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# The role of small grants in Big Local: scoping paper

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*A version of this paper was published internally by Local Trust in October 2020. This version has been lightly edited to make it accessible for a general audience, with core terms and concepts explained wherever possible. Please refer to [our website](#) for more information about the structure and goals of Local Trust.*

## Introduction

This paper aims to summarise what Local Trust knows about the small grants funds operating in Big Local areas. Big Local is a resident-led funding programme providing people in 150 areas in England with £1.15m each to spend across 10–15 years to create lasting change in their neighbourhoods. Big Local areas decide themselves what to spend the money on in their area. Research done in June 2020 found that 140 out of 150 Big Local areas were either currently running a small grants programme or had run one in the past. Small grants funds typically aim to provide money to groups operating at the grassroots level, who may be ineligible to apply for bigger grants from larger funders. The way Big Local areas run these funds varies, but the research found the most common grant size is around £1,000 and around half of areas have been running a small grants fund for over five years.

This paper initially explores why so many Big Local areas have implemented small grants programmes, the impacts these programmes have on their local community, and what makes small grants effective. It also draws on external examples of small grants programmes and funders to place the experiences of Big Local areas into context. The paper concludes by looking at potential next steps Local Trust could take to capitalise on their position as a funder that has contributed to 140 small grants programmes across England.

Data on Big Local small grants was sourced in a variety of ways including information from Local Trust reps<sup>1</sup> as part of their quarterly reporting process and a rapid review of Big Local areas' most recent plan reviews.<sup>2</sup> Conversations were also had with key stakeholders, including staff at Local Trust, those working closely with Big Local areas on other research projects, those funding or delivering small grants programmes at other organisations and those who have insight on the voluntary and community sector more broadly.

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<sup>1</sup> Individuals appointed by Local Trust to offer tailored support to a Big Local area and share successes, challenges, and news with the organisation.

<sup>2</sup> All Big Local partnerships are asked to submit a plan review at the end of their Big Local plan. This involves answering nine open-ended questions to do with their activity, progress measurement, outcomes, and involvement of the local community.

# Why do Big Local areas use small grants programmes?

## Meeting the needs of the local community

One of the outcomes of the Big Local programme is that “communities will be better able to identify local needs and take action in response to them” (Local Trust, date unknown). For many areas, small grants are an ideal way to understand needs and demand in their local area: “Big Local funding has ... given groups a platform to highlight needs that may have previously been hidden” (McCabe et al, 2020: p.12). Around a third of Big Local areas with a small grants fund have thematic pots, focusing on areas such as green spaces or young people to align their priorities as a partnership<sup>3</sup> and the needs and interests of those in the community. There is a sense within some Big Local areas that residents want a ‘share of the pie’ in terms of Big Local funds and this is an accessible way to provide that whilst also working towards some broader outcomes such as bringing the community together and making the area a better place to live.

The provision of small grants during COVID-19 also highlights their use in meeting community needs. While some areas introduced small grants for the first time, others adapted their processes to accommodate the changing context. Grant funds were needed to enable existing organisations to both survive the financial pressures of lockdown and provide vital services and support to those in need in the community.

## Improving community infrastructure

Research by the Young Foundation (Thomson and Caulier-Grice, 2007) details how a decline in sources of funding for all organisations has impacted small community organisations, with significant competition for grants in a context where many grant makers policies and priorities do not match up with the aims of small, grassroots organisations. Many on Big Local partnerships have seen the impact of this on their communities, with a hollowing out of their social infrastructure, alongside other essential assets that help communities thrive (Local Trust and OCSI, 2019). Small grants directly targeting those in the local community are often implemented by Big Local areas who are looking to develop their local community and voluntary sector by providing access to essential services, opportunities, and support for those in their area.

360 Giving and NCVO’s work (2020) on ‘below the radar’ organisations shows that small, grassroots organisations who are not registered with a regulator often rely on small grants, with half of all grants received amounting to less than £2,000. The research also found that a large majority of grants to ‘below the radar’ organisations fund events or capital spend, such as building improvements. There are, however, limitations of the role of small grants in developing community infrastructure in communities that have faced minimal investment over the years. More money is required to generate key features of social infrastructure (community centres, play parks) than a small grants fund can provide. Indeed, those involved in small grants programmes in the wider charity sector identified the value in the existing social infrastructure that allowed for their funds to exist, such as community centres that allowed grantees to host their arts and craft sessions.

