

Place-based Funders' Action Learning Roundtable - April 24th 2023

'If you want to go fast, go alone
If you want to go far, go together' - proverb

The urgency of place-based change

Urgency for change has never been greater. Poverty and income inequality is growing in the UK¹ and we are trailing behind the majority of western economies in average living standards². The communities that are the most left behind have remained the same for 2 decades or more³ and the greatest inequality is experienced by racialised communities. A key hope for change lies in our communities, and this paper and the event that brings us together, is to talk about how we fund this work.

There are many definitions of place-based change, but for clarity, we think of it as working in places that are *defined by the people who live there* and which has a clear identity. It is also about a *way of working that builds new connections and cross-sector collaborations* across the people and organisations that live and work there so they can work better together to change the things that don't work. The sort of changes we are focused on in this discussion are complex social issues that have systemic roots and need the engagement of people and organisations across local government, education, health and voluntary sectors and private organisations - with communities at the centre.

We interviewed 12 funders and 5 place-based change practitioners, both delivery organisations and advisors, all of whom are participating in the event. We asked what people see as examples of good practice and what they hope to see in the future, for greater impact. A unifying question that emerges from the conversations we have had is:

How can funders have greater impact and
what changes in their role and ways of working would enable this?

Why are funders re-examining their role in place-based change?

After several years of focusing on empowering local communities to lead on the changes that matter most to them, many funders are realising that most of the barriers to change, and the conditions that hold inequities in place, rest in systems that are, more often than not, out of any individual community's sphere of control or even influence. With the realisation that inequities and social injustices can only be addressed through shifts in wider

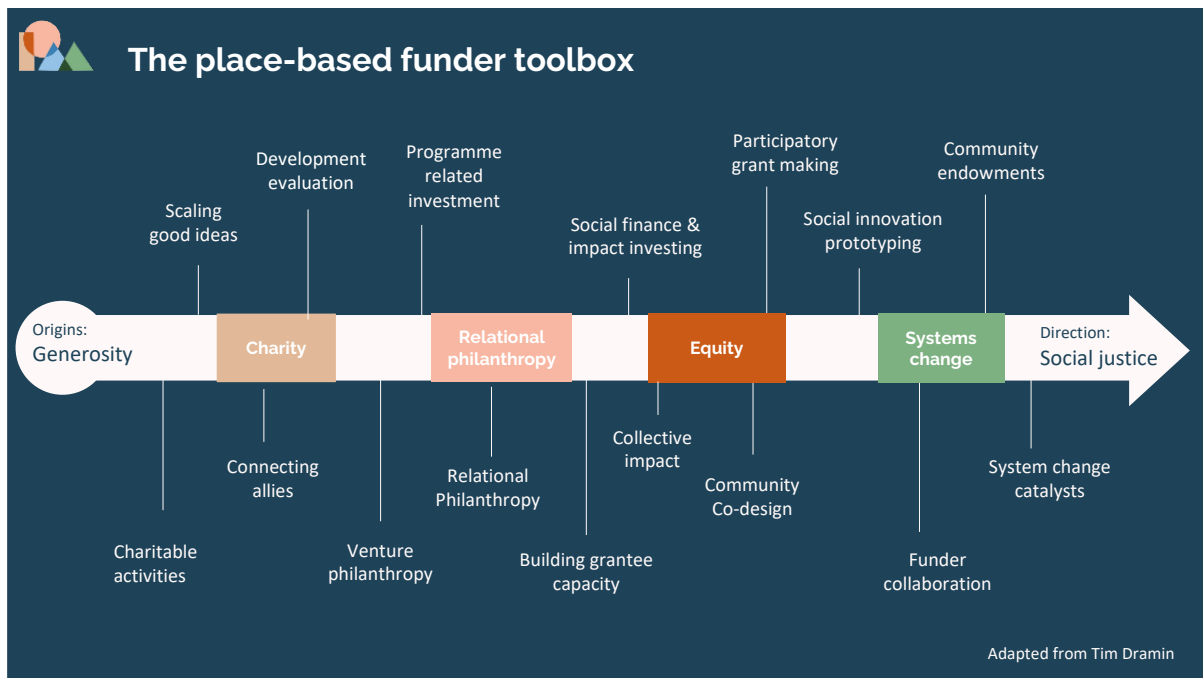
¹ <https://www.jrf.org.uk/press/jrf-annual-figures-show-unacceptable-increase-poverty>

² <https://www.resolutionfoundation.org/app/uploads/2022/07/Living-Standards-Audit-2022.pdf>

³ Deprivation in England, 1971–2020 C. D. Lloyd, P. D. Norman, D. McLennan Applied Spatial Analysis and Policy <https://doi.org/10.1007/s12061-022-09486-8> 19 July 2022

policy, economic and social systems, both at local and regional or national levels, many funders are re-examining and their role, particularly in wider systems change influence. This includes looking at how they can have greater impact as funders, additional to the cumulative impact of the organisations and initiatives they support.

