

Department for Work and Pensions

Research Report No 287

Evaluation of the European Social Fund Objective 3 Global Grants programme

Dr. Gerwyn Jones, Alison Mitchell and Rita Griffiths

A report of research carried out by Insite Research and Consulting on behalf of the Department for Work and Pensions

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Abbreviations

CVS	Council for Voluntary Service
DWP	Department for Work and Pensions
ESF	European Social Fund
GO	Government Office
IB	Intermediary Body
LSC	Learning and Skills Council
NGO	Non-governmental organisation

Summary

Background

The Global Grants programme began in 2001 and provides small grants of up to £10,000 to non-governmental organisations (NGOs) that would otherwise be unable to access mainstream European Social Fund (ESF) funding. A key objective of the Global Grants programme is to make ESF resources available to small, local organisations which are well placed to reach disadvantaged communities. Global Grants reflects the main aim of ESF in helping disadvantaged individuals to access or progress towards the labour market. As such, the programme contributes to the UK National Action Plan for Employment and relates to activities in the National Action Plan for Social Inclusion and the National Strategy for Neighbourhood Renewal.

Global Grants are administered by Intermediary Bodies (IBs), local public, private or voluntary sector agencies appointed by the nine regional Government Offices (GOs) in England. IBs distribute grant funding to organisations delivering Global Grant projects which help people with low rates of employment to move closer to the labour market. IBs are also responsible for securing the match funding required to access ESF funds.

Insite Research and Consulting was commissioned to evaluate the extent to which Global Grants had met its aims and objectives; to assess the effectiveness of Global Grants structures; to examine the differing types of Global Grants programmes; to identify the benefits and impact of Global Grants and, where appropriate, to highlight good practice. The findings are the result of in-depth interviews with staff from GOs responsible for administering Global Grants, IBs and a sample of Global Grants recipient organisations.

Key success factors

The research found that Global Grants programmes operating across all GO regions had succeeded in enabling small groups to access ESF funding and in moving disadvantaged people furthest away from employment, towards the labour market.

The specific IB delivery mechanism appeared to be a key factor in explaining the success of Global Grants. In particular, easily understood and accessible application systems and procedures, 'light touch' monitoring and reporting requirements and the quality, hands-on and practical support provided to applicants and grant recipients, were found to be critical success factors. Moreover, the accessibility and flexibility of the provision and support provided by grass-root groups funded through Global Grants, meant that excluded and disadvantaged individuals had been able to benefit from the programme.

The research found evidence of success in the shape of positive outcomes amongst project beneficiaries reported by IBs and grant recipients. Many individual beneficiaries participating on Global Grants-funded projects had gained new skills and increased their confidence, motivation and self-esteem. Some beneficiaries had also progressed into work, further training or volunteering after participating on Global Grants-funded projects.

The Global Grants programme had also impacted positively on many grant recipient organisations, helping to build their organisational capacity and improving their sustainability longer-term.

Wider community benefits arising from the Global Grants programme were also commonly reported. Respondents noted how Global Grants-funded projects had acted as catalysts to increasing community involvement and improved social cohesion, in addition to providing tangible benefits such as improved local facilities.

IBs had also benefited from their involvement in the Global Grants programme. Many believed that their organisational profile, visibility and standing in the community, had been enhanced as a result of delivering the programme. For larger, public sector IBs, including local authorities and Learning and Skills Councils (LSCs), Global Grants had made them more accessible, 'better known' and more approachable to the local community. Participation in Global Grants had also helped in contributing towards the achievement of regeneration and social inclusion aims and objectives.

For smaller, voluntary sector IBs, already with good links and standing in the local community, Global Grants had raised their profile and improved their perception among GOs and large public sector match funders. Many such smaller IBs felt that they were now viewed as credible, professional organisations with the skills and capacity to manage public funds, together with recognised knowledge of, and expertise in, dealing with ESF target groups.

Programme implementation

The process of determining Global Grant structures and IB geographical coverage varied between GO regions. While the size, geography and administrative make-up of regions influenced Global Grant structures, in some regions the ability of prospective IBs to access match funding appeared a key determinant which seemed

to have overridden other factors in importance (for example, experience and understanding of Global Grant target groups). In some regions the choice of IBs appeared to have been prescribed in advance and restricted to certain large publicly funded bodies, for instance, LSCs and local authorities, with ready access to match funding. However, some individual regions had undertaken a more systematic and considered approach to determining an IB structure, with one region in particular establishing a 'Global Grants Working Group'.

Effectiveness of IB types and structures

Certain types of IB organisations appeared to have fulfilled the different functions of IBs more effectively than others. Securing match funding was, on the whole, more easily met by larger, strategic and public sector bodies. While such bodies brought funding, administrative capacity and ESF expertise to Global Grants, they appeared, generally, less well equipped to provide targeted and accessible application procedures for ESF to percolate down to the most disadvantaged groups. Larger bodies were also less well placed to provide the hands-on support needed by small, inexperienced groups. Some such bodies had acknowledged these weaknesses and had withdrawn from operating as IBs, choosing to become match funders instead.

In contrast, organisations predominantly from the voluntary sector generally had a clearer understanding of Global Grant target groups and were in a better position to provide the expertise and hands-on quality support to applicants and grant recipients. Many such organisations had, however, struggled to access sufficient and sufficiently flexible match funding. This presented many with operational difficulties and some ceased operating as IBs.

The organisations best suited to delivering Global Grants appeared to be those able to meet both the required strategic, administrative **and** developmental functions of IBs. In essence, these IBs were those with experience of managing small grants programmes, easy access to match funding and a willingness and ability to respond flexibly to the needs of local groups and communities.

In most instances, innovation and added value in project outcomes were achieved by IBs with the vision, flexibility and capacity to influence project ideas and delivery, combined with a practical and hands-on developmental approach to helping grant applicants and recipients.

In practice, very few organisations were able to meet all these criteria. However, some effective compromise arrangements were reached where, for example, the strategic and higher administrative functions of IBs were met by a co-ordinating body (often a public sector/strategic match funder) leaving the more operational and developmental functions to be delivered by smaller, more accessible and locally responsive (mainly voluntary sector) organisations.

Main programme constraints

In spite of the success of Global Grants, the requirement in European Union (EU) regulations to provide match funding had adversely impacted on the effective operation of many IBs. This was particularly evident amongst smaller, voluntary sector IBs that sourced their match funding externally. Many such IBs believed they could have achieved more and better outcomes, but for match funding difficulties. Some IBs also felt that their ability to respond flexibly to local needs to innovate and to add value to the Global Grants programme, had been constrained by match funders. GOs struggled to spend their maximum allowed Objective 3 budgets on Global Grants due to many IBs being unable to source sufficient amounts of match funding.

Match funders which placed geographic, project type and target group restrictions on how their money was spent had also constrained the operation of many IBs. Examples included match funders imposing their own application, appraisal and selection procedures on the Global Grants programme and creating additional administrative tiers and paperwork. Finally, match funders providing payments in arrears and on a year-to-year basis had caused financial difficulties and organisational uncertainties for some smaller IBs.

Some grant recipients who wanted to extend or continue their Global Grant projects had concerns over their ability to do so. These concerns were echoed by some GO staff and IBs. While it is not the purpose of Global Grants to convert community groups into mainstream providers, some respondents felt that it was a significant step for those Global Grants recipients which wanted to progress to access mainstream funding.

Future programme development

The overwhelming view amongst GO representatives, IBs and grant recipients was that the Global Grants programme had been a success. The success of the Global Grants programme and of individual, funded projects would appear to have been achieved in spite of operating difficulties which have constrained many IBs, most notably, problems arising from match funding. This suggests that the outcomes and added value of Global Grants could be further increased and enhanced through addressing these key structural and operational issues.

1 Introduction

1.1 Background to Global Grants

The Global Grants programme began in 2001 and provides small grants of up to £10,000 to non-governmental organisations (NGOs) that would otherwise be unable to access mainstream European Social Fund (ESF) funding. Global Grant-funded projects aim to facilitate participation in employment and promote social inclusion through tackling worklessness in areas of deprivation and other locations experiencing higher than average levels of unemployment. Global Grants are provided as part of the 2000-2006 ESF Objective 3 Programme and are intended to build on the Local Social Capital pilot projects funded through Article Six of the 1994-1999 ESF Regulation,¹ a key principle of which is to stimulate local responses to local needs.

Although administratively distinct from ESF Objective 3 funded projects, Global Grants reflect the main aim of the ESF in helping disadvantaged individuals to access or progress towards the labour market. As such, they contribute towards the UK National Action Plan for Employment². The Global Grants programme has also been designed to contribute to the UK National Strategy for Neighbourhood Renewal³ and to the National Action Plan for Social Inclusion Objective 1.1.

A key objective of Global Grants is to make ESF resources more easily accessible to small NGOs. Such organisations are often better placed to respond to social exclusion at a local level, but are not necessarily well equipped to deal with the demands of ESF secured through co-financing or bidding.

¹ The Local Social Capital was launched by the European Commission, DG EMPL in July 1998 as an action under Article 6 of the ESF.

² See Guideline Seven of the National Action Plan for Employment, on integrating people at a disadvantage in the labour market and to Guideline Ten on addressing regional employment disparities.

³ See 'A New Commitment to Neighbourhood Renewal, National Strategy Action Plan.' Social Exclusion Unit, January 2001.

Global Grants are administered by Intermediary Bodies (IBs), local public, private or voluntary sector agencies appointed by regional Government Offices (GOs). IBs distribute grant funding to organisations delivering projects which help people from disadvantaged communities or groups to move closer to the labour market. The projects target people with disabilities, those from minority ethnic communities, lone parents, people over 50 and other excluded or disadvantaged groups with low rates of employment.

Eligible projects include those designed to increase and enhance 'soft' skills such as personal motivation, self-confidence and interpersonal skills, as well as improving harder measures of employability including literacy, numeracy, English language and vocational skills. They can also include new business start-ups and supporting local networks which benefit the local community.

The main role of IBs is to lighten the administrative and financial burden for small, local organisations applying for Global Grants funding and to provide them with a more accessible route to receiving ESF funding. IBs take responsibility for sourcing the match-funding required of all ESF programmes, 80 per cent of which must be in cash, with no more than 20 per cent in kind and which can only be used for administrative costs. IBs are also responsible for much of the management, monitoring, reporting and auditing requirements involved in accounting for ESF funds.

1.2 Research aims and objectives

In October 2004, Insite Research and Consulting was appointed by the ESF Evaluation Unit of the Department for Work and Pensions (DWP), to carry out a qualitative evaluation to investigate the effectiveness of Global Grants as a mechanism for helping individuals from disadvantaged communities or groups move closer to the labour market. The research included the identification of good practice findings which could inform future policy and programme development and enhance project delivery.

The aim was to build on a previous research study carried out in-house in 2002 by the DWP ESF evaluation team. This study reported some early implementation problems mainly centred upon the securing of match funding but found that overall, the Global Grants programme was proving to be effective in enabling ESF resources to reach organisations and individuals that had not previously accessed European funding.

For the current evaluation, the remit of the earlier study was broadened to include the following specific objectives:

- to examine the implementation of Global Grants and to evaluate whether earlier implementation problems had been resolved;
- to identify the outcomes and impact of Global Grants on grant recipients, project beneficiaries and IBs including added value and organisational capacity building;

- to describe and assess the effectiveness of the Global Grants and IB structure in each GO region (including the process of selecting IBs, differing IB types and structures and how IBs work in practice);
- to examine the design and delivery of differing Global Grants programmes and their effectiveness in meeting key policy objectives (including application and appraisal processes for organisations and individuals seeking Global Grants);
- where relevant, to highlight examples of good practice.

1.3 Research methods

Qualitative research methods were adopted to carry-out the evaluation and to meet the research objectives. These included in-depth telephone and face-to-face interviews with key individuals and organisations involved in the Global Grants programme. The fieldwork began in November 2004 and was completed by early May 2005. It incorporated four key elements:

- in-depth telephone interviews with nine GO representatives responsible for managing Global Grants projects across the nine national GO regions in England (November and December 2004);
- in-depth telephone interviews with a key representative from 42 IBs currently, or previously, involved in delivering the Global Grants programme (December 2004 and January 2005). This comprised 36 IBs actively involved in administering Global Grants at the time of the survey and six organisations that had ceased operating as IBs;
- case studies of five selected IBs to explore innovative and good practice, comprising fifteen face-to-face interviews with key IB staff (February and March 2005);
- a telephone survey with a sample of 91 organisations which benefited from a Global Grant⁴ in the selected IB case studies (April and May 2005).

A 'top-down' methodological approach served to mirror the delivery process of Global Grants by starting the evaluation at GO level. Such an approach was deemed important for two main reasons: First, it ensured that all key stakeholders involved in the Global Grants programme were included as part of the research and that sufficient numbers were accessed to comprehensively inform the evaluation. Secondly, each stage of the field research would provide the basis for, and inform, the next, with any key themes and issues arising from initial enquiries being used to focus the evaluation on areas for more in-depth investigation and case study analysis later in the field work.

⁴ Called 'Global Grant recipient or grant recipients' in this report.

1.4 Report structure

This report is written in five further chapters, as follows:

Chapter 2 describes the structure of the Global Grants programme as currently implemented and operated across the nine GO regions in England.

Chapter 3 explores the outcomes and impact of the Global Grants programme on grant recipients, project beneficiaries and IBs.

Chapter 4 describes arrangements adopted by the nine GO regions in England for implementing the Global Grants programme and assesses the effectiveness and success of the different IB types, structures and delivery models.

Chapter 5 describes the design and delivery of different Global Grant programmes operated by IB, and the key factors which have influenced their effectiveness and success.

Chapter 6 summarises key findings and presents conclusions.

Verbatim quotes used in the report appear in italics.

2 The Global Grants programme

This chapter sets the scene by describing the Global Grants programme as currently implemented and operated across the nine English Government Office (GO) regions. It covers the number and type of Intermediary Bodies (IBs), sources of match funding, and gives an indication of the size, scale and characteristics of the different Global Grants projects operating in England.

2.1 Intermediary Body structures and geographical coverage

Table 2.1 shows the current structure of the Global Grants programme across GO regions in England. It presents the total number of IBs operating in the nine GO regions at the time the telephone survey was carried out⁵ and their geographical coverage.

⁵ When Insite was commissioned to carry out the evaluation, there were 38 active IBs in the nine GO regions. However, two of these IBs withdrew from the Global Grants programme, leaving 36 active IBs operating at the end of January 2005.

