

# Evaluation of the Dormant Assets NI Phase One Grant Programme

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

Final evaluation report



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# Executive Summary

## Introduction

1. 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 is delivered by The National Lottery Community Fund. 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. The Grant Programme ran from **January 2021** until March 2023, and grant-funded projects will be delivered until 2027.
2. In November 2023, SQW (an independent research consultancy) was commissioned by The National Lottery Community Fund to undertake an evaluation of the Grant Programme. This is a summary of the findings of the evaluation.
3. This summary explores the emerging evidence of how the Grant Programme is contributing to improving the resilience of the VCSE sector in NI, setting out what is working in delivering and achieving outcomes. It draws on online surveys and semi-structured interviews with grant holders, unsuccessful applicants and other stakeholders. It also draws on programme management data and seven case studies with grant funded organisations. Insights from across all three waves of data collection and evaluation activity have fed into the development of this final evaluation report.
4. This summary contains insights and learning that will be relevant for The National Lottery Community Fund, its stakeholders, policy makers and funders, but also for VCSE organisations, including those funded via the Grant Programme. It concludes with a set of recommendations for The National Lottery Community Fund, other funders, and others with a role to play in supporting the sector. Learning from the evaluation has also been used to inform a separate guide aimed at VCSE organisations. The case studies ([Evaluation case studies: Learning from grant recipient organisations](#)) and guide ([From Surviving to Thriving: Insights on Building VCSE organisational Capacity and Sustainability](#)) are also available.

## Key findings

**The programme has been delivered against the backdrop of a challenging VCSE sector in NI, and grant holders applied for funding to address challenges such as generation and diversification of income, and limited time and resource for strategic planning.**

5. The programme has been delivered against the backdrop of a challenging VCSE sector in NI, including issues related to:

- The impact of the Covid-19 pandemic (and related disruptions to funding and delivery, as well as increased demand for services)
  - The cost-of-living crisis
  - Political uncertainty, Brexit and the collapse of the NI executive
  - A competitive funding landscape and short-term, restricted funding available to VCSE organisations
  - Issues with recruitment and retention across the sector
6. Grant holders applied to the Grant Programme for a number of reasons. The most common challenge reported by grant holders was generating and diversifying income, especially for those who received funding later in the programme. Limited time and resources for strategic planning and a lack of skills, confidence, or capabilities were also common challenges.
  7. Similar challenges were identified by unsuccessful applicants surveyed. Consistent with the findings from the grant holders' survey, generating/diversifying their income sources was the most commonly reported challenge.
  8. Reasons for applying for the Grant Programme as opposed to other funding sources included the focus on strategic activities (rather than projects) and the flexibility of the grant to take advantage of emerging opportunities. The timing and context of the programme was also reported to be important.

**The Grant Programme funded a range of activities, including income diversification, recruitment of new staff, and improvements to digital capacity or digitising processes and materials; grant holders reported a range of enablers in delivering these activities but also a number of barriers.**

9. The Grant Programme was used to fund a range of activities. Generating and diversifying their income streams was the most frequently reported activity by grant holders across all three waves of the survey. Qualitative insights suggest this spanned both commercial opportunities and broadening public sector partnerships. Grant holders also commonly reported activities relating to the recruitment of new staff and improving digital capacity or digitising processes and materials.
10. In terms of progress, the survey evidence also indicates that the majority of grant holders have delivered, or will deliver, their grant funded activities as planned. Further, programme monitoring data shows that the majority of projects have retained their original delivery timelines.
11. Key enablers to delivery of grant funded activities included bringing in required skills to support with delivery, increasing internal capacity to deliver activities, and involving existing

staff, volunteers or partners in the delivery of grant-funded activities. The flexibility of the Grant Programme and support from The National Lottery Community Fund Funding Officers were also reported to be key enablers.

12. The key commonly reported challenge that affected the delivery of grant funded activities was recruitment and staff retention. Some grant holders found it difficult to manage internal capacity and resource constraints when delivering a timebound project; external contextual factors also impacted the delivery of activities for some grant holders.

**Grant holders achieved a range of outcomes as a result of the Dormant Assets funding; commonly, grant holders reported greater staff knowledge, skills and confidence as a result of their grant funded activities, as well as new ways of working and new income streams.**

13. Almost all grant holders engaged with reported that they had achieved organisational change and impact as a result of the Grant Programme. Most commonly, grant holders reported greater staff knowledge, skills and confidence as a result of their grant funded activities, as well as new ways of working and new income streams. The outcomes achieved varied to some extent by organisation characteristics, including organisation size and geography.
14. Nearly a third of grant holders reported that they had achieved some unanticipated outcomes, typically in the scale of outcomes achieved rather than the nature of the outcomes themselves.
15. A number of internal and external factors were reported to have influenced the achievement of outcomes. Internal organisational factors (including organisational leadership and management buy-in, and having relevant strategies and action plans in place) were commonly identified as having positively influenced their ability to achieve outcomes, followed by engagement with The National Lottery Community Fund.
16. In contrast, factors external to the organisations' control (such as broader socio-economic conditions and the political climate) were deemed to have had the greatest negative influence on their ability to deliver grant funded activities and/or to achieve outcomes.
17. More than two-thirds of respondents said that they would have not been able to achieve these outcomes without the grant, and all remaining respondents felt they would not have achieved them to the same scale, timeliness or quality.
18. Respondents highlighted the Grant Programme's focus on building organisational capacity, sustainability and resilience, and suggested that, without the Grant Programme, there would have been limited opportunities to invest in activities relating to building their organisation's overall strategy and operations.
19. Evidence from grant holders indicates how Dormant Assets funding has improved capacity, resilience and sustainability in the sector. The routes to which these have been achieved are

diverse, but include reduced reliance on funders, more productive and efficient ways of working, more well-established operational and strategic plans, as well as enhanced relationships, networks and organisational profile. Combined, these outcomes are expected to strengthen grant holders' ability to adapt and evolve in response to future opportunities and challenges.

20. Most grant holders engaged felt that the Grant Programme had resulted in transformational change for their organisation; it had provided the opportunity to do something different to their usual operations, and access to opportunities not previously possible due to either limited finances or time constraints.
21. However, some organisations remained wary as to whether they would become wholly sustainable and resilient following their funded project, highlighting changes to future funding and the availability of staff and volunteers as key factors which will ultimately determine the extent of their sustainability in the longer-term.

## Next steps

22. The Grant Programme has enabled the delivery of a wide range of projects across a diverse set of organisations in NI. This evaluation has found that it has contributed to the capacity, resilience and overall sustainability of these organisations, and is supporting the sector more widely on its journey towards resilience. It has been successful in generating outcomes and impacts for VCSE organisations in receipt of grant funding, with almost all grant holders reporting that they had achieved outcomes as a result of the funding they received.
23. However, looking to the future, there remain a number of challenges and opportunities on the horizon for the VCSE sector in NI. There are existing and persistent issues, such as reduced government spending and annualised/short term pots of funding being made available for VCSE sectors, but also new and emerging challenges and opportunities.
24. We have set out a series of recommendations for supporting the capacity, resilience and sustainability of the VCSE in NI. These are aimed at The National Lottery Community Fund and other funders, as well as policy makers and others with a role to play in supporting the sector, and are available in full in the conclusions section of the report. As noted above, a guide aimed at VCSE organisations – [From Surviving to Thriving: Insights on Building VCSE organisational Capacity and Sustainability](#) – is available.

# 1. Introduction

## Overview

This section provides:

- A short introduction to the Dormant Assets NI Phase 1 Grant Programme
- An introduction to and overview of the evaluation
- Details of the purpose and structure of this evaluation report
- Details of key considerations when reviewing this report
- Acknowledgments.

**1.1** This report presents findings and learnings from the evaluation of The National Lottery Community Fund's Dormant Assets Northern Ireland (NI)<sup>1</sup> Phase One Grant Programme (hereafter referred to as the 'Grant Programme'). It describes how and to what extent the Grant Programme has contributed to improving the resilience of the voluntary, community and social enterprise (VCSE) sector in NI. It presents evidence on what has worked well in delivering and achieving outcomes, and sets out the enablers and challenges experienced by grant holders.

**1.2** Findings in this report will be relevant for The National Lottery Community Fund, its stakeholders, policy makers and VCSE organisations - including those funded via the Grant Programme.

**1.3** The aim of Dormant Assets NI is to support VCSE sector in NI to be more resilient and prepared for the future, by funding activity that increases capacity and sustainability. Dormant Assets NI is delivered by The National Lottery Community Fund, and funded a Grant Programme in which 244 organisations received grant funding totalling £19.9m. More information on the programme is provided in the following chapter.

### The Grant Programme evaluation

**1.4** **This is the final evaluation report for the Grant Programme.** It presents findings and learnings captured over the three waves of data collection conducted for the evaluation.

**1.5** 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 were to:

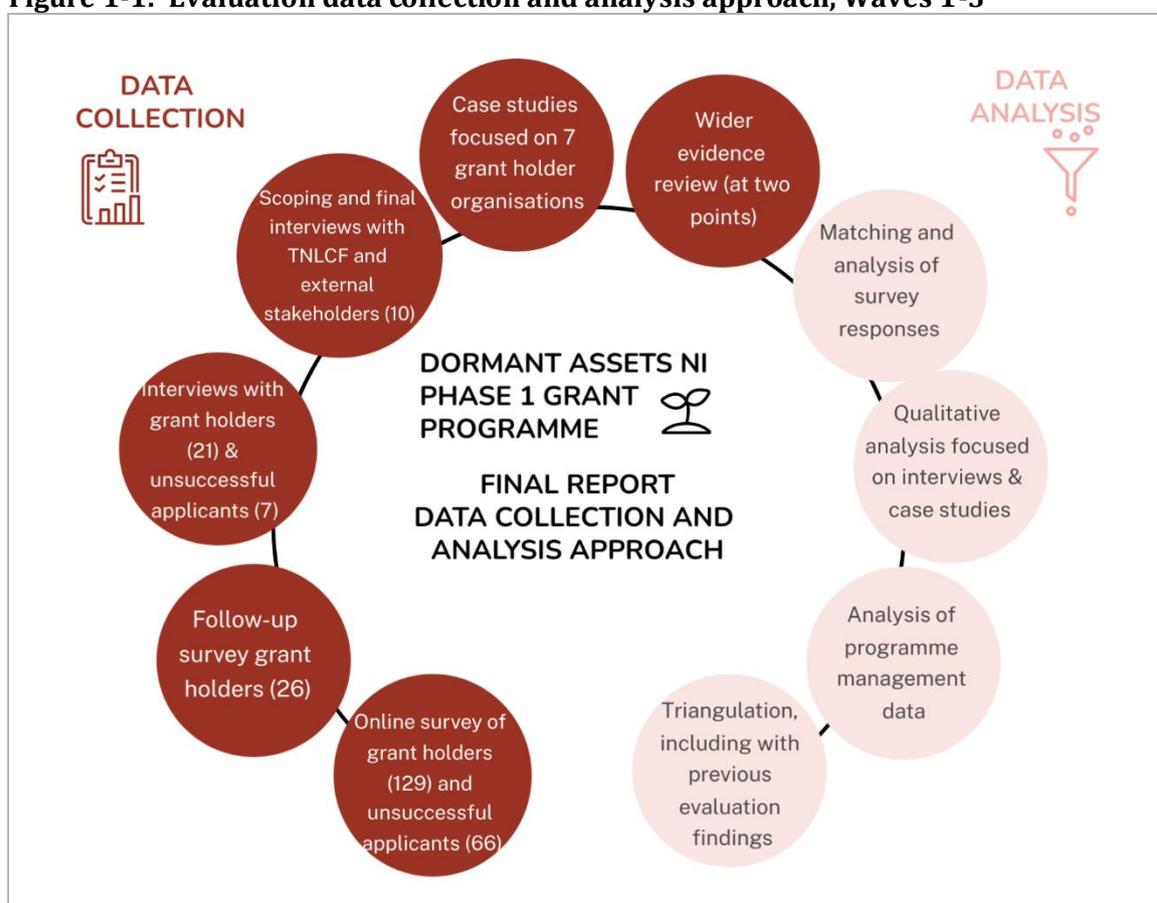
<sup>1</sup> Previously known as the Dormant Accounts Fund.

- Provide evidence about the extent to which the Grant Programme and its funded projects 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.

**1.6** The evaluation adopted a theory-based approach underpinned by the Grant Programme's Theory of Change (see Annex E). The evaluation was undertaken in three 'Waves' between March 2024 and May 2025, with each wave engaging grant holders who were awarded their grant at least one year prior. This approach was designed to ensure that enough time had passed since grant award/decision making to explore learning and impacts emerging.

**1.7** A summary of the data collection and analysis approach adopted for the evaluation is presented below.

**Figure 1-1: Evaluation data collection and analysis approach, Waves 1-3**



Source: SQW

**1.8** This final evaluation report seeks to present emerging thematic findings against the following<sup>2</sup>:

### **Research questions**

- 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 VCSE organisations 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?

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

<sup>2</sup> Research questions were updated at initial interim reporting to reflect the change in programme name.

## Considerations

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

- **This report has relied on self-reporting.** While care has been taken to reduce bias and to triangulate evidence from multiple data sources where possible, it is not possible to independently verify the accuracy of the evidence.
- **Interview and case study data were not quantified.** Interviews were qualitative and semi-structured. This means that all conversations explored slightly different topics in depth, as they were informed by survey responses and issues about which the interviewee had the most to say.
- **Case studies are intended to showcase examples of outcomes and learning.** Case study organisations were selected in collaboration with The National Lottery Community Fund, having been identified as organisations which could best share learning with other VCSE organisations. They therefore are not intended to be representative of the Grant Programme or sector as a whole.
- **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 programme 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). Two organisations responding to the unsuccessful applicant survey could not be identified in the management data, and therefore were excluded from the analysis.
- **Variable survey response rates.** Throughout the report, the number of respondents to each survey question fluctuates. This reflects several key things:
  - That not all survey respondents answered each question; some questions were skipped by some respondents
  - Routing meant that not all respondents to each survey were asked every question
  - Each survey had a different number of potential respondents overall (variable recipient numbers) and response rates varied.

We have reported the total number of responses for each survey question alongside our analysis throughout.

- **Limited triangulation of perspectives.** Surveys were sent to one contact per organisation, and interviews were conducted with one or two people per organisation only. It is possible that others within funded and unsuccessful applicant organisations may have had different perspectives which have not been captured via the evaluation.

Case studies captured perspectives from multiple people per organisation, but these were only conducted with eight grant funded organisations (across seven case studies).

- **Some outcomes and impacts may not have been captured.** We did not receive survey responses from all funded projects or all unsuccessful applicants; it is possible that those that did not respond to requests to participate may have had different experiences or outcomes. In addition, amongst those that did participate it is possible that some outcomes, impacts and learnings have not yet emerged, and will only become apparent over a longer time period.

**1.11** The following terminology is used 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.
- **'Grant Programme'** is used to refer to The National Lottery Community Fund's Dormant Assets NI Phase One Grant Programme (which includes grant funding and wider activities such as learning events). **'Project'** is used to refer to the delivery of all grant funded activities by grant holders, and **'activity'** is used to refer to specific elements of project delivery.

## Acknowledgements

**1.12** This report was compiled by an SQW research team comprised of Lauren Roberts, Jane Meagher, Bill Carroll, Joanne Barber, 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.

**1.13** Our thanks go to the programme grant holders, unsuccessful applicants and stakeholders who have contributed their time and insights to the evaluation, particularly the seven grant holder organisations who participated as case study subjects.

**1.14** 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.

**1.15** Without the time and input of all of these individuals, this evaluation would not have been possible.

## 2. Programme and context

### Overview

This section explores:

- The context of the VCSE sector in NI and more widely, including key issues facing the sector and its key strengths
- Further detail on the Dormant Assets NI Phase 1 Grant Programme and its timescales, aims and objectives

This section draws on the wider evidence review, interview data, notes from the interim learning events in February 2025, and programme documentation.

### Key messages

- 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 projects to increase capacity and sustainability.
- The programme has been delivered against the backdrop of a challenging VCSE sector in NI, including issues related to:
  - The impact of the Covid-19 pandemic (and related disruptions to funding and delivery, as well as increased demand for services)
  - The cost-of-living crisis
  - Political uncertainty, Brexit and the collapse of the NI executive
  - A competitive landscape and short-term, restricted funding available to VCSE organisations
  - Issues with recruitment and retention across the sector.

## The VCSE sector in Northern Ireland

- 2.1** Throughout the evaluation, stakeholders have described a number of key contextual factors that characterise the VCSE sector in NI. These included a number of strengths of the sector – such as resilient organisations who have “*weathered a number of storms*”, highly committed and passionate staff and volunteers across organisations, and increasing evidence of improvements to areas like impact measurement and collaboration across the sector. However, the sector has largely been characterised by the challenges currently facing those VCSE organisations operating in it. The identified challenges include:

- The **impact of the Covid-19 pandemic on the VCSE sector**, both in terms of **disruptions to funding and delivery**, and **increased demand for services** as a result of the pandemic. Impacts for the sector were suggested to include reductions in the overall number of volunteers, and changes as to how volunteers typically want to contribute their time.
  - The **cost-of-living crisis**. This was identified as posing a dual challenge for VCSE organisations in NI, resulting in an increased demand for services delivered by the VCSE sector, but also an increase in the cost of running services and overhead costs such as building rental, utility bills, etc. Similarly, stakeholders noted that the longer-term impact of austerity has impacted on levels of demand for services in NI.
  - In terms of the broader political climate in NI, stakeholders noted that recent **political uncertainty, Brexit and the collapse of the NI executive** had significantly impacted the VCSE sector, and led to limited support or funding opportunities for VCSE organisations from government.
  - Stakeholders also described the VCSE sector in NI as a **particularly competitive landscape**, with an ever increasing number of organisations but a limited amount of funding and opportunities available. One stakeholder attributed this *“fragmentation”* to a lack of joint up planning between government departments (related to the bullet above), with organisations being increasingly reliant on funding from annualised budgets from different government departments each year, limiting the amount of collaboration possible for organisations. Similarly, this stakeholder noted that a lack of joined up planning (between governmental departments and also between VCSE organisations) can lead to new organisations being formed that deliver the same or very similar services already available in the sector, further exacerbating the issue of competitiveness and funding dilution.
  - **Short-term, restricted funding** limits the extent to which VCSE organisations can invest in strategy and leads to **reactive delivery**.
  - Relatedly, stakeholders described **issues with recruitment and retention** as major contextual factors impacting the VCSE sector in NI. These are linked to the overall issue of funding in the sector; organisations may struggle to offer permanent jobs with sufficiently attractive salaries to recruit or retain people in the sector. Again, competition between organisations in the sector for skilled postholders was also referenced as a contextual factor.
- 2.2** It’s worth noting that these challenges were reported by grant holders and unsuccessful applicants alike (as well as wider stakeholders), indicating that these are sector-wide, structural issues rather than isolated problems.

- 2.3** These issues are also reflected in the wider evidence base; in particular, the impact of recent political background in NI and its impact on the VCSE sector. There is evidence that the collapse of the NI Executive in 2022 led to a period defined by a lack of political decision-making, and therefore a lack of action to address NI's long-term policy challenges. The devolved NI Assembly and Executive was restored 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<sup>3</sup>.
- 2.4** Additionally, there have been recent legislative changes that will continue to affect the VCSE sector. These include the recent increase in employer National Insurance contributions. As noted by an open letter by the Greater Manchester VCFSE (Voluntary, Community, Faith and Social Enterprise) Leadership Group<sup>4</sup> to commissioners in January 2025, these are likely to exacerbate existing financial strain on VCSE organisations.
- 2.5** There is also an NI-specific legislative update which is likely to impact VCSE organisations going forward, related to Social Value requirements in Public Procurement<sup>5</sup>; effective from February 2025. It is now mandatory to include social value as a condition of contract in works contracts above £500,000, among other revisions. VCSE organisations may need to further develop or improve their processes for measuring and monitoring social value and impact as a result. However, this legislation may also represent a potential additional source of income for the VCSE sector, as organisations from other sectors will be looking for ways in which to fulfil their social value requirements through partnerships with VCSE organisations.
- 2.6** It is also worth noting that Fibrus, a broadband provider, was awarded a Government contract in 2020 to improve connectivity for premises unable to access reliable broadband services of 30 Megabits per second across the most rural areas of NI. Entitled Project Stratum<sup>6</sup>, this has led to over 74,000 homes and businesses receiving access to full fibre broadband at the time of reporting (with the project on track to deliver access to a further 7,000 by June 2025). This is reported to have had implications for VCSE organisations located more rurally and their ability to adapt their digital infrastructure.
- 2.7** More generally, in reference to VCSE capacity, resilience and sustainability and how it is affected by political, social and economic contexts, Sodha (2019)<sup>7</sup> identified three key trends over recent decades relating to the evolution of the state and its relationship with the VCSE sector:

<sup>3</sup> Pivotal (2023) Governing without government: The consequences. Available [here](#).

<sup>4</sup> [679ba12f76a5436237b3e1a2\\_Open\\_Letter\\_to\\_Commissioners\\_from\\_GM\\_VCFSE\\_Leadership\\_Group\\_Jan25.pdf](#).

<sup>5</sup> [PPN 01 21 - Social Value in Procurement Word master.pdf](#).

<sup>6</sup> [Fibrus delivers Project Stratum at full fibre speed](#).

<sup>7</sup> Sodha, S (2019) The future of 'doing good' in the UK. Available [here](#).

- 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. For example, contracts tend to specify how or what services need to be delivered, which means organisations may end up delivering without alignment to their values. Also, Grant Programme stakeholders identified that inexperience may result in VCSE organisations not including all delivery costs in their bids, which can result in financial loss.
- The previous UK 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.

**2.8** The full write up of the wider evidence review, including the refreshed review as part of the Wave 3 evaluation activity, is provided in Annex C.

## Dormant Assets NI

**2.9** 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.

**2.10** 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 at least 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.

**2.11** 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, NI 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.

**2.12** 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 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”<sup>8</sup>.*

**2.13** 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 Grant 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.

**2.14** **When launched in January 2021, £20.6m of dormant assets had been accumulated for NI.** As more bank and 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 2023<sup>9</sup>. 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.

**2.15** 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 projects to increase 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

<sup>8</sup> Spending Directions to The National Lottery Community Fund.

<sup>9</sup> The National Lottery Community Fund (2023) Dormant Accounts Annual Report 2022-23.

- Improved strategic planning in the VCSE sector
- Increased collaboration within and across sectors.

- 2.1** 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.
- 2.2** By its closure in March 2023, the Grant Programme had received over 700 applications and had awarded nearly £20m to 244 VCSE sector organisations.
- 2.3** 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. These policy directions are informing the Phase Two Access to Resilience programme, which aims to address barriers to capacity building in VCSE organisations, and achieve meaningful and inclusive participation. Access to Resilience is providing 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.
- 2.4** The policy directions are also informing the development of Phase Three of Dormant Assets NI. Neither the Access to Resilience programme nor Phase Three activities are within the scope of this evaluation, but learning from this evaluation will be taken on board by The National Lottery Community Fund to inform future funding programmes, including subsequent phases of Dormant Assets NI funding.

## 3. Engagement

### Overview

This section covers the reasons why VCSE organisations applied to the Grant Programme and the challenges organisations hoped to address, as well as the types of organisations that applied for and received Grant Programme funding. It sets out the overall findings and draws out any variations by organisation characteristics and across the three waves of grant holder survey.

It draws on evidence from the surveys with grant holders and unsuccessful applicants, and interviews with grant holders and stakeholders (including case study organisations), as well as insights captured during the interim learning events held in February 2025.

### Key messages

- The most common challenge that grant holders hoped to address through applying to the fund was generating and diversifying income. This was particularly the case for those who received funding later in the programme. Over a third of respondents cited a reduction in funding and public donations as a key issue they were seeking to address in applying to the Grant Programme. Limited time and resources for strategic planning and a lack of skills, confidence, or capabilities were also common drivers for applications.
- Unsuccessful applicants reported similar challenges that they hoped to address through grant funding. Consistent with the findings from the grant holders' survey, generating/diversifying their income sources was the most commonly reported challenge driving their applications.
- Reasons for applying for the Grant Programme as opposed to other funding sources included the focus on strategic activities (rather than projects) and the flexibility of the grant to take advantage of emerging opportunities. The timing and context of the programme were also reported to be important.

### Profile of grant holders

- 3.1** A total of 244 organisations (39% of all organisations that applied) were awarded a grant. The table below summarises the number of applications submitted and awarded, including whether organisations submitted more than one application.
- 3.2** The application and award rates varied by the following organisation characteristics:

- **Urban/rural:** Evidence from scoping interviews suggested that organisations can experience different challenges depending on whether they are based in an urban or rural environment. Generally, a higher number of urban located organisations applied compared to rural organisations (except for those within the most rural classification H: Small Village, Hamlet or Open Countryside, settlements with fewer than 1,000 people), and those urban organisations tended to be more successful (A-E: settlements of over 5,000 people award rate of 35.9%, compared to F-H: settlements of fewer than 5,000 people award rate of 19.4%).<sup>10</sup>
- **Organisation type:** Organisations registered as a ‘registered charity and not-for-profit company’ had the highest award rate (50%). Other types of organisations were generally less successful, particularly unregistered voluntary or community organisations, of which only two of thirty four applicants (6%) received a grant.
- **Organisation size:** Table 3-1 shows that approximately half of all applications (52%, 385) were from medium-sized organisations, with another quarter (24%, 173) being from small organisations and nearly a fifth (17%, 122) being submitted by large organisations.
  - Large (54%) and medium-sized (37%) organisations also had the highest proportion of applications receiving an award, compared to a 15% award rate for small organisation applicants.

