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Trading for the future

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A five-year review of the work of the Execution Charitable Trust and New Philanthropy Capital

Sharing experiences with donors and funders



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Executive summary

Background

Execution Ltd is a London-based stockbroking firm, established in 2001. For the last five years, it has raised charitable funds through an annual trading day—donating a total of £4.3 million to charities so far. It distributes these funds through the Execution Charitable Trust (ECT).

This is the story of the Execution Charitable Trust. We follow the Trust's evolution over the last five years, from a new initiative to an established and knowledgeable funder that is making a real difference in people's lives.

ECT is different from other charitable trusts in a number of ways. First, it focuses on funding small local charities that are tackling deprivation and poverty at a local level. Second, it outsources most of the management of its funding to New Philanthropy Capital (NPC), which gives advice about how to support charities more effectively. Third, it is prepared to make long-term funding commitments to the charities it supports, and to provide the type of funding they need—flexible funding for the whole organisation, not specific projects.

This review has been commissioned so that Execution can reflect on five years of charitable giving. The aim is to understand the impact of this funding on people living in deprived areas and on the charities that help them. It also aims to enable learning—by ECT, by NPC and by other donors and funders who might be able to learn from these experiences.

From money to results

The £4.3 million raised through Execution's trading days has funded 28 community organisations across the UK, as well as a number of other charities. The impact of its funding is impressive. NPC estimates that the charities funded by ECT have helped 69,000 people in the last five years. Execution's funding has been directly responsible for changing the lives of 28,000 people, at a cost of approximately £100 per person.

However, numbers tell us little about real changes in people's lives. Stories, combined with these numbers, show us how vital community organisations are for many people living in deprived areas.

Community organisations are many things to many people—they listen, train, counsel, advise, support and develop people's abilities; they are places to meet, eat, play and learn; they carry out research, campaign and lobby for change. These organisations hold a unique position of trust in people's lives, and have a unique understanding of a community's problems and solutions.

Over the past five years, ECT has learned that community organisations can both deal with the symptoms of deprivation, and prevent these symptoms from emerging. Its funding has evolved to support both reactive and preventative work.

Execution's funding has resulted in improvements in people's lives, and also in changes to the charities that create those improvements. The charities funded by ECT are growing—on average at 18% per year—while the general trend sees small charities shrinking. ECT's flexible funding has allowed charities to develop, to choose how to allocate resources and to become more sustainable for the future.

Learning from experience

Charities told us that ECT's approach to funding was appropriate and effective. They particularly valued the flexibility of the funding that was given, the personal nature of relationships developed and the additional 'more than money' support that was provided.

Execution staff told us that the charity trading day was important to them—29% said it had been a factor when joining the firm. They particularly valued visits to see first hand the results the charities achieve. They also said they would welcome more opportunities to get involved, through visits and through volunteering.

ECT trustees told us that they valued using NPC as professional advisers—bringing all the benefits of in-depth research and managing grants without the burden resting directly on Execution.

Overall, the benefits of Execution's approach were found to be:

- focus;
- long-term commitment;
- effective, flexible funding; and
- strong relationships.

Along with these strengths, we acknowledge that Execution's approach brings its own challenges. Some of the major issues encountered were:

- measuring the impact of funding whole organisations, not projects;
- creating funder dependency;
- mismatched expectations between funder and charity; and
- problems raised by flaws in the wider funding market.

While these challenges are important to recognise, they are not insurmountable. Donors can learn from them and still provide effective, intelligent funding.

The next five years

Execution is committed to continuing to support community organisations through trading days for the next five years. It is also committed to learning from the lessons emerging from this review, to build on the successes of the last five years.

Recommendations for funders

This review suggests a number of recommendations for donors and funders of all types—from individuals to foundations, from those just starting out with their charitable giving to those with well-established approaches. We believe, based on the evidence of this review, that all funders can maximise the impact of their giving on people's lives by adhering to some key principles:

Focus your giving—to create maximum impact and make it more rewarding.

Invest in research to find what works—then prioritise results in your funding; use advisers if your own resources are limited.

Unrestricted funding—allows flexibility to respond to changing needs and context.

Long-term funding—do not change what you fund every year; think about exit strategies and sustainability.

Give more than money—to maximise impact, where there are non-financial resources to contribute.

Communicate clearly—make sure your expectations match those of the charities.

These simple recommendations can help to ensure that funding creates the best results for people's lives, for charities and for donors' experience of giving.

To give away money is an easy matter and in any man's power.

But to decide to whom to give it, and how large, and when, and for what purpose and how, is neither in every man's power nor an easy matter.

Aristotle

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Introduction

The purpose of this report

The Execution Charitable Trust (ECT) is a relatively young grant-making foundation. It has been in existence for less than five years, almost the same period as its parent stockbroking firm Execution Ltd. It has raised a total of £4.3 million so far—an impressive total for such a young organisation. However, this is a relatively small amount in comparison to the approximately £3.4bn¹ given each year by UK grant-making trusts and foundations.

What then, could be gained from sharing the experiences of such a relatively young, small funder? For a number of reasons, the experiences of ECT may be interesting to other funders:

- Although ECT is a **new** funder, it has developed and learned over that time.
- ECT is a **corporate** funder, raising money through its business to give to charities.
- ECT is a **targeted** funder, focusing on tackling deprivation through local community-based organisations.
- ECT is committed to **organisational**, rather than project funding.
- ECT is a **proactive** funder, actively seeking out charities to fund rather than running an open application process.

- ECT is happy to accept **risk** in its funding, supporting small charities with limited capacity and uncertain future funding.
- ECT operates through an **outsourced** model, with New Philanthropy Capital providing research, due diligence and reporting.

The Trust does not pretend to have all the answers about how to tackle deprivation by funding local community organisations. But its experiences may be of interest to many different types of funders—from individuals thinking about how to approach their giving to corporate funders starting up or reflecting on their own philanthropy to established grant-making trusts and foundations.

In short, Execution's experiences show that it is possible for a new corporate foundation to target a specific area—and a complex, deeply-rooted one at that—and achieve a great deal over five years, supporting small charities to help local people over both the short term and long term.

Scope and content

New Philanthropy Capital (NPC) was commissioned to carry out this review of ECT's first five years. Through surveys, interviews, desk research and analysis, NPC has explored a number of aspects of ECT's work, including:

- Impact on beneficiaries (the people helped by the funded charities).
- Impact on grantee charities.
- How ECT's model has evolved.
- How the relationships between ECT, NPC and grantee charities have worked.
- What has worked really well.
- What has not worked so well.

This report focuses on ECT's funding of community organisations in the UK to tackle poverty and deprivation. While the Trust has funded other organisations—both in the UK and internationally—these fall outside the core focus area of this review and are not explored in detail here, with the exception of ECT's significant grants to Absolute Return for Kids (ARK) (see Case study 7).



Background

How it all began

Execution Ltd. is an institutional stockbroking firm, formed in 2001. It set out to be different from other firms in many ways. It was fiercely entrepreneurial, with an ethical approach to its business and a clear sense of social responsibility.

New Philanthropy Capital (NPC) met Execution when it was setting up in 2001. The firm was planning an annual charity trading day, which meant that all gross commission raised in a day would go to charity.

Execution's enthusiasm for the trading day came from the top—the commitment necessary to make the initiative work. It fitted well into the firm's culture, which prioritises its staff's well-being along with the company's financial results.

The company was keen for its giving to make an impact and reflect its mission and culture. NPC advised Execution that supporting local charities across the UK might achieve the greatest impact, in line with its business model of strategic investment based on research.

Execution understood that many deprived communities, and charities working there, do not have easy access to sources of income like local businesses and wealthy individuals. It saw an opportunity to target smaller charities operating below the radar screens of most donors.

The first charitable trading day, on 21 November 2002, raised £547,000. November 2006 marked the fifth annual charity trading day. Over the past five years, £4.3 million has been raised and distributed through ECT. £2.6 million of this has gone to effective local charities tackling poverty and deprivation throughout the UK.

In addition, a proportion of the funds have been given to Absolute Return for Kids (ARK)—an international charity focused on transforming children's lives—and to charities nominated by Execution's trading clients. ECT feels that it can sometimes help clients achieve their specific philanthropic objectives at the same time as achieving its own. In cases where grants have been made outside ECT's focus area of UK deprivation, NPC has provided a level of due diligence to ensure the effectiveness of the organisations funded.

Execution set out to be different in many ways. It was fiercely entrepreneurial, with an ethical approach to its business and a clear sense of social responsibility.

Box 1: A message from James Blackburn, Chairman of the Execution Charitable Trust

Execution Ltd is an institutional stockbroking firm founded in 2001 and based in Brick Lane in the heart of London's East End. From the very beginning, we set out to run a successful business whilst at the same time maintaining a clear sense of corporate and social responsibility. We believed that we could achieve our own professional goals at the same time as trying to help some of those less fortunate.

We wanted to be as entrepreneurial in our philanthropic activities as we were in our business. However, we were reluctant to make one large annual donation to a charity. As a small business ourselves, we felt we were in a position to relate far better to some of the challenges faced by smaller charitable organisations.

At about the same time we were introduced to New Philanthropy Capital, a charitable organisation that advises donors on their giving. With their guidance, we decided to support smaller charities across the UK (and occasionally further afield), with a specific focus on grass-roots organisations that tackle deprivation, poverty and social exclusion. We agreed that our initial commitment to this area of funding would be for a period of five years.

As trustees we have always recognised our responsibility to be accountable, both to our clients and to our employees. We wanted to ensure the money raised was spent in the most effective way possible. We continue to invest time and resources in ensuring this happens. The trustees have relied on the expertise of NPC for advice, support, planning and monitoring. After completing our initial commitment to community projects and ahead of our sixth charity trading day, the trustees decided to ask NPC and others to write a review of the last five years.

This review is an analysis of the Execution Charitable Trust and its giving over the past five years, sharing our experiences with other donors and funders. It shows what we have achieved, what we have done well and, dare I say it, what we could have done better. It also focuses on the lessons learned and offers suggestions for building on the successes we have achieved so far.

Visits played an important role in fleshing out an understanding of the charities' work.

The last five years

Following the first trading day in 2002, NPC carried out research and analysis to find a number of effective local community organisations across the UK. As a result, NPC recommended 13 charities for Execution to fund.

The first year of funding was in some ways a trial period, and Execution's approach was chosen to minimise risk and learn by experience. Execution was conscious of its position as a newcomer to the sector, and wanted to ensure it made relatively safe choices in the first year. NPC identified charities primarily through recommendations from expert charitable trusts and foundations that were already funding community organisations. Initially, charities with a low level of risk were selected. Relatively small grants were made, averaging just under £10,000 to each grantee.

In July 2003, Execution Ltd formally registered the Execution Charitable Trust (ECT) to distribute the charitable funds. Three trustees were appointed—James Blackburn, Jacky Joy and John Moore.

As Execution and NPC's knowledge of local community organisations grew, it became clear that there would be great value in carrying out further research into the area. The aim of this research was to communicate to donors the pivotal role that these charities can play in communities and how best to fund them, by publishing a guide for existing and potential donors and funders.

NPC carried out nine months of research, interviewing 25 experts, academics and

funders and visiting 50 charities, with in-depth analysis of their results. On the basis of this research, NPC published *Local action changing lives: Community organisations tackling poverty and social exclusion in July 2004*.

The findings strongly influenced ECT's approach to funding from that point onwards. Decisions were made to:

- **Provide unrestricted funding** wherever possible (grants made to the whole organisation rather than restricted to projects), allowing charities to allocate resources flexibly, as they see fit.
- **Provide larger grants** to a smaller number of 'focus' charities, providing an increased level of financial stability and offering non-financial support where appropriate.
- **Provide grants over longer periods** of time, as long as grantees' results are in line with expectations.
- **Support campaigning and advocacy work as well as direct services** and activities for individuals and communities, in order to tackle the causes as well as symptoms of deprivation.

As ECT's trustees became more knowledgeable about the work of community organisations, they also became more eager to see their work in action. NPC took the trustees, and other staff, on visits to the charities they were funding. These visits played an important role in fleshing out an understanding of the charities' work, in addition to NPC's advice and analysis.

Box 2: Nigel Harris, NPC's CEO, reflects on our work with Execution

The Execution Charitable Trust is one of NPC's flagship clients, representing one of the most entrepreneurial approaches to philanthropy we have seen from a corporate funder. In many ways, Execution is an ideal client. The staff there work hard to raise money through the trading day, and then they trust us as experts to do the research and analysis to identify excellent, effective charities. They are collaborative, and keen to visit and understand all the charities they support, but they let NPC lead on the relationships and the management. Execution also shares our commitment to openness—as shown by this five-year review. They are keen to be open with their results, what they have learned and the challenges we have faced together.

NPC also shares with Execution a strong emphasis on results. ECT decided to focus its giving for greatest impact on charities that are effective, but work below the radar screens of most donors. By targeting money made by the financial sector on some of the UK's most deprived areas, and prioritising results above all else, Execution's charitable giving reflects its approach to business. We welcome this entrepreneurial spirit, and encourage other funders to think about the results they could achieve by applying similar principles to their giving.

NPC has learned a great deal from advising Execution over the last five years. This is one of the reasons why it made sense for us to carry out this five-year review. We can reflect on what we have learned, and how the relationships—between NPC, ECT and charities—have been central to ECT's success. We look forward to building on that over the next five years. (See Appendices for more details about the services NPC has provided to ECT).

In 2005, the decision was taken to run an annual workshop for all ECT's grantee charities—an opportunity for community organisations from across the UK to share experiences and to hear about each others' work. For many, this was the first opportunity to see how others were approaching similar problems in very different ways and gave them the chance to learn from different approaches. By their very nature, these charities are very locally-focused and are often isolated from the experiences of other practitioners. The workshop also gave charities and Execution staff a chance to meet each other, and hear more about each others' work.

In every year of ECT's existence, its grant-making has evolved, adapting to the changing context in which community organisations are working. The trading day has happened each year; the workshop has been repeated; NPC's reporting on impact has evolved; and ECT has continued to look for opportunities to learn from its work.

Flexibility is the term that now most accurately captures ECT's approach to funding. This means that it is:

- Open to providing the most appropriate form of funding, and non-financial support, for a grantee's individual situation.
- Open to hearing from grantee charities about changes in their circumstances that require action.
- Keen to support growth and development, where this is what the grantee charity wants.
- Happy to receive reporting and evaluation in whatever format best suits the grantee charity, as long as it clearly reports results and effectiveness.
- Committed to building on results wherever possible, supporting organisations for the long term.
- Keen to provide additional capacity-building support through consultancy.

Flexibility is the term that now most accurately captures ECT's approach to funding.



On average, ECT's grantee charities are located in the top 21% most deprived areas in the UK.

What has ECT funded?

Over the last five years, ECT has funded:

- 28 community organisations (see Appendices for a complete list);
- Absolute Return for Kids' Teens and Toddlers programme;
- Barnardo's;
- CLIC Sargent;
- Myeloma UK;
- Cranfield Trust;
- a number of international projects; and
- a number of small charities via donations of less than £5,000.

ECT has funded a broad range of community organisations, which vary in terms of size, focus and approach. The next section outlines some of these variations, and sketches out some of the roles these organisations can fulfil in the lives of individuals and communities.

The 28 community organisations funded by ECT span the UK—from Glasgow to Exeter, and from Wrexham to Belfast. Due to ECT's focus on community organisations tackling facets of poverty, grantee charities are

generally located in areas of particular deprivation.

