

Dormant Assets NI: An interim evaluation of the Phase One Grant Programme

Supporting the capacity, resilience and sustainability of the voluntary, community and social enterprise sector in Northern Ireland



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Executive Summary

Introduction

1. Dormant Assets NI is delivered by The National Lottery Community Fund. The aim of Dormant Assets NI is to support the voluntary, community and social enterprise (VCSE) sector in Northern Ireland (NI) to be more resilient and prepared for the future, by funding activity that increases capacity and sustainability. Dormant Assets NI funded a Phase One Grant Programme (hereafter referred to as the 'Grant Programme'), in which 244 organisations received grant funding totalling £19.9m.
2. In November 2023, SQW (an independent research consultancy) was commissioned by The National Lottery Community Fund to undertake an independent evaluation of the Grant Programme. The evaluation will run to 2025. This is a summary of the emerging findings from the evaluation's first interim report. It provides early evidence of how the Grant Programme is contributing to improving the resilience of the VCSE sector in NI and sets out what is working in delivering and achieving outcomes. It draws on online surveys and semi-structured interviews¹ with grant holders and unsuccessful applicants who had received or applied for a grant at least a year prior to February 2023. It also draws on programme management data, interviews with key stakeholders, and a rapid review of wider evidence. Two further waves of data collection will culminate in a second interim report in December 2024 and a final report in May 2025.

Key findings

The Grant Programme has been delivered flexibly and responsively, which has been appreciated by the sector

3. Applicants to the programme were encouraged to apply for up to £100k of grant funding over 1-3 years to deliver activities to improve their organisation's sustainability, capacity and financial resilience. The National Lottery Community Fund was not prescriptive about the type of activities which could be funded, and instead asked that applications were tailored to the needs of the applicant organisations and their specific challenges in relation to sustainability and resilience. This flexible and responsive approach was valued by grant holders. It also aligns with learning from the wider evidence base, which indicates that building capacity, resilience and sustainability in the VCSE sector require a tailored and holistic approach, recognising the diversity and complexity of the sector and its organisations.

¹ The survey of grant holders yielded 58 useable responses, and the survey of unsuccessful applicants yielded 49 useable responses. Semi-structured interviews were held with 12 grant holders and four unsuccessful applicants who responded to the surveys and opted-in to the interview process.

4. Applicants were motivated to apply for this Grant Programme given its focus on funding core organisational strategic activities and longer-term organisational sustainability, as opposed to stand-alone operational projects. This type of grant funding was said to be lacking for the sector.
5. Grant holders have delivered a wide range of activities using Grant Programme funding. Most commonly, activities have centred on diversifying income streams, recruiting staff to deliver activities relating to improving sustainability and resilience, and improving digital capacity or digitising processes/materials. Most grant holders have used funding to support the delivery of a combination of activities.

There are five emerging areas of effective practice in supporting grant-funded delivery, as identified by grant holders

6. Grant holders identified key elements of their activities which they felt had been particularly effective in supporting delivery and progress towards outcomes. These were:
 - Undertaking research and scoping activities prior to delivery, which meant that grant-funded activities could commence more quickly
 - Maintaining a flexible approach to delivery, including in response to learning and emerging challenges. This flexible approach was enabled by the programme design
 - Bringing in required skills to support delivery, expanding organisational skills and expertise and complementing other planned activities
 - Increasing internal capacity to support the delivery of activities (e.g. through recruitment of new staff and/or training existing staff)
 - Involving existing staff or partners in delivering activities, which supported buy-in, engagement and a sense of shared “ownership” of organisational processes and systems.

The emerging evidence indicates that the Grant Programme is supporting VCSE organisations to achieve their desired outcomes, and is beginning to contribute to improved organisational resilience, capacity and sustainability

7. This is an initial interim report and is drawn from insights from a sample of grant holders only. However, those grant holders engaged largely attributed outcomes to the programme, noting they would not have achieved them at the same quality, pace or scale otherwise (if at all). Outcomes reported by grant holders included:
 - New ways of working to enhance operations (e.g. diversifying workstreams or developing new partnerships), resulting in increased organisational income

- Development of staff confidence, skills and knowledge, including changing staff mindsets, improving practical knowledge to support new ways of working, improved delivery skills and increased staff morale
 - Implementation of fit-for-purpose systems and processes supporting change and future thinking, including digitisation, rebranding, marketing campaigns and new policies and processes.
8. Some grant holders reported outcomes they did not expect, including efficiencies gained by introducing digital systems, the speed at which they generated new income streams, and the success of some of the new projects that were introduced. Some grant holders reported a ripple effect of the Grant Programme on their partners, including others in the VCSE sector (e.g. through employing local organisations to support grant-funded activities).
 9. The contribution of the Grant Programme to these outcomes is also evidenced by the experience of unsuccessful applicants. Nearly half of unsuccessful applicant survey respondents said that they were not able to achieve any of the outcomes they were seeking when applying for the grant (43%).
 10. Emerging evidence indicates the Grant Programme is beginning to achieve its aim of improving VCSE sector resilience, capacity and sustainability. Some grant holders commented on improved financial resilience due to grant funding supporting them to secure a sustainable income or leverage new opportunities, increased capacity to think longer-term and deliver succession planning, and increased visibility and credibility of their organisation going forward.

Both internal and external factors have influenced grant holders' ability to deliver activities and achieve outcomes

11. Factors that positively influenced delivery and outcomes achievement were largely internal organisational factors, including leadership and management buy-in, having appropriate strategies and action plans in place, and effective community and stakeholder engagement. Grant holders also emphasised the Grant Programme itself as an enabler (not just the grant provided), as a result of the flexibility of programme management, the ability for funded organisations to take risks, and the added value of the learning events held by The National Lottery Community Fund.
12. In contrast, factors identified as negatively influencing grant holder ability to deliver activities and achieve outcomes were largely external and outside of grant holder control. These included the political and broader socio-economic climate, the collapse of the NI Executive in 2022 (which was reported to have reduced funding opportunities for the VCSE sector), and increasing costs.

13. Other challenges cited by grant holders included a lack of capacity to deliver grant-funded activities (with capacity often being underestimated), lack of leadership support, and specific challenges relating to the activities they planned to deliver. These centred on recruitment challenges, issues with sustaining and developing partnerships, and challenges in keeping up with market changes and technological advances.
14. Some grant holders noted that although the Grant Programme has made a difference, it is likely that further funding will be required to continue their progress towards sustainability.

Interim learning and next steps

15. The Grant Programme received a considerable number of applications, suggesting demand for this type of grant fund. Motivations for applications were reflective of the broader socioeconomic context for VCSEs in NI, notably the short-termism of VCSE sector funding, increasing costs and cost of living challenges.
16. The programme's aims aligned with the sector's key challenges. Crucially, the Grant Programme was seen as a rare opportunity for VCSE organisations to access funding which would support organisational strategic activity and sustainability planning, as opposed to short-term project funding.
17. Encouragingly, the activities delivered by grant holders have reflected the wider evidence base of effective practice. Overall, grant holders report making good progress in delivering Grant funded activities. The flex of the programme was valued by grant holders.
18. Funding remains a key challenge for some grant holders. The purpose of the Grant Programme was to generate transformative change for organisations in the VCSE sector to alleviate issues around funding, leading to sustainable, financially resilient organisations. It is interesting, therefore, that funding is still considered a significant challenge.
19. Interim evaluation evidence has uncovered gaps in the current evidence base and further lines of enquiry which the following waves of activities will aim to address. The next wave of evaluation activity will begin in August 2024, culminating in a second interim report in December 2024. The final wave of evaluation fieldwork will take place in 2025, culminating in a final evaluation report in summer 2025.

Introduction

- 1.1** This initial interim evaluation report presents early findings and learnings from an evaluation of The National Lottery Community Fund's Dormant Assets NI² Phase One Grant Programme (hereafter referred to as the 'Grant Programme'). It provides early evidence of how the Grant Programme is contributing to improving the resilience of the voluntary, community and social enterprise (VCSE) sector in NI. It highlights emerging evidence on what has worked in delivering and achieving outcomes, and sets out some of the enablers and challenges faced by grant holders.
- 1.2** Findings in this report will be relevant for The National Lottery Community Fund, its stakeholders, and VCSE organisations, including those funded via the Grant Programme.

Dormant Assets NI

- 1.3** Dormant Assets NI is a funding scheme delivered by The National Lottery Community Fund. It is designed to support the capacity, resilience and sustainability of the VCSE sector in NI. Phase One of Dormant Assets NI comprised two elements: a Grant Programme, and a strategic investment initiative. The evaluation focuses on the Grant Programme only.
- 1.4** Dormant Assets NI is funded through the Dormant Bank and Building Society Accounts Act (2008), which established a system for distributing dormant bank and building society accounts to good causes in the UK via an independent body called Reclaim Fund Limited. The Act applied to cash in UK accounts that had been dormant for 15+ years, and where banks and building societies were unable to trace the account owner. In 2022, the Scheme was expanded to include assets from the insurance and pensions, investment and wealth management, and securities sectors.
- 1.5** The National Lottery Community Fund is the sole named distributor of Dormant Assets money, distributing funds across all four nations of the UK. The scheme allows for Devolved Administrations to issue policy directions regarding distribution in Scotland, Northern Ireland and Wales. Throughout 2019, in the absence of a Devolved Administration in NI, the Department of Finance Permanent Secretary engaged closely with government departments, The National Lottery Community Fund and also the wider VCSE sector to develop appropriate policy directions, given the accumulation of funds over the 10 years since the Act came into place.
- 1.6** In September 2019, the Department of Finance NI directed The National Lottery Community Fund to establish a scheme to use dormant account funds in NI, to build capacity, resilience

² Previously known as the Dormant Accounts Fund

and sustainability in the NI VCSE sector. The policy directions issued by the Department of Finance stated that this funding:

*“Should benefit the third sector in Northern Ireland, through projects/work primarily delivered by voluntary, community and social enterprise organisations to increase capacity, grow resilience and encourage sustainability”.*³

- 1.7** Following direction from Department of Finance NI to establish the programme, The National Lottery Community Fund delivered an extensive period of consultation with the VCSE sector in NI. This was to understand the most pressing issues facing the sector and how the programme could best meet the needs of VCSE organisations. Following consultation, a Strategic Action Plan was agreed by the Department of Finance and laid before the Assembly in September 2020.
- 1.8** **When launched in January 2021, £20.6m of dormant assets had been accumulated for NI.** As more bank, building society accounts and other financial assets become dormant, additional funding becomes available (approximately £1-2.5M each year), such that £24.7m had been accumulated by the closure of the Grant Programme in March 2023⁴. Given that The National Lottery Community Fund receives annual releases of dormant asset funds, a phased approach is being taken to supporting the sector, based on ongoing learning and reflection.
- 1.9** The aim of Dormant Assets NI is **to support the VCSE sector in NI to be more resilient and prepared for the future, by funding activity that increases capacity and sustainability.** It has sought to achieve the following outcomes through funding initiatives and adopting a ‘test and learn’ approach:
- VCSE organisations will be more confident about their ability to adapt to current and future challenges
 - VCSE organisations will be more financially resilient
 - VCSE organisations will have increased skills and capacity
 - Improved strategic planning in the VCSE sector
 - Increased collaboration within and across sectors.
- 1.10** Following the expansion of the Dormant Assets Scheme across the UK in 2022, and a subsequent stakeholder engagement exercise, the Department of Finance agreed that the existing policy directions remained appropriate. The continuation of these policy directions are informing the Phase Two Access to Resilience programme, which aims to address existing barriers to capacity building in VCSE organisations, and achieve meaningful and inclusive

³ Spending Directions to The National Lottery Community Fund

⁴ The National Lottery Community Fund (2023) Dormant Accounts Annual Report 2022-23

participation. Access to Resilience will provide funding, to support organisations (i.e. network, umbrella, membership or community anchor organisations) to improve access to the help they provide to small, underrepresented VCSE groups in NI. The policy directions are also informing the development of Phase Three of Dormant Assets NI. Neither the Access to Resilience programme or Phase Three activities are within the scope of this evaluation, but learning from this evaluation will be taken on board by TNLCF to inform future phases of Dormant Assets NI funding.

The Grant Programme

1.11 The Grant Programme was launched in January 2021. Its basis in the Dormant Assets NI Strategic Action Plan means that its aims and intended outcomes align. By its closure in March 2023, the Grant Programme had received over 700 applications and had awarded nearly £20m to 244 VCSE sector organisations.

The Grant Programme evaluation

1.12 In November 2023, SQW (an independent research consultancy) was commissioned by The National Lottery Community Fund to undertake an independent evaluation of the Grant Programme. The aims of the evaluation are to:

- Provide evidence about the extent to which the Grant Programme and its funded activities are contributing to improving the resilience of VCSEs in NI
- Share what can be learnt regarding effective practice in sector capacity building, resilience and sustainability.

1.13 The evaluation has adopted a theory-based approach underpinned by the programme's Theory of Change (see Annex A). The evaluation is being undertaken in three 'waves' between March 2024 and May 2025, with each wave engaging grant holders who were awarded the grant at least one year prior. This approach seeks to ensure that enough time has passed since grant award to explore learning and impacts emerging.

Purpose of this report

1.14 This report is the first interim evaluation report. It presents early findings and learnings regarding the Grant Programme. Insights are largely focused on grant holders and unsuccessful applicants who were awarded or applied for a grant before February 2023.

1.15 It draws on the following sources of evidence:

- **Analysis of programme management data** (including application, assessment and grant award data) and **review of programme documentation** (including learning event

summary reports, annual and quarterly update reports, and a sample of grant holder monitoring reports).

- **A survey of grant holders** who were awarded a grant prior to February 2023. The survey received 58 useable responses⁵ (40% response rate).
- **A survey of unsuccessful applicants** who applied for a grant prior to February 2023, but were not awarded funding. The survey received 49 useable responses (21% response rate).
- **Semi-structured interviews with 12 grant holders and four unsuccessful applicants** who responded to the surveys.
- **Attendance at a grant holder learning event** in Belfast on 25th March 2024, focused on sharing learning and celebrating outcomes.
- **A rapid review of wider evidence** related to resilience, sustainability and capacity building in the VCSE sector.
- **Scoping phase evaluation findings**, including interviews with The National Lottery Community Fund representatives and key stakeholders.

1.16 A detailed overview of evaluation methods, sampling and approach is presented in Annex A.

Considerations

1.17 This report should be read with the following considerations in mind.

- **This is an initial interim report which presents emerging findings.** It does not seek to comprehensively address each research question, nor does it seek to provide a full evaluative assessment of the programme against its Theory of Change.
- **This report has relied on self-reporting.** While care has been taken to reduce bias where possible, it is not possible to accurately verify the accuracy of evidence.
- **Sample sizes are small at this first interim stage,** given that the report only draws on experiences of grant holders and unsuccessful applicants who had received or applied for a grant at least a year prior to February 2023. This means that conclusions cannot be drawn around overall patterns or trends (including any insights based on organisational characteristics).
- **Interview feedback is not quantified.** Interviews were qualitative and semi-structured. This means that all interviews explored slightly different topics in depth, as they were

⁵ Useable responses includes all completed survey responses and partial responses that were not duplicates, and answered at least four questions.

informed by survey responses and issues about which the interviewee had the most to say.

- **Care has been taken to accurately match survey and management data.** Organisation names were used as the unique identifier to enable us to match survey, application and award data. In some cases, the organisation name given in response to the survey was not detected in the data. Where this occurred, a manual search was undertaken, alongside an online search (e.g. to identify whether an organisation was operating under a different name). One organisation responding to the unsuccessful applicant survey could not be identified in the monitoring data, and therefore was excluded from the analysis.
- Throughout the report, '**grant holders**' is used to refer to VCSE organisations awarded a grant, and '**unsuccessful applicants**' is used to refer to VCSE organisations who applied for a grant but were not successful.

Acknowledgements

1.18 This report was compiled by an SQW research team comprised of Lauren Roberts, Jane Meagher, Joanne Barber, Bill Carroll, Luke Bailey-Withers and Ana Luísa Pires Fernandes. The team was supported by evaluation partner Maureen O'Reilly who has provided expert input into the evaluation including the development of this report.

1.19 Our thanks go to the programme grant holders, unsuccessful applicants and stakeholders who have contributed their time and insights to the evaluation. Our thanks also go to Jenny Fitzgerald, David Mulholland and Sarah Cheshire at The National Lottery Community Fund who have provided direction and support for the evaluation activity.

1.20 Without the time and input of all of these individuals, this evaluation would not be possible.

Programme engagement

- 2.1** This section summarises the application progress alongside feedback from grant holders and unsuccessful applicants. It also provides an overview of the applicant profile and reflects on key motivations for VCSE organisations applying to the Grant Programme.

Grant application

- 2.2** **Between its launch in January 2021 and closure in March 2023, the Grant Programme received 736 applications from 620 unique organisations⁶.** Of these, 244 (39%) organisations were awarded a grant, with the amount allocated totalling more than £19.9m (an average of just over £82k per organisation).
- 2.3** Applications were assessed and awarded on a rolling basis, with the number of applications received peaking in March 2023. The rolling application approach sought to allow organisations time to form an idea of how the grant might be used, and to apply for funding when they had a good plan for grant usage and implementation. The National Lottery Community Fund's Funding Officers worked with applicants to refine their ideas and provide feedback, both before and after submission of applications.
- 2.4** A summary of programme eligibility and assessment criteria and processes is presented in the box below.

Programme eligibility criteria

The maximum award size for grants was £100,000 for a single organisation (over £100,000 if working in partnership with other organisations), and projects needed to be delivered over 1-3 years. To be eligible for phase 1 funding, applicants needed to be a formally constituted organisation currently delivering activity in NI, registered as an organisation in the voluntary, community or social enterprise sector.

Applications were required to be unique to an applicant's organisation, and initial guidance was purposefully flexible and responsive. To support applicants, The National Lottery Community Fund set out examples of the types of activities that would be funded on their website and through blogs, outreach events and stakeholder engagement. These were:

- Support for organisations to help them to develop long-term financial sustainability
- Collaborations and/or mergers between organisations
- Activity that supports organisations to communicate and connect

⁶ 96 organisations submitted more than one application. Eligibility criteria specified that, once successful, an organisation could not submit another application.

- Activity that increases the diversity and skills of volunteers and trustees/committee members
- Succession planning to support the long-term sustainability of organisations
- Activity that helps organisations to use the full potential of digital infrastructure and data analysis tools.

The National Lottery Community Fund also set out the types of activities that the Grant Programme would not fund. These included funding for existing or expanded programme delivery, support for new or emerging organisations to become established, support for Covid-19 recovery, project ideas that were not driven by the organisation's Board or Committee, or projects that were likely to increase reliance on public funds in future.

Early on in the application window, a relatively large proportion of ineligible or poor quality applications were received. As a result, organisations applying for more than £40,000 were required to provide a strategic plan or business plan. These plans needed to demonstrate how the organisation would be more resilient or sustainable as a result of activity delivered with the grant funding. The National Lottery Community Fund also improved the information available on their website to support applicants.

Assessment criteria and process

Initial eligibility was reviewed by The National Lottery Community Fund's Funding Officers. If eligible for grant funding, Funding Officers requested further information from applicants to help complete the assessment. Funding Officers met with applicants to get a better understanding of the proposed project, and asked applicants to complete the budget template.

Once the application was complete, Funding Officers completed an assessment report, summarising the project aims, how the grant was intended to be used, the anticipated impacts of the project, and an overall assessment summary based on the extent to which the project met the aims of the programme. The assessment criteria were as follows:

- The extent to which the project meets the aim and outcomes of the Grant Programme
- The extent to which the organisation understands the challenges and opportunities it has in relation to its long-term capacity, sustainability or resilience
- How well does the project respond to the challenges and opportunities it has identified? What will the long-term impact be for the organisation?
- The extent to which the project is likely to positively impact on the achievement of the organisations aim or mission
- How well will the project be managed?
- Local knowledge – how does the organisation fit with the local or thematic context?

Applications considered 'good' or 'excellent' were then recommended for funding and were submitted for consideration at a delegated decision meeting.