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<sup>10</sup> Northern Ireland Statistics and Research Agency (NISRA) defines urban settlement as those with a population greater than 5,000 and rural settlements as those with population under 5,000.

**Table 3-1: Application and award rate by organisation size**

Organisation size (annual income)	% of NI VCSE sector <sup>11</sup>	% of applications	% of awards	Application award rate
Micro (under £10k)	22%	4.5%	1.2%	9.1%
Small (£10k-£100k)	32%	23.5%	10.2%	14.5%
Medium (£100k-£1m)	34%	52.3%	58.6%	37.1%
Large (£1m-£10m)	12% (combined)	16.6%	27.0%	54.1%
Major (£10m-£100m)		2.3%	2.5%	35.3%
Super-major (over £100m)		0.8%	0.4%	16.7%

Source: SQW analysis of applicant and awardee data

- Local authority:** Nearly half (334, 45%) of all applications were from organisations with their headquarters based within Belfast local authority district, with Derry City and Strabane being the local authority with the second largest number of applications (78, 11%). The success rate of organisations across local authorities was more evenly balanced, although Belfast had the highest proportion of successful applications (45%), compared to Fermanagh and Omagh where only 6% of applications were successful (one out of 18). Programme documentation and scoping interviews suggested that this was a product of the relatively high number of medium and large organisations based in and around Belfast, and Derry and Strabane.
- Region:** There is a distinct difference between the award rate for organisations which operate Wide (47%) and in the Eastern region (46%), compared to Southern (29%) and North Western (27%) organisations. The regions identified are defined internally by The National Lottery Community Fund based on the local authority in which they operate, and in which organisations which operate across NI are classified as Wide (e.g. national NI charities, and UK and international charities with a presence in NI).

**3.3** Phase One awards were generally limited to £100,000, unless an organisation was planning to merge or share services on a permanent basis with another organisation. **Of the 244**

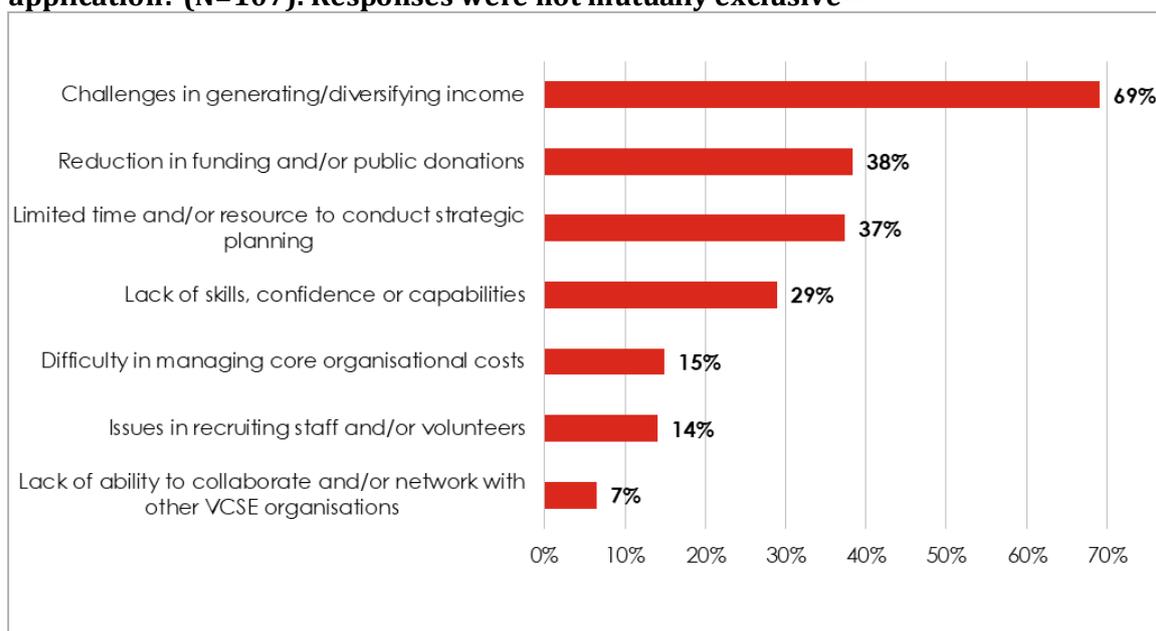
<sup>11</sup> TNLCF (2023) Dormant Accounts Annual Report 2022-23.

awards, the majority were close to the £100k maximum grant level, with the median grant award being £98,307.

## Reasons for applying to the Grant Programme

**3.4** Grant holder survey respondents identified the main challenges they were seeking to address in applying to the Grant Programme. The aggregate responses from the three waves of the survey are presented in Figure 3-1.

**Figure 3-1: Which challenge(s) did you hope to address with your Dormant Assets NI application? (N=107). Responses were not mutually exclusive<sup>12</sup>**



Source: SQW analysis of grant holder survey responses (Waves 1-3)

**3.5** Overall, the **most commonly reported challenge that survey respondents hoped to address was generating and diversifying income** (69%, 74 out of 107). When reviewing findings by wave, the data shows that those who were granted funding later in the programme (i.e. Waves 2 and 3) more frequently reported this challenge than those who received funding earlier (i.e. Wave 1)<sup>13</sup>. The data suggests that there is no marked variation in the incidence of this challenge being reported by organisation size. However, organisations operating nationwide (i.e. across NI) were more likely to report this challenge (75%, 27 out of 36), compared to those operating in a specific region (for example 65% in the North Western region, 11 out of 17).

<sup>12</sup> N=21 respondents were not the main point of contact for the Grant Programme application, so they were not asked this question.

<sup>13</sup> In Wave 1, 52% of survey respondents (30 out of 58) reported this challenge, compared to 91% (10 out of 11) in Wave 2 and 63% in Wave 3 (34 out of 54). Note, five respondents from the Wave 2 survey did not complete the question because they were not the main contact for the grant.

- 3.6** Over a third of survey respondents also cited a **reduction in funding and/or public donations** (38%, 41 out of 107) as a key issue. Many of the grant holders interviewed explained that they were dependent on one or two sources of funding, meaning they were vulnerable to potential reductions in these funding streams and beholden to the requirements of these funders. Those who are reliant on funding from government departments referred to needing to reapply annually, causing uncertainty and impeding longer term planning. Also, as noted above, it was reported that government funding for VCSE organisations is becoming increasingly competitive given cuts to departmental budgets.
- 3.7** Some organisations reported that they had used up any financial reserves they previously had, largely in response to various organisational and/or contextual challenges (including the Covid-19 pandemic and the withdrawal of EU funding). They recognised a need to restore their reserves in order to provide greater resilience.
- 3.8** Combined, these factors have increased funding pressures for VCSE organisations, leading them to seek to identify new income streams.
- 3.9** Around a third of grant holder survey respondents identified **limited time and/or resource to conduct strategic planning** (37%, 40 out of 107) **and a lack of skills, confidence or capabilities** (29%, 31 out of 107), as key reasons for applying to the Grant Programme. These were consistently identified as key challenges across each wave of the survey, the only exception being a lack of skills, confidence or capabilities which was less prevalent amongst Wave 2<sup>14</sup> respondents.
- 3.10** Qualitative feedback provides further insight into these challenges:
- Limited time and/or resource to conduct strategic planning: prior to the Grant Programme, organisations reported that they were often focused on delivering against immediate priorities and service delivery, rather than strategic planning. This was due to funding and resource (staff time) constraints. In some cases, organisational leaders were responsible for day-to-day delivery, without committed operational/business management resource. This left little senior capacity for strategic planning. Funding available for the sector typically was reported to not offer resource for strategic planning.
  - A lack of skills, confidence or capabilities: some grant recipients noted how, due to limited funding and capacity, they often focused on delivery and had limited opportunities or resource to undertake staff training. They reported that this impacted their ability to be resilient and deliver in the longer-term.
- 3.11** The challenges and motivations set out above were echoed by grant holders during the interim learning events held in February 2025.

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<sup>14</sup> This challenge was identified by only two out of 11 respondents in Wave 2.

**3.12 Similar challenges were identified by unsuccessful applicants surveyed.** Consistent with findings from the grant holders' survey, generating/diversifying their income sources was the most commonly reported challenge (50%, 32 out of 64). This was followed by limited time and/or resource to conduct strategic planning and difficulties in managing core organisational costs (both 36%, 23 out of 64).

**3.13** Reasons for applying for the Grant Programme as opposed to other funding sources were also explored in grant holder and unsuccessful applicant interviews. 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**

**3.14** 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 funding that could be used to further develop the organisation - rather than purely for the delivery of a service or project - enabled them to demonstrate the viability of emerging opportunities, which could then be developed further in future.

**3.15** 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 to some grant holder organisations. The Grant Programme was seen to provide a timely opportunity to address 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**

*“Post Covid it was quite hard to transition back ... the organisation was very much in crisis mode all the time. [...] The strategic plan was out of date because of Covid 19... [the organisation] just needed a kickstart and refresh in lots of ways”.*

**Grant holder interviewee**

## 4. Grant-funded activity

### Overview

This section provides:

- An overview of activities delivered through the Grant Programme, including how these have varied by organisation type
- Detail on aspects of delivery that have worked well and less well
- Exploration of the extent to which intended activities have been delivered as planned
- Learning around enablers and barriers experienced in delivering grant funded activities.

The findings are based on evidence from programme monitoring data, the surveys with grant holders and unsuccessful applicants, interviews with grant holders, unsuccessful applicants and stakeholders, case studies, and insights captured during the interim learning events held in February 2025.

### Key messages

- The Grant Programme was used to fund a range of activities. Generating and diversifying their income streams was the most frequently reported activity by grant holders across all three waves of the survey. Qualitative insights suggest this spanned both commercial opportunities and broadening public sector partnerships. Grant holders also commonly reported activities relating to the recruitment of new staff and improving digital capacity or digitising processes and materials.
- In terms of progress, the survey evidence also indicates that the majority of grant holders have delivered, or will deliver, their grant funded activities as planned. Further, programme monitoring data shows that the majority of projects have retained their original delivery timelines.
- Key enablers to delivery of grant funded activities included bringing in required skills to support with delivery, increasing internal capacity to deliver activities, and involving existing staff, volunteers or partners in the delivery of grant-funded activities. The flexibility of the Grant Programme and support from The National Lottery Community Fund Funding Officers were also reported to be key enablers.
- The key commonly reported challenges that affected the delivery of grant funded activities were recruitment and staff retention. Some grant holders found it difficult to manage internal capacity and resource constraints when delivering a timebound project; external contextual factors also impacted the delivery of activities for some grant holders.

## Programme delivery

- 4.1** Grant holders delivered a range of different activities through the Grant Programme.
- 4.2** **Generating/diversifying their income streams** was the most frequently reported intended activity by grant holders across Waves 1-3 of the survey (71%, 90 out of 129). This aligns with the challenge most commonly reported by grant holders that they hoped that the funding would address.
- 4.3** Qualitative findings suggest that there were several different ways in which grant holder organisations sought to increase their income and diversify their sources of income. These spanned:
- Commercial opportunities (e.g. setting up a shop to generate sales revenue, delivering training programmes targeted at external organisations/individuals, increasing activity with private sector organisations who would then pay for their services, boosting membership numbers etc.)
  - Broadening public sector partnerships (e.g. securing funding from different funding bodies, developing workstreams which received public sector funding support, etc.).
- 4.4** Grant holders also commonly intended to deliver activities related to the **recruitment of staff**. This was with the intention of delivering activities to improve sustainability, ensure the organisation has sufficient staff resource to delivery planned activities, to enable strategic planning and governance improvement activities, and improve their digital capacity/digitise processes or materials.
- 4.5** Specific examples of activities planned by three grant holders are provided in the box below.

## Examples of intended activities by grant holders

- Recruitment of a Business Development Officer to focus on marketing and communication, including through improving the organisation's social media presence and stakeholder engagement. It was anticipated that the Officer would support the overall aim to build capacity and improve financial resilience through income diversification.
- Appointment of an external consultant to undertake a strategic review of the organisation including its governance arrangements. The grant holder aimed to improve the confidence and skills of board members and volunteers and support the organisation to become more sustainable.
- Digitisation of existing processes such as timesheets, and building digital capacity amongst staff through training on applications such as Excel, OneDrive and SharePoint. The grant holder aimed to modernise processes and improve staff capacity in order to generate efficiencies and improve resilience.

*Source: Interviews with grant holders*

**4.6** In contrast, investment in facilities and practice improvement were the least commonly selected response options across the three waves of the survey.

**4.7** There appear to be some patterns in relation to organisation type and the types of activities planned amongst grant holders. Across Waves 1 and 2, medium-sized organisations were more commonly seeking to recruit new staff (58%, 28 out of 48) compared to large organisations (32%, 7 out of 22). Also, organisations based outside of Belfast were more commonly seeking to improve digital capacity and/or digitise processes or materials (71%, 20 out of 28) compared to those based in Belfast (39%, 18 out of 46).

## Progress to date

**4.8** Monitoring data shows that, as of March 2025, 101 grant holders had completed their grant funded projects, representing 41% of all awards. This is an increase of 38 grant holders since the second interim evaluation report in January 2025. The total value of completed projects was £7.9m. The remaining 143 grant funded projects were ongoing at the point of analysis, with a total value of £12m<sup>15</sup>.

**4.9** Overall, the **majority of projects retained their original planned timelines** (80%, 195). Where timelines changed, most were delayed by up to a year (14%, 33), but some projects were delayed by more than a year (4%, 10). The remaining projects completed more quickly than originally expected (2%, 6). Challenges which may have contributed to delays in delivery are explored below.

<sup>15</sup> While some of this £12m will have been spent, data on spend to date per project was not available.

- 4.10** The survey evidence also indicates that the **majority of grant holders have delivered, or will deliver, their grant funded activities as planned**. At the point of responding to the evaluation survey (across Waves 1-3), nearly half (46%, 58 out of 128) reported that they had fully delivered, or were fully delivering, the activities they intended to. The remainder (55%, 70 out of 128) reported having partially delivered their intended activities – and the majority said they still intended to deliver the rest (94%, 66 out of 70). Only two respondents said they were not intending to deliver all activities they had originally planned to<sup>16</sup>.
- 4.11** In contrast, unsuccessful applicants reported that they had largely been unable to progress their planned project activities without Grant Programme funding. Of those who responded to the Wave 2 survey, ten (of the 17) unsuccessful applicants had so far been unable to deliver their project, although eight of these still planned to deliver eventually. This is similar to unsuccessful applicants from Wave 1; the majority of survey respondents in that wave (69%, 33) had been unable to deliver their planned project, but more than half of these (18) were planning to deliver the project at some stage.

## What works and key enablers to delivery

- 4.12** Below we set out the key identified enablers to the delivery of grant funded activities to increase sustainability, resilience and capacity.
- 4.13 Bringing in required skills to support with delivery.** For many grant holders, increasing organisational capacity through the recruitment of full or part staff and/or appointment of external consultants/agencies was considered a key enabler. This was also reported to be a desired outcome of the grant. Having the “right person with the right skills” was considered key to success. The recruitment of new employees was reported to have brought new ideas and contacts/networks into organisations, and also provided additional capacity to support other planned activities (e.g. digitisation, volunteer training, communications). This was consistent with insights from grant holders that attended the interim learning events in February 2025. These emphasised the importance of recruiting new staff to diversify income and proactively build partnerships.
- 4.14** In addition, the commissioning of consultants was reported to have facilitated access to expert advice to support a range of activities (e.g. marketing and communications, implementation of software development or strategy development). For some organisations it resulted in knowledge transfer benefits.

*“The biggest enabler was having a dedicated member of staff who was focused on the project delivery and improving the strategic outcomes for the organisation. Without this, the project would not have been as successful as it was”.*

<sup>16</sup> Note, the remaining two respondents answered don’t know.

## Grant holder survey respondent

- 4.15 Increasing internal capacity to deliver activities.** Similar to the above, whilst this was an aim and desired outcome of the grant, it was also considered a key enabler in delivery. For some grant holder organisations, this involved recruiting a member of staff to deliver specific activities according to organisational needs. In some cases the recruited postholder was to free up time for other staff members to deliver (often more strategic) activities to support organisational sustainability and resilience.
- 4.16** For other grant holders, internal capacity was strengthened by training and upskilling existing staff and/or volunteers (for example, in various computer programmes or mental health awareness).

### Case study example – staff recruitment

*One case study organisation recruited a full-time General Manager with the grant monies. The individual was one of the founding members of the organisation and previously provided freelance managerial support. Therefore, they fully understood the organisation's history and vision. The individual was also reported to be highly skilled in bid writing and brought a wealth of contacts which the organisation could draw on.*

- 4.17 Involving existing staff, volunteers, or partners in the delivery of activities.** This included participation in a range of activities including strategy development, implementation of new systems/processes, and training. It was reported to support with securing buy-in to activities and ensuring the staff/partners were “onboard” with the grant project. For some grant holders, involving existing staff/volunteers/partners was particularly valuable in enabling them to draw on their knowledge and skills to support with delivery.

*“The volunteers at branches know us very well, which meant that they had good engagement with the training. The volunteers were really bought into the project, and people were enthusiastic about delivering it”.*

## Grant holder interviewee

## Case Study – involving existing staff, volunteers or partners

*Crescent Arts Centre, an arts and cultural centre located in South Belfast, used the grant to fund the development of a small retail display in order to diversify its income streams. Involving staff in project activity from the outset was considered fundamental by The Crescent's management team. For example, all full-time staff were invited to participate in the product development process. This supported buy-in during the project, and post-grant is expected to support staff commitment to the new venture. Staff are now equipped with the necessary skills and knowledge to continue delivering the retail offer.*

- 4.18 The flexibility of the Grant Programme and support from The National Lottery Community Fund Funding Officers.** The guidance and support from Funding Officers was frequently reported to be a key enabler to the delivery of projects. The flexibility to adapt planned activities and milestones during delivery was also highlighted by grant holders as an important enabler. This ensured projects remained aligned with organisational needs and supported the achievement of outcomes. There were consistent insights from grant holders attending the interim learning events, with the relationship with Funding Officers being reported to have been collaborative and supportive.
- 4.19** In particular, grant holders noted the flexibility at application stage - allowing grant holders to identify what they needed to support their resilience and sustainability, rather than fulfilling specific criteria – ensured the Grant Programme could support each organisation in a way that was designed to be suited to their needs.
- 4.20** At the interim learning events, grant holders described several other key aspects or enablers of their grant projects that had supported them to increase sustainability, resilience and capacity. Specifically:
- **The use of technology and new or updated systems.** A number of grant holders noted that introducing new technologies had promoted new ways of working, increased efficiency and helped them implement data-driven approaches. However, it was also noted that organisations should not underestimate the time and resource required to upskill staff to effectively use new technologies.
  - **Collaboration and partnership working.** Examples cited included developing strategic partnerships with similar organisations across the sector, as well as with businesses in the private sector. Grant holders noted how such collaboration could be mutually beneficial. Having the capacity and resource to build networks and invest in relationships was identified as a key enabler here.

- **The ability to communicate more widely and generate more awareness** of their organisation and activities. A number of grant holders identified this as specifically related to increasing their online presence and offering.

## Challenges and barriers to delivery

**4.21** Below we set out the key challenges and barriers reported to have affected the delivery of grant funded activities.

**4.22 Recruitment and staff retention was the most frequently reported challenge** in delivering grant-funded activities. Whilst there were positive experiences of recruitment reported, some grant holders who sought to recruit new staff (e.g. to Business Development Manager or Marketing and Communications Officer roles) identified a lack of suitable applicants as a key issue. Insights from the interim learning events reinforced the challenges around staff recruitment and retention.

**4.23** Wider stakeholders also reflected on recruitment challenges, noting that the temporary nature of the funded roles posed a challenge alongside the limited pool of potential applicants in NI. There was also some feedback to suggest that recruitment challenges have worsened over time, as increasing numbers of grant holders have sought to recruit staff from a limited pool of potentially suitable applicants. As demonstrated in the example box below, some grant holders had to pivot their original plans in response to these challenges with varying degrees of success.

**4.24** Survey respondents noted proactive steps they had taken to mitigate these recruitment challenges. These include actions such as hiring a corporate-sector professional to fill the leadership void, which brought fresh expertise and strengthened the team, or addressing recruitment difficulties by developing an existing volunteer, transitioning the individual into a part-time role and eventually into full-time employment. Support from The National Lottery Community Fund's Funding Officer was reported to be crucial in navigating these challenges, particularly by facilitating internal staff development and offering guidance. One grant holder noted how they had worked with their Funding Officer who, following issues with recruiting to a specific post, advised them to revisit the job description, make the role more senior to align it with the responsibilities, and increase the salary, which then resulted in the successful recruitment to the post.

**4.25** Staff retention is a recognised challenge for the VCSE sector in NI<sup>17</sup>. This was also identified as a key challenge experienced by some grant holders. Organisations lost staff funded directly by the grant as well as other members of their team; this was reported to have had a material

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<sup>17</sup> For example, see The Northern Ireland Council for Voluntary Action (2024) [Making a difference: Reflections from the challenges facing the Voluntary and Community Sector workforce](#). The report finds that the top five difficulties in retaining staff are salary levels, other sectors perceived as offering better terms and conditions, short term/temporary contracts, job insecurity, and high levels of burnout amongst staff.

impact on delivery capacity. This led to delays to the delivery of grant funded activities, and in some cases, led to grant holders requesting extensions to their grant funded period.

## Case Study examples – adapting recruitment plans

*Samaritans in Northern Ireland had intended to recruit a Business Development Manager, but was unable to fill the post. Therefore, they adapted their planned approach to contract a Marketing and Communications consultant instead (who was already known to the organisation). They found that this role was easier to recruit for, avoided further delays to project delivery, and could still fulfil the intended duties of the Business Development Manager.*

*Bolster Community, a charity and social enterprise based in Newry and Kilkeel, secured funding to diversify their income streams and strengthen their expertise in business development and marketing, via the recruitment of a Business Development Manager. However, in response to unexpected challenges in recruiting to this role, they adapted and took a hybrid approach – bringing in sales and enterprise expertise via a retail consultant, and strengthening their marketing offer via the recruitment of a part-time in-house Communications and Marketing Manager. This was reported to have been effective in achieving outcomes, and the learning regarding this approach to overcoming recruitment challenges was also shared with other VCSE organisations.*

**4.26 Some grant holders found it difficult to manage internal capacity constraints with delivering a timebound project.** Internal capacity constraints meant that staff time to deliver grant-funded activities was often constrained. For example, arranging convenient times for staff to undertake training was often challenging. For some organisations, other priorities emerged during grant delivery which demanded staff capacity (e.g. moving premises, governance restructuring), and led to slippage in the timelines for some grant funded activities. Some grant holders reported that with additional staff capacity they could have delivered more activities which would have helped to maximise the benefits of the grant. Further, for some organisations, using grant monies to fund the recruitment of additional staff/consultants did not resolve capacity constraints. This was reported to be because the recruitment coincided with a period of growth for the organisation, resulting in additional demands on staff time.

*“The only challenge I would say is time, because I have a very limited timeframe within this post and things don't always go to plan...”.*

**Grant holder interviewee**

**4.27 External contextual factors** outside of grant holder control also impacted the delivery of activities for some grant holders. Factors included increasing costs owing to inflation, policy and regulatory barriers, and the general uncertainty in the funding landscape. On the latter, one grant holder explained that changes to their core funding negatively impacted on the delivery of grant funded activities because it was hard to focus on strategic business development activities when the organisation was facing the threat of reducing its operations. This was echoed at the interim learning events, in which grant holders reported that external factors beyond the control of their organisations had posed key challenges to delivery.

**4.28** A range of other delivery challenges were also mentioned less frequently by grant holders. These challenges included a reluctance for change amongst staff/members (e.g. in relation to implementing digital processes/systems), limited engagement with businesses/stakeholders, and a level of competition between organisations within the VCSE sector delivering similar programmes or services.

## 5. Outcomes and impacts

- 5.1** This section is based on evidence from across all three waves of the evaluation, spanning grant holder surveys, follow-up surveys (conducted in Wave 3 with those who responded in Wave 1 and Wave 2), interviews with grant holders, interviews with unsuccessful applicants, and case studies with eight grant holder organisations.