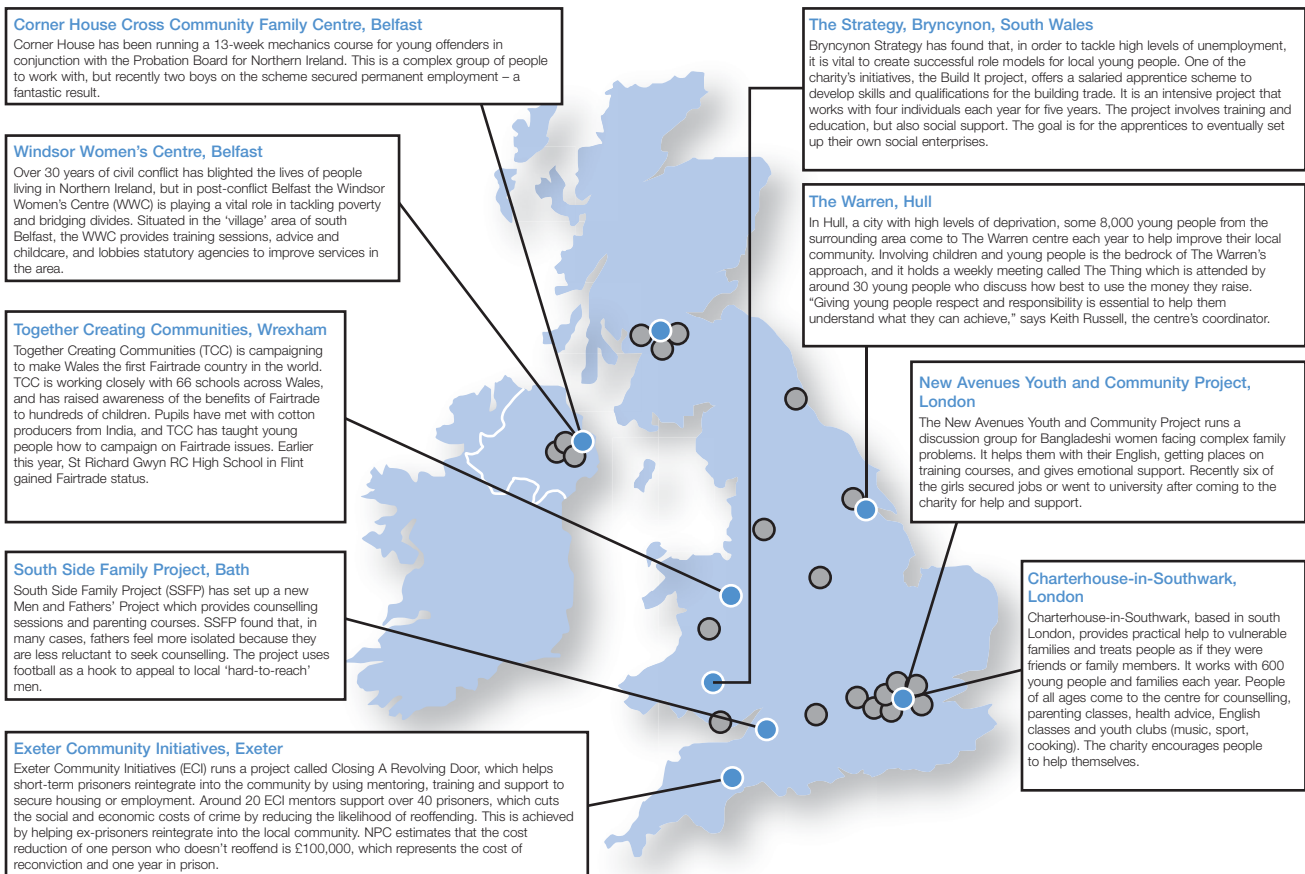
ECT's grantees over the last five years have been located in areas that vary from extreme levels of deprivation (eg, Wythenshawe in Manchester is in the top 1% most deprived areas of England) to pockets of deprivation in otherwise affluent areas (eg, the World's End estate in Chelsea, London is a run-down estate in the heart of one of the wealthiest areas of England).²

On average, ECT's grantee charities are located in the top 21% most deprived areas in the UK. Levels of deprivation vary according to region: ECT-funded charities in England are, on average, in the top 25% most deprived areas; those in Scotland are in the top 14%; those in Northern Ireland are in the top 10%; and those in Wales are in the top 30%.

Looking back, looking forward

After five years of funding local community organisations to tackle poverty, deprivation and social exclusion, Execution wanted to take a step back and reflect on its experiences. This is the origin of this document, which will also form the basis of planning for the next five years.

Figure 1: A map of ECT's funding



From money to results

What are community organisations?

Community organisations fulfil such a diverse range of roles that they defy simple description. They can be friends and family to those that have none. They can be classrooms, teachers and trainers for those that need them. They can be places to meet, eat, play and relax. They can be advocates, advisors and carers. They can carry out research, campaign and lobby for change.

These charities hold a unique position of trust in people's lives, and have a unique understanding of a community's problems and solutions.

NPC's report on community organisations, *Local action changing lives*, described community organisations as follows:

'Such organisations have no official title but are sometimes referred to as "neighbourhood-based regeneration organisations", "local anchors", or "community hubs". They are distinctive by their scale and scope and by the fact that they undertake a wide range of activities for people of diverse ages with differing needs and agendas.'

This definition may appear too vague or all-encompassing to be practically useful. Yet it is precisely this breadth and flexibility that makes community organisations what they are—in other words, whatever their community needs them to be.

An example based on one of ECT's grantees illustrates this point. In an ex-mining village in the valleys of South Wales, Bryncynon's The Strategy has evolved within its own context of high unemployment and a lack of opportunities for young people. Among other services, it now provides training and routes into employment for young people through construction, horticulture and nursing projects and social enterprises.

For every community and every deprived area there are different solutions to the problems of poverty, isolation and social exclusion. Community organisations react to the context in which they are formed, serving the needs they identify and providing their own solutions to local problems.

And yet, despite the huge variety found in community organisations, there are common features. Perhaps the most striking and

important is the high level of local ownership they represent. Effective community organisations are part of the community—made up of local people who come together to build resources and solutions to benefit the community.

The Warren in Hull is a great example of a charity run by the people it serves—being user-led is the foundation of its approach. All the major decisions about the charity's work, its approach and its plans are made by 16–25 year olds living in Hull. The Warren holds a weekly meeting called 'The Thing', which is attended by an average of 30 young people. It has found that young people really value this opportunity to make decisions, and has numerous examples of how this has been an important first step towards improving young people's confidence and aspirations.

Community organisations play a unique role because they are trusted by local people. Long-term relationships may develop from an initial chat over a cup of tea, built up with time, support and understanding.

Community organisations can understand people's needs and worries, and help them to make the most of the opportunities and services that may already exist to help them. Over time, they can build people's trust and confidence to help them tackle their own problems.

Effective community organisations are part of the community—made up of local people who come together to build resources and solutions to benefit the community.





ECT’s grantees form a coherent approach—tackling both symptoms and causes.

Addressing symptoms and tackling causes

Community organisations have many choices to make about which problems to address, and how to address them. They also have to decide whether to address problems as they are (reaction) or to try to prevent problems arising in the first place (prevention). For example, a charity tackling isolation reactively might provide opportunities for people to meet, play and learn together. In contrast, a charity taking a preventative approach might carry out research to find out why people are isolated and lobby the local council to improve local facilities and activities to help people to become less isolated.

Reacting to existing problems may be the most effective option for improving the lives of individuals and communities in the short term, but if long-term change is to be

achieved, preventative work is also required. The diagram below illustrates some key ways in which community organisations both react to and prevent facets of deprivation.

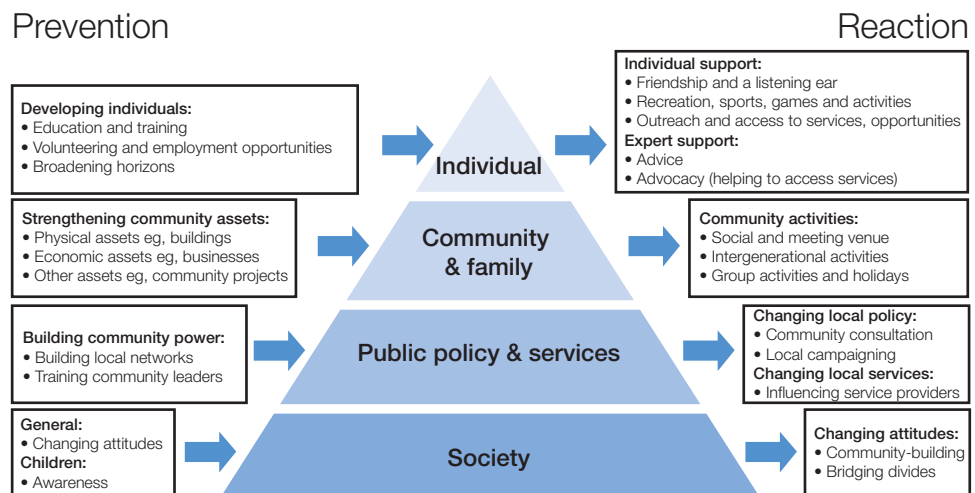
Two examples that illustrate this shift in ECT’s focus are Family Action in Rogerfield and Easterhouse (FARE) and London Citizens.

On a sprawling housing estate in Glasgow, FARE has addressed the needs of the local community by focusing its many activities on young people, and in particular on tackling gang membership. Whereas it used to run activities within the context of gang problems, ECT’s support helped it to become more preventative in its work, so that it now aims to stop young people joining gangs. It has become a beacon of effective work in this area and is widely consulted, by police, councils and other charities, as an expert in effective anti-gang work.

ECT’s largest grant has been made to London Citizens, a community organising charity that brings local people together, trains them as leaders and helps to run campaigns to create change. This illustrates ECT’s growing commitment to funding preventative work as well as meeting current needs. London Citizens’ work to create a Living Wage has produced momentum both in London and further afield. Thousands of low-paid workers like contract cleaners in London’s financial sector have already benefited, with additional wages estimated at £8m per year.

By combining services that meet the needs of people in deprived areas with activities that aim to prevent some of the problems associated with deprivation, ECT’s grantees form a coherent approach—tackling both the symptoms and causes of poverty and deprivation.

Figure 2: What do community organisations achieve?



How has ECT's funding helped? The real stories

Before moving on to analyse the impact of ECT's funding on individuals, communities and the charities that help them, we can first get a rich image of that impact through the real stories of individual people whose lives have been changed with ECT's support. These stories are excerpts from interviews conducted for ECT's five-year review.³

St Mark's Family Centre—Chris and Victor's stories

Sitting alongside a glinting Brighton seafront on the sunniest day of the year are a cobbler, an electrician, a ballroom dancer, a parachute packer, a pianist, a traditional ceilidh dancer and a teacher. Their average age is 90, but you wouldn't know it. The banter and good-natured ribbing is relentless, and it is hard to keep up with the running jokes and light-hearted rivalries.

Being old in Britain can mean isolation, poverty and poor mental and physical health. NPC estimates that 1.8 million older people in the UK experience a combination of poverty, isolation and exclusion, while almost 3 million older people live alone. But groups like St Mark's Family Centre—a community group in Mitcham that supports over 600 people a year in one of south London's most deprived boroughs—offer a space and a sense of community to people who may have no other opportunities to socialise.

On today's visit to Brighton, there is nothing but smiles and dazzling sunshine as a day trip for 12 older people from St Mark's hits the beach. One of the day trippers, Chris Hathway, says he goes to St Mark's Family Centre three days a week, and enjoys the friendships he has made there. 'We have a laugh and a chat and take the mickey out of each other,' laughs the 82-year-old retired cobbler.

'If you want to know anything, the centre knows the lot and comes up with all the answers,' he adds. 'I live nearby and pop in on my scooter. I didn't think I'd enjoy my retirement, but I've stayed active and love it now. The centre keeps me busy, and I do my own garden.'

'He's a youngster,' chips in his friend Victor Wyatt. 'I'm 95!'

Victor is having a day off from genealogy, a new hobby. 'I can trace my relatives back to Queen Elizabeth I,' he says. His eyes sparkle with the enthusiasm of a man half his age. 'I got into it once I got my laptop. One of my relatives was executed by the Queen, you know,' he laughs. 'I was an electronic engineer, and to keep my brain active I love crosswords, and now I have a laptop it helps me to stay sharp.'

'If I won the lottery I'd give the centre millions,' he says as the seagulls whirl in the bright sun. 'It's such an important facility for us.'

St Mark's acts as a community for people like Chris and Victor whose families have moved away, whose friends have died, or who simply have nobody to turn to. It also runs courses in healthy cooking for people on lower incomes, and drop-in sessions for people with mental health issues.

Organiser Ray Hautot says the centre has benefited enormously from the support offered by Execution, and provides an indispensable resource for the local community. 'Most of these people wouldn't have any other chance to get out and about without us. It's vital for them.'

As the group of octogenarians and nonagenarians strolls slowly but steadily along the seafront, past the wailing funfair and the tetchy young families, they are like a drifting island of tranquility.

St Mark's aims are modest; its methods are not headline-grabbing, and its clients are not the highest-profile group. But it is centres like this that offer a sense of social cohesion and support to the people who need and deserve it most.



Greenhouse Schools Project—Ben's story

Abdullah Ben Kmayal—or Ben as he is known to the footballers and staff—manages a junior football club based on the south-east London estate in Peckham where 10-year-old Damilola Taylor was stabbed to death.

In November 2006, Ben received a phone call telling him that one of his stars had been killed in a hail of machine-gun fire.

'Jamail was known as Big Show—he was 6 foot 5 when he was 11,' recalls Ben. 'He was a gentle giant and very peaceful. He wanted to pursue a positive life. We wanted to get him in as a volunteer and move him on to paid work and try and get his aspirations up. But he got caught up with some drug dealers. He was at a nightclub and someone mistook him for someone else. Trouble flared, and then he was killed. They shot him many times and he died right there and then, aged 17. He died trying to protect his friends.'

It is no surprise that many young people on this estate see no hope, no future, and no way to win respect from their peers except through crime. Sixty per cent of families in Peckham have an absent parent, and educational attainment is low—only one in five school pupils gets five or more GCSEs at A to C grade.

But in the middle of all this, defiant and passionately committed to improving his community, stands Ben, cheering his team on. Greenhouse Bethwin football club offers an orderly, disciplined space where children can achieve sporting excellence when there is little else in their lives to celebrate. It chooses players not on their ability, but on their attitude. Punctuality, dedication, respect and good behaviour are all rewarded. Turn up late—even if you have the skills of Steven Gerrard—and you are on the sidelines. Swearing is forbidden; backchat is not tolerated, on or off the pitch; and team kits must be worn. Bully another player and you are out. These boundaries are set in stone.

'A lot of the schools round here offer no discipline,' says Ben. 'The kids don't know what they can and can't do. But here, there are rules, and we stick to them. And the kids respect that, and like it. Some can play when they come, others aren't so good. But they all get a chance, they all improve.'

This is not just about football, though: 'These are life skills they're going to need anyway, whether they're at school or in college. In a work environment they'd get sacked, or in school they'd be excluded if they didn't play by the rules,' says Ben.

'We teach our kids that everyone's got good points and negative points. You might be good at football, but not so good at maths. I believe all kids have got something to them; we should appreciate people regardless of their skill,' he adds.

Ben started the football team for his local estate 16 years ago, when he was working on a local play scheme. It has grown into one of the capital's biggest teams, accessing funding and formalising training for staff and players, and expanding into summer workshops. He linked up with Greenhouse Schools Project, a charity that works to transform the lives of young people from 11-16 by engaging them in sport and art activities.



The standard of football is high, and the team is extraordinarily disciplined. Fouls are few and referees' decisions are not challenged—a far cry from any Saturday in the Premiership.

