

Reaching Further

Lessons for Funder Practice

2018–2022



#FunderPractice

LLOYDS BANK
FOUNDATION
England & Wales





Summary report

This summary report sets out eight lessons in funder practice from the work of Lloyds Bank Foundation for England and Wales from 2018 to 2022. During the five years of our strategy Reaching Further, the collision of unprecedented social, health and economic crises brought both the strength and fragility of civil society into sharp focus – funders and frontline charities alike.

These lessons reflect changes we made that worked well and where we realised we were getting things wrong: from very practical issues in the design of our grantmaking processes to the biggest questions of equity, power and what it takes to work in genuine partnership with frontline charities.

Drawing on internal and external evaluations of the Foundation's support, these lessons aim to set out the changes to our ways of working, both large and small, that most helped us adapt to the exceptional challenges of this time.

In sharing these lessons, we want to emphasise that both the strategy and tactics of the Foundation have been, and continue to be, a work in progress. The past five years have exposed some difficult lessons for the Foundation, and we must acknowledge that some of our previous practice did not maximise benefit to the charities and communities we want to support.

The challenges of the next five years will be no less daunting, which is why we want to reflect on what worked and didn't work from our practice so we can adapt and respond to the challenges ahead.

Left to right:
Pan Intercultural
Arts, London
/ Trafficking and
Modern Slavery

Asylum Link,
Merseyside
/ Asylum Seekers
and Refugees

Basis, Leeds
/ Sexual
Exploitation

1

Listen actively

Making sound decisions as a funder depends on keeping a close ear to the ground. Asking charity partners directly what support they and the communities they work in need most is the first step, but how we did that had to change: speeding up feedback loops, listening without getting in the way, combining structured and unstructured sources of evidence. All this underpinned the Foundation's confidence to take action quickly, shaped the short term emergency funding and medium term support offers and grounded our policy work to the immediate needs of small and local charities.

*I trust Lloyds. I know that they really evaluate and really listen to their grant recipients ... so that I knew that whatever they'd be offering through [the programme] would be aligned to our needs." **Funded charity respondent** in our independent 2021 experience survey*

2

Fund flexibly

Our funding and development support to charities now has flexibility at its core. Unrestricted grants and a programme of tailored capacity building investing in the ability of frontline charities to change, adapt and respond, and thrive beyond the life of our grant. This led to a transformative change to how we think about and describe our impact as a funder. The flexibility of our support has underpinned both stability and growth for many charity partners in the recovery from the pandemic. Our support model was effective at building organisational resilience for charity partners – 90% of which increased their organisational capacity during the first year of support from the Foundation.

*Lloyds' support programmes provide support for staff and the infrastructure of the charity in a way that funding alone would not do. Investment in our people with resources, programmes and other support is an essential part and has had a most significant impact on the charity and our growth." **Funded charity respondent** in our independent 2021 experience survey*

3

Lighter touch doesn't mean less robust

Adopting less bureaucratic and more agile processes allowed the Foundation to move more quickly, adopt more risk-positive grantmaking. Letting go of some of the structures of our old approach meant giving up control, but has also been liberating for staff and charity partners. Streamlining our processes hasn't sacrificed the robustness of due diligence and quality of our learning.

*Three to four years ago we started looking at risk, asking ourselves whether we were taking our fair share of risk (without ignoring the importance of good governance). We concluded we needed to take 'balanced risk', to work more as partners – to put ourselves in charities' shoes and, if we decided to fund them, offer them our unequivocal support." **Rennie Fritchie**, Former Chair, Lloyds Bank Foundation for England and Wales*

4

Equity requires action

Our work on equity, diversity and inclusion is underpinned by the steps we have taken to address our internal knowledge, our practices as a funder and the skills and the make-up of our staff and trustees. The practical changes we made to the way we work would not have been possible without acknowledging that this will be an ongoing and iterative process. The most visible aspects of our work have changed who we fund and how – after identifying an inequitable distribution in our funding portfolio. A focus on racial equity and commitment to ringfencing 25% of our funding has seen a fourfold increase in the share of our grants going to charities led by-and-for Black, Asian and minority ethnic communities.