### Overview

This section covers:

- Outcomes being reported by grant-funded organisations as a result of their Dormant Assets projects, including unanticipated outcomes and any variations in achievement
- Enablers and barriers to outcomes achievement
- The extent to which outcomes realised can be attributed to the Grant Programme (and the extent to which unsuccessful applicants made progress towards intended outputs/short-term outcomes without Grant Programme funding)
- Expected and emerging longer-term impacts.

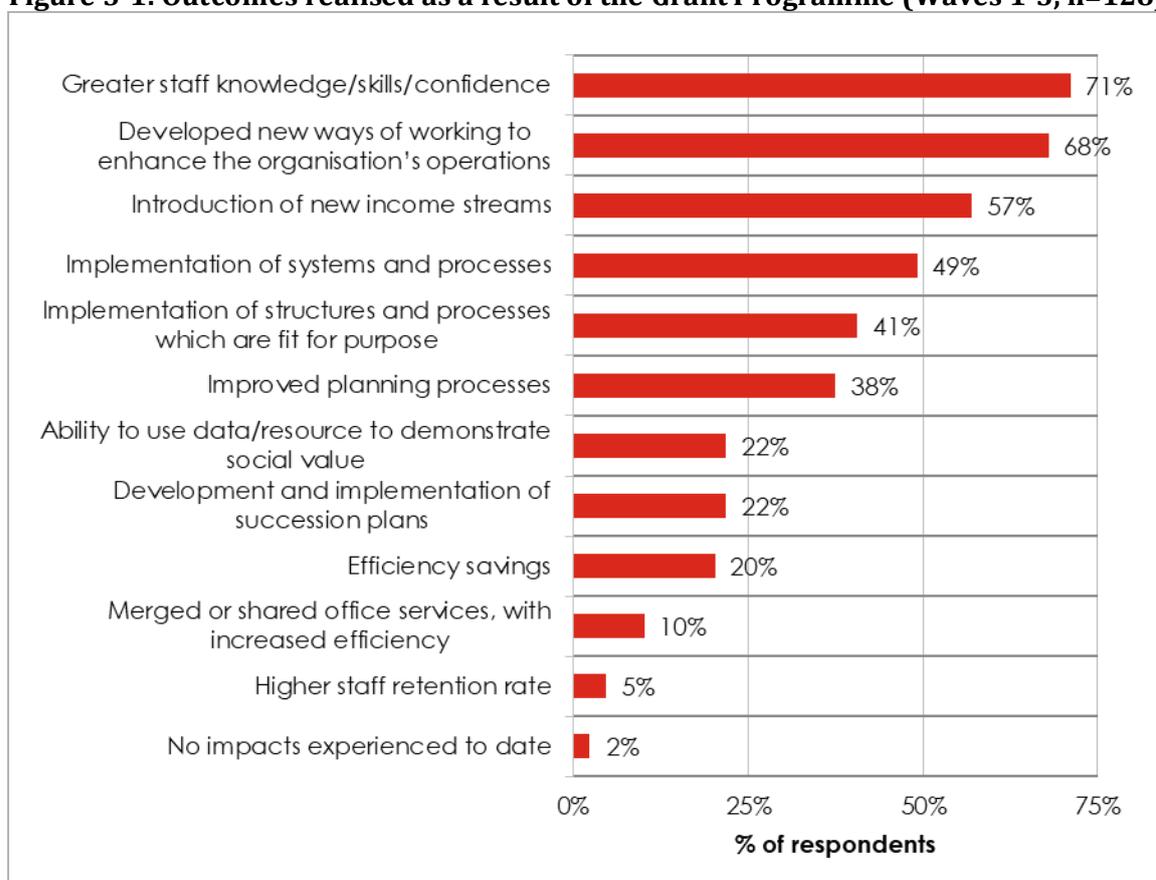
## Key messages

- Almost all grant holders engaged with reported that they had achieved outcomes as a result of the Grant Programme. Most commonly, grant holders reported greater staff knowledge, skills and confidence as a result of their grant funded activities, as well as new ways of working and new income streams. The outcomes achieved varied to some extent by organisation characteristics, including organisation size and geography.
- Nearly a third of grant holders reported that they had achieved some unanticipated outcomes, typically in the scale of outcomes achieved rather than the nature of the outcomes themselves.
- A number of internal and external factors were reported to have influenced the achievement of outcomes. Internal organisational factors (including organisational leadership and management buy-in, and strategies and action plans) were commonly identified as having positively influenced their ability to achieve outcomes, followed by engagement with The National Lottery Community Fund. In contrast, factors external to the organisations' control (such as broader socio-economic conditions and the political climate) were deemed to have had the greatest negative influence on their ability to deliver grant funded activities and/or to achieve outcomes.
- More than two-thirds of respondents said that they would have not been able to achieve these outcomes without the grant, and all remaining respondents felt they would not have achieved them to the same scale, timeliness or quality.
- Respondents highlighted the Grant Programme's focus on building core organisational capacity, sustainability and resilience, and suggested that, without the Grant Programme, there would have been limited opportunities to invest in activities relating to building their core operations.
- Evidence from grant holders indicates how Dormant Assets funding has improved capacity, resilience and sustainability in the sector. The routes to which these have been achieved are diverse, but include reduced reliance on funders, more productive and efficient ways of working, more well-established operational and strategic plans, as well as enhanced relationships, networks and organisational profile. Combined, these outcomes are expected to strengthen grant holders' ability to adapt and evolve in response to future opportunities and challenges.
- Most grant holders engaged felt that the Grant Programme had resulted in transformational change for their organisation. They reported that it had provided the opportunity to do something different to their usual operations, and access to opportunities not previously possible due to either limited finances or time constraints.
- That said, some organisations remained wary as to whether they would become wholly sustainable and resilient following their funded project. They highlighted changes to future funding and the availability of staff and volunteers as key factors which will ultimately determine the extent of their sustainability in the longer-term.

## Outcomes achieved

- 5.2** As presented in Figure 5-1, grant holders indicated that they had realised **a range of different outcomes as a result of their funded projects**. Moreover, all but two who responded to the survey reported that they had realised at least one outcome. The remaining two survey respondents anticipated realising benefits from their projects in the future.
- 5.3** Most commonly, grant holders reported greater staff knowledge, skills and confidence as a result of their grant funded activities, as well as new ways of working and new income streams. A few grant holder respondents reported that they had merged office services, and a handful felt that they had a higher staff retention rate because of the Grant Programme.

**Figure 5-1: Outcomes realised as a result of the Grant Programme (Waves 1-3, n=128)**

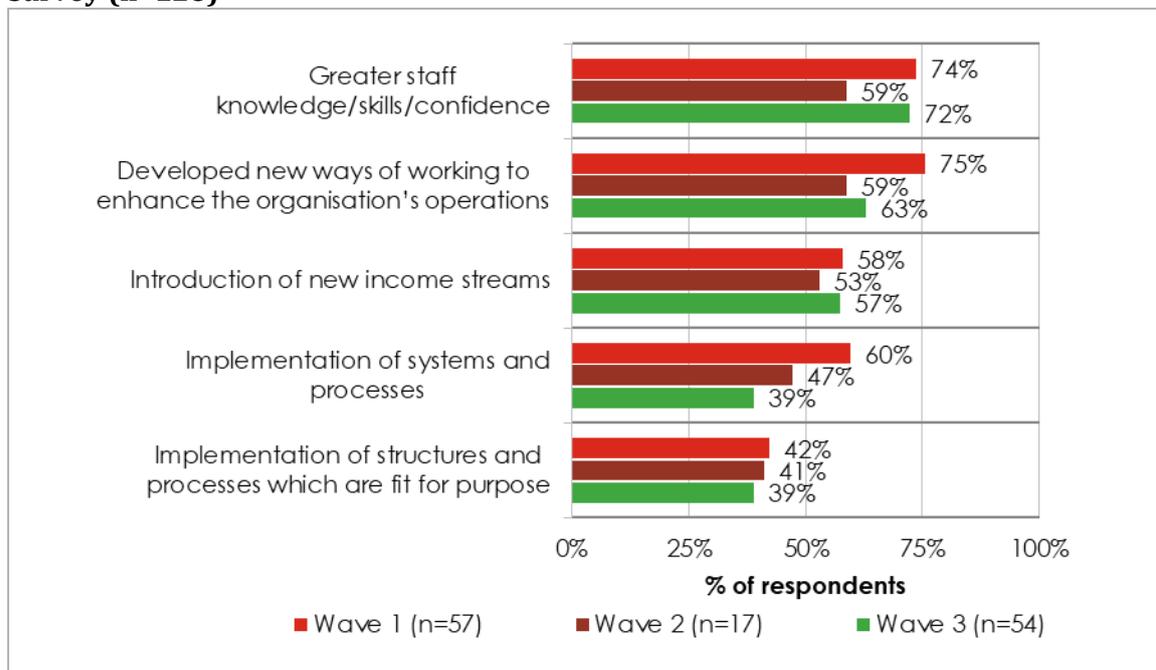


Source: SQW analysis of grant holder survey, Waves 1-3

- 5.4** While the types of outcomes identified by grant holders were largely consistent across the waves of the survey, and between different types of organisations, there were some trends in terms of which organisations had realised specific outcomes. As highlighted in the Second Interim Evaluation Report, respondents to the Wave 1 survey generally reported a higher number of outcomes compared to those in Wave 2 and Wave 3. This may be the result of more time having been afforded to Wave 1 respondents for outcomes realisation prior to the survey. Wave 1 respondents had received their grant funding up to two years prior to the survey, compared to just one year for those in Wave 2 and Wave 3.

**5.5** This time-lag effect for outcomes realisation is emphasised by follow-up survey responses. The follow up survey reveals that respondents had achieved a greater number of outcomes by the follow-up point than they had when they were initially surveyed. This holds particularly true for the implementation of new structures and processes, which four more organisations reported that they had achieved since the initial survey.

**Figure 5-2: Top five outcomes that grant holders reported achieving, by wave of survey (n=128)**



Source: SQW analysis of grant holder survey, Waves 1-3

**5.6** Other trends identified across the survey data include:

- A higher proportion of organisations based outside of Belfast (60%, 33/55) reported implementing systems and processes to cope with change and future thinking, compared to the proportion based within Belfast (41%, 30/73).
- Similarly, rural organisations (those based in towns with fewer than 10,000 people) had implemented new systems and processes to a greater extent than urban organisations (70% and 45% respectively).
- In contrast, a higher proportion of urban organisations (60%, 63/105) reported the introduction of new income streams compared to rural organisations (43%, 10/23).
- Outcomes appeared to vary by organisation size. A relatively high proportion of:
  - small organisations had developed new ways of working to enhance their organisation's operations (80%, 8/10). Further, relatively few small organisations had introduced new income streams (30%, 3/10) compared with those of other sizes.

- medium-sized organisations reported efficiency savings (25%, 20/80).
- large/major organisations reported the use of data/resource to demonstrate social value (34%, 13/38).

### Greater staff knowledge, skills and confidence

- 5.7** Across all waves of the evaluation, greater staff knowledge and skills was the most commonly cited outcome, reported by nearly three-quarters (71%, 91/128) of grant holders.
- 5.8** One of the main ways in which organisations reported achieving greater staff knowledge, skills and confidence was through paid-for training. Staff coaching sessions, delivered by both internal and external trainers, have been crucial in building organisational capabilities. This was felt to be particularly important in conjunction with other organisational changes, such as changes to internal processes and systems, to ensure both staff buy-in and that processes were effectively followed. It was also noted that focusing on staff development has demonstrated a commitment to their personal growth, making them feel valued and motivated, which improved their role satisfaction and helped mitigate staff turnover challenges.

*“More recently, (we’ve) used some of the funding to deliver dignity at work training – training which looks at how relationships are conducted, language, approaches and policies which make people feel valued – the Board and management completed that training recently. [...] The process led to rewriting the Dignity at Work policy, which is a key policy”.*

### Wave 3 Grant holder interviewee

- 5.9** Interestingly, the delivery of staff and volunteer training was only identified as a grant-funded activity by 24 grant holder survey respondents, but greater staff skills/knowledge/confidence was reported as an outcome by 91 respondents. Interview and case study evidence demonstrate how wider project activities have influenced improvements in staff knowledge, skills and confidence for many organisations. Examples of how this has occurred include through knowledge transfer in collaboration with external expertise, recruitment of new staff who have shared knowledge with colleagues, and the development of internal training and guidance resources.

*“[Recruited staff member] is working on a number of different things. [...] She has just started developing in-house training for our people, planet, place teams”.*

### Wave 1 Grant holder interviewee

- 5.10** Interviewees and case study organisations recognised that building skills is critical to improving how organisations operate. The development of new skills and capabilities allows organisations to evolve, meaning they can more effectively deliver their services, meet new needs, and engage with funders and partners. It was reported that improved staff knowledge

and skills helps organisations to develop a culture of continued personal development, which is important for adapting to new opportunities (e.g. the use of Artificial Intelligence) and ensuring that organisations sustain their ability to evolve in response.

## Case Study example – knowledge and skills

*As part of its project, the Centre for Cross Border Cooperation ('the Centre') engaged with two private sector marketing agencies to boost the organisation's profile, in an effort to attract sponsors for its Annual Conference. Through this, the Centre's internal communications and events staff collaborated with marketing specialists to develop the marketing campaign.*

*In addition to successfully raising the Centre's profile, it also led to the transfer of knowledge and skills from marketing agency specialists to the Centre's internal staff, particularly in relation to developing online content and building their social media presence. As a result, the centre has been able to sustain the development of high-quality marketing and communications material, which has directly translated to increased audience engagement. For example, the Centre's following on X (formerly Twitter) grew from approximately 1,500 before the project, to over 3,700 currently. These digital skills will remain crucial for the Centre's future, and it is now looking to identify new staff development opportunities to ensure ongoing professional growth.*

### Development of new ways of working to enhance operations

- 5.11** New ways of working to enhance operations was another commonly reported outcome, achieved by two thirds of survey respondents. This was largely reported among organisations which sought to invest in practice improvement, and often achieved through the recruitment of a new staff member.
- 5.12** Interview evidence suggests that recruitment led to new ways of working in two ways: recruitment of experienced staff members with transferable knowledge from elsewhere, whose role was dedicated to transforming the organisation's processes; or recruitment of staff focused on delivery, in turn freeing up time of senior leadership to develop new ways of working. This may be one reason why new ways of working was a focus for smaller organisations in particular, as they often have limited resources and staffing, making the recruitment of personnel an important route to affording capacity and driving operational improvements.

*"Dormant Assets has allowed us to change and given us the freedom to change – sometimes other funding pots are very prescriptive, whereas Dormant Assets was more of a two-way relationship to allow us to try things. Moving forward, we're hoping to get a bigger pot of money from the*

*[government department], which is partly a recognition of the amount of work which has been done - and that work has been possible due to Dormant Assets, as my post has freed up the CEO for more strategic engagement/activity”.*

**Grant holder interviewee**

### **Implementation of new systems, structures and processes**

**5.13** Newly developed ways of working are heavily linked to the implementation of new systems, structures and processes. In total, 54 (42%, n=128) organisations reported achieving both outcomes. This relationship is likely due to the introduction of new systems having a direct impact on the way in which each organisation delivers its work. In some cases, organisations reported that they have employed staff to implement new structures and processes (e.g. financial reporting, HR and volunteer management, donation processing) within the organisation, which has helped to improve both internal and external communication, and ultimately develop more efficient ways of working. In other cases, funding has been used to afford new systems - one organisation shared that the introduction of a new CRM system had streamlined how they tracked client interactions and fulfilled external reporting requirements, such as to legal or insurance organisations.

*“The systems work now – even the change from having manual to online timesheets – the amount of time wasted by HR dealing with this [has reduced]. Everyone has a mobile phone. Policies are up to date. Building refurbished. We had a residents’ forum this morning, it’s held every month, a Zoom meeting with 40+ people from all over Northern Ireland, and we couldn’t deliver that when I arrived due to the quality of the internet – things are more reliable and robust now”.*

**Grant holder interviewee**

**5.14** Findings suggest that this was an outcome achieved particularly by more rural-based organisations. While the reasons for this may be varied, it may have in some instances been related to the increasing importance of digitalisation for rural organisations. For some organisations which have invested in digital technologies, this has enabled new capabilities (e.g. hosting online meetings), allowing them to work in ways which were not previously possible. As outlined in section 2, the delivery of the Grant Programme coincided with the rollout of fibre broadband across rural areas in NI as part of Project Stratum.

*“It has helped us to be more productive. Being able to host events virtually makes meetings and events much easier, people don’t need to travel and take a day out of the office to attend. That has helped to boost engagement too”.*

**Grant holder interviewee**

## Case Study example – new systems and processes

*As part of its project, Vault Artist Studio recruited a new full-time General Manager. The General Manager appointed had previously provided freelance managerial support to the organisation, but formalising their role has unlocked additional capacity and authority.*

*In their role, the General Manager developed and refined Vault's policies and procedures. They introduced a formal membership agreement and induction process for new artists, and improved communication mechanisms by adding a dedicated 'members area' on the website.*

*Having a General Manager has also provided a dedicated point of contact for members which did not exist previously (instead members had to contact the Board).*

*More broadly, the organisation has refined its core values and its Business Plan in collaboration with its members. As part of the process, data were collected from members on equality, diversity and inclusion, and general feedback on the studio space. Combined, the new systems and processes contribute to increased organisational resilience, as clear policies and improved communication mean Vault is better equipped to handle challenges and sustain its operations effectively.*

### Introduction of new income streams

- 5.15** The majority of grant holder survey respondents (70%, 90/128) intended to use the grant funding to increase/diversify sources of income, and of these survey respondents, most did report an increase in unrestricted income as a result of their Dormant Assets project (73%, 66/90). Interviews and case studies indicate that these organisations have boosted their income through various means, such as securing more corporate sponsorships, generating sales revenue via social enterprises, increased fundraising (including membership) due to heightened organisational profile, and increasing the number of grant organisations they receive funding from.
- 5.16** The ways in which increased income streams have been used varies across grant holders. Some organisations have been able to use increased income to retain staff initially funded by the Grant Programme, and others have been able to expand their teams in an effort to build their existing service offer. For others, they have been able to use the increased income to help (re)build their reserves, or in a few cases, repay debts.

*"A lot of organisations have had so many different waves of challenges – Covid-19, funding cuts, loss of EU funding, business costs rising etc – all coming one after the other has meant there has been no recovery space. No period of calm and consistency to build back, particularly in using reserves up to deal with the various crises".*

## Grant holder interviewee

- 5.17** However, organisations were not always as successful as they had anticipated in generating new income. Across all three waves, three in ten of the organisations which intended to increase/diversify their sources of income had not yet realised this outcome. Follow-up survey evidence indicates that income generation is something which takes time. Of the 26 which responded, there were an additional four organisations which reported income generation as a result of their project.
- 5.18** In addition to time, there were a number of factors which were reported to have contributed as barriers to income generation. These included ongoing government spending cuts and the wider socio-economic conditions in NI (including the cost-of-living crisis) – reported as leading to less income being available from government, a more competitive market for organisations, and rising delivery costs for organisations.
- 5.19** One case study organisation – Samaritans in Northern Ireland - suggested that a limited ability to generate income may have somewhat been unexpectedly influenced by the Grant Programme itself, whereby a number of grant holders planned to generate increased income through engaging with the private sector, all over a similar time period. This was perceived to have perhaps resulted in competition between VCSE organisations; however, this was not more widely reported by other grant holders. It was suggested that subsequent greater coordination of activities between grant holders may have helped to limit the likelihood of this occurring in future. This approach is reflected in The National Lottery Community Fund's subsequent Access to Resilience programme, which has funded network organisations to provide support for small VCSE groups, as opposed to awarding individual grants to these organisations<sup>18</sup>.

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<sup>18</sup> See following link for more information [Access to resilience | The National Lottery Community Fund](#).

## Case Study example – income generation

*The Centre for Cross Border Cooperation, an independent organisation that conducts research and analyses of policy relevant to cooperation across the Republic of Ireland and NI, applied for Dormant Assets funding in an effort to diversify its income streams and develop digital capabilities within the organisation. A primary outcome from the project has been an increase in unrestricted income. This has come about through increased sponsorships, rising from one or two sponsors before the project, increasing to six in 2022, seven in 2023, and ten for the organisation's 2024 conference.*

*Not only has the number of sponsorships grown, but so too has the value of the sponsorships. This was felt to have been a product of both the increased online capabilities, and the marketing activities undertaken, whereby:*

- *Improving the Centre's online capabilities increased the credibility and professionalism of its virtual/hybrid events, meaning events delivered were of a higher production value and to a larger audience.*
- *Marketing activity helped to raise awareness of the Centre's work, helping them to engage with new partners.*

### Ability to use data to demonstrate social value

**5.20** Some grant holder organisations (28 across all three waves) sought to improve their ability to use data in demonstrating the impact of their activities. Generally, there has been a reported focus on digital infrastructure, such as introducing systems and processes to collect activity and impact data. This has in turn enabled organisations to better understand their data requirements, identify gaps, and take steps towards measuring their social value.

**5.21** One organisation mentioned how they had worked with a consultant to develop a Social Return on Investment (SROI) measure for their organisation, to help demonstrate the value of the organisation's activities. Other organisations noted how they had started conducting surveys of staff, members and service users, again in an effort to quantify the value of their activities. An interim learning event attendee noted the importance of using qualitative insights alongside statistics when seeking to demonstrate their social value:

*"We've started to look not only at collecting our data and figures and stats - but the heart, the emotion, connection to the stories".*

### Interim learning event attendee

**5.22** In some cases, newly generated data has been used to inform funding applications and the development of strategic plans and objectives. This was with a view to ensuring that resources are focused on the most impactful work, helping to improve services and increase organisational effectiveness. In relation to service delivery, one organisation described how they used their newly implemented system to identify which times of day they were more likely to have a higher number of customers visiting the service, and then ensure they have sufficient staff resource during busy periods to improve the service for customers. In relation to organisational effectiveness, one organisation was able to implement a new system using Dormant Assets funding to automate some elements of their service delivery as well as how they measure impact. They reported that this freed up staff resource to focus on other activities, such as community outreach:

*“As we got bigger, our [system] wasn’t fit for purpose. [...] With Dormant Assets funding, we were able to get an expert to come in and amend the whole system going forward – [to focus on] what are the things we want to capture, the key outcomes [...] Now we have a system that acts as the oracle of the organisation. It’s a database, CRM, impact measurement – we just hit a button and it’ll send out a satisfaction survey for anyone that participates in that event”.*

#### **Grant holder interviewee**

#### **Efficiency savings, including merged office services**

**5.23** There were some examples identified as to how receipt of the grant funding had led to efficiency savings for organisations. While the activities undertaken were diverse, grant holders reported that this was achieved either through consolidation of office services, through acquisition of new premises (e.g. through Community Asset Transfer), or through the implementation of new systems to modernise existing processes. Combined, these activities had either led to or were anticipated to lead to savings, through reduced spend on running costs (including energy bills) and/or through better financial management as a result of the new processes in place.

*“Something as simple as the photocopier contract, and the same with our stationery supplier. We’re going to do a supplier review annually now too. So it is as much about saving on spend, as it is on bringing in income”.*

#### **Grant holder interviewee**

**5.24** Of the organisations which reported efficiency savings, none mentioned that they had reduced their team size as a result. Instead, they tended to reallocate staff time to new, more high value activities, such as dedicating more time to delivering higher quality services, identifying new opportunities to expand existing provision, or being able to address other organisational needs which had previously been deprioritised due to more urgent, short-term needs.

## Case Study example – efficiency savings

*Ballycastle Credit Union used Dormant Assets NI funding to install a new Progress banking platform and introduce a suite of online services, which allowed customers to fully access all Credit Union services virtually, including joining the Credit Union online, applying for loans, and completing other transactions without having to come in to the physical setting.*

*As well seeing an increase in the number of new members joining the Credit Union – from 185 new members in 2021-22 to 576 new members in 2022-23 – this digitisation of services was also reported to have freed up staff capacity. Whereas previously staff members had to manually process each transaction, the new system automatically processes these; this transactional efficiency has enabled staff time to be reallocated to other areas of the business and the delivery of additional member services. For example, the Credit Union now delivers a school outreach programme, in which staff members visit local primary schools and support children to set up their first bank accounts and build their financial literacy on a weekly basis.*

*The Credit Union also used the surplus generated through these recent changes to set up a Fund to support community organisations and not-for-profit organisations who can apply for small amounts of funding from the Credit Union. This again is administered using the freed up staff capacity generated through the digitisation of services.*

### Staff and volunteer retention

**5.25** A few organisations reported that they had experienced an increase in their numbers of staff and volunteers as a result of the Grant Programme. Again, the routes to which this was achieved varied based on the nature of the projects delivered, but generally this came about as a result of the organisations being in more financially resilient positions, and as such feeling more confident to expand service provision, and in turn their level of staffing/volunteering.