'There aren't enough people out there trying to spread a positive message, teaching kids morals,' says Ben. 'I want these kids to understand that this is their community, and eventually they're going to grow up here and live here. Do they want to live in a drug- and crime-riddled community, or would they like to live somewhere positive?'

On the pitch a team of 10-year-olds is playing like their lives depend on it. Their parents look on proudly from the touchline, willing them to score. Thanks to the Greenhouse School Project, these children now have something to aim for.

United Estates of Wythenshawe—a young man's story

Greg Davis, leader of the United Estates of Wythenshawe project in Manchester, saw the social problems plaguing his local community, and devised an ingenious way to solve it—from the streets up.

'In the past, your typical figures of authority were the police, teachers and priests,' he says. 'Those days are gone. Now, on every estate across the country there are unofficial leaders. It's maybe the guy who runs a local cab firm, or owns a pub chain, or runs the doors in clubs. They're the ones that get respect nowadays. So I approached 19 of these guys, let's call them community leaders, from around here, and we set to work to make things better.'

Less than 10 years later, United Estates of Wythenshawe is a valued community centre that offers a sanctuary for local people from the Benchill estate, one of England's most deprived communities. Benchill was one of the 1% most deprived areas in England in 2004.

One young man, who asks not be named, tells me how coming to the centre's gym and meeting Greg changed his life.



'I was carrying a gun, yeah. I thought everyone else was, so I had to. I did eight armed robberies—not banks or shops, just other kids in the streets. I was ruthless. I know what I did was wrong, but it was all around me. I felt I had no choice,' he says, pulling his hood closer round his face.

But an encounter with Greg, he says, showed him another life was possible.

'If it wasn't for this place, I'd be doing what I used to. But I tried to get my life together. Now I don't get involved in gangs,' he says.

It is a lack of facilities and purpose, he says, that leads young people into crime and violence.

'The only thing here that's useful to anyone is this place,' he says of the centre. 'I get rid of all my anger now by using the gym. It's made a massive change to my life. I was in trouble with the police, carrying weapons, then I got to know Greg and with their support, I have learnt patience. It's a virtue; without it you've got nothing. Now, I train, I help out, do voluntary work. All it takes is a few months and you can turn things round.'

The UEW project encourages community involvement, and has helped set up a security firm, a nail bar, a hair salon and a car wash. But there is still more work to do, says Greg. What Britain's estates need is facilities to keep young people out of trouble, to channel their energy into positive action. With more support from charitable trusts like ECT, that dream can become a reality, says Greg.

'Councils are really good at making buildings for nice people,' he says. 'But when did you last get mugged by a nice person? There's a lot of unfinished business here.'

London Citizens—Matea's story

Matea Marcinko squints at a skyline thickly forested with cranes as a new £1.6bn shopping mall—one of Europe's biggest—creeps upwards in Shepherd's Bush, west London.

The 19 year old arrived in Britain 15 years ago, when civil war split her home city of Sarajevo. Today—when she's not studying for her English degree—she is fighting for workers' rights as a member of London Citizens, a campaign group that lobbies companies, collectively representing the concerns of over 50,000 members.

'At the Westfield shopping centre development, we have three objectives,' says Matea. 'We want training and employment for local people, adequate childcare facilities and the London Living Wage for all workers as a minimum—that is £7.20 an hour, plus pension rights, holiday pay and sick pay. The basic, legal minimum wage will never let people move away from poverty,' she adds, emphatically.

Matea is working with West London Citizens, a regional branch of the citywide group. This is part of its Summer Academy, where fresh young talent is bought in to inject even more energy into ongoing projects.

London Citizens' benchmark achievement is its London Living Wage campaign, launched in 2001. London's booming economic growth in the past decade has been built on new communities who are among the lowest-paid workers in Britain.

Most cleaners in Britain earn the minimum wage—£5.35 an hour, or £214 for a 40-hour week before deductions. But with the help of London Citizens, low-paid cleaners in London's financial services, legal and professional service sectors for firms like HSBC, Lehman Brothers, Clifford Chance and KPMG—as well as Execution's cleaners—have now secured a living wage of at least £7.20 an hour (rather than the minimum wage) and receive benefits such as sick pay, holiday and pensions.

So what motivates a young undergraduate like Matea to get involved in a campaign like this?

'My mum was a cleaner when we first came to London from Sarajevo,' she says. 'I know what that's like. I remember running around rooms with her while she was cleaning.'

'My mum used to be an accountant; she was a well-paid professional, and my dad was studying dentistry,' she says. 'When we came here we had to scratch and start again. That's the situation for a lot of people who come here—maybe they've got law degrees and have studied medicine, and have to take a step back and do something more menial, and that's hard—it knocks your confidence, and makes it hard to build yourself back up.'

'Now I know there's something practical and functional that I can do,' she says.



Trinity Centre—Sophia's story

It is hard to imagine a more vulnerable group than unaccompanied child refugees. Alone in a foreign country with no language skills or support network, often leaving loved ones behind in areas of conflict, many arrive in the UK without even knowing what will happen to them next.

More than 8,000 under-18s arrive in the UK annually after fleeing violence and persecution overseas. Around 3,000 of these arrive alone to an incredibly uncertain fate. Up to 40% of refugee children are thought to have psychiatric problems such as post-traumatic stress disorder and depression.

Upon arrival, they are often plunged into dense, multi-layered bureaucracy without any help or advocacy. That is where Dost steps in to offer education, play, advice, advocacy and therapeutic care for young refugees in an area of east London where there is little other provision.

Dost means 'friend' in Armenian, Dar, Farsi, Hindi, Punjabi, Turkish and Urdu and Dost offers young refugees friendship and a helping hand. Based in The Trinity Centre, a community group in Newham, it looks like your typical teen youth club. But the stories told here—hesitantly—are as extraordinary as the resilience and optimism of the young people who tell them.

Sophia, 18, was born to a Rwandan father and a Congolese mother. Her mother died in 1988 at the start of the ethnic conflict in Rwanda. Her father was killed in 2005 by Congolese soldiers who accused him of collaborating with the Rwandans. Sophia, then 16, was raped by both Congolese and Rwandan forces.

When she arrived in the UK she was left outside the Home Office. For four days she was alone, bumped from one department to another, so afraid she could not eat.

'It was early morning, it was raining and it was cold and I didn't feel safe—I was alone,' she says. 'We went into the Home Office and they gave me a number. Every time they called my number I had to go into an office. They asked me many questions. I stayed at the Home Office until night; I had no food or water; I was crying; they kept asking me questions.'

'Later, I was taken [to] the Round House project, and there the other girls in the house told me about Trinity and Dost, and they helped me to buy African food in the market,' she says.

Dost is invaluable, says Sophia, who is now studying and wants to work in a charity for young people: 'The staff here are like a part of my family. Whatever I need, they help me and support me. I don't feel alone. If I'm sick, they help me and I feel so much better than before. I don't have to make an appointment—in an emergency, I can come straight here. They are here any time I need their help.'

Bali Hothi, development coordinator at Dost, says the young people's needs are complex, and range from education to mental health services. The advantage of a centre like Dost is that young refugees know that they can come along at any time and have their needs met.

The centre also arranges away days where young people can take part in team activities. But it is not just for fun, explains Bali. 'We take them away on residential trips, canoeing, cycling, whatever. It helps them to work together, as many of them have had to act alone in order to survive. They have had all stability in their lives severed. The adults here help them to negotiate their space in the UK, and help them to settle.'

The stories told by the young people in the centre bear this out: 'This place is like a family to me,' says Tomas, a young man from Nairobi. 'That's why I love it here.'



Family Action in Rogerfield and Easterhouse (FARE)—Willie's story

Easterhouse Estate in the north-east of Glasgow is a vast sprawl of concrete that has been wracked by gang conflict for almost half a century.

The estate was built in response to a housing crisis in Glasgow's inner city in the 1950s. Farms and country estates were flattened to provide homes for residents living in sub-standard accommodation in the city. But it was a lesson in how not to build a community. Urban problems were simply transplanted elsewhere, albeit with a better view over the Highlands, and the estate's decline was steady and inevitable. Leisure, employment and shopping facilities were—and still are—limited. This combination of poor infrastructure, coupled with high unemployment, poverty, fractured families and widespread drug use, has acted as a backdrop to vicious gang fighting.

Rosemary Dickson points through the barred windows of the top floor of Family Action in Rogerfield and Easterhouse's offices in the heart of the estate. Rosemary is the charity's director. 'From here, you can see the dividing lines between three gang territories—Drummy is over there, this is Dentoi, and over there is Aggro. That field there is no-man's land,' she explains.

Walking from one side of the street to another can be enough to trigger a fight. Some young people on the estate will not even take a bus through rival territory. 'You'd have nowhere to run if it all kicked off,' says one young man, who asks not to be named. Even getting a haircut becomes a strategic decision, since barbers' shops are scattered throughout the competing areas. 'We have to go along in a group as soon as the shop opens in the morning, or there'd be trouble,' he says.

'We fight there on Fridays,' says one young man casually, pointing to the local football pitches. 'It's like a battleground. No one owns it, so we go there on Friday, and sit drinking until someone steps onto the field. Then we all run on and fight.' The consequences of violent nights such as these are etched deeply into Willie Palmer's scarred face.

'I'm fed up of it all,' he says. 'I've done some bad things—yeah, I've been fighting all my life. But I just want an end to it, but people know my name and know what I've done in the past, and so think by attacking me they can win respect. It does my nut in—I'm limited to just a few streets in Easterhouse now.'

Willie flinches when he recalls the night he saw his friend stabbed to death: 'He was 18, and he was stabbed seven times, and he was so skinny he bled to death. We weren't looking for trouble. The guy that did it got caught, but even though there were dozens of eyewitnesses, he got off on self-defence,' he says quietly.



With the help of FARE, young people from different parts of the estate and different gang areas have a safe place to call their own, with a cafe, pool table, internet access and arts and crafts rooms. FARE organises weekend day trips to go kayaking or gorge-walking, serving a twin purpose. 'It tires them out,' laughs Rosemary. 'They get home after that and they've not got the energy for fighting. And it gives them self-esteem and teaches them how to get on with other kids.'

'I feel respected in this building,' agrees Willie. 'I like it here. I'm trying to sort my life out. They give me support. If you want help, they'll give you help. Everyone in this building is kind in their own way. If this place closes down there'll be nothing for the young ones except gang fighting. This place offers the young lads something to do. Boredom is lethal.'

So why does Rosemary believe FARE's work is so important? 'Because for all we know, one of these kids could be the next Einstein...,' she says. 'If we don't give them a chance, who will? Just because they're born here doesn't mean they don't deserve a chance.'

What has ECT's funding achieved?

Analysing impact on beneficiaries

It is impossible to convey in this report the full impact of Execution's funding in terms of the changes in people's lives. So many people's lives have been changed in so many different ways that the full impact cannot be captured through numbers alone. Thousands of people have been trained, advised, challenged, supported, befriended, entertained, reached and brought together as a result of Execution's support. In this report, we offer a glimpse of the impact made—through stories and through numbers.

The stories on the last few pages, and the case studies throughout this report provide specific examples of how the charities funded by Execution have helped individual people and communities.

Given the enormous range of activities, it is very difficult to gauge exactly how many people ECT's funding has directly helped. But we can make a few simple calculations to create useful estimates of impact. Through ECT's funding of 28 community organisations, a huge range of results have been delivered for the local communities. Every one of the approaches outlined in Figure 2 can be found in the work of the community organisations funded by ECT.

How many people have been helped?

We can define two ways in which Execution's funding has helped people:

- ECT provides funding for whole organisations, not projects, so its funding contributes to the results of the whole

charity. We can define the total number of people helped by an ECT-funded charity as 'lives touched'.

- ECT provides a proportion of each charity's total income. We can use this proportion to calculate a direct contribution to the charity's impact. We call this number 'lives directly changed'.

Based on NPC's calculations,⁴ it is possible to estimate that ECT's £2.6m in funding for local community organisations has touched the lives of 68,600 people—the total number of people helped by the 28 community organisations funded over the last five years.

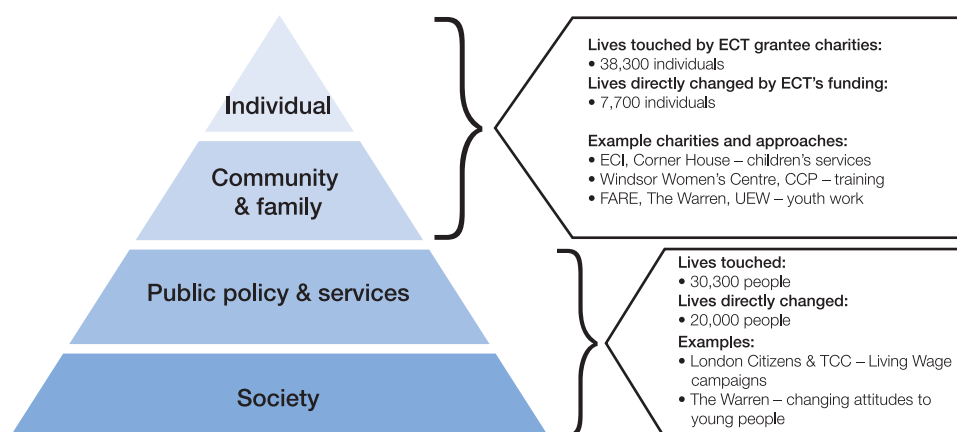
It is possible to go further, and estimate how many people have been helped as a *direct* result of ECT's funding. NPC's calculations suggest that ECT's funding has directly changed the lives of 27,700 people.⁵ Figure 3 illustrates how these impacts can be mapped to the different levels of society affected by community organisations.

If ECT provides 50% of a charity's income and the charity helps 2,000 people each year, we can say that ECT's funding results in 2,000 lives touched, or 1,000 lives changed directly.

Execution Charitable Trust's £2.6m in funding has touched the lives of 68,600 people.

Execution Charitable Trust's five years of funding has touched the lives of 38,300 people through work with individuals and communities, and 30,300 through policy and changes in society.

Figure 3: The impact of ECT's funding at different levels of society



Case study 1: Family Action in Rogerfield and Easterhouse (FARE)—changing attitudes and bridging divides

FARE was set up in 1989 on the Easterhouse estate, near Glasgow. It is an interesting example of a charity that has shifted its focus in order to address the needs of local residents more effectively. When it started out, much of its work was dedicated to addressing 'crisis' issues. For example, it bought nappies in bulk and then resold them to young mums who were unable to afford to buy large packs of nappies. It also took children away on holiday, as many had never left the estate, let alone the Glasgow area.

A few years ago, FARE decided to start looking at what it could do to stop problems arising in the first place, as well as continuing activities like those mentioned above. Gangs create major problems in Easterhouse and have done for the past 60 years. There are 15 recognised gangs in the area—their territorial disputes account for a substantial proportion of the violence and crime occurring on the estate. Though gangs are typically made up of young men, their effects are felt by the whole community. They create fear for residents' families, and stop people feeling able to move about freely.

FARE started to explore why young people join gangs, and began to develop an approach to address these factors. It found that young people tended not to mix with those from other 'territories' as schools had very localised catchment areas. It also found that the professionals working with young people were unsure how to address issues of territorialism.

Today the charity trains people who work with young people to deal with territorial issues, for example, in the classroom or on social services visits. It also works closely with 18 schools across the local area—700 children attend a Mini Olympics each summer.