Table 2.1 Number and geographical coverage of Intermediary Bodies

Region	Number of IBs	Coverage of IBs
London	1	Regional
East	6	One IB per county
South East	10	Eight IBs at county level, two IBs at sub-county level
South West	6	Sub-regional
West Midlands	3	Sub-regional
East Midlands	1	Regional
North East	4	Sub-regional
Yorkshire & Humberside	3 ¹	Sub-regional
North West	4	Sub-regional
Total	38	

¹ Two IBs from the Yorkshire and Humberside region withdrew from the programme at the end of December 2004 while the survey was being carried out.

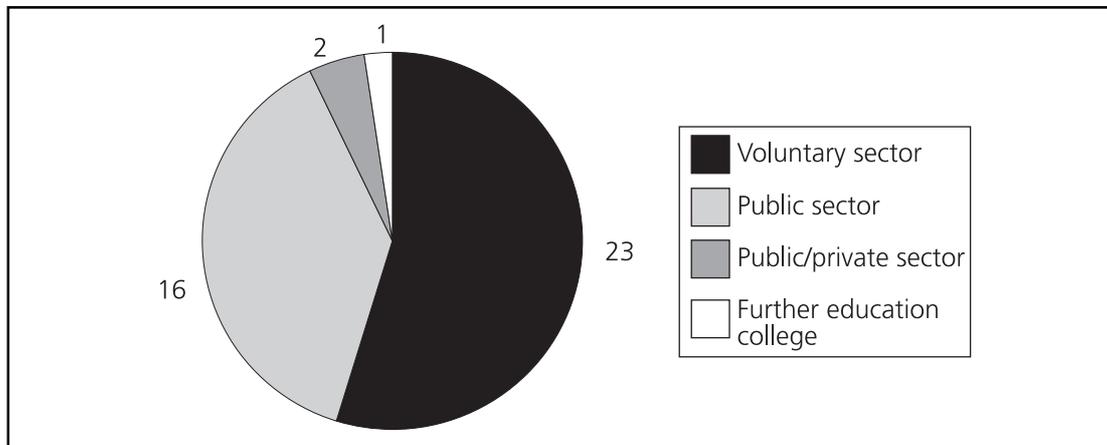
2.2 Intermediary Body start dates

Most IBs surveyed (48 percent) began operating during 2001 when the Global Grants initiative was first introduced. However, almost a third (29 percent) did not begin operating until 2003 and seven per cent did not start until 2004. The remaining 17 per cent became operational IBs in 2002.

2.3 Status of Intermediary Body organisations

Among the 42 IB organisations surveyed (36 currently active and 6 inactive), just over half were from the voluntary sector and just under half were from the public and public/private sector. The breakdown was as follows as shown in Figure 3.1:

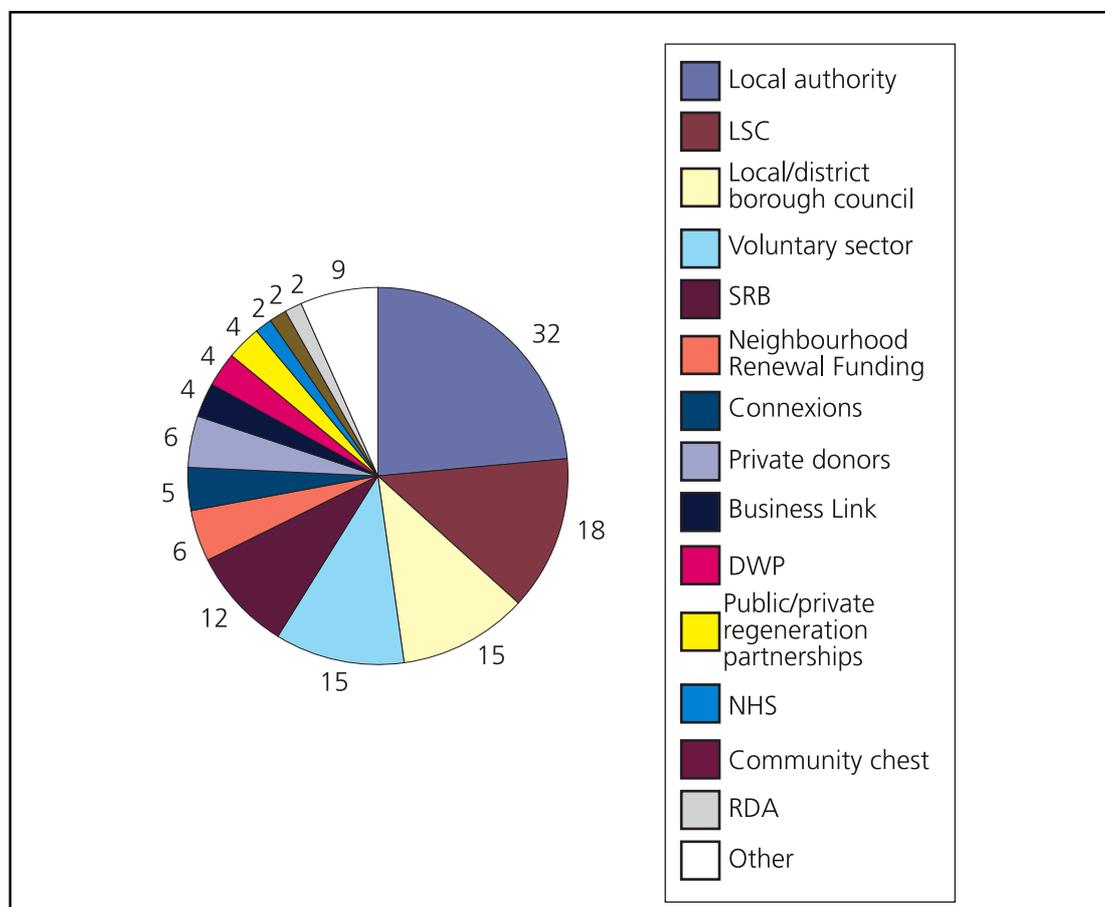
- 23 (55 per cent) were voluntary organisations (including registered charities);
- 16 (38 per cent) were public sector organisations (local authorities and Learning and Skills Councils (LSCs));
- two (four per cent) were from the public/private sector (economic development agency and regeneration partnership);
- one (two per cent) was a further education college.

Figure 2.1 Categories of Intermediary Bodies

2.4 Sources of match funding

The European Social Fund (ESF) provides a contribution to the costs of projects, in the case of the England Objective 3 programme, up to 45 per cent of costs. The remainder of the costs must be found from domestic funding, and this domestic contribution is commonly known as 'match funding'. Match funding is a key requirement and principle of European Union (EU) Structural Fund Regulations.

Figure 2.2 provides a breakdown of match funding sources for Global Grants as reported by the 36 active IBs. While the range of sources is broad, LSCs and local authorities dominate the picture overall, with the majority of IBs accessing match funding from one or both of these two sources. Many IBs were accessing a combination of LSC funding, mainstream local authority budgets and Government regeneration funding. However, most also accessed match funding from other sources too. Typically, most IBs had four or five different match funders, although some had many more. One IB had 14 separate sources of match funding and another had 12. Only nine IBs had a single match funder and, of these, five were using their own internal funding as match. Less common match funders included primary health care trusts, Connexions, the Department for Work and Pensions (DWP), Drug Actions Teams, Arts Councils, Housing Associations, Business Link, the National Lottery and private donations.

Figure 2.2 Sources of match funding

2.5 Size of Global Grants programmes

As at the end of February 2005, £11.9 million in ESF funding had been spent on the Objective 3 Global Grants programme across England. However, the size and scale of Global Grants programmes in England varied considerably, with the largest region-wide IBs reporting to have distributed around £7,000,000 (combined ESF and match funding) in grant funding since they began operating, compared to £150,000 or less for some smaller local IBs. Access to match funding was the main determinant of the size and scale of any one Global Grants programme, though the IB structure in the region was also important. Generally speaking, the smaller the number of IBs in a region, the larger the scale of the programmes and vice-versa. Nevertheless, some IBs operating at a sub-regional level, had relatively large budgets, mainly due to being able to access an internal public sector source of match.

2.6 Number of applications and awards

The majority of IBs questioned (31 percent) had received between 200 and 300 applications since they had begun operating. This was followed by a further 22 per cent of IBs having received between 100 and 200 applications, 19 per cent of IBs

having received between 50 and 100 applications and 16 per cent having received up to 50 applications. An equal number of IBs (six percent) had received between 300 and 400 applications and over 500 Global Grants applications.

The average numbers of grants to have been awarded by IBs were lower, with an equal majority of organisations (30 percent) having awarded either up to 50 grants or between 100 and 200 grants. These were followed by a further 24 per cent of organisations that had awarded between 50 and 100 grants. A small minority (three percent) of IBs had awarded either between 300 and 400 grants or in excess of 500 grants.

A total of approximately 5,000 Global Grants applications had been awarded funding amongst all the IBs questioned as part of the evaluation.

2.7 Average value of grants awarded

Over half of the IBs questioned (55 percent) had an average grant value worth between £5,000 and £10,000 and a further 33 per cent of organisations had an average Global Grant value worth between £1,000 and £5,000. A smaller number of IBs had an average grant value of between £500 and £1,000 (eight percent) and £100 and £500 (five percent). The large majority of IBs (76 percent) had awarded the maximum £10,000 individual grant allowed under the Global Grants programme.

2.8 Funded activities

A wide variety of funded activities and project types were evident both within and between IBs. These ranged from community-based training programmes and self-help type support groups to community business ventures. While projects helped people to move closer to work, most were not about achieving job outcomes or training qualifications, but rather concerned with softer outcomes. Some did, however, deliver entry level accredited training courses.

Projects helped move people closer to work, both directly and indirectly, by:

- building confidence and self-esteem;
- providing opportunities for social interaction;
- lessening people's feelings of vulnerability;
- enabling new skills to be learnt with the potential to gain accreditation;
- providing volunteering opportunities;
- learning about how the local job market worked.

Some projects provided services for people dealing with specific issues or traumatic events which, by their nature, meant they may be reluctant to use mainstream services, for example women suffering domestic violence, refugees and asylum seekers. Highly individualised services helped increase confidence and self-esteem.

Projects also challenged stereotypes and aimed to address discrimination in the workplace. For women, attending a Global Grants projects was often about confidence building and giving them the motivation to do something for themselves. Some funded projects had made links with local colleges and other training providers to provide informal training or education or some form of accreditation. However, training and education courses were more often used as tools to increase learning skills and self-confidence rather than a mechanism for securing nationally recognised qualifications.

2.9 Intermediary Body delivery models

2.9.1 Single-tier delivery

In terms of operational management, administration and day-to-day delivery of the Global Grants programme, the vast majority of IBs managed and delivered their entire Global Grants programme in-house and operated a single-tier Global Grants delivery model. The advantages of such an arrangement were reported to be contractual simplicity, transparency of approach, administrative efficiency and clear lines of communication between the GO and IBs, and between IBs and grant applicants and recipients. This model was also seen to minimise the potential impact of cash flow problems on IBs which could arise from arrears payments from ESF and match funding sources.

2.9.2 Two-tier delivery

A small number of IBs sub-contracted and outsourced various elements of their programme administration and day-to-day delivery to other parties and operated a two-tier or three-tier delivery system.

Three organisations acted as large 'umbrella' IBs overseeing a number of smaller IBs. All three organisations were public sector bodies operating at a sub-regional level. They had overall contractual management responsibility for the Global Grants programme, dealing directly with the Government Office, while local delivery and day to day running of the Global Grants programme was sub-contracted to other organisations.

One of these 'umbrella' IBs had adopted a two-tier delivery model, whereby the local delivery of Global Grants had been devolved to two separate agencies within its sub-region. Both were voluntary sector organisations, one national and one local. Both had responsibility for delivering the programme across the sub-region, but, unusually, each dealt with different age groups of project beneficiaries; 18-30 year olds in respect of one sub-contractor and 31-65 year olds for the other. This particular arrangement was the product of meeting the requirements of two different match funders.

2.9.3 Three-tier delivery

The other two 'umbrella' IBs had devolved the day-to-day delivery of Global Grants to each of their local authority areas. For example, one of these IBs, a representative body of local authorities, had devolved the delivery of Global Grants to the ten local authorities in its sub-region. Whilst some of these local authorities delivered the programme directly, others sub-contracted elements to other organisations, producing a more complex three-tiered delivery model in some local areas.

This unusual arrangement was designed to ensure that ESF funding available through the Global Grants programme was distributed equitably across a large metropolitan district. Each local authority area had devolved responsibility for a ring fenced amount of funding (based on population size) and the flexibility to determine a suitable arrangement for distributing Global Grants according to local needs and priorities.

2.9.4 Multi-tier delivery

Six IBs operated a delivery model in which they held the main Global Grants contract, retaining overall responsibility for managing, administering and providing feedback to the GO, but sub-contracted specific operational elements of the programme to other organisations. For example, one IB sub-contracted marketing and grant recipient support services to two different organisations, while another IB sub-contracted its grant application and appraisal process to external consultants. This, they believed, would be a fairer and more transparent method of distributing grants than one which involved the very local interest groups which might themselves benefit from Global Grant funding.

Another sub-regional IB sub-contracted work to four 'grant panels' that were responsible for marketing, applicant support services, contractual arrangements and monitoring of grant recipients. This was in recognition of the fact that other, more local, organisations were better equipped to deal with detailed day-to-day administration of Global Grants than the 'higher level' organisation.

One pan-regional voluntary sector IB sub-contracted and outsourced elements of work to local fieldworkers located throughout its region. Some of these fieldworkers were based at, and worked through, partner voluntary sector organisations. Key areas of responsibility for the fieldworkers included, beneficiary support work, local marketing of Global Grants and the setting-up of local selection panels.

Another voluntary sector IB had worked in partnership with a local government representative body. While the public sector body took responsibility for sourcing match funding, the voluntary sector organisation undertook the day-to-day administration and delivery of the Global Grants programme. This was deemed an effective partnership by those involved as the public sector body used its position to negotiate and source match funding, leaving the voluntary sector organisation to focus its resources on programme delivery.

Multi-tier arrangements such as these were believed to have the benefit of bringing a wider range of skills, experience and expertise to bear on the delivery of the Global Grants programme than the IB operating alone would be able to provide. However, as noted above, they could be more complex to manage, particularly if second and third-tier organisations were formally sub-contracted. One sub-regional IB had sidestepped this problem by adopting a similar, but less formalised, arrangement using a network of local authority-funded community-based project workers who provided grant applicants and recipients with support and advice.

