The Strength of Weak Ties:

How charitable trusts and foundations collectively contribute to civil society in North East England

SUMMARY REPORT

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Introduction

The third sector in North East England is in good shape. There are around 7,000 third sector organisations (TSOs) and informal groups serving the interests of their beneficiaries. Much of the resource and potential of this large sector is freely given by people who offer their time and expertise as trustees and volunteers. More than 150,000 people deliver more than 10m hours of work at no financial cost to the region.

The third sector cannot realise its potential without the injection of financial resources. Money is needed for staff wages and to pay for space, equipment and consumables needed to get things done. Some of these costs are met by TSOs from fundraising, endowments, investments, subscriptions, charging for services or delivering contracts for other bodies. But self-generated income is insufficient to keep the sector going.

Grant funding provides a bedrock of additional funding for the third sector. More than 50 charitable trusts and foundations inject financial resources into civil society in North East England. Each year, well over 4,000 grants are awarded with a combined value of at least £50m.

Civil society is a competitive environment where TSOs make claims about the value of what they can achieve. Demand for grants outstrips supply. Consequently, foundations must make decisions about where their money should be given to produce good social outcomes.

Foundations dispense money in many ways and adopt different priorities. No two foundations are the same. And yet, they share a collective sense of responsibility to help the third sector in North East England contribute to the region's social, economic and environmental wellbeing.

The question this report has asked is – should foundations work together more closely, with shared strategic objectives in mind, to maximise the benefit to North East England from their collective effort? The answer, simply put, is no. It has been argued, instead, that by working as autonomous institutions but in complementary ways, foundations achieve more.

The funding environment

TSOs tend to be led and run by people who want to achieve ambitious objectives, so there will never be enough resource around to meet the needs of the sector as a whole.

Foundations exist, primarily, to dispense money to TSOs. To manage that demand – choices must be made – depending upon the values and resources of the funding organisation. These choices, in turn, frame the way the funding environment works.

Financial resources are drawn into or are produced by civil society in many ways, so it is hard to pin down a precise definition of the 'funding environment' or to quantify its components and scale.

Sources of finance include:

- **General taxation**: state finances derive primarily from taxation. Political decisions about the distribution of state resources are shaped by a mix of pragmatic, contingent and ideological factors.
- **Corporate wealth**: businesses accumulate wealth by making profits from the production of goods and services for sale. Private sector businesses channel money into civil society via direct corporate social responsibility (CSR) initiatives or indirectly via corporate foundations.
- **Private giving**: private wealth may have been endowed following the death of wealthy individuals or be given during their lifetime. The allocation of funds to causes or issues can be direct – as in 'individual philanthropy' – or mediated via family foundations and community foundations.
- **Public giving**: funds are generated by fundraising campaigns, pay-roll giving or by playing lotteries and raffles. The people who give or gamble money rarely have any direct control over the way funds are dispensed.

With these distinctions in mind, Figure 1 presents a taxonomy of funding organisations – all of which operate in North East England.

Figure 1 **Participants in the funding environment**

Foundations contribute to civil society by giving grants, purchasing services and making loans. All approaches require considerable effort and expertise. Most foundations do this work in-house by employing staff to manage their programmes, but in some cases, this work is delegated to community foundations, to expert panels, or to large national TSOs with specific areas of expertise.

Whichever approach is adopted, all foundations share the desire to keep the costs of dispensing money within limits. This necessarily reduces their capacity to assess applications and to monitor or evaluate the progress of TSOs in achieving the objectives they had been awarded money to achieve. Keeping these priorities in balance is not easy.

Defining social value

Foundations want to know that their funding produces valuable work by TSOs and leads to beneficial social outcomes. Appraisal of impact can be based on professional 'judgement' gained from observation and experience, or on technical 'measurement' of evidence.