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<sup>3</sup> A Big Local partnership is a group made up of at least eight people that guides the overall direction of a Big Local area

# The impact of small grants in Big Local areas

## Community engagement

The data used for this paper found increased community engagement was a common outcome of a small grants fund. Areas report that many of those who had accessed the small grants fund went on to become long-term volunteers for the Big Local area or members of the partnership. A 2014 evaluation of Big Local (James et al, 2014) found small grants were an ideal way to promote Big Local in areas in the early stages of the programme.

However, increased community engagement does not always immediately occur. It is quite common for small grants pots or microgrants funds to take time for recruitment, with other organisations reporting a 'slow burn' of recruitment or that a large amount of programme time is needed to build trust with those in the community to encourage applications. Other funders running small grants programmes have found that it was only when people saw the success of initial participants that they began to apply for the project themselves. Some organisations then build on this by creating networking groups or community events that allowed people to showcase their success to others in the community. It could be argued that due to the long-term nature of the programme, Big Local partnerships have also had the benefit of time to grow trust and encourage those in the community to engage with their small grants fund, as well as their broader work.

While some Big Local areas use events to promote their small grants pots and celebrate the achievements of past applicants, others reported diminishing interest in the small grants fund over time. Plan reviews completed by Big Local partnerships sometimes referred to areas rebranding their fund or relaunching their promotional campaigns in order to boost interest in the small grants fund. For others, application and monitoring paperwork was simplified. However not much is known about the success of these changes. Instead, there is some evidence that areas have removed their small grants fund or moved towards contracting partners for delivery work in the face of limited interest.

## Sustainability

As highlighted in the above section on community infrastructure, a key motivation behind the use of small grants fund in Big Local areas is to develop capacity within the local voluntary and community sector, creating a network of organisations that benefits the community for many years to come. An essential part of that is ensuring that the initial small grant acts as a stepping-stone to further funding where possible. Yet, given the wider context of continuing local authority cuts and the competitive field for grant funding "there are questions...over how sustainable activities funded through Big Local will be. Put bluntly, when the money stops, will the groups simply stop functioning?" (McCabe et al, 2020: p.12).

Encouragingly, nearly every Big Local area with a small grants fund seems to have at least one positive story of a grantee who has gone on to bigger and better things, whether that's setting up a new social enterprise, or activities or events that are now oversubscribed and thriving. However, there is also a danger of small grants being used to replace a more sustainable revenue stream for existing organisations – which calls into question the future of these projects, activities and organisations after the programme ends in 2026. It also raises questions around the equity of how Big Local funds reach into the community and suggests the 'usual suspects' who are more familiar with funding bids and receiving grants remain the most successful at doing so. This issue seems to be a sizeable challenge for Big Local partnerships, with some areas ending their small grants fund due to their inability to reach new potential grantees.

A further risk stemming from a lack of sustainability exists for the 30% of Big Local areas with small grants programmes that focus on funding for small businesses or social enterprises.

There are far more complexities in setting up and establishing a business compared to, for example, an unincorporated volunteer organisation. Not only is more support required in these cases to generate success and sustainability, but the consequences of business 'failure' can be damaging to both individuals and their communities.

A further issue around the question of sustainability concerns who is getting the funding in the first place. Our internal data found large numbers of schools, scout groups and other established institutions receiving small grants funds across multiple Big Local areas. On the one hand, these may be seen as sensible grants to give out: working with established groups who are well-known within the community with a track record of good work and funding them would maintain at least one aspect of the local voluntary and community sector. Funding schools also comes with the added quick win of promotion for Big Local due to the strong links schools have with the wider community.

However, the issue of equity of funding also applies here. Schools and other established groups have many more avenues for fundraising and are more likely to be sustainable without the support of a Big Local area than, for example, an individual in the community with an innovative idea to get local young people active, or a small, 'below the radar' organisation. The question of sustainability is not just about ensuring the foundations for decent community infrastructure are in place, but also about who gets to be a part of those foundations.

## Key factors that can affect the impact of small grants in Big Local areas

### The value of support

Wraparound support that goes beyond just the financial contribution appears essential to the success and long-term sustainability of small grants. This wraparound support can extend from outreach work that encourages applications, to assistance with application submission and guidance around the next steps, including signposting to further funding and support.

Outside of Big Local, most small grants or microgrants programmes provide in-person support through the duration of the grant. For some, this support comes from a community or arts development worker and phases out at a pace agreed by the grantee, while others provide additional, specific funding to local organisations to cover staff support time during the grant. However, there is an acknowledgement that those who can provide tailored support to grantees are only able to do so because they are already established entities with an existing infrastructure– they have the staff time and physical spaces to support with the running of the programme and the needs of the grantees.