2.10 Staffing

The number and type of staff employed to work on Global Grants varied from one IB to the next, depending mainly on the size of IB and the scale of the Global Grants programme. IBs directly delivering Global Grants on a pan-regional basis generally had sufficient resources (both internal and from delivering Global Grants) to employ dedicated staff teams. While this arrangement allowed staff to focus exclusively on Global Grants, the potential benefits of such focus in terms of building knowledge and expertise, could be lost due to staff turnover. All but the most senior staff employed at one IB were on 12 month contracts. In a number of IBs, staff redundancies had been instituted or were planned because of budget cuts from match funders.

Of necessity, most other IB staff combined their Global Grants work with other roles and responsibilities. This allowed for greater continuity of delivery. It also facilitated the transfer of experience from other programmes and projects to Global Grants. For example, in one IB, the Director of the IB organisation was engaged in a hands-on way in Global Grants delivery, including applicant and project appraisal. While this was not necessarily viewed as good practice by the organisation concerned, their Global Grants programme had benefited enormously from the Director's experience of managing other grant funding programmes (both in her current and former position).

3 Impacts of the Global Grants programme

This chapter presents the outcomes and impacts of Global Grants on grant recipients, project beneficiaries and Intermediary Bodies (IBs), as reported by survey respondents. It draws heavily on a telephone survey of 91 organisations awarded Global Grants between 2001 and 2004, supplemented by interviews with IB and Government Office (GO) representatives responsible for managing Global Grants in English regions.

3.1 Impacts on project beneficiaries

3.1.1 Project outcomes

One of the key characteristics of Global Grants is that individual funded projects are not required to deliver or report outcomes in a prescribed manner. Consequently, there is no standard requirement for IBs to collect or collate information from grant recipients on project outcomes in a particular format or to a specified timescale. Each GO region has different systems and procedures and, within regions, many IBs collect and report their outcomes in different ways and to varying timescales. Not unsurprisingly, therefore, there was very little consistency or comparability in relation to what information IBs and grant recipients recorded and, therefore, what they could report. The comprehensiveness, quality and content of information received in relation to project and beneficiary outcomes, thus, varied considerably. The following examples are, therefore, presented to illustrate the type and range of impacts and outcomes achieved, rather than provide definitive or comprehensive outcome data for the Global Grants programme as a whole.

Global Grants were reported by IBs and grant recipients to have helped project beneficiaries move closer towards the labour market in many different ways:

One Global Grant funded project involved helping people with mental health problems readjust to a working environment. A mentor was appointed for each individual who designed and arranged a tailored work placement or volunteering position and provided ongoing support. As well as increasing the participant's self-confidence and feelings of being valued, the project helped to break down the prejudice of employers towards people with mental health conditions. Twelve people moved close to the labour market as a result of the project.

A small community enterprise established in 2003, used a Global Grant to run a series of healthy eating workshops. Its target group was people experiencing rural isolation and social exclusion, especially single parents and unemployed people. The project trained local volunteers to teach basic first aid, food and hygiene and cookery to small groups. The workshops improved the skills, self-esteem and confidence of volunteers and participants alike, as well as enhancing their diets. Since receiving the grant and running the project, the organisation had secured core funding from non-ESF sources and further funding to run other workshops. It had also won a national award from the Food Standards Agency.

Global Grants funding gave a group of young men - either at risk of exclusion from school or socially excluded – the opportunity to refit a stock car and then enter a rally. The project's particular strength was in combining the learning of practical skills such as car maintenance and health and safety issues, with a strong element of fun. Project participants learned how to work as a team and built their confidence and motivation, leading to increased aspirations. At the end of the project, those who had been at risk of exclusion returned to school, and the remainder moved onto an 'Entry to Employment' course. After this taster course, three-quarters of the participants began looking for work.

Asked what the main impact of the Global Grants project was on beneficiaries, the 91 grant recipients surveyed reported the following outcomes:

- 40 per cent of grant recipients stated that project beneficiaries gained in confidence and self-esteem;
- 28 per cent of grant recipients stated that project beneficiaries gained new skills;
- 15 per cent of grant recipients stated that project beneficiaries gained in motivation;
- 11 per cent of grant recipients stated that project beneficiaries gained experience and understanding of work;
- six per cent of grant recipients stated that project beneficiaries had their health, social or time management skills improved.

Information provided by grant recipients indicated that harder outcomes had also been achieved by grant-funded projects. Asked whether any of their project participants progressed into training, education, work or volunteering:

- 63 per cent of grant recipients stated that beneficiaries had progressed into work;
- 53 per cent stated that beneficiaries had become volunteers;
- 46 per cent stated that beneficiaries had progressed into further training;
- 40 per cent stated that beneficiaries had progressed into further education.

Translated into the number of project beneficiaries that had progressed into work, training, education or had become volunteers, the following outcomes were reported by grant recipients:⁶

- 34 Global Grant-funded projects reported a total of 162 individuals progressing into training;
- 51 Global Grant-funded projects reported a total of 117 individuals progressing into work;
- 29 Global Grant-funded projects reported a total of 89 individuals becoming volunteers;
- 31 Global Grant-funded projects reported a total of 47 individuals progressing into further education.

Information provided by larger IBs supported the finding that, in addition to many softer outcomes, harder outcomes had also been achieved. For example, one county-level IB reported that after two years of providing Global Grants funding to community and voluntary groups, there had been a total of 1,861 individual beneficiaries. Of these, 98 had secured either part-time or full-time employment, 384 had secured voluntary work, 144 had received a training qualification and four had progressed into further training or education. 1,563 project beneficiaries recorded in evaluation sheets that participation in the Global Grants project had developed skills that helped them progress towards paid work, voluntary work or training.

Another pan-regional IB reported that there had been 5,334 individual beneficiaries during the first year of operating Global Grants funding. It reported that 815 individuals had progressed into full-time or part-time work, and a further 334 into voluntary positions. A further 945 individuals were reported to have progressed into further training or education after participating on a Global Grants funded project.

⁶ It is important to note that not all grant recipients reported hard outcomes and, among those that did, not all were able to provide actual numbers.

3.2 Impacts on Global Grant recipients

3.2.1 Improved access to ESF funding

The majority of grant recipients reported that the Global Grant had provided them and their local communities with access to a source of funding not previously accessed and not otherwise available:

'[Global Grants] is a good fund in that...it really does let the community have access to funding. Often [other] funding streams are meant to be community based but then it's not really the community that benefits.'

(Global Grant recipient)

Among grant recipients surveyed, nearly two-thirds said their organisation had never received ESF funding in the past. Those that had previously been in receipt of ESF funding had either been awarded a second Global Grant to enable them to continue with their project (subject to the overall upper funding limit of £10,000), or were groups or projects which came under the wing or sponsorship of a larger organisation that had formerly received ESF funding.

The tailored design of Global Grants programmes, combined with the IB delivery mechanism, were believed to be critical elements in making ESF funding accessible to small groups. In particular, Global Grants had removed the administrative burden and financial uncertainty attached to many other funding programmes, leaving grant recipients free to concentrate on meeting the needs of their client groups:

'ESF in the voluntary sector scares a lot of people because of the paperwork...I think ESF in the early days had a notoriously bad name...but now Global Grants is getting a really good name, a positive name...They can apply for these grants...and although it is only £10,000, they can target hundreds of people [with that funding]... Global Grants is very good and has definitely filled a gap.'

(IB representative)

Global Grants being less complex and more user-friendly than mainstream funding made it less intimidating to small grassroots groups, giving them the confidence to apply:

'For grant beneficiaries [Global Grants] is an easier route...The application process is much simpler and therefore grass-root, user-led organisations are much more confident to apply. Most [Global Grants] applicants would just not believe they could apply for ESF type funding...They're frightened of them.'

(IB representative)

IBs and GO officials universally agreed that Global Grants had enabled groups and individuals from disadvantaged and excluded communities to access ESF funding, thereby filling an important gap in funding programmes and successfully meeting an important aim of the programme:

'There is no way that 99.9 per cent of the organisations we have given Global Grants to would ever have thought about going to ESF [in the past]... Getting Global Grants for some groups has been their first step towards learning how to deal with this sort of funding stream.'

(IB representative)

'Getting Global Grants is a much easier process for groups. It's much easier than general mainstream ESF... which is very prescriptive and target driven, aimed at well run, well organised large organisations... Global Grants is a really good way of enabling smaller groups to access ESF funds.'

(IB representative)

'Global Grants provides a focus and draws in particular organisations... that are probably not involved in other forms of funding... They've got this specific small type of grant... [a] grass root focus and I think it is a good link that Global Grants has identified .. I would very much like to see that continued in any ESF post-2006.'

(GO representative)

3.2.2 Organisational capacity-building

The overwhelming opinion of grant recipients was that Global Grants funding had given them an extraordinary opportunity to develop their organisation or was instrumental in 'keeping them going'. For many, Global Grants enabled them to strengthen staff training and increase their volunteer base, both vital for the longer-term sustainability of their groups. In addition, receiving the funding was also reported to have increased the motivation of recipients to deliver the project well and to increase the benefits to their clients and user groups.

Half the groups had succeeded in accessing further funding after Global Grants and 90 per cent stated that receiving Global Grants had helped them either 'to a great extent' or 'to some extent' in accessing further funding. Many smaller, less experienced, organisations stated that they had successfully secured further funding because the Global Grants project had helped them develop a track record, raised their profile, and given the group credibility and 'professionalism' in the eyes of potential funders:

'[Global Grants] helps in building a track record so we can go to further funders and they can see what we doing... because we are a young charity people want to see what we have done, and are you solvent, and do you help people progress. Global Grants has helped us on all three accounts... It gives other people confidence to support us.'

(Global Grants recipient)

'[Grant recipients] have said Global Grants is a golden ball because [other funders] would then say 'ok, somebody else has given you support so we'll come in and do it'. I remember very clearly an organisation saying 'if you hadn't funded us we would have had a hell of a lot more problems attracting funding'.'

(IB representative)

'What receiving [Global Grants] does is it gives us the confidence that people are prepared to fund us.'

(Global Grant recipient)

Global Grants funding had helped sustain a number of organisations through a difficult period and had prevented groups/organisations from folding. These were predominantly much smaller or unconstituted groups with very limited opportunities for accessing funding from elsewhere:

'It was looking pretty bleak before getting [Global Grants].'

(Global Grant recipient)

'It would have been a small disaster if the funding had not come through. We may not have survived actually. The [Global Grants] funding came just at the right time.'

(Global Grants recipient)

Achieving good project outcomes and added value benefits appeared to depend, to a large extent, on the quality of support provided by IBs. Many grant beneficiaries noted how important the support and advice they had received from their IB had been in enabling them to continue and thrive. One project stated that their IB's support had been *'instrumental'* in them subsequently securing lottery funding. The IB in question was particularly proactive in encouraging groups to progress and become more sustainable after receiving their Global Grants funding:

'We encouraged groups to look at Awards for All. It is comparable to Global Grants, although you do have to be constituted for that, so we encouraged groups to think about formalising their group if they wanted to do that. That was all part of the progression.'

(IB representative)

Some organisations believed that, although the grant had helped them financially, it was the support and guidance received from the IB which had most contributed to the growth and development of their organisation. Several interviewees indicated that they had received support from these IBs after the period of Global Grants funding had ended. Many organisations had increased their networking locally and made linkages with larger organisations as a result of running a Global Grants funded project:

'[Global Grants] completely transformed the way we work, the way we're perceived and the way we've operated. [Global Grants] has benefited ourselves and we're much more accessible to the people who need us...The perception of what we used to be [before Global Grants] was not efficient and not professional.'

(Global Grant recipient)

Other reported impacts of Global Grants noted by grant recipients included:

- moves to new premises;
- moves to permanent premises;
- improved working environment;
- increased networking with other organisations;
- increased number of staff members;
- ability to reach greater numbers of individuals and communities;
- refurbishment of a community facility;
- increased turnover;
- greater awareness of, and access to, other funding streams.

IBs also supported the view that the Global Grants programme had added value through increasing the capacity and sustainability of funded organisations. Examples included:

- increased knowledge of European structural funds, and also of funding streams more widely;
- improved project management;
- greater networking and partnership working including collaboration with other community and voluntary sector groups (examples included Global Grants recipient groups joining forces and successfully making joint bids for other funding streams);
- recruitment of paid staff;
- increase in volunteer numbers.

Global Grants had also enabled completely new organisations to 'get off the ground' and to start operating. Examples included local credit unions and community enterprises being started as a result of receiving Global Grants funding.

3.2.3 Sustainability and progression

Although ESF funding is time limited, many grant recipients were hoping to extend their projects or were attempting to continue their activities on a longer-term basis. Others were planning new projects based on the success of the Global Grants-

funded project. As noted above, while half of the groups questioned had been successful in securing funding from other sources, the remainder had not, and there were some concerns over the longer-term sustainability of a number of these projects.

A key issue raised by GOs and IBs was the degree of progression possible for grant recipients and funded projects. While Global Grants may have filled a gap in grassroots funding provision, most acknowledged there remained a significant step from Global Grants into other ESF and more mainstream funding. IBs, in particular, feared that for a number of groups benefiting from Global Grants, the size of this step was so large as to prevent progression for many grant recipients. This was believed to have the potential to undermine the foundation set by Global Grants and to threaten the longer term sustainability of both project and group:

'The main issue is progression, for those people who have been in receipt of Global Grants, to other forms of either ESF or mainstream funding... They are quite a long way from programmes [which are] outcome focused or NVQ focused. There is quite a big gap there.'

(GO representative)

These concerns were echoed by grant recipient organisations and groups. While three-quarters of Global Grants recipients had applied for further funding, only half had succeeded in securing further funding, and none of the organisations surveyed had accessed further ESF funding. A number of grant recipient interviewees felt that progressing to a larger grant, after Global Grants, would enable the project to run for a longer period of time or that it would increase the number of people benefiting:

'If we could get a bigger fund it would give us the stability to run the project for a year and plan for the future.'

(Global Grant recipient)

While it is not the purpose of Global Grants to turn community organisations into mainstream providers, some GOs and IBs raised the possibility that any future arrangements might consider how community organisations could access further funding and strengthen their relationship with mainstream funders so that they could continue or develop their activities.

3.3 Wider community impacts

Beyond the direct impact on grant recipients and project beneficiaries, many Global Grant projects were reported to have added value through stimulating wider community effects. A number of funded projects were said to have acted as a catalyst to increasing community involvement and activity, thereby contributing to a process of community capacity building. Some IBs even felt that certain Global Grant-funded projects had been instrumental in helping to make *'passive communities become active communities'*:

'Eighty to ninety per cent of the [Global Grants] projects have been entirely positive and have been successfully concluded...[Groups] have learnt from the project and gone forwards...Their skills, confidence, experience of doing this project has transferred to community energy in another project or another organisation.'