Whether foundations rely primarily on judgement or measurement, distinctions can be drawn between forms of value and how they may apply to social phenomena. Four forms of value are crudely defined as follows:

- **Financial value**: where direct financial return or gain can be measured either through the *production* of financial value (e.g. the generation of a profitable enterprise) or the *saving* of financial costs (e.g. lowering the level of demand on costly service provision).
- **Use value**: where value is measured by the *number* of people who use a service such as a library or sports centre, and/or through measures of the *quality* of the experience people report when accessing such services. Assessing the longer-term direct *impact* such experiences have on other aspects of users' own or others' lives is usually beyond the bounds of measurement.
- **Social value**: where value is produced by enriching the social or cultural life of individuals, communities or a nation. Effective measurement would depend upon agreement of what constitutes valuable social attitudes and behaviours or cultural experience (compared with other activities which are regarded as less valuable).
- **Existence value**: where value is attributed to something which is known about but cannot be used personally. This could include a site of scientific or ecological interest which *cannot* or *should not* be accessed, but is valued nevertheless. Existence value can also be attributed to historical entities – such as architecture, art or industries where strong values are associated with them.

Figure 2 **Realms of value**

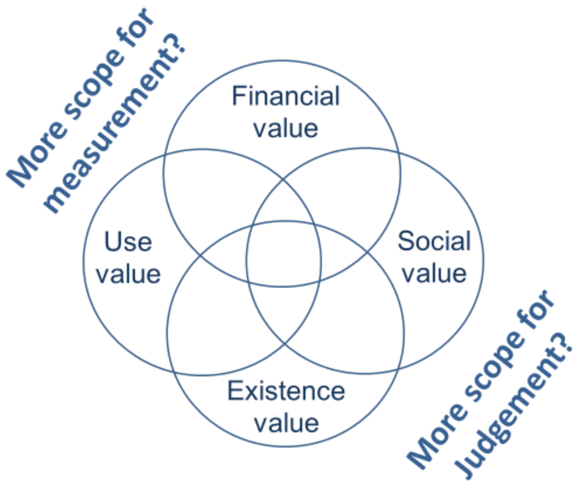


Figure 2 shows that forms of value intersect – which makes it difficult to determine which aspect of value has been produced, or the extent to which forms of value have been produced as a 'result' of an intervention.

All approaches to the appraisal or measurement of impact implicitly or explicitly embrace one or more of these notions of value.

Some foundations have firmly embedded approaches to measurement of value which are rigidly adhered to and frame the way the foundation thinks and works. But in most foundations, a more flexible approach is taken, where conceptions of value and approaches to appraising impact are mixed and matched on a pragmatic basis to meet specific needs.

Demand for grants

Demand for grants is high. Over 4,300 TSOs applied for at least one grant in 2016. The success rate in winning at least one grant is around 90% - and that level of success varies little by size of organisation (See Table 1)

Table 1 **Demand for grants in the North East (2016)**

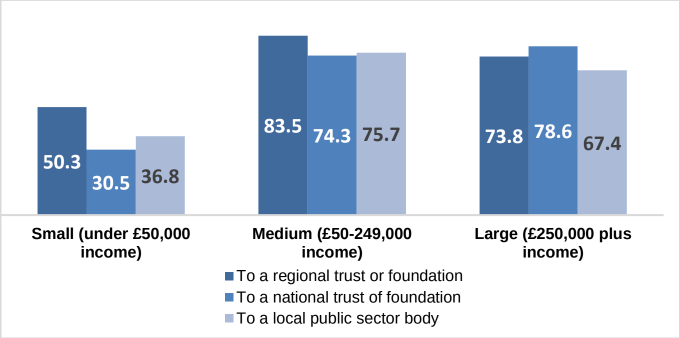
	Estimated % TSOs which applied for a grant	Estimated number of TSOs in NE	Estimated number winning grants in last 2 yrs[2]
Small TSOs (under £50,000 income)	50%	4,550	2,100
Medium TSOs (income £50,000 - £249,999)	85%	1,750	1,300
Larger TSOs (income above £250,000)	80%	700	500
North East England	**65%**	**7,000**	**3.900**

(Source: Third Sector Trends 2016)

Demand for grants is strong but not universal. In 2016, around a third of TSOs did not apply for a grant in the previous two years (see Figure 3).

- Smaller TSOs were the least likely to have applied for grants: 50% applied to a regional trust or foundation compared with just 30% applying to a national foundation. Just over a third (37%) applied to local public sector bodies for grants.
- A majority of medium sized TSOs applied for grants in the previous two years: 84% had applied to regional foundations compared with 74% applying to national foundations. About 76% applied to a local public sector organisation.
- Larger TSOs were less likely to have applied for grants than their medium sized counterparts, but they were more likely to apply to national foundations (79%).

