



CAST
Driving social change
with digital technology



Shift



Insights and learning from the National Lottery Community Fund's Digital Fund

A set of insights and reflections from Shift, CAST, DOT PROJECT and The National Lottery Community Fund

What was the Digital Fund?	2
What we have learnt so far	4
Strand 1.....	4
Strand 2.....	10
Key insights so far	13
How to fund digital	13
What conditions make for the most progress	14
What does progress / good look like?	15
Future opportunities.....	18
A note on impact.....	20
How this relates to other funding and commissioning we have done since	22

What was the Digital Fund?

In the five years before the launch of the Digital Fund, the National Lottery Community Fund made over £16m of sub £10,000 grants to support mainly small charities and organisations to thrive in a digital era. Then, in 2018 it set aside £15m over 2 years to be distributed through the UK Portfolio's new Digital Fund.

Whilst it was always understood that digital tools and practices couldn't magically solve any problem, it was recognised that they had extraordinary capacity to bring people together to achieve things that they couldn't otherwise do, and support organisations to work in new and better ways. Our funding was already able to support this kind of work, but we didn't know a whole lot about what the sector actually needed in terms of digital support, the wider context and untapped opportunities. We needed to test our assumptions.

So, after conducting user research and speaking to organisations large and small; highly digital and wary of digital; the new and the established; we designed a funding programme that focussed on two key areas where we thought our funding could make an even bigger difference to the sector. This initial round of funding was aimed at two kinds of organisations:

- Strand 1: Established organisations with an annual income over £500,000 who recognised the need to become fit for the future, to continually adapt, and use digital as a way in to push much bigger organisational change.
- Strand 2: Newer, smaller organisations, established since 2000, who wanted to scale or increase the impact and reach of existing digital services.

Fundamentally, we were interested in funding organisations to transform the way they work, and the reasons they exist, to be fit for this new and continually changing environment. The Digital Fund responded to the fact that people's needs, behaviours and expectations were changing, and that civil society organisations needed to adapt to remain relevant and effective. We used this visual to illustrate what the Digital Fund was seeking to avoid, funding products and services that were not adaptive and relevant.



During this first round of funding, 1,197 applications were received, of which around two-thirds were for strand one and one-third for strand two. Applications came from a wide range of organisations, working in such areas as social isolation, mental health, disability, poverty, food, democracy and law. After the final funding decisions had been made in October 2019, 29 organisations had been awarded grants, which you can read about in more detail [here](#).

In addition to grant funding, dedicated support contracts were also provided, giving grantees access to coaching, mentoring, technical expertise, research and design support throughout the first year of their grant. This was delivered by a network of support partners, including CAST, Doteveryone, DOT PROJECT and Shift. This included training in responsible technology practices such as [Consequence Scanning](#), a methodology developed by Doteveryone as an agile practice for responsible innovators that allows them to consider the potential consequences of their product or service on people, communities and the planet. It is a group workshop format and step-by-step process that can be incorporated into an iterative development cycle.

The Digital Fund team worked closely with the support partners at the beginning of the programme to map assumptions and design questions that would inform the learning process. This was because as well as funding great projects, this fund was designed, in part, to gather learning and insights that could help the rest of the Fund, and the wider sector, become better digital grantmakers. It also aimed to help orient the sector by sharing learning and insights that demonstrate what is possible when it comes to tech, digital and data. Because beyond strengthening civil society's digital capabilities, the Digital Fund also had an intent to shape the sector, and provide direction, new narratives and new understanding of what digital means to civil society. The following report provides insights, recommendations and reflections in answer to our original learning questions, which were designed around those early assumptions.

What we have learnt so far

Through our learning approach we were able to gather perspective and insights through regular catch ups between grantholders and CAST, DOT PROJECT or Shift, plus monthly reflection sessions and monthly learning surveys coordinated by the Digital Fund team. From these learning touch points we've developed a series of insights.

Strand 1

Strand 1 grantees are established organisations with an annual income over £500,000 (defined as medium and large by the National Council for Voluntary Organisations) who recognised the need to become fit for the future, to continually adapt, and use digital as a way in to push much bigger organisational change. In other words, using a digital as a trojan horse or mouse to bring about a much larger change. During the application process, the question we asked those organisations was, "If you were set up today, how would you design the organisation?" The intention was that this funding and support would enable these organisations to make deep changes to the way that they operated.