(IB representative)

'One of the main issues for projects that have developed through Global Grants is that they have got a higher level of community involvement and confidence.'

(IB representatives)

Added value was also generated by improvements to the quality of life and environments of local communities. Many grant recipients felt that Global Grant-funded projects had made a real, tangible, difference:

'[Global Grants] was brilliant...It opens up doors to many things...It's regenerating, it's visual and if you live in the area you can see it has made a visible difference.'

(Global Grant recipient)

One funded project, for example, entailed the refurbishment of a small community building as part of providing a play-scheme for working parents. The building had been very run down and under-used. However, the refurbishment had opened up the facility to the wider community and it was now used to deliver adult education classes and other activities:

'[Global Grants] has made a huge difference to the quality of lives of the users of the day centre.'

(Global Grant recipient)

Better social cohesion was another important impact reported by some grant recipients. Reductions in anti-social behaviour, for example, had resulted from a number of Global Grants-funded youth projects. An arts project reported success with disaffected young females, to the extent that teachers had reported improvements in their academic work and school behaviour.

Some Global Grants projects had led to an increase in local community events and activities. For example, one project which established a community theatre worked with young people and provided them with an opportunity to learn new skills. In doing so, this project also created benefits for the wider community by providing them with an additional social facility.

3.4 Impacts on Intermediary Bodies

The vast majority of IBs reported that their involvement in Global Grants had impacted positively on their organisation. The small minority whose involvement had resulted in negative impacts were mainly those IBs that had been unable to access sufficient match funding and had subsequently withdrawn from the programme. The main negative impact of operating Global Grants was the effect of arrears payments on cash flow and reserves. This issue could affect small and large IBs alike:

'Although Global Grants had developed our capacity in some areas, there's also a penalty for us....this year we've been waiting for £0.25 million ESF [money] ...so there's a real issue ... in terms of IBs who can stand the penalties of that kind of cash flow.'

(IB representative)

Increased profile, visibility and standing in the community was the key positive impact cited by most IBs. This was interpreted and impacted differently on IBs from different sectors. Larger, public sector IBs felt that, in the process of seeking to access a wide variety of groups and individuals, Global Grants had served to raise their profile and increased their credibility within the local community. Some believed that operating Global Grants had made them more accessible, 'better known' and more approachable to local community and voluntary groups:

'Global Grants has given us that additional tier of activity, actually getting down into the community. It has given us the capacity to be able to reach down into the community... We have also got more credibility out in the community due to [Global Grants].'

(IB representative)

'Global Grants has given the County Council a higher profile at a very, very local level.'

(IB representative)

Having additional resources to distribute helped improve these IBs' image and standing among disadvantaged communities in their area, as well as contributing, in many cases, to regeneration and social inclusion aims and objectives:

'Global Grants has enabled us to meet our aims and objectives, particularly around social exclusion and providing activities for disadvantaged communities...It complements the other funding streams we deliver.'

(IB representative)

'[Global Grants] has delivered the county council's aims and objectives of helping people into work. It has met some of the aims of the county's removing barriers to work initiatives...It is helping people into work; it is helping with local economic development issues; it is helping people into self-employment; it is getting people off benefits. Global Grants has had an impact on the county as a whole.

(IB representative)

Access to additional funding was deemed especially positive for those IBs operating in (mainly rural) areas with no access to regeneration funding:

'[Global Grants] has been very valuable addition to our portfolio in the sense that it does allow us to do things in areas that otherwise we would literally have no funding for...'

(IB representative)

Voluntary sector IBs often already had good links and standing within the local community. The impact of their involvement with Global Grants had rather been to raise their profile and standing with GOs and large public sector match funders. In providing these bodies with a mechanism to reach down into the community, they had been able to demonstrate their particular strengths and capabilities:

'From our point of view Global Grants has raised our profile in two ways, one with the [match] funders and [the other] with the Government Office. We have demonstrated our capability of managing the process...The LSC [match funder] are delighted with the way that Global Grants has given them a channel through which they could get down into the community.'

(IB representative)

For voluntary sector IBs, many of which had limited prior experience of ESF funding and of managing grant programmes, the capacity building benefits of managing Global Grants was the most positive impact. For most, their knowledge and experience of European structural funds had been developed. Others had increased the scale of their operation, allowing them to employ new staff or to retain and develop existing posts. Most believed the additional skills and capacity would position them well to manage other grant programmes in the future. Larger IBs also felt that managing Global Grants had improved their capacity, though for them, increased turnover, was the most important indicator of this.

4 Programme implementation

IBs perform a key role in ensuring that European Social Fund (ESF) resources reach small non-governmental organisation (NGOs). As such, they are critical to the effectiveness and success of the Global Grants initiative. This chapter explores how different Government Offices (GOs) approached the implementation of Global Grants, in particular, how potential IBs were identified and selected, and the constraints experienced. It also explores the impact and effectiveness of different IB types, structures and delivery mechanisms in terms of meeting the aims and objectives of the Global Grants programme.

4.1 Interpretation of Global Grants guidance

Written guidance for Global Grants, entitled 'European Social Fund Global Grants Guidance for Intermediary Bodies', was issued in August 2001. The document set out the framework for the Global Grants programme and was used both by GOs and potential IBs to guide their decisions and actions in the implementation, design and delivery of Global Grants in England. The guidance included a description of the Global Grants programme, the type of actions eligible for funding and the auditing procedures and administrative systems required to process applications, award grants and monitor expenditure and outcomes.

Since 2001, the guidance has been redrafted and updated. The latest version, dated January 2004, provides additional information on how GOs should select IBs, the awarding of grants to beneficiaries – through an open and competitive selection process. The latest guidance also contains annexes providing case study examples of Global Grant projects and exemplars of a Global Grant application form, contract form and monitoring form for collecting beneficiary information.

Global Grants guidance documents fulfilled an important role in conveying information and advice to GOs and potential IBs about how to implement and operate Global Grants projects. One of the key issues identified in an early evaluation of the Global Grants programme, was that initial guidance was inadequate.

GO representatives, and the majority of IBs, concurred that the written guidance for Global Grants had improved considerably since the first draft:

'I felt the [early] guidance was lacking really. We were constantly going back to the ESF division on Global Grants...I think it is better now...'

(GO representative)

IB representatives especially welcomed the less prescriptive and more 'light touch' approach of the guidance, particularly compared to other mainstream ESF programmes:

'Our ability to run Global Grants without the Government Office being too prescriptive is really good and it has enabled us to fit [Global Grants] to the way that we run our other funding streams locally.'

(IB representative)

The evident scope for interpretation which the guidance allowed, meant that different GO regions and their IBs read and applied the guidance in different ways. Concepts such as 'progression towards the labour market' and 'distance travelled', for example, were interpreted by some GOs and IBs more broadly than others. This meant that, in some regions, IBs were more flexible and innovative in developing their Global Grants programmes:

'...it did give you the ability to be fairly creative with... the Intermediary Bodies, just to try and meet the needs of their area, as long as they focused on distance travelled towards the labour market.'

(GO representative)

In other regions, Global Grants projects appeared to be more uniform and closer in content to mainstream training programmes, albeit at entry and pre-entry levels. IBs in such regions were more likely to have a preponderance of IT, basic skills and English language courses.

While GOs and IBs welcomed the less prescriptive and more 'light touch' Global Grants guidance, the general feeling was that this needed to be balanced with more detailed programme guidance in relation to eligibility criteria. Clearer and more consistent guidelines in relation to exactly what information IBs need to collect for monitoring and auditing purposes, was also felt to be needed. Thus, although welcoming the regular updates to the national guidance, a significant number of respondents felt that there remained some areas where further improvements could be made. These included:

- clearer eligibility criteria for projects and activities;
- more detailed contractual guidance where IBs sub-contract elements of Global Grants delivery to other organisations;
- clearer guidance on monitoring and reporting requirements.

Some IBs and GOs felt they would benefit from more detailed contractual guidance for IBs wishing to sub-contract elements of their Global Grants programme delivery and administration:

'[The guidance] could be a little more detailed for Intermediary Bodies... where they have two sub-contractors, what they didn't have in place is a sub-contracting agreement. That has caused a few problems recently when we've gone out to monitor the process... It would be useful if [the guidance] went into a bit more detail.'

(GO respondent)

4.2 Government Office support

Since early implementation, IBs reported being happier with the ongoing support and advice received from GO representatives. Half the IBs questioned said they were 'very satisfied' with the support they had received, and a further 28 per cent said they were 'satisfied'. Twenty per cent of organisations said they were 'relatively satisfied' and only a small minority (three per cent) said they were 'unsatisfied'.

Among satisfied IBs, the main reasons given were:

- approachable GO contacts;
- IB regional group meetings and email groups set up by the GOs;
- GOs that were helpful in assisting IBs to interpret Global Grants guidance, particularly surrounding issues of eligibility and who and what activities could be funded.

IBs reported they had benefited greatly when GOs had taken the initiative to set up regional IB meetings and networking events. This was viewed very positively by IB organisations as an effective method for exchanging best practice and sharing experiences. IBs felt that greater efforts should be made by GOs to maintain regular meetings:

'I don't think networking is encouraged very well between organisations... [I'd like] more opportunity for IBs to come together and more opportunity of promotion and trying to really build that into the grant programme... That would be very successful.'

(IB representative)

'In this area we have held bi-annual meetings for all the IBs operating across the region, which is great... Not only for networking, but you find you share good practice... which is very good.'

IB representative

The minority of IBs that were 'relatively satisfied' or 'unsatisfied' tended to be those who felt that the guidance and advice they received had not been sufficiently clear at the beginning of the programme. This appears to have reflected badly and negatively impacted upon their subsequent views of GOs.

4.3 Determining a Global Grant structure

The size, geography and administrative make up of the region appear to have been key factors influencing decisions about whether to structure the Global Grants programme at a regional or sub-regional level, and whether to have a single or multiple IBs. The perceived ability of prospective IBs to access match funding was also an important determinant, together with the desire, in some GOs, for administrative and contractual simplicity.

The process of determining an appropriate structure and geographic coverage for delivering the Global Grants programme varied from region to region. In most instances, decisions about the number and geographic remit of IBs were made by committees and working groups of key interested parties. These groups, which included GO officials, public sector bodies such as Learning and Skills Councils (LSCs) and local authorities, and, in some cases, voluntary sector representatives, generally made their decisions prior to prospective IBs submitting an application.

As noted in the earlier in-house evaluation, this meant that in some regions, decisions about the structure of the Global Grants programme strongly influenced which organisations subsequently became Intermediary Bodies. As decision making bodies often involved interested parties with access to match funding, the same organisations frequently went on to become appointed IBs.

Some regional offices adopted a more systematic and consultative approach. One GO region established a 'Global Grants Working Group' comprising various regional public sector representative bodies. The group undertook several months of consultation before making a final decision on the best structure and delivery model for distributing Global Grants. The structure drew heavily on the evidence from the Local Social Capital pilot project evaluation and led to a one year local pilot using a single pan-regional IB structure. Following a comprehensive evaluation of the pilot phase⁷, this model was deemed a successful approach for delivering Global Grants in the region.

In a number of regions, the Global Grant structure was adapted over time to take account of changing circumstances. For example, one GO which initially adopted a single region-wide IB structure, had to rethink its approach when match funding difficulties experienced by the appointed IB caused this arrangement to fall through. The new structure comprised an IB in each of the three sub-regions:

⁷ Catalyst Evaluation, by LRDP, January 2003.

'[Originally] we had one IB which covered the whole of [the region] but that was very unsuccessful because we had a problem with match funding. We decided then that for the next round we would do it over our three main areas.'

(GO representative)

In some regions, problems with accessing match funding had delayed the full implementation and successful roll-out of the Global Grants programme for a number of years:

'It took us a couple of years to get [all the IBs] in place and we had quite a long gap in [one county] before a [county council] agreed to do it... They just didn't have any discretionary funding to provide the match. The solution was to go down to district level [councils] because they had a bit of extra money.'

(GO representative)

4.4 Recruitment, selection and procurement of Intermediary Bodies

According to the ESF national guidance for Global Grants, the following key criteria were required to be met by potential IB applicants:

- a proven track record of working with the Global Grants target groups;
- preferably, previous experience of European funding;
- ability to satisfy the GO that they could access the requisite match funding⁸;
- at least 80 per cent of match funding to be met in cash, with no more than 20 per cent being in-kind contributions;
- that 80 per cent of ESF funds received were to be distributed as small grants through an open and competitive process;
- no more than 20 per cent of total project costs to be spent on administration;
- responsibility for monitoring ESF spend and providing any support to the organisations they award grants to.

These criteria were interpreted differently and with varying degrees of emphasis by different GOs, and resulted in a variety of methods for identifying and selecting IBs. Some aspects of the eligibility criteria guided GOs more strongly than others. As noted above, having ready access to the necessary match funding was a key criterion which, in some regions, appears to have overridden others in importance (for example, experience and understanding of the Global Grants target group). Prior experience of ESF, though not essential, was also considered an important qualification

⁸ IBs were required to access funds to the value of 55 per cent against the 45 per cent match provided by ESF funds.

in many regions. In some areas, this meant that the choice of IB was effectively prescribed in advance and restricted to certain large publicly-funded bodies, most notably LSCs and local authorities:

'[The LSCs] were the natural organisations to deliver across the region...'

(GO representative)

'...this [IB] is the guy who co-ordinates the local authority work for the whole of [the region]so they are clearly in a strong position to provide match very easily...'

(GO representative)

There were also key differences between GO regions regarding their choice of procurement method and how 'competitive' the tendering process for selecting prospective IBs turned out to be in practice. Only half the IBs were appointed through a competitive tendering process; the other half were directly commissioned. The process of decision making adopted for determining an IB structure strongly influenced procurement choices.

Regions that had determined in advance which organisations had the skills and capacity to become IBs, tended to favour a direct commissioning approach. Rather than holding an open competition, these GOs approached selected organisations (often those represented on Global Grants working groups) and invited them to become IBs. One GO set up a 'Global Grants steering group' which invited the four sub-regional LSCs to become IBs. Another GO approached a local authority representative body to take on the sub-regional IB role. These GOs had mixed experiences and success. In the former case, the appointed LSCs found that operating Global Grants was too administratively demanding and subsequently withdrew. Others GOs found that direct commissioning worked well:

'We didn't have a bidding round. We managed to get to a stage where there was [only] one organisation that stood out.... We didn't have a competition...It was quite smooth process to actually get the IB up and running.'

(GO representative)

A number of regions adopted a selection process whereby local working groups were established with the remit of identifying and commissioning a range of organisations suitable for IB status. Identified organisations were invited to submit expressions of interest from which a short-list was then drawn up. Thus, while working group members were involved in decisions to select suitable IBs, they were not themselves potential candidates.

