Participatory Grant Making Report

Phase Two

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Executive Summary

This report presents the findings from The National Lottery Community Fund's (TNLCF) Phase Two Participatory Grant Making (PGM) evaluation in Scotland. The evaluation was comprised of a mixed methodology which entailed interviewing Funding Officers (FO) and Intermediary (PGM Partners), surveying grant holders and panellists and holding a focus group. One of the key objectives of Phase Two was to amplify community and grant holder voices. Four key themes are explored in the report which include the following:

- o *Relationships*
- o *Democracy Empowerment*
- o *Diversification and coldspots*
- o *Red Tape*

The report aims to understand the success of the PGM process for both the Fund and communities, the extent to which PGM led to community empowerment, and whether PGM enabled us to reach new communities. It further intends to inform portfolio and programme development under the new UK-wide 'It starts with community' strategy over the coming year. **The key successes** of the PGM pilots included **(1)** facilitating newfound collaboration between third sector organisations, **(2)** empowering communities to shape the funding process, **(3)** reaching new grassroots groups and **(4)** building the capacity of third-sector organisations. Some of **the key challenges** included the **(1)** time-and-resource intensiveness of the process for both the Fund and communities, **(2)** the discomfort that comes with power-sharing, **(3)** the temporary nature of empowerment and **(4)** the logistical barriers that come with PGM. The key recommendations moving forward are the following:

- Any future approaches should be developed with a built-in review of the process for decision-makers going forward in an attempt to eliminate the aforementioned barriers.
- If we are to embark on another PGM-type project, the Fund should dedicate resource specifically to the project to ensure funding staff are not overwhelmed with work and PGM has the space and commitment to develop.
- Before any further developments, we should review the purpose of PGM for the Fund and look at how it can be developed and implemented *alongside* communities. We should also ensure our systems facilitate PGM, rather than create barriers.
- Educational/learning sessions around PGM and what 'participation' and 'power sharing' really is should be delivered for staff across the Fund, and community stakeholders (including intermediaries and community anchors) should be invited to participate.
- Throughout portfolio/programme development, we should consider how participatory practices can be embedded into our traditional/ordinary funding streams, rather than treated as a separate project.
- We should consider appropriate strategies for interacting with groups who are unsuccessful in our funding programmes (including PGM), as there is a lot to learn from their experiences of the process. We need to find a balance of listening to those groups but not being extractive merely for our own benefit.

Participatory Grant Making in Scotland

Phase 2 Report

Scotland Knowledge & Learning – December 2023

Introduction

This report contains the Phase Two evaluation of TNLCF's Participatory Grant Making (PGM) projects in Scotland. It follows on from an initial internal report conducted by the Scotland Knowledge and Learning Team in April 2023. This report covers the same PGM projects which were investigated in Phase One, but new methodologies have been developed (based on the recommendations contained in Phase One) with the aim of gathering a more diverse perspective on the PGM pilots. In the following pages, you will find: **(1)** a definition of PGM; **(2)** a breakdown of the PGM models; **(3)** the Fund's approach to PGM in Scotland **(4)** the methodological design of the report **(5)** the key findings from the data and **(6)** conclusive thoughts and recommendations.

This evaluation was intended to inform our future decisions around PGM, as well as portfolio and programme development in the coming years. Whilst this is an extensive report, comprising a wealth of data, it is not exhaustive. As the methodological limits section will address in more detail, we were not able to establish a dialogue with all of the grant holders/panellists who participated in the pilots and thus some voices are absent from the analysis. Nevertheless, the evaluation includes some valuable suggestions and insight from funding teams, intermediary organisations and grant holders on the notions of participation, co-production, and empowerment.

PGM: What Is It?

It can be difficult to coalesce around one universal definition of PGM. In practice, PGM can take many different forms. However, Gibson's definition encompasses a large part of what PGM is all about:

> 'Participatory grant-making cedes decision-making power about funding – including the strategy and those behind the decisions – to the very communities that the funders aim to serve.'

Essentially, PGM in all its different manifestations is about ensuring genuine community participation in decision-making at each stage of the grant making process. As our blog series on PGM identified, **'in traditional philanthropy or funding structures, there is often a power imbalance where the grant maker determines funding distribution based on specific criteria, sometimes with little input from the community'.** PGM, then, is (ostensibly) about community power and participation. This report will explore the extent to which empowerment and participation actually materialised in practice throughout our PGM pilots, and whether the inherent power imbalance between funder and community was in any way redressed.

'Participation' itself can be an ambiguous term which holds different meanings for people. Sherry Arnstein's 'Ladder of Citizen Participation' (Figure 1) can be a useful tool here. She explores different levels of participation in political and economic processes, contending that **'…participation without redistribution of power is an empty and frustrating process'** (Arnstein, 2019, p.24). The article further explores the potential for tokenistic and box-ticking gestures, which are useful in our analysis of PGM. Where PGM is positioned on Arnstein's ladder is contingent on the model adopted and the involvement of the public throughout, but generally it appears that, in theory, PGM aligns with the 'partnership' rung: 'at this rung of the ladder, power is in fact redistributed through negotiation between citizens and powerholders. They agree to share planning and decision-making responsibilities through such structures such as joint policy boards, planning committees, and mechanisms for solving impasses.' (Arnstein, 2019, p.31).