For the more established charities their main asset is their current substantial user base, and the trust many people already have in them. From these kinds of established, trusted organisations we hoped to foster the civil society equivalents of the digital services offered by the BBC, Lloyds Bank or Next. For example, take one of our grantholders, [Samaritans](#). What they do is well known; their mission is essentially to reduce the number of people in the UK who lose their life by suicide and support those who may be experiencing suicidal thoughts. 30 years ago the only realistic way they could do this was via the phone and face-to-face interactions. Training their volunteers could only realistically happen via in-person training. Now, the landscape is completely different. Samaritans received strand one funding to develop the following things:

- An online self-help tool for those experiencing suicidal thoughts who may not feel able to seek help via telephone
- Modernising and digitising the volunteer recruitment and training journey
- Empowering and supporting the wider organisation in undergoing this change to its services.

- **What were the benefits of supporting the digital capabilities of medium-large sized charities? Per unit of support, what progress was made in medium-large charities vs small charities?**

A question for the Digital Fund from the outset has been whether large organisations represent valid and valuable investment in overall systems capabilities in an area like digital. From what we have learnt, progress and change, and therefore value for money, has been driven mainly by the culture and leadership style of grantees. To make progress, the following organisational characteristics were identified as critical:

- A culture of honesty, trust and openness
- Shared ambitions and shared awareness of the journey towards that destination

The progress shown from across the Digital Fund is that both medium and larger charities can exhibit these characteristics, suggesting that success was not related to the size of the organisations, but rather the organisational culture, leadership, and ambitions.

For example, regardless of the purpose, sector or size of Digital Fund grantees, a critical factor in their ability to make progress as more digital organisations or to accelerate their digital products and services has been the space that leaders create for honest and open reflection; the degree to which team members are trusted to learn and adapt quickly; and the confidence team members have to undertake work in the open.

In terms of shared ambitions and awareness of the journey towards them, knowing what to focus on and when is a common challenge for organisations embarking on digital change and those seeking to support them. Working towards a shared understanding of both the destination the organisation is heading towards and the journey for getting there was more of a critical factor in progress than size of the organisation.

- **How much value invested into the medium/large charities has flowed into the wider ecosystem? Where were Strand 1 organisations accountable to the idea of ‘generous leadership’?**

By generous leadership, the Fund means:

- A concern with the development and success of the ‘ecosystem’ rather than purely the ‘organisation’.
- A willingness to share responsibility and power to achieve the common good.
- Openness with which we share experience, knowledge and skills.

In terms of generous leadership being displayed by medium-larger sized charities, there was a variable response. Whilst the intention to demonstrate generous leadership was there, actually realising this was sometimes a challenge.

There are numerous examples of larger organisations openly sharing their processes through blogs, weeknotes and peer advice, however in general, medium-large organisations focussed on investing in their own capabilities first. There are early signals that this has created foundations to provide more support across their wider ecosystems, suggesting that a level of ‘digital maturity’, security or confidence is required internally before larger organisations look to provide deliberate support to their wider network.

Larger organisations who made significant progress had all had previous investment and support in their digital work. Whether it was this previous experience, their

proven prioritisation of digital (as evidenced by securing earlier funding/support), or that they displayed the characteristics in the previous answer, it's clear that this funding and support has helped them make significant progress in their own work. As these practices are now more established, there is evidence emerging of their influence on their sector and acts of generous leadership. We'd expect to see more of this in years 2 & 3 of their funding and their size/reach *should* be an advantage in sharing their learning and having greater influence. One clear example of this is from Refugee Action where the Good Practice and Partnership's team built on their experience from the Digital Fund to create the [Explore programme](#), a structured programme to support other migration and refugee charities to develop their digital capabilities.

The pandemic also affected the flow of value into the wider ecosystem, as its arrival meant that all grantees (small to large) prioritised responding, pivoting and adapting to meet the new needs of staff and service users at a point when they were still focussing internally on what their grant meant for them.

Nonetheless, there remained a strong sense that grantees wanted to make sure that the theme of generous leadership is present within the narrative of their work, and they have continued to share examples of openness and contributions to networks. Whether this has been meaningful is less clear, but it demonstrates potential that can be unlocked in the next stages of work and progress.

- **Was digital as a trojan horse/ mouse a more effective way into organisational change and redesign than other routes in?**

The relationship between digital change and wider organisational change and design ambitions is interesting. Overall, the prioritisation of digital change within organisations, enabled by the Digital Fund, has successfully surfaced fundamental questions about culture, capabilities, structure and operating models within grantees. However, whether this has unlocked progress against those questions is another matter.

Honesty, trust and openness

Digital change and progress within organisations relies on a culture of honesty, trust and openness. Where this has been present, it has helped create the enabling conditions for significant progress from investment in digital. In these examples, new or greater emphasis on digital thinking and practice has accelerated wider organisational change, as well as helped equip organisations to work through challenges.

Conversely, leadership style and organisational culture that shuts down the potential for honest reflection, trust of teams and external openness has restricted progress. Where this occurs, this is a significant barrier, with little evidence that new skills, partners and resources can challenge a dominant culture like this. In others, there is definitely potential, but it will take time.