GOs' prior choice of delivery mechanism served to restrict the type and number of potential IBs. GOs which opted for a single regional IB, for example, acknowledged that very few organisations would have the necessary skills and capacity to operate across an entire region. Direct commissioning was, therefore, the only appropriate method of procurement.

Regions which opted for an open competition believed this method to be a more effective mechanism for attracting a wider range of potential IBs than simply large public sector bodies. However, competitive tendering was acknowledged to be a more time consuming and complex process than direct commissioning. The success of this method was also mixed. Some GOs only received a single bid and conceded that few organisations in the region had the experience and capacity to operate as IBs.

Some regions tried both procurement methods. One GO which failed to identify sufficient organisations to undertake the IB role using the direct commissioning approach, resorted to advertising the Global Grants programme more openly. Another did the opposite – directly commissioning its IBs when competitive tendering was unsuccessful.

In the final analysis, it would appear that no one procurement method was necessarily more effective than another. Key success factors in terms of a stable and successful IB delivery mechanism appear to relate more to issues surrounding match funding and the skills, capacity and expertise of appointed IBs, than to the specific procurement method.

4.5 Intermediary Body structures and types

The varied recruitment, selection and procurement procedures adopted by the nine GO regions, together with the accessibility of match funding and the availability of suitable organisations willing and capable of undertaking the IB role, has resulted in a diverse and dynamic set of Global Grant structures across England. Coverage ranged from ten IBs each offering a county-level service in one GO region, to a single IB delivering a pan-regional service in two GO regions. Approximately half appointed IBs were from the voluntary sector and half were from the public/quasi public sector.

Certain types of organisations appeared to fulfil the different functions of IBs better than others. The key fund-raising function of IBs was more easily met by the larger, strategic and public sector bodies, mainly LSCs and local authorities that could readily access internal resources or special government funding. They represented the majority of the third of IBs that reported very few, or no, problems with match funding:

'There have been huge advantages in only having one match funder. It has enabled us to be much more focused in terms of meeting strategic priorities in this particular area... We haven't had different funders coming in [and] trying to feed in different priorities.'

(IB representative)

The small minority of non-public sector IBs with access to internal match funding generally fared best among the remainder. These included organisations with access and a remit to distribute grant funding from sources other than ESF which could then be used as match:

'We're very lucky because some of the IBs in our region have struggled to get their match funding... We've got the match funding internally where others have had to source their match funding and it's a nightmare [for them].'

(IB representative)

Organisations predominantly from the voluntary sector often had a clearer understanding of Global Grant target groups than large strategic bodies. They were also generally better positioned to provide the practical and hands-on support needed by applicants and grant recipients. However, in the main, these comprised the two-thirds of organisations that sourced their match funding externally, and it is these IBs that had experienced funding problems and operational constraints most acutely.

4.5.1 Match funding issues

A commonly reported difficulty was the paucity of match funders outside LSCs and local authorities with accessible funds of sufficient scale and flexibility to match available ESF resources. The requirement that 80 per cent of the Objective 3 Global Grants programme should be 'cash match funded' compounded these problems. Most IBs had to compete for funds with other IBs, in addition to other local voluntary organisations, in an increasingly crowded arena. Opportunities for sourcing match funding in rural areas without access to regeneration funding, were reported to be particularly limited.

Many potential IBs with reportedly strong organisational skills and a demonstrable track record of working with ESF target groups, struggled to access sufficient and sufficiently flexible match funding. Most were voluntary sector organisations. Others, including those that won open competitions to become IBs, were forced to relinquish the role as a result of their subsequent inability to access sufficient amounts of match funding:

'[Sourcing] match funding was a problem. We had to use our own match funding and that did limit the amount of grants we could give out in the end. If we could have found more money, we would have probably continued with the Global Grants programme a bit longer [than we did].'

(IB representative)

Lack of clarity and inconsistent guidance from some GO regions regarding the eligibility of proposed match funding contributed to difficulties, particularly in the earlier stages of implementation of Global Grants. At least one IB was initially informed by their GO, incorrectly, that the match funding they were proposing to contribute was ineligible. This delayed their involvement in Global Grants by over twelve months:

'We came across the Global Grants programme a year before we were accepted and we approached the GO and we were told that our [match] funding wasn't a 'clean funding'... They felt our match funding couldn't be used as match funding for Global Grants... We felt sure they had got this wrong.'

(IB representative)

While many IBs had resorted to *'the begging bowl'* in an effort to identify match funding sources, one IB had ingeniously held a 'competition' in which prospective match funders 'bid' to provide match against certain criteria:

'We've gone to a variety of match funders... [and] had an open competition for match funding... We released a bidding round and said 'if you want to put in £44,000 a year for two years you can nominate the area and the theme, you can give a strategic context to it. Then you just have to take your hand off it'... We put the ESF money against that [and] it makes a pot of £80,000... That's quite an attractive funding package.'

(IB representative)

The creative 'packaging' of different Global Grant programmes targeted on specific client groups, using relatively small amounts of funding from a variety of match funders, was reported to have been successful in funding some innovative projects. However, this approach was administratively complex and difficult to manage. Many such funders had their own priorities and requirements regarding how their contribution should be distributed. As a result some of these IBs were operating multiple application and appraisal systems which were costly in time and effort:⁹

'We had eight different match funders, all of whom had different requirements ... [The match funding] created a lot of costs we didn't anticipate at the start [of the programme] mainly due to the staff costs... because each match funder had a very different [application] system.'

(IB representative)

In some regions, IBs had sought to minimise constraints and optimise skill mixes for delivering Global Grants through partnership arrangements. For example, one IB included a partnership between two organisations. One was a large strategic body co-ordinating the sourcing of match funding from a variety of sources, while the other was a smaller voluntary sector body which undertook the day-to-day delivery and management of the Global Grants programme.

A number of IBs had also successfully fostered a close working relationship with a single match funder (often an LSC) which fulfilled the strategic and higher level functions of the IB, leaving them to deliver the more operational and developmental functions. However, these examples of a more devolved and

⁹ This issue is explored in further detail in Chapter 5.

'hands off' approach on the part of match funders were uncommon, and few appeared willing or able to compromise in this way.

In practice, only a small minority of individual organisations appear to have had the necessary skills and capacity to fulfil the strategic, administrative, practical and developmental functions of IBs. This appears to be a key reason why IB structures and delivery mechanisms have changed and continue to change over time.

4.6 ESF spend

All nine of the GO regions had fulfilled the requirement to spend at least one per cent of their Objective 3 budget on Global Grants. One of the nine GO regions reported that they had spent five per cent of their overall Objective 3 budget on Global Grants. Amongst the remaining GOs, four had spent between two and three per cent of the Objective 3 budget on Global Grants, and the remainder stated they had '*struggled*' to reach one percent. One GO was unsure exactly how much it had spent but admitted it was '*nowhere near five percent*':

'I don't think we've ...taken up that total percentage [of the Objective 3 budget] across the region and that's primarily [the IBs] not being able to achieve sufficient match funding to use up the full ESF allocation.'

(GO representative)

Many IBs were frustrated by the fact that match funding could not be found for ESF monies they knew GOs had earmarked for Global Grants. Some IBs that had experienced problems sourcing match funding, had been obliged to limit the number and size of grants they awarded:

'I tear my hair out trying to access match funding. Instead of giving grants for £750,000 we could only give grants for about £508,000 ...'

(IB representative)

A number of IBs had (temporarily) suspended awarding grants because it was unclear whether or not the match funding organisation would provide funds for a second year. Indeed, being able to access sufficient amounts of match funding to operate the Global Grants programme from one year to the next, was cited as the most pressing concern among IBs. As IBs drop out, so GOs struggle to recruit new organisations with the necessary skills and capacity:

'At the moment we've left the tender open [for new IBs], although the closing date has gone...I've got plenty of money for whoever comes in. The problem will be finding the match and we can't find any for [the IBs], because we have tried.'

(GO representative)

4.7 Programme administration and delivery

Many IBs were surprised by the amount of administration time and resource required to manage and deliver the Global Grants programme. After problems with match funding, the time and costs associated with awarding and distributing grants, monitoring expenditure and supporting grant recipients was the most common issue of concern among IBs and was given as the key reason why some had withdrawn from the programme. This had affected both large public sector and small voluntary sector IBs, though in different ways. Some larger IBs, such as LSCs, had mistakenly assumed that once procedures were set up, administration would be fairly routine and undemanding. Many found they were not well equipped to support small and fledgling organisations that often needed help in applying for a grant or running their projects. Some LSCs withdrew from being IBs having found the administration of Global Grants too resource intensive:

'Our organisation was surprised [with the amount of administration]...I had some experience of ESF... but I ...didn't realise just how much time it would take. At a senior management level, that was a bit of a learning curve.'

(IB representative)

'When we started Global Grants [we] encouraged the ... Learning and Skills Councils in the region to be IBs... That worked quite well untilall four got together and said 'this is far too much bureaucracy, we haven't got the resource to deliver it and we will withdraw from being Intermediary Bodies...'

(GO representative)

Some smaller, voluntary sector organisations, particularly those accessing external match, had found managing Global Grants to be more costly in practice than the maximum twenty per cent administration fee allowed for. Some IBs said the administration fee only covered project support activities and programme administration costs had had to be subsidised from internal resources:

'How much you can spend on admin is 20 per cent of the total GG [budget]... That's quite a slim amount considering the amount of admin. you actually do.'

(IB representative)

'...there isn't any capacity in the programme with the 20 per cent [for administration]... That actually goes on projects support... We subsidise it.'

(IB representative)

Furthermore, costs associated with identifying match funding were ineligible for ESF support:

'It's hard work [recruiting match funders] and its not eligible under the programme [running] costs...[It's] development work that is outside the programme.'

(IB representative)

Another area of concern and additional administration for some IBs was the 'micro-monitoring' of individual project expenditure:

'There was quite a lot [of admin] work ... You're collecting receipts ... and working with people who are running projects who perhaps have never run projects before ... it took quite a lot of chasing up ... they weren't confident...it meant we were [doing] quite a lot of development work and then helping them with the paper work...'

(IB representative)

Some questioned whether collecting and collating these receipts was strictly necessary for ESF auditing purposes, implying that some IBs may not understand the concept of 'final beneficiary' for ESF purposes¹⁰. This may be due to the fact that clarification of this technical matter was only finalised in later versions of the guidance issued to IBs. Some IBs appointed when Global Grants was first introduced may, therefore, be operating unnecessarily burdensome administrative systems.

4.8 Managing cash flow

Another related area of constraint was in managing cash flow. Problems were commonly reported, particularly among IBs that sourced their match funding externally. Some match funders were said to be dilatory in issuing agreed funding payments on time. As a result, some IBs had to underwrite projects using their own financial resources while awaiting payment:

'Last year there were a couple of [public sector match funders] who dragged their heels and my director took the decision [and said] 'we won't wait for the match, we can afford to pay the grants, we've got the written commitment [from the match funders]...But the deficit got so big at one stage we had to stop paying grants until the money came in. That had an impact on the projects and we let the [match] funders know that.'

(IB representative)

¹⁰ Assuming they have an open and competitive selection process for awarding grants (which all IBs surveyed appeared to have), IBs are treated as the final beneficiary for ESF purposes. This means that they can run Global Grants projects on the basis of 'contract costs' rather than 'actual' costs. The former method does not require grant recipients to keep detailed records of project expenditure whereas the latter does.

This, combined with the fact that ESF and most matched funding was paid in arrears, had caused some IBs cash flow difficulties:

'...they [match funder] didn't actually give us the money [up front] so we had to pay out the grant [first].'

(IB representative)

'...[cash flow] was an issue that was raised by a number of IBs...when I set up a conference...some of them were facing...withhold, payment in arrears, and some felt this was skewing their function as an Intermediary Body.'

(IB representative)

The degree of financial exposure this entailed typically impacted the most on smaller and voluntary sector IBs with fewer financial resources at their disposal. One IB that had withdrawn from Global Grants specifically identified arrears payments for match funding as the key reason, an arrangement which compared unfavourably with other sources of funding they received:

'We're paid in arrears, which for a small organisation, that's not always easy...For other small projects that we run all the funding is paid in advance...the money is there and available straight away.'

(Former IB representative)

Another small voluntary sector IB which had resorted to using its own internal resources as match, had also ceased operating:

'We had to use our own match funding and that did limit the amount of grants we could give out in the end. If we could have found more money, we would have probably gone on a bit longer.'

(Former IB representative)

A common difficulty was that most match funders would only commit to one year's funding, leaving some IB staff with twelve month contracts and in an unstable employment position:

'Match funders will only commit to one year in advance...That is an issue for us because it means we can only appoint part of our team on one year contracts...It's not comfortable for them...but we really don't have an option in this case.'

(IB representative)

Match funding, thus, appears to be a perennial issue which continues to affect the delivery of Global Grants. A number of respondents felt that programme overall would benefit from more strategic work being undertaken at a regional and national level to better co-ordinate approaches and pool match funding resources:

'The big statutory [public sector] agencies...like the Government Offices and the LSCs should get their heads together and get this [match funding] sorted. [Then] if you're going to become an IB, rather than touting around, almost with a begging bowl...strategically at the top end they have got the match funding sorted.'

(IB representative)

'It needs to be made easier to find match funding... One thing that would really help the programme would be if there was a match funding pot somewhere...or a series of pots, depending on what you wanted to do.'

(IB representative)

Whilst acknowledging the evident successes of the Global Grants initiative, most GO regions and IBs believed the programme would have achieved more, had the specific requirements with regard to match funding been less onerous:

'Sources of match funding has been a perennial issue that has constrained the [Global Grants] programme...Even with our most successful Intermediary Bodies they've underspent because they simply couldn't identify the match funding, and I think this requirement of having to put it all into a cash pot...[has been] difficult for many [IBs].'

(GO representative)

4.9 Monitoring and reporting

On the whole, collecting and collating information and preparing reports about Global Grants for auditing and monitoring purposes was said by most IBs to be manageable. Some IBs mentioned the additional administrative burden arising from the fact that ESF monitoring ran for the calendar year, whereas most match funders, operated financial year end accounts. In the main, however, many GO regions had minimal requirements focused mainly on overall programme costs, ESF spend and project outcomes. Completion of the Project Closure Report, required at the end of each Global grants programme, was not reported to have presented IBs with any difficulties.

