

Funding for Systemic Change action enquiry

**Learning paper #2**

# Funder perspectives on place-based systemic change

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## Introduction



### The project

The Funding for Systemic Change project is chaired by Save the Children UK. It is overseen by a steering group of individuals from a range of social sector organisations including national charities, agencies and individuals (for full list see page 10).

The steering group provides project oversight and direction, engages with outputs and findings to inform the direction of the project, and shares access to contacts, networks and other relevant opportunities.

All members of the project have a deep understanding of community or place-based initiatives, systems change and complexity.

The key issue this group will examine is: **how to manage funds to best support long-term, place-based systemic change (PBSC).**

It will also explore how to reach that goal, moving away from short-term, simplistic and output-based approaches to resourcing social change.

The first phase of this work, led by Renaisi on behalf of the steering group, is designed to:

- build an understanding of how funding can best support local, place-based organisations and leaders in ‘systems change’ work;
- work with traditional funders and the national charity sector to explore ways to better fund and support this type of work,
- develop a range of practical tools and/or proposed approaches which could be tested or piloted in future stages of work; and,
- strengthen the understanding, relationships and interest in this area between steering group members and wider stakeholders.

### This learning paper

This paper brings together insights from in-depth interviews with a broad range of funders about the concept of place-based systemic change and how it interacts with their strategies, ways of working, ideas of change, and practice. It presents Renaisi’s analysis of that research and feedback from a workshop with a broader range of funders.

This paper is structured around six key themes: the first four themes present different perspectives of place based systems change; the fifth theme highlights the decision making challenges faced by funders wanting to support more examples of place-based systems change; and the last presents a proposed new definition.

1. Place, geography and change

2. Systems, strategy and change
3. Role of a funder
4. Role of money
5. Decision-making challenges
6. A new definition for PBSC

# 1. Place, geography and change



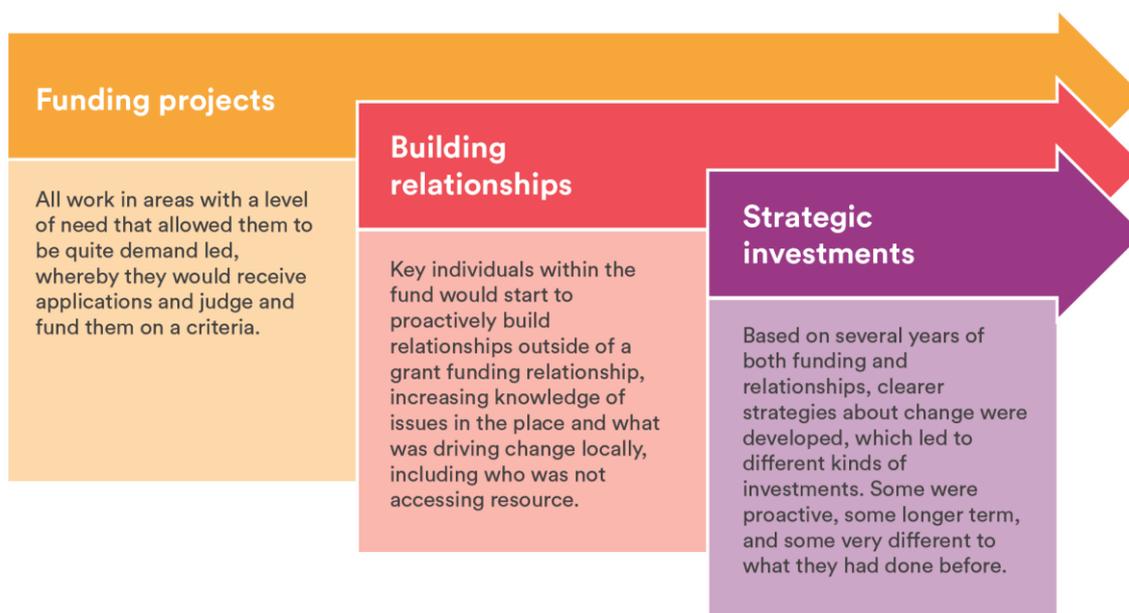
The first theme considers how funders think about place, either as a concept to structure their funding activity or as a geographic boundary.

We have grouped the funders into three types in terms of how they consider place and related social change, highlighting the key challenges for each group.

## 1.1 Place is taken for granted

For some funders place is central to their work because it has a clear geographic boundary.

All the funders in this category described themselves as on a journey that looked a little like the below:



The language of ‘system’ was not commonly used among this group, but ‘strategic’ was. For example, there was a clear desire for funders to know their role within a place and to use their resources more strategically. When funders achieved a more strategic role, supported by a good learning culture, it encouraged new ideas and ways of thinking, and an appreciation of what was encouraging or limiting change in their place.

