31
	Never	**61**	78	64	39	52	73	58	52	65
Attending events hosted by BIG	Frequently	**2**	0.2	1	3	4	2	2	2	1
	occasionally	**27**	10	24	46	53	20	29	38	19
	Never	**71**	90	75	51	43	79	70	61	80
Meeting with BIG staff	Frequently	**2**	0.4	1	3	6	1	2	2	2
	occasionally	**28**	12	29	42	43	16	30	38	21
	Never	**70**	88	71	54	51	83	68	60	77
BASE		**1554-1671**	501-546	508-544	420-444	97-106	259-269	1327-1402	698-761	596-641

Base: All online survey respondents. Excludes non-responses and don't knows.

Table A2.2 Levels of satisfaction with dealings with BIG, by respondent characteristics

		All Successful and Unsuccessful Respondents							Successful Respondents	
How satisfied or dissatisfied were you in your dealings with BIG in the following areas?		**All Respondents**	Size (Current annual income)				Application Success		Proportion of success	
			Micro (Less than £10,000 PA)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Unsuccessful	Successful	Some applications successful	All applications successful
		%	%	%	%	%	%	%	%	%
Quality of communication from BIG	Very satisfied	**35**	41	32	35	30	5	41	35	48
	Satisfied	**42**	37	45	43	48	27	45	45	44
	Neither satisfied nor dissatisfied	**14**	12	16	14	14	33	10	14	6
	Dissatisfied	**6**	5	5	7	8	20	3	5	1
	Very dissatisfied	**3**	5	3	2	1	15	1	1	0.5
Grant application process	Very satisfied	**29**	36	28	26	20	2	34	27	43
	Satisfied	**41**	36	40	45	50	18	45	44	46
	Neither satisfied nor dissatisfied	**12**	11	12	12	14	18	11	13	7
	Dissatisfied	**11**	10	13	11	10	34	7	11	3
	Very dissatisfied	**7**	7	7	6	7	28	3	4	1
Grant management process	Very satisfied	**NA**	40	32	35	26	NA	35	29	42
	Satisfied	**NA**	43	46	49	52	NA	46	47	45
	Neither satisfied nor dissatisfied	**NA**	12	15	8	14	NA	12	15	9
	Dissatisfied	**NA**	4	5	6	7	NA	5	7	3
	Very dissatisfied	**NA**	1	2	2	1	NA	2	2	1
Ability to influence BIG's priorities and development	Very satisfied	**5**	8	5	4	2	0	7	4	10
	Satisfied	**15**	16	16	16	10	2	18	16	21
	Neither satisfied nor dissatisfied	**50**	49	47	51	60	23	55	52	60
	Dissatisfied	**15**	11	16	16	19	28	12	16	7
	Very dissatisfied	**15**	16	15	14	8	47	8	12	3
BASE		**1164-1662**	331-549	377-538	346-443	86-105	192-260	972-1407	564-761	408-646

Base: All online survey respondents. Excludes non-responses and don't knows.

Table A2.3 Overall influence of BIG on organisation, by respondent characteristics

	All Successful and Unsuccessful Respondents							Successful Respondents					
Taking everything into account, overall, what influence has BIG had on your organisation?	**All Respondents**	Size (Current annual income)				Application Success		Proportion of success		Significance of BIG funding			
		Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Unsuccessful	Successful	Some applications successful	All applications successful	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
	%	%	%	%	%	%	%	%	%	%	%	%	%
Very positive	**37**	37	37	41	22	2	44	37	52	77	38	63	39
Positive	**42**	44	40	38	53	14	47	50	44	20	52	35	49
No influence	**13**	10	14	12	19	44	7	10	4	2	8	2	9
Negative	**5**	5	5	6	5	25	2	3	0.2	1	2	0.4	2
Very negative	**3**	4	2	2	0	16	0.4	0.4	0.3	0.5	0.3	0.4	0.4
BASE	**1656**	549	534	437	103	260	1396	752	644	220	1157	278	964

Base: All online survey respondents. Excludes non-responses and don't knows.