## Case Study examples – volunteer recruitment and retention

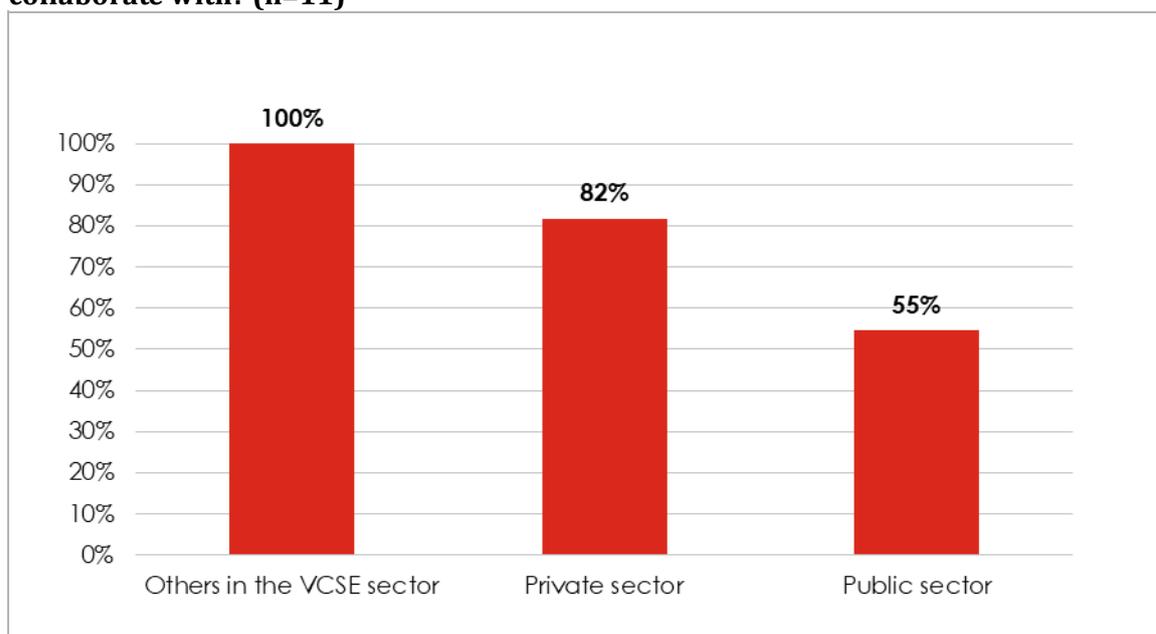
*Through the Grant Programme, the Belfast Tool Library recruited two part-time members of staff to focus on day-to-day delivery of the library. It was felt that the capacity of the staff has been important in improving the skills and retention of the organisation's volunteers – for example, the organisation now offers training for volunteers and there are more regular communications with volunteers.*

*Samaritans in Northern Ireland reported a similar outcome. Their grant monies were used to fund Mental Health Awareness in the Workplace training sessions. The sessions concluded with an overview as to how attendees could get involved with Samaritans. The training has also helped to raise the organisation's profile in NI; delivering the training has also benefitted volunteer recruitment, which had been identified as a key barrier for Samaritans amidst the rising need for their services. At the end of the training session, volunteers delivering the training gave an overview as to different ways in which individuals and organisations can get involved with Samaritans. It was noted that there have been some instances where individuals who have received training have then gone on to become involved in volunteering opportunities at NI branches.*

### Collaboration, networking and partnership building

**5.26** Survey respondents highlighted the importance of continued deepening relationships with key stakeholders, spanning funders, public sector and private sector. These relationships were viewed as important not only for learning and knowledge exchange, but also for unlocking new opportunities and expanding influence. Figure 5-3 outlines responses from Wave 3 respondents who said that they intended to use the grant funding for activities related to collaboration (n=11), about the types of organisations or individuals they have/did expect to collaborate with. All 11 respondents reported other organisations in the VCSE sector, but this was closely followed by the private sector (reported by nine (82%) respondents). Only two of the 11 respondents that used the fund to engage in collaboration activities solely collaborated with organisations in the VCSE sector; the remaining respondents reported a mix of private, public, and VCSE organisations.

**Figure 5-3: Which types of organisations or individuals have you/did you expect to collaborate with? (n=11)**



Source: SQW analysis of grant holder survey – Wave 3

**5.27** Attendees at a learning event described having the capacity and resource to build networks and invest in relationships as a key enabler of achieving sustainability and resilience for their organisations, as well as the establishment of these networks formed between organisations being an unexpected outcome of the programme itself. Examples cited included developing strategic partnerships with similar organisations across the sector, with grant holders noting how such collaboration could be mutually beneficial:

*“We team up with small organisations and strengthen each other”.*

#### **Interim learning event attendee**

**5.28** Relatedly, grant holders identified having the capacity and resource to build networks and invest in relationships as a key enabler, with a number of grant holders specifying that this was particularly useful for organisations outside of the voluntary and community sector: *“It can take a long time to develop strong relationships with private businesses”.*

**5.29** Despite Wave 3 survey respondents reporting collaboration with a mix of organisations across the VCSE, public and private sector, evidence related to partnership working externally to the VCSE is more limited than other outcome areas. There are, however, examples from the fieldwork of grant holders establishing relationships with other organisations, including the private sector, such as:

- Samaritans in Northern Ireland significantly increased the number of businesses which it engages with, across the public and private sector, via the development and delivery of its ‘Mental Health Awareness in the Workplace’ training programme. This has also helped to

raise the organisation's profile in NI, and new relationships established through the project are expected to lead to future donations and fundraising opportunities.

- Through the Dormant Assets funded project, the Centre for Cross Border Cooperation has developed a number of new relationships and partners, as well as having strengthened existing partnerships too. The Centre has engaged with two private sector marketing agencies to boost the organisation's profile, in an effort to attract sponsors for its Annual Conference, and collaborated with marketing specialists to develop their marketing campaign. This is particularly important given the Centre's central purpose as a conduit for collaboration, meaning the more partners it is able to engage with, the better it is able to deliver its services.

**5.30** These relationships are often the result of the commissioning of a particular service (either by the grant holder or the other organisation), rather than via networking or collaborative, reciprocal partnership working. The establishment of these relationships may still lead to future collaboration or partnership working, as with the example provided above.

### Additional outcomes realised

**5.31** Other outcomes that grant holders reported had been realised as a result of the Grant Programme included:

- **Enhanced reputation and profile:** some grant holders noted the importance of their project in raising their organisation's profile, at both a community- and policy-level. This was felt to have been achieved directly as a result of the funded activity (e.g. where the project involved marketing and promotion), but also in the credibility associated with being funded by The National Lottery Community Fund. Interviewees linked this to potential income generation in future, whereby opportunities which had not previously been available to them may emerge because they are more well-established. They suggested that potential future income may be achieved through both direct grant funding and through increased donations.
- **Spillover benefits for the communities which they serve:** as a result of raised profile and partnerships developed through the Grant Programme, some grant holders reported benefits for their wider purpose, as well as for other aligned organisations. In one case, a grant holder had been able to raise their organisation's profile locally and work with other community organisations, to not only generate additional income, but to also broaden the availability of their services to new groups:

*"This project has helped to strengthen relationships in the community. It has helped us to focus on the local schools and other local community groups [which use our service]. So definitely indirectly, it has helped to support other organisations".*

### Grant holder interviewee

- **Leadership and management development:** There are some examples of how the Grant Programme has enabled the development of leadership and management capabilities within their own organisations, via the implementation of training or development plans for their leaders. For example, one grant holder noted how the funding enabled them to identify skills or knowledge gaps across their organisation including at board level, and seek to address these, and also to ensure that board members were more aware of and bought into activities delivered elsewhere in the organisation, such as fundraising. Another grant holder described the impact of delivering CPD training on governance to their senior leadership team:

*“The CPD training [...] has opened the eyes of senior management and directors to their role in terms of governance and what we need to be doing - we have made a massive leap in terms of oversight and governance”.*

**Grant holder interviewee**

## Unanticipated outcomes

**5.32** Some grant holders (31%, 37/120) reported that they did not initially expect some of the outcomes they achieved. As explored in the Second Interim Evaluation Report, grant holders tended to focus on **the scale and success of their grant funded projects as being unexpected, rather than specific outcomes**. That said, the nature of unexpected outcomes reported was diverse, with examples including:

- Newly identified needs in relation to a range of operational issues, including service provision, training and energy efficiency
- Additional structures and governance associated with the introduction of new systems and organisational processes
- The length of time taken for new income streams to be realised; in some cases this was quicker than anticipated, while in others, it was slower
- Development of follow-on work and new opportunities with partners, in response to emerging areas of interest
- Added value – either in informal training or provision of resources – generated through the use of skilled professionals (e.g. consultants, agencies etc.) to support with trustee, staff, and volunteer development
- A focus on delivering change relating to work culture, such as the introduction of wellbeing plans, which have led to improvements in staff morale.

**5.33** The evaluation also identified some negative outcomes resulting from the Grant Programme. These included increased demand for services following an increase in profile, leading to

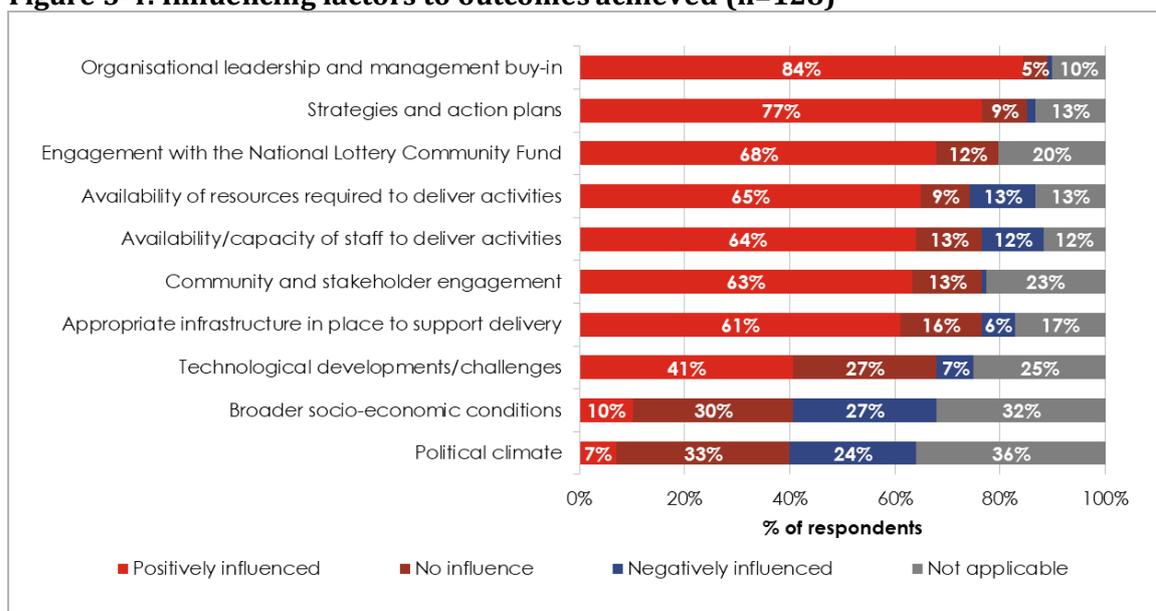
capacity constraints. Staff turnover was also experienced, as a result of changes to organisational ways of working (e.g. digitisation led to a staff member leaving in one organisation).

## Influencing factors for outcomes achievement

**5.34** Grant holders recognised a number of internal and external factors which influenced the extent to which they achieved outcomes. The factors influenced either positively or negatively. Internal organisational factors (including organisational leadership and management buy-in, and strategies and action plans) were commonly identified as having positively influenced grant holder ability to achieve outcomes, followed by engagement with The National Lottery Community Fund.

**5.35** In contrast, factors external to the organisations' control (such as broader socio-economic conditions and the political climate) were deemed to have had the greatest negative influence on their ability to deliver grant funded activities and/or to achieve outcomes.

**Figure 5-4: Influencing factors to outcomes achieved (n=128)**



Source: SQW analysis of grant holder survey, Waves 1-3

**5.36** More than a third of organisations responding to the survey reported at least one factor as having negatively influenced outcomes achievement. A higher proportion of large organisations reported at least one negative factor affecting outcomes (44%, 16/36) compared to small and medium-sized organisations (33%, 30/90). The different influencing factors appeared to be relevant across all types of organisations, with no clear relationships between certain factors and organisation characteristics.

**5.37** Positive engagement with The National Lottery Community Fund was highlighted as enhancing outcomes realisation. Some grant holders had been able to extend their project

length in order to overcome some of the delivery challenges they had faced, such as recruitment and internal capacity constraints, and others worked with Funding Officers to amend their plans in response. This flexibility in amending projects in response to challenges was reported to have supported progress towards achieving anticipated outcomes, rather than organisations spending funds on activities that had become impractical.

**5.38** Grant holders also benefitted from learning events facilitated by The National Lottery Community Fund, which were credited with encouraging networking and enabling shared learning between grant recipients. Wave 2 case study evidence illustrates this in action. After attending an online workshop in late 2022, Developing Healthy Communities established new connections with the Derry Playhouse, another Dormant Assets NI grant recipient. This led to a collaboration on the Creative Healthy City initiative, which aims to integrate arts and culture into addressing health challenges.

**5.39** The availability of resources and capacity dedicated to the project acted as both an enabler and barrier to the outcomes realised. For organisations which were either able to successfully recruit to a post funded by the Grant Programme, or which had staff able to engage with their funded project (e.g. attend training sessions, learn how to use new systems), they had been able to build internal capacity and realise the benefits of their project. In other cases, organisations have been hindered by resource constraints, either in the amount of time they have been able to commit to delivering the project, or the ability to sustain benefits beyond grant funding. Some organisations recognised the potential risk that staff which have benefitted from training leave the organisation, which would limit the benefits realised in the longer-term.

*“Another challenge has been staff turnover, a common issue in NI. Because our [organisation’s] standards have gone up, we need to get someone with the right skills, and they have to be able to deliver to a high standard. It is difficult to keep people in this sector, especially with a specialist set of skills which are in demand elsewhere”.*

#### **Grant holder interviewee**

**5.40** The ongoing socio-economic and political context in which the VCSE is operating was generally found to have negatively impacted outcomes. These challenges were felt to have worsened in recent months, with ongoing concerns about the NI Executive Budget for 2025-26, as well as the implications of UK government budget decisions taking effect (e.g. employer National Insurance contribution increases).

*“We’re being asked to do more and more with less and less, so it is difficult to be sustainable when that is happening. We’re in a very unstable time, which poses a real threat to our operations”.*

#### **Grant holder interviewee**

**5.41** These factors are broadly in line with those found in the wider evidence on the VCSE sector; for example the evidence highlights the following key factors as having an influence on effective practice in the sector:

- An environment conducive to collaboration and partnership working<sup>19</sup>
- Greater availability of long-term and flexible funding<sup>20</sup>
- Digital infrastructure and capability<sup>21</sup>
- High turnover of staff and volunteers<sup>22</sup>.

**5.42** More detail on the wider evidence review is contained in Annex C.

## Attribution

**5.43** The enablers and barriers highlighted by grant holders indicate the importance of considering the wider context when seeking to assess the overall impact of the Grant Programme.

**5.44** **All grant holders attributed the outcomes they achieved to the grant funding, to at least some extent.** More than two-thirds (69%, 82/118) of respondents said that they would have not been able to achieve the realised outcomes without the grant, and all remaining grant holder respondents felt they would not have been able to achieve them either to the same scale, timeliness or quality without the Grant Programme.

**5.45** Grant holder survey respondents from across all three waves of evaluation data collection reported a broadly consistent rate of additionality. Considering responses across all three waves, the grant programme appears to have had slightly greater additionality for larger organisations, amongst which just over three-quarters (76%, 25/33) reported that they would not have been able to achieve the impacts they have observed without the grant.

**5.46** Across all three waves of the survey, respondents reported that the Grant Programme's focus on building core organisational capacity, sustainability and resilience was the reason they would not have been able to achieve the same outcomes otherwise (or to the same scale, pace, quality). They reflected that funding opportunities are typically associated with direct service delivery. They suggested that, without the Grant Programme, there would have been limited opportunities to invest in the activities they have undertaken through the funded project.

<sup>19</sup> Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

<sup>20</sup> Ibid.

<sup>21</sup> 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](#).

<sup>22</sup> Damm, C et al. (2023) Mapping the UK women and girls sector and its funding: Where does the money go? Available [here](#).

**5.47** Unsuccessful applicants that engaged in the evaluation also provided insights which align with this assertion. As identified in the Second Interim Evaluation Report, around a third of unsuccessful applicant survey respondents stated that they had not been able to achieve any of the intended outcomes. For the remaining two-thirds, these outcomes had taken longer to achieve, were of lower quality, and/or were at a smaller scale than they had anticipated they would have achieved with the grant funding.

**5.48** One of the unsuccessful applicants interviewed provided detail around the outcomes they had achieved, and how they felt these had been of poorer quality and smaller scale compared to what would have been possible with grant funding. They drew on existing reserves to fund an Income Generation Officer to support them in diversifying their income sources. While their reserves were limited, they decided to fund this because they felt there were no other options for them if they were to remain operational. Their existing reserves stretched to employing an Officer for two days a week, which led to them securing some modest grant funding (£20k) and developing relationships with a local community foundation, with whom they are collaborating to submit further funding bids. However, the interviewee reflected that if they had received the grant, they would have been able to fund more time for the Income Generation Officer, which they anticipated would have resulted in greater yields.

**5.49** The impact of not receiving grant funding was reflected across unsuccessful applicant interviewees and survey respondents more broadly:

- **Financial pressures forced organisations to stretch their resources thin**, often covering shortfalls with overtime or reallocating funds from one area to another. This led to limited or even reduced capacity to expand services or deliver existing ones at the scale they had hoped for, and was reported to have affected organisational ability to function effectively.
- **Long-term plans** to develop new facilities, explore joint social enterprise opportunities, or expand co-operatives have been **delayed or derailed altogether** in favour of securing more immediate, short-term funding.
- Another significant issue is the reported **difficulty in retaining staff and volunteers**. There were instances cited of staff and volunteers leaving due to burnout or the financial strain of working without adequate compensation.
- Additionally, the lack of funding is reported to have led to **missed opportunities for collaboration** for one survey respondent. They noted that they had not been able to progress as planned in the development of shared premises with partners, or been able to work with others in the VCSE sector to consider joint social enterprise projects.
- The **emotional toll of not receiving funding** was reported to have been significant for some organisations. Despite receiving positive feedback on their application, several applicants expressed feeling demotivated and disillusioned by being unsuccessful.

**5.50** That said, two unsuccessful applicants interviewed stated they had **benefited in other ways from their involvement with the Grant Programme**. One reported that they had used the feedback they received on their application to refine and clarify their funding needs. Another said they had benefited from the interim evaluation findings webinar held in October 2024, which they planned to draw on to support any future bids.

*"I attended a seminar on the findings of the evaluation, which set out research on the obstacles VSCE organisations are facing, which was excellent. It would be useful [for us] to draw on some of that information in funding bids".*

#### Unsuccessful applicant interviewee

## Expected and emerging longer-term impacts

**5.51** Survey respondents were asked to describe the longer-term impacts they expect to achieve through grant funded activity. The extent to which the programme had helped organisations to achieve longer-term sustainability, capacity and resilience was also explored as part of grant holder interviews and case studies.

**5.52** It is important to note certain limitations identified in the evaluation evidence:

- Often, grant holders did not explicitly reference the terms 'sustainability', 'capacity', or 'resilience' in discussing emerging or anticipated impacts, although these factors can be inferred.
- In some cases, grant holders explicitly mentioned improving or expecting to improve their sustainability, capacity, or resilience, but did not clearly articulate how or why these impacts had occurred (or would do so). These scenarios were more common among survey respondents, while grant holders interviewed tended to offer more in-depth explanations (likely to be at least partly due to the data collection method).

**5.53** The impacts identified across all three waves of data collection are outlined below. These impacts are broadly in line with the longer-term outcomes identified in the Theory of Change (Annex E).

#### Increased capacity

**5.54** Some respondents highlighted increased capacity within their organisation, citing a range of ways in which they are expecting to experience this impact longer term. These included:

- **Increased staffing and investment in skills.** Some projects have been able to retain a funded post beyond project completion, as the position became self-sufficient during the programme period. For other organisations, the Grant Programme helped to demonstrate the value of investing in staff skills, both in the additional capabilities it has brought to the organisation and in boosting staff retention.

- These organisations expect to benefit from this in the longer-term from having a more highly-skilled and productive team, which they are confident will benefit from sustained investment in skills.
- **Technological advancements**, such as through the introduction of a new CRM system or cloud storage.
  - These were reported to have helped organisations to work more productively, therefore freeing up time to conduct other activities.
- **Enhanced relationships and networks**. A few grant holders noted that building relationships with other organisations as a result of their grant funded project is providing opportunities to collaborate in future.
  - This was highlighted as offering scope to potentially pool resources, share expertise, and tackle larger, more complex challenges in collaboration.

*“There has been a big rise in us collaborating with other organisations. For our strategic plan, for example, we collaborated with the [...]. We collaborated with them to host the launch of our new strategic plan and their [awards] and there’s been so much positive feedback from that. People [...] have said it was a really nice collaborative event, but also for us it meant that we were showcasing what we do”.*

#### **Grant holder interviewee**

### **Improved sustainability**

**5.55** Many grant holders felt that they had realised increased sustainability for their organisation as a result of the Grant Programme. Several organisations emphasised the expected reduction in dependency on short-term funding and plans to gradually expand their range of income sources. Respondents highlighted the development of diverse funding models, including partnerships, membership programmes, and enhanced donor engagement to establish long-term financial sustainability. These initiatives are expected to not only provide financial stability, but to also enhance the impact of their work by engaging local communities and creating new opportunities for growth.

*“We aim to have an income diversification action plan. With that, and the 10-year business plan, we aim to raise more public and private resources to properly finance and staff our organisation in the short and long-term, and have plans for succession planning of not only Board members but staff”.*

#### **Grant holder interviewee**

**5.56** Some organisations focused on strategic planning to achieve greater sustainability. This included the development of sustainability plans, introduction of better financial management practices, and clearer projections for long-term goals. Respondents noted that

planning for the future, such as succession planning for board members and staff, and incorporating sustainability into their business plans, would help them to navigate both operational and strategic needs for the long term.

*“The funding is for two years but the work I’ve done is for a five-year plan. (...) [previously], there was no sustainability model. Every year, the income was exactly the same in their existing 5 year plan. I came and said ‘this is not how you look at being sustainable’. This grant has helped with that longer sustainability, there are wider sources of income [being generated] now”.*

### Grant holder interviewee

**5.57** Sustainability also featured in survey responses about staff development, with organisations investing in bespoke training and digital infrastructure. By building internal capacity, these organisations expect to be better equipped for longer-term challenges and to sustain growth without external support. Digital strategies and other technology-driven solutions were seen as essential to support future sustainability.

*“We are better equipped digitally and have a strong platform to build upon. The staff and trustees benefitted from bespoke training which will reap benefits for a few years”.*

### Grant holder survey respondent

**5.58** A few responses also alluded to environmental sustainability, such as plans for energy-saving measures and reducing carbon footprints. These steps are integral to ensuring the long-term sustainability of their operations, both in terms of financial and environmental considerations.

## Case Study example – sustainability

*Bolster Community is a charity and social enterprise based in Newry and Kilkeel. As a result of the Dormant Assets NI funding and related programmes of activity, Bolster Community reported that their generated income now accounts for 68% of their overall income, while previously this had been c30%. They also report significant growth in their social media reach.*

*Bolster Community staff members highlighted the opportunity to focus on sustainability and longer-term growth as a key outcome brought about as a result of the grant funding.*

### Greater resilience

**5.59** A central theme in the survey responses was increasing financial resilience through diversified funding streams and improved financial management. Several organisations are focusing on becoming more self-sufficient. For example, one respondent plans to sustain the

core costs of their building without external funding, aiming to generate income through visitors to their centre and a social enterprise hub. Another mentioned reducing reliance on public funding and focusing more on private grants, ensuring a more balanced and sustainable income model.

*“By the end of our projected new two-year strategy, we envisage that we will be able to sustain the core costs of our building without external funding. We hope to generate an income stream from visitors to our centre and our social enterprise hub”.*

#### **Grant holder survey respondent**

**5.60** Operational planning was noted as a contributor towards resilience too, with several organisations noting changes to their governance and decision-making processes, in an effort to develop a more robust operating model. One respondent mentioned that the introduction of the Business Development role has helped to clarify their long-term goals and improved their ability to articulate strategic objectives, allowing them to better prepare for the future. Another organisation noted how they had been able to refine their service provision using user data, which they expect will allow them to adapt to changes in user needs and other external factors, and ensure their services continue to meet demand.

**5.61** Grant holder organisations also recognised that raising their profile and building relationships with core funders is crucial to resilience. They suggested that having strong relationships with key funders and policymakers not only allows them to demonstrate the value of their work to decision-makers, but also helps them understand the future needs of funders, enabling them to prepare and respond effectively.