Even though we were well equipped to offer vital support and guidance to the refugees we support, we were not equipped to write good funding applications. Without the exceptional support the Foundation provides small charities such as ours, and its commitment to allocating 25% of its funding for charities led by and for people from Black, Asian, and minority ethnic communities, we would not have been successful with this grant."
Sirak Berhe, Founder, Triangular, Gateshead

Not all aspects of our support model work as effectively for Black, Asian and minority ethnic-led charities. This is particularly stark when it comes to organisational development support for charities serving Black, Asian and minority ethnic communities – both in terms of their past experience of engaging with consultants and their capacity. We have already started to address gaps in the skills and experience of support providers in our portfolio. Now we need to plan for how we use our resources to support the wider system, and not just charities on the frontline.

5

You can't do it alone

Collaboration isn't always an instinctive way of working for grantmakers: our independence is an asset that can also incentivise against partnership. The pandemic catalysed a need to work with others with new urgency, and the Foundation entered into partnerships both formal and informal in new ways. For example, in six communities across England and Wales, we worked locally in a different way: collaborating with people who live and work in a community to tackle the societal issues they most wanted to change. Crucially, this was not through leading with funding, but through facilitation, convening and critical friendship.

These collaborations have unlocked new opportunities and educated us in when to lead and when to follow. We've also been part of a range of other collaborations, sometimes as follower, sometimes initiator or leader, some just between funders, sometimes as the only funder working with other charities. Funders should always actively collaborate wherever they can and the Funders Hub which we helped set up is an important tool to be a resource on existing collaborations, help connect people and share best practice of what does and doesn't work.

6

Relationships unlock progress

Relationships sit at the heart of the Foundation's approach. Strong partnerships are rooted in trust and combine both support and challenge. In the early stage of the pandemic the Foundation focussed on directing our funding and support to stabilise and save organisations at risk of closure. As we moved into recovery, strong relationships allowed our support to move to challenge and stretch.

Having that coaching and mentoring from [my development partner] really helped to just build the confidence and you know, to assert myself and then to say: ;you know, this is the direction which we are going'" **Funded charity**

Having strong relationships and trust in place with charity partners made it easier to move from listening to action with the speed the situation demanded. Relationships underpinned a trust in charity partners to tell us exactly what they needed, which gave us confidence to move forward with the Foundation's response to the crisis.

7

Acknowledge your trade-offs

The Foundation has not been immune to financial shocks. As a result of uncertainty about our own income, we made some difficult decisions on what to prioritise. Being open about these trade-offs with charities helped to set expectations and build trust – even when it meant disappointment. This meant that unsuccessful applicants spent much less time on preparing their application and received a decision much more quickly, but overall satisfaction with the process among cohort declined, with a particular concern around the quality of feedback given. We felt the benefit of reducing the amount of time unsuccessful applicants spend on preparing their expression of interest outweighs the harm of a more impersonal experience.

8

Make use of all your assets

At the heart of the Reaching Further strategy are three pillars: fund, develop, influence. Being able to direct all of our tools towards a shared goal has meant we can have greater impact than any one pillar could achieve individually. Part of this involved leveraging our relationship with Lloyds Banking Group by building on existing skilled volunteering partnerships. We built on this partnership by connecting the group to the expertise of Foundation charity partners to support their response to customers who are victims of domestic and financial abuse. This has meant that the Foundation has a much better view of how the different pillars can combine to have an impact that is more than the sum of its parts.

Conclusion

In sharing these eight lessons we acknowledge that it may not be possible or pertinent for everyone to apply them to their own organisations. Nor do we believe that we have all the answers, indeed, we will continue to adapt as we learn from our new strategy. But we encourage others to think about the core principles and how they relate to their own organisations as we think the results have been better for us and those we serve.

The past five years have tested the charity sector in ways that were unthinkable when we launched Reaching Further. The best of the civil society response needs to become business as usual.

Grant-makers have a rare privilege in our power and resources, and it is incumbent on us to deploy them with the needs of frontline charities and the communities they support at the forefront of our approach.

[Read the full report on our website](#) 

We're an independent charitable foundation funded by Lloyds Banking Group. We work in partnership with small and local charities, people and communities, changing lives and working towards a more just and compassionate society.

The needs and aspirations of people drive our work. We strengthen the small and local charities that support them and the communities they live in, and advocate for a better future.

Through unrestricted funding, support to develop and influencing policy and practice we help small and local charities thrive, communities grow stronger, and people overcome complex issues and barriers so they can transform their lives.



lloydsbankfoundation.org.uk

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Cover images

Top right: Empire Fighting Chance, Bristol / Mental Health

Bottom: The Harbour Project / Asylum Seekers and Refugees

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