Table A2.4 Impact of BIG on organisational existence, by respondent characteristics

		Successful Respondents										
What difference has BIG made to your organisation?		**All Successful Respondents**	Proportion of Success		Significance of Funding				Size (Current Annual Income)			
			Some applications successful	All applications successful	Main source of funding	Not main source of funding	Has accounted for over half income	Only ever accounted for less than half income	Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)
		%	%	%	%	%	%	%	%	%	%	%
BIG enabled the **formation** of our organisation	Strongly agree	**7**	6	9	18	5	16	5	9	9	4	0
	Agree	**6**	7	5	12	5	9	6	6	8	5	1
	Neither agree nor disagree	**16**	15	16	17	16	15	15	20	16	12	15
	Disagree	**38**	37	41	34	39	35	40	36	38	39	47
	Strongly disagree	**32**	35	29	19	35	25	34	28	28	40	37
BIG enabled the **Continuation** of our organisation	Strongly agree	**20**	17	24	51	14	38	16	21	23	20	7
	Agree	**24**	25	22	26	23	26	23	24	23	28	7
	Neither agree nor disagree	**17**	17	17	13	18	14	16	18	16	17	16
	Disagree	**24**	24	24	8	27	14	27	25	24	19	42
	Strongly disagree	**15**	17	13	2	18	8	17	12	14	16	29
BIG enabled the **expansion** of our organisation	Strongly agree	**26**	24	28	54	20	37	23	21	24	35	15
	Agree	**33**	33	33	25	35	33	34	34	36	29	30
	Neither agree nor disagree	**16**	17	16	8	17	12	16	19	16	14	18
	Disagree	**14**	15	14	11	15	9	16	17	14	12	22
	Strongly disagree	**11**	12	9	2	12	9	11	9	11	10	15
BIG enabled our organisation to **develop projects/ services** that would otherwise not have been possible	Strongly agree	**48**	45	52	68	44	59	45	50	45	50	43
	Agree	**39**	39	39	26	41	34	40	40	42	35	38
	Neither agree nor disagree	**6**	7	4	4	6	4	6	5	6	6	7
	Disagree	**4**	6	3	1	5	2	5	3	5	5	8
	Strongly disagree	**3**	3	2	0.5	3	2	3	1	3	4	4

Table A2.4 continued…

What difference has BIG made to your organisation?		All Successful Respondents	Proportion of Success		Significance of Funding				Size (Current Annual Income)			
			Some applications successful	All applications successful	Main source of funding	Not main source of funding	Has accounted for over half income	Only ever accounted for less than half income	Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)
		%	%	%	%	%	%	%	%	%	%	%
BIG enabled the **continuity of projects/ services** that would otherwise not have been possible	Strongly agree	**31**	27	36	55	26	43	28	31	29	34	26
	Agree	**33**	34	32	30	34	33	33	34	33	34	30
	Neither agree nor disagree	**16**	17	15	7	18	10	17	16	19	13	10
	Disagree	**12**	13	11	7	14	9	14	12	12	11	18
	Strongly disagree	**8**	9	6	2	9	5	8	7	7	7	15
Receiving BIG funding helped us **access other sources of funding**	Strongly agree	**17**	18	16	28	15	21	17	14	17	22	10
	Agree	**23**	26	20	24	23	26	24	16	25	27	23
	Neither agree nor disagree	**27**	25	28	29	26	25	26	28	26	27	25
	Disagree	**23**	22	25	17	25	21	23	29	24	15	29
	Strongly disagree	**10**	10	11	3	12	8	11	13	8	8	13
Receiving funding from BIG has created additional **pressures on staff time**	Strongly agree	**6**	6	6	9	5	10	5	5	6	6	4
	Agree	**24**	28	20	25	24	28	25	19	24	28	28
	Neither agree nor disagree	**21**	22	19	26	20	19	21	18	21	24	23
	Disagree	**34**	32	36	30	35	32	34	38	33	31	35
	Strongly disagree	**15**	12	19	10	16	12	15	20	16	11	10
Our organisation has become **too reliant on BIG funding**	Strongly agree	**1**	1	0.3	3	0.3	2	0.4	0.3	1	1	0
	Agree	**2**	2	2	6	1	3	2	1	1	4	1
	Neither agree nor disagree	**17**	19	14	33	14	25	16	12	15	24	20
	Disagree	**42**	42	42	46	41	42	43	43	44	39	39
	Strongly disagree	**39**	37	41	13	44	29	40	44	39	32	40
BASE		**1265-1378**	710-756	555-622	206-221	1041-1136	260-275	871-953	379-428	413-455	362-378	89-92