FARE's aim is to work with children before they move on to secondary schools, as it is at this age that they are most likely to join gangs. By getting young people from different areas to train together for this sporting event, it hopes to decrease the numbers that join gangs. One local student who attended the Mini Olympics in a previous year is now in training for the cross-country event at the 2012 London Olympics. This is an exciting achievement for the local community. *'It is now one of the biggest athletic events in Glasgow'* (*The Daily Record*).

The charity's success has led to requests from other organisations to help tackle gangs. For example, local police have worked closely with FARE to run Operation Phoenix, which included workshops for 1,000 young people aged from 10–18 at a local school. *The Sunday Herald* said that: *'Although crime figures [...] are still being collected, officers have witnessed a fall in gang and youth crime which they believe is linked to the scheme's success.'* The police themselves said that: *'Without doubt this scheme has had an impact on crime [...] All anti-social gang related crimes are down, which is something our officers on the beat have been able to see for themselves.'*

FARE has developed a great deal during the five years that Execution has supported it. ECT's funding of nearly £340,000 has paid for items as diverse as employing a fundraiser (raising money and freeing up the manager's time), paying for an improved telephone system and paying for staff training. Expansion and increased demand for FARE's services has led to plans to move to larger, more suitable premises. A feasibility study is currently being carried out and funding sought to make this possible. It is an ambitious project estimated to cost £1.8m, but will prepare FARE to build on its success for the future.



Case study 2: Corner House Cross Community Family Centre—individual support and community activities

Corner House sits literally on the divide between Protestant and Catholic communities in Belfast, in an area wracked by deeply-rooted conflict and deprivation. It has one door opening into one community, and across the ‘peace wall’ another door for the second community. While there may have been progress at a political level towards peace in Northern Ireland, on the ground tensions, violence and unrest remain. Within the last ten years, 11 peace walls have been built in Belfast to separate clashing communities. Since 1969, the sectarian violence has claimed the lives of 643 civilians within one mile of Corner House.

Since 2003, Corner House has received £150,000 from ECT in unrestricted (flexible) funding. The charity has chosen to use these funds to cover management costs, pay off some of its mortgage and look at the viability of establishing a social enterprise arm. These developments have contributed to making the charity more sustainable for the future. As Paul, the centre’s manager, says: *‘Our mindset has changed—we were at crisis point before, and now we’re ambitious, looking at how to build for the future.’*

Established and run by local people, Corner House provides activities, support and education for four groups within the community—early years care for young children, after-school clubs for schoolchildren, youth groups and women’s groups. What makes Corner House so remarkable is its location—literally bridging the ‘peace wall’ that divides Catholic and Protestant areas. The centre aims to provide a neutral space where both communities can meet, away from the harsh reality of the tensions beyond its walls. Its trustee group reflects the communities it serves—with 50% Catholic and 50% Protestant membership.

The charity’s work includes training young offenders—including ‘joyriders’—as car mechanics, providing accredited training and a potential route into employment. John Burke, from the Probation Service for Northern Ireland, said: *‘Corner House is a highly successful community project strategically placed in an area which has very limited social facilities.’*

The case studies throughout this report give a glimpse of the impact of the community organisations funded by ECT.

It is possible to add to this by summarising how many people have been affected by results at different levels of society, as illustrated in Figure 3. The evidence gathered by NPC’s research shows that the impact of ECT’s funding has been felt at a number of levels—by individuals and communities, and also at the level of changing policy, services and attitudes in society. Work at the level of individuals and communities tends to be more direct, and the results of charities’ work may be more tangible and immediate. Work at the policy and society levels tends to reach more people, but the results are often less concrete and take longer to transpire.

How many people’s needs have been met in communities, and how many have been affected by policy and society change?

NPC’s calculations show that roughly 38,300 people’s lives have been touched by ECT’s grantee charities through work with individuals and communities. As a direct result of ECT’s funding, NPC calculates that 7,700 people’s lives have been changed in this way. The types of work included in this

category are direct services and activities for individuals, like training, childcare, youth work, advice, informal support and social and recreational activities.

Calculations show that roughly 30,300 people’s lives have been touched by ECT’s grantee charities through work at policy and society level. As a direct result of ECT’s funding, NPC calculates that 20,000 people’s lives have been changed in this way. The types of work included in this category are campaigning and grass-roots activism, work to change attitudes to particular groups, such as young people, and work to change the services available to local people.



The cost per person helped by community organisations directly through ECT's funding is just £120.

The power of work at the policy and society level is clearly illustrated by the example of London Citizens' Living Wage campaign, described earlier and in Case study 3.

While the figures outlined here are by no means scientifically derived, they give some indication of the scope and nature of ECT's impact. They show that many thousands of people have been helped, not just by alleviating the symptoms of problems found in deprived areas, but also by solving some of the problems and creating long-term change.

As a final note on the impact of ECT's funding, it is interesting to make some rough calculations about how much it costs to help people through community organisations. Based on the lower number of people helped

(lives changed directly by ECT funding) the cost *per person helped* is just £120. Using the higher figure (lives touched by ECT grantee charities) the cost per person helped is £50.

These figures are both low, comparing favourably with the costs of charities' work in other fields. For example, the average cost of supporting an older person through a local community centre is approximately £300 per year; supporting an ex-prisoner in the community costs approximately £750 per year. Although these comparisons are not necessarily between similar approaches, they do illustrate the low cost of helping people in deprived areas through community organisations.

Case study 3: London Citizens—building community power and training leaders

Almost a quarter of Britain's population lives in poverty. While London is one of the world's leading financial centres, it also contains many of the UK's most deprived areas. The proximity of poor areas in East London to the financial district of Canary Wharf is a clear example of the juxtaposition of extreme wealth and abject poverty in the capital.

London Citizens is unique in its approach to the problems facing the capital's communities. It focuses on solving problems by mobilising individuals and groups to take collective action, as opposed to providing them with direct services or acting on their behalf. London Citizens works through its member organisations—which include faith groups, schools, unions and charities—to create a critical mass behind campaigns for change, at both local and London-wide levels.

This begins on an individual level with networking events that bring people together around common issues, and training for young leaders. These issues might be the impact of a new local shopping centre development, how to tackle low pay and poor working conditions among local employers, or a lack of adequate affordable housing.

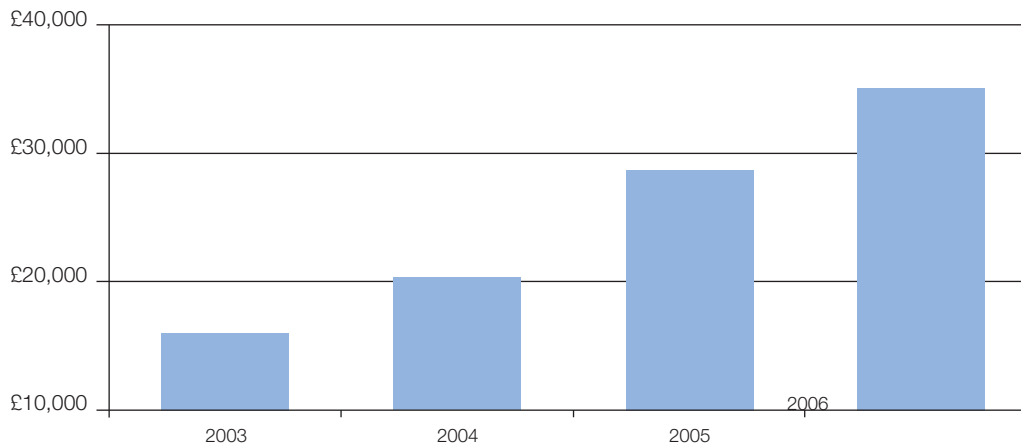
Campaigns run through London Citizens' networks are supported by training courses to provide members of the community with the skills required to become leaders. The charity's courses have trained over 1,000 individuals as community organisers and campaigners.

London Citizens' highest profile campaign has been to secure the country's first ever living wage—or fair pay and conditions—for contract workers in London. The campaign, initiated in 2001 after research into low pay in London, secured backing from London's Mayor Ken Livingstone for a wage high enough to ensure that people can meet minimum housing and budget costs. The minimum wage currently stands at £5.35 per hour—the living wage for London stands at £7.20. For someone working a 40-hour week, that means an additional £74 a week, or £3,800 a year.

London Citizens' initial successes with the Living Wage campaign were mainly within the financial sector and Canary Wharf. Major banks signed up to a living wage for their contract cleaners, including Barclays and HSBC. The campaign has continued to gather momentum, moving through the financial sector and into the hotel sector, hospitals and higher education. Recently, Queen Mary University became the UK's first living wage campus, and the London School of Economics has committed to guaranteeing a living wage by 2009.

Current estimates place the value of additional wages secured for low-paid workers in London at £8m per annum—making a huge impact on thousands of employees and their families.

ECT decided that London Citizens should be one of its 'focus charities' when it began to spread its giving across both reactive and preventative approaches. ECT's £220,000 of funding has meant that the charity could expand—both to create a new organiser role for South London, and to fund central organisation posts to help secure future funding, develop the charity's infrastructure, and ensure that it is there to win policy victories for London's citizens for many years to come.

Figure 4: Average grant size by year

The average grant made to each charity was approximately £100,000 over three years.

Analysing impact on beneficiaries

ECT's approach to tackling deprivation has focused on funding local community organisations in deprived areas. The issues these charities aim to tackle are complex and deeply rooted, and it became clear early in ECT's existence that long-term support would be required to achieve lasting impact.

Over the five years of ECT's existence, the average grant made to each charity was approximately £100,000 over three years. The shortest grant period was one year; the longest was five years.

The average size of grants made has grown over time, as ECT has become more confident as a funder of community organisations, and more focused in its funding. In the first year of funding, the average grant size was £16,000. In the fourth year, that had risen to £35,000. This growth is illustrated in Figure 4.

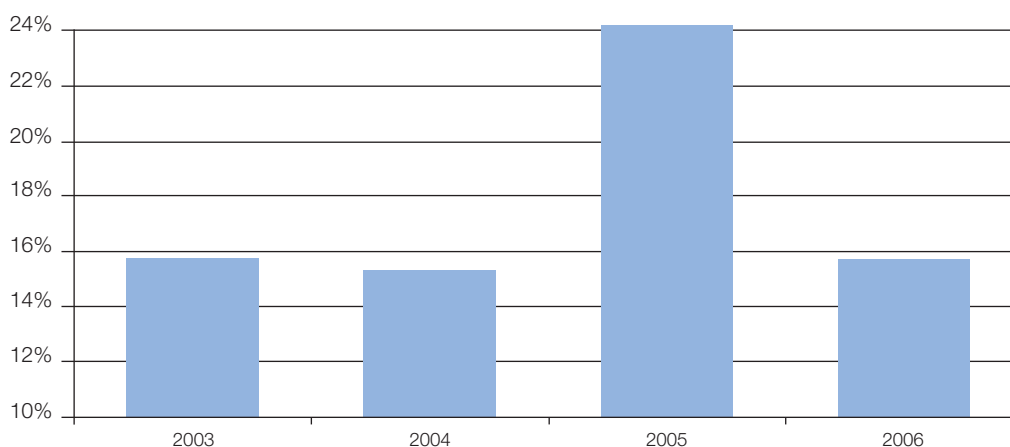
ECT's growing confidence as a funder of community organisations was also seen in the growth over time of the proportion of an organisation's income it was prepared to provide. During ECT's first five years, the

overall average percentage of a grantee charity's income provided by ECT was approximately 12%. That figure was smaller at first—8.5% in 2003—and grew to 13% by 2006.

These averages mask a broad spread—ECT provided as little as 3% of some larger charities' income, and as much as 40% in some cases. There are risks associated with such high levels of funding being provided by one funder—these are discussed in the next section under 'The challenges of Execution's approach'.

Supporting growth

Part of NPC's review of ECT's first five years was an investigation of the links, if any, between Execution's funding and the growth or contraction of its grantee charities. This study found that ECT's grantees were, in general, growing throughout the period of its funding. Only three of 28 grantee charities shrank during the period of ECT's funding. The average income growth net of ECT funding (ie, with ECT funding subtracted from income) was an impressive 18% each year, as shown in Figure 5.

Figure 5: Average growth in charity income by year

The average income growth of ECT's grantee charities (net of ECT's funding) was an impressive 18% each year.

More than half of all grantee charities said that ECT's funding had helped to leverage other funds—at least £2.8m in additional funding.

It is not possible to establish from the data whether ECT's funding has stimulated growth, or whether NPC selected charities for ECT to fund that were already growing. At the least, the evidence shows ECT has focused on 'backing winners'—funding financially successful organisations. At the most, it could be that ECT's funding has helped organisations to access other funding and expand. As discussed in the next section, there is evidence, at least in some cases, that ECT funding helped to leverage other income.

These figures are striking, particularly in the context of what has happened to small charities' incomes over the past few years. Organisations with incomes of between £100,000 and £1m experienced an average decrease in income of nearly 6% between 2003 and 2004, and 4% between 2004 and 2005.¹ That decrease corresponds to each average charity losing over £30,000 in income between 2003 and 2005—equivalent to a member of staff.

The charities funded by Execution have bucked this trend, managing on the whole both to maintain income and to grow.

Supporting sustainability and leveraging funding

One aspect of supporting growth and development among grantee charities is sustainability. This refers to an organisation's ability to sustain its work in the long term, and in practice often means diversifying income sources to create a financially more stable and predictable organisation.

A number of ECT's grantee charities have used its funding to build the financial sustainability of their organisations. Windsor

Women's Centre and Corner House, both in Belfast, have used ECT funding to purchase premises and obtain mortgages. This means that they can reap the financial benefits of owning rather than renting property, including having assets on their balance sheets, appreciation in property values, and the potential to earn some rental income.

By providing unrestricted funding—as discussed in the next section—ECT aims to build sustainability wherever possible. Unrestricted funding, by virtue of being applicable to any area of expenditure the charity chooses, can be used to fund efforts to diversify and sustain funding.

One example of this is using funding to pay for a fundraising post. In the case of Barry YMCA, ECT's funding was used to employ a fundraiser to attract capital funding for the development of new premises. For a cost of £72,000 over three years, this fundraiser achieved new income of £2.5 million—a startling return on investment of 3,400%.

When surveyed, more than half of all grantee charities said that ECT's funding had helped to leverage other funds. NPC has been able to identify at least £2.8m in additional funding (£285,000 excluding Barry YMCA) that has been obtained by ECT's grantees because of its funding.

In addition, grantees' feedback has indicated that ECT and NPC's support can act as a recommendation or validation to other funders, helping to access other funds. Grantees believed ECT funding helped to leverage support from organisations including the Big Lottery Fund, the Henry Smith Charity, a London Borough council and banks and mortgage providers.



Learning from experience

Five years of funding community organisations through a relationship brokered by NPC has provided a great deal of experience from which to learn.

In carrying out this review, NPC has brought together previous interviews, meeting notes, annual monitoring reports and other documentation with a series of interviews carried out specifically for this review, and an anonymous survey of all grantee charities.

NPC has also drawn on existing research to explore the impact of different types of funding, and non-financial support, on small local charities.

What charities told us

Two key messages emerge from grantee charities' views of ECT's funding. These are the importance of a good relationship between charity and donor, including donor engagement and visits, and of unrestricted multi-year funding for organisations, not projects.

Charities that had been funded during the first five years by ECT were asked by NPC to complete a survey.

NPC asked charities about:

- their relationship with NPC and ECT;
- the funding provided and how appropriate it was for their needs;
- non-financial support provided through NPC;
- the impact of funding on the people they work with;
- the impact of funding on the organisation itself; and
- any changes in the local context within which they operate.

Of the 25 grantees who had already received funding at the time of the survey, 16 responded in full. The information summarised here refers to these grantees, rather than to all of the recipients of ECT funding.