Source: Dormant Accounts Fund NI Programme guidance; Dormant Accounts Fund NI Information Session slides

- 2.5 Grant holders appreciated the flexible and responsive approach** described above. This flexible approach reflects learning from the wider evidence base, which indicates that building capacity, resilience and sustainability in the VCSE sector requires a tailored and holistic approach that recognises the diversity and complexity of the sector and its organisations. Grant holder interviewees commented that the Grant Programme had enabled a wide range of VCSE organisations to be eligible for the grant, and allowed for funding to be spent on activities which delivered the most value to the organisation, rather than being overly focused on meeting specific objectives of the funder.
- 2.6** A few evaluation participants (mostly unsuccessful applicants) suggested that the programme could have offered a better balance between being open and responsive, but also providing some direction as to the type of activities it was seeking to fund. Some unsuccessful applicants in particular reported challenges in understanding the programme's guidelines and eligibility criteria. Stakeholders interviewed during scoping also recognised challenges early on in the programme's lifetime, in understanding and communicating what resilience, sustainability and capacity meant in the context of the VCSE sector. However, other interviewees and survey respondents mentioned that positive engagement with The National Lottery Community Fund's Funding Officers had helped them to refine their application, achieving a balance between direction versus flex.

"I think that model is good - that two way engagement. You submit something but before it goes to full panel that your advisor or contact within the Lottery tells you how it looks to them, what they think the panel expectations will be. (...) [It allows] you to rework your application and to beef it up. [That is] not an opportunity you get from other funders."

Grant holder interviewee

- 2.7** Grant holders were positive about the application process. The majority of grant holder survey respondents agreed or strongly agreed that **the requirements of the application process were proportionate** (96%), that the **assistance and guidance were sufficient** (92%), and that the **application process was straightforward** (90%). Again, multiple grant holders emphasised the value of Funding Officers in providing them with support during the application process.

"Having an actual person to speak with about the application, who was not a decision maker but who would work with you to get your application ready. And that person stayed consistent – they are now our [key point of contact]. They visited us, chatted with us. The application was not just a piece of paper, they really understood what we were trying to do."

Grant holder interviewee

- 2.8** In contrast, unsuccessful applicants who did not receive a grant reported being less satisfied with the process. Less than half of unsuccessful applicant survey respondents indicated that

the requirements were proportionate to the value of grant applied for. This said, more than half of unsuccessful applicants mentioned that they received adequate assistance and that the process was easy to follow. The variation in experience between those who received grants and those who did not could perhaps be as a result of outcome bias, but sample sizes are too small to draw firm conclusions at this stage.

Table 2-1: Satisfaction with the Grant Programme application process

Statement (N responses)	% of grant holders who strongly agreed/agreed	% of unsuccessful applicants who strongly agreed/agreed
The requirements of the application process were proportionate to the value of the grant I received/applied for (N=49; 33)	96%	46%
I received adequate assistance and guidance during the application process (N=50; 46)	92%	55%
The application process was straightforward and easy to follow (N=50; 47)	90%	62%

Source: SQW analysis of grant holder and unsuccessful applicant surveys

- 2.9** If applications were assessed as weak or ineligible, specific reasoning/feedback was provided in writing to applicants. However, organisations which submitted stronger applications which were not successful (due to a combination of factors including the budget available at that point, or the need to ensure a wide geographical and thematic spread of grants) were invited to request further feedback from their Funding Officer on receipt of their decision letter. Programme stakeholders reported that all those who requested feedback were provided with it. However, it was recognised by The National Lottery Community Fund that feedback is likely to have varied in its usefulness as a result of this process.
- 2.10** Unsuccessful applicants were generally dissatisfied with the feedback they received on their application, with only 21% agreeing or strongly agreeing that this was timely, and 42% agreeing or strongly agreeing that this was useful. Qualitative responses to this were mixed; some respondents felt that the feedback they received was personalised, while others felt it was very generic or responded that they did not receive any feedback at all. One unsuccessful applicant spoke of how it may have been useful to understand which applications were funded in order to learn and aid in their approach for future funding applications, although it is noted that information on grant awards was made publicly available on The National Lottery Community Fund's website after the first awards were made:

“The only feedback we got was that it was a competitive fund. What would have been good to know is what others were successful (...) to understand where we did not measure up and what do we need to be thinking about in our strategy to attract this money”.

Unsuccessful applicant interviewee

2.11 However, insights from grant holders suggest that they found feedback to be timely and useful for their needs. Ten grant holder survey respondents had previously submitted an unsuccessful application to the Grant Programme before their successful funding application. Of these, eight said that the feedback they received from their unsuccessful application(s) contributed to their ultimate successful application. Qualitative responses as to why centred around **the high level of detail and thoroughness of feedback** from Funding Officers.

Applicant profile

2.12 As part of the application process, applicants were required to submit information regarding their organisation’s characteristics. These data have been analysed to explore award rates for organisations with different characteristics. This gives an indication of how the profile of grant holders and organisations who did not submit a successful application compared. In summary:

- **Local authority area:** Organisations registered in Belfast had the highest award rate. This was also the area from which the greatest number of applications originated. Around half (51%) of the 277 applicants from Belfast received an award. In contrast, organisations registered in Fermanagh and Omagh, and Mid and East Antrim were less successful (one of 17 applicants, 6% award rate, and four of 24 applicants, 17% award rate respectively).
- **Region of operation:** Organisations operating NI-wide had the highest award rate (47%). Organisations operating in The National Lottery Community Fund’s Eastern region (comprising Antrim and Newtownabbey, Belfast, and Lisburn and Castlereagh) had an award rate of 46%, compared to 29% in The National Lottery Community Fund’s Southern region (Ards and North Down, Armagh, Banbridge and Craigavon, Mid Ulster and Newry, Mourne and Down) and 27% in the North Western region (Causeway Coast and Glens, Derry City and Strabane, Fermanagh and Omagh and Mid and East Antrim).
- **Rural/urban classification:** The rural/urban award rate is more mixed. However, organisations registered in the most urban area had the highest award rate (162 of 330, 49% award rate in Belfast Metropolitan Urban Area), while the lowest award rate was amongst the most rurally based organisations (17 of 75, 18% award rate for organisations based in small villages, hamlets or open countryside).
- **Organisation size:** Large organisations were the most successful in achieving an award, with a 64% applicant award rate (66 out of 103), while micro and small organisations had

a relatively low award rate (28 out of 187). Medium-sized organisations comprised the largest group for both grant holders and total applicants, where 311 medium-sized organisations applied and 143 received a grant (46% award rate).

- 2.13** Data are not available on the sector or focus of unsuccessful applicant organisations and therefore it is not possible to describe these features. However, data on awarded grants shows the wide range of sectors which grant holders work within. In total, 23 different areas of focus are represented by grant holders. The most frequently cited focus area was Community, identified by 36% of awardees, followed by Arts (18%), Disability (9%), and Mental Health (8%).
- 2.14** This initial interim evaluation has concentrated primary data collection on grant holders who were awarded a grant before February 2023 (146 of 244 organisations), and applicants who submitted an unsuccessful application before that point (231 of 376 organisations). The profiles of grant holders and unsuccessful applicants were largely similar pre- and post-February 2023, with some variation in organisation size (there were more small organisations applying for grants pre-February 2023, and more medium-sized organisations applying post-February 2023). This may be due to increased clarity around the types of activities the Grant Programme would (and would not) fund, with smaller organisations realising that the programme may not be suitable for them.

Project completion to date

- 2.15** As of May 2024, 34 grant holders had reported completing their Grant Programme funded activities, representing 14% of all awards. Nearly all (209) of the remaining grant holders are actively claiming their grant, with only one organisation still to make their first claim.
- 2.16** To date, approximately 13% of all awarded projects have been completed, and it is anticipated that all projects will have been completed by Q2 2027. As may be expected, the proportion of projects completed in terms of value is slightly lower than the proportion of projects completed in terms of number. This is likely because lower-value projects tend to be completed more quickly.
- 2.17** Table 2-2 shows the anticipated length of awarded projects, with most projects anticipated to be live for 2-4 years. Changes to anticipated end dates have meant that projects are typically longer than reported at the evaluation scoping phase (November 2023-February 2024). For example, three projects had previously anticipated completing within six months, but all three have now extended their end date. There has also been an increase in the number of projects expecting to take 3-4 years to deliver, up from 78 at the scoping phase to 97 at this first interim stage. While the maximum grant length was set at three years, the flexible approach to grant funding alongside capacity and/or recruitment challenges have led to delays in delivery.

Table 2-2: Current anticipated length of awarded projects

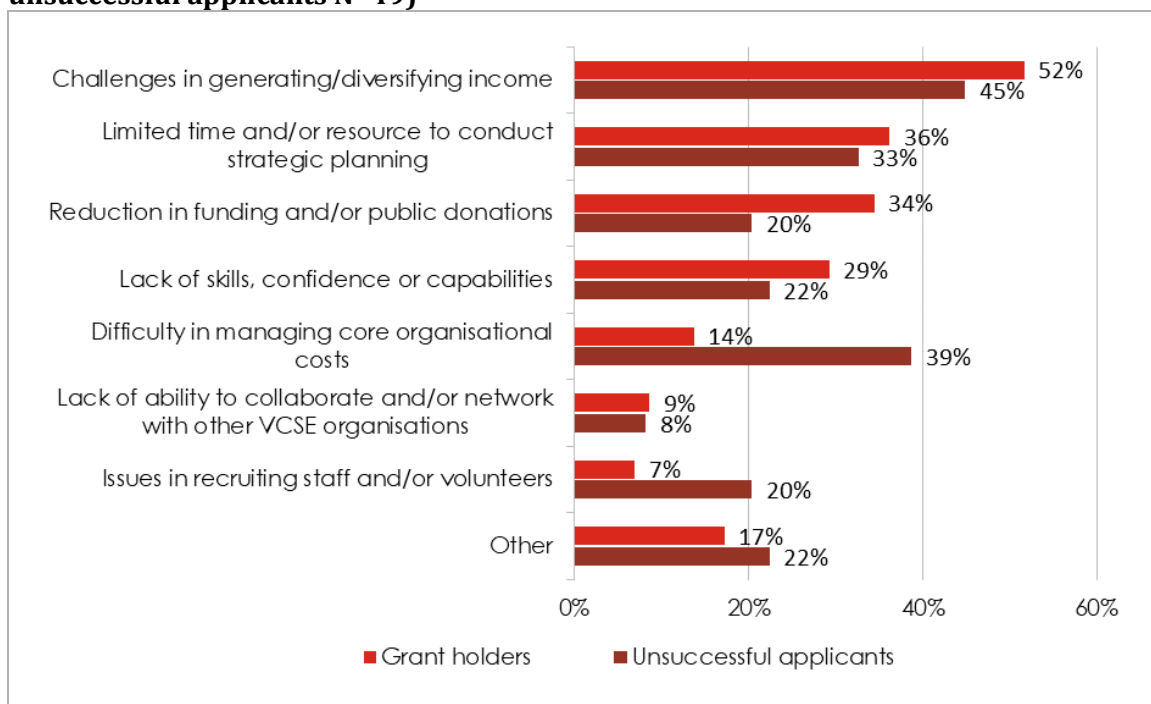
Project length	Number of projects	% of projects
Less than 6 months	0	0%
6 months or more, less than a year	5	2%
A year or more, less than two years	40	16%
Two years or more, less than three years	98	40%
Three years or more, less than four years	97	40%
More than four years	4	2%

Source: SQW analysis of unsuccessful applicant and grant holder data

Reasons for applying to the Grant Programme

2.18 Survey respondents identified a number of different challenges they were seeking to address through their proposed funded project. **Generating or diversifying income** was identified as the most common challenge for both grant holders (52%) and unsuccessful applicants (45%), with **limited time and resource to conduct strategic planning** identified as another common challenge for both groups. However, other challenges, such as difficulty in managing core operational costs and issues with recruitment, were more common among unsuccessful applicant organisations, while a reduction in funding/public donations was more commonly reported among grant holder survey respondents.

Figure 2-1: Challenges identified by survey respondents (grant holders N=58, unsuccessful applicants N=49)



Source: SQW analysis of grant holder and unsuccessful applicant surveys

2.19 Qualitative insights from interviews focused on similar themes:

- Challenges in generating/diversifying income: some said they had struggled to develop areas of their organisation which would lead to future income generation, such as digital marketing or business development.
- Limited time and/or resource to conduct strategic planning: prior to application, organisational leaders were often found to be responsible for delivering, without committed resource. This left little senior capacity for strategic planning.
- Lack of skills, confidence and capabilities: a few organisations noted how, due to limited funding and capacity, they are often focused on delivery and had limited opportunities or resource to undertake staff training, impacting their ability to deliver in the longer-term.

2.20 Some grant holders and unsuccessful applicants interviewed commented on their reasons for applying for the Grant Programme as opposed to other funding sources. Predominantly, interviewees cited the **focus of the grant on core organisational strategic activities and longer-term organisational sustainability**, as opposed to stand-alone operational projects. In particular, interviewees mentioned that there are few funding opportunities which can be used towards salary costs, meaning that the programme provided an opportunity to fund projects which would be difficult to fund through other means. Some interviewees recognised the challenges of short-term public funding:

“In common with most arts organisations, we can actually get funding relatively easily. But, funders tend not to like covering recovery costs, salaries, and at the time we always had a mix of funders. (...) It is hard to develop as an organisation when you can only plan 6-9 months ahead because you’re only getting short term funding and you’re trying to stitch different strands together.”

Unsuccessful applicant interviewee

2.21 Interviewees reported that organisations would be able to **pivot their activities and take advantage of emerging opportunities** through the Grant Programme, rather than simply delivering existing activities on a greater scale. A few grant holders mentioned how the programme’s ability to provide core funding enabled them to demonstrate the viability of emerging opportunities, which could then continue to be developed in future.

2.22 The **timing of the Grant Programme** was also felt to be important for some. Following the Covid-19 pandemic, the UK’s exit from the EU and significant funding landscape challenges, the need to improve their organisational resilience and sustainability had become increasingly apparent. The Grant Programme was seen to provide an opportunity to capitalise on these emerging needs:

“As a result of Brexit, EU funding ceased. Because much of our activity [...] was originally sourced by EU funds, we were in a big strategic period of uncertainty. [...] We had to go through a whole strategic engagement [process on] how to effectively move forward. [We needed] lots of strategic and operational time to try and understand and manage this transition.”

Grant holder interviewee

Grant-funded activity

3.1 This section presents an overview of activities delivered through the Grant Programme, the extent to which this aligns with the evidence base, and progress to date for those VCSE organisations engaged in the evaluation at this first interim stage. It also summarises emerging learning around what has worked in delivery and the achievement of outcomes.

Programme delivery and progress

3.2 Grant holders have delivered a wide range of activities using the grant. These activities directly relate to the challenges they aimed to address (see Figure 3-1). Over half of grant holder survey respondents intended to diversify their income streams (57%), create new staff roles or hire new staff to deliver sustainability and resilience related activities (55%), and improve digital capacity or digitise processes/materials (53%).

3.3 Unsuccessful applicants had also intended to address similar issues if they had received a grant. However, more unsuccessful applicants had wanted to use the grant for strategic planning and governance improvement (47% of 49), for staff and volunteer training (41%) and for investment in facilities (33%). In contrast, a lower proportion of unsuccessful applicants wanted to improve their digital capacity through the grant (31%) when compared with grant holders.

Figure 3-1: Activities grant holders intended to fund using the grant (n=58).

Responses were not mutually exclusive.



Source: SQW analysis of grant holder survey

- 3.4** Intended activities varied from organisation to organisation. Survey responses from grant holders indicate that activities were rarely intended to be delivered alone, and instead were **intended to be delivered in combination with other strands of activity**. There were some exceptions however: 17% of grant holder survey respondents said they only intended to deliver one activity using grant funding; most of these were concentrated on digitisation or diversifying income streams. For grant holders intending to deliver two or more activities, there was relatively little commonality between the combinations of activities. These findings demonstrate the tailored approach that individual grant holders took to addressing their organisational needs.
- 3.5** The box below presents three examples of the diverse range of activities delivered by individual grant holders through the grant.

Examples of activities delivered

- Recruitment of a Digital Content Producer to oversee the development of a new digital strategy and deliver content. The grant holder aimed to improve online brand awareness, increase audience engagement and create a social community based around the organisation's events. They anticipated this would support their sustainability through creating a stronger proposition for corporate sponsorship and investment.
- Development of a digital platform to deliver a suite of online services. The grant holder organisation aimed to increase its customer base and the capacity of its services. As their customer base includes local community VCSEs, they expected the free-to-access platform would support other VCSEs to improve their financial resilience.
- Delivery of training to the grant holder organisation's leadership team and commissioning advice and guidance to improve current systems and infrastructure. The grant holder aimed to improve their leadership's skills, knowledge and confidence around key concepts (e.g. reporting outcomes, monitoring and evaluation and financial reporting). They hoped that this would increase their financial resilience and capacity.
- Development of an e-commerce platform to sell the grant holder's own merchandise and that of their partners. The grant holder aimed to diversify their income profile through the platform, as well as the appointment of an Operations and Commercial Manager to further diversify income streams (e.g. through developing new partnerships with funders). They anticipated these activities would improve their resilience and reduce risk.

Source: Grant Programme application data

- 3.6** Grant funded activities **generally aligned with effective practice identified in the wider evidence base**. In a review of the wider UK evidence base undertaken for this evaluation, six key themes were identified as good practice. Evidence from other data sources (survey, interviews, learning event and documentation) provides qualitative examples of where grant-funded delivery has aligned with these themes:

- **The delivery of strategic, operational and financial planning:** the development of strategies (e.g. digital, communication, marketing), reviewing and refining internal policies and enhancing/testing new funding models
- **Diversification of funding sources:** establishing new income-generating operational streams of work, creating partnerships with the aim of corporate sponsorships, employing roles with fundraising responsibilities
- **Investment in staff and volunteer recruitment and training:** commissioning expert trainers to deliver staff/volunteer training in a wide range of subjects/skills (e.g. retail, digitisation, leadership)
- **Relationship building and partnership working:** establishing networks with key stakeholder organisations, and engaging with other VCSE sector organisations, local stakeholders and/or corporate organisations
- **Developing leadership and management:** delivering training for board members and leaders in grant-funded organisations
- **Demonstrating organisational impact and social value:** commissioning evaluation activities and developing impact case studies, and marketing to key stakeholders/funders.

3.7 It is notable that there were more examples from grant holders related to the first three themes identified above. There was relatively little focus on relationship building and partnership working within the sector. The wider evidence indicated that less isolated VCSE organisations are more resilient in times of crisis, with partnerships offering scope to share workload and resources. However, it was also noted by interviewees that capacity and an increasing sense of competition amongst VCSE organisations due to political and economic factors had led to some reticence in collaboration (explored later in this report).

3.8 There were some specific examples of grant holders grounding their approach in wider sector research. A few grant holders discussed commissioning or undertaking research to inform their initial application. Another grant holder whose activities focused on digital capacity said they had surveyed their customer base and spoken to other similar VCSE organisations to understand their experiences of digitisation.

3.9 However, there were relatively few grant holder interviewees who stated that they had drawn on wider sector research to support their activities. Most grant holder interviewees identified the most appropriate approach based on challenges they were facing and gaps in their organisation's resources, systems and processes. One unsuccessful applicant interviewee said they had undertaken the VCSE Strengths Checker⁷ alongside a strategic review with their

⁷ <https://vcsestrengthchecker.org.uk/>

board, volunteers and customers to identify key gaps. They used this evidence to identify the core issues facing their organisation, which informed their planned approach.

- 3.10** While drawing on wider sector research to develop their plans was not something that applicants were required to do, it is interesting to note that some applicants who did this felt this strengthened their understanding of their challenges/potential solutions.

Progress to date

- 3.11 Grant holders report making progress towards delivering the activities they intended to deliver through the grant.** The initial interim evaluation fieldwork engaged grant holders who had received funding at least one year prior (i.e. in or before February 2023). At the point of responding to the evaluation survey, all grant holder survey respondents reported making progress in delivering on their planned activities. Over half (55%) reported that they had fully delivered, or were fully delivering, the activities they had intended to. The remainder (45%) reported having partially delivered their intended activities – and the majority said they still intend to deliver the rest. One grant holder who said they were not intending to deliver all activities they had originally intended to attributed this to the lack of time to do so amongst staff.
- 3.12** Grant holder interviewees reiterated that they were making good progress in delivering their planned activities. However, some noted that it had taken longer to do so than they were expecting.
- 3.13** Only one grant holder interviewee said they had made substantive changes to their planned activities, but said that this was as a result of expert advice they received from a consultant they commissioned through the grant, rather than any barriers experienced in delivery.