Figure 3 **Percentage of TSOs which applied for at least one grant in the previous two years**



(Source: Third Sector Trends: 2016)

Many TSOs do not apply for grants, but some TSOs are prolific in their production of grant applications.

According to *360º Giving* the maximum number of successful grant applications in North East England by a single charity in 2017 was 14. Over the last ten years the 50 most prolific grant applicants won a total of 1,286 grants: an average of 25 grants per TSO.

Managing demand

Many foundations used terms such as ***'inundated', 'overwhelmed'*** or ***'swamped'*** when they talked about the number of applications they had to process.

With a view to limiting the administrative costs of making awards, relatively small teams of staff were tasked with the job of processing grant applications: ***'it's a major undertaking to get this much money out of the door.'***

To help manage demand, most foundations chose to focus on specific areas of benefit they would support and stipulated what kinds of grants they offered. Most foundations published clear guidelines on grant making criteria, but many complained that TSOs often submitted ineligible grant applications – raising their workload considerably.

Foundations are drawn into a process of managing priorities when awarding grants. This could mean that some 'popular' causes may be attended to while others could be neglected. Most foundations were aware of 'fashion cycles' in grant making and recognised that TSOs could be vulnerable to shifts in priorities.

Consequently, many foundations felt that they had a responsibility to think about how their work framed the operation of this competitive marketplace – realising that their decisions could have serious financial consequences for TSOs. If competition is not managed to some extent by foundations, then the value of the work produced by the third sector may be undermined.

Core funding

Debates about core funding often appear to be driven by a belief that its incidence is rare. Core funding covers a wide range of organisational expenditure, including: costs associated with organisational leadership and management, reaping and managing financial resources, maintaining buildings and keeping equipment up to date, and so on.

In North East England, *Third Sector Trends* data indicate that about half of TSOs receive core costs from charitable foundations. Larger TSOs are more likely to be the recipients of such grants (50%) compared with small TSOs (33%).

It is not easy to disentangle how restricted and unrestricted funding streams contribute to the impact TSOs make. This is because TSOs may achieve a mix of 'hard' and 'soft' outcomes as a result of one source of funding (or may do so in tandem with other programmes of funded work they are currently doing). Realms of social value intersect (see Figure 2) which means that the outcome of activities may be more or less directly attributable to specific sources of funding.

One participant in this study made it plain that the issues they chose to fund were complex and that, as a foundation, they had to rely upon TSOs' expertise to decide where to focus energy and how to get things done. This required them to stand back rather than direct activity.

'We're responsive, demand led. We're not a shaper… It's very hard to disaggregate themes, such as loneliness for example, from other factors – so we look instead at the organisation's broad values. If they can mix and match priorities – allow them to overlap – we're comfortable with that.'

Some foundations took this a stage further and looked at the situation from a wider perspective. For example, one foundation wanted to invest in TSOs so that they could influence policy and practice in other organisations in the areas where they worked. But they did so without determining how this should or could happen. Consequently, it was accepted that:

'Policy wins are more about luck than judgement, it's about being in the right place at the right time… so we have to give people the space and time to grow a policy voice.'

This is not to say that foundations were unconcerned about the value produced from investment in core funding. Reservations could centre on the level of impact such organisations may have and the extent to which they were prepared to produce and try out innovative ideas.

As one foundation conceded: ***'We face very difficult choices. Do we pay attention to the quality and excellence of the organisation or do we focus on the potential social value? We need to be honest about these choices and can't defer the decision to anyone else.***

Other foundations which preferred to invest in organisations they had grown to trust voiced concerns that their long-term commitment of unrestricted funds may lead a TSO to become ***'too comfortable'*** with the arrangement and that this may result in ***'complacence'***.

The provision of core funding is an indication of the trust foundations are prepared to invest in TSOs to achieve good things without too much interference. But doing so can leave them with nagging doubts about whether they have made the right decision, and whether to stick to that decision in the longer term.

We don't get too squeamish about how dependent they have become on us, so we have no maximum period of supporting them** [with core costs]**… but it might not always happen, we might pull the plug, so we're always aware of the power dynamic.'

The impact of grant making

For some time, there has been a lot of political and media noise surrounding the imperative to measure the value of the contribution TSOs make to society. Recently, the pressure has stepped up with renewed calls to devise metrics to assess the social and economic contribution of third sector activity.