Arnstein's Ladder (1969)
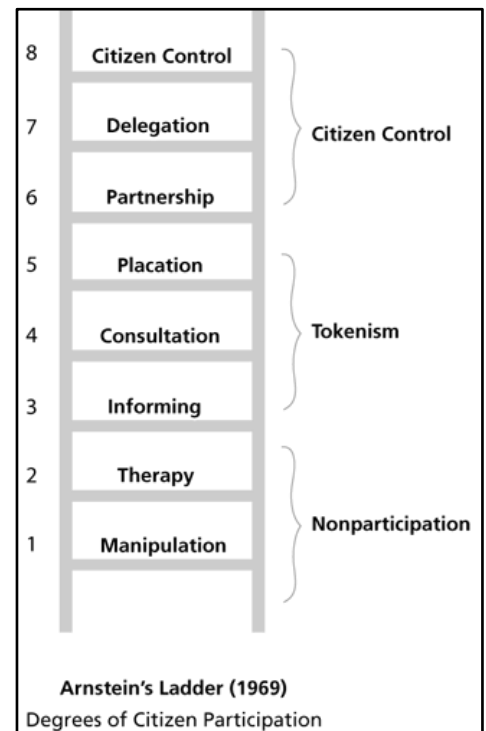Degrees of Citizen Participation

Figure 1

This report will be guided by these theories when considering how PGM and participation plays out in practice. It is also important to be aware of power dynamics that exist *within* communities, not just between funders and communities. As Sturzaker and Gordon point out in their article on Localism, planning and democracy, **'localism does not automatically make decision-making more democratic and that it could benefit those who are already most powerful in society'** (2017, p.1336). We must remain attentive to these nuances when we are thinking about community participation in the grant making space. These ideas will be revisited throughout the report.

PGM Models

- o **Community Board Model:** "where the whole decision-making board is made up of community members, sector experts or individuals with lived experience. There are various ways of choosing who these people are such as interviews, selection, or democratic election".

- o **Close Collective Model:** "most appropriate for a small place or sector. Involves bringing all relevant organisations together to collectively understand needs and decide how best to spend funding available through consensus decision-making".

- o **Open Collective Model:** "All interested parties, including applicants, participate in funding decisions through voting; this can be in person or online".

- o **Representative Participation Model**: "having experts, individuals with lived experience or community members on decision making panels, committees or boards".

As the above shows, there are many different options available for those wanting to experiment with a more participatory model of grant making. It is also worth noting that there are many similarities between the different models, and they can overlap and intersect. PGM is not a prescriptive process, rather it is experimental and leaves room for interpretation. This has both advantages and drawbacks which will be explored throughout this report.

PGM at the Fund

The Fund distributed **£2,143,295** through 17 PGM pilot projects carried out between 2021-23. A mix of models were adopted by the groups depending on what they felt to be the most suitable for their project. The most common model adopted was Open Collective, followed by Closed Collective and Community Board.

Alongside the PGM projects in Scotland, other forms of community participation have taken place across the UK in recent years; this has taken many different forms, including co-designing funding criteria (Leaders with Lived Experience programme), Mind Our Future in Wales (a Youth Voice team at every stage of grant making) and The People's Projects (mass public voting). This report will specifically focus on those pilot projects carried out in Scotland. The Fund is currently developing new funding programmes in line with our UK-wide strategy. Learning from our PGM pilots can help inform how we might shape our programmes moving forward, particularly the participative element. The strategy states:

- o **'We'll increase the involvement of civil society organisations and communities in shaping our work. This will help us to strengthen our support for our communities.'**

PGM therefore has the potential to enable the Fund:
- o **To enhance community participation in decision-making, and thus devolving power to the communities who will be affected by funding.**
- o **To address funding coldspots.**

Methodology

Approach

A mixed methodology was adopted for this report. The findings from the initial internal report identified the need to gather the perspective of grant holders as well as funding staff. Thus, a key aim of Phase Two was to platform a diversity of voices beyond the Fund who were involved in the PGM process. The data collection included semi-structured interviews, one group interview/focus group and a survey questionnaire. This blend of both qualitative and quantitative data collection has made for a healthy array of data:

- **9 Interviews** with Funding Officers involved in PGM projects at TNLCF.
- **4 Interviews** with Intermediary Organisations (this will be explained below).
- **1 Focus Group / Group Interview.**
- **19 Survey Responses** from grant holders / panellists.

Intermediary refers to the organisations who the Fund partnered with to deliver the PGM projects. The pilots were run by organisations who had existing relationships with the communities we were reaching out to. Intermediaries are sometimes referred to as 'community anchor' organisations. The intermediaries largely administered the grants; those interviewed for this report included: TSI Moray, Youth Scotland, Leaders Unlocked and Barrhead Housing Association. We also tried to reach out to the other key intermediaries of the Funding Officers we interviewed but we unfortunately never received a response. The quotes of funding officers and intermediaries embedded throughout the report will not be specifically identified, in order to protect the anonymity of the organisations and the Fund's staff. Once the Funding Officer and Intermediary interviews had been carried out, the recordings were stored safely in the Scotland K&L files. The interviews were later transcribed; we open-coded each of the transcripts, followed by focused-coding. We also combined, analysed, and coded the survey results. This enabled us to establish the key themes which were prevalent throughout the datasets. We initially identified 11 key themes within the data but have distilled this down to four. Given the depth and breadth of data, we had to be somewhat selective in our approach. We have, however, tried to capture the most valuable findings for future portfolio and programme development.

Limitations

Firstly, we did not interview all of those involved in the PGM pilots. We initially reached out to each of the Funding Officers overseeing the pilots and interviewed those who responded (totalling **nine**). We then applied a snowball sampling approach where the FOs we interviewed put us in touch with the intermediary organisations; the intermediary organisations then aided us in digitally distributing the survey to the grant holders and panellists. We received a positive response from the grant holders, but very little from the panellists. This could be because **(1)** some of the

PGM projects commenced a few years back and panellists may well have moved on (especially younger people, for example) or have different contact details. **(2)** Grant holders were more likely than panellists to respond as they had received an award, and many of them have maintained their relationship with the Fund, coming in for more funding since the cessation of their PGM projects.