Experimenting and prototyping

There's good evidence that 'trojan mouse' approaches within organisations (or 'creating a short-term focal point') have supported some grantholders to develop confidence and experience that has helped them become successful within Year 1 of the Digital Fund.

Reflecting on one grantholder's progress, they said, "You can't shortcut the fundamentals." This suggests the need to provide opportunities for charities to experience all of the fundamental practices of responsive, honest, trusting ways of working towards shared objectives, in order to help them develop wider organisational practices. Creating a shorter-term focal point could be the opportunity to ensure charities can experience this change to help towards a longer term org-wide change. This would suggest that 'digital projects' or product-led innovation can act as a trojan mouse towards organisational change. This aligns with insight into the importance of embedded experience in professional learning (where 10% training, 20% mentoring, coaching and professional networks and 70% practice is suggested as the most effective balance for developing new professional practices). If that breakdown holds true, finding a way for charities to experience each of the fundamental parts of these newer practices is important in shaping future org change.

External change

The impact of COVID-19 has provided an opportunity to reflect on other drivers of organisational change. Whilst we've seen huge shifts to using digital, there's also widespread examples of organisational change: new partnerships with civil society organisations and networks to deliver support to communities; new collaborations to address short-term needs; and clearly huge organisational change due to massive income drops, failing business models and changes in the needs and behaviours of communities across the UK. Whilst this doesn't show what is the best way of encouraging organisational change, it does show that significant external change is a critical driver for organisational change.

Perhaps the question then becomes: is there any external change that we can usefully harness to enable organisational redesign. Digital fulfils this role (particularly in light of social distancing); environmental change should but isn't having enough influence yet; and recovery from COVID certainly will, but mixed with the challenges of individual organisational survival. The Charity Digital Skills report finding that organisations with greater experience in digital were more responsive and resilient to COVID, may reinforce the importance of digital as the opportunity to redesign organisations and ways of working, whilst survival and recovery might create the need.

- **Was digital even the support these organisations needed? What did going down the “digital path” enable? What did it impede?**

‘Digital’ has certainly become a shorthand for the ways of working, approaches, tools and processes that are described throughout these insights and recommendations. Whilst experts in this area will distinguish between digital, design, data, IT, responsive behaviours etc, the catch all term ‘digital’ is used as a recognition of the need for change and all of those parts which make up effective responsive, test-driven practices.

More specifically, organisations were hiring digital experts (often with expertise in digital and design) and creating digital services. Some grantholders were focussed on organisational change and any tech/systems were clearly secondary. The support provided was around the practices (and cultures of) prioritisation, user research and use of data. So, whilst their focus started with organisational change, the critical practices of ‘digital’ were very much aligned.

What did it enable:

- A reason to change existing practices to align with external behaviours and needs
- Efficiency of scaling of best practices

What did it impede:

- For some, seeing the scale of the challenge as 'digital transformation' seemed to be more daunting if considered to be one major project that involved an overhaul of all their digital systems and processes, rather than an organisational change piece that required a change in priorities and ways of working.

- **What does suitable ‘organisational readiness’ look like for this kind of work? In the future, how might organisations be best supported to become “future fit” if starting from scratch?**

As mentioned, the most important form of organisational readiness was a **culture of honesty, trust and openness**, which should become a priority for assessment and development of readiness for funding such as this.

Also identified as an area in need of support was **understanding and experience of digital within leadership**. In many Strand 1 organisations there were no leaders with experience of leading or even participating in good digital change and progress within organisations. This experience was often so modest that even basic understanding of what digital change and progress looked like and could offer was limited and problematic.

Then, address the need to find **collective/shared understanding of an inspirational ambition and a route to getting there** in a focussed/bounded way, including engaging

with stakeholders and keeping them up to date. Finding ways to make this more practical/tangible to reduce misunderstanding is important.

This includes **being really clear about the value the organisation creates**. This is easiest for strand 2 organisations where their organisation builds around the delivery of a service that delivers that value, but is harder for established charities that often provide a range of services and activities creating multiple points of value, often for different audiences.

From reviewing the progress of Digital Fund grantees, it's clear that the movement towards 'future fit' requires:

- longer-term support and funding, which gives security and confidence to change, and
- shorter term, bounded projects, as a way of practising/testing out new behaviours within a longer-term roadmap and generating examples of how this works within the organisation.

- **Is hiring a digital and design team into organisations the right approach?**

Hiring an in-house digital and design team can be, but is not always, the right approach.