*This is the group of funders who thought most about their role within places and the long-term vision for those places.*

## 1.2 Place as an evolution of funding practice

The second category includes funders who rather than prioritising place, instead start with a clear objective such as an outcome, mechanism of change, or an issue that needs addressing. When they do become interested in place, it is as a result of targeting or prioritising the mechanism, outcome or issue first.

For example, if a funder was interested in closing the gap between outcomes for children from disadvantaged families, they might think that an early intervention approach would be the best way to do that.

At first, they would look for evidence-based approaches and fund those. They would think about the efficacy of programmes and how to achieve outcomes. They would be highly motivated by evidence of impact and may well have used standards of evidence approaches to consider their funding programme. They would, as a result, have been more likely to fund organisations and programmes that focus on replicability and clear, evidenced processes.

The funders would then need to target that approach and pick a place or group of places where they think support is most needed or could be most effective. The approach becomes a hybrid of work where the funder wants to support evidence-informed practice that is also context-rich.

Over time, funders start to see the importance of funding other things in places beyond their initial priority, because of the many relationships, pieces of infrastructure, and networks that the work is resting on.

*This is the group of funders who have the most difficult relationship between place and questions of impact, but they underlined the importance of place is about learning.*

## 1.3 Place as an idea for change

Finally, there are those funders who have no obvious place to bound their work, and no single programme of work to target in places. These are the larger, multi-fund trusts and foundations with an organisation-wide role (one of their individual funds could sit in the evolution of practice group above).

These funders are more likely to see place as somewhere to experiment and understand how their practice needs to change. It is not that they are unconcerned about those places, but their reasons for even thinking about place comes from some of the wider pressures and challenges to their role, to how philanthropy works, and how they should consider their relationship with society as a whole, and civil society in particular.

Questions that matter to them include: ‘how should funding be structured?’, ‘who are the gatekeepers?’, ‘what might innovation be?’, ‘how can we let go of our power?’, ‘how can we build different relationships?’, and ‘how does place relate to building movements of social change?’

This is less about changing the system of that place, and more about helping funders think about their role within the system.

*This is the group of funders who found it hardest to know what they meant by place, and how they thought of change occurring, but who were also open to taking bigger risks.*

## 2. Systems, strategy and change



Funders did not naturally use the language of systems unless this research introduced it. They did however, find ways to relate systems change to their current or potential practice.

In this section, we highlight some hypotheses as to why that is the case.

### 2.1 Shifting programmes to strategic/systemic thinking

For some funders, there was an interest in how previous programmatic work could be shifted to something more nuanced, with an acknowledgement that many good programmes have not changed much in a long-term and sustainable way.

This meant:

- funding strategically (making intentional decisions about where to put money, based on knowledge about the place/ issue/ key relationships), and
- funding organisations that took a more strategic view of what they were trying to achieve (longer-term, responsive and focussed on issues like power).

It became tricky to distinguish where strategic stopped and systemic started, and many did not precisely know the difference.

*Our assumption is that funders were not confident to talk about their practice as systemic because they did not want to overclaim and were still learning about what that meant. A hypothesis based on this assumption is that funders are interested in their strategic and intentional funding leading them to funding systemic work.*

### 2.2 Core funding

A mixture of place and issue-based funders were interested in the role of core funding for certain kinds of organisations and institutions.

Whatever the reason for the funder working in a place, they questioned whether, if they found certain organisations to be essential to the infrastructure, they should just core fund those?

This often came from the viewpoint of – “we know these organisations are essential, but their business models will always require some grants, and so somebody needs to fund this”.

We have identified three different ways to understand core funding as described by funders and then looked at how each type could be systemic in the boxes below.

We have not included the austerity-driven funding that is taking some foundations into work that they would have assumed would have been delivered by others before.

Not all funders are seeing austerity-driven funding as core funding, but some funders are thinking about the significant gaps a decade of austerity has created in certain places and within certain services, and what their role in supporting them might be.

Spaces	Coordinator	Leader
Buildings and spaces that have a high local value	Organisations that explicitly took on the role of coordinating the local place/networks	Organisations had diverse missions, were clearly rooted in place, and took on a leadership role
Could be the location for systemic work	Could be the platform for systemic work	Could be a network of system leaders

*The above categories are ours, but we feel there are ways to see this kind of funding as potentially being systemic, even if the funders do not always. Our hypothesis is that the spaces would be least comfortable with the systemic role, and the leader is most comfortable, but in negotiating this the funder would understand how systemic this work could be.*

### 2.3 Investing in individuals or changemakers

Building from the core-funded 'leader' category, a small number of funders talked in-depth about the importance of individuals within a place or within their funded work who were inspirational leaders of change.