Emerging learning: what works

- 3.14** Based on their experiences to date, grant holder interviewees identified key elements of their activities which they felt had been particularly effective in supporting delivery and progress towards outcomes. These elements, which were identified by at least two interviewees, are outlined thematically below.
- 3.15 Undertaking research and scoping activities prior to commencement.** These activities tended to begin before grant funding was confirmed or received, either to support their application, or in anticipation of a successful application. Examples included commissioning research around customer demand and income opportunities, scoping potential partners and drafting related contracts, and engaging with experts to get advice and guidance. Undertaking these pre-grant activities was reported to have meant that grant-funded delivery could commence more quickly (although its impact on effectiveness was not mentioned by grant holders). The Grant Programme supported this approach, as applications could be paused to allow applicants to build up their evidence base. However, it also influenced how accessible

the programme was to smaller organisations with limited capacity to deliver research activities. As stated in chapter 1, the new Access to Resilience programme seeks to address this gap.

3.16 Taking a flexible approach to delivery. Some grant holders reported they had adapted and flexed their plans as they progressed. For some this flexibility was built into their plans, with one interviewee noting that their planned activities were purposefully not prescriptive, as they wanted to react to events as they arose. Others reported adapting their plans to be responsive to learning and emerging challenges.

3.17 Bringing in required skills to support delivery. For many grant holders, expanding their skills and expertise was reported to have been key. This included appointing full or part time employees, or through commissioning consultants to provide expert advice, support and/or training. This activity was reported to have often complemented other planned activities, including digitisation, marketing or communications. Having the right skills to support the delivery of these activities was considered by grant holders to be critical in their success.

A grant holder commissioned two freelance experts to support their activities. One brought direct experience of products and suppliers, and so could lead on day to day research and prepare briefs and ideas for the organisation on a weekly basis, and the other was engaged to support the organisation in a strategic capacity and provide feedback on their overall approach.

3.18 Increasing internal capacity to deliver activities. Similar to the above, increasing organisational capacity was often both an aim and desired outcome of the Grant Programme. It was also a factor which grant holders said was effective in supporting the delivery of wider activities. For some grant holders, this involved recruiting another member of staff to deliver specific activities according to organisational needs, and to free up time for other staff members to deliver activities to support organisational sustainability and resilience. For others, it involved training existing staff to build their capacity to deliver on planned activities.

3.19 Involving existing staff or partners in delivering activities. This was reported to support buy-in, engagement and a sense of shared “ownership” of organisational processes and systems. It was also reported to build confidence and skills, contributing to increased internal capacity.

One grant holder aimed to involve their whole team in shaping their rebrand and associated products. The team worked with a copywriter and web designers to provide

their input and ensure the end outputs encapsulated the ethos and culture of the organisation.

- 3.20** When reflecting on **what has not worked so well**, grant holders interviewed tended to focus on challenges or barriers to delivery, rather than specific activities that did not work. There was a general reticence to comment on what was not working well – for one grant holder, this was because they were still in the delivery process, and therefore felt they could not comment. These challenges or barriers are summarised in the next section.
- 3.21** One grant holder who had completed their activity did comment on what did not work so well. They identified that collaborative activities undertaken didn't work as well as they had anticipated. They had planned to network with other local social enterprises to share learning, but did not feel it was as fruitful for them as they'd hoped. This was in some part attributed to the socioeconomic context, with the grant holder reflecting that this had increased the sense of competition - other social enterprises were reported to be reluctant to risk sharing learning that could result in others accessing funding instead of them.

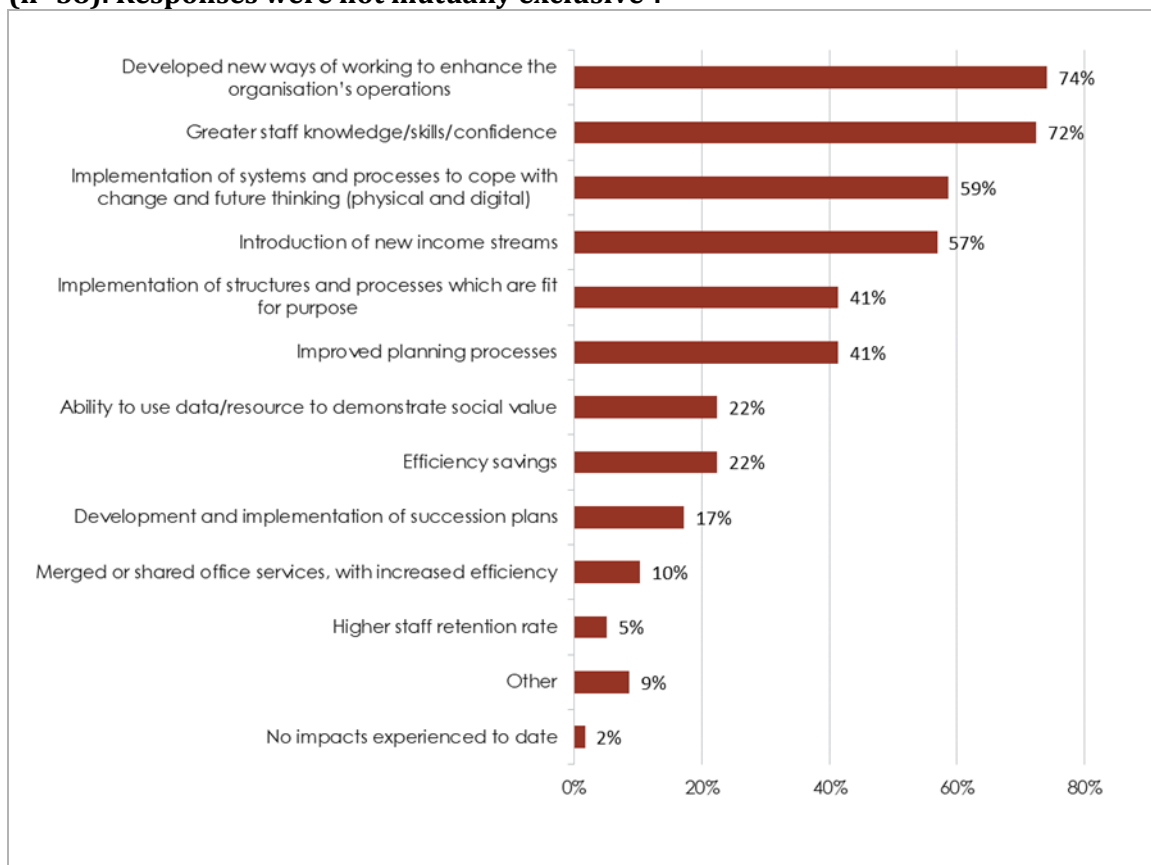
Early outcomes and impacts

4.1 This section summarises early outcomes identified by grant holders engaged with the evaluation, and the extent to which they have attributed these outcomes to the Grant Programme. It draws on the experiences of unsuccessful applicants to support this. Anticipated (and early) impacts are also outlined. It should be noted that all outcomes are self-reported by grant funded organisations and unsuccessful applicants.

Early outcomes

4.2 All but one grant holder survey respondent said they had achieved outcomes to date, as set out in Figure 4-1. Grant holders responding to the survey described a wide range of different outcomes that had been achieved by their grant-funded projects. Figure 4-1 shows the most common outcomes reported by grant holders are the development of new ways of working that enhance the organisation's operations (74%), and greater knowledge/skills/confidence (72%). Grant holders elaborated qualitatively on some of these outcomes, summarised below.

Figure 4-1: What impacts has your organisation experienced as a result of the grant? (n=58). Responses were not mutually exclusive⁸.



⁸ Five grant holders identified 'other' impacts, although these were often extensions of impacts they had selected from the defined list provided

Source: SQW analysis of grant holder survey

- 4.3** Qualitatively, many grant holders described the development of **new ways of working to enhance operations**. These included implementing new or improved workstreams, including an organisation which has begun to offer new services (via a programme of staff training), a social enterprise who engaged a new partner to expand their work with service users (by using the grant to fund the first year of delivery), and an organisation which developed an education partnership programme. All of these workstreams were also reported to have resulted in **increased income for the organisation**. There were also examples where grant holders had engaged service users in strategic decision making.

A grant holder who runs a physical space for VCSE sector tenants has engaged these tenants in strategic decision making. They have encouraged tenants to take roles within the structure of the grant holder organisation, including on the board of directors. The grant holder said this had resulted in a change of mindset amongst tenants, and hoped that the buy-in generated from engaging tenants in the organisation would result in having more secure and longer term sustainable management structures and oversight.

- 4.4** The development of staff confidence, skills and knowledge was a key area where grant holders felt they had achieved outcomes. Aspects of this included:

- **Improved staff mindsets and confidence.** One grant holder said they had benefited from a 'changed mindset' internally, as a result of employing a new postholder, as they encouraged creativity amongst the rest of the team.
- **Improved practical knowledge to support new ways of working,** for example through the development of knowledge around intellectual property and contracting, or in specialist areas (such as play therapy).
- **Improving staff delivery skills,** so they can deliver a wider range of operational activities at greater quality. One grant holder intended to "filter down" this knowledge to others in the organisation to enhance sustainability.
- **Improved staff morale, leading to improved confidence.** One grant holder employed an Operations Manager who implemented systems of reward and recognition for staff, alongside team huddles to improve engagement and communication.

One grant holder delivered leadership and management training to individuals with lived experience of the organisation and its focus. These individuals had been service users who became volunteers, who then became employed to deliver activities. The leadership and management training has supported these individuals to achieve the skills required to engage in leadership and governance roles within the organisation. It was expected that having leaders who are passionate and can bring in new ideas based on their own experiences would support the organisation's "lasting legacy".

4.5 Grant holders also commented on the **implementation of systems and processes to support change and future thinking, and which were fit for purpose**. This has included:

- The development of digital platforms, for example to enable clients to better make appointments with organisation staff and access the organisation's services. Increased digitisation was also reported to have freed up staff time to focus on other work
- Organisational rebranding and digital transformation, for example developing consolidated websites for clearer communication of values and services
- Enhanced marketing campaigns and social media presence, for example increased corporate presence and engagement through local business networks
- Update and approval of new policies and processes, for example one grant holder had updated 15 of 35 policies, and hoped to complete the rest over the next 12 months.

One grant holder who employed a Digital Marketing Manager with the grant said that in the last financial year, 43,500 people had attended events at their venue, which had undergone a whole building regeneration. They said they would not have been able to access many of these people without a sophisticated digital marketing campaign.

4.6 Grant holders also gave examples of other outcomes achieved. These included improved succession planning processes, increased confidence to consider new ways of working (e.g. new models of finance and income) and increased partnership working. One grant holder highlighted the development of a new income stream, diversifying their income profile. This example is presented in the box below.

One grant holder has set up a shop to sell merchandise, opening up a new income stream for them. They reported that they had made £1,500 between December 2023 and March 2024 through the first phase of the roll out, focused on lower value physical sales, and were in the process of setting up an online shop, which they expected would increase sales (to a target of £15k per year).

- 4.7** Interestingly, grant holders reported a **ripple effect of outcomes for their partners**, including others in the VCSE sector. This was reported to be achieved through employing local community organisations, local traders or artists to support them in their work, as well as acting as a conduit for new connections between smaller VCSE sectors and larger organisations.
- 4.8** **Grant holders also described a range of unexpected outcomes that had been achieved as a result of the grant.** Just under a third (30%) of grant holder survey respondents said some of the outcomes they achieved were not expected. When asked to elaborate on the outcomes not expected to be achieved at the outset, grant holders commented on the efficiencies gained by introducing digital systems, how quickly they identified new income streams, and the success of some of the new projects that were introduced.

One grant holder delivered a digital transformation project. The grant holder is a membership organisation and as a result of their project they reported an approximate membership growth of 10% over the past 18 months and an approximate 10% increase in their business reserves. Increased digitisation in the organisation has resulted in 60% of members now opting to receive email communications over physical mailing. This has resulted in £2k saved by the grant holder on physical mailing.

The work is also reported to have positioned the organisation to attract and retain members as they have been able to “to keep at pace with the requirements of our members”. They noted they were “now fit to provide the services [members have] been yearning for”.

- 4.9** In general, the outcomes achieved by grant-holders aligned with activities they delivered. For instance, the survey found that 57% of grant holder respondents intended to use the grant to diversify and create new income streams, and 57% of respondents also reported success in this area.

- 4.10** However, this pattern is not necessarily linear. While 72% of grant holders responding to the survey reported improvements in staff skills, knowledge and confidence, only 24% had planned to allocate grant funds for staff and volunteer training. This suggests that engaging in other grant-funded activities—such as improving operations, income streams, digital capacity, and collaboration—may have indirectly enhanced staff skills, knowledge and confidence. At the same time, those who delivered activities focused on digital capacity/digitisation of processes reported a wide range of impacts, such as new ways of working, operational enhancements, improved staff skills through training, and efficiency savings.
- 4.11** Overall, the survey results indicate that **one activity can contribute to multiple impacts and that several activities can collectively contribute to a single impact**. This was corroborated in interviews with grant holders, who noted that improvements to digital capacity often contributed to other outcome areas such as freeing up staff resource to deliver other activities, or driving new ways of working.

Attribution

- 4.12 Grant holder survey respondents largely attributed these outcomes to the grant funding.** Over two thirds of grant holders responding to the survey (69% of 52) responded that they would not have been able to achieve these outcomes at all without the grant. No grant holder respondent said that they would have achieved the outcomes to the same quality, pace, and scale without the grant.
- 4.13** Unsuccessful applicants largely hoped to achieve similar outcomes to the ones that were achieved by grant holders if they had been awarded a grant. However, nearly **half of unsuccessful applicant survey respondents said that they were not able to achieve any of the outcomes anticipated** (43%). Some (40%) said they had achieved outcomes, but they had taken longer to achieve, are of lower quality, and/or are smaller scale. No unsuccessful applicant survey respondents said they had been able to achieve impacts in their entirety and at the same quality and pace.
- 4.14** Open-text responses to the survey indicated **the impact of not receiving grant funding had been considerable** for unsuccessful applicant respondents. Unsuccessful applicants reported continued significant challenges, including slower community involvement and volunteer training, leading to a greater reliance on volunteers' time. Additionally, efforts to diversify income and reduce reliance on grants are reported to have failed due to the inability to hire skilled staff. Strategic growth and development has been delayed, and high workloads have limited growth opportunities. Organisational efficiency has suffered due to administrative burdens, slowing progress.
- 4.15** This was echoed in interviews with unsuccessful applicants. One unsuccessful applicant reported that they were unable to achieve work related to sustainability and longer-term planning as a result of not receiving the grant:

“The sustainability and planning work isn’t being done. We are still in a cycle of falling off a cliff edge. We are coming to a stage now where we don’t have funding to continue this work. We are looking to another fund. [...] It is not suitable for long term resilience.”

Unsuccessful applicant interviewee

- 4.16** One unsuccessful applicant reported that their organisation had achieved a number of outcomes intended to be achieved through the Grant Programme, but on a smaller and shorter-term scale:

“We have contracted a freelance PR person, and as a result of the increased income, we are now reaping the benefits of that. If we’d been enabled to do that through the Grant Programme, it would have accelerated the process and given us a three-year level of stability.”

Unsuccessful applicant interviewee

Anticipated impacts

- 4.17** Grant holders had already begun to move towards longer-term impacts. Both survey respondents and interviewees commented on **improved financial resilience** due to grant funding aiding them in securing a sustainable income or leveraging new opportunities.

“As a direct result of the grant, we implemented a digital solution which has secured a 73% increase in regular giving to the charity. This project alone will secure the financial ability to continue funding the senior role [funded through the [Grant Programme]], beyond the funding period (which the Board had already committed to do).”

Grant holder survey respondent

- 4.18** A number of interviewees also noted that the grant had **freed up capacity to think “longer-term”** and to engage in activities that would contribute to succession planning for their organisation. For example, one grant holder reported using the grant to engage two members of staff in leadership and management programmes that they otherwise would not have had the resource to, increasing their capacity. They stated: *“we’re significantly stronger now. That’s key to longevity”*.
- 4.19** A few grant holder interviewees also noted that they envision that receiving funding from the grant will **increase the visibility and credibility of their organisation** going forward. Partnerships and expanded services, particularly corporate partnerships, were seen as crucial for future growth and sustainability.

One grant holder had used part of their grant to fund a new workstream with a new partner. They reported that this allowed them to “prove themselves” to the partner

organisation, who has agreed to continue funding the workstream, resulting in a new revenue stream. This work is also reported to have opened up a new cohort of service users for the organisation, and as a result, the organisation has “outgrown” their current space. They report now being in the process of applying for planning permission for a new capital build which would expand their physical capacity, after which they will then begin to seek funding to support the build itself.

4.20 Grant holders also commented on what their organisation would be doing differently in the future as a result of the grant, which they expected would lead to improved sustainability and resilience. Examples cited included:

- Continuing to deliver activities focused on business sustainability and resilience e.g. delivering marketing activities on a planned basis, increased use of digital tools and platforms, and making improvements to physical premises
- Building on partnerships generated as a result of the grant, including corporate partnerships
- Undertaking regular strategic planning and reflection, and adapting these to funding and political changes to ensure sustained organisational growth and resilience
- Integrating new ideas and opportunities to support business development, including the use of AI in marketing
- Implementing learning, capabilities and skills from grant funded activities across other areas of their organisation.

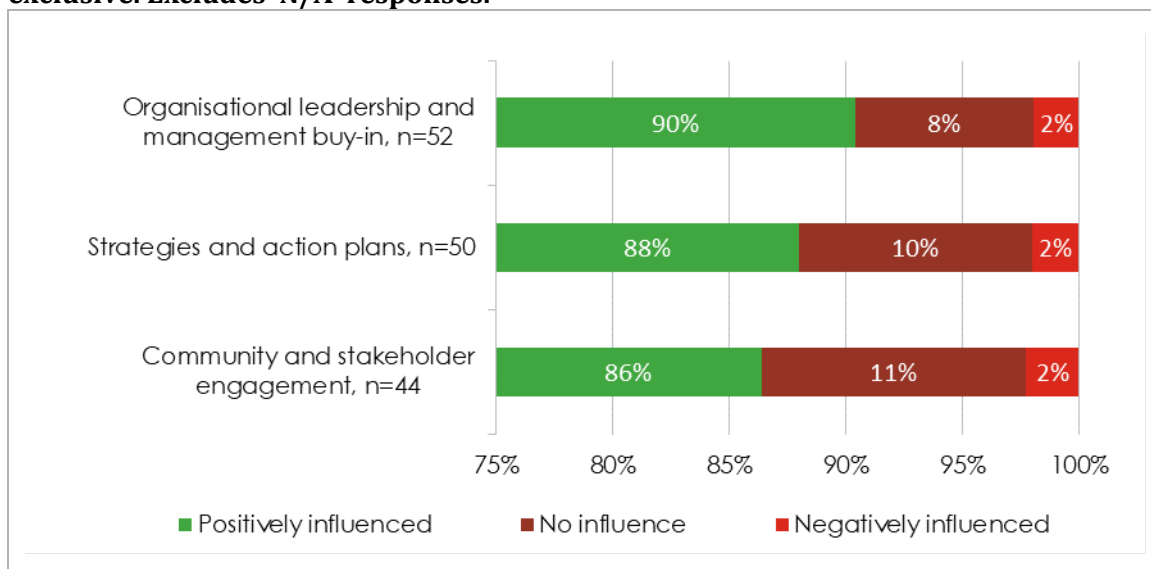
Enablers and challenges to delivery and outcomes achievement

5.1 This section outlines the enablers and challenges that grant holders experienced in delivering grant-funded activities and achieving subsequent outcomes.

Enablers

5.2 Grant holders reflected on the key enablers to delivering activities, and subsequently, their ability to achieve outcomes. Survey responses indicate that many of these enablers were **internal organisational factors**, as shown in Figure 5-1. When asked which factors had positively influenced delivery and outcomes achievement, grant holders most commonly identified organisational leadership and management buy-in (90%), having appropriate strategies and action plans in place (88%) and effective community and stakeholder engagement (86%). One grant holder interviewee stated that as a semi-rural organisation, the support of their community, including as volunteers, was a critical enabler to their visibility and profile.

Figure 5-1: Factors with the greatest positive influence on grant holders' ability to deliver grant-funded activities and/or achieve impacts. Responses were not mutually exclusive. Excludes 'N/A' responses.



Source: SQW analysis of grant holder survey

5.3 In interviews, grant holders placed emphasis on the Grant Programme itself as a key enabler. Two-thirds of grant holder survey respondents (66% of 44) felt that engagement with The National Lottery Community Fund had a positive influence on delivery and outcomes achievement. Grant holders specifically commented on the following factors:

- **Flexibility of Grant Programme management.** Grant holders described instances where they had required an extension to funding timescales or sought to make minor changes to how the grant was used. They valued The National Lottery Community Fund's openness to these amends and the light touch reporting processes when seeking to flex the grant's usage. This was reported to mean that grant holders could be more responsive to issues or challenges as they arose.