Across the cohort of Digital Fund grantees there was a diversity of experiences in this area. Some hired a single design/digital lead early on; others were unable to fill their job advert so worked with an agency; some larger organisations used their grant to add to existing digital or design teams; and some invested almost all their resources and energies into building a whole new team.

The right approach may then depend on the core value provided by the organisation. For example, where the core value is the content/events produced for membership, rather than particular tech platforms to deliver it, an experienced product manager and content designers/creators are the key roles required in-house, but support to develop and sustain their digital services could remain in partnership with external teams. Where an organisation's core value is testing and learning best practice and disseminating that across networks, they would require design and research expertise rather than a big technical team. However, to run a sprint to test out new approaches would require partnerships with external teams.

Whilst the support partners did not identify clear patterns in terms of what success hinged on, regardless of approach, the following characteristics were critical to success:

1. Ability to manage the new team/role/partnership successfully
2. Trust in the approaches taken by the new recruit

Longer term it is expected that the ability to support the new roles to develop professionally would also become important (though this is not evidence yet). Also, many organisations are still drawn to creating standalone digital roles, without much

attention to how existing roles have already evolved, or may evolve in the future. Where new digital roles are being recruited for, many senior leadership teams felt significantly ill-equipped to manage the interview process, which suggests limits on their ability to manage new staff starters in these roles. A focus on skills audits at the outset and personal development plans which integrate digital skills into existing roles would be beneficial.

Strand 2

Strand 2 grantees are newer, smaller organisations, established since 2000, who wanted to scale or increase the impact and reach of existing digital services.

Their asset is their founder's fundamental understanding of how to build impactful services that scale in the modern world, combined with a blank slate to work from. From this group of organisations we hoped that we might find the early forms of the Google and WhatsApp of the charitable world: brand new services that create huge value for a lot of people.

• What evidence is there (if any) of the grants increasing impact at scale?

Some strand 2 grantees made clear and measurable progress in achieving greater social impact at scale. In some cases this was part of an acceleration of progress through the Digital Fund, based on strong foundations and a resilient and well led organisation. In others, progress was more strongly related to the impact of Covid-19 crisis on the system that they work within, as well as a very low starting point in terms of traffic and users. Nevertheless, the Digital Fund equipped them to respond to this growing demand and increase their impact, despite significant challenges with technology infrastructure. Others have made progress with their core product through the Digital Fund, but challenges with their business model and revenue (partly due to the crisis, partly due to fundamental problems with financial value proposition) has diluted the progress. For example:

- **Sustaining higher costs of design and delivery:** as a result of the Fund, several Strand 2 grantees invested in additional digital resources or brought more functions in-house. While the Fund provided a stable financial environment to introduce and embed these changes, the medium-term implications of sustaining these higher costs were already clear by the mid-point of the programme, which was exacerbated for many by pressure on overall income due to the pandemic. The question facing many grantees is: *do we have to fundamentally change our business model (e.g. generate revenue directly from users) to sustain and, ideally, grow, these deeper digital capabilities or can we tweak and evolve our current models (e.g. convince commissioners to bear higher ongoing costs)?*
- **Validation for digitally enabled services:** connected to this has been the need for grantees to demonstrate the potential of more digitally enabled services to

unlock greater impact and, perhaps, lower costs of delivering that impact, engagement of new audiences, greater interdependence with other services etc. Some grantees, such as SH:24, were building on a strong track record and established relationships with commissioners, but, for others, new relationships and forms of validation were needed, which takes time and bandwidth and can be unpredictable.

- **Challenges accessing new revenue streams:** building on this, those grantees that set-out to explore new forms of revenue generation met several conventional challenges - the time required to build relationships and translate them into revenue; the lower than expected margin or padding within these revenue streams (e.g. commissioning); the increase in deliverables and expectations at a time when services are still undergoing significant development. Again, these were exacerbated by the effects of the pandemic.

However, due to the impact of Covid-19 and the fact that Strand 2 grantees were only 6 months to a year into their Digital Fund journey [at time of original report] it is difficult to generalise about the success of their ability to scale at this point.

Overall, investing in young digital-first businesses still offers a useful route to social impact beyond supporting established organisations to evolve, however, deeper exploration is needed to identify the sorts of scale-up opportunities that could have the greatest potential, and indeed the types of support they'd need. This exploration, for example, could seek to understand whether middleware and enterprise software that meet sector needs are more appropriate to support than individual consumer-products (given what's known about the investment/growth journeys). There isn't evidence specifically from this fund to indicate which opportunities are best to invest in, but this fund has reconfirmed that scale-ups take time and that preceding any scale is slow/steady growth.

- **What has been the impact of choosing to invest in single orgs vs networks?**

There remains a gap in UK civil society of linking startups/product focussed & mission driven organisations with established charities who have reach, reputation and expertise. In doing more of this there is an opportunity to see single solutions growing to a much bigger scale, at a pace quicker than most established charities can manage, but at a scale that start-ups will struggle to reach.