Base: All online survey respondents that have had successful applications to BIG. Excludes non-responses and don't knows.

Table A2.5 BIG's impact on organisational skills and capacity, by respondent characteristics

		All Successful and Unsuccessful Respondents			Successful Respondents							
To what extent has BIG enhanced your organisation's skills and abilities in the following ways?		**All Respondents**	Application Success		Size (Current Annual Income)				Significance of Funding			
			All Unsuccessful	All Successful	Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
Bid writing/ fund raising skills	To a great extent	**17**	4	20	21	20	21	10	39	16	29	17
	To some extent	**54**	33	58	60	58	54	57	51	59	54	58
	Not at all	**29**	64	23	20	22	24	33	10	26	17	25
Project management	To a great extent	**NA**	NA	16	14	18	17	10	32	13	22	15
	To some extent	**NA**	NA	48	50	48	47	47	49	48	51	47
	Not at all	**NA**	NA	36	36	34	36	43	19	39	27	38
Financial management skills	To a great extent	**NA**	NA	9	9	11	10	2	25	6	18	7
	To some extent	**NA**	NA	42	43	44	40	33	49	40	48	41
	Not at all	**NA**	NA	49	48	46	49	64	26	54	35	52
Organisational governance	To a great extent	**7**	2	8	9	10	7	1	20	6	15	6
	To some extent	**34**	17	37	43	37	35	26	48	35	46	35
	Not at all	**59**	81	55	48	53	59	73	33	59	39	59
Other skills/ capacities	To a great extent	**9**	1	11	13	11	11	7	26	9	18	10
	To some extent	**28**	15	31	29	30	34	36	42	29	39	29
	Not at all	**63**	84	58	57	59	55	58	31	62	43	61
BASE		**1063-1618**	218-251	845-1367	262-423	281-450	231-384	59-91	121-220	716-1129	159-276	595-946

Base: All online survey respondents. Excludes non-responses and don't knows.

Table A2.6 Impact of BIG on partnership working, by respondent characteristics

		All Successful and Unsuccessful Respondents			Successful Respondents							
Against the following criteria, to what extent has BIG changed the way in which you work with other organisations?		**All Respondents**	Application Success		Size (Current Annual Income)				Significance of Funding			
			All Unsuccessful	All Successful	Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
Working with other organisations to **jointly bid for BIG funding**	To a great extent	**5**	1	5	4	5	6	10	10	5	3	6
	To some extent	**25**	20	26	18	21	36	40	29	26	25	26
	Not at all	**70**	79	68	78	74	58	49	61	70	71	68
Working with other organisations to **deliver BIG funded projects**	To a great extent	**NA**	NA	10	8	10	12	10	20	8	9	11
	To some extent	**NA**	NA	32	22	31	39	39	43	30	36	31
	Not at all	**NA**	NA	58	69	59	48	51	38	62	55	58
Working with other organisations to **share knowledge and experience/good practice**	To a great extent	**11**	1	13	12	12	17	9	28	10	14	13
	To some extent	**49**	28	53	52	53	52	54	55	52	63	51
	Not at all	**40**	71	34	36	35	31	37	17	38	23	36
Improving **partnership working across the third sector** in general	To a great extent	**14**	1	16	11	17	20	12	34	12	20	16
	To some extent	**48**	25	52	52	51	52	55	53	52	56	50
	Not at all	**38**	74	32	37	32	27	33	13	36	24	34
BASE		**1333-1459**	227-234	1106-1225	307-358	356-401	337-358	89-90	164-206	927-1002	209-220	796-859

Base: All online survey respondents. Excludes non-responses and don't knows.