Below is a visual adapted from Tim Dramin in Canada that describes the journey of philanthropic funders from working with communities in the spirit of ‘generosity’ to championing social justice. We think this frames some of the thinking we heard in our recent conversations with funders.



How funders are beginning to reframe their role

The funders and practitioner organisations we spoke to mentioned various ways in which funders are already beginning to reframe and re-invent their roles, and three key themes emerged: seeing themselves as part of a whole eco-system of actors; evolving from convening to collaborating; and capacity building at the next level.

From being a drop in the ocean to part of a whole eco-system of actors

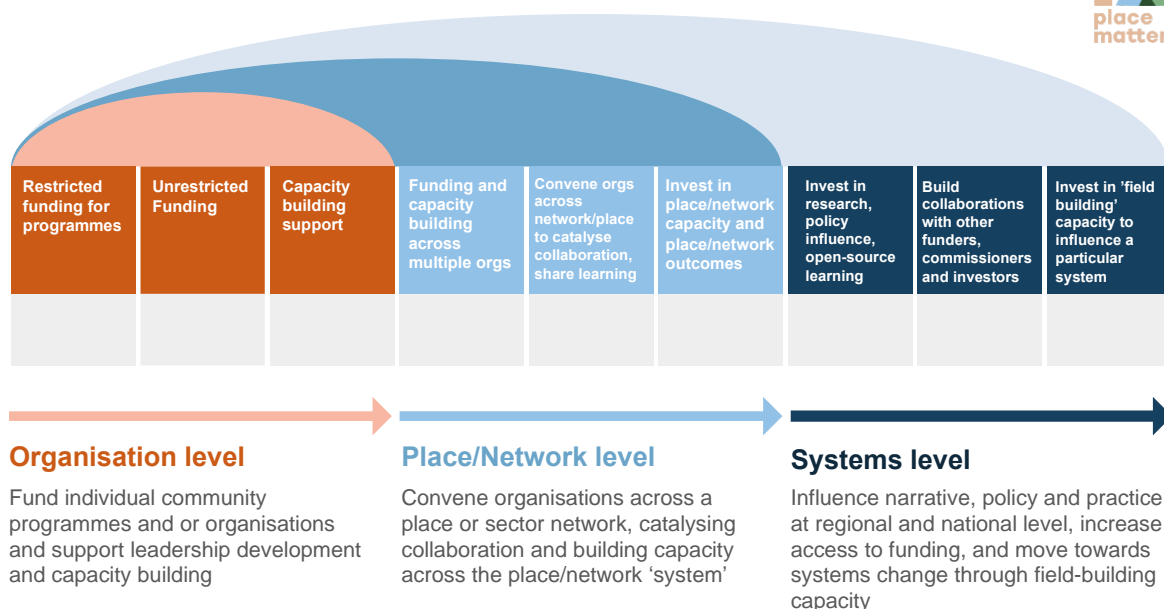
Some challenged whether philanthropy will ever be effective in ‘shifting the needle’ on place-based change given the scale and longevity of funding required. Matt Leach (Local Trust) described place-based change as taking ‘at least half a generation’ in many places and sometimes more, to be truly transformative and sustainable. Others talked about the scale of the task compelling funders to be more strategic and deliberate about the impact of their funding longer term and who else they need to work with to have a sustained impact.

Part of this is being very aware of where they sit in the overall ‘ecology of funders and actors,’ based on their particular roles and strengths, recognising that they are

only part of a larger and longer change journey for a place. Different types of funders were seen as bringing different assets and networks: regional funders have deep commitment, knowledge and relationships across the region, enabling them to broker connections and influence the local system; national funders might bring more research, policy expertise, learning; and commissioners, particularly in work related to children and young people can fund activities that can later become mainstreamed into statutory services.

Below is a continuum of funding that sets out how we at Place Matters (with thanks to Liz Weaver at Tamarack Institute for her contributions) see the spectrum of funding practice in the UK, reflecting the conversations with funders, and recognising that funders may choose to occupy different places on the spectrum for different projects, for good reasons.

Funder Role Continuum



Some practitioners shared that an eco-system of blended funding (national, regional and commissioners) in any one place, brings an additional benefit of preventing any one funder, particularly commissioners, from becoming too dominant, and that funders can hold each other accountable in ways that the community can't. Multiple funders can also create the conditions for a more sustainable legacy, with different funders supporting the efforts at different phases of a longer change journey, and avoiding the cliff edge when a large funding source comes to an end.

