

Agenda Item 2

Date 8th December 2022/1st Feb 2023

Title Triangle Trust Grant Strategy 2023

1.0 Purpose of paper

For Trustees to discuss and share their views on key pillars of our 2023 strategy.

2.0 Summary

Trustees will remember at the October 2022 Trustee meeting it was agreed that our new grants strategy from 2023 would focus on young offenders. This paper highlights some key considerations for the design of the strategy.

- It was agreed that the strategy for 2023 would focus on young offenders and that we would no longer provide grants for work with young carers.
- The new strategy would have a working aim of reducing offending behaviour of those already caught up in the criminal justice system as well as those at high risk of offending for the first time.
- That the five key drivers identified as part of the Characteristics of Foundations exercise would be used to frame the new strategy. (appendix 1 – page 7)
- There are key additional questions that need discussion as part of the next phase of designing the strategy. These include;
 - Length and size of grant
 - Split of budget between reactive and proactive funding
 - Continuation funding, and
 - Number of funding rounds.
- Trustees also agreed at the October meeting that supporting a number of legacy grants within the young carers sector would be an important part of our exit strategy.

3.0 Actions

Trustees are requested to

- (i) Read and consider the questions raised in the paper to support the next stage of strategy development to
- (ii) Feed these into the discussion at the meeting.

4.0 Supporting information and things to consider

4.1 The October Trustee meeting enabled a number of key decisions to be made linked to the development of the new grants strategy.

Trustees had previously agreed to increase our spend to up to £1,000,000 annually, recognising the gains that the endowment had made over recent years and also the challenges that society is facing. Whilst currently the markets are extremely turbulent, the long-term impact of this increase in spending does not really change as markets will undoubtedly recover and stabilise in future years.

£1,000,000, whilst substantial, still requires us to make some considered choices about how we frame our funding offer to provide good value to grantees, contribute to our overall impact and to spread our grants as widely as possible.

Now that we have agreed one focus (young offenders), I am keen to understand Trustees' views on several questions linked to the kind of grants that we will offer. This will help with the development of the next stages of the strategy. The main areas this covers are:

- size of grants
- length of grants
- number of grant cycles each year
- continuation funding
- and the split of funding between strategic grants and applied for advertised grants.

4.2 Proportion of grants made through advertised applications against strategic grants

The Characteristics of Foundations exercise highlighted a desire to have a mix of grants; advertised opportunities alongside more strategic grants that help to achieve impact at a more systemic level. At the October Trustee meeting the discussion about where to focus our efforts highlighted the need to fund more than just 'projects' if we really want to contribute to some lasting change. Therefore, to achieve our strategy aims, we need to decide the balance of 'reactive' funding via advertised opportunities against 'proactive' funding partnerships that we identify ourselves.

Strategic grants are still relatively new to us so it is hard to know how quickly we would start making these and how many we would want to make. However, strategic grants would be **relatively long term** and large enough to **add key value to grantees**.

With an annual grants budget of £1,000,000 the proportion of strategic vs advertised opportunities it is important to establish objectives for these funding streams. As a starting point I would suggest that the allocation be 80% of funding be allocated to open grant making and 20% be allocated to strategic grant making. An annual budget of £200,000 for strategic grant making would allow us to make between two and three strategic grants annually lasting for a 2-3 year period.

In the first year of the new strategy, we may want to use at least some of this amount to fund the Young Carer legacy grants that were suggested as part of our exit strategy from that sector.

Questions to consider:

- Do you agree with my recommendation of budget split? If not, what do you think is right, and why?
- When should we begin the strategic grants?
- What should be the maximum duration of a strategic grant?
- Will these strategic grants be considered at a fixed time in our meeting calendar?
- What's important to you about the strategic grants?

4.3 Number of funding rounds

Currently we offer two open funding opportunities each year – one for young carers and one for young offenders. With a move to funding only one issue we need to decide how we frame our 'open' opportunities. Key considerations need to be

- Available staff resources
- Volume of applications
- Length of time between application opportunities
- Trustee Meeting dates
- Other work across the year

Whilst having two funding opportunities annually has been primarily designed to enable a distinct opportunity for each of the sectors we support, having two grant rounds also fits in well with available staff resources. The current regularity of Trustee meetings enable decision making to take place efficiently and in a way that doesn't extend decision making timelines too negatively for applicants. It also provides applicants with a couple of opportunities to make an application over a 12-month period which can help with their planning and decision making. Making grants on a more regular basis than this would be undeliverable based on the current resources available to manage these processes and leave very little time for other functions to be carried out. Therefore, it would be my recommendation that we continue to offer two open grant making opportunities each year.

Questions to consider:

- Do you agree with my recommendation? If not, what would be more suitable?

4.4 Size and length of grants

Currently the grant making budget is split equally across both funding rounds and there seems little reason to change this. Keeping the amounts available to allocate the same across each opportunity feels like the fairest and most equitable way of allocating our funds. This would mean that we would be distributing £400,000 per cycle based on the 80/20 split of funds as suggested above. Based on this budget

the big question is what the maximum grant size available should be and over what period of time.

Salaries by far make up the biggest element of any grant request we receive. This ranges from being 100% of the request to a significant proportion of it that also needs to include travel, project costs, management, and a contribution to running costs.

It has become clear over the past two funding cycles that unless the sole request is for a salary, that workers whose salaries are being funded through our grants are part time, with project costs making up the rest of the request. The current maximum annual request we accept is £30,000 which clearly doesn't cover a full-time salary and other necessary project costs. With fundraising such a challenging and competitive environment, applicants are struggling to raise match funding elsewhere, often leaving us as the only funder supporting a project.