"Our deadline shifted, but [The National Lottery Community Fund] was really flexible around the timing of expenditure, compared to a lot of grants. And it feels like more of a partnership with The National Lottery Community Fund. They saw us as experts in this – we got advice given by them asking questions, rather than them saying 'I think you should do that'."

Grant holder interviewee

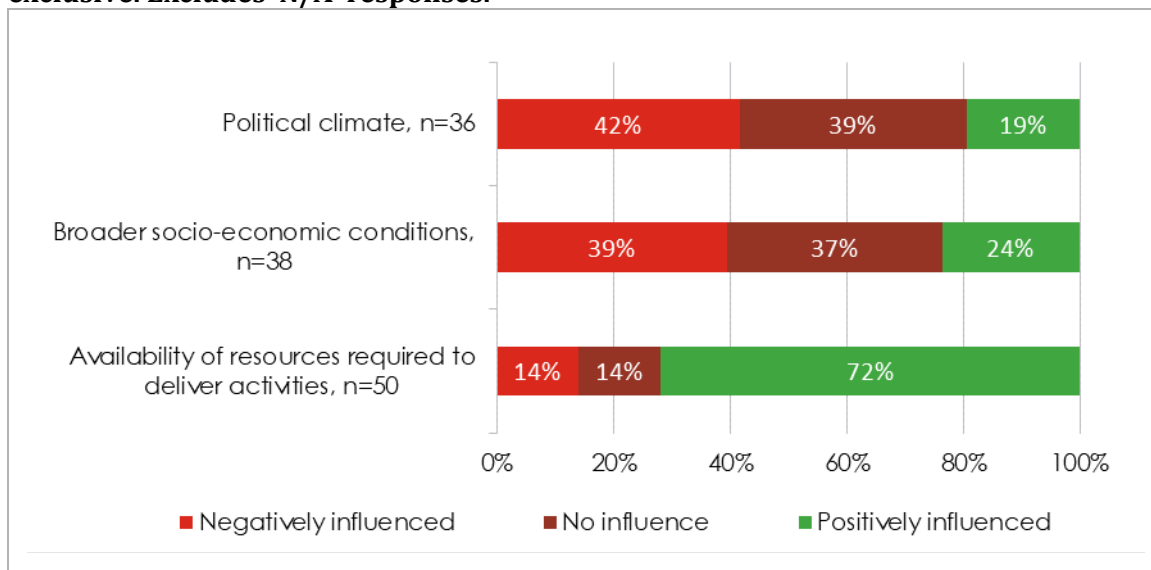
- **The ability to take organisational risks.** The grant provided VCSE organisations the opportunity to try out and test ideas and approaches that they would not have been able to do without the grant. Grant holders reported that the grant made their approaches more "ambitious" than they might have been otherwise.
- **Learning events.** One grant holder survey respondent stated that attending one of the sharing learning events organised by The National Lottery Community Fund was a key enabler to delivery, although they did not provide further detail as to why.

5.4 Other enablers identified by grant holders included learning and collaboration activities with other VCSE organisations, and receiving multiple applications to a role established through the grant, offering a pool of potential recruits to choose from.

Challenges

5.5 Grant holders also identified barriers and challenges to delivering activities and outcomes achievement. In contrast to positive influencing factors, **external contextual factors outside of grant holders' control were deemed to have the greatest negative influence** on their ability to delivery and outcomes achievement. These included the political climate (42%) and the broader socio-economic climate (39%). While sample sizes were small, there is some indication that grant holders from small and medium sized organisations felt challenged by these factors more strongly than those from larger organisations.

Figure 5-2: Factors with the greatest negative influence on grant holders' ability to deliver grant-funded activities and/or achieve impacts. Responses were not mutually exclusive. Excludes 'N/A' responses.



Source: SQW analysis of grant holder survey

- 5.6** Grant holder survey respondents qualitatively commented on the challenges associated with the political and socio-economic climate. There was a general lack of confidence in long-term planning decisions in the NI VCSE sector, particularly as a result of the collapse of the NI Executive in 2022. One grant holder explained that this had created increased competition for VCSE-focused funding, as organisations who had traditionally received funding from the government were increasingly applying for additional grant funding. The grant holder explained that the Grant Programme had been a “lifeline” in this context. However, it was noted that these issues seem to be slowly reversing now the Executive is back in place.
- 5.7** Linked to this, grant holders emphasised the **short-termism of VCSE sector funding**. One grant holder survey respondent reflected on their experience of cuts to their funding against a rising demand for their services, which meant their “*time and energy has been diverted elsewhere at times*”. The wider evidence base also highlighted the absence of longer-term and flexible funding as a key barrier to VCSE sector resilience.

“We tendered for large contracts and funding opportunities this year which were very time consuming. The lack of funding and increased demand meant we were not successful. Having no government has been a significant challenge as most of our clients obtain their funding via the public sector.”

Grant holder survey respondent

- 5.8** Against this backdrop of funding uncertainty and issues of ‘standstill funding’, grant holders reflected on **increasing costs** (including salary and premises costs), including between

application for funding and actual delivery. For some, this meant they needed to use other funding streams to supplement the grant in order to deliver activities.

- 5.9** Grant holder survey respondents and interviewees also discussed the **capacity required to deliver grant-funded activities**, which many said they had underestimated. While no grant holder said that capacity issues had prevented them from undertaking grant-funded activities, they did report that delivery had taken longer than expected.

“The scale of the project is only now becoming clear and is just about manageable for the one funded staff member. We are having to prioritise as we can't do everything that we would like to immediately.”

Grant holder survey respondent

- 5.10** A **lack of leadership support** was another internal factor reported to have negatively affected delivery of grant-funded activities (and subsequent achievement of outcomes) for a few grant holders. One grant holder survey respondent said it had been difficult to get the requisite buy in from their Board to implement some of the business development recommendations arising from grant-funded activities, which had limited their outcomes achievement. Another grant holder commented on turbulence experienced within their organisation, associated with turnover at leadership level and funding uncertainties. This had resulted in grant funding being paused by The National Lottery Community Fund for this grant holder while these challenges were addressed.

- 5.11** Grant holders also raised a number of barriers and challenges to grant-funded delivery and outcomes achievement which linked specifically with the types of activities they were intending to deliver. These included:

- **Recruitment challenges.** While there were positive experiences of recruitment reported, some grant holders who sought to appoint new staff (e.g. Business Development Manager, Marketing and Communications Officer) identified a lack of suitable applicants as a key issue, particularly for roles which were considered “niche”. One grant holder said they had ended up raising their proposed salary for a Business Development Manager by £5,000 given market expectations for the type of role they were seeking to fill, particularly in comparison to private sector salaries. Some grant holders attending learning events also reflected on salary levels as a challenge, noting that some salary requirements from applicants exceeded those of the organisation’s Director or Chief Executive.
- **Challenges in sustaining and developing partnerships.** One grant holder noted that building new relationships takes time and relies on individuals, which meant that they were slower in delivering activities than they initially expected. Another identified challenges in sustaining partnerships with tenants in their building given the current cost of living crisis, which had affected the grant holder’s monthly income and ability to deliver activities.

- **Market changes and technological advances.** One grant holder developing a digital learning platform identified challenges where the technology was advancing beyond their skill set, capacity and resource. They reported that this had led to increased competition from the “big players” who were able to put more resource into delivering more advanced platforms. The grant holder said they had almost been “squeezed out of the market” as a result.

5.12 In spite of these barriers and challenges, grant holders reported that they are delivering (or have delivered) grant-funded activities and felt they had achieved (or are achieving) outcomes as a result.

5.13 However, some grant holders reflected on barriers to organisational sustainability and resilience going forward. They noted that while the grant funding has made a difference, it is likely that further funding will be required to continue their progress towards sustainability. This issue was summarised by one grant holder interviewee:

“Although we are generating an income, it’s small at the moment. [The grant has] provided us with the tools we need to be sustainable in the longer-term. But in the meantime we will have to use funding again to continue on. The growth in the organisation [meant that we didn’t budget for] enough hours for the coordinator position. That’s been a difficulty for us. Going forward we need to make sure that coordinator hours are increased – that way we can then increase sustainability.”

Grant holder interviewee

5.14 As illustrated in the example above, those grant holders who recruited new staff using the grant were considering how to continue to fund these positions. While one grant holder said they expected the position they had recruited to be self-sustaining, another noted that their organisation was considering whether to continue to fund the position or not, but noted “*we can’t function without them now so we will find a way*”.

Interim learning and reflections

6.1 This section sets out learning and interim reflections against the evaluation research questions. The evaluation has identified evidence against each research question, although the quality and quantity of evidence per question at this stage is variable. Consequently, this section also sets out next steps for the second wave of evaluation activity.

Engagement

6.2 **The Grant Programme awarded grants to 244 organisations in the VCSE sector, totalling £19.9m between January 2021 and March 2023.** There was a considerable number of applications (736), from a broad profile of VCSE organisations across NI and across different sectors. This suggests demand for this type of fund; this sentiment was reflected by both grant holders and unsuccessful applicants engaged in the evaluation to date.

6.3 **The programme's aims aligned with key challenges facing the sector.** Reflective of the wide profile of applicants, the issues that organisations were hoping to address through the grant were broad, but centred on challenges in generating income and capacity. These were aligned with the Grant Programme aims. Crucially, the Grant Programme was seen as a rare opportunity for VCSE organisations to access funding which would support organisational strategic activity and sustainability planning, as opposed to short-term project funding (which is often limited to funding operational delivery only). Interestingly, unsuccessful applicants much more commonly sought to manage core organisational costs. The lack of anticipated transformational change indicated, which was sought during the application process, might help to explain why these organisations were unsuccessful in securing a grant.

6.4 **The application motivations are reflective of the broader socioeconomic context for VCSEs in NI;** notably, the short-termism of VCSE sector funding, increasing costs and cost of living challenges. These issues were said to have been exacerbated by an uncertain funding landscape as a result of the Covid-19 pandemic, the UK's exit from the EU, the collapse of the NI Executive and the increasingly strained public sector funding environment.

6.5 **The flexible and responsive approach to delivering the Grant Programme is largely considered to have been effective.** This was reflected in grant holder and unsuccessful applicant feedback, alongside wider evidence which indicated that tailoring activity to individual organisational needs is effective in achieving sustainability and resilience. The role of Funding Officers in providing support and feedback was also seen as key in the approach to application. However, some greater structure and direction from the outset would have been valued, although it was noted by stakeholders that The National Lottery Community Fund responded quickly to calls for this direction. Clarity on how The National Lottery Community Fund defines financial resilience and sustainability may help to provide further direction in future Dormant Assets programmes.

6.6 Grant holders reported more positive experiences of application processes than unsuccessful applicants. While grant holders felt the application process was proportionate and straightforward, unsuccessful applicants were less satisfied with the process. In particular, unsuccessful applicants felt that the feedback they received was not timely, and to a lesser extent, useful. This may be something to consider when setting up future grant programmes. That said, most grant holders who had submitted unsuccessful applications attributed their eventual success to the thoroughness and specificity of feedback.

Delivery

6.7 Reflective of the flexible approach to awarding grants and the broad profile of the sector, the types of activities that have been delivered have also been wide-ranging. Organisations have predominantly taken a multi-faceted approach to delivery, using multiple activities in response to the complexity of the needs and issues they are facing. At this interim stage, it is difficult to identify variations in activities based on organisation size, geography, grant size or theme; these issues will be unpicked in future waves of the evaluation as the dataset increases.

6.8 Encouragingly, the activities delivered through grants have reflected the wider evidence base of effective practice. In particular, grant holders have delivered strategic, operational and financial planning; activities to diversify their funding sources; and have invested grant funding in staff and volunteer recruitment and training.

6.9 Five key aspects of effective delivery were identified by grant holders. These were themes which had been particularly effective in supporting delivery and progress towards outcomes. These themes are practices that The National Lottery Community Fund may wish to consider encouraging applicants to think about in future grant application processes. The themes included building in flex to delivery plans to be able to effectively respond to emerging needs and challenges; bringing in the required specialist skills to support delivery; ensuring that internal capacity is appropriate to deliver activities (e.g. through recruitment or providing training); and involving existing staff or partners in delivering activities, supporting buy-in and ownership.

6.10 It is positive that the Grant Programme actively supported applicants to undertake research and scoping activities prior to commencement of grant activities, through requiring them to demonstrate they understood their organisational challenges (and pausing applications to enable evidence collection). However, this impacted the ability of some organisations with limited capacity to achieve funding, particularly smaller organisations. It is expected that the new Dormant Assets funded programme, Access to Resilience, will support smaller organisations through capacity building. The National Lottery Community Fund may wish to consider how research and scoping activities could be supported through this avenue.

- 6.11 The flex of the programme was valued in supporting grant holders to extend timescales where necessary.** However, it will be important for the evaluation to further explore and understand reasons for delays and extended timelines.
- 6.12 Overall, grant holders report making good progress in delivering grant funded activities.** Many have attributed this to The National Lottery Community Fund's support, including the flexibility of the programme which meant they were able to extend funded timelines or adapt their plans. This indicates that it is not only the grant funding which has proved key, but how it has been provided and the associated management processes. Grant holders also valued the opportunity to learn from and share with other grant holders. This is particularly important in the broader political and economic context, which evidence indicates has contributed to reduced collaboration amongst VCSEs. This suggests that continuing to provide these opportunities, including through learning and networking events, may prove valuable going forwards. Grant holders highlighted particular topics that would be of particular benefit to focus on in these sessions, including digital transformation, sustaining impact, engaging board members and strategic planning.

Outcomes and impacts

- 6.13 The emerging evidence indicates that the Grant Programme is supporting VCSE organisations to achieve key outputs and outcomes as identified in the Theory of Change.** While this interim report has not sought to comprehensively assess the programme's progress towards its Theory of Change, feedback from grant holders indicates changes to practice and resulting outcomes. Grant holders report that this has included the development of new ways of working which have enhanced operations; the development of staff confidence, skills and knowledge; and the implementation of fit for purpose systems and processes to support change and future thinking. Interestingly, there is emerging evidence from grant holders to suggest that the Grant Programme is having knock on effects for others in the VCSE sector (or has potential to longer term), for example through grant holders commissioning smaller local VCSEs or supporting new partnerships. This is particularly encouraging given the Grant Programme's aim to support sector-wide sustainability and resilience.
- 6.14 Grant holders largely attributed the achievement of the outcomes they have reported to the grant funding,** noting that they would not have otherwise achieved these outcomes to the same quality, at the same scale or pace, or at all. The experience of unsuccessful applicants affirms this; without the Grant Programme there was more limited progress reported towards their intended outcomes, although some progress was made in delivering activities through other funding sources (including in-kind support, earned income or external sources such as donations or crowdfunding).
- 6.15 At this interim stage, evidence suggests that the Grant Programme is beginning to improve financial resilience, sustainability and capacity in the sector.** However, the

challenges to delivery have been considerable to date, many of which were reported to be due to external factors out of grant holders' control (e.g. political or socioeconomic factors). That said, internal factors have also played a significant role. Notably, grant holders have suffered from capacity and resource constraints, a lack of leadership support and concerns about competition affecting willingness to collaborate. Some challenges experienced by grant holders have been borne of both internal and external factors, including recruitment (a lack of suitable applicants alongside internal salary constraints) and external technological advances which internal capabilities have not been able to keep up with.

6.16 Funding remains a key challenge for some grant holders, even following the Grant Programme. The purpose of the grant was to generate transformative change for organisations in the VCSE sector to alleviate issues around funding, leading to sustainable organisations which are financially resilient. It is interesting, therefore, that funding is still considered a significant challenge. However, it does reflect learning from wider evidence; recent research commissioned through The National Lottery Community Fund's Growth Fund⁹ found that even where VCSEs may look resilient, they operate within a financially insecure environment and therefore do not always *feel* financially resilient. These issues will be explored further in the next phase of evaluation.

6.17 At this interim stage, there is less evidence around the extent to which longer-term impacts are being achieved. It will be important for the evaluation to explore this further in the next wave of data collection, including by following up with interviewees who contributed to this wave. It will also be important to explore any challenges with sustaining outcomes over the longer term, particularly where funding has resourced new roles within organisations; there may be risks associated with funding for these posts coming to an end, but the evidence to date is insufficient to assess this.

Next steps

6.18 This report presents initial interim evaluation evidence for the Grant Programme, based on a first wave of data collection activity. This has uncovered gaps and further lines of enquiry in the current evidence base which the following waves of activities will aim to address. These include:

- Details regarding any variations by organisation type in delivery and outcomes achieved. Future waves of evaluation activity will increase the available dataset and may enable us to identify any key patterns or trends.
- Ways in which future Dormant Assets programmes could provide greater structure and direction to those applying for funding, including further exploration of what is meant and understood by financial resilience and sustainability for the VCSE sector in NI.

⁹ The National Lottery Community Fund (2024) Growth Fund Financial Resilience Research, Ecorys

- Tangible evidence of impact. There are some emerging examples of improved resilience, sustainability and capacity. However, case studies planned for the next wave of evaluation activity are expected to provide more in-depth evidence of where these impacts have been generated, what difference these have made, and in what contexts. The evaluation will also seek to interview grant holders who have completed their grant activities, to understand impact.
- Why specific outcomes and impacts were unexpected. Examples of unexpected outcomes were shared through the survey, but there was limited evidence collected around why they were unexpected. Subsequent interviews and case studies will be used to identify these learnings.
- Further exploration of key challenges/barriers to impact, most notably:
 - The role of competition within the sector inhibiting collaboration between VCSE organisations. This was cited as a key challenge by some grant holders, and it is important to explore if this has had any significant implications on grant funded activities.
 - The need for further funding to continue the work, particularly considering the grant was intended to create transformative change and increased resilience.

6.19 The next wave of evaluation activity will begin in August 2024, culminating in a second interim report in December 2024.

6.20 One of the aims of this study was to disseminate learning from the evaluation. The approach to this and areas of focus will be discussed and agreed with The National Lottery Community Fund. However, it is likely that this will involve a learning event. Feedback from survey respondents indicates that there would be interest in attending this, and that a virtual seminar or webinar would be preferred over an in-person event. As reported earlier in this report, there is appetite for further networking opportunities delivered through the programme, which is likely to be better suited to in-person activity. There may be opportunities for The National Lottery Community Fund and SQW to collaborate on dissemination activities which support both networking and sharing evaluation learning.