The funder-charity relationship

ECT aims to create a relationship with its grantee charities that is personal and flexible. This means developing a good understanding of each charity's work, providing effective, appropriate funding, and listening to feedback and being open to questions and suggestions from charities as issues arise.

Donor visits

ECT's trustees try to visit as many of their grantee charities as possible, and make opportunities for visits open to staff as well.

The charities were very supportive of ECT visiting them, generally agreeing that it was an important part of developing a relationship between charity and funder. According to 74% of respondents, they had been visited more by ECT than by their other funders, although 43% said they would like ECT to visit them more often.

'We really like having the visits, it gives us a chance to show our work in its entirety, to introduce our service users and develop a more mature, equal partnership.'

'They were great opportunities for dialogue—we felt we were listened to and that our views and ideas were contributing to something—they felt like reciprocal occasions.'

Impact reporting

NPC asks grantee charities to report annually on the impact of funding. The reporting framework is flexible, and has become more so over time. It is included in the Appendices of this document. The framework aims to get charities to carry out the minimum necessary additional work to report on its impact, with the maximum focus on the charity's results rather than accounting for how money was spent.

Respondents thought overall that the reporting process was good. None of the respondents thought that the information asked for was irrelevant to them in running an effective organisation, and 43% **thought it was exactly the information they needed themselves**. However, the remainder thought that, while relevant, the information was more what funders ask for than what they needed to manage their own organisation.

Two key messages emerge—the importance of a good relationship between charity and donor, and of unrestricted multi-year funding for organisations, not projects.

Importantly, 73% of grantees thought that NPC and ECT took more interest in the annual reports than other funders. This is important, as NPC's research has shown that charities are often required to report in detail to funders who then never contact them to follow up and appear not to use the information.

Building on these points, 88% of respondents thought that NPC and ECT understood their work better than other funders, with 50% believing they understood it much better.

Grantee charities have ended up in situations where short-term funding has been required to get through a cash-flow crisis. This review recommends that ECT sets aside a small portion of the funds it raises to act as an emergency fund.

Case study 4: The Warren—developing individuals and changing local policy

Charities are just one solution to tackling poverty. Statutory agencies like councils and social services are also important, but often have a bad image amongst those who need them most. This means that people may not access the help and support they need. Charities can play a key role in reaching out to these people and making sure they get the support that is available.

The Warren in Hull does just this. It wins the trust of, and works with many of the young people who are hardest to reach. Hull is a city that consistently suffers from low educational achievement—only 33% of working-age adults have NVQ Level 3 qualifications or above, compared to 65% across the UK. The Warren helps young people who feel disengaged from education—they cannot leave school quickly enough, never want to return to education and typically have no idea about what they are going to do with their lives.

These young people do not fit into most of the training options provided by the state. A 12-week intensive course may not fit their needs, and may not result in employment. They are unlikely to enrol on courses voluntarily, and may not comply if they are forced into learning through a government scheme. Their needs are complex and wide-ranging, and the journey towards becoming active, constructive citizens is a long one.

At a national level, there has been a recent drive towards accredited training programmes and a standardised framework for training young people. The Warren challenges this 'one size fits all' approach. It seeks to find out what works for each young person, on the assumption that they are not all the same. Over the past decade the charity has built up a rich knowledge of how to improve young people's skills and confidence to help them push themselves and fulfil their aspirations.

The Warren's success can be seen clearly in the way young people are involved in the organisation. Young people are the key decision-makers, planners and volunteers. The organisation is run by young people, rather than for them.



Approachability

ECT has always aimed to make its relationship with grantee charities, brokered through NPC, a personal one. That has meant encouraging charities to contact NPC for advice whenever they think it is appropriate. **Of ECT's grantees, 100% believed that NPC was approachable; and 67% believed it was very approachable;** 87% said that they would feel absolutely comfortable approaching NPC in a crisis. This is an important indicator—NPC's experience has shown that charities often reach crisis point and do not feel able to approach their funders, as they believe that this might undermine the confidence their funders have in them.

More than half of ECT's grantees had approached NPC for advice at some point, and 89% found this advice helpful. Those respondents that gave further detail cited the usefulness of NPC's research reports, and advice on governance, potential sources of funding and approaches to performance management.

Often NPC has been able to signpost charities to other sources of advice and expertise when they have called for help. The main types of signposting have been to potential funding sources when there has been an immediate funding crisis or opportunity; to charities doing similar work when grantees have been developing a new approach; and to potential consultants when grantees have needed specific expertise.

One particularly important lesson is that ECT's grantee charities have often ended up in emergency situations where short-term funding has been required to get through a cash-flow crisis. This review recommends that ECT sets aside a small portion of the funds it raises to act as an emergency fund in future.

Overall funding process

The approach to funding small local charities taken by ECT and NPC differs from most funders in that it is not based on an open application process. Instead, ECT uses NPC to carry out research to identify promising organisations, and to perform due diligence and charity visits to target particularly effective charities. The approach is outlined in Figure 6.

This approach tends to mean that NPC asks prospective grantee charities to describe in some depth their strategy and activities, and to provide evidence to show how they are changing the lives of the people they work with. This contrasts with the application process of many grant-making trusts and foundations, which screen applicants against set criteria before then performing a number of due diligence checks.

When grantee charities were asked about the ECT-NPC process in general, the response was overwhelmingly positive.

'Really thorough and professional process and handled very supportively and skilfully by NPC [...] I felt it was quite demanding but in a good way because the process asked tough but good questions so you got a very clear impression that these people at NPC and ECT knew what they were doing and were serious about how they did it. Sadly this cannot always be said of potential funders.'

'It is a breath of fresh air—I wish we had found each other earlier.'

It is also important to reflect on some of the reservations expressed by charities about how NPC came to find them initially.

Because this was not through an open application process, some grantee charities felt the initial contact was a bit of a shock, and they lacked an understanding of how it came about.

'It was unusual—a bit cloak and dagger. It was all a bit mysterious in the beginning, but we've slowly got to know Execution.'

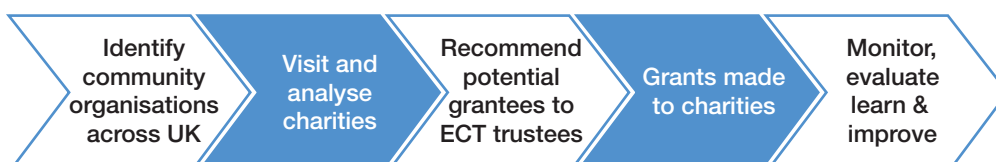
'At first we didn't really know what Execution's vision was.'

While NPC's research process necessarily means that the first contact with potential grantee charities comes as a surprise, it is clear that more can be done in that initial contact to explain the process. This can be achieved through a standardised overview detailing how the process works, what is likely to be required of potential grantees, and what may happen as a result.

100% of grantees said unrestricted funding was more useful than restricted funding; 93% said it was very much more useful.

87% of ECT's grantees said that their communities had changed over the last five years, and 80% said they had to change their approach to meet changing needs.

Figure 6: The ECT/NPC funding process



ECT's approach provides evidence that unrestricted funding can be successful for both the funder and the charity.

As a result of hearing feedback about ECT's apparent lack of transparency, a website was built in 2006 to showcase Execution's charitable giving and increase the information available to potential and existing grantees.

After five years, **73% of grantees felt that the funding process was more transparent than that of other funders.**

Effective, appropriate funding

Execution's approach to funding mirrors its approach to business—clear strategy and good investment based on research. In practice, this means that ECT is committed to providing the right form of funding to meet the needs of selected grantee charities, to help them meet the goals they are working towards.

This approach has evolved over time. As noted earlier, ECT's initial funding approach involved some restricted grants to projects. After the second year of funding, and the findings of NPC's report *Local action changing lives*, funding was predominantly provided in the form of unrestricted multi-year grants.

When asked how well ECT's funding matched their requirements, **75% of grantee charities said it was exactly what they needed, and the remaining 25% said it was helpful.**

The benefits of unrestricted funding

The majority—78%—of the grants provided by ECT were unrestricted—allowing the charity to apply ECT's funds to whatever activity or type of expenditure it deemed a priority. This is in contrast with the majority of funding received by the charities' other funders—63% of their funding as a whole is restricted.

Grantee charities were asked directly whether the fact that funding was unrestricted made it more useful to them. **100% of grantees said unrestricted funding was more useful than restricted funding; 93% said it was very much more useful.** Of those who provided more detail, most cited increased flexibility and the ability to respond to changing needs within their communities. This is vitally important in the context of changing communities—**87% of ECT's grantees said that their communities had changed over the last five years, and 80% said they had to change their approach to meet changing needs.**

It might seem strange to dwell on the benefits of unrestricted funding—one would expect charities to say it is more useful than restricted funding as it allows them to make decisions about how to spend it; it gives them more control. But NPC believes there is great value in trying to understand why charities value unrestricted funding, as evidence shows that most funders prefer to give restricted funding even though it may create problems for their grantees.⁶

However, ECT's approach provides evidence for existing and potential funders that unrestricted funding can be successful for both the funder and the charity. By creating an annual reporting process that focuses heavily on measuring the results of each grantee charity as a whole, ECT and NPC made sure that they were aware of the results of their unrestricted grants. This does not mean trying to break down an organisation's impact into the individual contribution of each of its funders. Instead, it means understanding the impact of the whole organisation, and recognising ECT's contribution to that whole.

A selection of ECT's grantee charities' views on unrestricted funding is given in Box 3.

While unrestricted funding is undoubtedly more valuable to charities than restricted funding, it is important to acknowledge that it also brings challenges. These are discussed later on in this section.

Providing 'more than money'

Donors can maximise their impact by making their relationships with charities about more than money.

The small size of the community organisations supported by ECT encourages a personal relationship to develop between charity and donor. This can be fostered by providing more opportunities for charities to meet their funder. Donor visits to charities have already been mentioned as an important element of that contact. There are also other ways in which the relationship can be strengthened, such as:

- annual workshops;
- exchange visits between charities;
- consulting where appropriate;
- clear and timely communication; and
- becoming a critical friend.

These points are explained in detail in the following sections. It is worth noting that these elements of support—'more than money'—require additional resource. Yet it is possible to provide them without committing a funder's own time, by using a professional adviser or intermediary.

Box 3: Why charities prefer unrestricted funding

The following are anonymous comments from NPC's survey of ECT's grantees:

'We were able to make decisions about needs as we needed to. It was flexible and enabled us to overcome crises and take risks in our work which other funders could not cope with.'

'It means that we can be more creative in deciding whether our priorities are growth, recruitment, campaigns or other issues that present themselves on a quarterly basis.'

'It helped us to pilot new pieces of work where we identified new needs [...] We could follow an idea through without having to wait to make an application which can take six months.'

'It helped us to retain staff when other funding applications were unsuccessful. We were able to buy time and not dismiss any of our valuable and experienced core staff team.'

One survey respondent went into great depth about the value of unrestricted funding:

'Unrestricted funds [...] enable organisations to:

- *Be innovative: unrestricted funds can be used to pilot projects based on an identified need. Many of the projects, which today have statutory funding, were started using unrestricted funds, and over time become 'mainstream' fundable initiatives.*
- *Be autonomous: to identify and support areas of the organisation, which may be unfunded and/or difficult to fund. Many trust and statutory funders are [...] keen to see their investment being used for front line work. The obvious impact [...] is the strain then put upon the infrastructure and administrative tasks.*
- *Reduce core costs: it is difficult to find donors who are prepared to fund [...] administration. The challenge is to reduce costs to a minimum in order to maximise [...] the chances of being funded. When an organisation has the opportunity to invest unrestricted funds into necessary 'core costs' the overall contribution is wider than simply funding an admin post. It enables the organisation to lower costs and develop.*
- *Develop infrastructure: as an organisation grows in size, so does the burden upon the infrastructure. Having an effective and well-resourced administrative system is crucial to the organisation as a whole.'*

It is possible to provide extra support — 'more than money' — without committing a funder's own time, by using a professional adviser or intermediary.

Annual workshops

ECT has, for the last two years, organised annual workshops for its grantees. These have had three aims—to bring grantees together to share experiences and learn from each other; to provide an opportunity for grantees to meet Execution staff; and to focus on a particular theme by providing structure and content. External speakers were brought in for both workshops to provide expert content. The workshops can also be a fertile ground for ideas to emerge that can positively influence and change the work being carried out by the charities.

The first ECT workshop, held in 2005, focused on using storyboarding as a tool to capture and articulate the performance and outcomes of community organisations. The second, held in 2006, was on the more general theme of sustainability, and included a number of break-out groups to explore particular aspects, such as social enterprise and measuring impact.

Both workshops were well received by the charities that attended—100% found them helpful. The feedback from the second was more positive, however. The main reasons for this improvement seemed to be that participants felt the second year was less prescriptive and gave them more opportunities to share their own experiences. The greatest benefit appeared to be in sharing similar experiences among people and organisations that would otherwise be unlikely to meet.

The views of grantee charities about these workshops are summarised in Box 4.

The greatest benefit of workshops appeared to be in sharing similar experiences among people and organisations that would otherwise be unlikely to meet.

Box 4: What grantee charities felt about annual workshops

'What I learnt was that I'm handling issues in much the same way as most of the other participants. This in itself was quite valuable.'

'I found the workshop more informal this year, this helped myself and others talk more openly about many issues they work with on a daily basis, learning from each others' experiences.'

The workshops were felt to be useful on the day, but participants also felt they helped them to do things differently on their return to their charities:

'I am more likely to "capitalise" on potential marketing opportunities, more comfortable with the realisation that all services have a "cost" and we are currently considering the feasibility of establishing a trading arm.'

'On the train journey back I felt so refreshed from the event that I wrote some nine pages of ideas on a whole range of things—most of which I have now discussed with colleagues and/or young people.'

'It helped to develop our infrastructure, which in turn helped make us more profitable.'

'The subject of sustainability also covered staffing issues and I have encouraged and implemented more meetings and sharing of information. Previously many of the workers worked independently of each other.'

The following comment illustrates clearly both the value of the workshops to grantees and the benefit of a good relationship between grantee and funder:

'You have chosen your projects well, and the quality of the people at the workshop was evidence of that. The NPC team input was invaluable—you have the ability to listen, to motivate and to encourage, you share your insights and knowledge, and you make us feel valued and appreciated.'

James Blackburn's involvement and the interest shown by others from Execution creates a bond which works. A genuine concern makes the funder-grantee relationship feel so much more personal. Some funders do make the effort, but there are times the whole process can feel a bit soulless—it's great that people give money, and we wouldn't exist without it—but I really want people to share what's going on, because I'm excited by it, and I want others to be as well. I came down to the workshop, and spent a day with people who were genuinely interested and excited, and that's a really positive experience.'

Exchange visits

One of the most interesting aspects of grantee charities sharing their experiences in annual workshops was that several felt that they could learn even more by organising exchange visits to see each others' work in action.

One exchange visit was organised, for charities in Glasgow and Edinburgh to visit those in Belfast. ECT agreed to fund the

costs of the exchange visit for the charities involved. A return trip is being planned in the near future.

Exchange visits were found to be useful not only to the charities travelling to see each others' work, but also to those being visited. For the charities based in Belfast, external perspectives helped them to reflect on their own work, and to think about new approaches they might take.

Consultancy where appropriate

Another way in which Execution has assisted some of the charities it supports is by providing them with consultancy. Ways in which consultancy has been used include planning expansion and capital projects, designing and implementing new policies and procedures, and helping to create a new strategy and business plan for future development.

Consultancy is only appropriate when the charity is open to engaging in it, and when the aims of bringing in a consultant are clear. But in such cases, ECT has been able to fund consultants to bring skills and expertise to help organisations that it already supports financially.