There is an inherent challenge in the approach most startups take when aligning with established charities though. Startups aim to deliver value as quickly as possible, and the shape of the product/service to deliver that value, and then the shape of the organisation to deliver that service follows as quickly as possible. The description of 'building the airplane as you're going over the cliff' describes an unstable organisation shifting to deliver the maximum value.

Established charities tend to look for other established or more stable organisations to partner with, and the uncertainty or lack of evidence from startups doesn't fit well with this. However, for for-profit startups, a common form of growth and scale is

being bought/merging with a more established market player. As this is not an established growth route within civil society, there is a need to consider supporting each separately, or understanding how to better bring them together.

Ultimately, all Strand 2 organisations are working alongside dozens or hundreds of organisations and other actors to understand and respond to the same needs and ambitions of the same groups of people, communities and systems. And they all face the same challenges, such as weak infrastructure, low collective intelligence, dysfunctional marketplaces, lack of policy and regulation and deep inequalities that are driven by fundamental structural problems.

Given this, there will always be limitations to investing in single actors, both in terms of value for money (i.e. one more optimised service within a complex and dysfunctional system or community will normally make very little difference) and in terms of the specific progress of that single actor (i.e. they cannot take on or overcome the shared deficits and challenges on their own).

This does not mean that investment in these single actors is wasted - they have made progress and driven more change for the people and communities they work with as a result of the Digital Fund. However, it's very difficult to see how investment in single organisations working within huge systems represents an opportunity to drive wider change or transformation.

Key insights so far

Two years into the Digital Fund, there are a few key areas to share insights on.

- **How to fund digital**

Recommendations for funding change and progress through digital:

- **Establish clear roles, expectations and ways of working** across all stakeholders, for example between digital project leads, grant managers and support partners.
- **Plan for and manage hand-offs**, for example by supporting charities to build organisation-wide digital capabilities; acknowledging and planning for change as a key influencing factor in all projects; maintaining the absolute red thread, e.g. identifying principles and outcomes at the start of the programme.
- **Build shared expectations and priorities**, for example by getting alignment and building consensus around expectations, assumptions, priorities, definitions, ways of working, and responsibilities, in advance of the funding programme commencing.
- **Designing support more collectively**, for example by working together as a consortia of support partners to design a support programme.
- **Enabling space and time to learn and adapt**, for example by holding space throughout the programme for regular check-ins around alignment on ways of working and the kinds of support offered to grant holders.
- **Support more clarity and consensus about what good digital change and progress looks like for civil society organisations**, for example by supporting areas of understanding such as ‘What are the relevant areas of digital for an organisation like mine?’ and ‘What does good look like for an organisation like mine?’
- **Design in more support and opportunities for generous leadership, ecosystem building and collective approaches from the outset**, for example by providing examples of what good looks like; take the implications of openness, re-use and shared practice and other forms of generous leadership more seriously; identify track record and indications of generous, collaborative and collective ways of working; and identify and focus on the highest potential opportunities.
- **Support stronger links between business model and digital progress**, for example by recognising that funding needs to go hand in hand with progress and change in the area of business model development and that civil society organisations will likely have less business model experience and expertise than they need. Assess the level of business model experience and expertise (not as a prerequisite, but to understand what is likely to be stronger and weaker within their plans and development). Offer dedicated support to grantees in this area and use convening power as a funder to bring relevant partners into the programme that can help.

- **What conditions make for the most progress**

The stand-out insight in response to this question is that a culture of honesty, trust and openness plays a fundamental role in enabling organisational progress in digital thinking and practice. There are two primary insights as to why this is the case, and one related insight.

From ‘plan and deliver’ to ‘test and learn’

Firstly, digital thinking and practice pushes organisations to replace a traditional plan and deliver approach with a test and learn approach in all areas of their work, from the development of services to organisational planning. This approach:

- helps teams to understand and respond to users’ needs and context more sensitively and empathetically;
- allows new services, strategies or ways of working to emerge and improve gradually and iteratively, via less waste and risk;
- prioritises feedback from users and other data to drive changes and improvements and much more.

But in order for this to work, teams need to feel permission to embark on new approaches or experiments that they know are likely to fail against their intended outcomes, to regard this failure as a success for the design process and to embrace the learning and opportunities to improve that emerge from it. In organisations where this culture is apparent, it tends to be driven by leaders that exhibit this behaviour themselves, for example:

- regarding their own ideas not as truths or instructions, but hunches and assumptions that were open to being tested;
- setting organisational direction and priorities, but embracing and trusting different approaches to pursuing these within their teams;
- holding onto planned activities relatively lightly, so they can be adjusted regularly in response to what is being learnt;
- bringing confidence to the organisation in a way that naturally creates more space and openness.