*“[The project will] enhance our social capital to draw in resources (both financial and non-monetary programme resources, including knowledge acquisition / access to networks and influential leaders)”.*

#### **Grant holder survey respondent**

## Case Study example – resilience and profile

*Through the Grant Programme, interviewees from the Centre for Cross Border Cooperation reported that the organisation has increased its resilience, largely through the diversification of income sources. By raising its organisation's profile, the Centre has attracted a number of new sponsors to its Annual Conference, boosting unrestricted income. The project has also helped to enhance the quality of the Centre's Annual Conference, in turn improving its reputation among stakeholders, and demonstrating the importance of the Centre's work.*

*As a result, interviewees reported that the Centre is now in a position where it is attending more high-profile events, engaging with a greater number of partners, and building a larger network of organisations with which it hopes to continue engaging going forwards.*

## Transformational change – enablers and barriers

**5.62** Overall, most grant holders felt that the Grant Programme had resulted in transformational change for their organisation. They noted how the Grant Programme had afforded the opportunity to do something different to their usual operations, and access opportunities not previously possible due to either limited finances or time constraints. Grant holders also reported that the programme had provided the opportunity to think differently, either by bringing in knowledge from elsewhere through recruitment, training and consultancy support; or by being able to think more strategically, enabled by capacity created through more efficient ways of working.

*"I'd described it as a gamechanger for us – coming out post-Covid, there was slow uptake in audience users and consumers, (and) slow to return to public events. The Dormant Assets [funding] couldn't have come at a better time. I could barely imagine how we would've got out without the funding refocusing our minds – how to survive not just shorter but medium-long-term. (It) allowed us that space to focus on where we were going and help us shift direction".*

### Grant holder interviewee

**5.63** Some spoke to the focus of the funding – on building organisational capacity, resilience and sustainability – as being key to enabling them to invest in themselves and think (and subsequently operate) differently.

*"It made us move faster. We haven't changed paths, but we would have been more vulnerable and possibly reduced what we were doing. [...] We're always trying to justify investment, so we wouldn't have taken the leap without this funding".*

### Grant holder interviewee

**5.64** Some organisations which were still in the process of delivering their grant funded project felt that it remained too early to report transformational change at this stage, but that they hoped to see evidence of that in time, provided they are able to deliver their planned activities as hoped.

*“Transformational change will take a long time. One percent changes add up. It is too early to tell, but it is still my hope. [...] It will take a long-time, a five to ten year project, to build relationships and boost our income. Those are two big important pieces, which will help to turn our finances around. [...] The one percent quick wins keep you motivated along the way, and when you slowly start to see the changes you realise the impact, and it doesn't happen overnight”.*

#### **Grant holder interviewee**

**5.65** This said, other organisations remained wary as to whether they would become wholly sustainable and resilient as a result of their funded project. Instead, they highlighted other influencing factors which they feel will ultimately determine the extent of their sustainability in the longer-term. Commonly reported influencing factors included:

- **Future funding availability.** Organisations which have successfully managed to diversify their sources of income noted how they typically remain reliant on one or two core funders, and that any cuts to that funding would have significant implications for their ability to operate. This includes funding for staff training, continuation of services, awareness campaigns, new strategic directions, and in increased capacity to foster existing relationships. One organisation expressed particular concern that despite their ambitions and recent progress, their financial capacity remains limited.
- **Availability of staff and volunteers.** Some grant holder survey respondents mentioned the need for staffing capacity, noting that their staff posts are time limited or insufficient to realise their ambitions. However, recruitment challenges evidenced during the Grant Programme are expected to continue, which may have implications for organisations' ability to deliver against their growth plans.
- **Opportunities for training and capacity building** to adapt to new opportunities and challenges. Some sought further opportunities to build technical skills for internal systems, including in the use of AI, while others called for mentoring and opportunities to learn from other organisations.

## 6. Final learning, reflections and recommendations

### Overview

This section explores:

- Reflections on the findings of the evaluation
- Reflections on the extent to which emerging insights align with good practice identified in the wider evidence base
- Implications emerging, in terms of scope to further enable the achievement of longer-term outcomes
- Recommendations to support the VCSE sector in NI to become more resilience, sustainable and build capacity.

It draws on findings and evidence presented throughout this report and in the Annex.

### Reflections

- 6.1** Dormant Assets NI was widely seen as a timely and important intervention for the VCSE sector in NI, delivered at a challenging time for the sector. At the time of its launch, VCSE organisations were seeking to tackle financial issues and were “fire-fighting”. The issues were exacerbated by the aftermath of the Covid-19 pandemic and the end of related support, the collapse of the NI executive, the end of EU funding programmes following Brexit, and the ongoing cost-of-living crisis.
- 6.2** The Grant Programme has enabled the delivery of a wide range of projects across a diverse set of organisations in NI. This evaluation has found that it has contributed to the capacity, resilience and overall sustainability of these organisations, and is supporting the VCSE sector more widely on its journey towards resilience.

#### Motivations, project delivery and ‘what works’

- 6.3** The most common challenge that motivated grant holders to apply for Dormant Assets NI funding was the generation and diversification of income, particularly for those who received funding later in the programme. It is likely that this is also linked to a more general financial insecurity related to a lack of long-term, secure funding. Organisations were also motivated to apply by a reduction in funding and public donations, limited time and resources for strategic planning, and a lack of skills, confidence, and/or capabilities. Dormant Assets NI Phase One’s focus on strategic activities rather than service delivery, and the flexibility of the grant, set it apart from other funding programmes and was highly welcomed by the sector.

**6.4** The Grant Programme funded a range of activities, with the generation and diversification of income streams the most commonly reported activity across the evaluation, and in line with grant holders' motivations for applying for the funding. Grant holders also commonly reported activities relating to the recruitment of new staff and improving digital capacity or digitising processes and materials. The majority of grant holders delivered (or expect that they will deliver) their grant funded activities as planned.

**6.5** Key enablers of project delivery included bringing in external skills to support delivery, increasing internal capacity to deliver activities, and the flexibility of the Grant Programme and support from The National Lottery Community Fund. The most commonly reported challenge experienced was related to staff recruitment and retention.

#### Alignment with the wider evidence base

**6.6** The approaches which have worked well for the grant funded organisations in building capacity, resilience and sustainability align with the wider evidence regarding effective practice. The wider evidence review found six common themes relating to effective practice in supporting VCSE capacity, resilience and sustainability, as follows:

- VCSE organisations should deliver effective **strategic, operational and financial planning processes**
  - Grant holders have delivered a range of project planning processes including setting clear and achievable aims, embedding sustainability at the outset and maintaining a flexible approach to delivery.
- The VCSE sector should **prioritise relationship and partnership working at the micro, meso (organisational) and macro levels**
  - Grant holders have strengthened their existing engagement with partners and/or engaged in new collaborations and networks.
- It is important for VCSE organisations to **diversify their funding sources, including securing more sustainable, longer-term contracts**
  - Grant holders have reported a range of ways they have diversified their income sources and improved the sustainability of their organisations as part of the Grant Programme.
- **Investment in staff and volunteer recruitment and training should be prioritised**
  - Grant holders have invested in staff in a variety of ways; by bringing in required skills to support with delivery or by increasing internal capacity to deliver activities. However, challenges persist regarding volunteer recruitment and retention.

- **Strong leadership and management** is evidenced to support the resilience and sustainability of VCSE organisations
  - Grant holders have developed leadership and management capabilities within their own organisations by implementing training and development plans for their leaders.
- VCSE organisations should **deliver, demonstrate and/or quantify their impact and social value**
  - There was limited evidence of grant holders delivering activities related to the delivery or demonstration of their impact and social value in the first two waves of the evaluation. There was emerging evidence from Wave 3 of grant holders using the funding to improve digital infrastructure and therefore better understand their data requirements, identify gaps, and take steps towards measuring their social value.
  - Others spoke of the importance of narrative and stories alongside quantitative data in demonstrating their value.

**6.7** Examples of how VCSE organisations have exemplified this good practice are available in the [From Surviving to Thriving: Insights on Building VCSE organisational Capacity & Sustainability guide](#).

### Outcomes and impacts

**6.8** The Grant Programme has been successful in generating outcomes and impacts for VCSE organisations in receipt of grant funding, with almost all grant holders reporting that they had achieved outcomes as a result of the funding they received. The evidence indicates that outcomes experienced are often mutually reinforcing. The Grant Programme has brought about a number of outcomes for many grant holder organisations, including:

- Greater staff knowledge, skills and confidence
- New ways of working to enhance the organisation's operations
- Introduction of new income streams
- Implementation of systems and processes
- Implementation of structures and processes which are fit for purpose.

**6.9** These outcomes were influenced (positively) by internal organisational factors such as leadership and management buy-in, and strategies and action plans. They were also influenced (negatively) by external factors such as broader socio-economic conditions and the political climate.

- 6.10** The majority of grant holders said they would have not been able to achieve the outcomes that they did without the grant, and all remaining grant holders felt they would not have achieved them to the same quality, pace or scale.
- 6.11** The Grant Programme has improved capacity, resilience and sustainability in the sector, albeit in a diverse range of ways, including reduced reliance on funders, more productive and efficient ways of working, more well-established operational and strategic plans, as well as enhanced relationships, networks and organisational profile. It has also led to some unanticipated (positive) outcomes, which is encouraging and gives an indication of the extent to which grant recipients embraced this opportunity.
- 6.12** The Grant Programme has provided the opportunity for grant holders to do something different to their usual operations, and most grant holders felt it had resulted in transformational change for their organisations. However, some were less sure if their organisations would become wholly sustainable or resilient following their funded activity; this is perhaps unsurprising given the pressures on the sector, and that sustainability will likely need to be an ongoing area of focus for organisations. The longer term outcomes and impacts of the grant funded activities are expected to be realised, but it is not possible to report on all impacts associated with the Grant Programme at this stage.

## Looking to the future

- 6.13** Looking to the future, there are a number of challenges and opportunities on the horizon for the VCSE sector in NI. There are existing and persistent issues, such as reduced government spending and funding on an annualised/short-term basis, but also new and emerging challenges and opportunities. For example, the changes to procurement legislation around social value may present an opportunity for the sector to bring in additional income that is not restricted to grant programmes, via the delivery of services related to social value for organisations from other sectors to meet the new requirements. Similarly, the issue of digital transformation and the impact of AI is an emerging key topic for the sector – its potential use cases, how it could potentially support VCSE organisations to be more efficient if they have the skills to implement it safely, but also the potential challenges in terms of workforce.
- 6.14** These are in addition to the influencing factors for outcomes achievement highlighted by grant holders in section 5, such as the availability of future funding for organisations, persistent issues regarding the recruitment of staff, and the availability of volunteers.
- 6.15** Throughout the evaluation, a number of stakeholders have mentioned the expansion of the sector. A larger number of community interest companies (CICs) being opened was noted, with the potential for duplication or for further exacerbating competitiveness in the sector. There may be a potential role for The National Lottery Community Fund or other funders in assisting organisations to coordinate their efforts.

## Recommendations

- 6.16** Below we set out a series of recommendations for supporting the capacity, resilience and sustainability of the VCSE sector in NI. These are aimed at The National Lottery Community Fund and other funders, as well as policy makers and others with a role to play in supporting the sector.
- 6.17** We have also prepared a separate guide aimed at VCSE organisations - [From Surviving to Thriving: Insights on Building VCSE organisational Capacity & Sustainability](#).

### **Recommendation 1: Continue to provide targeted funding and organisational support for the sector**

The evaluation findings have highlighted just how important the funding has been for VCSE organisations in NI. Those that received funding have reported a wide range of outcomes linked to improved organisational capacity, sustainability and resilience, and the expectation that further outcomes and impacts will emerge longer term. Those that were unsuccessful in their applications to the fund were unable to realise their desired outcomes at the same quality, scale or pace as they thought they would have done with the funding, if they were able to realise them at all.

The sector continues to operate in an extremely challenging and uncertain broader landscape. The full effects of the recent National Insurance employer contributions increase have not yet been realised, and the cost of living crisis and government funding cuts continue. It is likely that sector resilience, capacity and sustainability will continue to be challenged over the months and years ahead. As noted by interviewees for the evaluation, achieving organisational resilience and sustainability is a journey, and it is unlikely to be 'finished' through the grant funded activities.

Interviewees highlighted just how unique this funding was for the sector, with its focus on the organisations themselves, rather than (necessarily) focusing on the services they provide. Grant holders also noted the benefit of the organisational support they received from The National Lottery Community Fund as part of the Grant Programme – either directly as part of the programme support, or via flexibility in grant delivery timelines.

With all of this in mind, we recommend that the focus of Dormant Assets NI remains on supporting the capacity, resilience and sustainability of the sector. Continuing to provide support directly and offering flexibility (within reasonable limits) if grant recipients experience difficulties in delivery are all likely to prove key going forward, given the challenging landscape in which the sector operates.

Ensuring that the challenges felt by the sector are recognised by policy makers and wider stakeholders, to inform wider decision making, will also prove key; working with sector

bodies to highlight the issues (as well as ‘what works’), sharing evaluation evidence and other insights as relevant, is likely to be important.

**Recommendation 2: Continue the flexible, Funding Officer led approach to grant programmes**

The evaluation findings reveal that it was not just *what* was provided to VCSE organisations through the programme that proved key, but also *how* it was delivered. The flexibility of the Grant Programme, affording adaptations to project plans or timelines where required, was praised and seen as a key enabler to effective delivery. Equally, the flexibility at application stage – allowing grant holders to identify what they needed to support their resilience and sustainability, rather than fulfilling specific criteria – ensured the Grant Programme could support each organisation in a way that was suited to their needs (with flex to meet a wide range of needs across the organisations funded).

In addition, the role of the Funding Officers, in understanding both the sector and the organisations receiving the grants, and in their willingness to engage collaboratively with those organisations, was also seen as key to effective delivery and supporting outcomes realisation.

In light of this, we recommend that The National Lottery Community Fund continues to adopt this type of approach in future funding programmes for the sector. It is perhaps a model that could also usefully be adopted by others seeking to provide grant funding for VCSE organisations elsewhere or through other funding streams.

**Recommendation 3: Encourage networking, learning share and collaboration between VCSE organisations**

Collaboration between sector organisations was reported to have emerged through the Grant Programme. Grant funded organisations were keen to share learning with one another during programme and evaluation events, and reported benefits through the new connections and sharing learning.

We recommend that future grant programmes continue to adopt this approach, bringing together grant funded VCSE organisations. It may also prove useful to the wider sector to involve unsuccessful applicants or those who did not apply for funding but are otherwise operating in the sector.

Offering ‘match making’ events, to encourage new links to be made between organisations, and encouraging collaboration as part of the bidding process is also likely to prove useful.

**Recommendation 4: Consider how, and to what extent, competition between VCSE organisations could perhaps be lessened or mitigated**

This recommendation builds on recommendation 3, above. The findings reveal that the sector contains many VCSE organisations, some of which are reported to be operating in the same thematic and geographical space, and/or with similar offers. This risks duplication of effort and dilution of the funding that is available for the sector, with resources spread more thinly across different organisations – in addition to the competition for skilled staff.

The National Lottery Community Fund sought to encourage VCSE collaboration as part of the application and decision process for the Phase 1 Grant Programme. We suggest that efforts to encourage collaboration, rationalisation or mergers where appropriate, and without unduly jeopardising service delivery, may prove useful in helping the sector to become more efficient – and hence more resilient and sustainable – and individual organisations to build their capacity. The National Lottery Community Fund did seek to encourage this by stating applicants could apply for more than £100,000 if merging or sharing services, but no consortium submitted a fundable application for this, suggesting that further efforts to encourage this may be required.

The National Lottery Community Fund could perhaps leverage their strategic oversight of the sector to reduce duplication and encourage collaboration. For example, this could involve guiding individuals towards existing umbrella organisations rather than supporting them to develop new ones, or helping to encourage joined up or partnership working. This is already being focused on through the Access to Resilience programme and its focus on network and infrastructure organisations.

**Recommendation 5: Consider whether funding short-term posts leads to sustainable change, and how to effectively source the necessary capacity and expertise**

Many of the grant funded organisations recruited (or sought to recruit) new postholders, but many experienced challenges with this. Those that did recruit postholders reported varying sustainability outcomes; whilst some reported that the funded posts led to new ways of working which can be sustained beyond the postholder's tenure, other organisations were able to sustain the posts through alternative funding. Some had to adopt alternative approaches after unsuccessful recruitment rounds. However, some who did recruit remain unsure of how the newly created posts will be sustained, and highlighted a risk of loss of continuity or sustainability of ways of working once the postholder leaves. This all sits in a backdrop of skill shortages and recruitment issues across the sector.

With this in mind, we recommend that future funding programmes perhaps encourage organisations to think differently regarding the acquisition of additional capacity or specialist skills. This could perhaps be via organisations working together to share postholders, the recruitment of specialist consultants or freelance resource on a targeted basis, and/or being clearer regarding sustainability plans for funded posts at the outset. Although sustainability plans for funded posts were requested by The National Lottery Community Fund, this perhaps

points to the resource constraints on applicants to develop such plans, or the lack of knowledge on how to do so.

### **Recommendation 6: Encourage focus on demonstrating impact and measuring social value**

Recent legislative changes have highlighted the importance of organisations demonstrating their social value. VCSE organisations have a key role to play in supporting others to realise societal benefits as well.

However, despite this being identified as good practice in the wider evidence base, and there being some examples identified amongst grant holder organisations (particularly during latter waves of fieldwork), the measurement and demonstration of social value was not widely reported by grant recipients.

In light of this, we recommend that the importance of this, and practical examples of good practice in this area, are highlighted across the sector. This will likely help to make the case to future funders. Effective measurement is likely to require skill and expertise which some VCSE organisations may not possess or feel confident in. The National Lottery Community Fund's Evidence and Impact Strategy 2025-2030<sup>23</sup> seeks to address this need for further demonstration of good practice and positive impact for their National Lottery funded projects.

### **Recommendation 7: Continue to capture evidence of longer-term outcomes and impacts emerging**

It is anticipated that further outcomes and impacts will emerge over time, which have not yet been possible to capture through the evaluation. With this in mind, we recommend that The National Lottery Community Fund seeks to follow up with funded organisations in 18-24 months (and ideally over a longer time period in addition to this), to understand any further effects being experienced. Capturing both qualitative and quantitative evidence will likely be useful, given the volume of grant recipients and the importance of capturing rich, contextualised insights. Sharing these insights with the sector, and using them to inform future Dormant Assets NI funding plans, will maximise the impact of this activity.

Given that this evaluation relies largely on grant holder perspectives, The National Lottery Community Fund may want to consider whether it would be appropriate to make use of uniform metrics to demonstrate impact and success across grant holders in future programmes. It may not have been appropriate for this Grant Programme, given the range and scale of funded organisations and activities, but may be beneficial for evidencing the impact of future programmes.

<sup>23</sup> [TF25\\_016 Impact-Report English.pdf](#)

## Annex A: Case studies

- A.1** The four case studies developed during Wave 3 of the evaluation, alongside the three case studies developed during Wave 2 of the evaluation, are available: [Evaluation of the Dormant Assets NI Phase One Grant Programme - Case studies.](#)

## Annex B: Survey data annex

**B.1** This annex contains detail on three survey analyses conducted:

- A summative analysis combining responses from grant holder across Waves 1, 2 and 3.
- An analysis of the follow-on grant holder survey responses, shared with those grant holders who had previously responded to the Wave 1 or Wave 2 survey.

## Summative survey analysis

**B.2** This section outlines the analysis of the combined survey responses for grant holders from waves 1, 2, and 3 to give an overview of the experience and impacts of the Grant Programme.

- The Wave 1 survey was issued in early April 2024 and was open for three weeks, having had 58 responses (46 complete and 12 partial) from grant holders who received a grant between January 2021 and January 2023 .
- The Wave 2 survey was also open for just over three weeks, issued by the end of September 2024, having had 17 responses (15 complete and two partial) from grant holders who received a grant between March and June 2023.
- Finally, Wave 3 was open for over two weeks, issued 26<sup>th</sup> February 2025, having had 54 responses (46 complete and eight partial) from respondents who received a grant between July and September 2023.

### Limitations

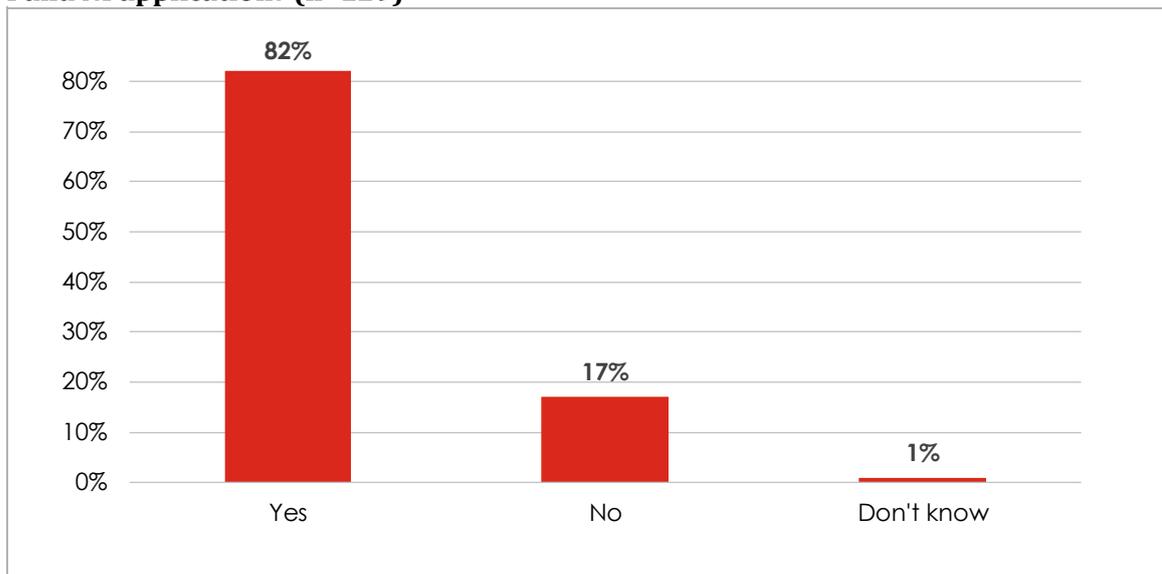
**B.3** The response rates for Waves 1, 2 and 3 were 40%, 43%, and 32%, respectively; therefore, they do not represent the experience of all Dormant Assets NI Phase One grant holders. Additionally, this analysis excludes questions which were not common across all waves, or that were asked in different formats (e.g.: as multiple choice in one wave but as an open response in a different wave).

### Analysis

#### Context for participation

**B.4** The majority (82%, 106) of grant holder respondents across all waves were the main contact for their organisation's Dormant Accounts NI grant.

**Figure B-1: Were you the main contact for your organisation’s Dormant Accounts Fund NI application? (n=129)**



Source: SQW analysis of grant holder surveys – waves 1-3

**Challenges and Activities**

- B.5** Respondents were asked about the challenges they aimed to address with Dormant Assets funding. Nearly three quarters of respondents (69%, or 74 individuals) cited generating or diversifying income. This was the most commonly reported challenge by far, with the next most common challenge being reductions in funding and/or public donations, noted by 39% (41 respondents).
- B.6** In contrast, the least commonly reported challenge was a lack of ability to collaborate or network with other VCSE organisations, mentioned by only 7% (7 out of 107 respondents).

**Figure B-2: Which challenge(s) did you hope to address with your Dormant Assets NI application? (multiple choice, n=107)**

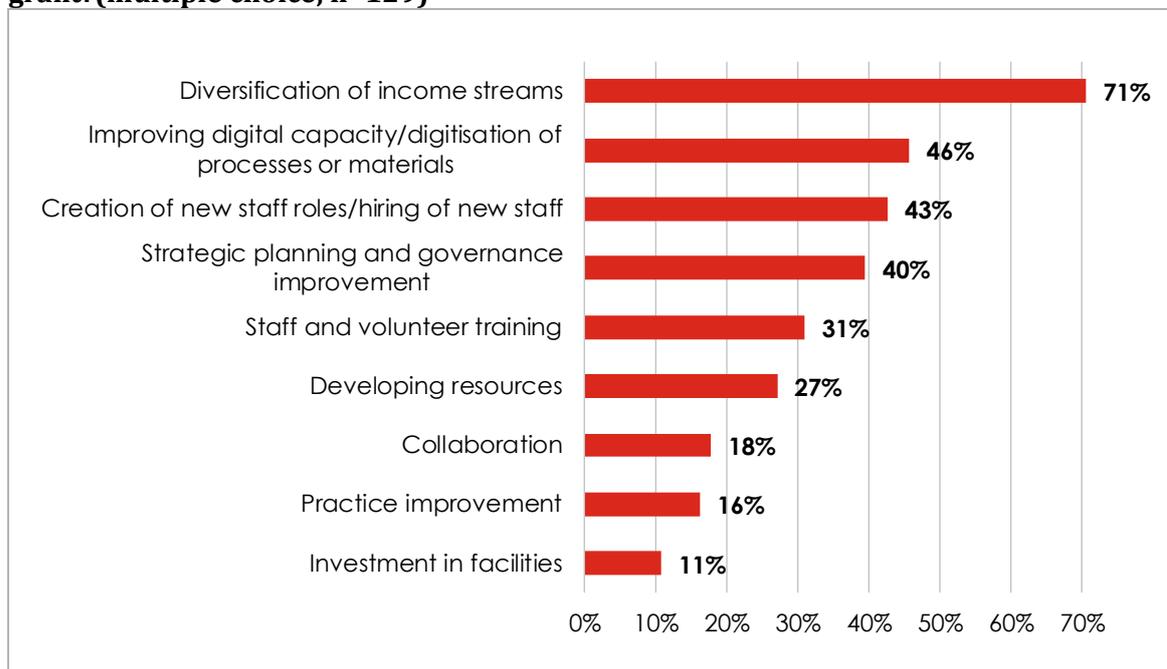


Source: SQW analysis of grant holder surveys – waves 1-3

## Activities

**B.7** When asked which activities they intended to fund using the Dormant Assets NI grant, the most common response was the diversification of income streams, selected by 71% of respondents. This was followed by improving digital capacity or digitising processes and materials (46%), and the creation or hiring of new staff roles (43%). Strategic planning and governance improvement (40%), staff and volunteer training (31%), and developing resources (27%) were also frequently cited. Fewer respondents identified collaboration (18%), practice improvement (16%), and investment in facilities (11%) as intended uses of the funding.