The feedback of one grantee illustrates both how consultancy is not always viewed positively—perhaps when it is not appropriate—and how it can create positive impact.

'We are not usually keen on consultancy but in this case we found it very helpful to us.'

In its most recent year of funding, ECT made a grant to the Cranfield Trust, which provides free management consultancy to charities across the UK. While ECT's grant does not restrict the Cranfield Trust to working with ECT's grantee charities, this is an element of its future plans. Cranfield has begun contacting ECT's grantees to explore possibilities for consultancy, and it is expected that a number of projects will commence over the next year.

NPC and ECT's experience with consultancy brings out one key message—that in the end it is critical that the grantee charity 'owns' the consulting project itself, and that it is not imposed from outside. For example, a consultant can help to develop a charity's business plan, but if the organisation does not take full ownership of that plan, it will become nothing more than a document gathering dust on a shelf. Only when that plan becomes a living, breathing part of the charity will it deliver benefit to the organisation.

More generally, this reflects the fact that a funder may have a perspective on how a grantee charity might improve its approach or organisation, but that such a perspective cannot usefully be imposed on the charity. Change has to be driven from within. ECT has therefore maintained a role of supporting grantees through consultancy where they are open to it, and aiming to develop a relationship through which ECT and NPC can become trusted advisers, and critical friends.

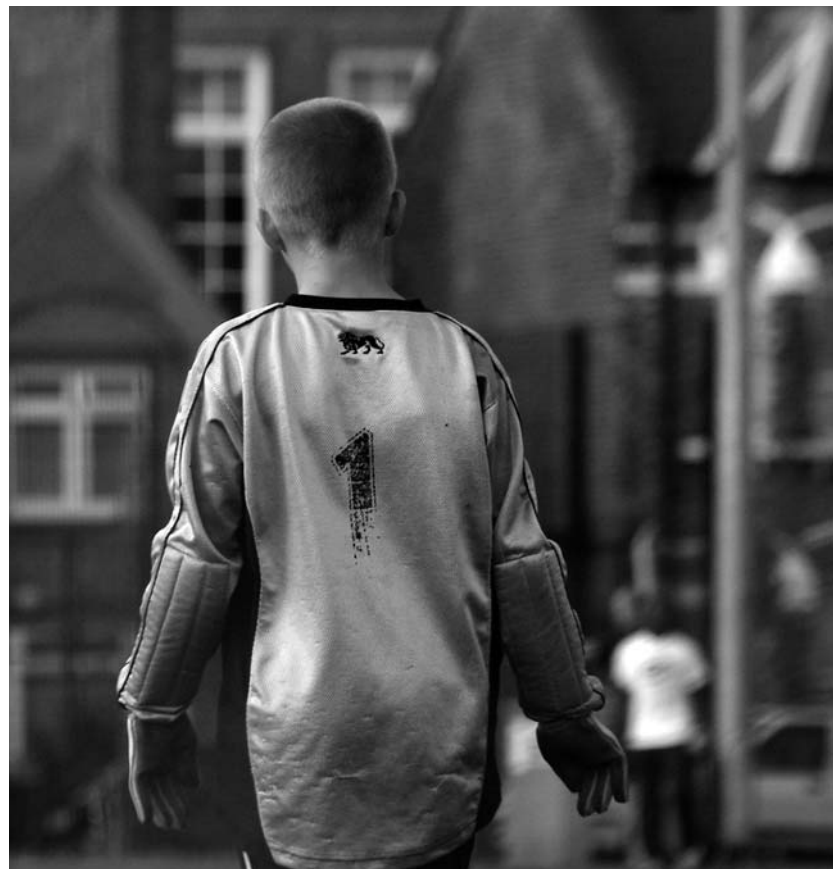
Clear and timely communication

Commitment to clear communication on ECT's part has ensured, among other things, that grantee charities know in advance when their funding is coming to an end. This is to help them to plan and prepare, and to avoid the potentially damaging results of suddenly having funding withdrawn.

'Letting us know in very good time that funding would not be renewed has helped us in planning.'

Regardless of the length of a funding commitment, advance notice of the end of a grant is important to charities. This makes it more likely that the grant that is coming to an end can be replaced, and that the work it funded can continue. There are often implications for staff—contracts may be in danger of having to be terminated if replacement funding cannot be found in good time.

This points to a more general consideration—exit strategies, or how to prepare a charity for the 'exit' of a funder. Even if it is not easy to form sensible exit strategies, it is important to consider them. ECT has done so to an increasing degree as it has become a more engaged and long-term funder. Exit strategies are discussed later in more detail within the challenges of Execution's approach.



A funder may have a perspective on how a grantee charity might improve its approach or organisation, but this cannot usefully be imposed on the charity. Change has to be driven from within.

Becoming a critical friend

ECT's commitment to a multi-year funding approach has meant that there has been time for ECT and NPC to develop long-term relationships with grantee charities. This is a critical element of a funding relationship that can provide more than money. Through visits to the charities, workshops and ongoing communication, a constructive relationship can be built.

This relationship can put a donor in the position of becoming a critical friend. This term is used to refer to a relationship of equals in which there is scope for critical examination of one's approach, and suggestions of ways to re-evaluate and change.

Being a critical friend means that there can be input, where appropriate, to help grantee charities to develop. This is not to say that ECT has a right as a funder to impose its will on grantees—in fact ECT's philosophy is the opposite of such control. But there are situations in which ECT or NPC may have useful expertise and an external perspective. In these situations, acting as a critical friend can be a valuable addition to providing financial support.

It is also worth noting that ECT's grantees have always felt able to provide feedback to NPC on the funding process itself, as evidenced by the frequent occasions when they have done so. Grantee charities have been the first to alert NPC to any perceived weaknesses in the process, and to suggest how it should be improved.

Using an intermediary

ECT's use of NPC as an intermediary and broker means that its grant-making is to

some extent outsourced. This means that Execution can concentrate on making the money on the charitable trading day to plough into its charitable funding, while NPC's expertise in research and grant-making can be used to create an efficient and effective approach.

NPC provides a conduit through which Execution can communicate with its grantee charities, whilst not becoming overwhelmed by administration, research and reporting. This allows ECT to spend the time it does have on the most valuable activities such as charity visits.

'We [Execution] wanted to ensure the money raised was spent in the most effective way possible, and so we have invested time and resources in ensuring that happened. The trustees have relied on the expertise of NPC for advice, support, planning and monitoring.'

But the benefits of ECT using an intermediary are much broader than just efficiency. Using NPC allowed the Trust to add research, annual workshops, exchange visits, consultancy and strong critical friend relationships to its funding model, without having to develop its own in-house resources. These are resources that Execution would not otherwise have had access to, without significant upfront investment itself.

Examples of these resources include NPC's research on community organisations and other related areas like health and education; expertise in managing grant portfolios and designing reporting frameworks; and networks of other funders of organisations tackling deprivation in the UK.

Case study 5: Windsor Women's Centre—supporting individuals and families

Windsor Women's Centre (WWC), based in Belfast, is an interesting example of a charity whose approach has evolved to meet the needs of a changing community.

WWC recognises that women play an important role in tackling poverty and bridging divides in post-conflict Belfast. They tend to focus on their family's needs, rather than engaging with existing community tensions. WWC works with around 500 people each week, running training programmes; providing childcare and after-school projects; and giving information and advice. Since Execution began funding the charity, it has expanded its premises, purchasing new buildings, developing the centre, and fitting out training and aromatherapy suites.

Aside from WWC's core work, the charity runs projects to address particular issues. For example, it was approached by a man who was upset that he had hit his wife for the first time. Research showed that domestic violence had increased massively in post-conflict Belfast, and staff realised that there was little help for men who wanted to address their violent behaviour. In response, WWC piloted a successful scheme that has now been replicated by the Probation Service in collaboration with Women's Aid and is now offered throughout Belfast.

What Execution told us

Execution staff survey

Part of NPC's review of five years of ECT's charitable funding was a simple survey of Execution's staff. This explored the level of engagement by staff with ECT's work and what could be done to improve the firm's charitable giving in the future.

Although responses were mixed to most questions, a few key messages emerge:

43% of staff wanted more information about the charities ECT supports—this suggests that there is scope for improvement. In a similar vein, 50% felt they would like more opportunities to visit charities, and 44% felt charities should come in to visit them more.

A significant proportion felt that they would like to increase their involvement in Execution's charitable work more markedly—**48% said they would welcome opportunities to volunteer for the charities ECT supports**.

Looking at Execution's charitable giving as a whole, **29% of staff responding to the survey said that it was a factor in them joining the company**. While this figure may at first appear quite low, when juxtaposed with the many other factors that influence choices about career changes, this number may actually be fairly high.

Whether or not it was an influence on joining Execution, **it was overwhelmingly agreed that the firm's giving is better than that of its competitors—88% of staff thought so**.

The survey gives only a narrow glimpse into how Execution's staff view the work of ECT. Richer perspectives are found in other sources—including feedback from individuals after workshops and charity visits, and the views of ECT's trustees.

Feedback from staff

General feedback from staff has emphasised the importance of direct contact with charities to help them understand the work ECT has funded and its impact. In particular, charity visits have been an important part of the learning experience.

ECT trustees or staff have visited nearly all of the 28 community organisations they have supported across the UK. Most recently, Execution staff Damien Devine and Shirley Hellyar went to Belfast to visit the Windsor Women's Centre and Corner House. Damien's thoughts illustrate the value of these visits:

'Seeing with my own eyes what the charities do and talking to NPC made the issue so much more real. I couldn't have got that by sitting at my desk reading one of your reports. I now understand much more about how the money is spent and what is being achieved.'

Views from ECT trustees

ECT's trustees have been closely involved throughout this review, just as they have been throughout the relationship between Execution and NPC. As ECT trustee Jacky Joy pointed out:

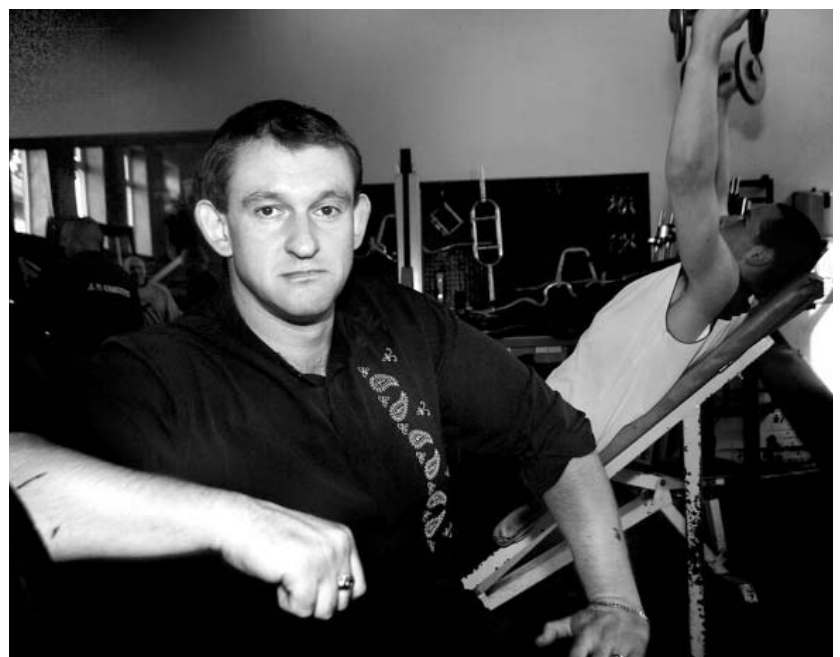
'It's important to emphasise that this is a review of Execution and NPC's work over the last five years. The partnership aspect is important—it has been NPC as much as us.'

This is a point worth emphasising in the context of this review—this report is as much a review of NPC's work as it is of ECT's, and about what both organisations have learned. The relationship between ECT and NPC has been the key to achieving a successful funding model, and to evolving and learning from experience. As James Blackburn said:

'We've learned a lot over the years, and there a few key things I take away from this. First, site visits are really important if you want to understand what's going on. Also, it's been really valuable to us to be able to rely on NPC to be the professionals, with the research and screening and reporting. That means we can be certain we're getting the greatest impact out of our funding, without having to set ourselves up as a fully-fledged foundation ourselves. It means we can carry on with the day job—we get the best of both worlds.'

But most of all, what I remember is how hard these local charities have to work just to survive. The work they do is incredible, just fantastic, and yet they really struggle to pay the bills. It's great that we are able to support these charities because of the support of our clients on the trading day, and hopefully to help them develop, grow and have a better chance of survival in future.'

All funders have to make a choice whether to cast their net wide and fund a diverse range of charities, or focus their giving in order to increase their impact in a specific area. For Execution, the strategic choice was to focus.



Above all, the hallmark of effective, strategic funding throughout ECT's work has been matching expectations.

The benefits of Execution's approach

In summary, four main areas of particular value emerge from this review:

Focus

The Execution Charitable Trust took a risk when it decided to focus on local community organisations tackling deprivation and poverty. It would have been much safer to fund established charities with proven track records and stable finances.

But Execution's strategic approach to investment, combined with research and advice from NPC, suggested an alternative approach. By focusing on a specific type of local charity, tackling some of the most difficult and deeply rooted problems below the radar of many funders, Execution found an opportunity to create maximum impact with the funds at its disposal.

All funders have to make a choice whether to cast their net wide and fund a diverse range of charities, or focus their giving in order to increase their impact on a specific area.

For Execution, the strategic choice was to focus. The benefits of focusing impact in one area are increased learning, understanding, and as a result, giving becomes more rewarding.

ECT has become a knowledgeable funder of community organisations, and understands both the contexts in which they work and the challenges they face. Execution has also been able to see the impact of its funding in one area, to meet with all its grantees through visits and workshops, and consequently to gain a greater sense of how rewarding charitable giving can be.

Long-term commitment

Through NPC's research and the growing experience of ECT as a funder, it rapidly became clear that local community organisations struggle to access the funding they need to thrive and develop. They are small and rarely have a dedicated fundraiser or fundraising team. This means they are often constrained to raising funds from grant-making trusts and local council funding. The range of activities that community organisations deliver makes it difficult for them to fit into the criteria that funders often use to screen applications, which also decreases their ability to fundraise. And local council commissioners often do not understand the value and unique role of community organisations, so they are less likely to fund them to deliver services.

The consequence of these factors is that community organisations require long-term funding commitments to help them develop and become more sustainable. For Execution

this has resulted in a gradual shift over the last five years towards longer-term grants.

This approach benefits both the donor and the charity. Strong relationships develop between the donor and the charity, understanding grows, and over time the charity's capacity and sustainability can grow. All of these benefits translate into better results and greater impact for the people the charities help.

Effective funding

Effective funding means more than just long-term funding commitments. For Execution, it has also meant unrestricted funding, based on research and due diligence by NPC to establish a level of confidence and trust in its grantee charities.

Effective funding also means providing more than money where appropriate. Charity visits, workshops, signposting, consultancy and emergency support can all be valuable elements of an effective funding model.

Above all, the hallmark of effective, strategic funding throughout ECT's work has been matching expectations. Execution has, through NPC, looked for charities that are effective and have the potential and desire to grow, so that their impact reaches more beneficiaries. But growth cannot be imposed by a funder—certainly not if it is to be sustainable.

ECT has realised the value of becoming a critical friend rather than a controlling influence; providing support to enable growth and development where it is welcomed; and ultimately trusting grantee charities to do what is right to achieve their vision. As one grantee noted, ECT enables development but does not impose it:

'We found the way they fund our organisation very helpful, as it has helped us develop our work in a more focused and constructive way.'