However, there was some evidence of changing requirements and inconsistency across different GO regions regarding the kind of information to be collected and reported on by IBs. GOs in some regions were said to have recently 'shifted the goalposts' by imposing stricter demands in respect of hard outcomes such as jobs and qualifications achieved. The need to provide some match funders with more information on outcomes was also said to be increasing. Some IBs were concerned about the added administration this would entail. Others were uneasy that the focus of Global Grants on soft outcomes and distance travelled was being lost.

5 Programme design and delivery

Intermediary Bodies (IBs)' role is to lighten the administrative and financial burden for small non-governmental organisation (NGOs) assisting disadvantaged individuals to move closer to the labour market, by providing them with a more accessible route to ESF funding. This chapter describes and assesses the design and delivery of the different Global Grant programmes operated by IBs across the nine Government Office (GO) regions, and explores the key factors which have influenced their administration, effectiveness and success.

5.1 Programme design and delivery

IBs had approached the design and delivery of their Global Grants programmes in different ways. At one extreme were IBs that saw their task primarily in terms of efficient administration and financial accountability – essentially getting grants to eligible applicants in an efficient, timely and fair manner. Other IBs viewed their role more strategically as an opportunity to develop innovative projects which would meet the needs and priorities of disadvantaged groups and communities, helping to build organisational capacity and develop social infrastructures along the way. In the latter cases, there was often a strong degree of 'fit' between the aims and objectives of Global Grants and the overall remit of the IB:

'A lot of the target groups and the activities Global Grants is looking to fund are in line with our own requirements, because that is the sort of project that our trustees are looking to support anyway... Global Grants is a comfortable fit with what we normally do.'

(IB representative)

This key difference, strongly influenced by the source(s) of match funding, has, in turn, influenced the eligibility criteria, application and appraisal procedures, project types and support offered to applicants and grant recipients, among different Global Grant projects.

5.2 Eligibility criteria

The ESF guidance sets down minimal eligibility criteria for Global Grants projects – that they should receive grant monies of no more than £10,000 in total and should have progression towards the labour market as their key aim. IBs variously overlaid these minimum requirements with their own, and more commonly, with match funders eligibility criteria. This has served to prioritise certain types of applicant or project.

5.2.1 Size of grant

Subject to the £10,000 upper limit, most IBs did not restrict the amount of funding that organisations could apply for. Indeed, most awarded grants towards the upper end of the allowable scale. Around half the IBs surveyed said the average size of grant awarded was in the £5,000-£10,000 band and many of these awarded grants at, or near, the £10,000 limit.

However, some IBs that had been unable to attract sufficient match funding had reduced the £10,000 maximum Global Grant award. This had been effective in enabling the available funding to be distributed more widely:

'The amount of match funding we have decides how many projects we can run...That is one of our main issues. On this round of Global Grants the amount of match funding we received was much less than it was for the first round. It meant that we reduced the maximum fund that we could award organisations [from £10,000 in 2001-2003 to £8,000 for 2004-2006].'

(IB representative)

A few smaller IBs also deliberately restricted the size of grants to amounts of less than £5,000, and in some cases, £1,000, to encourage very small and new organisations to apply. Some had ring-fenced parts of the Global Grants budget and adopted easier and quicker application procedures for this specific purpose (see Section 5.7).

5.2.2 Type of applicant

Although Global Grants guidance allows grants to be made to individuals, in practice, very few IBs did so, and the vast majority only made funding available to constituted groups. This was due to the higher perceived financial risks and responsibilities attached to funding individuals. The increased administrative burden and cost of distributing and monitoring smaller-scale grants to individuals was also a key factor.

'The [selection] panel felt uneasy paying money to people when there is less checks on how the money is spent, so [that's why] they funded community groups, just for some security for the funding. Administratively, giving small grants out to individuals is very expensive from a cost-value point of view.'

(IB representative)

Many IBs noted that their match funders did not allow individuals to benefit from funding. Some GOs had also discouraged IBs from distributing grants to individuals. Amongst the minority of IBs that did provide grants to individuals, in most cases, the maximum allowance had been set significantly below ESF limits:

'We have said the maximum is £1,000 [for individuals], although we look at requests for more than £1,000 in exceptional circumstances. The average grant is about £450.'

(IB representative)

For added security and to ensure that the funding went towards the proposed activity, this IB also ensured that it paid the suppliers of the funded activity, rather than the individuals themselves:

'The grant is not paid to the individuals direct. We pay the training provider or the supplier direct where at all possible, so that we know the money is spent where it should be spent.'

(IB representative)

5.2.3 Size and turnover of applicant organisation

To enable Global Grants to be targeted on small community and voluntary organisations, many IBs had set limits to the size and annual turnover of organisations that could apply for funding. However, the limit did vary significantly between IBs. Most restricted awards to organisations with an annual turnover of between £100,000 and £250,000. This, they believed, had been successful in ensuring that only smaller voluntary and community groups received Global Grants funding:

'We limit it to an annual turnover of £220,000, mainly because Global Grants is meant to be for smaller groups... We just thought it was important to have some kind of limit.'

(IB representative)

Illustrating the varying interpretations on the sizes of community and voluntary groups best suited to apply for Global Grants, and of what defined a 'small' group, one IB had set a much lower annual turnover limit of £35,000:

'We work with organisations with an annual income below £35,000 because the idea is that [our programme] is for smaller end organisations and that bigger organisations could apply for mainstream ESF.'

(IB representative)

Another IB had changed its eligibility twice in an attempt to target funding on small and newer groups. Using the example provided by Local Social Capital projects, it limited funding to organisations with no more than three full-time members of staff and with an annual turnover of under £80,000. The overwhelming demand for grants that this generated resulted in the eligibility criteria being further restricted to organisations with no more than two full-time members of staff and an annual

turnover of less than £60,000, with grants going first to those with the lowest turnover. The unanticipated outcome of this restriction was to favour groups with no previous track record, to the exclusion of some very good projects. Moreover, this form of targeting had resulted in many similar projects. A further review in the face of continuing high demand was ongoing at the time of the evaluation, and was looking into different methods for encouraging greater diversity and innovation in Global Grants projects.

5.2.4 Targeting

In addition to restricting eligibility criteria to certain groups and individuals, virtually all IBs engaged in some form of targeting in terms of the types of potential beneficiaries they were ultimately seeking to reach. In all cases, these included ESF priority groups – notably black and minority ethnic groups, refugees, women and lone parents, people with disabilities and health problems including drug and alcohol misuse, and ex-offenders – and priority geographic areas both urban and rural. Grant recipients applauded the wide variety of beneficiaries they were encouraged to target, not simply those that were ‘job’ or ‘qualification’ ready.

A few IBs had developed sophisticated targeting procedures for ensuring that Global Grants were accessible to, and reached, all sections of the community. One IB had themed Global Grant programme rounds which were targeted across different communities in its region. These themes were a mixture of geographical areas (i.e. problem estates or rural areas) and specific beneficiary groups (e.g. people with disabilities or young people). The IB had been involved in 20 communities across its region, and in each had set up local selection panels, 50 per cent of whose members were from the targeted group or community:

‘We try and get a selection panel where at least 50 per cent are from the target group themselves...so they’d have to be residents of the community if it was a geographical theme, or they’d have to be a certain age group if it was young people...’

(IB representative)

In the main, IBs relied on their knowledge of the local community and involvement in networks to target the Global Grants programme to a wide range of disadvantaged individuals and groups. Moreover, the closeness of many voluntary sector IBs to small community and voluntary groups meant that they were already known and trusted by applicants:

‘The beneficiary groups know us. They are using people they know and trust...It is much easier for them.’

(IB representative)

'More and more funding from the Government and the partner groups should be channelled through [IBs] because [Global Grants] are much closer to local smaller groups, which equips organisations in developing their own infrastructure.'

(Global Grant recipient)

5.2.5 Impact of match funding

Match funder restrictions on the uses to which their funding contributions could be put, placed strong constraints on the overall accessibility and reach of the Global Grants programme in some regions. Geographic limits on where the match contribution was spent were the most common restrictions:

'The coverage of match funding across the county is patchy and in some areas we have had less than we would have expected... There is funding available in some areas which isn't available for 90 per cent of the other areas in the county. That does make for a substantial [funding] imbalance.'

(IB representative)

As a consequence, some IBs were unable to provide Global Grants funding across all areas of their region, sub-region or county. In one instance, a match funder restricted potential applicants to specific post code areas:

'A lot of the [match] funding is quite area specific... We haven't got a fund that goes right across [the county].'

(IB representative)

'There are five districts in [this sub-region] and only two of our match funding partners provided funding across the whole of [the sub-region]. The biggest problem with [one match funder] in particular was because their match funding eligibility went down to post coded areas... some projects that were based [in a different] geographic area but working with beneficiaries in the right post coded area, but they couldn't apply.'

(IB representative)

'There are large parts of the county with very few funding options. We have probably ended up with more urban projects than rural projects for that reason.'

(IB representative)

Targeting certain disadvantaged groups to the exclusion of others, was another example which served to restrict the accessibility of Global Grants to certain beneficiary types. For example, some match funders favoured projects which targeted only young people or black and ethnic minority groups.

Similarly, the project type preferences of some match funders restricted eligible projects to those delivering vocational or basic skills or small business development, for example. Around a third of IBs reported that match funders restricted the eligibility criteria to certain project 'types':

'The eligibility criteria [of projects] is largely determined by the match funders... In some districts... [match funding] might only be for business start-up... [Match funding] restricts the availability of the Global Grants.'

(IB representative)

Funders placing restrictions of this kind on their match contributions was seen to be stifling the potential flexibility and accessibility of Global Grants, making the programme more difficult for IBs to manage in practice. These difficulties were compounded in areas where a number of different organisations were contributing match funding to a Global Grant programme:

'The match funding is a big issue. If you've got seven or eight organisations that are providing the match... they've all got their own agendas and possibly geographical areas, so it makes it difficult for [IBs] to manage.'

(GO representative)

5.3 Project types

IBs which had applied a broad interpretation of the concept of 'movement towards the labour market' and 'distance travelled,' generally had more varied, interesting and innovative projects. They also tended to be those who aimed to talk through project ideas with grant applicants prior to them submitting an application. This appears to have helped to shape and improve the potential success of Global Grant projects. These IBs seemed generally better placed to recognise and understand what was going on in their local community, and, therefore, what might be needed in terms of projects. They were mainly, though not exclusively, voluntary sector IBs. Projects approved by these IBs had much greater potential to add value and build capacity in the local community.

IBs with less well established community links and fewer opportunities for dialogue with groups, were more likely to have a raft of Global Grants projects doing similar things. Often, these were more orthodox skills training courses at a very basic or entry level. While in themselves these projects produced no less valuable outcomes, the capacity to add value and contribute to wider goals of regeneration and inclusion was often limited.

5.4 Marketing and promoting Global Grants

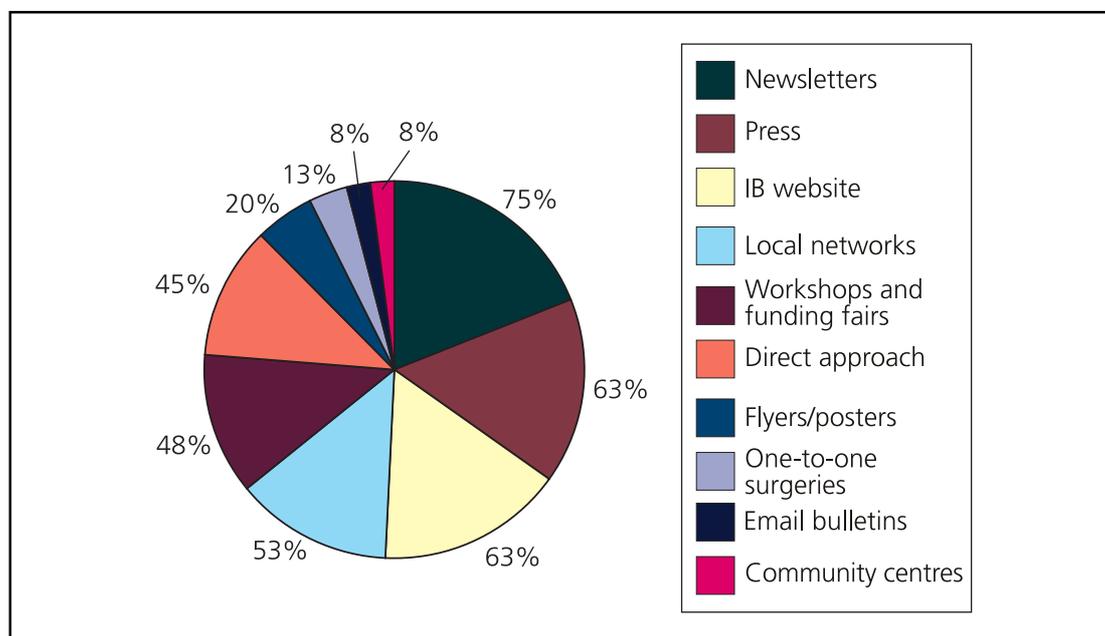
All IBs surveyed reported they had an open and competitive process for awarding grants. A variety of advertising and marketing strategies (see Figure 4.1) had been adopted for reaching the intended Global Grants target groups. Virtually all IBs used

a combination of at least two or more of the following methods, with newsletters, press advertising and use of websites most prevalent:

- newsletters (used by 75 per cent of IBs);
- local and regional press releases (used by 63 per cent of IBs);
- IB websites (used by 63 per cent of IBs);
- other local voluntary and community sector networks (for example, through local Councils for Voluntary Services (CVSs)) (used by 53 per cent of IBs);
- advertising through funding fairs, seminars and workshops (used by 48 per cent of IBs);
- IBs directly approaching potential beneficiary groups and organisations (used by 45 per cent of IBs);
- the use of flyers and posters (used by 20 per cent of IBs);
- one-to-one surgeries with potential applicants (used by 13 per cent of IBs);
- direct email bulletins (used by eight per cent of IBs);
- advertisements through community centres, parishes and local village halls (used by eight per cent of IBs).

Most IBs had made considerable efforts to ensure that information about the Global Grants programme was accessible to local groups and individuals, deploying a variety of different methods and mechanisms for reaching into the community. Some IBs did, however, focus efforts mainly on mainstream press advertising and written and electronic forms of communication. Very few grants recipients said this was the way in which they had found out about Global Grants. Indeed, a surprisingly large number (the majority) had heard about the programme through word-of-mouth, or 'by accident', for example at a meeting or presentation unrelated to Global Grants. This suggests that, **when used on their own, advertising, publicity and electronic forms of communication may not be sufficient to reach all sections of the community.** Examples include certain ethnic minority groups with English language difficulties, new groups with few established networks and those with no access to the internet.