In cultures where this space is limited and/or superficial, then a test and learn approach becomes meaningless. Such cultures tend to be set by the style and tone of leadership that exhibit traits such as:

- resistance to being proven wrong
- feeling personal pressure to demonstrate that the organisation is getting everything right
- not understanding or believing in these ways of working

An agile approach

Secondly, a digital approach pushes organisations to be more agile and to empower individuals and teams to learn and adapt quickly. This can apply in all areas of work (i.e. not just putting services online), from strategy and planning to internal comms

and. An agile approach requires individuals and teams to be equipped with a combination of:

- good understanding of and alignment of priorities and expectations
- the trust and space to design their own tests and experiments, to learn quickly about what is working and not working and to make quick decisions about continuing, tweaking or stopping the process.

Few of the Digital Fund grantees had this embedded in their culture and ways of working initially, but several made significant progress against it. Progress was helped in some cases by the introduction of new leadership styles and the impact of Covid-19, which meant individuals and teams had to be trusted more often and more meaningfully to take more responsibility, learn and adapt quicker.

The effect of funding relationships

Despite the efforts of the Digital Fund team to open up space for honest reflection and changes, it's difficult to overcome the effect of funding/funders on organisational honesty and openness. The Digital Fund made it clear to grantees from the start of the programme that they had permission and trust to do a number of things that aren't very common within grant funding relationships: revisit their initial proposals and work through a more thoughtful and thorough learning and planning process; to share what has worked less well or not at all as regularly and openly as what has worked well; and to avoid feeling obliged to tick reporting boxes and generate documents purely for TNLCF's sake.

However, the effect of funding relationships still acted to close down space for organisational honesty, trust and openness. For example, many grantees were well practiced in crafting a narrative for funders that was designed to demonstrate either smooth progress and/or the need for further funding. Despite the genuine intentions and sustained efforts of the Digital Fund team, these default behaviours constrained the space for honest reflection, both with the Fund directly, with support partners and even internally.

- **What does progress / good look like?**

For Digital Fund grantees, there were three main enablers of making good progress in navigating digital change:

1. An organisational culture of honesty, trust and openness
2. Clarity, consensus and alignment around what 'digital' means, expectations and priorities
3. Shared ambitions and shared awareness of the journey towards that destination

In terms of digital change, it should be recognised that digital transformation looks different to different people. For example, digital transformation might mean being able to provide existing services at a distance to one charity; whereas a funder might see it as developing innovative new services; and digital support providers might focus

on building the knowledge, skills and experience of organisations and the people within them to meet the needs of the communities they serve with digital technology, design and data. Therefore, misalignment in shared understanding is particularly troublesome when those people are meant to be working towards a common vision - or 'destination' - of what digital transformation looks like.

Whilst each of these examples is valid and important depending on whose perspective you look at it from, the important thing when collaborating is making sure there is a shared understanding and explicit definition (that can change as your understanding improves) of what success looks like.

Below, CAST lay out the different journeys which organisations go on when navigating digital change. They have identified some of the common situations in these change journeys and consolidated them into a set of high-level patterns.

The table of patterns has two axes:

1. Destination: Where are we heading?
2. Journey: How are we getting there?

Each axis has a scale of Unclear (i.e. we don't know where we are heading) to Clear (i.e. we know where we are heading). This results in four quadrants, which show what support has been needed and how capabilities have been built across the cohort.

An example programme focused on organisational change through digital, which builds on these common patterns, might have the following high-level milestones for participants:

1. 3-6 months: **Discover & Align** - Setting a clear destination for organisational change through digital and building widespread understanding and buy-in of it by engaging with stakeholders and users.
2. 3-9 months: **Experiment** - Iteratively testing different approaches to realise the digital change sought, regularly reflecting on progress and changing direction as needed.
3. 6-12 months: **Grow** - Once proven, scale up promising digital change initiatives and establish processes for the continuous organisational improvement through digital.

With a high level-process for digital change defined, regular opportunities for participants to 'playback' progress against key milestones and regular opportunities for peer-learning and support should also be conducted at a cohort level.