Many approaches have been devised to gauge the social benefit produced by TSOs and those organisations which champion such techniques have been eager to accelerate their use. The ubiquity of claims about the value of impact assessment do not, however, match its incidence.

Good quality project monitoring and evaluation is expensive. The scope for serious impact assessment applies to just 7% of grants made in North East England (see Figure 4).

Most foundations made little use of formal approaches to impact assessment. Most foundations argued that the work they funded was tackling complex issues and that detailed scrutiny would be unlikely to yield convincing evidence. As one participant in the study remarked:

'It's about not necessarily knowing the answer, it's best not to presume too much about things. Good grant makers use judgement and proportionality in their decision making – they don't hide behind plate-glass walls of conceit – as if they know it all.

Many foundations argued that it was more important to focus attention on the quality of relationship they had developed with TSOs they funded. As one participant argued:

'Actually, I've got no interest in measuring our impact. What I'm interested in is what relationship do we have with those charities, and what relationships they have with communities, other charities and the public sector. Then we can ask ourselves what we are sustaining.'

One foundation, which had been heavily involved in promoting the use of complex approaches to impact assessment, was seriously rethinking its strategy.

'We're at risk of producing a competitive environment for grant givers. Part of that behaviour is about claiming of achievement. If you've got one voluntary organisation and you've got five different funders all of which are contributing to its overall goal… your chances of getting attributed reporting are very slim.

What you've got, basically, although we don't know it, is five funders sharing the same outcomes and deliverables.'

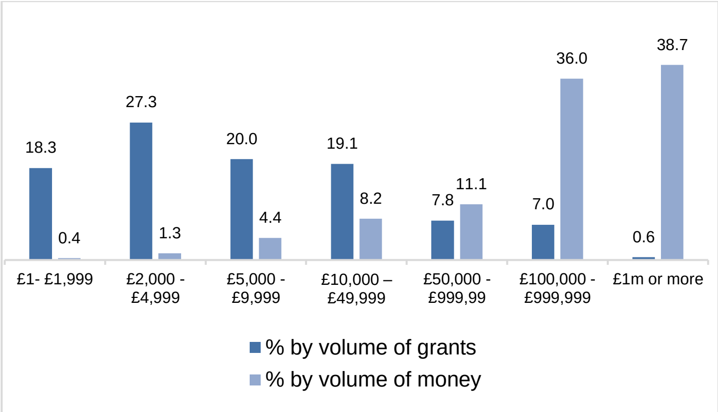
Most larger TSOs are accustomed to managing several pots of money from a variety of funders at any one time. Arguably, they must do this to limit the risk of losing momentum or closing down if they have 'all their eggs in one basket'.

What value do small grants produce?

A consequence of this focus on the *volume of money given* rather than the *volume of awards made* is that the impact of most awards may be understated or even overlooked. Most awards are relatively small (under £10,000) and their cumulative value is modest compared with the biggest grants.

As Figure 4 shows, small grants represent the bulk of foundations' work: two-thirds of all grant awards are valued below £10,000 and 85% are valued below £50,000. The cost of attributing impact and assessing the value produced by these grants at an individual level would be colossal and, like as not, would also deflect TSOs from doing the useful work they had been given a grant to attend to.

Figure 4 **The volume and value of grants in North East England**



(Source: 360º Giving, all years North East England)

Achieving good outcomes for individuals, families and neighbourhoods sits at the core of most foundations' objectives when they award grants. Most foundations felt that grant making could make a real difference to people's lives – providing that ambitions were proximate, desirable and achievable.

'When you look at an award of £10,000 and £1million, you're talking about a huge space between them in terms of what you can expect in terms of impact or about them defining KPIs. So while we're always talking about how we can be more 'joined up' with things, you realise that some gaps can't be bridged.

But that doesn't mean that putting £10,000 into a village hall is irrelevant – it's huge for them – but we're not the experts on this, we just have to trust

them to do the best they can with it. To be honest, that's how most of our money goes out of the door. So we're not always in the game of measuring impact, it's more about influence.'

Most foundations take a realistic view about what they can achieve from grant making. They know that it is beyond the scope of their own resources and beyond the powers of the TSOs to which they award grants to achieve the 'unachievable'.