In November we asked current grantees to tell us what a full-time salary for the kind of project they applied to us for would be. 16 responded and the salary scales they are employing staff on (including employment on costs) range from £23,000 - £36,800 depending on experience and seniority. Whilst a small number (3) were London based roles most were outside of London Weighting scales. Some of the higher end salaries in the ranges shared are unlikely to be consistent with the costs of employing a worker for a project we fund, however this does clearly show that for many organisations once all of the employment costs are factored in, salary costs for a full-time worker can be close to the maximum amount available.

This raises a question therefore about the funding levels that we should be considering for the 2023 strategy. With an available budget of £800,000 annually for advertised grants this breaks down as £400,000 for each funding round. So;

- If we were to continue to award grants of up to £30,000 annually over a two-year period, this would allow us to make a minimum of **13** grants each year.
- If we were to award grants of up to £30,000 annually over a three-year period, the number of grants we could make would fall to around **9** each year.
- If we were to award grants of up to £35,000 annually over a two-year period, this would allow us to make a minimum of **11** each year.
- If we were to award grants of up to £35,000 annually over a three-year period, the number of grants we could make would fall to around **8** each year.
- If we were to award grants of up to £40,000 annually over a two-year period, this would allow us to make a minimum of **10** each year.
- If we were to award grants of up to £40,000 annually over a three-year period, the number of grants we could make would fall to around **7** each year.

Each of these scenarios comes with pro's and con's.

- √ The larger the size of the grant the more resources an applicant can allocate to the project.
- √ The longer the grant period the more opportunity the grantee has to achieve lasting impact. This is important both in terms of ensuring that the grant makes a difference (and ideally one that lasts beyond our

funding) but also helps to make the case for future funding from elsewhere.

- √ Longer term contracts are also an effective way of retaining staff.

- × However, increasing the length and size of grants will reduce the number of organisations we can support which could reduce our wider impact.

- × Making a smaller number of grants will affect our turn down rates for applicants.

- × Current grant amounts are clearly impacting on and restricting the staff hours that applicants are building into their project design.

Questions to consider:

- Should we award larger grants for the same two-year period? Why?
- Award the same size grants for a longer period of time? Why?
- Award larger grants for a longer period of time? Why? or
- keep things as they currently are - £30,000 maximum annual grant over two years? Why?

NB – funding with other organisations would be considered at a later stage in the strategy development.

4.5 Continuation funding

Currently we don't have a defined approach to continuation funding. This is probably in part due to the fact that Development Grants were intended to support an organisation make a step change in their resilience and sustainability. Therefore, an expected outcome was that the support they had received from Triangle Trust would have moved them to a place where they no longer needed the kind of support available through a Development Grant.

The grants that we have been offering over the past two years have had a different focus and we wanted grantees to understand, even at the design phase, how projects would continue beyond the life of the grant. This was because we were operating short-term strategies and we could not commit to providing future additional funding in these areas.

With the advent of a longer-term strategy, we should address the issue of continuation funding. For a funder this always provides a dilemma and, at times, uncomfortable tension trying to balance a) continuing to support good work with, b) providing opportunities for a wider group of organisations and c) supporting innovation and new ideas. It would be short sighted to prioritise new applications with unknown impact over grantees who are already demonstrating that they are delivering strong outcomes that contribute to our strategy aims.

Therefore, I would recommend that we formally develop a continuation funding policy that covers the following:

- % of the annual budget for open programme grant making will be ring fenced for continuation funding (this should not constitute a target though but be a set amount that we don't go over to allow fairness of opportunity to new grantees)
- Criteria be developed to identify current grants that we want to offer continuation funding to – this would in part link into our current RAG rated grant reporting system. Other considerations would likely include geography, potential for funding to be secured from elsewhere, ongoing need.
- At the half way point of an existing grant, grantees suitable for further support will be identified and Trustees will discuss and agree the continuation funding recommendations made by the Director.
- The grantee will be awarded a further two years of funding without needing to make a new application. This will essentially be a plus two extension to their current grant award.

All other grantees are eligible to reapply for funding but their applications will be considered alongside all other applications received.

Questions to consider:

- What percentage of the annual budget might be ring fenced? Why this amount?
- Have you any thoughts on the criteria that might help our identification of continuation grants?
- Have you any initial thoughts on how this opportunity might be communicated to grantees?

5.0 Next steps

Trustees are now asked to discuss these areas to enable to next stages of the design of the new strategy. The strategy will be discussed further at the additional meeting that has been arranged for 1st February 2023 at which point we would be hoping to agree a broad Theory of Change.

Trustees will also be asked for their views on Young Carer Legacy Grants at the February meeting as some areas have already been identified as being of interest and some early ideas are currently being developed.

The final detail of the strategy for 2023 will then be developed and agreed at the March 2023 Trustee meeting. The strategy will be launched at the beginning of April 2023 with applications being received in early May.

Takeaways from Characteristics of Foundations exercise



There is a clear desire to do more but this needs to be balanced with resources and cost



Looking further at how we can help influence systemic change but also how we can support impact at an earlier point - alongside meeting immediate needs



Bringing the voices of people who have experienced the issues we support into our decision making



Understanding more about the impact we are contributing to and using that to help us improve what we do and share our learning



Work with others to amplify our impact and make the most of the assets we have