Understanding common challenges & support for organisations embarking on digital change

		Journey Unclear	Journey Clear
Destination	Clear	<p>Experiment</p> <p>Reinforce shared understanding of where you're heading and experiment with ways to get there.</p> 	<p>Grow</p> <p>Continually improve and where appropriate scale towards your goal.</p> 
	Unclear	<p>Discover</p> <p>Get clear on the destination and build a shared understanding of it by engaging with stakeholders and users.</p> 	<p>Align</p> <p>Build a shared understanding of your destination and make sure your activities are contributing to it.</p> 

It is therefore recommended that digital funding programmes should outline a high-level process for digital change based on its objectives. Because terms like ‘digital’ and ‘digital transformation’ can be interpreted very differently, it’s important to clearly outline what success looks like for a digital support programme. In particular this should be broken down into a small number of key milestones that participants should hit throughout the programme. These milestones can be further described by a set of indicators, i.e. observable behaviors.

In the future

More shared understanding of what good looks like and where it exists, amongst the Fund, the grantees and support partners, would have helped grantees, especially in larger organisations, have more productive conversations more quickly about what the fund was for, based on shared language and examples that would allow for better objective setting, prioritisation and tracking of progress. Specifically, this could be built through:

- the launch of the fund, supporting material and events
- discussions to assess and refine proposals
- introductory and kick-off sessions with grantees
- whole cohort workshops and sessions
- common language, frameworks and definitions used across the provision of support

Future opportunities

What does this tell us about what we need to consider now?

1. **Supporting and developing cultures of honesty, trust and openness is critical.**

There are some things we think that funders can do to help enable this, such as:

- Finding better ways to assess the degree of honesty, trust and openness within organisational culture and leadership before investing in this type and scale of funding
- Continuing to provide space and time within funding relationships for honest reflection and adaption and help build this practice more widely

Beyond this, there are shared practices that are recommended for both funders and civil society organisations alike:

- Prioritise support for leaders to develop more honest, trusting and open ways of working (e.g. coaching)
- Build more shared practice and examples of progressive organisational cultures, so that leaders and teams know what good can look like
- Draw on the work that has been done on regressive “[white supremacy cultures](#)” within organisations, which identifies common negative characteristics such as: perfectionism, defensiveness; quantity over quality; and fear of open conflict, and explores alternatives that are useful in developing cultures of honesty, trust and openness.
- Acknowledge the ever-changing context around you and commit to continually revisiting the purpose and relevance of your organisation, being open to transforming the way you work and the reasons you exist.

2. **The conditions that need to exist, as well as the support/infrastructure required, for cultures of openness, re-use, shared practice and other forms of generous leadership to flourish cannot be underestimated.**

The implications of these ways of working must be taken seriously, as most things (e.g. data, models, tools, platforms) that are made open are not used more widely and doing it well is difficult. This is important for both funders and civil society organisations to consider. For funders specifically, there is a need to design in more support and opportunities for generous leadership, ecosystem building and collective approaches from the outset of any funding programme.

3. **Funding digital change work requires new grantmaking practices at every stage in the funding lifecycle. Funders would benefit from considering the following recommendations and prioritising staff learning and development:**

- Funding design:

- Support more clarity and consensus about what good digital change and progress looks like for civil society organisations. Ensure there is a sufficiently clear and shared understanding about this throughout programme.
- Assessment stage:
 - Consider the source of intentions, priorities and expectations (where intentions come from, who writes the proposal, who takes responsibility for the project and when/how it gets transferred), and consider the role of the funder within this.
 - Ensure clarity and surety around the proposed project during the assessment process. Subsequently the internal lead is critical but often changes.
- Early in the funding programme and iteratively:
 - Dedicate time at the start of the programme to agree roles, responsibilities and ways of working across different stakeholders (e.g. Funder + Support Partner Session; Coach & Grantee Session; etc.) A high-level overview of this (e.g. stakeholder map) could be shared to build clarity and improve transparency.
 - Identify, define and align around shared goals with stakeholders
 - Enable and ensure the alignment of the digital/tech strategy with the overall organisational strategy to ensure work is not happening in siloes and that there is a joined up approach to digital across the organisation.
 - Support deeper phases of technology mentoring and skills development to audit, detangle and streamline a technology vision and strategy moving forward.
- Moving forward:
 - Establishing widespread understanding and buy-in is a continual process. Grantees and funders should not underestimate the resourcing this will require and the time culture change can take. This becomes more acute where new insight/evidence changes the work within a project and may counter what was originally agreed/expected by stakeholders outside of the main project team.

A note on impact

There are some limitations in the scope of evidence shared in this report. Aside from summarised insights about grantholders in this public version of the report, the evidence of impact and progress/shifts in behaviours within the grantholders is light. There are two reasons for this. The first is that the first year of the programme was dominated by set up and practical support to grant holders, this left little headspace and time to develop an appropriate approach to looking at impact. The second reason is that we made a deliberate decision to focus on learning and reflecting on the “journey” of our grant holders, which took the following approach:

- **Learning approach** - Support partners and the Digital Fund agreed on a series of assumptions, which were tracked across the programme of support
- **Regular survey** - Support partners invited grantees to submit feedback, which were structured around those assumptions, and summarised this feedback in a survey on a monthly basis
- **Survey findings** - Support partners came together monthly to discuss collectively these findings and pivot/evolve support in response, producing a wealth of qualitative data on existing behaviours.