These are the people to whom work, relationships, ideas and change seem to stick to in places or organisations: the people who are the drivers of new ideas, risk and bigger picture thinking.

Some talked about the parallels with a venture capitalist approach to investment, whereby they might look to back a leader or a team with investment, not fully knowing where it would go, but believing in their vision, commitment, values and capabilities.

*A hypothesis from this group of interviews is that there is a very small handful of individuals who are known about, and potentially many more who are not, who are worth investing in through more risky funds, but that foundations do not have the models to do this well, and so focus on leadership programmes for the individuals, rather than giving them a resource to work with.*

## 3. Role of a funder



The first two sections looked at the two sides of the definition of place based systems change.

This section explores the role of the funder.

We have explored three types of funders roles. They are most certainly not the only roles that funders can take on, but they seem important to consider for a funder working in this way and explores some of the roles that places might need.

### 3.1 Encourager, stimulator and risk-taker

The encourager and stimulator is a funder who is typically quite small and nimble as a team, will look to build relationships and look for interesting examples of practice, and will stimulate that practice through small amounts of money, support, and advice.

It will help places, communities and organisations to take risks that they would not have taken on on their own and will stand with them for quite some time as they do so. They will not originate ambition and ideas – the place creates the initial spark – but they will try to spot them when they are small and help them come to life.

### 3.2 Convenor

This is a role taken on by some place-based funders, but also those who have consciously decided to work with a small number of places as part of wider programmes of work.

We are using this definition to catch a few terms that were used by different foundations that try and ‘hold the ring’, convene others, build partnerships, make connections and knit different parts of the system together. This allows the funder to play a more neutral role than the other two identified in this section.

The role of convener can get mixed up if there is significant money involved, as that belies their neutrality. Some funders try to get around that by outsourcing the convening and support role to agencies, but that can make the funder more distant.

### 3.3 Helping hold vision and ambition

Finally, there were those funders (almost always place-based ones, but there were exceptions) who would see themselves as intrinsically involved in the long-term vision and ambition for the places. This meant that they were able to more easily detach themselves from the money, having different roles as the place and partnership evolved that weren’t always about grants.

These funders were much less neutral as a result of this and so had to be clear and explicit about their view.

*Each of these roles will create a different set of relationships. Which of them is best suited for the challenges and workloads of different funders as they engage in place and system change?*

## 4. Role of money



As different funders talked about the PBSC concepts and their role, they revealed (both implicitly and explicitly) different views about the role of money in this work.

### 4.1 Austerity and challenges

The most responsive view of money, that was perhaps furthest away from systems change, was that of filling gaps. It is the view that there are such significant challenges in organisations, communities and places which have emerged in recent years that funders must just respond.

That can be done strategically, but will still come from quite a negative space given the extent of the deficits in some issues/ areas.

*If money is dealing in deficits, it will never be used to engage genuinely in the potential of place as a concept, nor will it support the confidence required to work in systems.*

### 5.2 Necessary core funding

A more neutral view was that “places and organisations know what they need best, so we need to stay out of their way and fund them to do it.”

Funders with this viewpoint saw the value of the work of many organisations and appreciated that they need a bit of help to keep going and to buy them some space.

*If organisations have been working in siloed and programmatic ways, then the inertia of these power approaches will always snap back and overpower any new ideas that are being discussed. If the funders aren't being clear with this kind of money, then there is a risk it will buy some time but not change a system.*

### 5.3 The instigator of something different

This is the view that the money of trusts and foundation was only ever a tiny piece of what was being spent in places across the country, and therefore had to be pushing the work, taking risks, and trying different things.

As a result, it must be more conscious of the business models of different kinds of practice and meaningfully support those different contexts to drive change.

*The work in the third paper of this research will explore the different ways in which place-based system change practice can be supported through different business models.*

## 5. Decision-making challenges



Given all the above, we think that there are four problems which block funders from engaging more thoroughly in place-based systems change.

There would still be lots of difficult things to explore should these four problems be resolved, but these are the biggest areas of contention now. They are challenging because there is no easy answer to any of them, but they can and should reveal decision making challenges for foundations.

### 6.1 Strategic development

How does this fit with your foundation's strategy?

There are so many swirling agendas in this space, that it is easy to become circular and woolly in rationales and argument.

Is this work about an issue and how to move the dial on that in a handful of places? If so, own that and demonstrate it over the long term. If it's about changing your practice, then be explicit about that. If it's about picking places one after another and doing as much good work as possible, then say so. If you're not sure why, then don't do it, as otherwise you will stop being strategic and inevitably lose your way.

All of the other challenges get harder if your strategy is not explicit.

### 6.2 Which places and organisations

How do you decide where to work?