Relationships

The strongest message that emerged from NPC's survey of ECT's grantee charities was the importance of the relationship between donor and funder. This needs time to develop, opportunities for contact and discussion, and openness from the funder to questions, requests and feedback from grantees.

Particular elements of the relationship with ECT highlighted by grantees were donor visits, flexible impact reporting focused on results, approachability and annual workshops. In combination, these were felt to enable a relationship to develop that was, as much as possible, an open relationship between equals with opportunities for feedback in both directions.

Case study 6: The benefits and challenges of long-term, flexible funding

Ballynafeigh Community Development Association (BCDA) is an example of an effective charity that might not have survived without the flexibility of Execution's funding.

BCDA is based in one of the few Belfast neighbourhoods where Catholics and Protestants live side-by-side, and is often held up as an example of how mixed communities can succeed. The charity provides both educational and recreational opportunities for the whole community.

The organisation had been going through a turbulent time as a result of cash-flow problems with a number of different funding sources. There are few private funders in Northern Ireland—most charitable funding comes from government and European sources. BCDA chose to use ECT's two-year, unrestricted grant to cover the costs of a Finance Director, which helped the charity both to improve the way it managed its budgeting and to cover its costs.

'Without ECT funding, in June 2006 Ballynafeigh Community Development Association would have had to close,' says BCDA's Director Katie Hanlon.

BCDA's role in its local community has been recognised as an important one—the organisation has been cited in post-conflict policy in Northern Ireland as an example of good practice. Whilst Ballynafeigh is a relatively peaceful neighbourhood, there are still conflicts, and because Protestants and Catholics are literally on each other's doorstep, tensions can escalate rapidly. BCDA can help to facilitate dialogue in this context, and to help bridge divides before they become unassailable. For example, the Citizenship Project works with 16–21 year olds from both Catholic and Protestant backgrounds to educate them together about politics, enabling debate and providing opportunities to shadow local MPs.

United Estates of Wythenshawe (UEW) is an example of a charity that has benefited from long-term support and consultancy, but has faced challenges too.

In one of the most deprived areas of Manchester, a group of local people wanted to address some of the most pressing problems the neighbourhood faced. They were troubled by the lack of positive role models, increasing violence, high unemployment and low aspirations, and wanted to make local people proud of their community.

UEW was set up in a derelict and abandoned chapel that was converted to a centre. The local community was involved in designing and building the centre, as well as deciding what activities they should provide. Today, the charity runs a subsidised gym and dance classes, and supports people to set up their own businesses.

Over recent years, UEW has attained a prominent media profile, with several visits from MPs and frequent coverage in newspapers. It has become a beacon of what can be achieved in extremely deprived areas, by supporting local people to create their own solutions. Yet UEW struggles to fund its activities, and to support its expansion and development. The organisation wants to become self-sufficient by expanding its revenue-earning services, like the gym.

ECT has provided UEW with grants totalling £140,000, and has also funded consultancy support to help put some of the charity's ambitious ideas into practice. One of the products of this consultancy was a business plan, which has been a useful tool to communicate the charity's future plans and secure additional funding.

UEW is ideally-placed to understand the needs of its community and to develop appropriate solutions. However, this does not mean that it is necessarily well-placed to attract funding to do this. The organisation has, at times, struggled to communicate its results, and to attract new funders based on what it can achieve. Execution and NPC wanted to help UEW, and saw consultancy as a way to build its capacity to raise funds based on its results.

Over time, consultancy has produced positive results, but this process took time, effort and commitment from the charity. At first, business planning was seen as an external process, and was not fully owned by the charity. Over time, this has changed, but the key to this journey was ECT and NPC stepping back from the process. This is an example of where a funder can do most by providing support—both financial and non-financial—but by resisting the temptation to intervene and acknowledging that the charity itself is in the best position to determine its own future.

Funders who choose to give unrestricted funding must establish the confidence and trust to allow charities to make their own decisions.

The challenges of Execution's approach

This report has so far dwelt almost exclusively on the positive aspects of ECT's approach and impact. But it is from the challenges, problems and negative feedback that some of the most telling lessons can be learned.

Unrestricted funding

As this review has already demonstrated, unrestricted funding is undoubtedly the most effective way of funding community organisations. It gives them flexibility—to react to changes in their local contexts and to choose how to deploy their resources to best effect.

Yet unrestricted funding does bring its own challenges—both to funders and to charities.

Funders who choose to give unrestricted funding must establish the confidence and trust to allow charities to make their own decisions. This can be built up through thorough charity visits, research and due diligence. But trust needs to be maintained on an ongoing basis too—this means allowing charities to be masters of their own destiny even when an external perspective suggests that they should take an alternative approach. It means trusting the charity to be the expert in how to deliver results in their communities, and resisting the temptation to intervene. An example is given in Case study 6.

As discussed earlier, it is possible through long-term relationships between funder and charity to become a critical friend. It is also

possible to provide consultancy to add an external perspective. But all input from the funder's side needs to be on the terms of the charity if it is to add value to the financial support being provided.

NPC's experience of managing grants for Execution has shown that unrestricted funding brings challenges to charities too. These fall into two main areas—measuring impact and making decisions about resource allocation.

Analysing and reporting on 'whole charity' impact

Charities are typically used to reporting to funders on projects, rather than on the whole organisation. NPC has found that this approach tends to be replicated even when asked to report on the whole organisation's results, and that charities need help to think about their results as a whole. This can be as simple as aggregating the results of all a charity's projects, or as complicated as helping a charity think through the results that do not fall easily into projects. For community organisations, delivering a wide range of types of work, there are often many activities and results that fall between projects.

For example, neither the implementation of a financial management system, or the director sitting on a local policy planning board fit easily into a reporting framework focused on projects. Nevertheless, they may both have important results for the charity and the people it works with.

As a result, community organisations can need help and guidance to establish what the results of the whole organisation are, how to measure them and how to report on them. NPC is currently developing a response to this demand—a suite of tools and approaches that help to measure results under the new brand NPC Tools.

Decision-making

One of the benefits of unrestricted funding is that it gives charities the power to make decisions about how to allocate their own resources. Conversely, one of the challenges can be that charities are forced to make difficult decisions themselves that would normally be made for them by funders.

This is not, in NPC's view, a reason to avoid unrestricted funding. But it may entail greater support for charity directors and chief executives in building their confidence and decision-making skills.

In one case, one of ECT's grantee charities was faced with a decision about which areas of its services to maintain and grow and which to allow to decline. Unrestricted funding had helped the organisation to develop, and to reach a position where it could expand some areas of its work.



But this meant making redundancies and reducing working hours in other areas, and making difficult staffing decisions. While these are the decisions expected of any organisation's management, these decisions had not been faced before by organisations that were used to predominantly restricted project funding.

This example illustrates the potential need for funders to offer leadership development support and training to grantees to help their organisations mature.

Creating funder dependency

One of the potential dangers of funders making multi-year funding commitments, or large grants, is that charities become dependent on them. This risk is cited by some funders as the reason why they will not give grants longer than a certain period—often three years.^{vi}

ECT now regularly makes funding commitments that extend for more than three years, and that make up a significant proportion of a charity's budget. This means that it is sensible to consider an 'exit strategy'—how ECT's funding will be replaced after the grant period. If exit strategies are not considered, grantee charities can reach a point where they expect further funding and have not planned for its termination.

This is another situation that should be managed by good financial planning on the part of the charity. But such planning can be aided by an unrestricted funder, by providing guidance on diversifying funding sources, or by funding efforts to build financial sustainability. As discussed in the earlier section, 'Impact on grantee charities', this can be enabled by funding fundraising efforts, by helping to purchase premises, and by other means.

An example of this situation is found in one of ECT's grantees that was given a grant of roughly 40% of its total income. In this case, the charity was unable to spend this grant effectively, as it did not have the capacity, or desire to grow. The problem here was not so much that the grant was too large, but in fact that ECT's expectations did not match well with those of the grantee charity.

Mismatched expectations

A small number of ECT's grants have not lived up to the initial expectations that ECT and NPC had of them. Mismatched

expectations are a key challenge to deal with when giving unrestricted funding, by making sure that both sides' goals are clearly understood at the outset.

It might be argued that funders giving unrestricted funding should have no specific expectations beyond the charity's effectiveness, as they allow the grantee charity to choose themselves how they spend the money. This is certainly true at a detailed level, but there are expectations at a higher level—whether these involve growth, development or simply maintaining existing services.

In summary, while unrestricted funding requires a funder to trust the charity to make the right decisions, it is important to make sure that expectations match on both sides before a grant is made. The most common type of mismatch in NPC and ECT's work has been in judging potential for growth. A charity can be highly effective, and yet not be a good candidate for growth. In fact, in many cases a charity is most effective because it limits its size, and growth would threaten to undermine its success.

Another case in which it is vital to match expectations is when a funder offers to provide help through volunteers as well as money. In one case, a volunteer was unable to match the time commitment required by the grantee charity, and this did not become clear until the volunteer had taken up an important role within the charity. Volunteering can be an excellent way to provide resources, and to build closer links with grantees, but it is unlikely to deliver real value unless expectations match between charity and volunteer.

The grants that have not 'worked' so well from ECT's perspective have largely been cases of mismatched expectations.

A charity can be highly effective, and yet not be a good candidate for growth. In fact, in many cases a charity is most effective because it limits its size, and growth would threaten to undermine its success.



Case study 7: Absolute Return for Kids' Teens and Toddlers programme

ECT has funded ARK's Teens and Toddlers programme since 2005, providing just over £300,000 over the last two years. This has supported innovative work preventing teenage pregnancies in London. Working in Lambeth, where girls have a 29% chance of getting pregnant before their eighteenth birthday, the programme helps to educate young people about the realities of parenthood by working with toddlers in nurseries.

The Teen and Toddlers approach is markedly different from the interventions normally used to try and reduce teen pregnancy—sex education and promotion of abstinence. Developed in the United States, it uses youth development approaches to help build young people's self-esteem, support them in their education and improve their relationship skills. And it gives them a taste of what it is really like to be a parent.

Programme staff go into local schools and speak to teachers to identify vulnerable young people, male and female, who are at risk of teenage pregnancy. These young people are offered the chance, entirely voluntarily, to spend one afternoon a week for 20 weeks working as volunteers in a nursery. Each teen is assigned a toddler with whom they establish a relationship over the course of the programme, working and playing in the nursery.

Time in the nursery is followed up by bringing the teens together for small group sessions. These cover a number of issues, including child development and sexuality. Young people thought to be at particular risk are offered further individual support by the trained staff.

A study of course graduates in August 2006 found that only 4 out of 163 (2.5%) of the teens had become pregnant or had caused a pregnancy while they were under 18. The expected number given the areas the participants are from would be 28; given that they were particularly at-risk teenagers, the actual expected number would be much higher. It also influenced participants' attitudes to parenthood: 85% reported that Teens and Toddlers had made them increase the age at which they would like to have children.

'The best part of teens and toddlers was working with the children. It showed you how much attention children need and how you can help them learn. The most important thing that I learned during the project was how hard it is to be a teenage parent.'

Male participant, 17 years old

The funding market is still deeply flawed. Funding does not follow success. In this context, even funders who make every effort to fund effectively will find that the charities they fund continue to struggle in the flawed market, and may not thrive as they should.

The challenges of a flawed market

A final area worth considering is the challenges created for ECT's funding model by the wider funding market. Execution encourages its grantees to use unrestricted funding in the ways they believe are best, to create the greatest impact for beneficiaries, and also to help the charity itself to develop. This means that ECT encourages growth, building sustainability and exploring new approaches to creating greater impact.

But Execution only provides a proportion of each grantee charity's income, and even though it makes long-term funding commitments, these may come to an end as ECT's portfolio develops.

The problem is that other funders may not be taking similar approaches to ECT, so even if ECT's grantee charities develop, innovate and grow, other funders may not then support the continuation of that development. Unrestricted funding may not be available, so charities may find they fail to fit into funders' criteria. Funders may not

focus on identifying effectiveness as the means of selecting charities, so the success of one of ECT's grantee charities may not guarantee it continuing support from the funding market, which is still deeply flawed.

Funding does not necessarily follow success. In this context, even funders who make every effort to fund effectively will find that the charities they fund continue to struggle in the flawed market, and may not thrive as they should.

At the same time, funders providing long-term, unrestricted funding and non-financial support where it is needed can be sure that they are helping to redress the market's flaws, and to help their grantees to thrive. This creates an advocacy role that effective funders can take, to encourage other funders to fund intelligently and effectively. And this, in the end, is the reason why ECT commissioned this report. For any funder, whether large or small, developing or experienced, there may be lessons in Execution's experiences that can help to make their funding more effective.

The next five years

This review shows much of what NPC and ECT have learned through their experience over the last five years. This section outlines how ECT plans to build on this in its funding over the next five years, and how NPC plans to apply some of the lessons it has learned to its work.

Execution Charitable Trust

ECT is going to commit to a further five years of funding community organisations through its charitable trading day. There are three main reasons underpinning this decision:

- ECT believes in rewarding excellence and continuing to fund community organisations, as long as they deliver results. After five years of funding community organisations, their results are clearer than ever, and it makes sense to continue supporting them.
- NPC and ECT now have a better understanding of how long it takes to create change. Funding these community organisations will not immediately resolve complex social issues like poverty and deprivation. Change requires long-term commitment, both by charities and by their funders. Furthermore, it is important to invest in prevention rather than just alleviating symptoms, which demands a long-term commitment.
- ECT wants to build on the knowledge, understanding and networks it has built up, in partnership with NPC, over the last five years. Being a knowledgeable funder helps ECT to be more effective—

providing the right sort of funding, helping charities think through issues they face and sharing lessons among grantees and other funders.

As well as committing to a further five years of funding community organisations, there will continue to be opportunities for Execution to help its clients achieve their specific philanthropic objectives at the same time as achieving its own. This means that there will be opportunities for clients who trade on the charitable trading day to nominate a charity to be the recipient of part of their funding. In cases where grants are made outside the core focus area of poverty and deprivation, NPC will continue to provide a level of due diligence to ensure the effectiveness of organisations funded. ECT will also continue to offer elements of non-financial support that have been found to be valuable. These include:

- providing opportunities for consulting support where appropriate, through the Cranfield Trust or consultants selected by grantee charities;
- running annual workshops for funded charities and supporting exchange visits where appropriate; and
- providing opportunities for Execution trustees and staff to visit charities.

In addition, NPC recommends that ECT sets aside a proportion of the funds raised in each trading day to serve as an emergency fund for unforeseen crises in grantee charities.

Box 5: A final word from Jacky Joy, Trustee of the Execution Charitable Trust

We are very proud of what ECT has achieved over the last five years. It has been a steep learning curve, but we think that, by listening to feedback, being flexible, taking some risks and always focusing on results we have been able to evolve and make sure we are creating a positive impact.

Together with NPC we have created strong ties with the charities we support, relationships that have been enhanced by visiting them and hearing how they work and what they need. We now have a much better and more realistic understanding of what can be achieved, and how vital local community organisations are to the people they support.

Improving life for the people living within disadvantaged communities is at the heart of what we do. NPC has carried out a thorough review of how we fund, how ECT works and of the lessons learned. As trustees, we felt it was important to share the results of this review with other funders, whether they are just starting out or are reviewing how they give their money. Copies of this report can also be downloaded from the NPC or ECT websites.

The primary purpose of this review was to show some of the work we do, and what we have been able to achieve in such a relatively short space of time. The trustees are immensely proud of the last five years and are extremely excited about the years to come.

New Philanthropy Capital

A number of recommendations emerge from this review for our future work at NPC.