As indicated by the findings of the Local Social Capital Pilot evaluation, to be effective, IBs need to operate in a way that potential applicants and beneficiaries can understand and access. IBs which used methods such as networking, workshops and surgeries which bring IBs into face-to-face contact with potential applicants, together with more targeted advertising and publicity, may, therefore, be more effective in ensuring that information about Global Grants reaches the more disadvantaged sections of the community.

Figure 5.1 Marketing methods adopted by Intermediary Bodies

5.5 Application processes and procedures

IBs recognised the fact that many potential Global Grant applicants would be very small community and voluntary groups, with little or no prior experience of applying for grants and often with limited staff resources and time. Virtually all IBs, therefore, went to some lengths to ensure that the application form was as simple as possible. **In the overwhelming majority of cases application forms were short and user-friendly.** Most forms were no more than six pages in length, and in many cases, only covered four A4 pages. The vast majority of grant recipients had found them simple to understand and easy to complete:

'It's a straightforward four-page application form, which is designed to be as relatively easy as possible.'

(IB representative)

'The whole idea [of Global Grants] is that we made the application forms as easy as possible for the [grant] beneficiary.'

(IB representative)

'Tremendously easy, it's plain English, no bureaucracy as such.'

(Global Grant recipient)

The standard Global Grant application form, provided in the national ESF guidance had been used by some IBs. However, the majority had adapted this form to incorporate the needs of their particular Global Grant programme. IBs also provided applicants with additional guidance for completing the application form, and

briefing notes regarding eligibility criteria and project budgeting. Some IBs included the application form as part of a more comprehensive 'application pack' which provided further information and advice:

'We've included [the application form] into an application pack...as well as essential information that they need to know about Global Grants...we've given them some ideas about planning the project out, examples of the types of activities that have been funded in the past, what things they could put into the budget and what we won't fund... We also provide them with a checklist...'

(IB representative)

Certain proactive IBs had continuously evaluated and assessed their application forms for their ease of use and effectiveness. Some (more particularly those from the voluntary sector) had adapted the form over time in response to the feedback they had received from applicants, match funders, local organisations, and others who had helped applicants apply for Global Grants funding, for example local CVSs:

'[Our application form] has been developed because of the steering committee meetings we hold with match funders and they suggest ideas, things that might make it clearer to them when they're reading the [application] forms. We work very closely with the Council for Voluntary Service across [the county] and where they've had feedback from [applicants] we've taken that on board and consulted with them to change the form.'

(IB representative)

'We write to groups that have been successful and we always send them a questionnaire asking them how they found the application process and if there is any feedback from that we refine the [application] process accordingly.'

(IB representative)

Grant recipients confirmed that the Global Grants application forms were, on the whole, user-friendly and straightforward and more than two-thirds found the application process 'easy'. Many of those with experience of applying for funding stressed that the application form was relatively simple to complete and seemed to ask 'all of the right questions'. Some said that it was one of the best application forms they had come across:

'It's not that they don't need detailed information, they go straight to the point and it makes it easy for you to know what to put down.'

(Global Grant recipient)

The perception of a few larger and more experienced organisations was that Global Grants application forms were too detailed in relation to the amount of funding available. Criticisms of the application process included duplication of questions on the application form and the form being too long and unnecessarily complicated for the amount of funding:

'You read the questions and you think 'is that really necessary', but you know it might apply to some applications but sometimes can't see what it's got to do with you. In general with some of the questions you feel there's a catch and you know especially the one about who have you spoken to about the project.'

(Global Grant recipient)

These comments may reflect the requirements of match funders, rather than Global Grants. Many match funders were reported to have insisted on their own application forms being used and were unwilling for these to be amended or altered in any way:

'Some match funders had their standard application [and] there wasn't any flexibility about changing it or adding anything to it. [Therefore] we had to have two application forms [for Global Grants] in order to capture any additional information that we required.'

(IB representative)

An extreme example was one IB which had eight different match funders, each with their own application forms, eligibility criteria and selection process. The IB had, therefore, had to design eight different application forms to cover the requirements of each match funder. The organisation concerned had resorted to holding one-to-one surgeries with every applicant prior to them completing an application form, in order to decide which match funder, and, thus, which application form, would be the most suitable for their project:

'We had to identify who would be the best match funder up front and [the applicants] would have to fill in that particular application form and go through that particular decision making process, which is not really how [Global Grants] should work.'

(IB representative)

The application process was found to be more difficult among the third or so of very small or new organisations that had secured minimal, or no, funding in the past. Sometimes the difficulty arose from a language barrier (applicants applying in their second language) or from cultural aspects (not understanding 'the system'). Other difficulties highlighted arose from inexperience in managing projects. Providing information related to outcomes was cited as a particular problem as some applicants did not really know what to expect from the project. Some groups were also required to provide a business plan and had had to attend short courses from providers such as 'Business Link' to help in business planning and cash flow forecast.

A small number of newly formed groups found the application process daunting, especially the amount of time needed to fill in the application form. Many of the smaller groups were run by volunteers who give up their own time to apply for funding and some felt this needed to be recognised more throughout the application process:

'The whole system needs to be volunteer friendly. They seem to forget that volunteers have a life, work and children.'

(Global Grant recipient)

Several organisations turned down for Global Grant funding in the past felt that the learning opportunities from that experience (in terms of, for example, feedback from the funding body or attending workshops) had made the application process easy the second time around.

Workshops were identified as a particular strength of the application process. Interviewees reported workshops to be particularly effective mechanisms for communicating information and advice about the application process and eligibility criteria, in addition to stimulating ideas about the content and design of projects.

5.5.1 Pre-application screening and support

Most IBs allowed grant application forms to be accessed in a variety of ways including via a telephone call, from IBs' websites, by email or by post. Forms were also often available to applicants through match funding organisations and community and voluntary sector partners.

A minority of IBs (all voluntary sector) had taken a policy decision to control access to Global Grant application forms in an effort to monitor their distribution and minimise ineligible and poor quality applications.

Drawing on their experience of managing this and other grant programmes, application forms were only supplied to potential applicants that the IB had first spoken to, visited or had prior knowledge of:

'The people who work here have a lot of experience in grant making with other organisations...[Therefore] we've tried to avoid some of the bad practice that happens.... Filling in forms takes a lot of time and we don't want people to be doing that unnecessarily...'

(IB representative)

'What we used to do is put the application on our website, but I changed that because what I'm really trying to do is encourage people to ring me and request a pack. It means I get that opportunity to talk to them first so that we can discuss eligibility issues and project ideas. If the eligibility is OK and the project sounds like it would be one that Global Grants would fund, then I can send out a pack... I don't want people to waste their time if it's something that would not be eligible.'

(IB representative)

IBs using this method found it to be more administratively efficient, saving both applicant and IB time potentially wasted completing forms and carrying out appraisals for ineligible projects. These IBs also used this opportunity to provide ineligible Global Grants applicants or those with very limited capacity with a sign-posting service to other available grants or support organisations that would possibly be able to help them:

'What we don't want to be doing is raising expectations hopelessly and then spend a lot of [our time] turning down applications.'

(IB representative)

'We have several different funds...somebody might ring up and say 'I want a form for Global Grants', but actually what they want to do and the amount of money they want and the sort of groups they are, they would be far better off applying to one of our other funds, so we will direct them to it...'

(IB representative)

'Global Grants has been a very easy programme to manage in many respects, but you do have to make sure that the group applying will have the capacity to do the record keeping properly and understand that they are going to have to do it.'

(IB representative)

Pre-application sifting also appeared to be an effective means of maximising the potential impact and added value of Global Grants projects through helping applicants develop their project ideas, and where necessary, helping to build capacity:

'Direct contact with people who are administering the fund makes it much simpler and transparent.'

(Global Grant recipient)

IBs without the in-house capacity to offer this form of advice and support would refer applicants to other voluntary sector bodies which had this remit:

'We like to try and refer people either to the CVS, Action Teams [for Jobs]...or Connexions... We have a list of referrals so that the person who approaches us is linked up with a support organisation.'

(IB representative)

One of the important aspects of this pre-application sifting process appears to be the opportunity afforded for face-to-face contact between the IB and applicant. IBs believed that making contact with applicants early on began a process of relationship building and communication between both parties which would continue into project delivery:

'We have a lot of contact with groups that apply. We try and encourage it, so that if anything goes wrong or people have questions, they can just ring us up and talk to us, and not think 'oh they are the funders, they'll come and take our money away'.'

(IB representative)

IBs that had adopted pre-application sifting methods had the highest applicant approval rates (i.e. the highest ratio of received applications to grant awards). One such IB, which received approximately 100 Global Grant applications, overall had awarded funding to 92 of these:

'We have a very high strike rate because the forms aren't issued until somebody has rung in and had a chat with myself or the grants officer about what they want to do and how they want to do it and who they are. The result is that we've been able to make sure that nobody.... applied who basically wasn't eligible.'

(IB representative)

In contrast, IBs that made their application forms freely available via their websites or by other means experienced much higher ratios of ineligible applications. One such IB mentioned in its own internal evaluation that over a third of its Global Grants applications were ineligible.

Interviews with grant recipients confirmed the view that prior telephone or face-to-face contact before the completion of application forms was an effective mechanism for reducing wasted effort and maximising project impact. Most grant recipients that received this form of help appreciated the 'personal touch' and the tailoring of support to individual need:

'It was amazing because it was all these forms and I thought lots of questions were irrelevant...It was quite daunting so when she sat with us and explained everything it was good.'

(Global Grant recipient)

'Direct contact with people that are administrating the fund makes it much simpler and transparent.'

(Global Grant recipient)

'It is a really big thing applying for funding to keep going and it's literally you sitting in an office and thinking 'what do they mean by this question?' and you can pick up the phone and they explain it to you and you realise it's not really that difficult. You learn about the hoops that you need to jump through.'

(Global Grant recipient)

Such 'individualised' help was perceived by many of these grant recipients to have minimised their workload during the application stage, helped to capacity build organisations and was felt to have generated better quality projects.

5.6 Appraisal and selection processes

IBs adopted one of the three methods for appraising and selecting Global Grants projects:

- just under a quarter of IBs used a panel or committee to assess applications and make the final decision on whether or not to award funding;
- a minority of IBs used in-house staff to assess applications and make the final decision on whether or not to award funding;
- approximately two-thirds of IBs used a combination of the first two, with in-house staff having responsibility for the initial assessment of applications, before passing these on (accompanied by a project appraisal report) to a selection panel/committee which then made the final decision on whether or not to award funding.

Where in-house staff had devolved responsibility for assessing applications and awarding grants, this tended to be those IBs which awarded grants to individuals. Awards were generally small in size (the average was £450) and the decision to use this method was based on the requirement for swift decision making. Grants were usually awarded within five to ten days of an application being submitted.

Another IB which dealt with very large numbers of Global Grants applications (in excess of 1,000 during each application round) had a dedicated staff team working on appraising grant applications. Staff also made the final decisions on awarding grants. Members of this IBs Global Grants partnership committee (predominantly made-up of the match funders) occasionally attended appraisal and selection meetings, but only got involved in decisions if there were uncertainties over whether or not to award an individual grant.

Just under a quarter of IBs had adopted a selection and appraisal process whereby a panel/committee assessed all applications and made final decisions on whether or not to award funding. In most cases, the reason related to the perceived independence and autonomy of such panels and to the expertise and knowledge of panel members. One sub-regional IB sub-contracted its selection and appraisal procedure to four local development agencies in each of its local authority areas. Members of these panels included representatives from the local community, voluntary and public sector. These were deemed to be in the best position to make decisions on applications coming from their particular area:

'All the panel members are local to the area and are familiar with the area and the needs in that area, which helps them to prioritise.'

(IB representative)

In a few cases, match funders had determined the selection and appraisal process and insisted on being represented on panels where appraisal and selection decisions were made. **Most IBs deemed this method to be overly bureaucratic, complex and administratively time-consuming which, in some cases, resulted in delays in awarding grants:**

'Each match funder has its own selection panel...[The selection of grant beneficiaries] was an entirely separate process for each match funder...One match funder would turn the application around in a month and another would turn it around in three months.'

(IB representative)

Indeed, panels involving match funders often had the highest ratios of unsuccessful applications to grant applications. In one extreme example, only 10 grants had been awarded from 80 applications:

'I think the [selection] panels were too subjective in their views on the Global Grants projects.'

(IB representative)

The majority of IBs used a combination of selection procedures, whereby in-house staff took responsibility for the initial assessment of the Global Grants applications, before passing these to selection panels/committees for ratification. A number of IBs, predominantly from the voluntary sector, used their panels to provide a final check and balance in respect of applications that had already been through a rigorous appraisal and sifting process. IB staff also provided a full written assessment to accompany application forms, based on the information provided in the application form and visits or telephone conversations with the applicant.

An effective means of adding value to the Global Grants programme through helping to capacity build the local community, was to involve local people in the project appraisal and selection process. Two IBs, both from the voluntary sector, had recruited and trained local residents to become members of community selection panels, and these took responsibility for appraising and selecting projects to be awarded Global Grants funding.

Potential conflicts of interest were minimised with panel members 'declaring an interest' with respect to projects they had personal involvement in. Community selection panels formed a central part of these IBs Global Grants programmes, a key focus of which was on developing the local social capital of communities:

'[The panels] are about empowering local communities and giving local choice and local control to the way things are run and the way things have been decided.'

(IB representative)

'We try and get a selection panel where at least 50 per cent are from the target group themselves...so they'd have to be residents of the community if it was a geographical theme, or they'd have to be a certain age group if it was young people...'

(IB representative)

Local selection panels were reported by members and IB staff to have been very successful and empowering:

'I think the selection panels are working really well, incredibly well...One member of a panel received an MBE as a result of his work...What we also hear amongst the young people is them then going on to do other things, like training programmes, going on to find work. It's all that motivation.'

(IB representative)

'I know this might sound stupid but [it makes you feel] you have power... When this first started I asked 'when we say this project can have funding, does it go any further. Does it have to go somewhere else?' They said 'no' and that we get to decide whether a project runs ahead...So we have power...There's a sense of responsibility because we do take care, we don't just go 'yeah give them funding!' We have quite a long discussion on it...But it is nice to know the final vote is ours, whether they get the funding or not.'

(Member of young persons' selection panel)

'Now we are doing this it is making a whole lot of difference...It's something to do that is positive...and I think we will see that at the end of the project...There's probably less street crime as well [because of this].'

(Member of young persons' selection panel)

'[The local selection panels] have worked fantastically well. I would say the impact on local social capital in the target community, and having that process, of them having the power to make the decision does more for building local social capital, than any of the [other funded] projects.'