Table A2.7 Impact of BIG on outcomes thinking, by respondent characteristics

		All Successful and Unsuccessful Respondents			Successful Respondents							
What difference has BIG made to the ways in which your organisation thinks about and measures the outcomes of its activities?		**All Respondents**	Application Success		Size (Current Annual Income)				Significance of Funding			
			All Un-successful	All Successful	Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Main source of funding	Not main source of funding	Has accounted for over half income	Only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
BIG has enhanced our organisation's **ability to identify outcomes**	Strongly agree	**13**	3	15	11	16	18	10	36	11	24	13
	Agree	**38**	16	42	42	42	43	43	45	42	44	42
	Neither agree nor disagree	**28**	23	29	36	28	23	26	15	32	25	28
	Disagree	**14**	34	11	8	11	13	11	3	12	7	13
	Strongly disagree	**6**	24	3	2	3	3	10	1	4	1	4
BIG has enhanced our organisation's **ability to measure outcomes**	Strongly agree	**12**	2	13	9	14	17	8	31	10	21	12
	Agree	**35**	13	39	38	41	40	40	47	37	43	39
	Neither agree nor disagree	**31**	25	32	40	32	25	30	17	35	29	31
	Disagree	**15**	35	12	10	10	15	13	4	14	7	14
	Strongly disagree	**7**	25	3	3	3	3	9	1	4	1	4
BIG **has led the move** towards an outcomes based approach in the third sector in general	Strongly agree	**10**	3	11	8	12	13	10	28	7	17	10
	Agree	**29**	15	32	30	32	35	24	39	30	35	31
	Neither agree nor disagree	**38**	27	41	48	40	35	40	28	43	41	39
	Disagree	**17**	32	14	13	14	13	18	4	16	7	16
	Strongly disagree	**6**	23	3	2	2	4	7	1	4	0.4	4
BIG has **contributed to the move** towards an outcomes based approach in the third sector	Strongly agree	**11**	3	12	9	12	13	11	28	8	18	11
	Agree	**39**	20	43	33	41	52	49	46	42	43	43
	Neither agree nor disagree	**32**	25	34	45	35	25	26	22	36	34	32
	Disagree	**12**	30	9	11	10	6	7	3	11	5	10
	Strongly disagree	**5**	22	3	2	1	4	6	1	3	0	3
BASE		**1341-1516**	198-230	1136-1286	296-363	379-429	350-381	87-92	196-217	924-1050	225-260	816-904

Base: All online survey respondents. Excludes don't knows and non-responses.

Table A2.8 Impact of BIG on user involvement, by respondent characteristics

		All Successful and Unsuccessful Respondents			Successful Respondents							
What difference has BIG made to your organisation's involvement of service users / beneficiaries?		**All Respondents**	Application Success		Size (Current Annual Income)				Significance of Funding			
			All Un-successful	All Successful	Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
Due to BIG, our **involvement of users/ beneficiaries in project design** increased	Strongly agree	**10**	2	13	13	16	13	3	29	10	19	12
	Agree	**38**	11	34	36	35	29	40	42	32	39	31
	Neither agree nor disagree	**31**	19	33	35	29	36	29	20	36	26	35
	Disagree	**14**	39	17	14	17	17	22	9	18	15	17
	Strongly disagree	**7**	30	4	2	3	5	6	1	4	2	5
Due to BIG, our **involvement of users/ beneficiaries in project delivery** increased	Strongly agree	**12**	1	14	13	18	15	3	33	11	22	13
	Agree	**30**	7	38	44	39	32	38	42	38	43	37
	Neither agree nor disagree	**31**	19	28	29	26	30	27	18	30	21	29
	Disagree	**20**	41	15	12	14	17	27	6	18	12	17
	Strongly disagree	**8**	31	4	2	3	6	5	2	4	2	5
Due to BIG, our **involvement of users/ beneficiaries in organisational governance**/decision making increased	Strongly agree	**13**	1	8	7	8	8	2	19	5	11	7
	Agree	**34**	7	27	29	30	25	15	40	24	37	24
	Neither agree nor disagree	**27**	22	39	43	35	38	40	27	41	32	40
	Disagree	**19**	39	22	17	23	24	34	11	25	17	24
	Strongly disagree	**8**	31	4	3	4	5	9	2	5	3	5
Our **involvement of users/ beneficiaries has been limited to BIG funded projects**	Strongly agree	**NA**	NA	2	3	2	1	0	4	1	2	2
	Agree	**NA**	NA	7	12	6	4	4	10	6	9	6
	Neither agree nor disagree	**NA**	NA	25	31	25	20	17	25	24	25	24
	Disagree	**NA**	NA	48	43	54	46	49	46	49	50	48
	Strongly disagree	**NA**	NA	19	11	14	28	29	15	20	14	21
BASE		**1346-1448**	210-211	1204-1237	321-338	393-409	372-375	89-93	201-212	986-1009	240-247	850-872