This has meant we have learnt more from those who received funding from the PGM process, and not so much from those involved in designing or executing it. Those who received money are more likely to have been positive about the outcome of PGM; in future, it would be beneficial to speak to those more involved in designing the participatory process, and also to those who were not awarded funding here. However, this should not serve to undermine grant holder voices; organisations who receive funding are often comprised of community members and thus embody a somewhat representative sample. Moreover, we had planned to gather responses from panellists on our largest pilot, an award of **£1.58 million** to the Scottish Refugee Council (SRC), however SRC helpfully published [their own report](#) on the project which will be drawn on as a secondary pool of data. Furthermore, the external interviews were held online. Although there are benefits to this - particularly given that our PGM projects operated throughout the whole of Scotland and online interviews were much more convenient from a practical point of view – in-person interviews often have the benefit of making the participant more comfortable and open about their experiences. This barrier could only be overcome with more time and resource dedicated to PGM and evaluation on a consistent basis.

Design of the Evaluation Framework

The evaluation framework was designed to evaluate the PGM pilots retrospectively. Figure 2 presents a visual version of the framework:
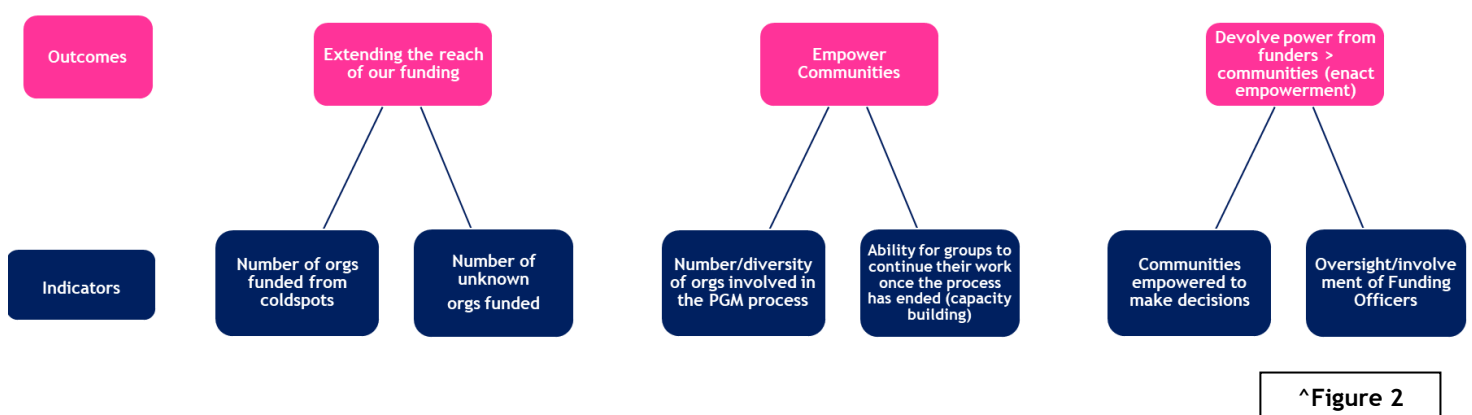
^Figure 2

Once the key outcomes were established, measurable indicators which then informed our interview and survey questions (Figure 3). It is also worth noting that there were some secondary outcomes (i.e., not directly related to those mentioned above) identified – such as building relationships between the Fund and the third sector – which will be explored throughout this report.

Questions for Intermediaries

- What is your understanding of PGM?
- How did this project begin and why was it needed?
- What went well? What was Challenging?
- Did PGM build capacity in your organisation?
- How time intensive was the project?
- How did your relationship change or develop with the Fund?
- How did your relationships develop with one another whilst collaborating on this project?
- Was power meaningfully transferred to the community? (follow-up: did they feel empowered to make decisions?)

Questions for FOs

- What model have you adopted & why?
- What role did you take in the project?
- What went well? (For you and the organisation)?
- What was challenging? (for you and the organisation)
- What did you learn?
- If you were to do this again, what would you change?
- How much time did you spend on the project?
- How did your relationship develop/change with the grant holder?
- Did the process leading to funding coldspots/orgs you weren't aware of?
- What are the pros & cons of PGM?

^Figure 3

Our survey questions ranged depending on whether they were being distributed to a panellist or a grant holder; and contained a blend of qualitative and quantitative questions. The questions covered themes of empowerment, confidence/capacity, knowledge of the Fund, cooperation and relationships.

Findings

Following a process of methodological thematic coding, we were able to extract the key themes from our array of data. Given the breadth and depth of data, we initially had 11 themes which were then distilled to four key themes which closely related to our evaluation framework. Within these themes there are also sub-themes, which will be explored throughout the following sections. The key themes (and their sub-themes) include:

- ## Relationships
    - *Relationship building between the Fund and Organisations*
    - *Community Building / Networking (relationships within communities)*
    - *Exposing groups to the Fund*

- ## Democracy and Empowerment
    - *Both positive and negative*

- o *Meaningful participation*
- o *Devolution of power?*

o ## Diversification

  - o *Barriers in traditional grant making*
  - o *Reaching new groups*
  - o *Capacity and confidence of groups*

o ## Red Tape

  - o *Capacity and resource*
  - o *Time*
  - o *Logistics*

In the following pages, these key themes will be explored in-depth. This will be followed by a section on the key takeaways and recommendations to come out of these findings.