Rather than focusing on the contributions of specific programme interventions or on the work of individual TSOs, is it sometimes better to look at the process of 'accumulation' of social benefit in localities.

Place-based funding

All foundations felt that they should try to distribute grants as fairly as they could geographically. This happened when regional foundations worked at a local level, or operated on a wider scale. Most national foundations were also keen to distribute grants as evenly as they could across the regions – and if they felt that their grant making was not at the right level in North East England they were eager to do something about it.

This research indicates that foundations monitor the way they distribute grants within their area of operation and try to spread their funding fairly evenly. But most grant making is awarded to TSOs which focus attention on discrete constituencies of beneficiaries. Often such grants are given to organisations to work specifically in localities, though relatively little funding could be described as 'place-based funding' which takes a holistic view on the improvement of an area.

There are exceptions. For example, Big Local Trusts were established in nine localities in North East England to achieve place-based impact. The Auckland Project in Bishop Auckland, County Durham, is an example of a major place-based programme. There have been several other smaller scale place-based initiatives in the region including, for example, Hartlepool Action Lab which is led by Joseph Rowntree Foundation.

Placed-based funding has caught the political imagination many times before. Over the last four decades, there have been several major place-based programmes of funding from government such as *Single Regeneration Budget*, *Neighbourhood Renewal Fund* and *New Deal for Communities* amongst others.

While concrete evidence on the long-term benefit of such initiatives has been difficult to pin down, enthusiasm for place-based funding remains strong. The idea of investing in localities was on the radar of many foundations. Given the scale of difficulties facing some areas, some foundations felt that the way forward was to work collaboratively so that a bigger impact could be achieved:

'The magic is when you've got a big idea or a programme that a number of people can say "yes we want a piece of this and our input will make a qualitative difference on its own or in concert with others". That can have a magnifier effect through co-funded work [and] ***we get a much bigger return, there's a much greater whole.'***

At one level, many participants in this study shared a view that place-based funding was appealing. Several made reference to The Auckland Project as an example of what they may like to, but could not do.

'At best, we can invest in social capital and capacity for the community to meet its own needs. Everyone goes woah! about Bishop Auckland and thinks "we could do that". But we can't. Our funding is a drop in the ocean.'

Not only was it felt that there was insufficient public and private sector infrastructure in place to effect change, doubts were raised as to whether the local third sector was robust enough to deliver such change. As one participant observed: ***'There's no point in investing in "cold spots", we have to look at the ecology. You can only fund what's there, not what you imagine is there.'***

Regional foundations tended to invest time so that they could develop good local knowledge on the situation in areas they funded. This understanding led them to a view that interfering too much with local third sector dynamics could cause argument in the community and potentially amongst foundations:

'The voluntary sector motors on, regardless, it's messy and I don't mind that. To think otherwise and to imagine that you can manage them in an area is quite dangerous. Coordination [between foundations] ***is too hard to do. We see each other around.'***

Or as another participant observed:

'We don't want to undermine other foundations, so we offer support and challenge. Sharing costs and knowledge is a great principle, but we know that can be hard to do.'

Rather than trying to change or transform places, the objective of most foundations is to ensure that they inject resources carefully: to put some flux into the system to promote beneficial activity. And if the aim is to strengthen the 'social glue', many foundations argue, it is better to put in smaller sums of money to TSOs in an area – the benefit of which accumulates as community confidence and wellbeing is strengthened.

Changing places is difficult

Place-based funding in the past has often had disappointing results when evaluated using conventional metrics. Using indicators such as family wealth, educational achievement and employability, community cohesion and engagement, levels of crime and anti-social behaviour, and so on – problems in some areas appear to be intractable. This is unfortunate as it gives an impression that all the investment that has been put in has come to nothing.

But it is not so simple. Investment in people in particular places does make a difference – but the consequence can be that as they become more able to take command of their own destiny they move away to other places.

And when this happens, the local situation can appear to worsen, as rents or housing values fall, more people with complex problems and behaviours move into the area, businesses close because there is insufficient money around to sustain them or the area is unattractive to their customers.

Well-off places with high levels of economic activity, educational achievement, low levels of crime and deprivation and strong social capital are not 'inherently' affluent. The money that people have in those places rarely emanates from local activity – it is *imported* from the work they do in other places – such as businesses in city centres, government agencies, hospitals and universities.