(IB representative)

The use of community selection panels had, however, been constrained in some regions due to the influence of match funders. In particular, there appeared to be a reluctance among some public sector bodies to relinquish the decision making process to members of the local community:

'There has been an uneven ability [amongst match funders] to take their hand-off [the funding]...At least two local authorities we've got to the contract signing stage and then they've pulled out because they wouldn't let go of the money...[Council] officers can understand what's going on, but when it goes to the committee they want a veto on the community panel's decision.'

(IB representative)

5.7 Timescale for awarding grants

One of the key features of Global Grants programmes perceived to contribute to the overall effectiveness was the short timescale for decision making and the faster and more straightforward approval process. IBs were reported to make faster decisions and pass the payments on more efficiently and also provide more help and flexibility than other grant funding bodies:

'They appreciate the constraints of small, unfunded organisations.'

(Global Grant recipient)

The majority of IBs held quarterly grant application rounds, and indicated that the length of time between application submission and project approval or rejection was between one and three months. A small minority of IBs operated Global Grants on an annual cycle. One IB, which only made small grants available to individuals, had devised a system whereby one in-house officer would appraise and approve all grants within five to ten working days.

The length of time for approval and payment of Global Grants was reported by many grant recipients to be quicker and more efficient than other funding programmes. Just over two-thirds of recipients stated they had received a decision on their grant application within two months of submission. A further 15 per cent stated they had received a decision within three months. Just over half those surveyed had had their grant paid into a bank account within two months of applying. A further 11 per cent had received a payment within three months.

Quarterly application appraisal and approval rounds appeared to be an effective mechanism for delivering quick and efficient grant approvals and payments which the majority of recipients were satisfied with. The longer grant recipients had to wait between applying for and receiving funding, the less satisfied they were. Some felt that the momentum and enthusiasm needed to get many projects off the ground was sometimes lost through having to wait. For this reason, annual application rounds were less well appreciated. Knowing when to expect a decision from Global Grants made it easier to plan for the project. Some grant funding bodies reportedly did not make a decision for over six months after application forms had been sent in; others did not make it sufficiently clear to organisations when to expect a decision.

A few IBs had attempted to improve the speed at which Global Grants could be accessed, particularly for fledgling groups that wanted a small amount of funding. Two IBs, both from the voluntary sector, had developed what they termed 'Fast Track Grants'. These were mechanisms for approving and paying grants of smaller values (under £1,500 in most cases) in a much shorter timescale. Applicants were not required to submit to quarterly application rounds but were assessed internally by an IB officer, at any time, before being approved. This quick turnaround time was reported to have been very effective:

'If they want [a fast track grant] we decided we would not make them wait for the grant application deadline. They could put in an application when they wanted to...We aim to turn it around ... within four weeks...It's working really well.'

(IB representative)

Such grants were believed to be particularly useful for groups that wanted to pilot or test a new activity or project idea and for new groups that had never applied for a grant before. A key reported strength of these grants was the ability to provide groups with a stepping stone towards further funding support:

'...because Global Grants is about encouraging fledgling and new groups and particularly those that might not have made an application before, they might not want all of the £10,000 at once. They might have a pilot idea and want to try something out [first].'

(IB representative)

'The Fast Track Grant is very attractive to groups. They don't feel intimidated by it. It's an opportunity for them to manage a small amount of money and to try and test ideas. We're also quite flexible in terms of what it can be used for as long as it meets the main [Global Grants] criteria.'

(IB representative)

'The idea of the Fast Track Grant was where we could get a sum of money out very quickly to get a group moving...Therefore a very quick process which could then perhaps... lead them to the next step which would mean £1,500 and could lead to £7,000 or £8,000...Fast Track Grants developed out of our historic knowledge that there were groups that needed that little bit [of money] to get them moving...The benefits have been enormous as a stepping stone...'

(IB representative)

'By introducing the fast track programme it has meant that small injections of what are very small amounts of seed, core funding money, could develop beginnings [of groups], pilot projects, the first steps on the ladder for groups.'

(IB representative)

5.8 Supporting applicants and grant recipients

Many grant recipients cited the IB support role as being critical to the overall effectiveness and success of funded projects, in particular, the personalised and practical help on offer both during the application process and project delivery.

Several interviewees noted that their IB recognised the important role small organisations play in meeting the needs of local communities, and had a clear understanding of the support needs:

'More and more funding from the Government and the partner groups should be channelled through [IBs] because [Global Grants] are much closer to local smaller groups, which equips organisations in developing their own infrastructure.'

(Global Grant recipient)

The level of support tailored to each organisation's needs was particularly appreciated by grant recipients, making the project delivery process easier and more straightforward for applicants:

'They are there for holding hands if they're needed but are also hands off when appropriate.'

(Global Grant recipient)

IBs confirmed the importance of the support and developmental aspects of their role. Virtually all IBs made reference to the intensive nature of the support required by many Global Grant recipients. Newly established, fledgling organisations, in receipt of funding for the first time, often required hand-holding which, for many IBs, meant undertaking regular face-to-face monitoring and review meetings with grant recipients:

'We do an awful lot of handholding because we're targeting very small groups... We give a lot of support, not just with the application [process] but through the grant process and the monitoring we undertake. We have regular contact with all the groups that we have funded. I have tried to be in contact at least every three to four months with them, talking through how things are going.'

(IB representative)

'At the beginning you speak to them a lot and while your project is going you don't really. I mean, maybe its because they're leaving you to do what you're doing rather than getting down your neck, which is good.'

(Global Grant recipient)

Not all IBs had the capacity or resources to offer this kind of support. Some would signpost groups and individuals to voluntary sector partners. Many also directed ineligible and unsuccessful applicants to such partners:

'We do sign-posting to other organisations, particularly if the grant is declined, [that's] very important. We give them the reasons why their [application] had been declined and suggest they go back to their CVS and use the resources there...But we will also direct them to funding streams we know about as well.'

(IB representative)

'We rely a lot on our colleagues at the CVS to actually provide the front line support...It would be a much more difficult job without them there.'

(IB representative)

Other IBs (mainly Learning and Skills Council (LSCs)) found this support element of Global Grants delivery to be the most taxing and a key obstacle to implementation. Some had withdrawn from the programme for this reason.

Some larger IBs with many hundreds of grant recipients sought to overcome the problem of providing one-to-one support by delivering beneficiary support workshops. These aimed to deliver support to groups running similar projects and also had the effect of encouraging networking and the sharing of good practice between grant recipients. A few IBs even made attendance 'mandatory':

'...we run a number of workshops... and we feel that part of the value of that is that we get the chance to cover issues...such as monitoring and reporting...It's valuable for [grant recipients] to bring up issues that are arising... 50 per cent of the value of the [workshops] is groups talking to each other and exchanging ideas and views of issues.'

(IB representative)

'[Grant recipients] have to attend a compulsory finance and monitoring workshop, which we deliver along with a pack of information [about Global Grants].'

(IB representative)

5.9 Monitoring and reporting

One of the key features of Global Grants and an important function of IBs, is to ensure that monitoring and reporting requirements of grant recipients are kept to a minimum. Almost 90 per cent of grant recipients surveyed found the monitoring 'easy' or 'fairly easy.' Most monitoring forms were simple and straightforward and designed '*just [to] let us know how you're getting on*':

'Wonderful, very clear forms'

(Global Grant recipient)

There were, however, evident variations between different regions and IBs regarding the monitoring requirements placed on grant recipients in respect of project expenditure. Some groups were informed by their IBs that existing monitoring processes and procedures could be used for Global Grants monitoring purposes. Others were required to keep a detailed record of every item of expenditure, however small, and to retain and reproduce all receipts for auditing purposes¹¹. This often involved what many saw as unnecessary administration time. Both a number of more experienced organisations and smaller groups felt that these requirements were 'over the top':

'The time [needed for monitoring] and the amount of supporting evidence required is stupid really, they want to see all the receipts and the amount of photocopying they require is out of order because you feel you need to add £100 to your grant just to cover it. As a small charity the amount of time is disproportionate to the grant'

(Global Grant recipient (smaller))

'Our Annual report has to be audited and so we have to abide by rules and because that process takes place larger funders accept or assume its being done. But [for Global Grants] when we bought refreshments... We had to photocopy receipts... Someone bought the milk on the way to work, someone else bought the biscuits... We had to photocopy each receipt. It all adds up.'

(Global Grant recipient (larger))

Organisations who found monitoring particularly difficult were often from ethnic minority communities who encountered language difficulties. However, in all cases the funding body was deemed approachable and willing to offer support in the form of informal advice or meetings during monitoring. In all cases, experience was felt to increase confidence and make monitoring easier over time.

¹¹ As noted in Section 4.7 this may be the result of a misunderstanding of ESF rules on the part of some IBs.

6 Key findings and conclusions

The Global Grants programme was designed to enable European resources to reach the more disadvantaged sections of local communities by making European Social Fund (ESF) funding available to small non-governmental organisations (NGOs) who would not otherwise be able to access mainstream ESF. Small NGOs, essentially community and voluntary sector organisations, are considered well equipped to help the targeted beneficiaries of ESF progress towards the labour market, because they are closer to them and have better understanding of their needs and problems in accessing work.

The Global Grants programme was introduced in recognition of the contribution small organisations could make to the achievement of ESF objectives, while accepting that many such organisations found it difficult to access mainstream ESF funding. Key to the overall Global Grants endeavour were, therefore, two innovative elements:

- the distribution of ESF in the form of small grants to support local projects that help disadvantaged and socially excluded groups and individuals access or progress towards the labour market;
- the use of Intermediary Bodies (IBs) to distribute the grants to small NGOs in an easy, accessible way which shields them from the complexities of ESF administration and finance, including securing the necessary match funding.

Government Office (GO) regions had adopted very different approaches to the implementation of Global Grants and there did appear to be differences in terms of the effectiveness of different Global Grants structures, programmes and delivery mechanisms, and of the quality and added value of outcomes and impacts achieved.

Some types of organisation appeared to fulfil the different functions of IBs better than others. The key function of IBs, to secure match funding, was easily met by the larger, strategic and public sector bodies which could readily access internal resources or Government special initiatives funding. In some regions, organisations

other than the large strategic bodies were effectively debarred from participating in Global Grants, initially at least, for the want of match funding. Arguably, this undermined the very thinking behind, and overriding purpose of, establishing IBs in the first place.

While large strategic bodies could bring funding, administrative capacity and ESF expertise to Global Grants, as large bureaucracies, they were generally less well placed to provide targeted and accessible application procedures needed if ESF is to percolate down to the most disadvantaged groups. Many were also less well equipped to provide the hands-on support needed by small, inexperienced groups. Some such bodies readily acknowledged these weaknesses and some subsequently withdrew from operating as IBs.

In contrast, organisations that had a clear understanding of the needs of Global Grants target groups and were in a position to provide expertise and hands-on support to applicants and grant recipients, appeared to have fared better in this regard. However, many such organisations had struggled to access sufficient and sufficiently flexible match funding. Some had to cease operating as IBs; others continued. Only a fortunate few appeared to have accessed a truly flexible and secure source of match funding.

Even when match funding had been secured, some IBs found that their ability to respond flexibly to local needs, to innovate and add value to the programme had been constrained by match funders. This appears to run counter to the aims of Global Grants, since these are the very qualities the programme sought to procure. Moreover, restrictions on the way in which match contributions could be spent has, in some instances, served to restrict access to ESF funds to certain target groups, localities or project types.

The imposition by some match funders of their own application, appraisal and selection procedures had created additional administrative tiers and paperwork, affecting not only IBs, but applicants too. Both these examples illustrate the way in which match funding has not only added to the operating difficulties of IBs, but has served to undermine key objectives the programme is seeking to achieve.

The organisations best able to operate in the manner originally envisaged for IBs in the Global Grants programme, appeared to be those able to meet the required strategic, administrative and developmental functions. Organisations with experience of managing small grants programmes (though not necessarily ESF funding), easy access to match funding and with a willingness and ability to respond to the needs of local groups and communities, thus, appeared to fare best. In practice, very few individual organisations were able to meet all these criteria.

GOs unable to identify individual IBs with the necessary skills and attributes, sought to build on strengths and address recognised weaknesses. Some GO regions and IBs successfully reached compromise arrangements whereby the strategic and higher administrative functions of IBs were operated by a co-ordinating body (often a

public sector or strategic match funder) with the more operational and developmental functions delivered by smaller, more accessible and locally responsive organisations. Nevertheless, across many regions, match funding continues to act as a constraint on the overall effectiveness and impact of the Global Grants programme.

The evident successes of Global Grants and of individual funded projects would, thus, appear to have been achieved in spite of operating difficulties which have constrained many IBs. As one IB representative commented:

'The impact of Global Grants has been very good for the individual groups and the communities, but it has exposed inadequacies further up the [ESF] policy chain.'

IB representative

This strongly suggests that the outcomes and added value of Global Grants could be further increased and enhanced through addressing key structural and operational issues raised, most notably problems arising from match funding. These may only be capable of being addressed at a strategic and policy level.

Despite these operational constraints, the research found that all the Global Grant programmes operating across the nine GO regions had succeeded in the key aims of enabling small groups to access ESF funding, and of moving the target group of people furthest away from employment, towards the labour market. There was ample evidence of success reported in the shape of positive outcomes, both hard and soft, achieved by project beneficiaries, most of whom gained skills and increased their confidence, motivation and self-esteem. Many were said to have moved into work, training and volunteering. Some had become involved in local voluntary groups or were engaged in activities of wider social and community benefit.

The impact of Global Grants on recipient organisations has also been very positive. Many organisations delivering Global Grants-funded projects had developed their capacity. Some had successfully accessed further funding for new projects and, for the first time, were employing paid staff or volunteers.

Having easily understood and accessible application systems and procedures appeared to be key in enabling ESF funding to reach small NGOs. Achieving good project outcomes also depended, to a large extent, on the quality of support provided by IBs to these small organisations. Having application and appraisal systems which are more selective of the types of projects and groups that are funded and which allow more qualitative judgements to be made about the likely outcomes and effectiveness of projects, was one example of good practice in this regard. Maximising opportunities for relationship building between the IB and grant recipient organisations at each stage of the grant application and project delivery process, was another.

IBs, some with no prior experience of ESF or of managing small grant programmes, had successfully administered Global Grants to a range of small, local NGOs. Indeed, many believed they could have achieved more and better outcomes had it not been for match funding difficulties. Being involved in the Global Grants programme had also enabled many IBs to strengthen their organisational capacity, increase their local profile and enhance their standing in the community as a result. Overall, the involvement of most IBs had been largely positive and the majority were keen to continue managing Global Grants in the future.