Relationships

This section will explore the theme of relationships throughout the PGM process. Within this, we discuss the impact which PGM had on our relationships with intermediaries and grant holders (thus exposing more groups to the Fund) and the community building and networking that emerged as a result of PGM, and the community power which can emerge out of this. Whilst strong relationships are not necessarily a key objective of PGM, they can be seen as a prerequisite for its successful execution.

Building Relationships

Throughout the interviews with Funding Officers and Intermediaries, as well as in the grant holder survey, participants commented on how the participatory process impacted their relationship with the Fund. Funding Officers made some positive remarks about improved relations as an upshot of PGM:

- o 'I've got good relationships with all the groups now from having none in the first place and a couple of other groups have volunteered

monitoring information without it being requested, which is a good sign. We don't get that from most of our grant holders' – **Funding Officer.**

o 'It was really good working with [name]. Like developing a relationship with them, the whole team and to us, a massive learning curve of what PGM is and how we can do it well and not well' – **Funding Officer.**

Intermediaries and grant holders also commented on this positive aspect, particularly when Funding Officers engaged in the process, such as showing up at events:

o 'So, for them to be in a room with someone that they understood came from The National Lottery Community Fund and was talking from a place of expertise and was able to answer their questions in real time, not through email or video chat, but physically in the same room' – **Intermediary.**

o 'there's just a more human relationship rather than a distant kind of funder…that's not just the result of PGM, but it is part of helping reaffirm that groups here feel we can apply' – **Intermediary.**

o '[The Funding Officer] was always there, just at the end of the phone if you need any advice…just pick up the phone to him and he was always there and had good advice' – **Focus Group.**

The participatory nature of the funding meant that as well as heightened community engagement, Funding Officers engaged more closely and regularly with the projects, which appeared to have a positive impact on the process as a whole. However, relations were not always smooth, and this was attributed to both logistical issues and the discomfort with power-sharing which inevitability formulates new dynamics:

o 'They've been passed around a bit. I was the third FO on this project, so I think that they were probably feeling they've been passed from pillar to post a bit with contacts and had to keep explaining the project to new people every few months' – **Funding Officer.**

o 'When you change that dynamic to being kind of more equals as such and if then they're kind of not as willing to be part of that relationship, then it can be quite difficult' – **Funding Officer.**

- 'It's not even power sometimes people are scared to give up, is it? It's their sense of responsibility, "I am responsible for all of this dosh. I am responsible for the public good"' – **Intermediary.**

The above reflects some of the inevitable discomfort which might emerge in the funding landscape when we consider devolving power to communities, given the traditional power structures of the grant making process, and this is something that must be grappled with head on if we are continue with PGM moving forward. As a first step, funders need to consider what devolving power looks like in practice and the lengths they are honestly willing to go to achieve it. Further internal discussions around PGM and power sharing more generally, as well as further stakeholder engagement sessions, would be valuable here.

Community Networking

Another point of enquiry is the relationships *between* communities. It was mentioned earlier that we must be mindful of power dynamics *within* communities, as well as those between organisations and funders. This was alluded to in one of the FO interviews:

- 'Can it [PGM] actually be associated with disharmony and tension between communities if it's not practised properly… it doesn't just automatically mean like doing good' – **Funding Officer**

The final sentence here is worth highlighting. PGM should not automatically be regarded as 'doing good' or the right thing, rather the process needs to be carefully designed and understood, and a close analysis of how it materialises in practice is necessary. Intermediaries showed an awareness of the potential for disparities within communities, with one of the projects setting up an event with stalls ('marketplaces') which enabled groups to present their ideas and start a dialogue with community members without needing to speak or present to a large audience – which requires confidence, resources and experience not always possessed by lower-capacity groups:

- 'We've always shied away from the Dragon's Den pitch and getting up on stage because some people are a little bit more polished at speaking and [others have] nervousness' – **Intermediary.**

This approach can help in overcoming some of the potential power disparities within the community. Beyond this, intermediaries and grant holders commented on how PGM enabled them to forge new relationships with other organisations in their community and the value of this participative process:

- 'We get involved in various types of fundraising, whether it's an application form for completion or a community event. The community

event makes you realise how many within your own community want to help those who need it most. There's a great camaraderie in those events. Very uplifting working together with one aim' – **Grant Holder**.

- o 'We feel part of a large community of support and empowerment to face challenging times ahead' – **Grant Holder.**

- o '…but this gives you a live opportunity to check it out with other folks in similar-ish situations; so, there's really good feedback and it's a real sort of cooperative approach to funding' – **Focus Group.**

- o '…it's meant that the communities and groups are speaking to one another more' – **Intermediary.**

- o 'They perhaps build stronger relationships with us through that process. And it's sometimes an opportunity to build stronger relationships with each other' – **Funding Officer.**

The third quote above (focus group) was a PGM project which followed a **Closed Collective Model** *(see page 3 for definitions)*. This project was slightly unconventional in the fact that the groups were approached by a funding area team in the Fund who were keen to diversify their funding and reach more grassroots and low-capacity groups; each of the groups approached received funding. While this project did not entail wider participation in the geographic community, the PGM format enabled grassroots disability groups to come together, cooperate and learn from each other and removed the competitive element often embedded in funding processes. This clearly had a positive impact and reflects the diversity of advantages which can come out of PGM. Moreover, communities coming together to tackle common issues and share knowledge may eventually lead to enhanced community power and thus potentially pave the way for more community decision-making. Moreover, collaboration between groups is ultimately beneficial to funders (and for organisations) as it strengthens the collective impact of grant making.