**Figure B-3: Which of the following activities did you intend to fund using the grant?(multiple choice, n=129)**



Source: SQW analysis of grant holder surveys – waves 1-3

## Link between challenges and activities

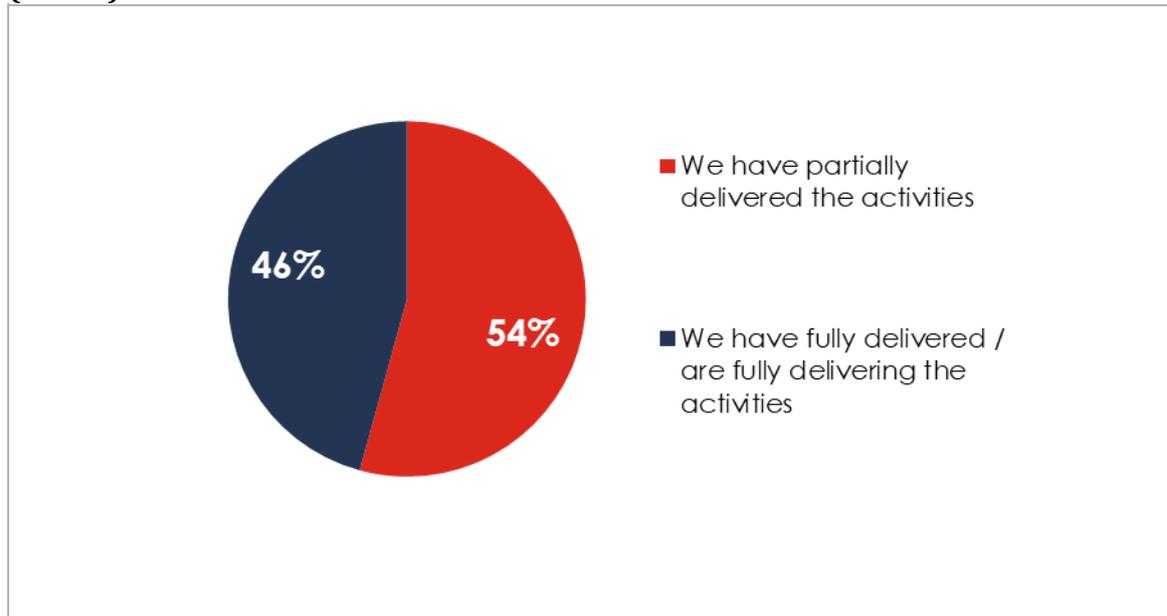
**B.8** There is a clear alignment between the challenges identified by respondents and the activities they intended to fund through the Dormant Assets NI grant. The most commonly reported challenge - generating or diversifying income (69%) - was also the most frequently cited funding priority, with 71% of respondents intending to use the grant for this purpose. This reflects a strong strategic focus on financial sustainability, demonstrating a close link between organisational need and planned investment. Similarly, the second most commonly reported challenge - reductions in funding or public donations (38%) - is addressed not only through income diversification efforts but also through activities like improving digital capacity (46%), which may enhance efficiency and broaden fundraising capabilities. Finally, 37% of respondents identified limited time to conduct strategic planning as a challenge, and 40% planned to fund related improvements.

- B.9** Conversely, activities such as investment in facilities (11%) and practice improvement (16%) received relatively low funding interest and were not highlighted as major challenges. This suggests these areas are of lesser immediate concern or are seen as longer-term or secondary priorities.
- B.10** Interestingly, in several areas, the proportion of respondents selecting an activity to fund exceeded those who identified it as a current challenge. For example, while only 14% reported difficulties recruiting staff and volunteers, and 29% cited a lack of skills, confidence, or capabilities, a significantly higher proportion intended to invest in staff and volunteer training (31%) and the creation of new staff roles (43%).
- B.11** These findings may reflect a forward-looking perspective, where organisations are not only responding to immediate pressures but also using the funding to build capacity and resilience for the future. A similar pattern appears in the area of collaboration: only 7% reported it as a challenge, yet 18% planned to invest in collaborative initiatives. This could indicate an emerging recognition of the value of partnership working, even if it is not a current challenge for the respondent organisations.
- B.12** Overall, while there is strong alignment between many key challenges and proposed funding activities, the responses also highlight a broader ambition among organisations to use the Dormant Assets NI funding not just to address existing issues, but to strengthen their foundations and long-term sustainability.

#### Delivery progress

- B.13** All survey respondents across all three waves had delivered at least some activity towards their grant funded project. Nearly half (46%) had fully delivered/are fully delivering the activities, whilst slightly over half (54%) had partially delivered the activities.

**Figure B-4: To what extent have the planned activities been delivered to date?**  
(n=129)



Source: SQW analysis of grant holder surveys – waves 1-3

- B.14** Of the 70 respondents who said that they had partially delivered activities, 58 responded to the question regarding their intention to deliver all the activities. Of these, nearly all (93%, 54) intended to deliver all activities, and only one intended to deliver some but not all activities. One respondent said that they do not intend to deliver the activities that they had not yet been able to deliver, and two respondents answered that they do not know whether they intend to deliver. The high number of respondents saying that they intend to deliver all planned activities is positive.

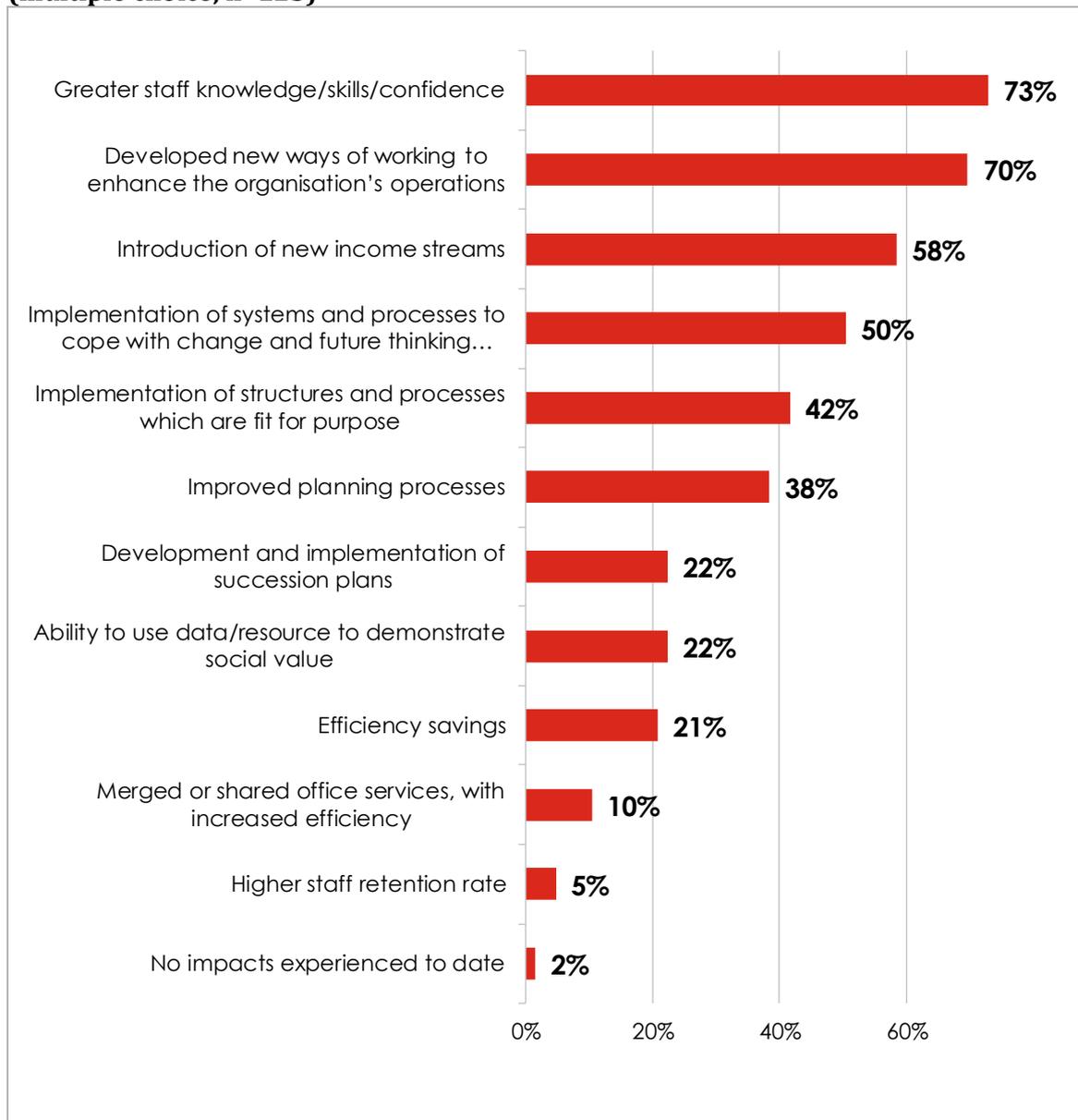
### Impacts

- B.15** The most frequently reported impact was greater staff knowledge, skills, or confidence, cited by 73% of respondents. This was closely followed by the development of new ways of working to enhance organisational operations (70%). These findings suggest that the grant has played a significant role in strengthening internal capacity, which is likely to contribute to longer-term resilience and adaptability.
- B.16** Over half of respondents (58%) reported the introduction of new income streams, aligning well with the previously identified challenge of generating or diversifying income. This demonstrates that many organisations have successfully used the grant to address one of their most pressing financial concerns. Additionally, 50% noted the implementation of systems and processes to support change and future thinking, including digital developments.
- B.17** Other substantial impacts included the implementation of fit-for-purpose structures and processes (42%) and improved planning processes (38%). These reflect strengthened governance and strategic capabilities, which are critical to sustainability and growth. Moreover, 22% reported the ability to use data and resources to demonstrate social value,

and a similar proportion cited the development and implementation of succession plans. These impacts suggest a maturing of organisational planning and accountability practices.

- B.18** Less commonly reported impacts included efficiency savings (21%) and merging or sharing office services for increased efficiency (10%), while only 5% experienced a higher staff retention rate. Only one respondent reported experiencing no impacts to date, indicating that the vast majority of organisations have seen tangible benefits from the grant.

**Figure B-5: What impacts has your organisation experienced as a result of the grant? (multiple choice, n=125)**



Source: SQW analysis of grant holder surveys – waves 1-3

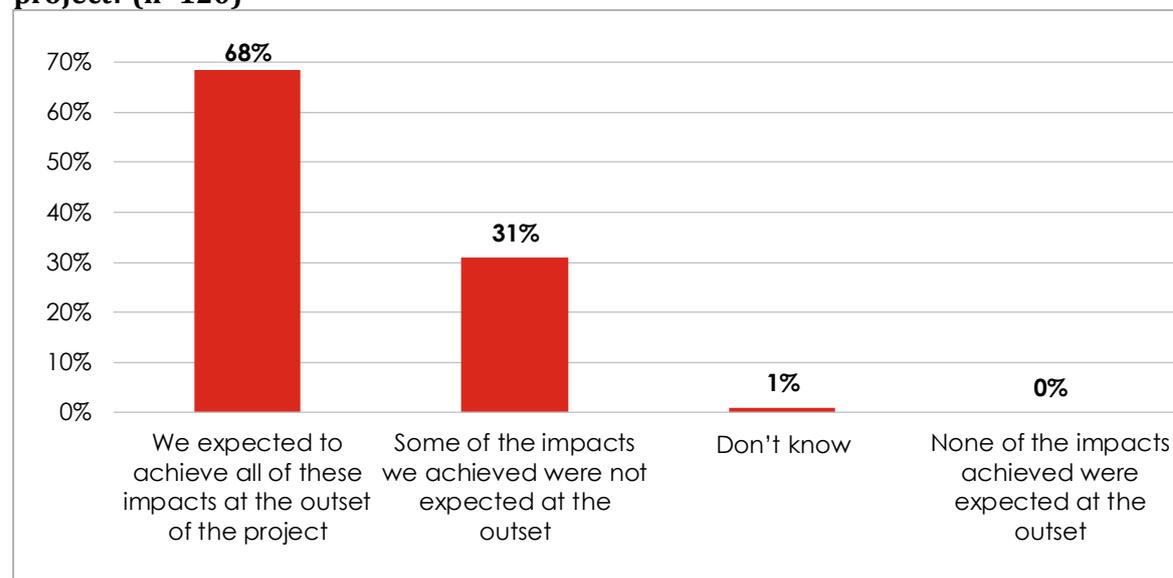
### Impact alignment with activities

- B.19** The data shows alignment between the activities respondents intended to fund and the impacts they experienced as a result of receiving the Dormant Assets NI grant. This suggests

that, in many cases, organisations were successful in translating planned investments into meaningful outcomes. A high proportion of respondents (46%) planned to invest in improving digital capacity or digitising processes, and half (50%) later reported the implementation of systems and processes to cope with change and future thinking, including both physical and digital aspects. Strategic planning and governance improvement was identified as an intended activity by 40% of respondents, and corresponding impacts such as improved planning processes (38%) and the implementation of fit-for-purpose structures and processes (42%) were widely reported. The most commonly intended activity was diversification of income streams (71%), and a considerable (albeit smaller) proportion of respondents (58%) reported the introduction of new income streams as an impact. Inversely, staff and volunteer training was a less commonly reported funding priority (31%), but turned out to be the most widely reported impact: greater staff knowledge, skills, or confidence (73%). This indicates the grant has significantly strengthened workforce capacity across the sector, even where this was not the primary driver for grant application.

- B.20** Additionally, when asked if the impacts were expected from the beginning of the project, most (68%) expected to achieve all of the impacts reported, whilst 31% achieved unexpected impacts.

**Figure B-6: To what extent were these impacts expected from the beginning of the project? (n=120)**



Source: SQW analysis of grant holder surveys – waves 1-3

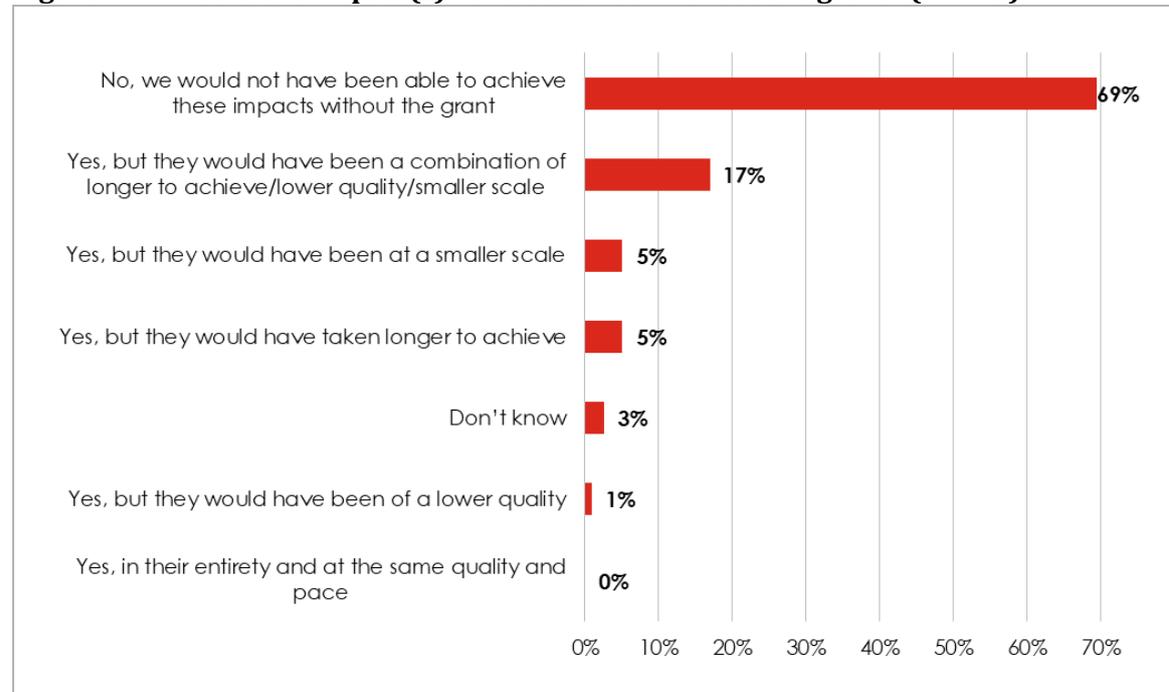
### Additionality

- B.21** The survey data suggests that the Dormant Assets NI grant funding played a critical role in enabling the impacts experienced by grant holder organisations across the VCSE sector. A significant majority of respondents (69%) stated that they would not have been able to achieve the impacts realised without the grant. Only one respondent believed they could have achieved the same impacts at a lower quality, and 5% (six respondents) each said they could have done so on a smaller scale or with longer timelines. Another 17% felt they could have

achieved the impacts, but only with a combination of reduced quality, delayed timelines, or reduced scale, highlighting the grant's role in accelerating and enhancing outcomes.

Just 3% (three respondents) were unsure, and none of the respondents believed they could have achieved the impacts entirely on their own, at the same quality and pace, indicating that impacts reported are attributable to the grant funding.

**Figure B-7: Would the impact(s) have occurred without the grant? (n=118)**



Source: SQW analysis of grant holder surveys – waves 1-3

## Wave 3 follow-up survey analysis

**B.22** This section presents a summary of the analysis of an online evaluation follow-up survey for the Dormant Assets NI Phase 1 Grant Programme of grant holders who were awarded a grant between January 2021 and January 2023 (Wave 1), and between February 2023 and June 2023 (Wave 2). The survey was issued on 26<sup>th</sup> February 2025 (Wave 3) and was open for just over 2 weeks.

**B.23** The results from the survey were exported from Smart Survey into Excel. Duplicate or mostly empty responses were excluded. Consequently, the grant holders' follow-up survey included 26 responses (all complete). The responses were then matched to Wave 1 and 2 surveys with organisation names as the unique identifier. Since each wave tracked the same set of organisations at both baseline and follow-up, it is possible to observe changes over time within each cohort.

### Limitations

**B.24** It is important to note that the response rates from Wave 1 and Wave 2 were 31% (n=58) and 47% (n=17); therefore, conclusions about changes over time at follow-up need to be conservative since responses represent less than half of the eligible population.

### Grant holder follow-up survey findings

#### Impacts

**B.25** An analysis of the impact data across Wave 1 and Wave 2 cohorts, and their respective follow-up responses, reveals a varied pattern of progress across different areas of organisational development.

**B.26** The strongest positive changes were seen in areas related to financial diversification, internal systems, and staff development. For instance, the introduction of new income streams increased from eight to 11 organisations in Wave 1 and from five to six in Wave 2. This suggests that, within each cohort, more organisations expanded their funding models over time, reducing their reliance on single income sources. Similarly, the implementation of fit-for-purpose structures and processes rose from seven to ten organisations in Wave 1 and from two to three in Wave 2, reflecting steady improvements in organisational design and operational efficiency. Staff development also showed gains: the number of organisations reporting greater staff knowledge, skills, and confidence rose from ten to 12 amongst Wave 1 follow up respondents, and from four to five in Wave 2 follow up respondents, indicating ongoing investment in people.

**B.27** The implementation of systems and processes to cope with change and future thinking stood out as particularly robust. Amongst Wave 2 follow up respondents, the number of organisations reporting this impact rose from four to six, while for Wave 1 respondents the

figure remained consistently high at 11 across both baseline and follow-up. This suggests that adaptive capacity and future planning may be well established among earlier participants, and emerging as a growing strength among more recent ones.

- B.28** Some areas showed mixed progress, with improvement in one wave but stagnation or decline in the other, or outcomes that remained stable despite already strong starting points. For example, the ability to use data and resources to demonstrate social value rose from three to six in Wave 1 but declined from four to two in Wave 2. Similarly, the development of new ways of working to enhance operations increased for those in Wave 2 (from four to six), but declined for those in Wave 1 at follow up (from 17 to 15).
- B.29** Progress in succession planning was modest for those in both waves: Wave 1 follow up respondents increased from three to four organisations reporting this impact, and Wave 2 from zero to two. While this shows some movement, the overall experience of this impact remains low. Similarly, improvements in planning processes were static in both groups (six in Wave 1 and four in Wave 2 both at baseline and follow-up), suggesting that planning may have already been in place or that further support is needed to strengthen this capability in more organisations.
- B.30** Finally, some of the weakest areas of change were found in indicators that either showed no growth and remained low, or where values declined. Staff retention was a notable example: Wave 1 respondents reported only a small increase (from one organisation reporting this impact to three organisations doing so at follow up), while Wave 2 reported no change (zero at both points), pointing to sector-wide challenges around workforce stability that may not be easily addressed at the organisational level alone.
- B.31** Similarly, sharing office services and achieving increased efficiency was one of the least frequently reported impacts, increasing only from three to four in Wave 1 and remaining at zero in Wave 2 at follow up, potentially reflecting logistical or structural barriers to collaborative working. Of note, one organisation in Wave 1 at the follow-up survey reported still experiencing no impacts at all.
- B.32** In conclusion, while both waves demonstrated positive change across key areas - particularly in income diversification, internal systems, and staff development - other domains such as data use, succession planning, and staff retention saw more mixed or limited progress. **The results highlight the importance of long-term, tailored support that reflects the diversity of organisations in the VCSE sector and helps them build on early gains while addressing persistent structural challenges.**
- B.33** A review of open-ended responses from the follow-up surveys reveals a wide range of additional impacts achieved through the funding, which align with broader themes of organisational resilience, capacity building, and strategic development. While these impacts are diverse, they fall into several clear categories:

- Increased staff capacity and development was one of the most frequently cited outcomes. This is surprising given that this was one of the least picked impacts in response to the multiple option question. At least seven organisations described how the funding allowed them to either retain or hire new staff, as well as invest in staff training. Some organisations emphasised professional development, including the implementation of leadership programmes, upskilling in impact measurement, and training in CRM systems. In several cases, staff were able to take on new responsibilities and lead aspects of project work, which helped foster a more participatory and skilled workforce.

*“Has given staff the opportunity to lead on particular aspects of the project, gain new skills and be involved in decision making processes”.*

### **Wave 2 follow-up survey grant holder respondent**

- Another recurring theme was **strategic planning and organisational development**, mentioned by at least five organisations. One organisation described how the funding helped them align staff and Board development with strategic goals, supporting broader resilience planning. Others noted that, with increased staff capacity, they could devote more time to strategic thinking, including planning for future fundraising and partnership development.

*“We have implemented our strategic plan & invested in [our] staff/board building their capabilities to support our sustainability & resilience”.*

### **Wave 1 follow-up survey grant holder respondent**

- Another commonly reported area was **financial diversification and the development of new income streams**. At least five organisations stated that the funding enabled them to pursue new grant opportunities, develop relationships with donors, and engage in more proactive fundraising. One organisation explained that the flexibility of the funding allowed them to pivot when an initial idea didn’t work, ultimately resulting in the launch of a new income stream with the potential to move them closer to financial self-sufficiency. Others described securing income by working with businesses to deliver on their Social Value commitments, highlighting how resilience support can help VCSEs unlock new market opportunities.

*“We have successfully diversified our income streams”.*

### **Wave 1 follow-up survey grant holder respondent**

- Several organisations also made significant gains in **digital infrastructure and systems**. At least four respondents noted improvements in this area, including the introduction of new CRM systems, IT upgrades, and web design capacity. One organisation shared that the introduction of a new CRM had streamlined how they tracked client interactions and fulfilled external reporting requirements, such as to legal or insurance organisations.

Another said that enhanced graphic and digital design capabilities were instrumental in launching community initiatives.

*“As a result of this funding we have introduced a new information system”.*

#### **Wave 1 follow-up survey grant holder respondent**

- Improved **external engagement and public profile** was another important impact, reported by at least four organisations. Respondents described a stronger brand identity, greater audience engagement, and more opportunities for community fundraising. One respondent noted increased public awareness of their organisation and its services, as well as improved positioning to apply for grants and attract donors. This suggests that beyond operational improvements, the funding contributed to a higher level of visibility and influence for some organisations.