Places are not as bounded geographically as we think – the boundaries are fluid – where the richest areas attract resource and the poorest, sadly, repel it. This is not to argue that place-based funding is a waste of time. It is a good thing to do, providing that aims of the investment are proximate, desirable and achievable to the people who live there.

With arguments such as these in mind, one participant, felt that foundations had a role to play in securing existing resources within the community, rather than create new ones.

'In every borough, let's say, you've got a social need organisation which has always been there, perhaps inefficient, perhaps needs bumping into the 21st Century in a really big way. But the local authority just can't support them anymore, they just don't have the money… so if there's something that the foundations can do to support the ecology of voluntarism, and that's not something that you can take to huge scale, then we must.'

The reality, for most foundations, was that they were investing in areas where there were higher levels of acute need in the community rather than investing in transforming places.

This represented a change of direction in some foundations; from a position taken in the early days of government austerity programme where it was stated that foundations should not 'step in where government has stepped out' to the current situation where many felt that they no longer have a choice. As one participant observed:

'You can't say that tackling poverty is government business, because the government is not coming. So you have to help communities find their way out of this, they have to improve, they have to change and they have to help each other, so our job is to build a lot of community fabric – just small amounts of money so that they feel that they can do it themselves.'

Why would it be hard to agree a shared strategy?

This report shows that adopting a more formal, collectively owned, strategic route is too difficult for foundations to do - and in any case - may create no more social benefit than is produced now. Difficulties arise because the questions that would need to be addressed to draw up such a strategy are too hard to answer.

It would neither be possible, nor necessarily desirable, for foundations to answer the question – ***What is the priority order of issues which need to be attended to in the region****?* It is not possible because the third sector is a pluralistic entity – where TSOs make an abundance of claims about what they regard as desirable social outcomes.

TSOs cannot agree on whose claims are the most valid – foundations would struggle to do so too. This is because civil society as an entity embraces many views on what a 'good society' should be: some people are eager for radical change, some want to preserve things as they are. Such differences cannot easily be reconciled.

To develop a shared strategy, foundations would need to agree this: ***What kinds of practices work best in which contexts?*** But this is very hard to do. Even when TSOs are committed to make a positive difference for the same constituency of beneficiaries with similar outcomes in mind – they find it hard to agree on the most efficacious approach to practice.

Indeed, practice preferences are hotly debated by TSOs and in their grant applications they make more or less explicit competitive claims about the value of their practice preferences over others'.

When making grants, foundations have to make judgements about the quality of work they feel a TSO can produce. But it would be difficult collectively to answer the question: ***What does a good TSO look like?*** There are many issues to be taken into account – *does the foundation have a good relationship with the TSO and are they easy to work with? Is the TSO a well organised and managed entity that can be trusted to get on with the job? Is the TSO too important to be allowed to fail – even if it is unfocused and muddles through?*

Should foundations invest in programmes of work which produce measurable outcomes? This question is at the fore of the minds of people who run foundations – but as this report argues, they do not necessarily come up with the same answers.

Many foundations prefer to trust their own judgement on which TSOs can deliver social benefit and let them get on with the job, while others adopt more stringent measures to control the way their money is spent. Depending on circumstance, either approach can be valid – but to gel approaches into one or several strategies would be hard to achieve.

We could go on with more questions: ***Do big grants produce more value? Does unrestricted 'core' funding produce better outcomes than restricted***

funding? Do long-term grants secure more social benefit than ephemeral events?

These questions cannot easily be reconciled in a funding environment where foundations operate autonomously. And especially so when their own autonomy is framed by underlying political and economic drivers. Quasi governmental, corporate, family and community foundations get hold of financial resources in different ways – which in turn shapes their ethos and mission.