Many funders recognise that they have power beyond their funding, to convene people and organisations at both a local and national level, as well as to ensure the voice of the community is at the forefront of these conversations. Funders are actively exploring how far their role should go in convening and influencing, recognising the diversity of other critical actors in the ecology that need to be

brought together, including other funders, government, employers, statutory services, policy and campaign organisations and research groups to name a few. We found that funders take different views on how much direct involvement in influencing change they engage in vs supporting other organisations and collaborations' efforts.

From Convening to Collaborating

For some time, funders have discussed the need for greater and more deliberate convening and collaboration within the funding sector to share learning, leverage assets, and ultimately amplify impact. We identified three main areas of collaboration with funders: with organisations from other sectors; with other funders and with communities.

Of those funders who were involved in place-based funder collaborations including LocalMotion, Civic Power Fund and London Funders, some of the benefits identified include a broadening of possibilities and ideas, acceleration of change through shared learning, a pooling of risk, enabling the collective to be bolder and take greater risks than funders might have done on their own, such as accelerating devolved grant making to communities.

Some funders argued that there is a serendipity to the value of convening, particularly those that are *cross-sector* and focused on a particular place, that bring unanticipated value, for example, during times of crisis such as the COVID pandemic when previously formed relationships sprung into coordinated activity to address acute needs across the community.

We saw a spectrum of approaches to collaborating with communities, from empowering communities through unrestricted funding and the trust that this signals, to working as embedded local *partners* alongside local organisations. Underlying this is a growing recognition that places want support beyond funding to make change happen, particularly when tackling complex social challenges – and growing recognition from funders that building trust-based relationships with communities and organisations they fund is a critical part of their role and effectiveness.

A key emerging learning seems to be that in order to progress from convening an ecology of actors who partner when interests align, to *genuine collaboration*, a few additional elements are required:

- Sharing a clear and ambitious strategic aim around the overall impact of the collaborative effort is, for some, key to showing that the collaboration's results are greater than the sum of the individual funders involved, and in engaging all stakeholders throughout a long journey. Collaborations which come together to 'do good work' without an articulated strategic aim, may find it difficult to withstand the inevitable bumps in the longer journey and tensions from sharing decisions and power.

- Just as place-based collaboration requires a ‘backbone’ or intermediary function that coordinates the collaboration and provides the day to day infrastructure to make it work, there’s increasing recognition that funder and cross-sector collaborations also need greater thought and investment in resources and infrastructure to enable the work of collaboration to be done.
- Collaborations falter when Internal processes and governing boards within funder organisations are not aligned to the goals and power sharing approach of the collaboration. For example, are board members expecting to see short term outcome measures that are more suited to programmatic funding than longer term, systems change work?

Next evolution of capacity building

Capacity building in the traditional sense of leadership and collaboration skills and tools for planning and managing, continues to be a key area of focus for funders in supporting place-based change work, both to deliver the core aims of individual programmes and to seed community capacity for change. Coaching, mentoring, walking alongside a collaboration and peer to peer learning across places, are recognised as powerful and inspiring ways to build confidence and skills for change. Some funders feel that a key learning has been the need to invest in building the core social fabric of communities *earlier* in the change journey to enable communities to participate equitably.

Several funders talked about their evolving perspectives on ‘capacity building’ *beyond* knowledge and skills, and increasingly about creating space, a ‘container for thinking widely and big’ and trying new ideas. A critical role of philanthropy being to experiment in creating new approaches that carry the risks of uncertain outcomes before they can be adopted by the wider system.

Another critical aspect of capacity building is providing the time to build relationships beyond their organisations, enabling those critical ‘connections that create the change’ across the local system. Some funders have been surprised to find that there is more distrust and competition within a place than they had expected, and that it takes a long time for the community to build the capacity of relationships and trust, which form the foundations to working collaboratively. It is a central argument for collaboration between funders that any ‘new’ funder coming into a place leverages, and builds upon earlier relationship building work, rather than starting from scratch.

Questions for discussion

Many funders have made intentional shifts in recent years from funding programmes with robust theories of change linking activities to outcomes, to trusting communities to lead the changes they want to see, over longer periods of time.

There seems to be another shift underway, one where funders are reconnecting to the power and influence they *can* uniquely bring as *partners and collaborators* to the efforts of communities, working alongside communities as well as beyond communities to influence the broader systems which hold many of the inequities in place.

Reflecting on a varied and rich series of conversations, we have set out below some questions and points of discussion that we believe will be valuable to continue exploring:

- How can funders and other actors accelerate genuine collaboration to create impact at the scale that is needed now?
- What might be the future ambition of funders in enabling community led place-based change *and* shifting the broader system?
- How can funders best manage the tension between leveraging their power to create strategic impact across places, while simultaneously empowering communities to be the agents and leaders of change both locally and beyond?
- What are the changing accountabilities that funders have to communities in this new paradigm of systems impact?