Base: All online survey respondents. Excludes non-responses and don't knows.

Table A2.9 Whether or not BIG has, to date, influenced policy, by respondent characteristics

		All Successful and Unsuccessful Respondents							Successful Respondents			
Since it began in 2004, do you think BIG has influenced policy in any of the following ways?		All Respondents	Size (Current annual income)				Application Success		Significance of BIG funding			
			Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Unsuccessful	Successful	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
Government voluntary and community (third) sector policy	Definitely	**23**	21	23	26	24	11	25	39	23	30	26
	Maybe	**39**	35	38	44	46	34	40	35	41	36	42
	Definitely not	**5**	5	4	5	6	14	3	1	3	1	4
	Don't know	**33**	39	35	25	25	41	31	24	32	34	28
Different policy areas (e.g. homelessness; education; environment)	Definitely	**23**	24	23	22	21	9	26	35	24	29	25
	Maybe	**35**	30	34	41	43	30	36	36	36	34	38
	Definitely not	**5**	4	3	6	6	14	3	1	3	1	3
	Don't know	**38**	42	40	31	31	48	36	27	37	37	33
The policies and practices of other funders	Definitely	**22**	14	22	30	29	9	24	37	22	28	25
	Maybe	**36**	33	32	42	45	29	38	33	39	31	40
	Definitely not	**5**	5	5	6	4	13	3	3	4	2	4
	Don't know	**37**	48	41	22	23	49	35	27	36	39	31
The policies and practices of third sector organisations	Definitely	**28**	23	28	34	34	11	32	45	29	36	32
	Maybe	**39**	38	36	42	42	31	40	36	41	33	42
	Definitely not	**4**	4	4	5	3	17	2	0	2	0.4	2
	Don't know	**29**	35	32	19	21	42	27	19	28	31	24
BASE		**1666-1674**	543-549	545-549	442-444	103-106	268-269	1398-1405	222-224	1155-1161	278-282	966-972

Base: All online survey respondents, excluding non-responses.

Table A2.10 Whether or not BIG should seek to influence policy in the future, by respondent characteristics