Annex A: Methods

Approach overview

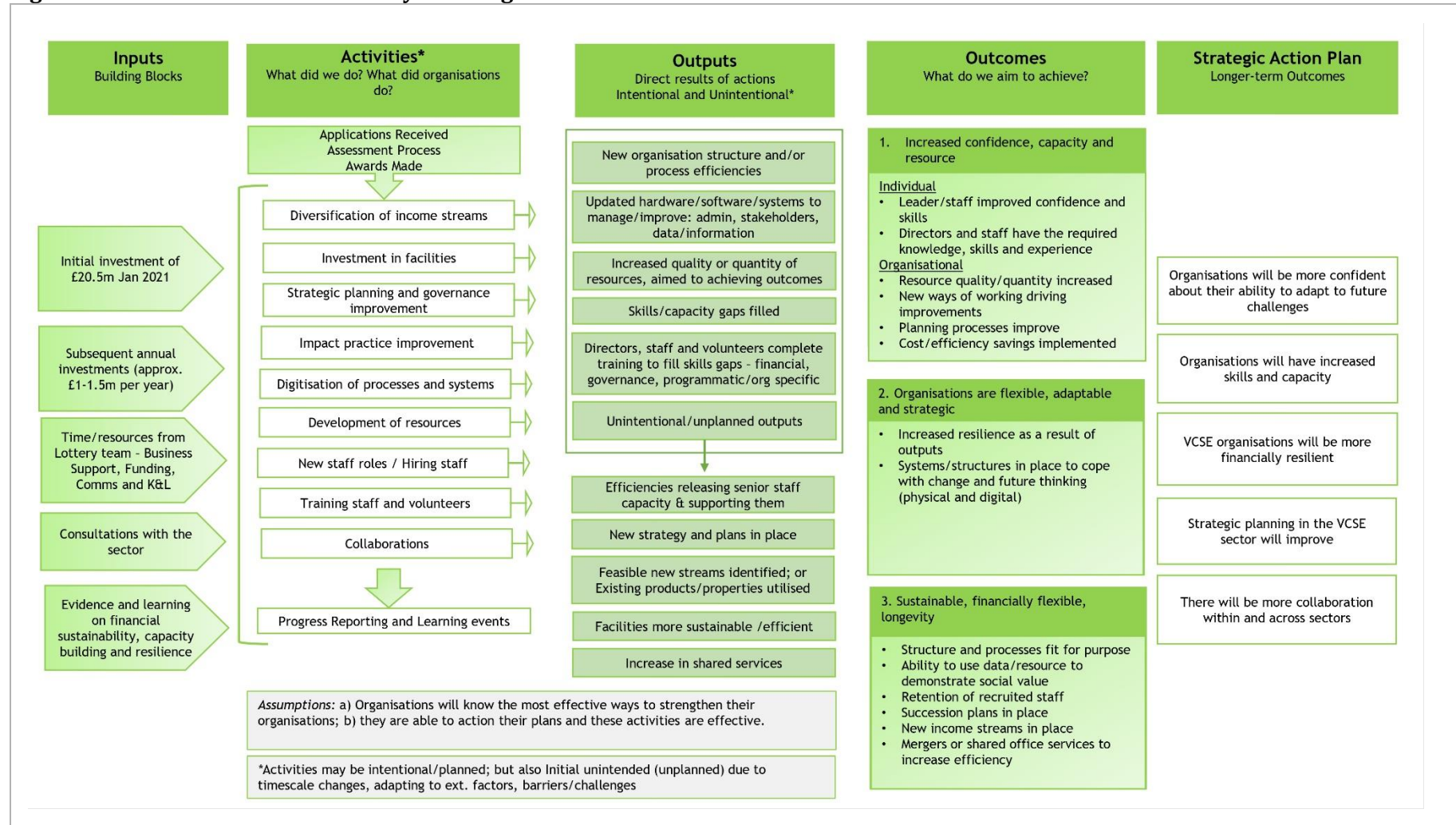
- A.1** This evaluation follows a theory-based approach, using the programme’s Theory of Change (ToC) presented in Figure A-1 overleaf. The approach intends to explore the extent of changes generated by the programme and why and where the change occurs (and whom for). This approach is underpinned by realist evaluation principles, seeking to understand ‘what works, for whom and in what circumstances.’
- A.2** This interim evaluation has followed a mixed methods approach, drawing on both quantitative and qualitative data.
- A.3** Evaluation data collection is being undertaken in three ‘waves’, to ensure that enough time has passed since grant award or application submission to explore learning and impact, and to feed into the three reporting phases. This initial interim evaluation primarily considers data relating to organisations within ‘wave 1’, defined as those which received funding (or submitted their latest unsuccessful application) prior to February 2023.
- A.4** The table below provides a breakdown as to the number of organisations per wave of data collection.

Table A-1: Population size per data collection wave

Wave	Number of grant holders	Number of unsuccessful applicants
Wave 1 (January 2021 – January 2023)	146	232
Wave 2 (February 2023 – June 2023)	40	145
Wave 3 (July – September 2023)	58	N/A

Source: SQW analysis of unsuccessful applicant and grant holder data

Figure A-1: Dormant Assets NI Theory of Change



Source: The National Lottery Community Fund, Dormant Accounts Theory of Change

Research questions

A.5 Based on key issues identified during the scoping phase, this interim evaluation report seeks to present emerging thematic findings against the following research questions¹⁰:

- What types of organisations applied for, and what type of organisations received, Grant Programme funding in NI? How do these profiles compare?
- What did organisations applying to the Grant Programme hope to achieve? To what extent were motivations reflective of the changing socio-economic context for VCSEs in NI?
- How effective were the processes and criteria for allocating funding?
- What is the range and nature of activities that have been delivered using Grant Programme funding? How have these varied by organisation size, geography, grant size or theme? What has worked well/less well?
- To what extent do the Grant Programme and funded project activities reflect the wider evidence base of effective practice?*
- To what extent have organisations actioned their planned activities? What factors have helped or hindered this?
- To what extent has the Grant Programme supported organisations to achieve outputs/short-term outcomes (including improved capacity, resilience and sustainability)? To what extent are these evidenced? Has achievement varied in any way?
- To what extent would outputs/short-term outcomes have been achieved without funding from the Grant Programme?
- What enablers and barriers have influenced the achievement of outputs/short-term outcomes?
- To what extent have unsuccessful applicants made progress towards intended outputs/short-term outcomes without Grant Programme funding? What has enabled this if so?
- What can the Grant Programme do (either now or in the future) to support the achievement of outputs/short-term outcomes?
- Do organisations expect to achieve longer-term impacts in future?

Data sources

A.6 This evaluation collates and analyses evidence from a number of different sources including:

- **Analysis of programme management data** (including application, assessment and grant award data) and **review of programme documentation** (including learning event

¹⁰ Research questions have been updated to reflect the change in programme name

summary reports, annual and quarterly update reports, and a sample of grant holder monitoring reports from six of the 12 grant holders interviewed).

- **Two online surveys:**
 - With **grant holders** who were awarded a grant prior to February 2023. The survey received 58 responses (46 complete and 12 useable partial responses), representing a 40% response rate.
 - With **unsuccessful applicants** who applied for a grant but were not successful prior to February 2023. The survey received 49 responses (45 complete and four useable partial responses), representing a 21% response rate.

Surveys were issued in early April 2024 and were open for three weeks. The surveys collected data in relation to motivations for application, types of activities planned or being undertaken and effectiveness of implementation, reflections on programme processes, and outcomes being achieved (or expected).

- **Follow-on semi-structured online/telephone interviews** with 12 grant holders and four unsuccessful applicants, recruited through the online survey, and conducted in April-May 2024. Interviews built on themes identified in the survey in greater depth.
- **Attendance at a grant holder learning event. The learning event was delivered by The National Lottery Community Fund** in Belfast on 25 March 2024. The learning event brought together grant holders who had more recently been awarded a grant. The event focused on sharing learning and celebrating outcomes.
- **A rapid review of wider evidence** related to resilience, sustainability and capacity building in the VCSE sector. Findings are summarised in Annex B.
- **Scoping phase evaluation findings**, including interviews with The National Lottery Community Fund representatives and key stakeholders.

A.7 It is anticipated that broadly consistent surveys will be issued for each of the following waves of evaluation fieldwork, to accumulate comparable data. This will enable multi-wave analysis to inform future reports. Wider evidence will also continue to be identified and triangulated with insights captured through primary data collection (which will also include interviews).

Approach to data analysis

A.8 Linking data between sources – monitoring data and documentation, e-survey responses and interview data – allowed for data to be analysed in combination with one another, to generate greater evaluation insight.

- A.9** The results from the grant holders' and unsuccessful applicants' online surveys were exported from Smart Survey software into Excel. Duplicate or insufficiently completed responses were excluded. The responses were then matched to application and grant monitoring data, with organisation names as the unique identifier. This process enabled the analysis of survey responses based on totals and percentages for each survey question, as well as key monitoring data characteristics (including geography and rurality, organisation type, size and sector).
- A.10** Linking application data with survey responses allowed for the use of disproportionate stratified sampling in interview recruitment. This approach enabled the selection of interviewees based on organisational characteristics, ensuring a diverse representation of organisations within the sample. Criteria used to sample included local authority, locality, region, urban/rural classification, organisation type, organisation size, and focus area.
- A.11** Interview notes were analysed using MaxQDA software, which allows text to be systematically tagged with agreed codes in order to identify common themes and reveal any emerging relationships in the data – thereby helping to ensure that our analysis is objective, comprehensive and auditable.

Limitations

- A.12** Organisation names were used as the unique identifier to match survey and application data. In some cases, the organisation name given in the survey was not detected in the application data. Where this occurred, a manual search was undertaken, alongside an online search (e.g. to identify whether an organisation was operating under a different name). One organisation responding to the unsuccessful applicant survey could not be identified in the application data, as the name the organisation gave did not correspond to any organisation names in the application data. Therefore, this organisation has been excluded from this analysis.
- A.13** The analysis sought to identify patterns or trends across key characteristics. Given the relatively small sample sizes, it is difficult to identify distinct patterns at this stage. However, any early trends have been identified in this analysis.
- A.14** The analysis sought to explore links between activities and impacts. However, there were no patterns identified at this stage, given the sample sizes. This process will be repeated at final evaluation analysis and reporting with a greater sample.

Annex B: Wider evidence review

- B.1** The aim of the wider evidence review was to understand which factors enable and which practices promote capacity, resilience, and sustainability in the VCSE sector. In addition, it explored how the political, economic, and social contexts affect VCSE organisations, what the future of the VCSE sector could look like, and any potential gaps in the literature.
- B.2** The review used search terms through the engines Google and Google Scholar, alongside documents recommended by The National Lottery Community Fund. In total, 16 documents were reviewed. Documents focused on the UK context. Documents were analysed for relevant content and summarised. Summaries were then coded in MaxQDA qualitative software to identify key themes.
- B.3** A summary of key findings is set out below. The majority of the evidence reviewed related to effective practice, and the enablers and barriers which can affect this; these topics are discussed in most detail.

Effective practice in supporting VCSE capacity, resilience and sustainability

- B.4** The evidence indicates that building capacity, resilience and sustainability in the VCSE sector requires a tailored and holistic approach that recognises the diversity and complexity of the sector and its organisations. The review found six common themes relating to effective practice; each theme is discussed in turn below.
- B.5** First, VCSE organisations should undertake **regular strategic, operational and financial planning and reviews**. When undertaking strategic planning and reviews, building (and sustaining) early engagement, agreeing a shared ambition, and defining and moving forward with a focal issue are all important steps¹¹. Linked to this, timely sustainability planning, along with allocated staff time for sustainability work, regular progress monitoring and the involvement of VCSE organisation leadership, are also important.¹²
- B.6** Finances also need to be viewed within the context of strategy. The underpinning strategy should inform a business plan, including a detailed financial plan showing the costs of activities and the required income. The evidence also indicates that there needs to be ongoing financial management to minimise waste and balance costs and income. On the latter, timing is key; for example, due to possible delays in funders/commissioners paying invoices and/or grants being paid in arrears. The evidence indicates that this can have a major impact on cash

¹¹ BrightPurpose (2023) Learning from the first three years of working with communities, Lloyds Bank Foundation. Available [here](#).

¹² Moore, A et al. (2022) Factors affecting the sustainability of Community Mental Health Assets: A systematic review, Health & social care in the community. Available [here](#).

flow and may result in an organisation becoming insolvent. Having a comprehensive and regularly monitored financial plan makes cash flow management easier¹³. This may be supported using financial management software to make the process more efficient and robust.

B.7 Second, the VCSE sector should **prioritise relationship and partnership working at the micro, meso (organisational) and macro levels**. The latter should encompass relationships with other VCSE organisations as well as organisations from other sectors. The evidence suggests that less isolated VCSE organisations are more resilient in times of crisis, since they can rely on partnerships to share workload and resources (where possible)¹⁴. For example, a survey of the VCSE sector in Greater Manchester (2021) asked respondents about the extent to which their relationships with other VCSE, public and private sector organisations would assist or constrain their organisation¹⁵. Of the 1,577 respondents:

- 38% thought engagement with other VCSE organisations would greatly assist/assist them
- 33% believed engagement with public organisations would greatly assist/assist them
- 17% felt engagement with private organisations would greatly assist/assist them.

B.8 Third, the evidence indicates that it is important for VCSE organisations to **diversify their funding sources, including securing more sustainable, longer-term contracts**. The evidence indicates that access to flexible long-term funding arrangements is crucial in supporting capacity, resilience and sustainability. Whilst there is no consensus on the maximum amount of funding an organisation should obtain from any one source¹⁶, there is a recognised need to diversify income streams, by reducing dependency on grants and exploring alternative funding models such as social enterprise, crowdfunding and social investment¹⁷. Within this, increasing levels of unrestricted income (i.e. income which is not earmarked for a particular project/activity) can help to provide greater independence and financial reserves¹⁸.

B.9 In this context, supporting the sector to become investment ready is noted to be important. For example, the Reach Fund, managed by the Social Investment Business, provides small, flexible grants to charities and social enterprise in England to enable them to become

¹³ Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

¹⁴ Macmillan, R et al. (2014) Building capabilities in the voluntary sector, Education Links. Available [here](#).

¹⁵ Howarth, M. et al. (2021) A realist evaluation of the state of the Greater Manchester voluntary, community and Social Enterprise Sector 2021, USIR Home. Available [here](#).

¹⁶ One source suggests that 20% should be the maximum amount of funding a charity should obtain from any one source (see [here](#))

¹⁷ NHS Confederation (2020) How health and care systems can work better with VCSE partners, NHS Confederation. Available [here](#); Macmillan, R et al. (2014) Building capabilities in the voluntary sector, Education Links. Available [here](#).

¹⁸ <https://voluntaryimpact.org.uk/wp-content/uploads/2022/02/Income-Diversification-Member-Factsheet.pdf>

investment ready and raise social investment. An evaluation of the Reach Fund indicated that the grants have contributed to building organisational and financial capacity and resilience, alongside grantees' understanding of, and engagement with, social investment¹⁹.

- B.10** Fourth, **investment in staff and volunteer recruitment and training should be prioritised**. This includes allocating sufficient time for staff/volunteers to undertake training. One study suggested that developing the capacity of existing staff is more beneficial than creating a new post. Whilst the study did not elaborate as to why, this may in part be due to the cost effectiveness of training over recruitment, sustainability of post funding and/or the broader benefits of staff development²⁰.
- B.11** Longer-term and more flexible funding (see the above paragraph) is also highlighted as important here. This is because it provides organisations with greater financial certainty, which can encourage investment in capacity building - be it through staff/volunteer recruitment and/or training - rather than outsourcing work to freelancers/associates (which is often an approach used to mitigate risks associated with uncertainties in revenue flows). Furthermore, staff training is reported to have potential to support income generation over the longer-term.
- B.12** Fifth, **strong leadership and management** is evidenced to support the resilience and sustainability of VCSE organisations. Strong leadership supports the effective adoption and delivery of strategic plans, and sets the tone for the organisation, including its vision, values, and representation²¹. A longitudinal study that tracked the financial fortunes of 50 third sector organisations found that none of the well-managed organisations had closed over a period of 14 years, whereas a number of the less well managed organisations collapsed when they were overwhelmed by key challenges (for example, in at least four cases closure may have been averted by stronger governance)²².
- B.13** Sixth, the evidence indicates that VCSE organisations should **deliver, demonstrate and/or quantify their impact and social value**. VCSE organisations need to market themselves effectively to attract supporters, donors and funders. The ability to demonstrate impact through monitoring, evaluation and reporting is therefore crucial²³. Several authors suggest that the ability to deliver social impact is vital to VCSE financial resilience, not least because much of their revenue is directly tied to it and it plays a role in funders' decisions. Therefore, their inability to deliver evidence against their social objectives poses a direct risk to their financial sustainability²⁴.

¹⁹ Goggin, N et al. (2021) Reach Fund Evaluation Final Report. Available [here](#).

²⁰ MGarry Consulting (2023) Blueprint Phase 2 Initial Evaluation

²¹ Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

²² Chapman, T. (2022) Going the distance: How Third Sector organisations work through turbulent times. Available [here](#).

²³ Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

²⁴ Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

B.14 Whilst it is inherently difficult to measure social impacts, one example tool highlighted is the Social Value Engine²⁵. The tool measures social value by converting activities into outcomes that can be quantified and measured using financial proxies (which are regularly updated). In doing so, the system allows organisations to understand where they are having the most impact, make decisions about where to invest resources, and demonstrate the value of an activity to funders and other stakeholders.

Outcomes for VCSE organisations

B.15 The review found limited evidence of subsequent outcomes for VCSE organisations of implementing effective practice and how these have been evidenced/measured. This said, an evaluation of the VCSE Covid-19 Emergency Funding Package provided some insights into the benefits of implementing effective practice²⁶, including:

- Grant holders allocated funding to continue existing services (64% of 315 survey respondents), to meet increased demand for existing services (54%), adapt services (64%), and to add new services (38%).
- In some cases, grant holders engaged/collaborated with other VCSE organisations, which facilitated the sharing of expertise to tackle often interconnected issues, and the identification of the best placed organisation to respond to local needs. This was reported to have supported the overall capacity and resilience of these organisations during a challenging context.
- Grant holders also experienced additional benefits from funding which contributed to the sustainability of their organisation and the services they provided. For example, a production company which previously specialised in video and social media content, that received money through the Audio Content Fund, was reported to have noted that the grant had allowed them to diversify their business and trial something new. Furthermore, some organisations were reported to have secured additional funding as a direct result of the Covid-19 Emergency Funding, for example, through new networks that had been developed through grant funded activity.

Enabling factors and barriers to effective practice

B.16 This sub-section summarises the evidence regarding enabling factors and barriers to effective practice in the VCSE sector. It should be noted that many of the enablers and barriers overlap, for example, the availability or lack of long-term funding can be both an enabler for, and a barrier to, effective practice.

²⁵ See <https://socialvalueengine.com/>

²⁶ NatCen Social Research (2022) Evaluation of the voluntary, community and social enterprise COVID-19 emergency funding package, GOV.UK. Available [here](#).

B.17 The evidence indicates that the following factors enable effective practice:

- **An environment conducive to collaboration and partnership working.** The uncertain context in which VCSE organisations operate often necessitates partnership working – including with the public sector, private sector and local community – to support with organisational capacity, resilience and sustainability. The ability to tap into wider networks and receive external perspectives can lead not only to more and better opportunities, but could also result in efficiencies as VCSE organisations learn new ways of doing things²⁷.
- **Greater availability of long-term and flexible funding.** Addressing funding uncertainties can support improved strategic planning. The importance of funders incorporating capacity building elements into funding programmes was also highlighted. Sufficient time and support for staff to apply for funding was also noted as important and can lead to increased success in securing funding²⁸.
- **Digital infrastructure and capability.** In particular, the evidence suggests that financial / fundraising software is a primary tool to enable progress towards sustainability.²⁹ One study found that VCSEs that had invested in their digital infrastructure and capability before the Covid-19 pandemic were better able to adapt to lockdown and continue their provision during the pandemic³⁰.
- **Greater availability of data on the VCSE sector.** This could encompass a range of areas, including the inclusion of identifiers for organisations supporting black and minoritised individuals and women and girls³¹, and increased data sharing by UK grant funders to support organisations and individuals to better understand the grant landscape³².

B.18 The evidence indicates that the following factors are barriers to effective practice:

- **Absence of longer-term, diversified, and flexible funding.** Limited funding and over-reliance on a single funding source is identified as a key barrier. There are also a range of other funding related issues identified in the evidence:
 - Commissioning and procurement. The VCSE sector currently faces a range of challenges with procurement processes, including a lack of awareness of upcoming

²⁷ Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

²⁸ Ibid

²⁹ Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

³⁰ Dayson, C and Woodward, A (2021) Capacity through crisis: The Role and Contribution of the VCSE Sector in Sheffield During the COVID-19 Pandemic. Available [here](#).

³¹ Damm, C et al. (2023) Mapping the UK women and girls sector and its funding: Where does the money go? Available [here](#).

³² For example, see 360Giving [here](#).

opportunities, a lack of flexibility, and issues with contract payment timelines³³. There is a highlighted need to review commissioning approaches to increase the involvement of the sector in the commissioning, decommissioning and recommissioning of contracts, and to standardise procurement portals and tender questions where possible³⁴.

- Barriers to investment faced by non-white, non-male business owners elsewhere in the economy are also present in the VCSE sector. An evaluation of the Reach Fund (an investment readiness fund) showed that both the success rate and the value of investment for social enterprises led by female, black- and minority-ethnic, or LGBT leaders was lower compared with other groups³⁵.
- When applying for grants/contracts, the evidence indicates that smaller VCSEs can be disadvantaged when compared to larger organisations with greater structural capacity and experience of applying. Furthermore, with the digitisation of contract notices, it can be challenging for smaller VCSEs with less technological know-how to track contract opportunities across multiple sources³⁶.
- **Financial illiteracy amongst sector staff.** Research shows that 38% of the staff involved in the finance function of UK non-profits lack confidence across all areas of finance, which contributes to relatively low organisational financial literacy. Insufficient financial records, poor or non-existent impact reporting, and a lack of financial planning affect transparency and accountability and the ability to apply and compete for funding³⁷.
- **High turnover of staff and volunteers.** High staff/volunteer turnover, low morale and burnout pose significant issues for capacity, resilience and sustainability. These issues are reported to be heightened in remote or rural populations and where there is uncertainty about a programme's future³⁸.

How is VCSE capacity, resilience and sustainability affected by political, social and economic contexts?

B.19 The review found limited evidence of how VCSE capacity, resilience and sustainability is affected by external factors, notably social and economic contexts.