With hindsight some of the “things” that we would have done to support the tracking and capturing of the effect of the grant and tangible increases are:

- **A framework or ToC (Theory of Change) from all grantees.** At the proposal or initial planning phase, it may have been beneficial to require a robust theory of change from each organisation that linked organisational development goals (i.e. improved digital ways of working, additional digital capabilities etc) with intermediate and longer-term outcomes. Whilst many of the grant holders provided a sense of outcomes and aims in their application materials, many did not have a ToC behind these. For example, most Strand 2 grantees lacked any kind of ToC, but this wasn't prioritised over the 4-5 other more immediate needs of rapid change and response. At the time of grant kick-off, equipping grantees to be able to create a ToC this wasn't prioritised by the Fund against other priorities. For example, the only whole cohort workshop required was Consequence Scanning, focussing on tech in the public interest.
- **More impact focused survey questions.** The survey questions attempted to understand their journey as teams and organisations as they introduced new ways of working and new capabilities, rather than collect examples of how these directly and tangibly increased impact.
- **More impact focused learning questions.** As above for the learning questions.
- **More time.** Year 1 support in a 3 year development programme is not necessarily the right window to collect meaningful changes on impact. These are more likely to be flowing out of the initial investment in year 2-3.
- **Increased capacity within the Fund.** With the benefit of hindsight some additional people in the Fund's Digital Fund team or dedicated resources (either internal or external) focused on impact measurement would have been beneficial.

Although discussing them at the outset, progress indicators or more formally documented shifts in behaviours were not created because they didn't become a priority amongst the multitude of immediate, practical needs. There could have been more consistent frameworks, processes and structures for the tracking of these kinds of behavioural indicators with more dedicated resource, expertise and, most importantly, a longer period over which they were being tracked.

As we move towards the end of many of our funding relationships with many of the grantees we are looking at ways in which we can understand, retrospectively, the impact of the funding and support on them and the communities that they serve.

How this relates to other funding and commissioning we have done since

Over the last two years, this Digital Fund programme has not been the only route through which the National Lottery Community Fund has supported civil society to improve its digital, data, tech and design capabilities.

In addition to the funding programme, a key priority of the Digital Fund has been to help build up the confidence, understanding and awareness of good digital grantmaking practice across the Fund. The aim of this has been to create the space and the conditions that would enable good digital work to be supported through any of our funding programmes. Thanks to this work 'Digital' has since become embedded as a 'Golden Thread' of funding across the Fund and the Digital Fund team has trained and supported hundreds of staff through a range of peer-support and formal training opportunities. For example, since December 2020 the Digital Fund team has designed and continues to regularly deliver a new Digital Grantmaking training module as part of the Fund's mandatory Grantmaking Skills Core Development training to all funding staff. Through these activities, we have seen how our colleagues have been dealing with new kinds of funding requests for digital, data and technology work across all our funding programmes.

In England, the [Coronavirus Community Support Fund](#) supported a range of activity, including:

- Training individuals in how to stay safe online and protect oneself from abuse, run by [Glitch](#), a charity working towards ending online abuse through Digital Citizenship and Digital Self programmes.
- Advice, training and IT support around basic digital infrastructure and cybersecurity for small voluntary organisations, run by [Superhighways](#).
- Expanding service design and technical capabilities for specific projects, such as [Chayn's](#) new online trauma support service.
- Grants and digital support programmes to help organisations develop their digital, data and design capabilities, enabling them to address urgent issues and better support people and communities affected by COVID-19. This was supported through [Catalyst](#) and The National Lottery Community Fund COVID-19 Digital Response.

For those working across the UK, the second round of the Digital Fund ([The New Infrastructure Programme](#)) launched late 2019. In March 2021, [we announced the 14 awards that were made](#) to vital and varied established and emerging infrastructure organisations. We also shared more information on the Design Labs. [The Emerging Infrastructure Design Lab](#) and the [Established Infrastructure Design Lab](#) will be providing technical and design expertise, alongside coaching and mentoring, to individual grantholders and working with them as a cohort to learn from experts and each other.

In addition to grants, the Digital Fund and UK Portfolio have commissioned a range of research in the past year and a half. This includes ethnographic research into [what micro organisations across the UK need to thrive](#), exploratory research on the [impact](#)

[of data and technology on Black communities in the UK](#), and [Glimmers](#), a real time investigation into the relationship between civil society and technology in the early stages of the COVID-19 pandemic.