		All Successful and Unsuccessful Respondents							Successful Respondents			
Looking to the future, do you think that BIG should seek to influence policy in the following ways?		**All Respondents**	Size (Current annual income)				Application Success		Significance of BIG funding			
			Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Unsuccessful	Successful	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
Government voluntary and community (third) sector policy	Definitely	**47**	39	46	58	51	31	50	67	47	52	52
	Maybe	**30**	31	32	25	31	27	30	23	32	29	30
	Definitely not	**11**	11	11	10	14	26	8	3	9	7	9
	Don't know	**12**	19	12	8	5	16	12	7	12	13	9
Different policy areas (e.g. homelessness; education; environment)	Definitely	**41**	36	40	47	45	28	44	59	41	48	44
	Maybe	**33**	32	34	33	34	28	34	29	35	31	35
	Definitely not	**12**	12	13	9	11	28	8	5	9	8	9
	Don't know	**14**	20	13	11	11	15	14	7	15	14	12
The policies and practices of other funders	Definitely	**38**	28	35	51	47	23	41	55	38	38	43
	Maybe	**34**	36	35	30	36	29	35	35	35	41	34
	Definitely not	**12**	12	15	10	9	31	9	4	10	8	10
	Don't know	**16**	24	15	9	9	18	16	7	17	14	14
The policies and practices of third sector organisations	Definitely	**36**	32	35	41	42	24	39	55	35	38	39
	Maybe	**36**	35	35	39	35	29	37	33	38	40	38
	Definitely not	**14**	14	17	12	17	32	11	5	12	10	12
	Don't know	**14**	20	13	9	7	15	13	7	14	12	11
BASE		**1666-1677**	545-549	543-547	440-445	103-106	266-270	1398-1407	223-225	1154-1161	278-280	966-974

Base: All online survey respondents, excluding non-responses.

Table A2.11 Extent to which BIG's has or should be independent of government, by respondent characteristics

			Successful and Unsuccessful Applicants						Successful Applicants			
		All Respondents	Size (Current annual income)				Application Success		Significance of Funding			
			Micro (Less than £10,000)	Small (£10,000-£100,000)	Medium (£100,000-£1m)	Large (Over £1m)	Unsuccessful	Successful	Main source of funding	Not main source of funding	Has accounted for over half income	Has only ever accounted for less than half income
		%	%	%	%	%	%	%	%	%	%	%
To date, to what extent do you think that BIG has been independent of government?	To a great extent	**15**	17	16	14	9	4	17	24	16	20	17
	To some extent	**50**	48	49	50	62	39	52	51	52	52	53
	Not at all	**12**	8	11	17	16	29	9	5	10	4	11
	Don't know	**23**	28	24	18	12	28	22	20	22	24	19
Perceived **change** in level of independence last 2 years	More independent of government	**8**	7	8	10	9	3	9	14	9	11	9
	Less independent of government	**19**	12	18	28	26	19	19	21	19	15	22
	No change	**23**	21	24	24	23	26	23	20	23	19	24
	Don't know	**49**	60	50	38	42	52	49	45	49	56	45
Looking to the future, to what extent do you think that BIG should be independent of government?	To a great extent	**73**	70	72	79	78	70	74	74	74	73	76
	To some extent	**19**	21	20	17	20	16	20	21	20	22	19
	Not at all	**2**	2	3	1	1	2	2	1	2	1	2
	Don't know	**5**	7	6	4	2	12	4	4	4	4	4
BASE		**1680-1688**	**555-559**	**542-547**	**445**	**106-107**	**268-270**	**1412-1418**	**224-225**	**1167-1172**	**281-282**	**973-979**

Base: All online survey respondents, excluding non-responses.

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About the Third Sector Research Centre

The third sector provides support and services to millions of people. Whether providing front-line services, making policy or campaigning for change, good quality research is vital for organisations to achieve the best possible impact. The Third Sector Research Centre exists to develop the evidence base on, for and with the third sector in the UK. Working closely with practitioners, policy-makers and other academics, TSRC is undertaking and reviewing research, and making this research widely available. The Centre works in collaboration with the third sector, ensuring its research reflects the realities of those working within it, and helping to build the sector's capacity to use and conduct research. This research, co-funded by the Big Lottery Fund, is part of our Theory and Policy strand.

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About the Big Lottery Fund

The Big Lottery Fund (BIG is the largest funder of the voluntary and community sector after government, currently responsible for delivering 46% of all funds raised for good causes by the National Lottery. It funds a diverse range of programmes and projects in the fields of health, education, the environment and charitable purposes. Its focus is on delivering improvements to communities and the lives of those most in need across the UK. This research study, co-funded with the Third Sector Research Centre, is part of BIG's research and learning programme, contributing to a better understanding of its role and impact as a funder. To find out more about our work, please visit: www.biglotteryfund.org.uk

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