*“Growth of audiences, higher public profile, greater depth of engagement, stronger brand identity”.*

#### **Wave 1 follow-up survey grant holder respondent**

- **Partnership development and collaboration** was also highlighted. At least three organisations referred to new or strengthened partnerships, including successful collaborations with local councils and businesses. Some referenced new networking opportunities that directly led to new funding streams or partnership projects, suggesting long-term benefits beyond the grant period.

*“Through networking we secured funding with various organisations and we continue to develop relationships with businesses to deliver their Social Value”.*

#### **Wave 1 follow-up survey grant holder respondent**

- Some organisations also noted **community-level impacts**, though these were fewer in number. One respondent said the project had created more community cohesion, while another described how their work with American students on peacebuilding was transformative. These examples illustrate how capacity-building grants can ultimately enhance frontline delivery and community outcomes, even when the focus is on internal development, or how organisations can shift their focus to community-based work rather than internal development.

*“The project has created more community cohesion”.*

#### **Wave 2 follow-up survey grant holder respondent**

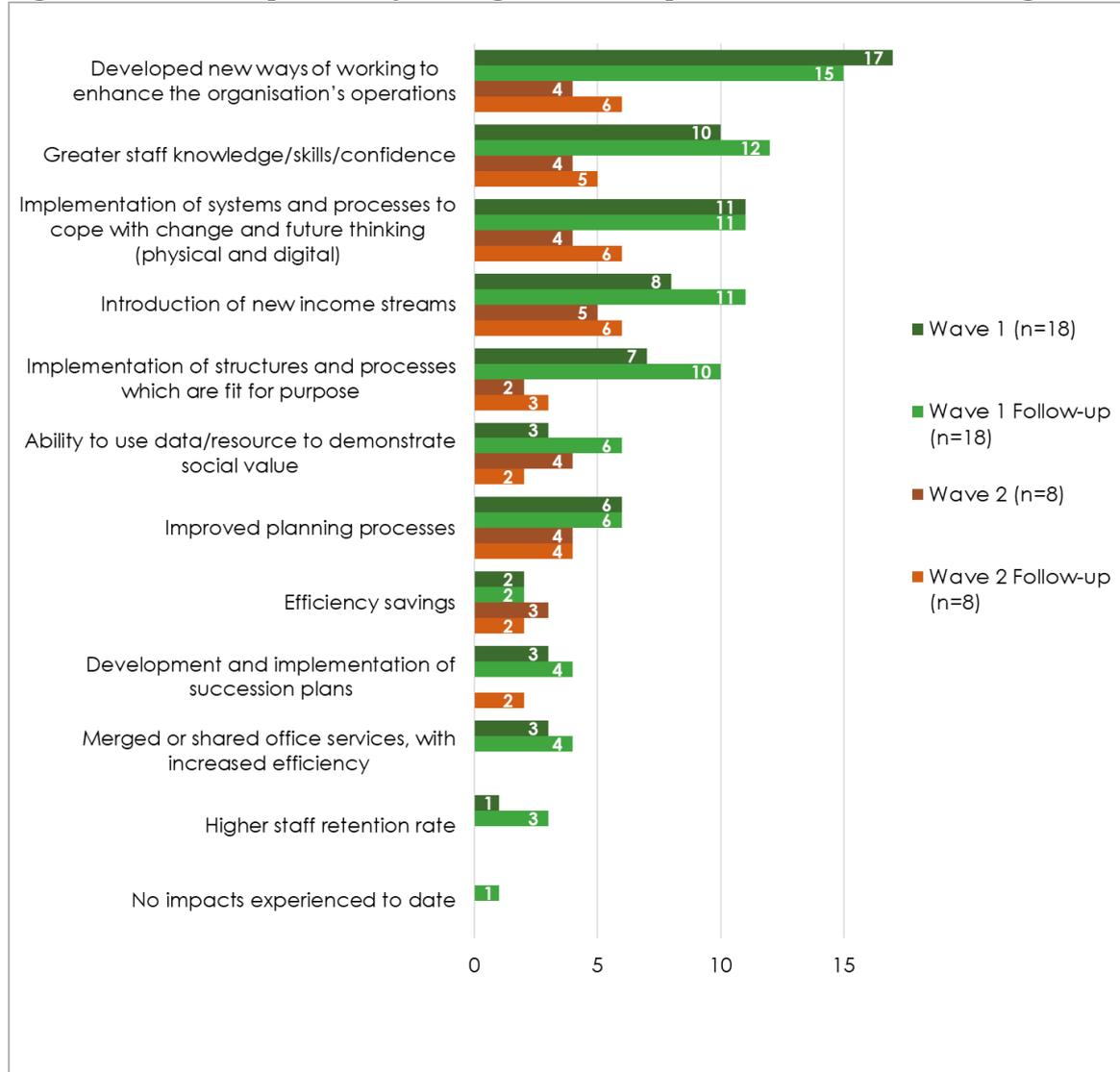
- Finally, a few organisations pointed out that **their projects were still underway** and some benefits would not be fully realised until later stages. For example, one mentioned they were still completing the first phase of a three-part project, while another was in the planning stage, having just completed training needs analyses and stakeholder meetings.

These comments serve as a reminder that the impacts of capacity-building projects often unfold over time, with many effects still to come.

*“Some of the benefits we expect to realise as a result of the project won't be delivered until the project is complete. Those outlined above are as the result of one part of a three part project being complete”.*

**Wave 1 follow-up survey grant holder respondent**

**Figure B-8: What impacts has your organisation experienced as a result of the grant?**



Source: SQW analysis of grant holder follow-up survey

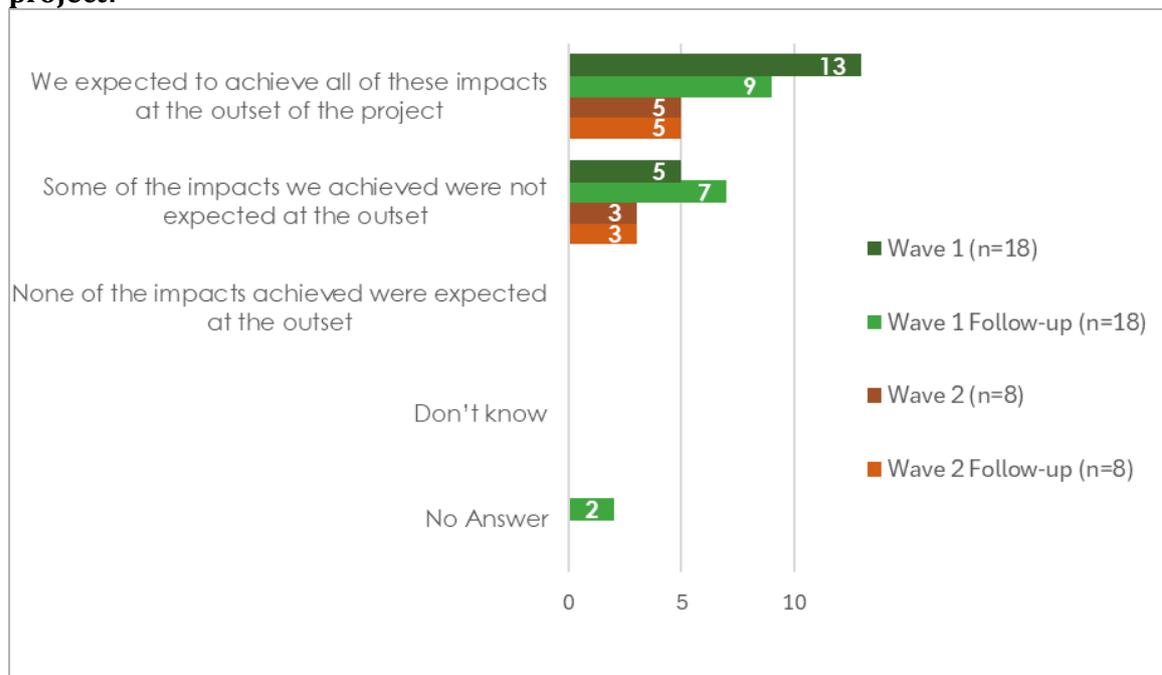
**B.34** An analysis of expectations versus achieved impacts reveals that most organisations entered the project with relatively high confidence in their intended outcomes. Most respondents in both Wave 1 and Wave 2 stated that they expected to achieve all the listed impacts at the outset of the project. This view was held by 13 of 18 Wave 1 respondents and five of eight Wave 2 respondents. When looking at the follow-up responses, for Wave 1 VCSE organisations, there was a narrowing of the gap between respondents expecting all impacts

or only some of the impacts (nine and seven respectively). The shift from 13 Wave 1 baseline respondents expecting all impacts to just nine reporting the same at follow-up could suggest a softening of expectations over time, or a greater recognition of complexity once the programme was underway. The corresponding increase from five to seven respondents who noted unexpected impacts supports this interpretation—organisations may have discovered new benefits or outcomes they had not anticipated at the start. This could reflect the kind of adaptive learning that is often seen in capacity-building programmes, where initial plans evolve in response to internal and external factors.

**B.35** In the case of Wave 2 respondents, the values did not change from baseline- five respondents again confirmed that all impacts had been expected, and three said that some had been unexpected. Notably, across all waves and follow-up stages, no respondents reported that none of the achieved impacts were expected, nor did any indicate they were unsure. This suggests a generally high level of alignment between programme goals and observed outcomes.

**B.36** Only one respondent elaborated on why some of the impacts were not expected. They stated that the amount and depth of work involved has given staff opportunities to step up.

**Figure B-9: To what extent were these impacts expected from the beginning of the project?**

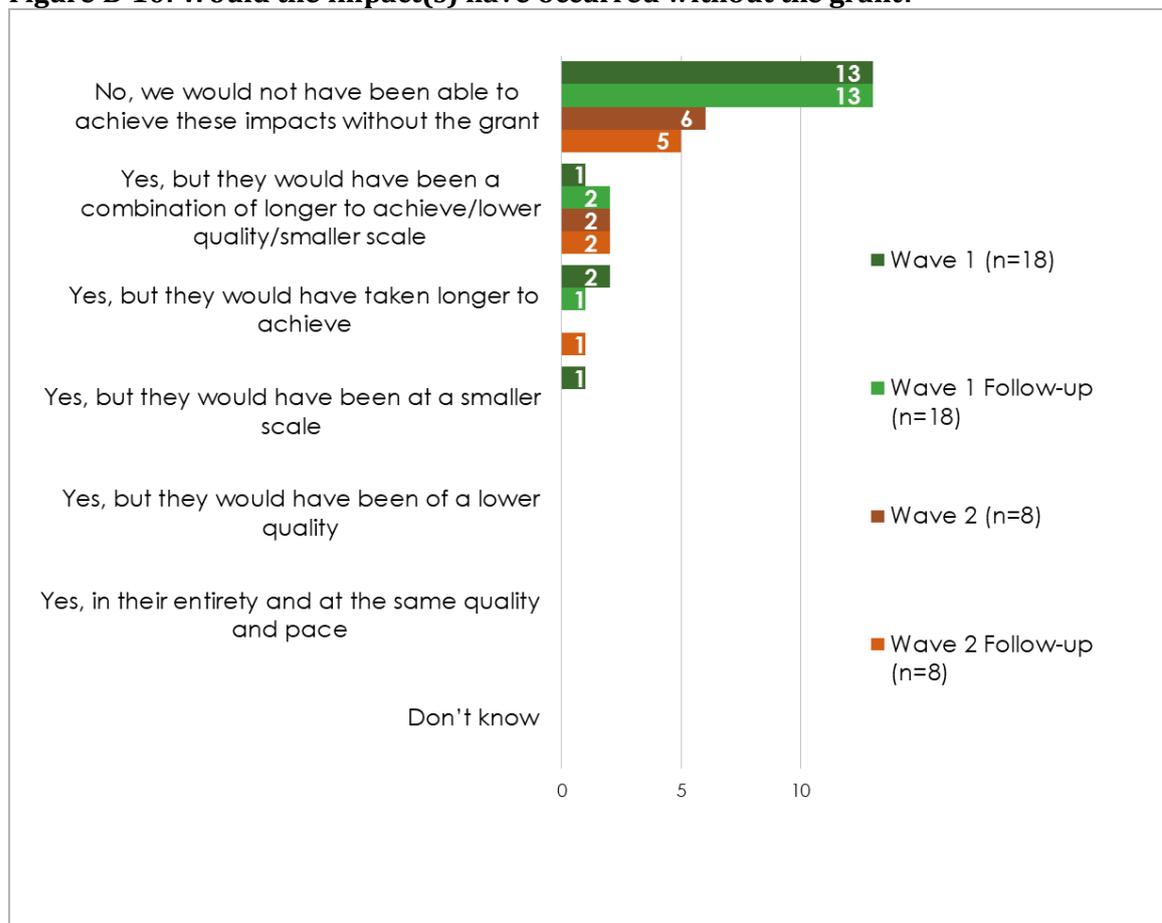


Source: SQW analysis of grant holder follow-up survey

**B.37** Across both waves, there is clear consensus that the grant was essential in enabling the impacts achieved. At follow-up, 13 out of 16 organisations in Wave 1 reported that they would not have been able to achieve these outcomes without the grant. This proportion remained unchanged from their baseline responses, suggesting a continued recognition of the funding's critical role even as organisations reflected back on the outcomes they had delivered.

- B.38** Wave 2 follow-up responses showed a similarly strong pattern. Five out of eight organisations reported that the impacts would not have occurred without the grant- compared to six at baseline. Although this is a slight decline, the majority of organisations in Wave 2 still viewed the grant as essential to achieving their results.
- B.39** For the small number of organisations that felt the impacts might have occurred without the grant, there was agreement that the outcomes would have looked very different. In Wave 1 follow-up, one organisation indicated the impacts would have taken longer to achieve, and two believed they would have been a combination of lower quality, smaller scale, or delayed. Similarly, in Wave 2 follow-up, one organisation selected “longer to achieve,” and two selected the combination option.
- B.40** Crucially, no organisations across either wave or at follow-up indicated that they would have achieved the same impacts at the same quality and pace without the grant. There were also no responses of “Don’t know,” which indicates a high degree of confidence among grantees in linking their outcomes directly to the funding received. **This finding reinforces the conclusion that the grant had a high level of additionality - it enabled results that would not otherwise have been possible, or which would have taken significantly longer and led to compromised quality or scale.**

**Figure B-10: Would the impact(s) have occurred without the grant?**

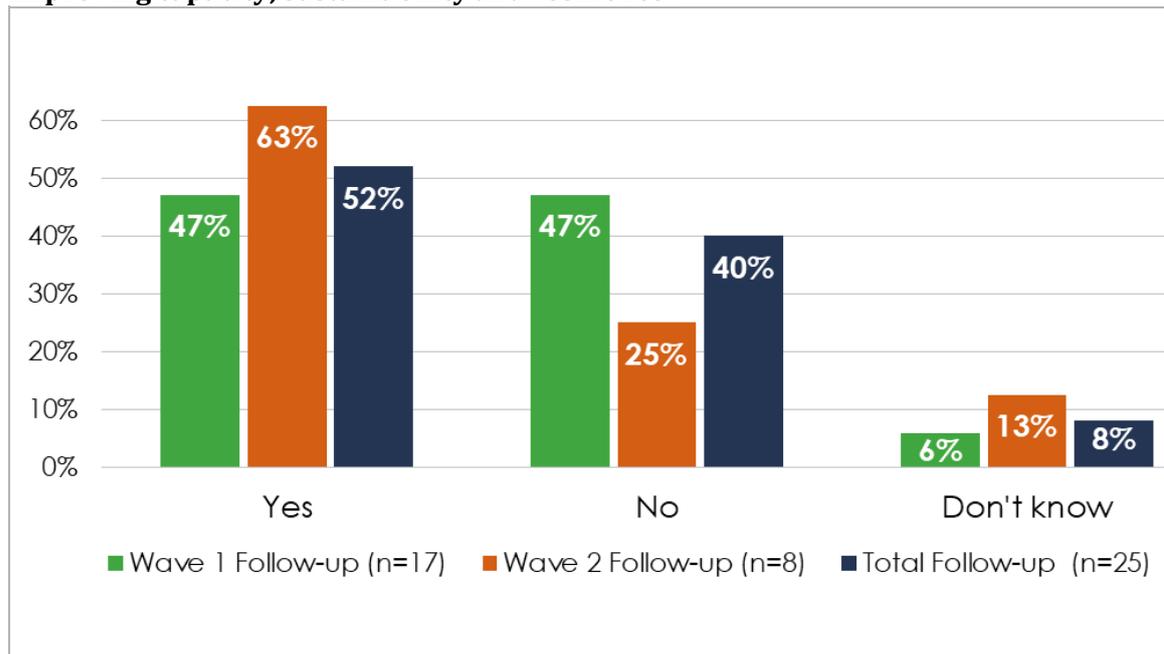


Source: SQW analysis of grant holder follow-up survey

## Recruitment of staff

- B.41** At the follow-up stage, organisations were asked whether they had planned to recruit new staff to support activities focused on improving their capacity, sustainability, and resilience. This question had not been asked at baseline.
- B.42** Slightly over half of follow-up respondents (13, n=25) reported that they *had* planned to recruit new staff. This reflects a fairly strong overall trend toward using grant funding to expand workforce capacity as a means of building organisational resilience. Breaking this down by wave, eight out of 17 Wave 1 follow-up respondents (47%) had planned to recruit staff, compared to five out of eight Wave 2 follow-up respondents (63%).
- B.43** Conversely, ten organisations in total said they *did not* plan to recruit (eight from Wave 1 and two from Wave 2), which may reflect organisations that were already adequately staffed or that focused on strengthening internal systems and sustainability in other ways. Additionally, two respondents (one from each wave) answered “don’t know”.

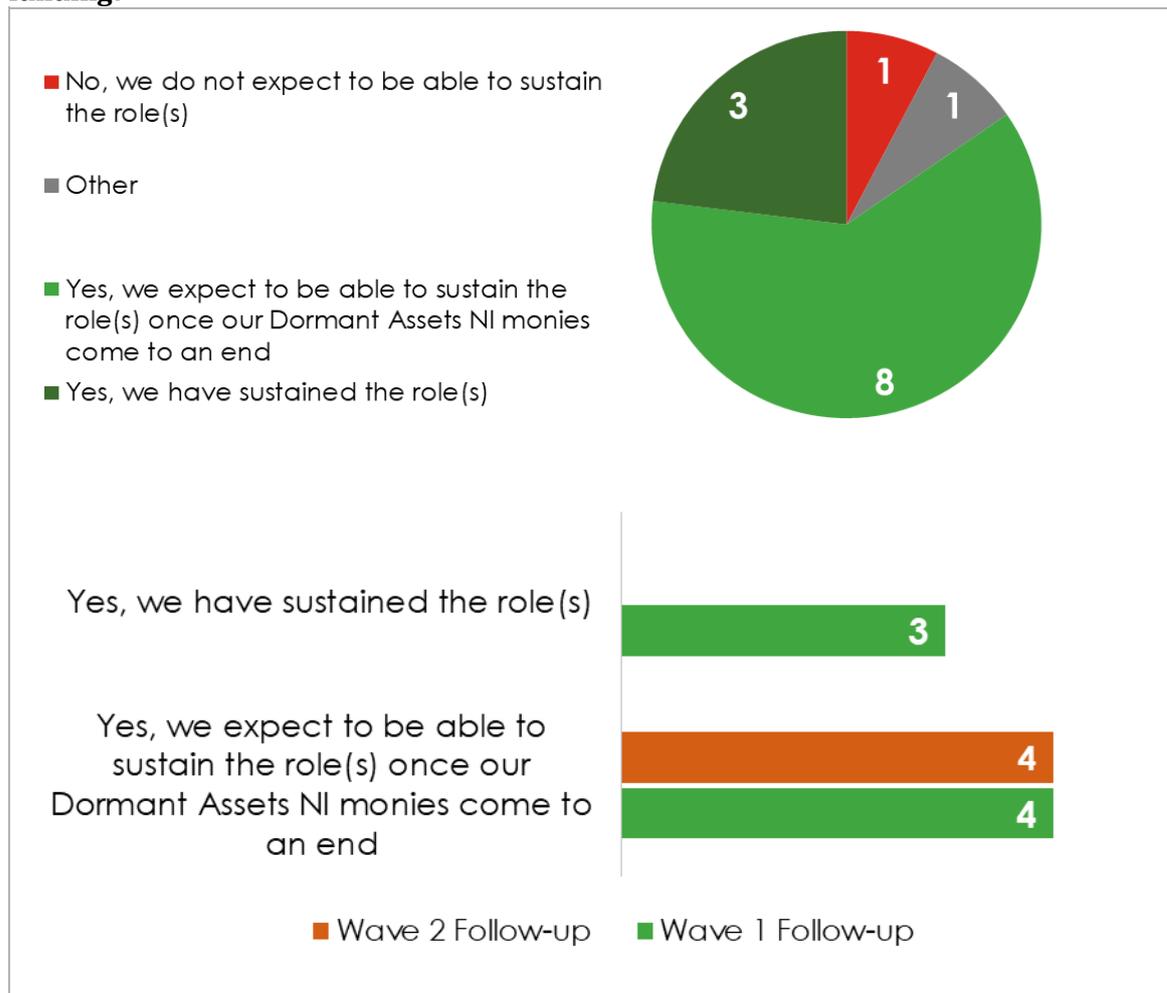
**Figure B-11: Did you plan to recruit new staff to deliver activities relating to improving capacity, sustainability and resilience?**



Source: SQW analysis of grant holder follow-up survey

- B.44** Out of those respondents who said they had planned to recruit new staff (n=13), eight expect to be able to sustain the role(s) once the Dormant Assets NI monies come to an end, equally split between Wave 1 and Wave 2 respondents. Three respondents, all from Wave 1, have been able to sustain the role. Only one respondent does not expect to be able to sustain the role, from Wave 2. For this organisation, not sustaining the role has substantially reduced their capacity to do development work within the organisation.

**Figure B-12: Have you been / do you expect to be able to sustain the role(s) post-funding?**



Source: SQW analysis of grant holder follow-up survey

**B.45** When asked how they expect to be able to sustain the role(s) in the future, all 11 respondents gave an answer. The most frequently cited approach was seeking or securing new funding streams, which featured in five responses. Some organisations had already succeeded in identifying alternative sources of support, while others were still in the process. In many cases, organisations viewed the Dormant Assets funding as a stepping stone to more long-term financing arrangements that could continue supporting the posts.

*“We have been applying to other funders to sustain the position. As much as our income generation has increased during those two years, it would not be enough to sustain the position unfortunately”.*

#### Wave 2 follow-up survey grant holder respondent

**B.46** Income generation and diversification was another key theme, mentioned either independently or alongside other strategies. This includes scaling earned income, increasing internal revenue through trading or services, and reinvesting any surpluses into key roles.

These responses suggest a shift toward financial self-reliance, with the funded role either directly responsible for generating income or positioned to benefit from it.

*“We expect that the post-holder will generate sufficient new income from growth plans to cover their salary and other related employment costs”.*

#### **Wave 2 follow-up survey grant holder respondent**

**B.47** Another commonly reported approach was absorbing funded roles into existing staff positions or restructuring the team to ensure continuity. This strategy helped reduce additional staffing costs while retaining key functions introduced through the project. These changes were often described as pragmatic adaptations that aligned with wider changes in leadership or project management structures.

*“We have absorbed the role of monitoring and use of the CRM system into the role of Project Manager”.*

#### **Wave 1 follow-up survey grant holder respondent**

*“We were able to absorb the role into another post, and continue training and delivering programmes in the community through different funding sources”.*

#### **Wave 1 follow-up survey grant holder respondent**

**B.48** When respondents were asked about the long-term legacy of sustaining the role(s) to their capacity, resilience, and sustainability, all 11 respondents who have achieved this responded.

**B.49** Six respondents mentioned legacies related to strengthened leadership structures, increased internal capacity, strategic planning, and overall organisational growth.

*“We expect the legacy to be long term, and indeed, lead the organisation into a new 5 year strategic phase...”*

#### **Follow-up grant holder survey respondent**

*“Greater finance structures, greater strategic planning & knowledge...”*

#### **Follow-up grant holder survey respondent**

**B.50** Five respondents referred to legacies involving greater financial resilience, including income diversification, new funding sources, and the ability to generate more of their own income.

*“To grow our social enterprise income and develop the model...”*

#### **Follow-up grant holder survey respondent**

*“We have grown membership and membership income...”*

### Follow-up grant holder survey respondent

- B.51** Three respondents highlighted improved internal systems, particularly digital systems (such as CRM), new processes, or greater administrative efficiency as long-term benefits.

*"The CRM system management added to our existing management post".*

### Follow-up grant holder survey respondent

- B.52** Two respondents discussed expanded community impact and continued delivery of services made possible by the role(s), which they expect to continue.