³³ DCMS (2022) The role of Voluntary, Community, and Social Enterprise (VCSE) organisations in public procurement. Available [here](#).

³⁴ Howarth, M. et al. (2021) A realist evaluation of the state of the Greater Manchester voluntary, community and Social Enterprise Sector 2021, USIR Home. Available [here](#).

³⁵ Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

³⁶ DCMS (2022) The role of Voluntary, Community, and Social Enterprise (VCSE) organisations in public procurement. Available [here](#).

³⁷ Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

³⁸ Damm, C et al. (2023) Mapping the UK women and girls sector and its funding: Where does the money go? Available [here](#).

B.20 Sodha (2019)³⁹ identified three key trends over recent decades relating to the evolution of the state and its relationship with the VCSE sector:

- New public management theory, and competition and choice, have been dominant paradigms in relation to public service reform over the last three decades. As successive governments have looked to contract out the provision of services through competitive tendering, opportunities for the VCSE sector to contract with the state to provide services have increased. This brings opportunities (e.g. funding to deliver an organisation’s aims / missions as far as the contract allows), but also risks (e.g. contracts tend to specify how or what services need to be delivered, which means organisations may end up delivering without alignment to their values).
- The government’s austerity agenda, and the consequences in terms of a retracting state. Funding for services outside of health and education has been significantly scaled back. Grant funding for the social sector has fallen by a third since 2006, when it constituted over half of funding for the sector; now, grant-based funding comprises less than 20%.
- The growing political commitment to devolution. Devolution is reported to present an opportunity for the sector; local government could be more receptive to organisations trying to influence place-based strategic and cross-sector ways of working. However, the extent to which benefits are realised depends on a range of factors, including the quality and approach of local government leadership, which will vary from area to area; the level to which powers are devolved; and the budget areas that are devolved.

B.21 The recent political background in Northern Ireland is also noteworthy in this context. In February 2022, the Northern Ireland Assembly and Executive collapsed. During this period, there was a lack of political decision-making and therefore a lack of action to address Northern Ireland’s long-term policy challenges. The Democratic Unionist Party (DUP) endorsed a deal to restore the devolved Northern Ireland Assembly and Executive in late January 2024. Whilst power sharing has been restored, the country faces significant budgetary pressures. VCSE organisations are struggling because of budget cuts across multiple government departments. This follows the loss of the European Social Fund and concerns about the adequacy of its intended replacement, the UK Shared Prosperity Fund.⁴⁰

³⁹ Sodha, S (2019) The future of ‘doing good’ in the UK. Available [here](#).

⁴⁰ Pivotal (2023) Governing without government: The consequences. Available [here](#).

Annex C: Survey data

Introduction

- C.1** This Annex presents a summary of the analysis of two online evaluation surveys for the Grant Programme: one of grant holders who were awarded a grant before February 2023, and one of unsuccessful applicants who applied for a grant before February 2023. Surveys were issued in early April 2024 and were open for three weeks.
- C.2** The results from the surveys were exported by SQW from Smart Survey software into Excel. Duplicate or mostly empty responses were excluded. Consequently, the grant holders' survey included 58 responses (46 complete and 12 useable partial responses), and the unsuccessful applicants' survey included 49 responses (45 complete and 4 useable partial responses). The responses were then matched to application and grant monitoring data, with organisation names used as the unique identifier. This process enabled the analysis of survey responses based on general totals and percentages for each survey question, as well as key monitoring data characteristics (including geography and rurality, and organisation type, size and sector).

Limitations

- C.3** Organisation names were used as the unique identifier to match survey and monitoring data. In some cases, the organisation name given in the survey was not detected in the monitoring data. Where this occurred, a manual search was undertaken alongside an online search (e.g. to identify whether an organisation was operating under a different name). One organisation responding to the unsuccessful applicant survey could not be identified in the monitoring data, and therefore has been excluded from this analysis.
- C.4** The analysis sought to identify patterns or trends across key characteristics. Given the relatively small sample sizes, it is difficult to identify distinct patterns at this stage. However, any early trends have been identified in this analysis.
- C.5** The analysis sought to explore links between activities and impacts. However, there were no patterns identified at this stage, given the sample sizes. This process could be run at final evaluation stage, with a greater sample.

Grant holder survey

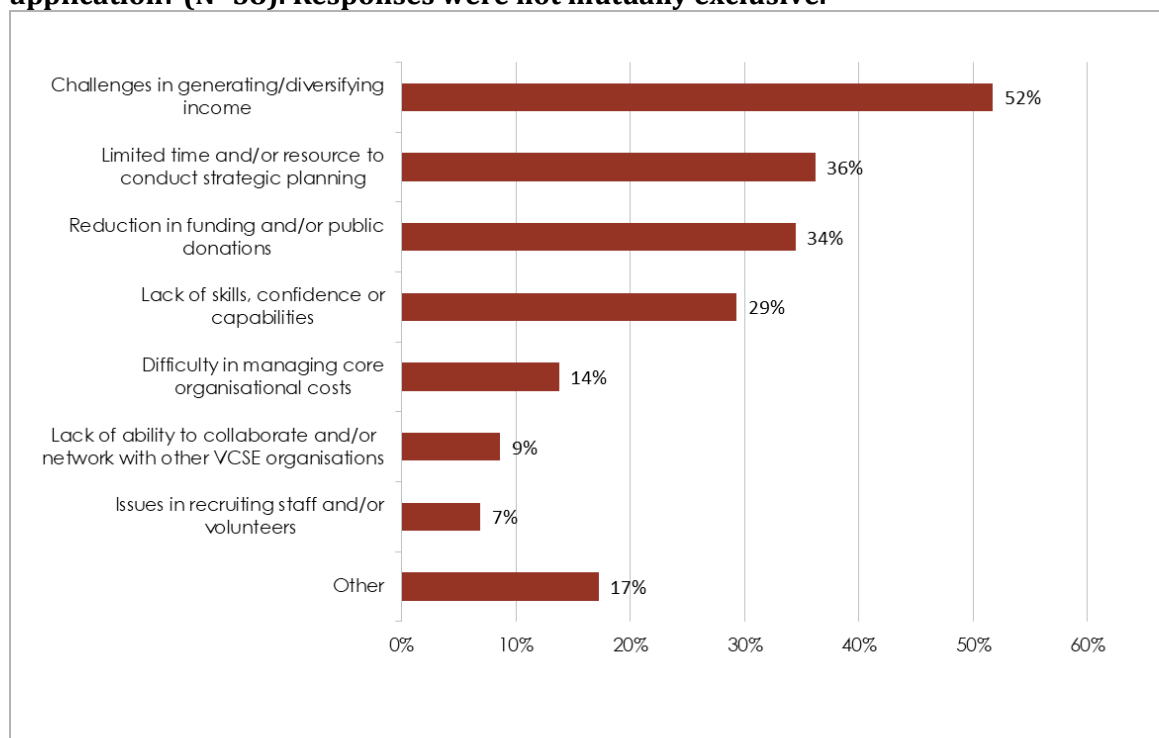
Reasons for participation

- C.6** Grant holders were asked what challenges they hoped to address with the help of the grant. The most common challenge was in generating/diversifying their income sources (52%). Those operating in the Southern region of NI (7 of 11) were more likely to identify this as a

challenge than those in other regions and those who operated nationwide. Over a third of grant holders also said that limited time and/or resource to conduct strategic planning (36%) and a reduction in funding and/or public donations (34%) were key challenges, followed by a lack of skills, confidence or capabilities (29%). These three challenges were more commonly felt by grant holders operating in more rural areas.

- C.7** The least common challenge to be addressed using Grant Programme funding related to recruiting staff and volunteers (7%), although grant holders based in medium-sized towns more commonly identified this as a challenge.

Figure C-1: Which challenge(s) did you hope to address with your grant programme application? (N=58). Responses were not mutually exclusive.

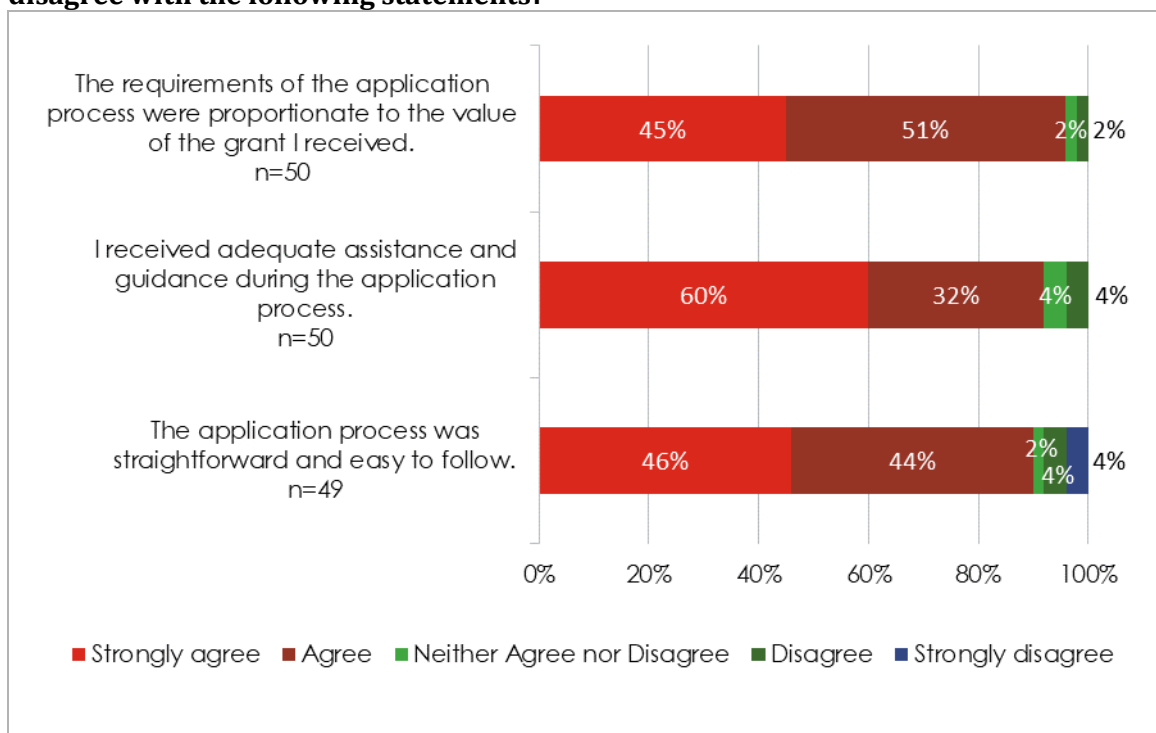


Source: SQW analysis of grant holder survey

Application process

- C.8** The majority (84%) of grant holder survey respondents said that they were the main contact for their organisation's funding application, and so were able to comment on the application process.
- C.9** Overall, grant holder respondents were positive about their experience of the application process. The majority of grant holders responding agreed or strongly agreed that the requirements of the application process were proportionate to the value of the grant that they received (96%), that they received adequate assistance and guidance during the application process (92%) and that the application process was straightforward and easy to follow (90%).

Figure C-2: Thinking back to the application process, to what extent do you agree or disagree with the following statements?



Source: SQW analysis of grant holder survey

C.10 Most grant holders had not previously submitted an application to the Grant Programme before their successful funding application. However, 10 grant holder respondents had. Of these, eight said that the feedback they received from their unsuccessful application(s) contributed to their ultimate successful application. Qualitative responses elaborating on this centred around the detail and thoroughness of feedback from Funding Officers.

Activities

C.11 The different activities grant holders originally intended to fund using the grant aligned with the challenges they aimed to address. Over half of grant holder respondents intended to diversify income streams (57%), to create new staff roles or hire new staff (55%), and to improve digital capacity or digitise processes or materials (53%). Only 7% of grant holders said recruiting volunteers/staff was a challenge they aimed to address through the grant, but 55% intended to use the grant to create new staff roles or hire new staff.

C.12 Although numbers are small, all grant holder respondents from organisations focused on physical health intended to diversify their income streams (6 of 6), and most grant holder respondents from organisations focused on disability sought to diversify their income streams or create new job roles/hire new staff (5 of 6).

C.13 Seven organisations described other activities they intended to deliver through the grant. These included:

- Impact measurement and reporting (including through evaluation and using theories of change)
- Communications, marketing and raising awareness
- Developing systems, procedures and processes.

Figure C-3: Which of the following activities did you intend to fund using the grant? (n=58). Responses were not mutually exclusive.



Source: SQW analysis of grant holder survey

C.14 Over half (55%) of grant holder respondents fully delivered/are fully delivering the activities they intended. The remainder (45%) reported that they have partially delivered intended activities. There were no grant holders who said they had not delivered any activity to date.

C.15 Grant holder respondents who had partially delivered activities were asked if they intend to deliver all of the activities they had originally expected to. Of those who responded to the survey question (14), most (12) said they did still intend to deliver them. One grant holder who said they were not intending to deliver the activities said that this was due to the activities being additional work for staff who are already working at full capacity.

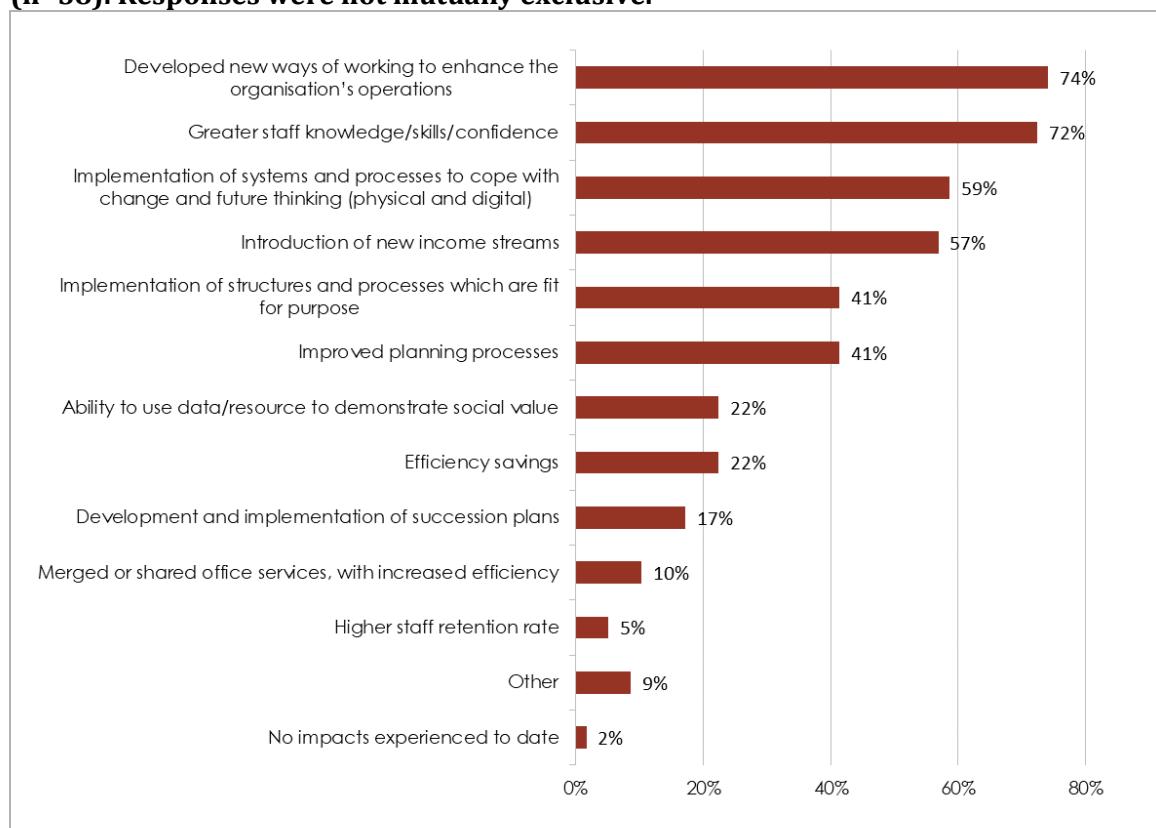
Outcomes and impacts

C.16 All but one grant holder respondent said they had experienced outcomes as a result of the activities they delivered. Most commonly, grant holders said the grant had led to the development of new ways of working that enhance the organisation's operations (74%), and greater knowledge/skills/confidence (72%). In addition over half of grant holder

respondents said they had implemented systems and processes to cope with change and future thinking (59%) and had introduced new income streams (57%).

- C.17** The outcomes achieved by grant-holders generally align with types of activities grant holders intended to deliver. For instance, 57% of organisations intended to use the grant to diversify and create new income streams, and 57% reported success in this area.
- C.18** However, this pattern is not necessarily linear. While 72% of organisations saw improvements in staff skills, knowledge, and confidence, only 24% had planned to allocate grant funds for staff and volunteer training. This suggests that engaging in other grant-funded activities (such as improving operations, income streams, digital capacity, and collaboration) may have indirectly enhanced staff skills, knowledge, and confidence. At the same time, those who delivered activities to improve digital capacity/digitisation of processes or materials reported a wide range of impacts, such as new ways of working, operational enhancements, improved staff skills through training, and efficiency savings.
- C.19** Overall, the survey findings indicate that one activity can contribute to multiple impacts and that several activities can collectively contribute to a single impact.

Figure C-4: What impacts has your organisation experienced as a result of the grant? (n=58). Responses were not mutually exclusive.



Source: SQW analysis of grant holder survey

- C.20** When asked to provide more detail about the outcomes of the grant, some notable outcomes identified beyond those listed above were:

- Increased corporate fundraising, e.g.: development and implementation of a corporate fundraising strategy
- Enhanced marketing and social media presence, e.g. increased corporate presence and engagement through local business networks; improved social media presence and streamlined internal processes
- Increased corporate connections, e.g. creating new positions (e.g. digital marketing roles) to enhance engagement and outreach
- Development of new projects and services, e.g. enabled launching new services, such as expanded childcare and community-led housing projects.

C.21 Most (69% of 54) of grant holders expected to achieve all of these outcomes at the outset of their project, but 30% said some of the outcomes they achieved were not expected (the remaining 1% did not know). Large/major organisations more commonly said they experienced unexpected outcomes (9 of 15), when compared with medium and small organisations (7 of 39).

C.22 When asked to elaborate on their unexpected outcomes, grant holders commented on the efficiencies gained by introducing digital systems, how quickly they identified new income streams, and the scale of success. As one grant holder noted:

“We thought some of these projects would happen but we hadn’t expected them all to be successful.”

Attribution

C.23 When asked if they would have been able to achieve these outcomes without the grant, over two thirds of grant holders (69% of 52) responded that they would not have been able to achieve these outcomes. No grant holder respondent said that they would have achieved the outcomes to the same quality, pace and scale without the grant. All grant holder respondents from small organisations said that they would have not achieved the outcomes without the help of the grant.

Impacts

C.24 Grant holders were invited to comment on the impact(s) they expect the grant will have in future. Many commented on what their organisation would be doing differently in the future as a result of the grant. Examples cited included:

- Continuing to deliver activities focused on business sustainability and resilience, e.g. delivering marketing activities on a planned basis, increased use of digital tools and platforms, making improvements to physical premises and developing case studies and digital resources

- Building on partnerships generated as a result of the grant, including corporate partnerships
- Undertaking regular strategic planning and reflection, and adapting these to funding and political changes to ensure sustained organisational growth and resilience
- Integrating new ideas and opportunities to support business development, including the use of AI in marketing
- Implementing learning, capabilities and skills from grant funded activities across other areas of their organisation. For example:

"The learning acquired from these experiences is shaping our long-term sustainability plans. We are exploring ways to implement successful strategies developed during specific projects into our broader operations. For instance, the positive response and partnerships formed since appointment of a Business Development Manager have prompted us to consider similar corporate engagement strategies for future growth in this area."

C.25 Grant holder respondents linked these impacts to greater financial resilience and sustainability. Some also commented more broadly on having improved financial resilience, as a result of securing a sustainable income or leveraging new opportunities.

"As a direct result of the grant, we implemented a digital solution which secured a 73% increase in regular giving to the charity. This project alone will secure the financial ability to continue funding the senior role [funded by the Grant Programme], beyond the funding period (which the Board had already committed to do)."

C.26 Grant holder respondents also reflected on the factors which would need to be in place for these impacts to be achieved. Many felt they still required additional funding to continue to progress towards sustainability and resilience. This was most commonly to sustain staff costs. Some grant holders also said they would need further training for their staff (including in digital skills), and some commented on the requirement for networking, peer learning and increased engagement to achieve their desired impacts. One grant holder commented on the importance of having a sustainable government in achieving impacts, noting that the reconvening of the Northern Ireland Assembly will support impact achievement.