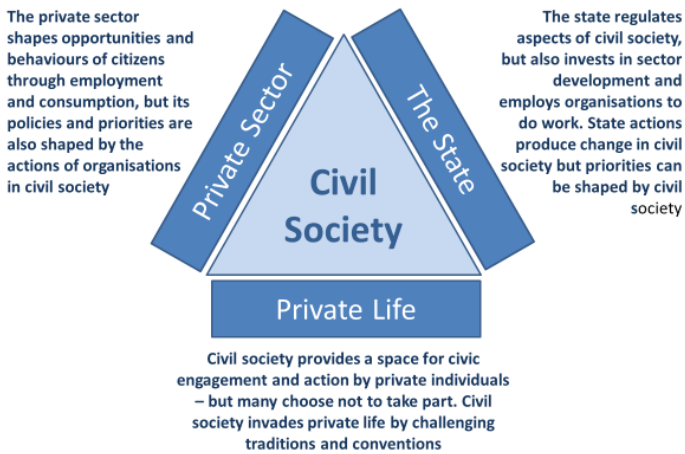
Civil society as a contested terrain

Focusing on the questions that foundations would need to answer if they chose to work together strategically, misses the point. The point is that the third sector is a fluid, pluralistic and contested terrain. It sits somewhere between three other mighty social entities: the state, business and private life.

Definitions of civil society are contested because this arena has 'fuzzy' boundaries. Indeed, the organisations which influence the funding environment contribute to this fuzziness because some are external to civil society, some straddle the boundary between civil society and other sectors, and some are firmly rooted in civil society.

Civil society occupies 'the space in between' these other powerful forces – as indicated in Figure 5.

Figure 5 **Civil Society as the 'space in between'**



The organisations and groups that constitute civil society play many roles which may be viewed as more or less socially valuable – depending upon the viewpoint of the onlooker.

But there is never enough money around to furnish every claim TSOs make. So foundations must make their own choices.

Making choices about social priorities

Foundations adopt a wide range of strategic approaches to ensure that money is being dispensed well. It is clear from the research that no two foundations did this the same way, but it is possible to draw some broad generalisations about fundamental principles which influenced approaches to dispensing money and how the impact of such decisions were assessed. These distinctions are illustrated in Figure 6.

Figure 6 **Spending well by maximising impact**

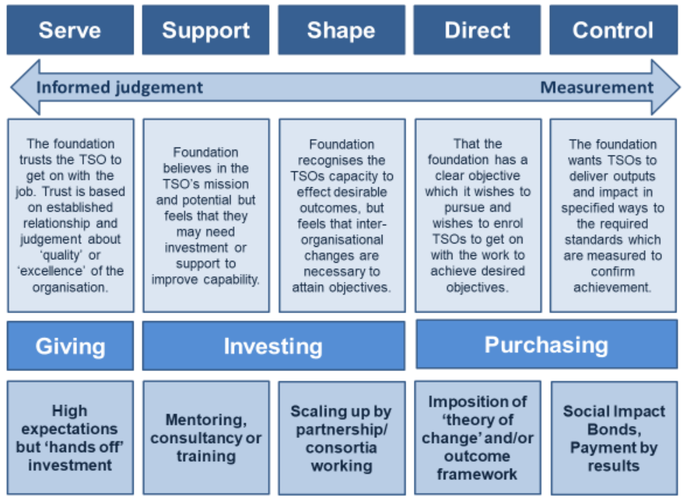


Figure 6 categorises the purposes of dispensing money as a spectrum of strategic options ranging from:

- a ***'hands off'*** approach where foundations choose to serve the interests of civil society by judiciously awarding grants to TSOs they feel they can rely upon to deliver effective work, to
- a ***'hands on'*** approach where foundations play a pivotal role in defining desirable outcomes, determining how to achieve them and ensuring that impact is evaluated.

Some foundations are much more interested in 'serving' and 'supporting' civil society through most of their grant making while others are ambitious to 'shape', 'direct' or even 'control' the way TSOs work.

It must be recognised, however, that it was rarely, if ever, possible to pinpoint specifically within which category an individual foundation was strategically focused in the spectrum of choices available to them. This is because most foundations chose to achieve two or more of the objectives listed – and in some cases they did all of them.

For example, it was not at all unusual for a larger foundation to allocate most of their funds to the task of serving or supporting civil society. But this did not preclude them from experimenting, from time to time, with other approaches.

The strength of weak ties

This research shows that while foundations cherish their autonomy, they do not make choices in isolation. This is part of the process of taking their responsibilities to society seriously.

Foundations do not work in a vacuum – they watch what is going on around them to see how other foundations are working, where they are giving, what they are hoping to achieve and how they assess whether valuable achievements are produced.

Foundations talk to each other, sometimes informally and discretely, sometimes formally - to help them make tough decisions on what to back and what to dismiss. If foundations know that that something is not right for them to fund, it does not necessarily mean it is not right for other foundations. They are careful not to interfere, too much, with the way others work in the belief that this produces a conducive environment where complementary action can flourish.