Specifically, we need to:

- Be clearer and more transparent when approaching charities. Some developments are underway to address this, including an updated charity charter and a charity booklet.
- Be approachable and communicate often with charities. A new process is being implemented to ensure regular contact, but more needs to be done to be clear with charities that communication is always welcome, about changes, threats or opportunities.
- Be flexible in our reporting requirements. This is being incorporated into our new annual update process to allow maximum flexibility.
- Encourage charities to use NPC materials with other funders, as an independent judgement of effectiveness that can confer confidence in results. Our

recommendations, research reports and website have helped some charities but others do not use them.

- Help charities to measure, analyse and report results. NPC Tools—a new initiative within NPC’s Research team—has been established to do exactly this. Some of the current projects within NPC Tools include a tool for measuring charities’ impact on children’s well-being and a project to explore the costs and benefits of standardising reporting to multiple funders. This will be a growing area of work for NPC in future—charities and funders interested in NPC Tools can check our website for latest developments.

Finally, we believe that the Execution Charitable Trust’s funding model has demonstrated the success that can be achieved through strategy, focus, and exploiting professional advice on giving. We hope that you find resonance in some of what we have explored here. If you are interested in applying any of the themes emerging from ECT’s experiences to your giving, please contact us.



Recommendations for funders

This five-year review has been carried out to help evaluate the impact of Execution's charitable funding over the past five years, and to draw out lessons from the experiences of all involved—from the charities who were funded, trustees and staff of Execution and the Execution Charitable Trust, and the staff at New Philanthropy Capital who have managed this work.

A number of key recommendations emerge from this review. We believe they may be of interest to all sorts of funders of charities—from individuals to foundations, and from new funders to well-established organisations.

Recommendations for new and developing funders

- **Focus your giving**—establish the right focus for your objectives, values and interests. If you focus, set aside a portion of your funds for ad hoc giving.
- **Invest in research to build knowledge about your focus area**—identify effective approaches, whether you proactively seek out charities or have an application process.
- **Provide funding for organisations, not projects**—ask charities what they need.
- **Provide multi-year funding commitments wherever possible**—these may be tied to performance or milestones, but create the basis for long-term planning.
- **Communicate clearly**—make sure your expectations match those of the charity, and let them know well in advance of any likely changes to the funding you provide.
- **Visit the charities you fund**—to understand what they do and the context they work in. If a corporate funder, provide opportunities for staff to visit.
- **Build strong relationships and become a critical friend**—avoid the temptation to interfere.
- **Be flexible in your reporting**—accept reports already produced for other funders if possible.
- **Prioritise results when reviewing whether to change what you fund**—if a charity is still effective, why stop funding it?
- **Learn from your funding**—review your impact, survey grantees and evolve over time.

Recommendations for established and mature funders

- **Foster communication**—run workshops, networking events or exchange visits to bring grantees together—provide some structure but maximise the opportunity for peer learning and sharing experiences.
- **Build flexibility into grants so grantees can respond to changing needs**—whether this means unrestricted funding or flexibility in project funding.
- **Commit to long-term funding where possible**—based on continuing delivery of good results.
- **Ask grantees what non-financial support they need**—consider funding consultancy, research, evaluation and other capacity-building support.
- **Encourage grantees to contact you as often as they want or need to**—opportunities for signposting to other resources, guidance or advice in a crisis are all valuable.
- **Review your reporting requirements to establish the right balance**—establish what information you need and what is most useful to grantees.
- **Share lessons learned with other funders**—including your experiences of challenges and failures.
- **Consider investing in prevention**—if you want to create lasting change. If so, recognise that longer-term funding will be required.

Appendices

UK community organisations funded by ECT

3D Drumchapel, Glasgow, Scotland
999 Club, Deptford, London
Ballynafeigh Community Development Association (BCDA), Belfast, Northern Ireland
Barry YMCA, Wales
Broxburn Family and Community Centre, Nr. Edinburgh, Scotland
Charterhouse-in-Southwark, London
Cheltenham Community Projects (CCP), Cheltenham
Corner House Cross Community Centre, Belfast, Northern Ireland
Exeter Community Initiatives (ECI), Exeter
Family Action in Rogerfield and Easterhouse (FARE), Glasgow, Scotland
Greenhouse Schools Project, London & Wales
London Citizens, London
New Avenues Youth and Community Project, London
Respect, Hull
Ruchill Church Outreach Project, Glasgow, Scotland
Safety Zone, Bargeddie, Scotland
Scarman Trust
South Side Family Project, Bath
St Mark's Family Centre, Mitcham, Surrey
Strategy, Bryncynon, Wales
Together Creating Communities, Wrexham, Wales
Trinity Centre, London
United Estates of Wythenshawe (UEW), Manchester—official name Copperdale Trust
The Warren, Hull
West Harton Action Stations, South Shields
Windsor Women's Centre (WWC), Belfast, Northern Ireland
Wishing Well, Belfast, Northern Ireland
World's End Centre, London

Other charities funded by ECT

Absolute Return for Kids (ARK)—AIDS project + Teens and Toddlers programme
Barnardo's
Clic Sargent
Cranfield Trust
Crossflow Nepal Trust Lumbini, Nepal
Médicins Sans Frontières, International
Myeloma UK
Thusanani, South Africa

Funds distributed by ECT

Figure 7: Funds distributed by ECT

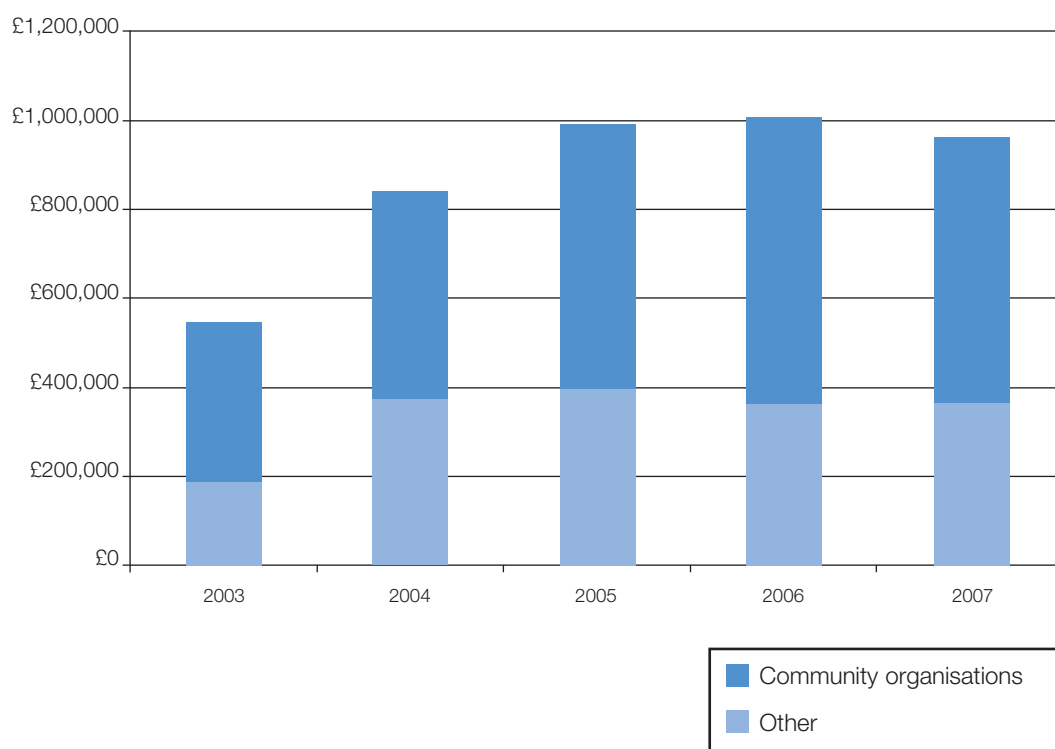


Figure 8: Table of funds distributed by ECT

	2003	2004	2005	2006	2007	TOTAL
Community organisations	£358,306	£466,000	£591,007	£630,800	£590,000	£2,636,113
Other	£186,694	£374,000	£399,993	£373,700	£370,653	£1,705,040
Total	£545,000	£840,000	£991,000	£1,004,500	£960,653	£4,341,153

ECT/NPC guidelines for annual reporting

The following is the text used to guide the charities funded by Execution Charitable Trust in their annual reporting to NPC. Charities' responses are then reviewed and presented to ECT in summary:

NPC would like you to report on the activities, results and capacities of your organisation as a whole. Not only do we believe that this approach will give us a better picture of your achievements and challenges, but we hope that it will enable you to draw upon the many reports you need to submit to other funders and that it will build upon and contribute to annual reviews you may undertake for the purposes, for example, of developing annual reports. In particular, NPC is interested in how you have learned and developed over the past year, looking at both successes and failures.

Please use the guidelines below as just that—guidelines. We want you to tell us your story in your words. Some of the questions suggested below may not be relevant to your organisation; there may be other things that you want to tell us about that we have not listed. We also welcome any comments or suggestions you have about this reporting framework, which you can discuss with us either before the grant agreement is signed or during the grant period.

Please feel free to use examples or anecdotes to help you answer any of the questions below. This might be an account of the positive impact of your work on a beneficiary or a group of beneficiaries; or of how a staff member has applied new skills learned; or the process and outcome of your organisation's negotiations with local agencies.

Your work over the past year

- What have been your key achievements and how do they reflect your planned objectives?
- Has your work resulted in any unexpected (positive or negative) outcomes?
- Please also tell us about things that have not gone well, where targets have been met partially or delayed. How did you respond to unexpected setbacks?
- Please provide us with quantitative and qualitative evidence (eg, case studies) illustrating your impact.

Context

- Tell us what has changed, if anything, in the context in which you are working.
- What, if anything, has changed about the needs and issues you seek to address?

Your organisation today

- Has the capacity of your organisation altered over the last year? How have you gone about addressing organisational weaknesses?
- How have relationships with your key stakeholders and partners developed?
- Have your existing activities or services been expanded or reduced? Have new activities been developed?

Unrestricted funding

- Has the availability of unrestricted funds via NPC enabled you to grow or improve the quality of your work in ways that other funding regimes do not permit? What in your view are the benefits of unrestricted funding?
- Please indicate which budget items were covered by this grant.

Lesson learning

- How have you gone about monitoring and evaluating your activities? Which stakeholders have you involved?
- How have you enhanced your monitoring and evaluation procedures?
- How did you share lessons learned both internally and externally?
- Has evaluating your work led you to alter your strategy, plan new projects, or change your activities?

Financial information

- Please provide a copy of your most recent annual accounts (these may be audited, or in draft form).

Looking forward

- Having reflected on the past year, are there any aspects of your work that will change significantly during the coming year? Please send us a copy of your budget for the current/upcoming financial year.
- Please outline your key objectives for the coming year (including programme and organisational objectives).

Other

- Please tell us about any other developments that are relevant.

Services provided by NPC to ECT

New Philanthropy Capital has provided a range of services to Execution Ltd. and the Execution Charitable Trust, effectively acting as ECT's outsourced grant-maker for the distribution of its charitable funds. Services provided have included:

Research

- Identifying potential grantee charities based on ECT requirements.
- Visiting and analysing potential grantee charities—performing full due diligence and analysing results within NPC's charity analysis framework.
- Performing due diligence checks on potential grantees suggested by Execution's clients
- Carrying out in-depth research to understand effectiveness, best practice, needs and context of locally based community organisations.
- Carrying out a review of Execution's first five years of charitable giving.

Grant management

- Drafting grant agreements.
- Preparing monitoring and reporting requirements.
- Providing ad hoc support, guidance and advice to grantee charities.
- Carrying out annual grant reporting and recommending continuation or termination of grants.
- Annual update visits and regular correspondence.
- Performing grant administration—triggering release of grant instalments.

Annual workshops

- Designing, organising and facilitating annual workshops for ECT's grantee charities.
- Inviting external speakers.
- Evaluating and gathering feedback on workshops.

For more information about the services NPC can provide to donors and funders, whether individuals, families, corporates or professional grant-makers, please contact Harry Charlton on 020 7785 6309 or at hcharlton@philanthropycapital.org.

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- ¹ Reichardt, O., Kane, D. and Wilding, K. (2007) *The UK Voluntary Sector Almanac*. National Council for Voluntary Organisations.
- ² Office of the Deputy Prime Minister (2004) *The English Indices of Deprivation*. HM Government; *Scottish Index of Multiple Deprivation (2004)* Scottish Executive; *Welsh Index of Multiple Deprivation (2005)* Welsh Assembly Government; *Northern Ireland Multiple Deprivation Measures (2005)* Northern Ireland Statistics and Research Agency.
- ³ Power, M. and Cox, T. (2007) *Make a difference: A five-year review of the Execution Charitable Trust*. Execution Charitable Trust.
- ⁴ Calculated as total number of people helped by ECT grantee charities each year. This results in a conservative estimate, as each charity's users will change to some extent from year to year, so numbers over five years will be greater than numbers in any one year.
- ⁵ Calculated as number of people directly helped by ECT funding ie, percentage of charity's income provided by ECT multiplied by charity's user numbers, with figures each year added to produce total over five years.
- ⁶ Huang, J., Buchanan, P. and Buteau, E. (2006) *In search of impact: Practices and perceptions in foundations' provision of program and operating costs to nonprofits*. The Center for Effective Philanthropy.

Other publications

Community

- *Not seen and not heard: Child abuse (2007)*
- *A long way to go: Young refugees and asylum seekers in the UK (2007)*
- *Home truths: Adult refugees and asylum seekers (2006)*
- *Inside and out: People in prison and life after release (2005)*
- *Grey matters: Growing older in deprived areas (2004)*
- *Side by side: Young people in divided communities (2004)*
- *Local action changing lives: Community organisations tackling poverty and social exclusion (2004)*
- *Charity begins at home: Domestic violence (2003)*

Education

- *Misspent youth: The costs of truancy and exclusion (2007)*
- *Read on: Literacy skills of young people (2007)*
- *On your marks: Young people in education (2006)*
- *What next?: Careers education and guidance for young people (2005)*
- *School's out?: Truancy and exclusion (2005)*
- *Making sense of SEN: Special educational needs (2004)*

Health and disability

- *Don't mind me: Adults with mental health problems (2006)*
- *Valuing short lives: Children with terminal conditions (2005)*
- *Ordinary lives: Disabled children and their families (2005)*
- *Out of the shadows: HIV/AIDS in Burundi, Democratic Republic of Congo and Rwanda (2005)*
- *The hidden assassin: Cancer in the UK (2004)*
- *Caring about dying: Palliative care and support for the terminally ill (2004)*
- *Rhetoric to action: HIV/AIDS in South Africa (2003)*

Cross-cutting research

- *Striking a chord: Using music to change lives (2006)*

Improving the voluntary sector

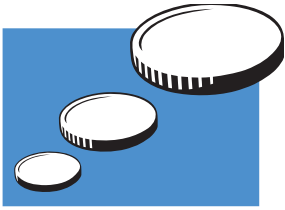
- *Going global: a review of international development funding by UK Trusts and Foundations (2007)*
- *Funding success: NPC's approach to analysing charities (2005)*
- *Surer Funding: Improving government funding of the voluntary sector (2004, published by acevo)*
- *Full cost recovery: A guide and toolkit on cost allocation (2004, published by NPC and acevo)*
- *Just the ticket: Understanding charity fundraising events (2003)*
- *Funding our future II: A manual to understand and allocate costs (2002, published by acevo)*

Forthcoming research

- *Violence against women (2007)*
- *Out of school hours (2007)*
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Our research guides donors on how best to support causes such as cancer, education and mental health. As well as highlighting the areas of greatest need, we identify charities that could use donations to best effect.

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- Which organisation/s could make the best use of my money?
- What is the best way to support these organisations?

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