This was a challenge for many funders as it opened up questions of geographic fairness and challenged some of the norms that had been developed in their decision-making practice in recent years about the role and value of impact measurement.

As a starting point, there was agreement that if the 'why' is clear, it is easier to select both a place and then which organisations to fund within those places.

There are routes into places through a wide range of different groups, organisations and approaches, and which one is right can't be decided without unpicking the next question.

### 6.3 Knowing your role

What role are you going to take in a place, and how does that fit with needs, other actors and the systemic challenge in that place?

A non-exhaustive list of roles that are needed for place-based working, of which a funder should be considerate of and attempting to work out which one to take on, includes:

- Holding the vision and agenda
- Bringing, managing and sharing resources, and considering value/ impact

- Community engagement/ development/ organising
- Convening, negotiating and relationship building
- Facilitating and learning about the system
- Ensuring inclusion and justice
- Encouraging/ stimulating ambition and risk-taking
- Delivering activities and interventions

Some of these are not relevant for funders, but understanding who takes responsibility will be important for positively engaging with the local place and system.

## 6.4 Partnership attitude and value

*Are you willing to work, and account for the value of your work, differently?*

All the literature on funding systemic work emphasises partnerships, collaborations, long-term engagement, evolving approaches and a new mindset to value.

Is your foundation/ programme able to accommodate the difference that is required, and can you think, not how you will do it, but how you will start to explore how to do it?

This might mean taking very different approaches to other programmes and will need work to build a narrative that the whole of the foundation can get behind.

## 6. Adapted definition

Based on the feedback from funders, the following is an adapted definition for PBSC, building on the original definition created by the partnership that commissioned this work.

Place-based systemic change is an approach to social change, rather than an outcome of it, and is defined by:

<b>1. Focus</b>	It is not limited to a single organisation or service, but rather about collective and interrelated practice within a geography
<b>2. Time horizon</b>	It is long-term in ambition and practice, although it may well achieve things in the short-term
<b>3. Approach</b>	It is engaged in building and developing ongoing and evolving relationships between people and organisations, it is flexible and responsive, and it explicitly engages in questions of complexity
<b>4. Scale</b>	It is focussed on geographies that are understood by those who live in them, and to the systemic challenge.
<b>5. Intentionality</b>	It is attempting to unlock structural change, and is conscious of the different roles that need to be taken to achieve this. As a result it builds learning and adaptation into its work.

If this is the definition, then it is clear that not many funders are currently funding PBSC, but many of them are interested in the concept and are funding in ways that include elements of this.

It begs the question of whether the funder should fund in this way, or set themselves up to fund more approaches to social change that look like this.

The workshop with funders highlighted that it would be important to look practically at organisations that are trying to work in this way, and how funding, and working with those organisations would look different to current practice.

If this definition is going to be useful however, it needs to be made real.

That will be the topic of the next learning paper.

## Notes



### 8.1 Funding for Systemic Change Steering group

The membership of the steering group includes:

- The Children's Society
- Collaborate CIC
- Dartington Service Design Lab
- Homeless Link
- Save the Children UK
- Lankelly Chase
- The MEAM Coalition
- The National Lottery Community Fund
- New Philanthropy Capital (NPC)
- North Camden Children's Zone/ the Winch
- West London Zone

### 8.2 Research participants

The trusts and foundations that were interviewed for this work were:

- Cripplegate Foundation/ Islington Giving
- Pears Foundation
- EY Foundation
- Quartet Community Foundation
- Spirit of 2012
- Two Ridings Community Foundation
- Power to Change
- Local Motion (a collaboration between Paul Hamlyn Foundation, Esmée Fairbairn Foundation, Lloyds Banking Foundation, Trust for London, Lankelly Chase and Tudor Trust)
- Corra Foundation

- Rank Foundation
- Steve Morgan Foundation
- Sport England
- Ballinger Foundation

This has also been influenced by previous unpublished work, which drew on interviews with some of those interviewed again in this piece of work, and Carnegie UK Trust, Paul Hamlyn Foundation, Lankelly Chase, Esmée Fairbairn, the National Lottery Community Fund, Lloyds Banking Foundation and Local Trust, who were not re-interviewed.

Finally, a wider range of funders attended a workshop about the themes presented here, and those not engaged through interviews included: Big Society Capital, Access Foundation, Carnegie UK and Guy's and St Thomas' Charity.

## About Renaisi



We're passionate about creating the conditions for strong, inclusive communities to thrive.

We're constantly learning from the different perspectives we see working directly with communities, with the providers of services and the investors in communities. It gives us a unique perspective on how systems work and how to improve places fairly.

The combination of our research and evaluation consultancy with significant community programme delivery experience, makes Renaisi a uniquely well-rounded learning partner for the voluntary and community sector.

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