Democracy & Empowerment

This section will explore the themes of democracy and empowerment, both of which are central to PGM. It will interrogate the extent to which PGM in Scotland was a democratic process, enabled genuine participation and empowered communities. 'Empowerment' can be ambiguous in practice, but here we mean communities having the agency to make decisions over funding and the avoidance of tokenistic gestures. The responses here are mixed.

In our survey to grant holders and panellists, we asked: *on a scale of 1-5 (with 5 being fully empowered), how empowered did you feel during the PGM process?* Figure 4 represents the results:

Degrees of empowerment

6%
44%
50%

■ Three ■ Four ■ Five

< Figure 4
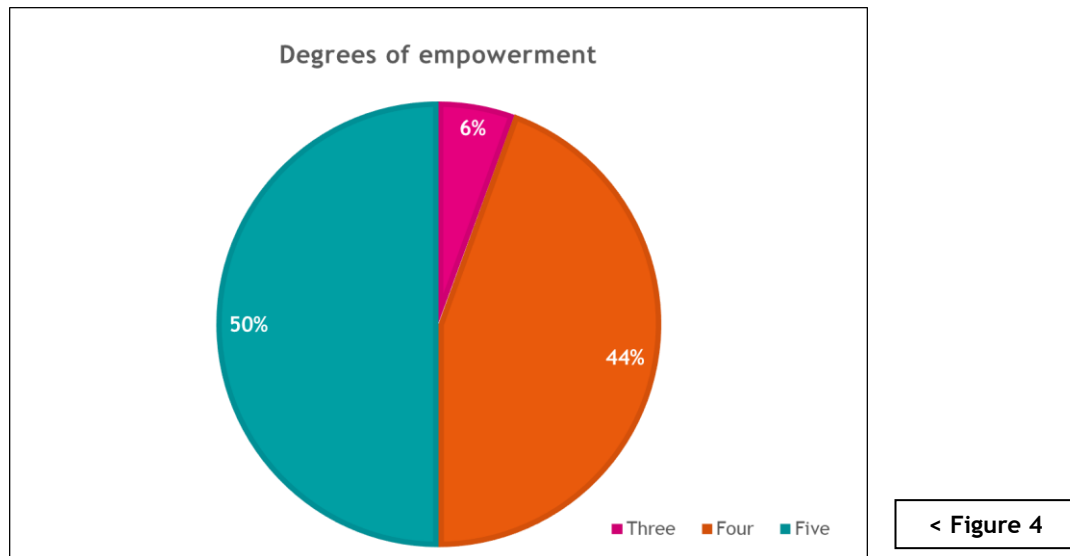
The 18 survey responses here were overwhelmingly positive, with 50% of respondents noting they felt 'fully empowered'. All of the respondents voted for 'three – not empowered or disempowered' or upwards, which is very encouraging. The subsequent question asked participants what contributed to this empowerment or lack thereof. Answers included:

- o 'Normally, funding decisions are made in an office of people who have little or no knowledge or what actually would make a difference on the ground. This funding was different in that the decision making was run by [redacted name]. The youths knew exactly what was needed and what would make a difference. It was so refreshing' – **Grant Holder.**

- o 'It was very positive for us to have received a grant awarded with New Scots having played a significant role in decision making. We feel this is a really important process in ensuring projects are responsive to the needs of New Scots communities' – **Grant Holder.**

- o 'To have both ourselves and the funding decision-maker both "singing from the same hymn sheet" was empowering in itself, particularly these days where obtaining funding is a constant battle' – **Grant Holder.**

- o 'Every step of the way, it was clear that the decision-making process was coming from young people / panel' – **Panellist.**

This is an overwhelmingly positive response from those in receipt of an award. It is worth caveating here that the data pool is slightly limited given that we did not receive a response from many panellists, nor did we speak to those who didn't receive funding despite engaging in the PGM pilot. This is alluded to in one of the survey responses regarding empowerment:

- o 'We were grant recipients rather than directly involved in the decision-making process' – **Grant Holder.**

In future, it would be valuable to gather more data from those community members involved in the decision-making, those who were unsuccessful in securing funding, and the wider community. However, this is not to discount the optimistic perspective shared above. PGM has clearly made organisations feel listened to and as if their voices are valued. Similar sentiments were shared by some of the intermediaries:

- o 'It takes away the so-called experts on panels, and I don't mean that disrespectfully, deciding what's best for the communities when ironically like I say, the switch is communities deciding what they want' – **Intermediary.**

- o 'I felt empowered a wee bit because normally, taking the broad spectrum of folk that are interested in getting funding, it always seems to have been the main groups always go up because they'll get professional people doing their funding applications and it [PGM] just made it more local instead of being just the big corporation types' – **Focus Group.**

- o So, I think that transferring power from the bureaucratic organisations to young people and to that sort of free democratic way, really kind of empower those young people to realise they have a voice and they have decision-making power' – **Intermediary.**

However, during the interviews a more pessimistic view on empowerment and devolving power was shared by participants:

- o 'No [power wasn't devolved] because that implies that it's been given away and its not coming back. And I think the power was borrowed, like lent out

for this project. And now they don't have that power anymore because this project has finished' – **Intermediary.**

o 'I think there were reports from some of the volunteers that it felt tokenistic; some felt like the decisions had already been made and they weren't really making decisions on that day' – **Intermediary.**

o 'It wasn't tokenistic, but it was only *so much* power' – **Intermediary.**

o 'Like, are we just giving the money to another big organisation who are essentially doing the same thing as us, just at a slightly more local level? Like when you're if like they've really devolved power…yeh, like you said, these anchor organisations do often have much more localised knowledge and are able to kind of connect with groups that we might not. But that is it still a process of like another group essentially acting as like a mediatory funder' – **Funding Officer.**

There is a lot to dissect from the above quotes. We looked at the models adopted by the groups quoted above to see if it one model was more empowering than the other, but no specific trends emerged. The first quote closely relates to the temporality of funding and the idea that even though for a PGM project might see a devolution of power from the Fund to the grant holder for a restricted period, it does not actually alter the structural power imbalance that is prevalent in grant making spaces. This forces us to consider how this issue could be confronted, and the need to potentially embed more community participation into all our funding programmes, rather than siphoning off PGM as its own 'type' of funding within a larger portfolio. This is nodded to in the SRC's evaluation report on PGM, which notes: 'to meaningfully transfer power from funders to communities, participative grant making practices should be a consistent feature of decision-making'.