Influencing factors

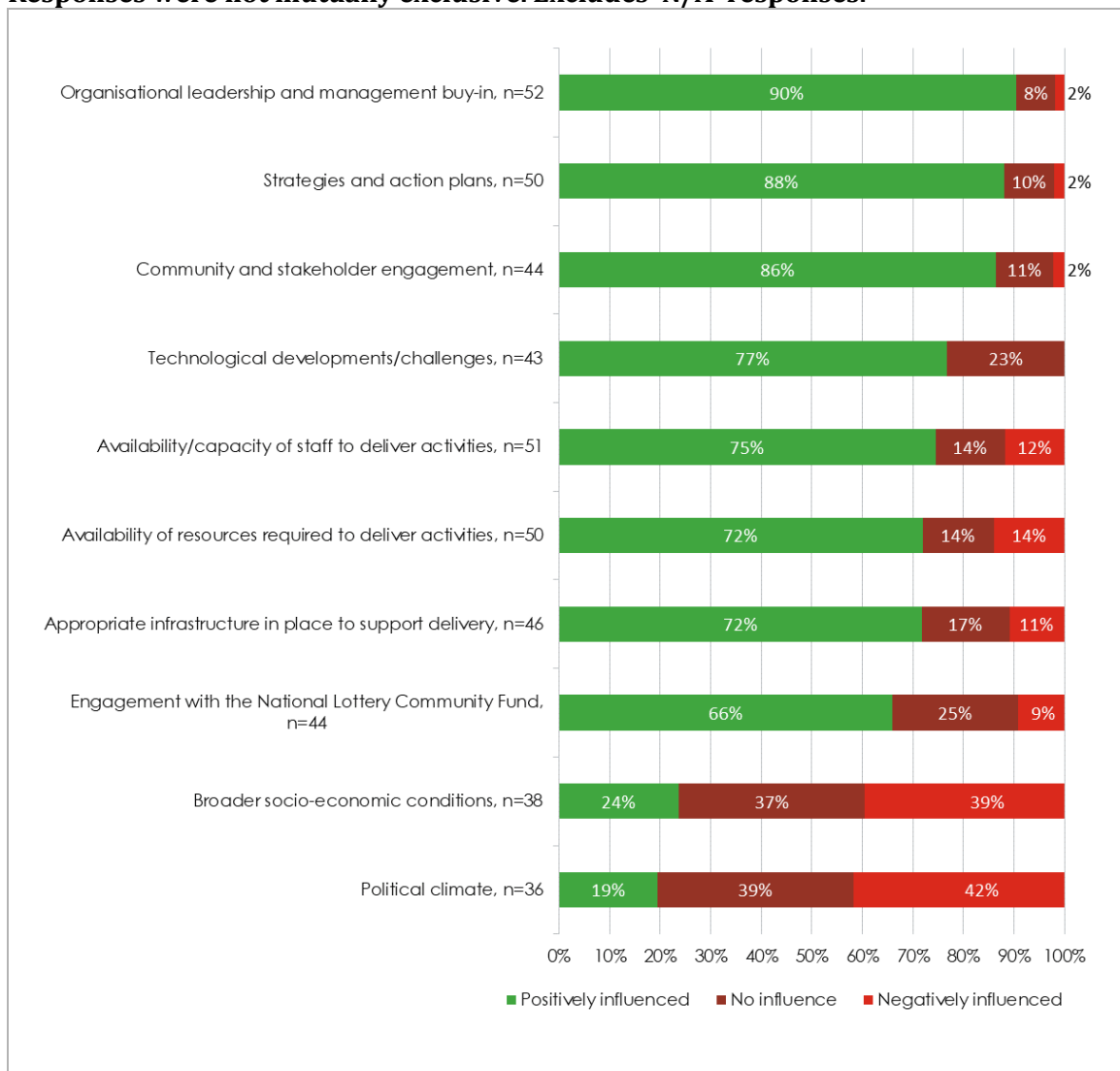
C.27 Respondents were asked to identify which broader contextual factors had a positive or negative influence on their ability to deliver grant-funded activities and/or achieve outcomes. Please note, the following analysis excludes those who felt the factor was not applicable to them.

C.28 Internal organisational factors, including organisational leadership and management buy-in (90%), strategies and action plans (88%) and community and stakeholder engagement (86%)

were most commonly identified as having positively influenced grant holder ability to achieve outcomes.

- C.29** In contrast, external factors outside of grant holders' control were deemed to have had the greatest negative influence on their ability to deliver grant funded activities and/or to achieve outcomes. These included the political climate (42%) and the broader socio-economic climate (39%).
- C.30** Other positive influencing factors outlined qualitatively included learning and collaboration with other VCSE organisations. Other negative influencing factors included staff recruitment, the cost of living crisis, and uncertainty and short-termism of funding opportunities.

Figure C-5: Did any of the following factors influence (or are they currently influencing) your ability to deliver grant-funded activities and/or achieve impacts? Responses were not mutually exclusive. Excludes 'N/A' responses.

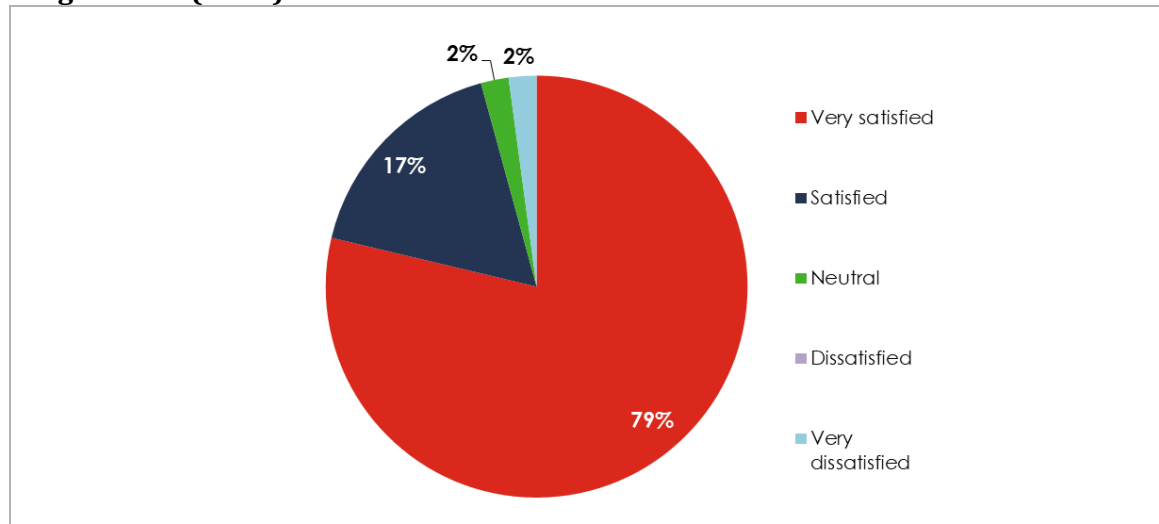


Source: SQW analysis of grant holder survey

Programme satisfaction

C.31 Overall, grant holders were very satisfied (79%) or satisfied (17%) with their experience of the Grant Programme. Qualitative feedback indicates this was as a result of the support and effective communications from The National Lottery Community Fund staff and Funding Officers, the flexibility of the programme (e.g. in how they were able to use their grant), and The National Lottery Community Fund's commitment to reflection and programme learning.

Figure C-6: Overall, how satisfied were you with your experience of the Grant Programme? (n=47)



Source: SQW analysis of grant holder survey

Learning event feedback

C.32 Over half of the grant holders who responded to this question (55% of 47) said they would be interested in attending a learning event, and 13% were not (the remainder did not know). Out of those interested in attending a learning event, 46% would rather attend online, 23% would prefer to attend in person, and 31% had no preference.

C.33 When asked what the purpose of the learning event should be:

- 5 grant holders would like to talk about future funding and financial sustainability
- 3 grant holders would like to utilise it for networking
- 2 grant holders would like to share challenges and experiences.

C.34 Specific topics of interest were also mentioned by grant holders. These included: digital transformation, mid-project adjustments, sustaining impact, engaging board members and strategic planning, and model and website platforms.

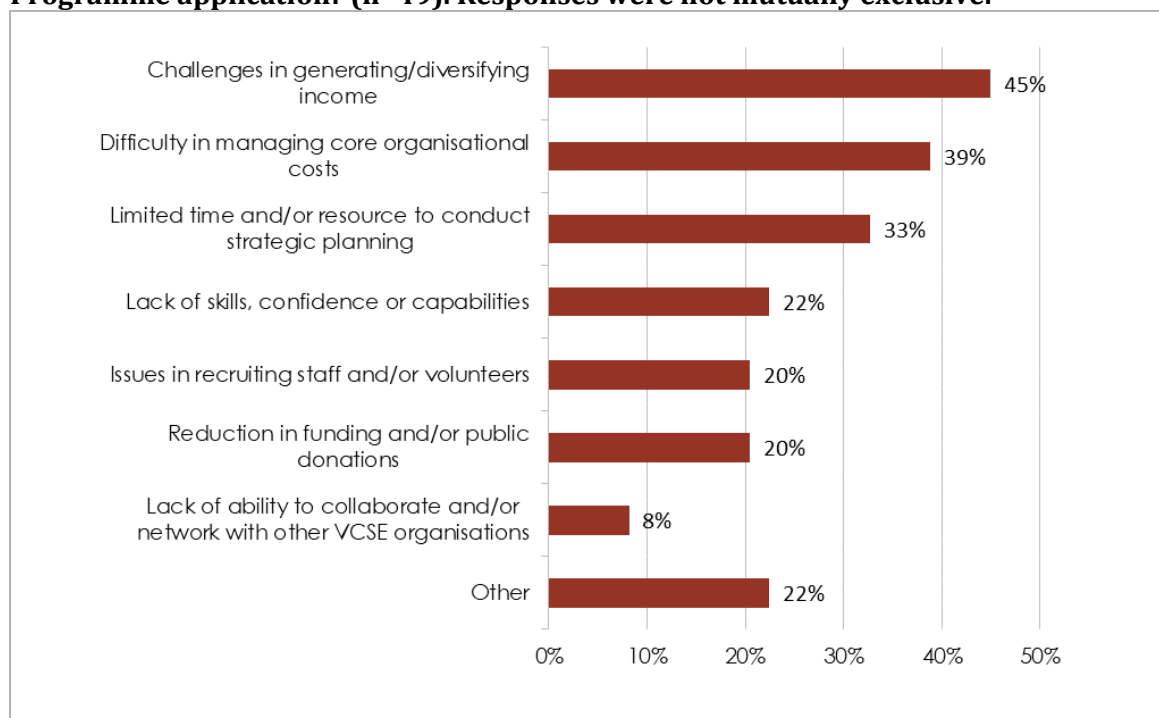
Unsuccessful applicant survey

Reasons for participation

C.35 Unsuccessful applicants were asked what challenges they hoped to address with the help of the grant. The most commonly cited challenge was generating/diversifying their income sources (45%), followed by difficulties in managing core organisational costs (39%). The following points are notable:

- Unsuccessful applicants from rural areas more commonly sought to address a lack of skills, confidence or capabilities (5 of 14) than applicants in urban areas (6 of 35)
- A greater proportion of unsuccessful applicants operating across NI wanted to address difficulties in managing core organisational costs (6 of 8) than those operating in specific regions.

Figure C-7: Which challenge(s) did you hope to address through your Grant Programme application? (n=49). Responses were not mutually exclusive.



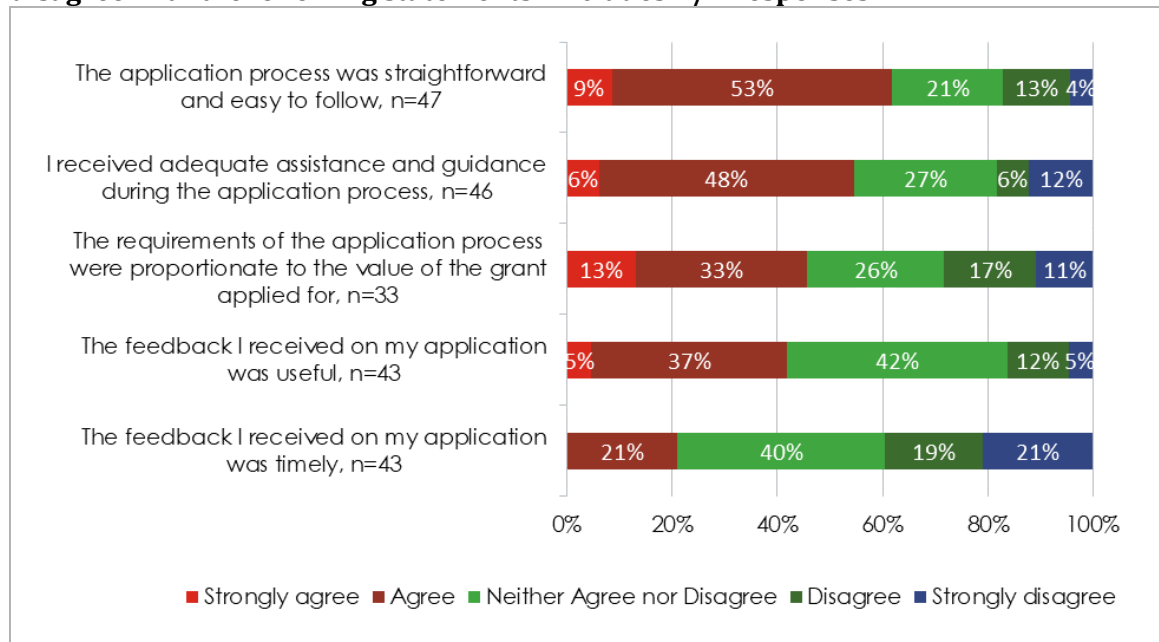
Source: SQW analysis of unsuccessful applicant survey

Application process

C.36 The majority (94%) of unsuccessful applicant survey respondents were the main contact for their organisation's Grant Programme application, and so were able to comment on the application process.

C.37 Most (62%) unsuccessful applicants who were the main contact agreed or strongly agreed that the application process was straightforward and easy to follow, and over half (55%) agreed or strongly agreed that they received adequate assistance and guidance during the application process. Unsuccessful applicants were most dissatisfied with the feedback they received on their application, with 42% agreeing or strongly agreeing that this was useful, and 21% agreeing or strongly agreeing that this was timely. There were no unsuccessful applicants who strongly agreed that the feedback they received was timely.

Figure C-8: Thinking back to the application process, to what extent do you agree or disagree with the following statements: Excludes N/A responses.



Source: SQW analysis of unsuccessful applicant survey

C.38 Unsuccessful applicants were invited to share a qualitative response reflecting on the application process. Some felt that the feedback they received was personalised, and valued that the feedback came from a person, rather than an “automated marking system”. Feedback for some also felt prompt and straight to the point.

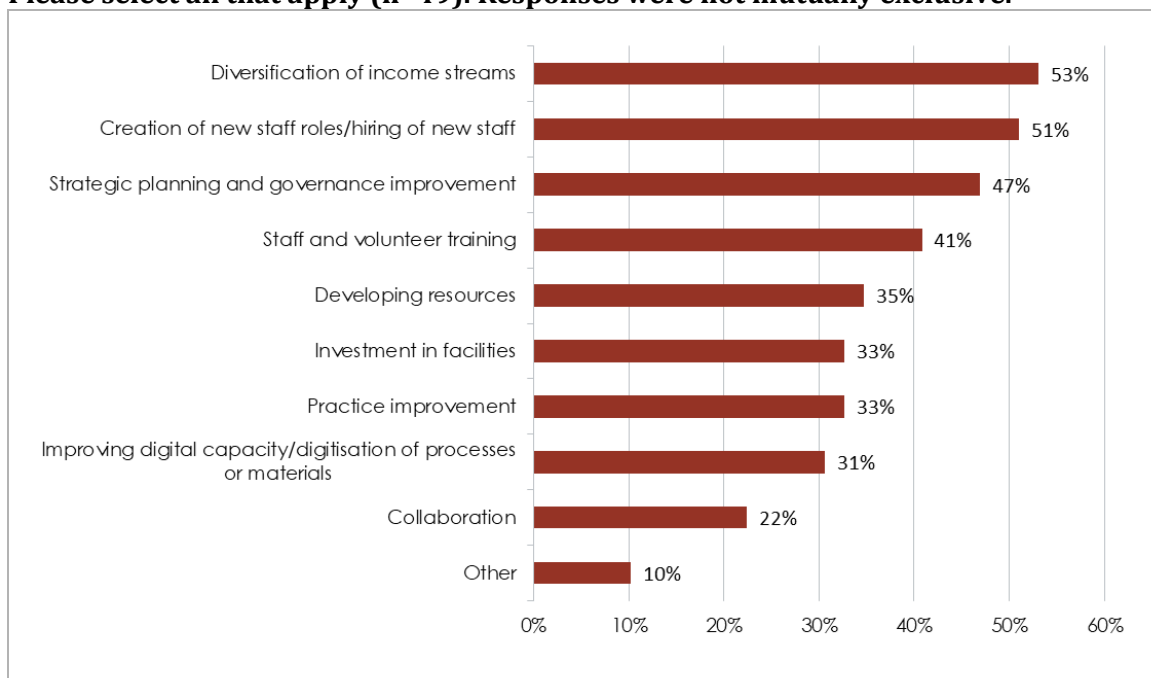
C.39 However, others felt they received generic feedback, and felt it could have been more tailored to their application. Those who indicated this noted that the feedback was therefore not useful. Some unsuccessful applicants also reported that the guidelines and criteria were unclear which caused frustration. A few said they did not receive any feedback on their application at all.

Activities

C.40 Diversifying their income stream (53%) was the most common activity that unsuccessful applicants intended to deliver through the grant, closely followed by the creation of new staff roles/hiring new staff (51%). Unsuccessful applicants from small and micro organisations (13

of 19) more commonly intended to address challenges around strategic planning and governance improvement than those from medium or large (9 of 28) organisations.

Figure C-9: Which of the following activities did you intend to fund using the grant? Please select all that apply (n=49). Responses were not mutually exclusive.

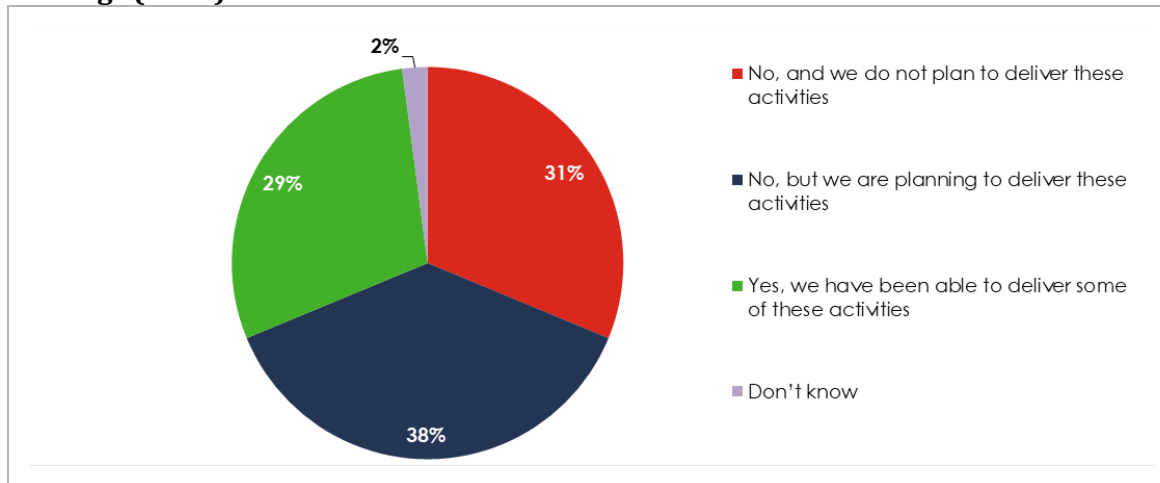


Source: SQW analysis of unsuccessful applicant survey

C.41 While some (29%) unsuccessful applicant respondents have been able to deliver some of the activities without the grant, most have not. A total of 38% of unsuccessful applicant respondents said they had not delivered activities but still planned to, whereas 31% did not plan to deliver their intended activities.

C.42 Of those unsuccessful applicants who had been able to deliver activities, they had funded these through grant funding from other sources (7 of 14), and in-kind support such as volunteering (7 of 14). Five of the 14 said they had funded activities through earned income, and four with non-grant funding from external sources (e.g. donations or crowdfunding). Other funding sources mentioned qualitatively were through diversifying funds (through consultancy work), and reducing the activities planned to “fit with the income we have available”.