*"The continuation of community education programmes and training is enhancing the lives of people every day, and we believe that our community work will help (...) to improve capacity and resilience through the diversification of income and higher demand for this work".*

### Follow-up grant holder survey respondent

#### Longer-term impacts

- B.53** Across the 18 responses, organisations described a broad range of anticipated longer-term impacts stemming from their funded projects. These largely focused on five recurring themes: income diversification and financial growth, strategic planning and organisational development, operational efficiency and systems improvement, digital transformation, and increased community reach and cohesion.

- B.54** **Income diversification and financial growth** were the most commonly mentioned areas, collectively raised by ten organisations (seven from Wave 1 and three from Wave 2). These organisations expect the project to help them continue developing new income streams, strengthening their financial models, and reducing reliance on single funding sources. In some cases, this meant expanding earned income or corporate partnerships, while others aimed to build on existing fundraising capabilities.

*"We will continue to grow our new income streams, source corporate partners and use digital marketing".*

### Follow-up grant holder survey respondent

*"Our aim is to generate income by scaling up this project. We hope to develop a new income generation strategy and diversify our funding model and increase unrestricted income".*

### Follow-up grant holder survey respondent

- B.55** **Strategic planning and organisational development** was another major area of anticipated impact, noted by eight organisations (six Wave 1, two Wave 2). The funding had given them the space and leadership capacity to think longer-term, define future goals, and shift from

reactive service delivery to more proactive growth. In several cases, organisations reported clearer financial oversight and improved leadership confidence in planning for the future.

*"The roles have enabled us to plan and think more strategically in terms of our future goals".*

**Follow-up grant holder survey respondent**

*"We are working on a large project... and will be looking to take on more smaller projects in future".*

**Follow-up grant holder survey respondent**

**B.56 Operational efficiency and internal systems improvement** was mentioned by six organisations at follow up (four from Wave 1, two from Wave 2), who highlighted improvements in communication, internal processes, and streamlined service delivery. These changes were often positioned as foundational shifts that would allow for more resilient, scalable operations going forward.

*"Streamlined processes and procedures will be kept in place as they increase efficiency and capacity".*

**Follow-up grant holder survey respondent**

**B.57 Digital transformation** was a theme raised by four organisations at follow up (three from Wave 1 and one from Wave 2), who described progress in digitising programmes, developing new platforms, and improving their digital infrastructure. These changes were often closely linked to long-term sustainability, helping organisations to reach wider audiences and modernise their service models.

*"The development of the eConX platform is the long-term digital transformation (...)"*

**Follow-up grant holder survey respondent**

*"Digitisation of our curriculum for all learners".*

**Follow-up grant holder survey respondent**

**B.58 Community reach and engagement** was described by five organisations (four from Wave 1, one from Wave 2), who anticipated continuing to grow their impact in the community - through new partnerships, increased programme delivery, or stronger brand presence. Some expected this to translate into greater community cohesion or more inclusive access to services.

*"We will undertake more projects for the community".*

**Follow-up grant holder survey respondent**

*"More people able to learn skills [...], contributing to greater resilience of our city".*

#### **Follow-up grant holder survey respondent**

- B.59** Finally, a smaller number of organisations (three, all from Wave 1) anticipated longer-term impacts specifically tied to **staff development and retention**, such as sustaining key roles or building leadership and bid-writing capabilities that would continue to support organisational growth.

*"Through leadership development training we will also have strengthened the bid writing skills of the leadership team".*

#### **Follow-up grant holder survey respondent**

*"We wouldn't have had the money to employ staff... the member of staff has been retained".*

#### *Follow-up grant holder survey respondent*

#### Influencing factors

- B.60** Across the 19 responses - 13 from Wave 1 follow-up and 6 from Wave 2 follow-up - organisations outlined a range of enablers they believe are necessary to achieve their longer-term impacts. These responses clustered around four dominant themes: the need for further funding; training and capacity building; networking and partnerships; and internal development and strategic alignment.
- B.61** Further funding was by far the most common requirement, highlighted by 14 organisations (nine from Wave 1, five from Wave 2). Many respondents were explicit that sustaining or scaling the impact of their work would not be possible without securing additional income sources. This includes funding for staff training, continuation of services, awareness campaigns, new strategic directions, and application of increased capacity to foster relationships. One organisation expressed the concern that despite their ambitions and recent progress, their financial capacity remains limited.

*"It all comes down to funding".*

#### **Follow-up grant holder survey respondent**

*"To achieve these longer-term impacts, several factors need to be in place. Securing additional funding streams will be crucial to support marketing efforts, and expanding awareness of what we do".*

#### **Follow-up grant holder survey respondent**

- B.62** Training and capacity building was mentioned by five organisations (three from Wave 1, two from Wave 2), who noted the importance of continued development for staff and leadership.

Some sought further opportunities to build technical skills in new internal systems, while others called for mentoring.

*"To achieve these impacts we need to invest in further training opportunities/mentoring for all staff".*

**Follow-up grant holder survey respondent**

*"We need further training in the new systems".*

**Follow-up grant holder survey respondent**

- B.63** Networking and partnerships were seen as vital by five organisations (four Wave 1, one Wave 2). This included deepening relationships with not only the local community but also internally, investing in the relationship with funders, increasing the number of public, private and academic organisations they collaborate with, and general networking. These relationships were viewed as important not only for learning and knowledge exchange but also for unlocking new opportunities and expanding influence.

*"International networking. Building academic partnerships".*

**Follow-up grant holder survey respondent**

*"Best practice visits & collaboration will continue to build partnerships with other private and public sector organisations".*

**Follow-up grant holder survey respondent**

- B.64** Internal strategic alignment and planning was mentioned by three organisations at follow up, all from Wave 1. These respondents highlighted the role of internal systems such as strategic plans, staff structures, and integration of new tools, in enabling long-term impact. One organisation noted that launching a new strategic plan and completing a succession process would improve both their funding appeal and efficiency.

*"The launch of a new 5-year strategic plan in mid 2025 will allow a new level of relationship building with some key funders, which we hope will lead to increased funding".*

**Follow-up grant holder survey respondent**

- B.65** A couple of respondents also mentioned the need for staffing capacity, noting that small teams are currently stretched and may not be able to deliver growth or sustainability goals without further human resource investment.

*"We would need another full-time member of staff. We are trying to cover all bases with 3 staff—not achievable".*

**Follow-up grant holder survey respondent**

## Final comments

- B.66** From the 18 VCSE organisations who responded to the final comments question, 16 praised the Dormant Assets programme. Grant holders described their overall experience as very satisfying, stating that the funding process was accessible and that the support met their organisation's needs effectively. They appreciated the opportunity and felt the programme was well-run. Eight respondents specified the programme had a pivotal role in supporting organisational growth and development. These organisations described how the grant helped them build internal capacity, invest in staff, strengthen their systems, or plan more strategically. Some reported making significant improvements, such as enhancing their digital infrastructure or improving their ability to deliver services. Three VCSE organisations praised the flexibility of the programme, and the responsiveness, helpfulness and approachability of the team, noting that the support received throughout the programme made a meaningful difference to their project implementation. Two respondents noted that their projects were still ongoing at the time of the survey. Despite this, they indicated that early signs were positive and that they had already begun to see the benefits of the funded work.
- B.67** One respondent reflected that three years instead of two for project delivery would have been better (they had chosen to have a 2-year project but this may have been due to the grant amount not being sufficient to last for a 3-year project) whilst another respondent answered that they had no final comments.



## Annex C: (Refreshed) wider evidence review

- C.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.
- C.2** The initial 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.
- C.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.
- C.4** A refresh of the review was conducted in March 2025 to capture additional relevant sources or literature published since the initial review in January 2024. This resulted in the review of an additional 10 documents. Findings from the refreshed evidence review are highlighted in text boxes below.

### Effective practice in supporting VCSE organisational capacity, resilience and sustainability

- C.5** 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.
- C.6** 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 steps<sup>24</sup>. 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<sup>25</sup>.
- C.7** 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

<sup>24</sup> BrightPurpose (2023) Learning from the first three years of working with communities, Lloyds Bank Foundation. Available [here](#).

<sup>25</sup> 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](#).

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 flow and may result in an organisation becoming insolvent. Having a comprehensive and regularly monitored financial plan makes cash flow management easier<sup>26</sup>. This may be supported using financial management software to make the process more efficient and robust.

**C.8** 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)<sup>27</sup>. 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 organisation<sup>28</sup>. 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.

**C.9** 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 source<sup>29</sup>, 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 investment<sup>30</sup>. 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 reserves<sup>31</sup>.

<sup>26</sup> Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

<sup>27</sup> Macmillan, R et al. (2014) Building capabilities in the voluntary sector, Education Links. Available [here](#).

<sup>28</sup> 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](#).

<sup>29</sup> One source suggests that 20% should be the maximum amount of funding a charity should obtain from any one source (see [here](#))

<sup>30</sup> 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](#).

<sup>31</sup> <https://voluntaryimpact.org.uk/wp-content/uploads/2022/02/Income-Diversification-Member-Factsheet.pdf>

- C.10** 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 organisations in England to enable them to become 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 investment<sup>32</sup>.
- C.11** 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 development<sup>33</sup>.
- C.12** 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.
- C.13** 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 representation<sup>34</sup>. 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)<sup>35</sup>.
- C.14** 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 crucial<sup>36</sup>. Several authors suggest that the ability to deliver social impact is vital to VCSE organisational financial resilience, not least because much of their revenue is directly tied to it and it plays a role in funders'

<sup>32</sup> Goggin, N et al. (2021) Reach Fund Evaluation Final Report. Available [here](#).

<sup>33</sup> MGarry Consulting (2023) Blueprint Phase 2 Initial Evaluation

<sup>34</sup> Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

<sup>35</sup> Chapman, T. (2022) Going the distance: How Third Sector organisations work through turbulent times. Available [here](#).

<sup>36</sup> Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

decisions. Therefore, their inability to deliver evidence against their social objectives poses a direct risk to their financial sustainability<sup>37</sup>.

**C.15** Whilst it is inherently difficult to measure social impacts, one example tool highlighted is the Social Value Engine<sup>38</sup>. 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.

## Social value requirements

February 2025 saw an NI-specific legislative update which is likely to impact VCSE organisations going forward, related to Social Value requirements in Public Procurement<sup>39</sup>.

It is now mandatory to include social value as a condition of contract for works above £500,000, among other revisions. VCSE organisations may need to further develop or improve their processes for measuring and monitoring social value and impact as a result. However, this legislation may also represent a potential additional source of income for the VCSE sector, as organisations from other sectors will be looking for ways in which to fulfil their social value requirements.

<sup>37</sup> Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

<sup>38</sup> See <https://socialvalueengine.com/>

<sup>39</sup> [PPN 01 21 - Social Value in Procurement Word master.pdf](#)

## Developing a clear strategy – including income diversification

The Chief Officers Third Sector (CO3) guide for financial resilience<sup>40</sup> identified the following good practice to support VCSE organisational resilience and sustainability:

- **VSCE organisations should regularly review their operations, strategy, finances and how they deliver as service providers**
- **Develop a diversified income generation strategy:** A clear, achievable income generation strategy, supported by all team members, is vital for fundraising success. It must align with the organisation's strategic priorities and mission, setting realistic income targets. The strategy should balance fundraising methods to meet goals without overextending resources.
- **Assess Internal and External Factors:** Conduct a PEST (Political, Economic, Societal, Technological) analysis for external factors and a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis for internal factors that affect income generation.
- **Consider Income Generation Methods:** Research and select fundraising methods (e.g., individual giving, grants, corporate partnerships) based on your charity's strengths, resources, and context.
- **Assess the Costs of Methods:** Evaluate the costs associated with each income generation method (e.g., staff, marketing, IT) to ensure realistic budgeting.
- **Decide on the right Mix of Methods:** Choose a balanced mix of methods that align with your Case for Support, strengths, and fundraising goals, considering both restricted and unrestricted income.
- **Set Targets, Timeframes, and Action Plans:** Establish specific income targets and deadlines, creating action plans with measurable objectives and key performance indicators (KPIs).
- **Seek Trustee Approval:** Ensure the strategy and budget are approved by trustees to meet legal and financial responsibilities.
- **Implement, Monitor, and Adjust:** Track fundraising progress regularly, monitor financial performance, and adjust the strategy as needed, revisiting it annually for updates.

CO3 identified that many VCSE organisations are looking to adopt more diversified income models. These include trading activities, service delivery contracts, and social

enterprise approaches. There should be a broader financial resilience strategy, which also includes building unrestricted income, reserves, and sustainable business models that are less reliant on donor funding alone.

## Outcomes for VCSE organisations

**C.16** The review found limited evidence of subsequent outcomes for VCSE organisations after 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 practice<sup>41</sup>, 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 in 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

**C.17** 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.

<sup>40</sup> [CO3-Leaders-Guide-to-Financial-Resilience.pdf](#)

<sup>41</sup> NatCen Social Research (2022) Evaluation of the voluntary, community and social enterprise COVID-19 emergency funding package, GOV.UK. Available [here](#).

**C.18** 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 things<sup>42</sup>.
- **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 funding<sup>43</sup>.
- **Digital infrastructure and capability.** In particular, the evidence suggests that financial / fundraising software is a primary tool to enable progress towards sustainability<sup>44</sup>. One study found that VCSE organisations 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 pandemic<sup>45</sup>.
- **Greater availability of data on the VCSE sector.** This could encompass a range of areas, including the inclusion of identifiers for organisations supporting underrepresented or disadvantaged groups (such as black and minoritised individuals and women and girls)<sup>46</sup>, and increased data sharing by UK grant funders to support organisations and individuals to better understand the grant landscape<sup>47</sup>.

**C.19** 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 was identified as a key barrier. There were also a range of other funding related issues identified in the evidence:

<sup>42</sup> Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

<sup>43</sup> Ibid

<sup>44</sup> Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

<sup>45</sup> 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](#).

<sup>46</sup> Damm, C et al. (2023) Mapping the UK women and girls sector and its funding: Where does the money go? Available [here](#).

<sup>47</sup> For example, see 360Giving [here](#).

- Commissioning and procurement. The VCSE sector currently faces a range of challenges with procurement processes, including a lack of awareness of upcoming opportunities, a lack of flexibility, and issues with contract payment timelines<sup>48</sup>. 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 possible<sup>49</sup>.
- 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 groups<sup>50</sup>.
- When applying for grants/contracts, the evidence indicates that smaller VCSE organisations 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 sources<sup>51</sup>.
- **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 funding<sup>52</sup>.
- **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 future<sup>53</sup>.

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<sup>48</sup> DCMS (2022) The role of Voluntary, Community, and Social Enterprise (VCSE) organisations in public procurement. Available [here](#).

<sup>49</sup> 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](#).

<sup>50</sup> Ecorys (2023) Growth Fund Financial Resilience Research Rapid Evidence Assessment. Available [here](#).

<sup>51</sup> DCMS (2022) The role of Voluntary, Community, and Social Enterprise (VCSE) organisations in public procurement. Available [here](#).

<sup>52</sup> Charity Digital (2021) Ten ways to ensure your charity is sustainable. Available [here](#).

<sup>53</sup> Damm, C et al. (2023) Mapping the UK women and girls sector and its funding: Where does the money go? Available [here](#).

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

**C.20** The review found limited research evidence of how VCSE capacity, resilience and sustainability is affected by external factors, notably social and economic contexts.

**C.21** Sodha (2019)<sup>54</sup> identified three key trends over recent decades relating to the evolution of the UK more generally 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.

**C.22** The recent political background in NI is also noteworthy in this context. In February 2022, the NI Assembly and Executive collapsed. During this period, there was a lack of political decision-making and therefore a lack of action to address NI's long-term policy challenges. The Assembly was restored 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<sup>55</sup>.

<sup>54</sup> Sodha, S (2019) The future of 'doing good' in the UK. Available [here](#).

<sup>55</sup> Pivotal (2023) Governing without government: The consequences. Available [here](#).

## Employer National Insurance contributions

There have been recent legislative changes that will continue to affect the VCSE sector. These include the recent increase in employer National Insurance contributions. As noted by an open letter by the Greater Manchester VCFSE Leadership Group<sup>56</sup> to Commissioners in January 2025, these are likely to exacerbate existing financial strain on VCSE organisations.

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<sup>56</sup> [679ba12f76a5436237b3e1a2 Open Letter to Commissioners from GM VCFSE Leadership Group Jan25.pdf](#)

## Annex D: Methods

### Approach overview

- D.1** The evaluation followed a theory-based approach, using the programme’s Theory of Change (ToC) presented in Annex E. The approach sought to explore the extent of changes generated by the programme and why and where the change occurs (and whom for). This approach was underpinned by Realist evaluation principles, seeking to understand ‘what works, for whom and in what circumstances.’
- D.2** This final evaluation report, in addition to the previous two interim evaluation reports, has followed a mixed methods approach, drawing on both quantitative and qualitative data.
- D.3** Evaluation data collection was undertaken in three ‘waves’, to ensure that enough time had passed since grant award or application submission to explore learning and impact, and to feed into the three reporting phases. This final evaluation considers data relating to organisations within ‘wave 3’, defined as those which received funding (or submitted their latest unsuccessful application) between July and September 2023. However, as the summative final evaluation report, it also draws on evidence from the previous two waves, and triangulates findings from the previous two interim evaluation reports, as well as analysing the combined sample of survey responses from across Waves 1-3 of the survey.
- D.4** The table below provides a breakdown as to the number of organisations we sought to engage per wave of data collection.

**Table D-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

*7. Source: SQW analysis of unsuccessful applicant and grant holder data*

### Research questions

- D.5** Based on key issues identified during the scoping phase, this final evaluation report seeks to present emerging thematic findings against the following research questions<sup>57</sup>:

<sup>57</sup> Research questions were updated at interim reporting to reflect the change in programme name

- 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

**D.6** The evaluation collated and analysed evidence from a number of different sources, across the three waves, including:

- **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).
- Three online surveys, across three waves:
  - With **grant holders, across Waves 1, 2 and 3**. The Wave 1 survey received 58 responses (46 complete and 12 useable partial responses), representing a 40% response rate. The Wave 2 survey received 17 responses (15 complete and two

useable partial responses), representing a 43% response rate. The Wave 3 survey received 54 responses (46 complete and eight partial), representing a 32% response rate. Combined, the total number of responses across Waves 1-3 was 129, representing 53% of all grant holders.

- With **unsuccessful applicants**, who applied for a grant but were not successful, across Waves 1 and 2. The Wave 1 survey received 49 responses (45 complete and four useable partial responses), representing a 21% response rate. The Wave 2 survey received 17 responses (15 complete and two useable partial responses), representing a 17% response rate.
  - A **shorter follow-up survey focused on impact as part of Wave 3**, with grant holders who had previously completed the surveys as part of Wave 1 or Wave 2. This survey received 26 responses.
- Surveys were issued in early April 2024, September 2024, and February 2025 respectively and were each open for two-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** across Waves 1, 2 and 3, recruited through the online survey, with 21 grant holders and seven unsuccessful applicants overall. Interviews with 12 grant holders and four unsuccessful applicants were delivered as part of Wave 1 throughout April-May 2024; interviews with four grant holders and three unsuccessful applicants were delivered as part of Wave 2 throughout October-November 2024. Interviews with five grant holders were delivered as part of Wave 3 throughout February-March 2025. 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.
  - **Case studies** with a total of eight grant holder organisations who had either completed or had nearly completed grant-funded projects (three case studies were developed as part of Wave 2 and four case studies as part of Wave 3 – one case study was a joint case study between two organisations). Case studies focused on outcomes, impacts and learning, and each involved between one and five interviews with organisational staff, and a review of key documentation. Five of the seven case studies involved an in-person fieldwork visit by a member of the evaluation team to the organisation's premises. Case study organisations were identified by both SQW and The National Lottery Community Fund to demonstrate learning.

- **A rapid review of wider evidence** related to resilience, sustainability and capacity building in the VCSE sector in January 2024, and a refreshed evidence review in March 2025 to capture any newly published sources or literature. Findings are summarised in Annex C.
- **Scoping phase evaluation interviews**, including six interviews with The National Lottery Community Fund representatives and key stakeholders.
- **Analysis of notes from breakout group discussions as part of two Virtual Learning Sessions** delivered in February 2025, to share key learnings from the second interim evaluation report and encourage grant holders to share and learn from each other. Approximately 60 grant holders took part across the two sessions.
- **Four final interviews with programme and external stakeholders**, reflecting on the programme and also the VCSE sector in NI more generally. These interviews were conducted with three members of The Nationally Lottery Community Fund programme staff (including one joint interview) and two external stakeholders with insight into the VCSE sector in NI.

## Approach to data analysis

- D.7** Linking data between the sources listed above allowed for data to be analysed in combination with one another, to generate greater evaluation insight.
- D.8** The results from the grant holders' and unsuccessful applicants' online surveys were exported from Smart Survey software into Excel following closure of each survey. 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).
- D.9** 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.
- D.10** 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.

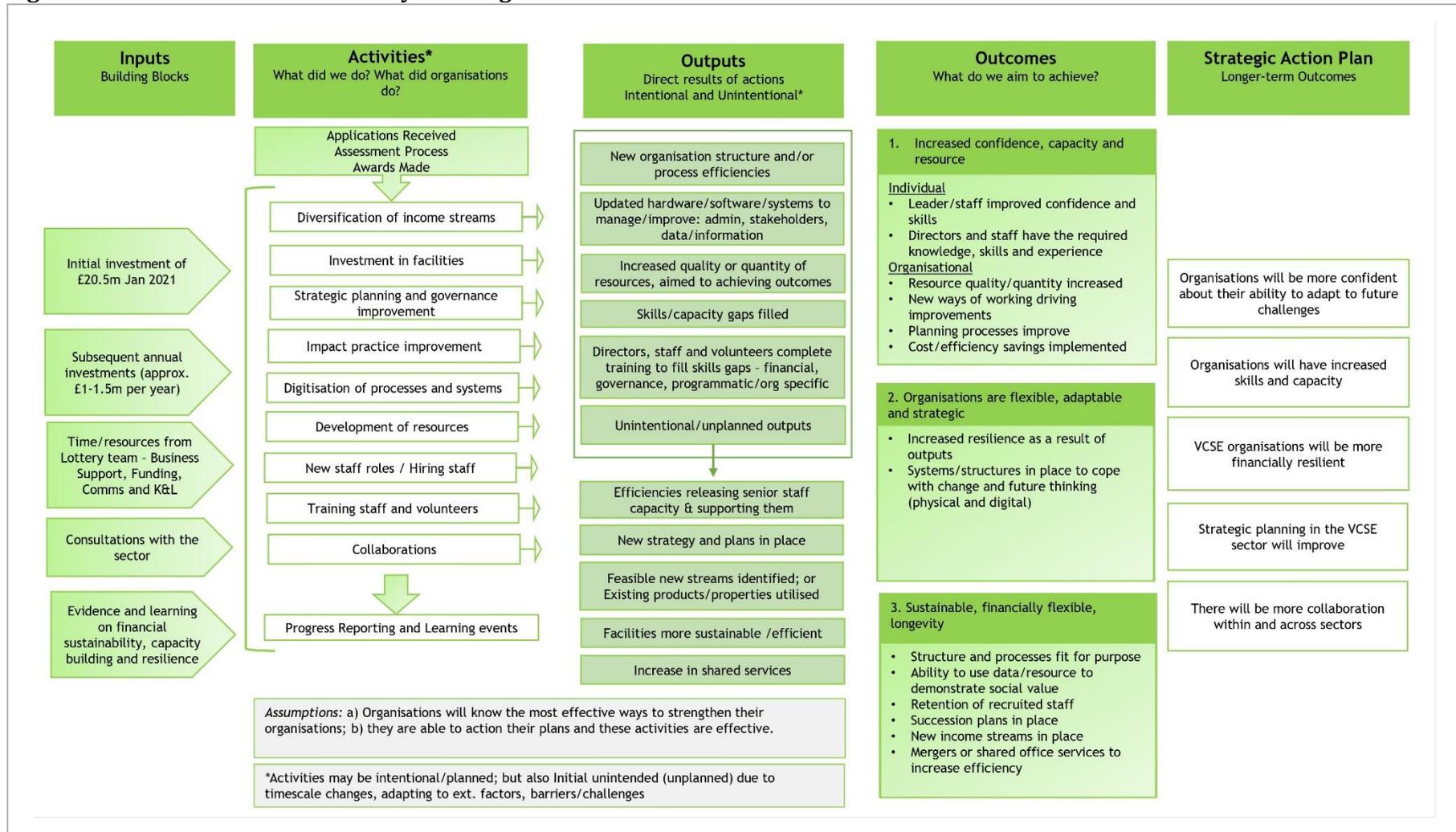
## Limitations

**D.11** 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). Two organisations responding to the unsuccessful applicant survey could not be identified in the application data, as the name the organisations gave did not correspond to any organisation names in the application data. Therefore, these organisations have been excluded from this analysis.

## Annex E: Theory of Change

- E.1** Overleaf is the Theory of Change for the Dormant Assets NI Phase One Grant Programme, developed by The National Lottery Community Fund.

**Figure E-1: Dormant Assets NI Theory of Change**



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

# SQW

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