With regards to the second quote, there were other cases where a sifting process had taken place prior to community involvement; for example, the intermediary or a Funding Officer would sift through applications prior to involving the community. This is often to overcome time limitations (the higher the volume of applications, the more time needs to be dedicated by funding staff, volunteers and panellists), however, it can diminish the participative element of the process. One way to overcome this would be, as noted above, to build participative practices into our main funding programmes where we have sufficient resource or to direct more

resource toward PGM to enable more time to be dedicated. If more time was to be dedicated by volunteers, the question of renumeration should be considered.

Finally, the last quote refers to the involvement of intermediaries. Intermediaries, or community anchors, are groups who tend to possess more localised knowledge and are often more embedded in their communities than the Fund; however, the FO makes a point here that to have an intermediary or 'mediator' can also dilute the democratic or empowering element of PGM, as it still essentially being 'run' by a larger body. As PGM evolves and we continue to build those relationships with communities, the need for a mediatory group might gradually diminish. However, this is not to undermine the role of those anchor organisations; the survey feedback was very positive about relationships between grant holders and intermediaries, and it certainly opened access to groups that may have not applied for funding before.

Overall, it can be difficult to accurately measure the empowering nature of PGM. Questions have been identified here around the temporality of funding, and the persistence of a power imbalance between funders and communities. However, it does seem like embedding participative practice into our grant making certainly begins to make way for a slow devolution of power (even if for a short time). It is worth considering how and whether we will institutionalise community participation into our ordinary funding programmes. In doing so, it is vital to ensure that this is for the right reasons and not merely as a box-ticking or tokenistic gesture.

Diversification & Coldspots

Another key theme to emerge out of our data was that of diversifying our funding and addressing funding coldspots. By diversification, we mean reaching a broader range in the *types of projects* we Fund and *the organisations* we Fund; by coldspots we are referring to areas and communities that are identified as receiving no (or very little) funding. Although this doesn't appear to be a key objective of PGM more generally, Funding Officers noted that PGM often brought new groups into the fold, particularly those who may have not seen the main funding streams to be 'for them'. Moreover, the initial internal report identified 'addressing coldspots' as being the key aim of PGM at The Fund. Consequently, diversification and coldspots was one of the key outcomes in our renewed evaluation framework. Within this section, we will explore the sub-themes of reaching new groups and building group

capacity/confidence, concluding the section with a comment on barriers to our traditional funding.

Reaching New Groups

One of the key impacts of the PGM pilot programme was to reach groups we hadn't previously funded. Whilst this was not the case for all of the projects, a number of Funding Officers alluded to diversification of funding during the PGM process, presenting this in a positive light:

- o 'Well, we were looking to extend our reach. And so, we did fund three groups that were not funded before' – **Funding Officer.**

- o 'So, there was a few organisations that got funded that we'd never, never funded before. But I think the majority of organisations that we maybe funded a few times via [National Lottery] Awards for All but have never got larger funding' – **Funding Officer.**

- o 'It was a clear goal of the designing panel to fund that you know, smaller groups, groups with less capacity and things like that. So I think that there was a mix in the end of like higher capacity groups and lower capacity groups and I think there was quite a few that we hadn't funded before' – **Funding Officer.**

It is clear from the above that both funding staff and PGM participants, including panellists, were keen to use PGM as vehicle for extending the reach of our funding, particularly to lower capacity groups. This was also commented on in the intermediary interviews and the focus group:

- o 'I think it was needed to make it easier for smaller groups like ourselves to access funding out there and give us a wee bit of help in understanding how funding is made' – **Focus Group.**

- o '…because I hear quite a lot of groups saying that "I don't feel that we can apply because we're such a small group that's only been going for six to nine months"' – **Intermediary.**