Figure C-10: Have you been able to deliver any of these activities without grant funding? (n=48)

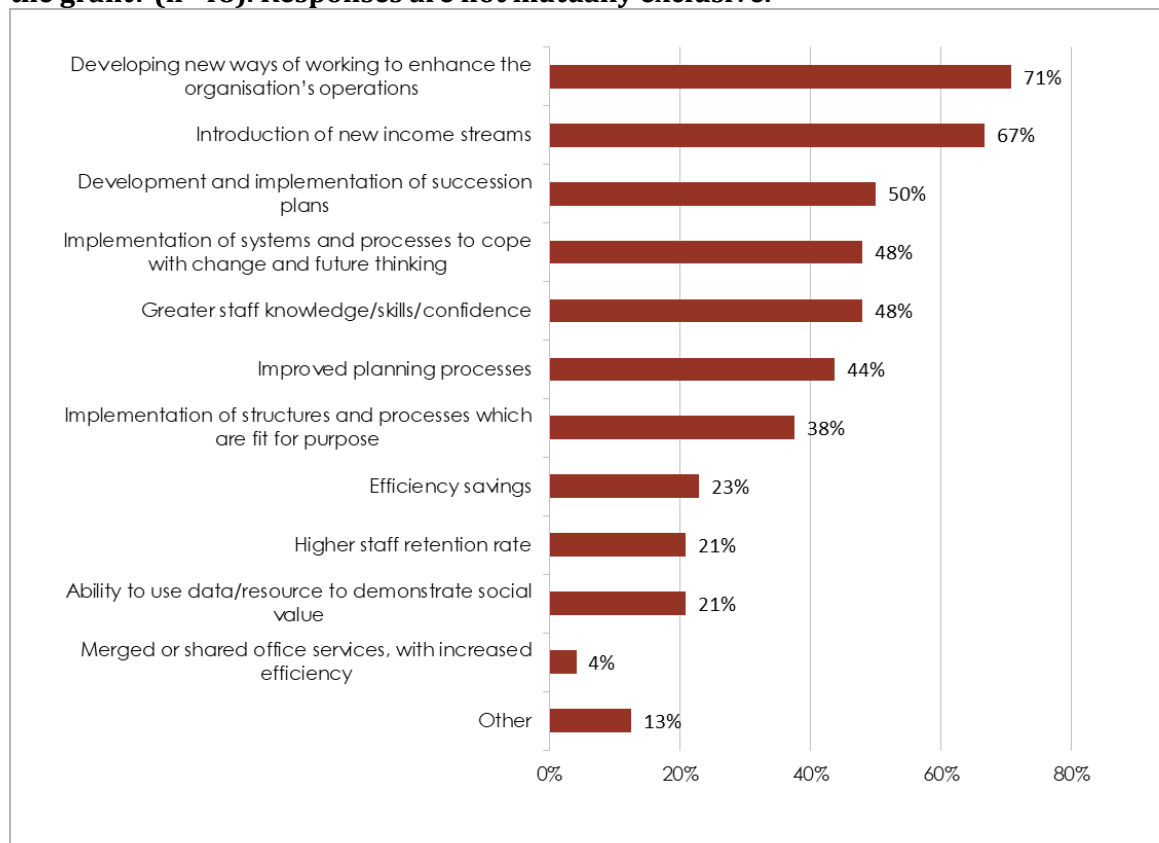


Source: SQW analysis of unsuccessful applicant survey

Outcomes and impacts

C.43 Unsuccessful applicant respondents commented on the outcomes they expected to experience as a result of the grant. Most commonly, unsuccessful applicants expected to develop new ways of working to enhance their organisation's operations (71%), and introduce new income streams (67%). This was followed by developing and implementing succession plans (50%), improving staff knowledge, skills and confidence (48%), and implementing physical or digital systems and processes to cope with change and future thinking (48%).

Figure C-11: What outcomes did your organisation expect to experience as a result of the grant? (n=48). Responses are not mutually exclusive.



Source: SQW analysis of unsuccessful applicant survey

C.44 However, over two-fifths of unsuccessful applicant respondents said that they were not able to achieve any of the outcomes anticipated (43% of 48). Some (40%) said they had achieved outcomes, but they had taken longer to achieve, are of lower quality, and/or are smaller scale. No unsuccessful applicant respondents said they had been able to achieve impacts in their entirety and at the same quality and pace.

C.45 According to qualitative feedback, the impact of not receiving grant funding has been substantial. Unsuccessful applicants reported significant challenges, including slower community involvement and volunteer training, leading to a greater reliance on volunteers' time. Additionally, efforts to diversify income and reduce reliance on grants are reported to have failed due to the inability to hire skilled staff. Strategic growth and development was reported to have been delayed, and high workloads have limited growth opportunities. Organisational efficiency is reported to have suffered due to administrative burdens, slowing progress.

Learning event feedback

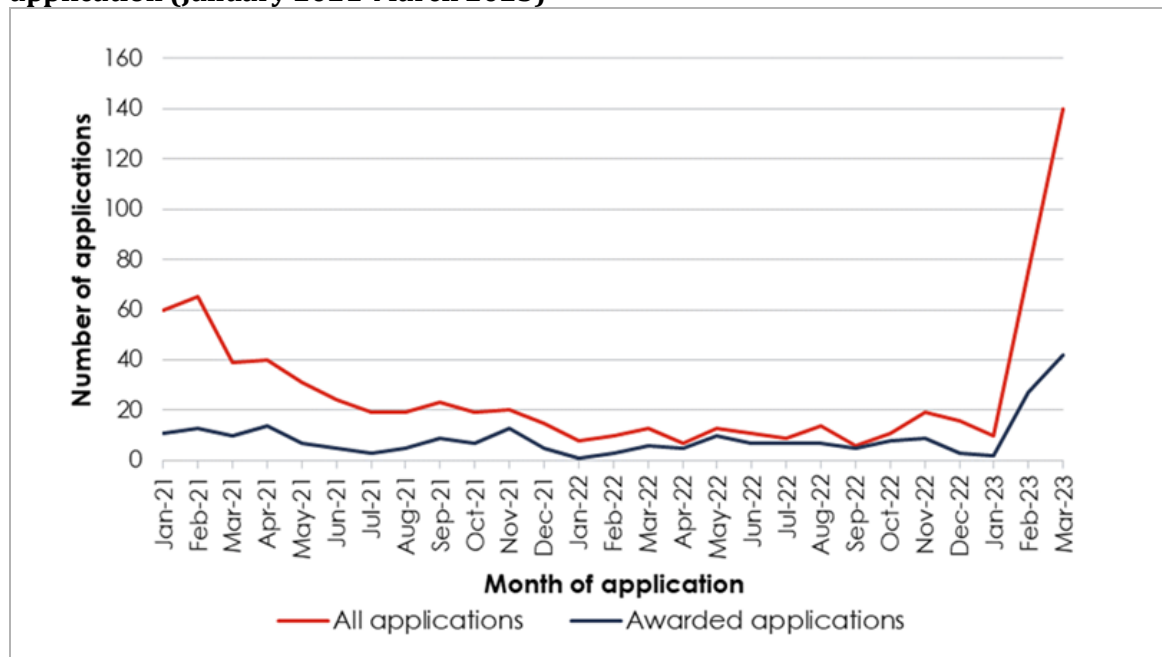
C.46 In total, 38% of unsuccessful applicants responding to the survey said they would be interested in attending an evaluation learning event, while 32% said they would not attend. The rest did not know whether they would like to attend.

C.47 Seven of the 18 that would like to attend a learning event would like it to be online, seven had no preference and the remaining four would prefer for it to be in-person.

Annex D: Programme management data analysis

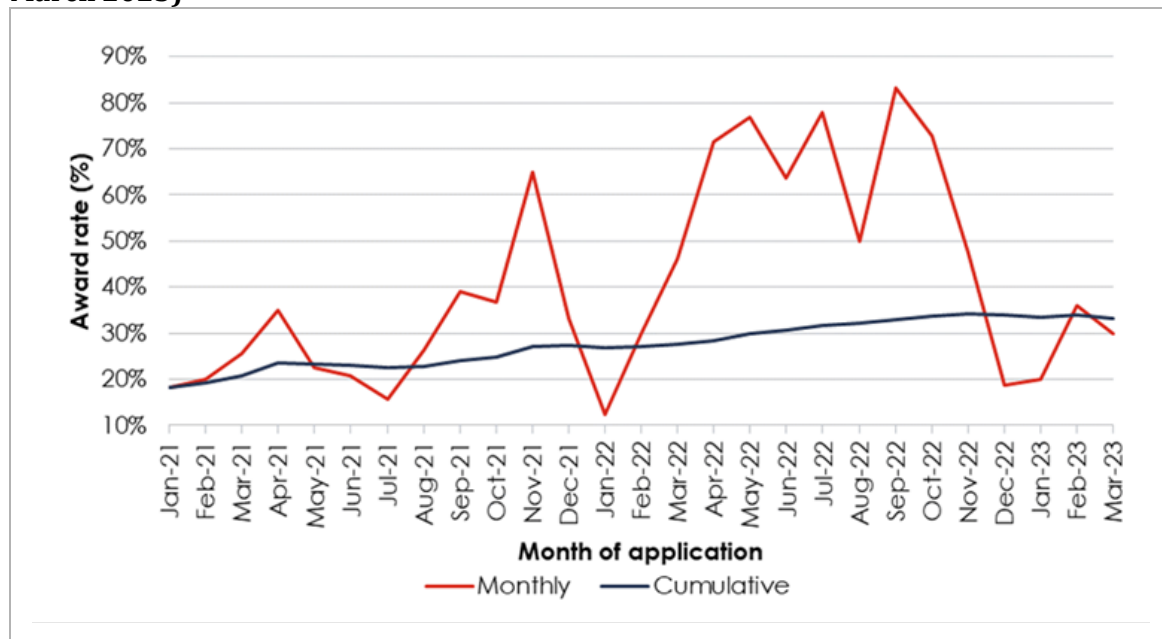
D.1 This annex provides more in-depth analysis of programme management data, comprising data on grant applications and grant awards.

Figure D-1: Number of total and awarded applications over time, by month of application (January 2021-March 2023)



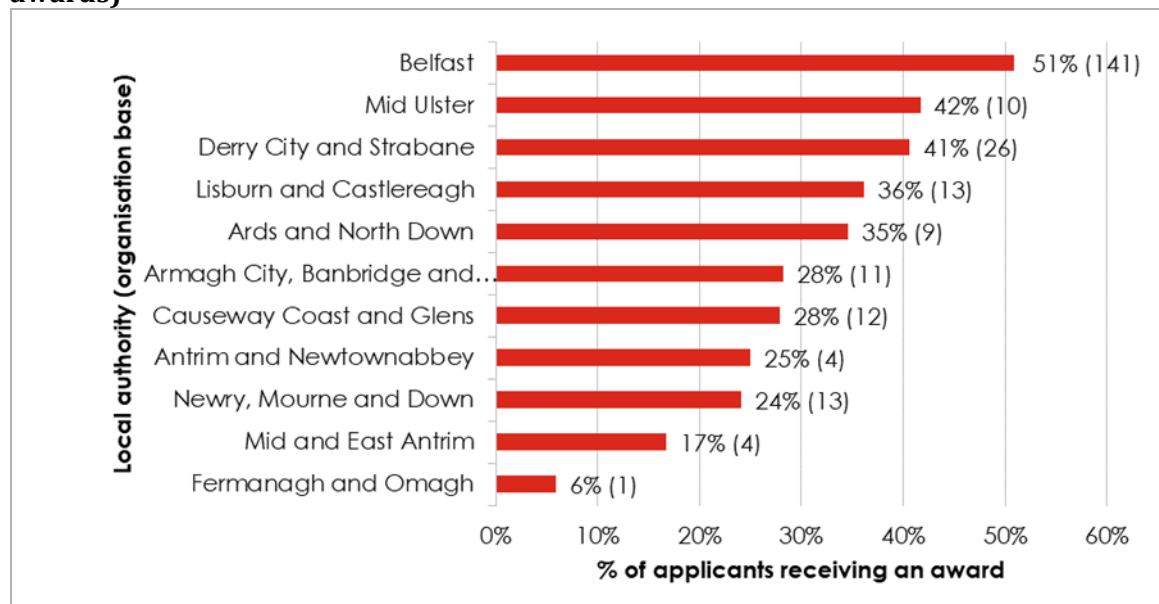
Source: SQW analysis of applicant and awardee data

Figure D-2: Application award rate over time, by month of application (January 2021-March 2023)



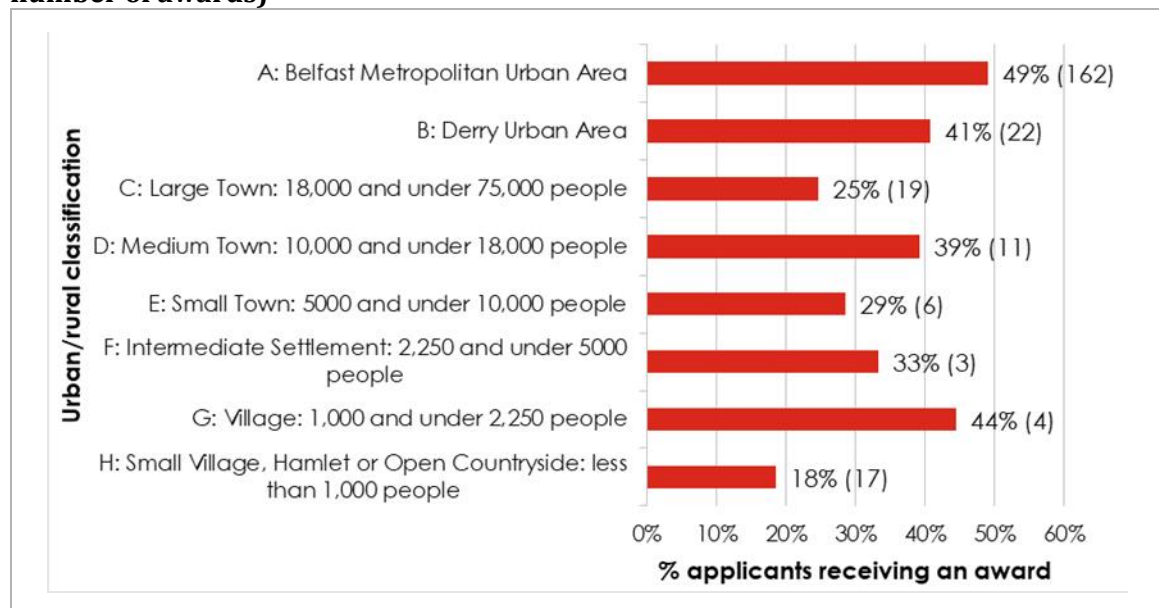
Source: SQW analysis of applicant and awardee data

Figure D-3: Award rate of applications by local authority (award rate %, number of awards)



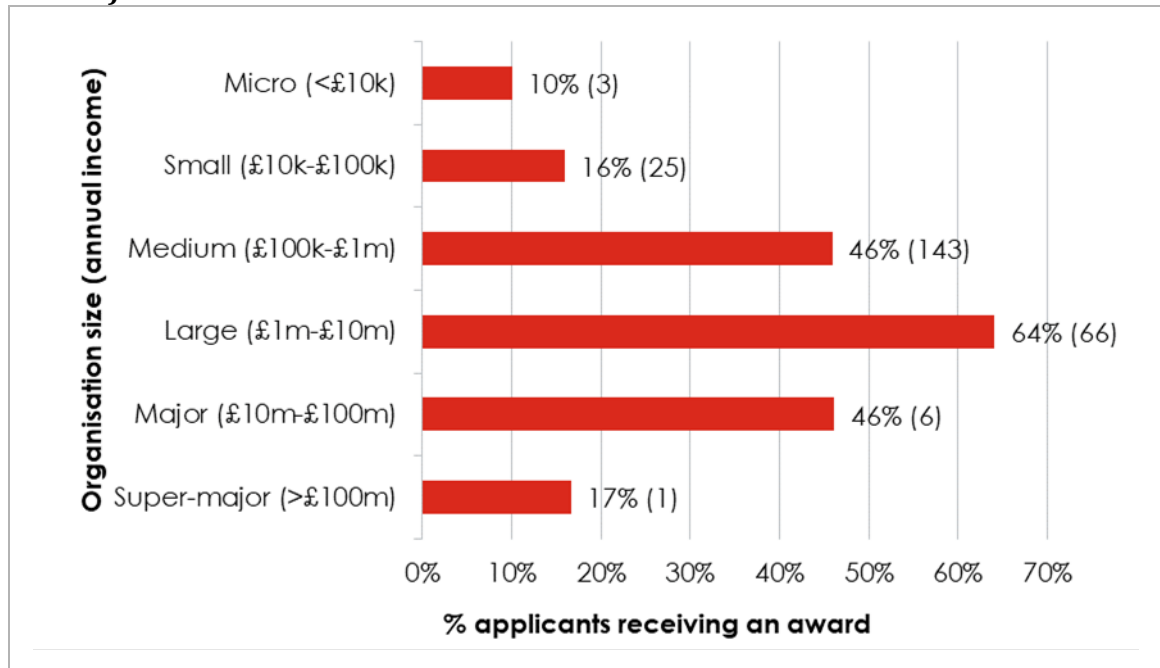
Source: SQW analysis of applicant and awardee data

Figure D-4: Award rate of applications by urban/rural classification (award rate %, number of awards)



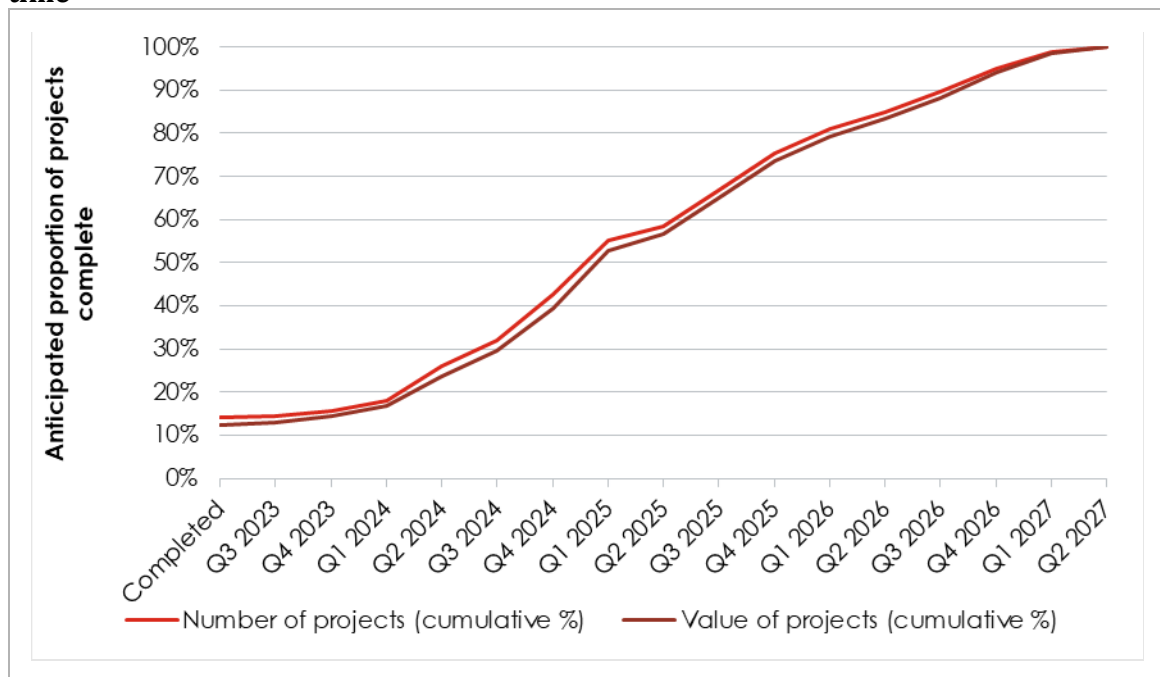
Source: SQW analysis of applicant and awardee data

Figure D-5: Award rate of applications by organisation size (award rate %, number of awards)



Source: SQW analysis of applicant and awardee data

Figure D-6: Anticipated completion of phase one Grant Programme projects over time⁴¹



Source: SQW analysis of applicant and awardee data

⁴¹ Please note: Q3 2023 – Q1 2024 are included in the chart as some projects have an end date which has passed, but the project status remains as active.

SQW

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