Big Local areas mostly seem to understand the value of additional support to grantees with over half of those with a small grants fund having some form of further support available such as access to physical space, project management support or signposting around future funding. However, anecdotal evidence suggests there can be a great variance in the quality and usefulness of the additional support given. The sustainability of grantees' projects appears to have worked best in situations where there is a) some form of strategy around the additional support given to grantees and b) a worker with existing specialist knowledge around fundraising or business support, as identified in McCabe et al (2020). Of course, it needs to be noted that increased support may lead to higher workloads for workers, and the resources required should be considered.

## Decision-making processes

A key aspect of any grant funding is the balance between ensuring there is appropriate due diligence and accountability built into decision-making processes, but also the need to distribute grants quickly and efficiently. This is especially the case with small grants, where rigorous application forms can often lead to lengthy decision-making processes that deter applicants when small sums of money are involved. Due to feeling pressures to be seen to be 'responsible' with Big Local funds, many Big Local areas have replicated many grant funding processes typical of larger funders around applications, due diligence, decision-making, and grant monitoring.

Some areas have implemented successful approaches that aid both those applying for and those assessing the grant applications. One Big Local area is well-known for its use of a 'Dragon's Den' format with applicants pitching their ideas to a panel, while another ballots the community following a showcase-style event. More widely used across Big Local areas are specific grant-making sub-committees for grants. Not only do these ensure that the main partnership has more time to focus on strategic decisions, but they also provide a way for others in the community to get involved in Big Local activities that may be less intensive and time-consuming than being a partnership member.

## Measurement

When it comes to monitoring, evaluation and learning, proportionality is essential. This is especially the case with small grants funds – what monitoring, and evaluation is proportionate for a £250 grant? And if several rounds of grants are being given out with the same broad aims, how can this monitoring data aggregate into a bigger picture of impact in a community? These challenges are faced by many organisations, including traditional grant-giving funders, so it is not surprising that Big Local areas confront similar issues.

Over a third of Big Local areas with a small grants fund have struggled to gather appropriate monitoring, evaluation and/or feedback from their grantees. Reasons behind this appear to be a mix of multiple issues. Some partnerships have not requested any meaningful information from grantees beyond a confirmation that the money has been spent as intended, while others lack the administrative processes to generate timely monitoring or feedback procedures. Meanwhile, some partnerships have gone to the other extreme with monitoring expectations that are overly thorough. Those who provide support to grantees to complete monitoring and evaluation, as well as being realistic in their ask, tend to do better in terms of getting information back.

Areas typically gather output rather than outcomes data around numbers attending sessions or events which they may then aggregate during the plan review process. This does mean that they may struggle to evidence that they have achieved what they set out to do with their small grants fund to external stakeholders and the wider community. This issue is not solely one faced by Big Local areas. Other small grants funds face similar barriers around what is proportionate to ask at the end of a grant, particularly those running microgrant programmes which give out extremely small amounts of money to individuals or small groups of individuals. Those running microgrant programmes recognise the challenges in asking someone with little experience of running a programme to report on the outcomes of the work they have delivered. Because of this, evaluations covering this type of small grant tend to focus on reflective questions based around skill development and confidence for the individual grantee. While this can provide quite rich information on individual projects, it will only result in a small amount of data.

# Conclusions and next steps

This piece aimed to highlight the key factors in the role that small grants play in Big Local areas, and in turn, the voluntary and community sector. It is clear from existing evidence that there is a strong thread between the reasons why Big Local areas implement small grants funds and the impacts that these funds have. Big Local areas wish to meet the needs of the local community and improve community infrastructure. Small grants funds can achieve this by increasing or improving community engagement and creating a sustainable local voluntary and community sector. There is also a clear indication that robust and transparent processes, support for grantees and proportionate measurement play a key role in contributing to this community impact, but also in identifying and evidencing it.

More work is needed to attempt to gather the 'true' impact of small grants funds in Big Local areas, whether using data that already exists or supporting areas to be better positioned to collect valuable data. It is important to note the sources used in this piece have primarily included self-reported data or the opinions of those working closely with, but not directly in, Big Local areas. With that in mind, the next step should be to explore the themes in this paper in more detail with those in Big Local areas running small grants schemes to contextualise and build on the above findings. The following top-level questions could help expand on the knowledge Local Trust already has:

- What are the incidental benefits of small grants?
  - How does it grow the local voluntary and community sector?
  - How does it support with creating greater engagement in the community?
- What is the value of small grants to community infrastructure?
  - How is this value best generated?
- What are the links between small grants and community control?
  - How do small grants help to maintain community control?

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Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live.

We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place

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