Thus, it is clear that PGM has been used to overcome barriers in traditional funding which can, at times, favour higher-capacity, well-resourced groups; this can be particularly evident of the application stage of grant making (and will be explored in more depth at the end of this section). We also surveyed grant holders about the notion of diversification, asking if they'd heard of The Fund before the PGM pilots. Of the seventeen who answered this survey question, these were the results:
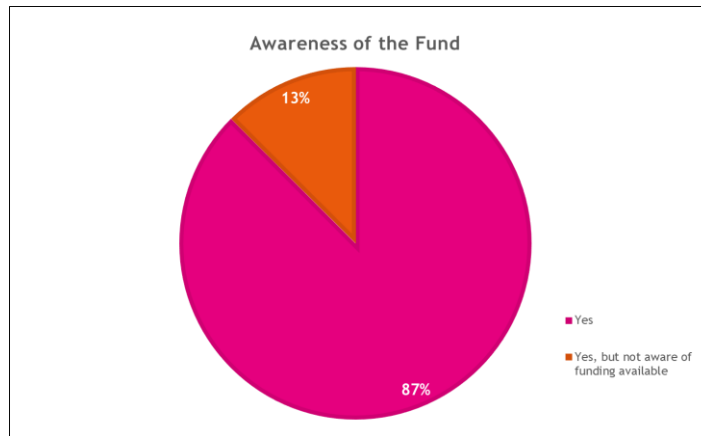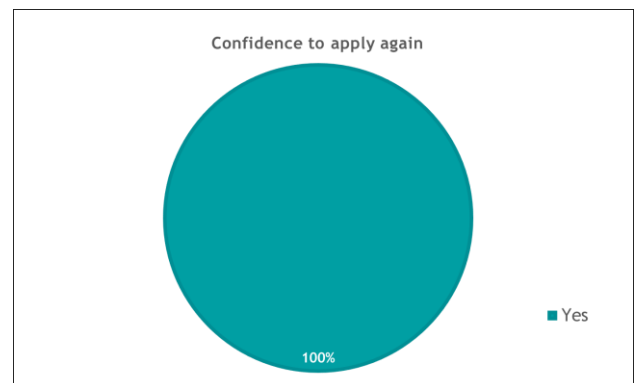
Figure 5

Looking back, it would've been valuable to ask the survey participants if this was their first-time receiving funding, rather than just whether they had been aware of the Fund before the PGM process. The results do, however, suggest that the Fund has a strong presence across the third sector. The next sub-theme will analyse if this presence is enough for smaller and lower capacity groups to feel confident in applying for our funding.

Confidence and Capacity

Another sub-theme here is that of confidence and capacity building. PGM provided lower capacity groups with the confidence to engage in the funding process, both during and after PGM. This was particularly evident in the focus group interview with grassroots disability groups in Scotland:

^ Figure 6

- I think it was needed to make it easier for smaller groups like ourselves to access funding out there and give us a wee bit of help in understanding how funding is made' – **Focus Group.**

- 'I think that it's a really good way to do a funding exercise especially for small maybe less experienced or inexperienced groups that are looking for funding because we don't, as I say, we don't have the resources to call on the big guns who are good at the funding application' – **Focus Group.**

Capacity building is a key success of PGM, particularly because of its long-lasting impact. This particular outcome of PGM can outlive the process itself, something which was further substantiated by the survey results. When asked whether PGM gave grant holders more confidence to apply in future, the response was overwhelmingly positive (Figure 6). We should not read these results lightly. It is really vital that our funding is as diverse as it can be and

builds capacity and confidence across the sector, which aligns with the 'More than a funder' focus of our strategy (p.17).

This section has demonstrated that PGM can be a valuable tool for diversifying our funding and building capacity within smaller or lower capacity organisations. The data presented here is also indicative of wider trends in our funding. The comments from the interviews and the focus group suggest that there might be barriers to accessing our 'ordinary' funding streams, mostly for lower-capacity and less 'experienced' groups for whom the process can feel intimidating or overwhelming. This is something we should grapple with as a funder both within and outside of PGM. Whilst PGM clearly has a role to play in overcoming some of these challenges, other potential routes to reaching smaller groups should also be considered. We do not want to lose sight of the key aim of PGM, which is involving communities in decision-making. Whilst it is integral that lower capacity and grassroots voices are amplified, diversifying funding should not be equated with genuine community participation or empowerment, though the two can complement each other if achieved simultaneously.

Red Tape

The final theme relates to some of the challenges that arose from the PGM pilot projects. Though the majority of the qualitative feedback was positive, we should also attend to some of the difficulties experienced by both funding staff and intermediaries/grant holders. The subthemes addressed in this section include capacity/resource/time and logistical issues.

Time and Resource

Funding Officers articulated the challenges which came with the time commitment required to execute the PGM pilot projects. PGM consumed a great deal of working hours and often meant going beyond usual requirements of the Funding Officer role, which might have been expected given the experimental nature of the pilots. Funding staff found this particularly tricky to navigate given that they were not allocated specific time to dedicate to PGM:

- o 'I think the main thing I've learnt is if we really wanna do this process properly, it's like a massive amount of time needed. Input that we're all doing on top of our jobs and didn't really have the time to be honest' – **Funding Officer.**

- o '[PGM] takes a lot of time and quite resource intensive…as well as your sort of just standard day-to-day job assessing applications, your grant management, this could probably be a full-time project in itself and I'm not

meaning like a full-time project forever, I just mean for that period of time' – **Funding Officer.**

The situation was also exacerbated when the work intersected with the cost-of-living programmes emerging at the Fund:

- o '[PGM] happened at the same time, was that the cost-of-living work? It was when we were doing the uplifts and stuff like that, it was that just added to our already high workload. So I think, you know, like a combination of factors meant that during this period we were extremely busy' – **Funding Officer.**

This actually meant that, in some cases, funding staff were not able to dedicate as much time as they would've hoped to projects such as PGM. Overstretched capacity during this particularly busy time had implications for the wellbeing of staff, which is something we must be conscious of in future programme development. It also strengthens the case for having dedicated resource to PGM if it is to continue to evolve.