Foundations wrestle with ideas surrounding what constitutes value – but they do this in different ways from each other. They also use different approaches within their own organisations, depending upon the purpose of grants they award.

Collectively, however, there is a commonly held view that this value should be spread around – amongst beneficiary groups and across spatial areas. Most foundations (whether they are based in the region or operate nationally) do this carefully within their own realm of influence – but they also do so with an eye on the contribution of others.

This is beneficial in two ways – firstly, and most obviously to ensure that some areas of benefit or place are not left alone. And secondly to ensure that organisations and areas are not overwhelmed with investment which could inadvertently knock TSOs and the local equilibrium out of shape.

Ways of working together well

Some foundations work together formally, but such initiatives only constitute a small element of their overall activity. Most foundations choose not to embrace the idea of working together ‘strategically’ because this could undermine their autonomy. But they believe strongly in working in complementary ways and being good neighbours to one another.

There are practical elements to this approach. The time taken to formalise relationships, many feel, is an impediment. ***‘Longer-term strategic partnerships tie your hands, make relationships unduly complicated. It can become pretty fraught.’***

To work together in more complementary ways is less politically ‘fraught’, less intrusive on staff time and can mean that foundations can be more responsive collectively to good opportunities. As one foundation observed: ***‘Often we can just do it*** [i.e. work together] ***when it seems like it’s a good idea to work with others. Chalk and cheese often go together quite well.’***

This participant went on to explain that good relationships amongst foundations were based on some very simple principles:

‘You have to know how to get past things going wrong. Know when to give the benefit of the doubt [and] ***be tolerant of the foibles of each other – you know – we wouldn’t do it that way, but we can still work together. It’s about a common purpose, about relationships, we’re human beings – not positions in organisations.’***

By keeping ties loose, relationships are stronger. This is because retaining autonomy is important to foundations. And it is not surprising that they wish to protect that autonomy given that they are in a stronger position in this respect than many organisations in the private or public sectors.

‘Foundations don’t really mind what people think of them – we don’t have to, we’re probably amongst the most autonomous bodies. We don’t really have any masters – so we’re in a powerful position to choose.’

But it is power that has to be used carefully and not in isolation from what other foundations were doing around them.

‘You’ll be cutting a life-line from organisations without giving them any chance to prepare, and so I think you have to know your place, it’s not about the egos of the trustees. It’s about knowing your place in the funding ecology, knowing where you fit.’

Foundations involved in the study

The research project ran from September 2018 to July 2019 and involved discussions with the following charitable foundations and trusts.

Ballinger Family Trust

The Barbour Foundation

Children in Need

Comic Relief

Community Foundation serving Tyne & Wear and Northumberland

County Durham Community Foundation

Esmée Fairbairn Foundation

Garfield Weston Foundation

Greggs Foundation

The Henry Smith Charity

Joseph Rowntree Foundation,

Lloyds Bank Foundation England and Wales

Middlesbrough and Teesside Philanthropic Foundation

Millfield House Foundation

National Lottery Community Fund

Northstar Ventures

The Pilgrim Trust

Power to Change

Sage Foundation

Sainsbury Family Charitable Trusts

Sir James Knott Trust

Tees Valley Community Foundation

The Tudor Trust

Virgin Money Foundation

Wolfson Foundation

Additionally, the following foundations joined seminars to debate findings:

Association of Charitable Foundations,

The Bernard Sunley Charitable Foundation,

The Bradbury Foundation UK,

The Dulverton Trust

Joseph Rowntree Charitable Trust.

About the Author

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https://www.stchads.ac.uk/category/research/

Third Sector Trends Study

The Third Sector Trends study was conceived and originally commissioned by Northern Rock Foundation with research conducted by the Universities of Southampton, Teesside and Durham. The Community Foundation Tyne & Wear and Northumberland was a co-funder of the research and is now responsible for its legacy.

The Community Foundation is now collaborating with partners including St Chad's College at the University of Durham, Power to Change, Garfield Weston Foundation and IPPR North to expand and continue the research.

All publications from the Third Sector Trends study are available free to download at this address:

https://www.communityfoundation.org.uk/knowledge-and-leadership/third-sector-trends-research/

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