Logistical Challenges

As well as resource and staff capacity, logistical challenges also emerged throughout the PGM pilot process. This entailed Funding Officers feeling they had to be cautious to follow Fund guidelines, and being unsure where exceptions could be made (such as with non-constituted groups, for example):

- o 'And I don't know… the technical term for the model, but I think the decision…to have funding officers involved was partly because of, I guess, restrictions from the Fund, or that they weren't able to put in an external delegation agreement' – **Funding Officer.**

- o 'They were saying that any form of constituted group wasn't allowed to apply, which kind of went against what we promote and what the TSI promotes because we would always encourage people to get a constitution as soon as they could. So, then the TSI wasn't very happy because it's like, well it's encouraging people to not have a constitution so they can apply for your fund' – **Funding Officer.**

These quotes are both reflective of some of the challenges that emerged throughout the process, most likely because the PGM model departs from our usual process of funding. From quote one, we can see that there were concerns about fully devolving

power to the groups without some oversight from Funding Officers. Quote two relates to our funding policy on unconstituted (sometimes termed unincorporated) groups. Unincorporated essentially means that a charity is not registered with a charity commissioner, is usually groups run solely by volunteers and is often smaller than charities with a constitution. At the Fund, we do fund unincorporated/unconstituted groups, but our policy states that we do expect organisations who receive over £10,000 to be incorporated and/or registered as a charity or Community Interest Company. This eligibility criteria can complicate something like PGM, which blurs the boundaries of traditional funding. It caused some confusion amongst funding staff as to whether we would make exceptions to our ordinary eligibility policies. If we are to continue with PGM, clearer and more relevant guidance will need to be created.

There were also some logistical challenges for grant holders and intermediaries. For example, one intermediary told us how they had groups wanting to apply for the PGM process but already held a National Lottery Awards for All grant which meant they weren't able to. This led them to say:

- o **'If we were given the opportunity again, we [would] probably look at how we could distribute the grants ourselves rather than relying on the process' – Intermediary.**

Another intermediary group had difficulty recruiting panellists for their PGM process. For this specific pilot, The Fund had designed the PGM process for a small geographic area, which ended up being a limitation of the project when it came to recruiting and retaining young people for the panel. The group told us:

- o **'…and how young people do have quite chaotic lives sometimes and might say yes to something and then drop out and similarly sometimes like youth work can be quite chaotic as well' – Intermediary.**

Whilst certain challenges such as that above cannot necessarily be avoided, it is important to explore the different issues that emerged out of the PGM process for both funding teams and the organisations we partnered with / funded. This section has demonstrated that time and capacity (on both sides) are key to the effective execution of PGM and if we are to move forward with PGM in future, we should consider how we can dedicate specific resources to properly developing a participatory model of grant making. Moreover, the confusion and logistical barriers which surfaced throughout the pilot projects could be resolved through the creation of clearer guidelines and perhaps some educational sessions around PGM for funding teams as organisations new to the process.

Conclusions

This report has explored Scotland's PGM pilot projects in-depth. A wealth of data was collected through interviews with Funding Officers and intermediary organisations, as well as surveying grant holders. A key aim of the report was to gather a range of perspectives and to ensure that grant holder/intermediary voices were amplified, as recommended in an initial internal report. This target has been met; whilst we were not able to establish a dialogue with everyone who participated in the PGM process, a representative sample was obtained. The key findings mapped out throughout the report should be instructive as we move forward with programme/portfolio development in the coming year and should guide any future PGM work at the Fund. The findings and recommendations will now be elucidated into simple and/or actionable points.

Key Positive Outcomes:

❖ The PGM process enabled community groups to collaborate and cooperate in ways that are often limited in the third sector; it provided the opportunity for mutual knowledge exchange and eliminated the competitiveness that so often comes with applying for funding.

❖ PGM saw us diversifying our funding and reaching smaller, lower-capacity groups who are less likely to get a look-in when they are applying for funding; this enabled groups to build both capacity and confidence, representing a longer-term impact of PGM. The survey results overwhelmingly showed that following PGM, groups would be more confident to apply for funding in future.

❖ Groups generally felt more empowered as a result of the more participatory approach.

❖ Groups felt that having seldom-heard communities in the lead (for example young people) was extremely important given their localised knowledge and understanding of the community.

❖ The Fund built stronger relationships with groups operating in the third sector.

Key Challenges:

❖ Whilst certain groups felt more empowered, others regarded the process as somewhat tokenistic. Moreover, PGM did not actually alter the structural power imbalance between funder and community, as power was only handed over for a restricted amount of time.

❖ The process was extremely time- and resource-intensive for funding staff and community groups. Without a proper team dedicated to working on PGM, the individual capacity of Funding Officers was very stretched (particularly when it intersected with cost-of-living work).

❖ Relationships were not always smooth; and this was attributed to the discomfort that can arise with power sharing, as well as logistical issues which surfaced throughout the pilot projects.

❖ The report exposed barriers to our traditional funding streams, especially for lower capacity and grassroots organisations.

Recommendations:

❖ Any future approaches should be developed with a built-in review of the process for decision-makers going forward in an attempt to eliminate the aforementioned barriers.

❖ If we are to embark on another PGM-type project, the Fund should dedicate resource specifically to the project to ensure funding staff are not overwhelmed with work and PGM has the space and commitment to develop.

❖ Before any further developments, we should review the purpose of PGM for the Fund and look at how it can be developed and implemented *alongside* communities. We should also ensure our systems facilitate PGM, rather than create barriers.

❖ Educational/learning sessions around PGM and what 'participation' and 'power sharing' really is should be delivered for staff across the Fund, and community stakeholders (including intermediaries and community anchors) should be invited to participate.

❖ Throughout portfolio/programme development, we should consider how participatory practices can be embedded into our traditional/ordinary funding streams, rather than treated as a separate project.

❖ We should consider appropriate strategies for interacting with groups who are unsuccessful in our funding programmes (including PGM), as there is a lot to learn from their experiences of the process. We need to find a balance of listening to those groups but not being extractive merely for our own benefit.

(*see next page for bibliography*)

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(*the non-academic references are embedded as hyperlinks throughout the text*).

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