

Good dog SPOT? Single Pot funding of local voluntary and community groups.

***(Stephen P Osborne, Kate McLaughlin,
Celine Chew & Mike Tricker)***

{Forthcoming in *Local Economy*, May 2009}

Authors

Stephen P Osborne is Professor of International Public Management in the University of Edinburgh Business School.

Kate McLaughlin is now retired. She was Senior Lecturer in Public Management & Local Governance in the School of Public Policy at the University of Birmingham.

Celine Chew is Lecturer in Marketing & Strategic Management at Cardiff Business School.

Mike Tricker is Senior Lecturer in Public Services Management at Aston Business School.

Address for correspondence: Stephen P Osborne, Professor of International Public Management, , University of Edinburgh Business School, 50 George Square, Edinburgh EH8 9JY
{stephen.osborne@ed.ac.uk}

Good dog SPOT? Single Pot funding of local voluntary and community groups.

Abstract

Key words

Single Pot, funding, voluntary and community organizations, area based initiatives, area renewal and regeneration

Introduction

Current government policy in the UK is that more people should be involved actively in their communities. A cornerstone of this commitment is the funding of voluntary and community organizations (VCOs). The range of funding streams available to VCOs, however, can be a bewildering array that has developed incrementally. Rules for applying to different funds are often similar, but rarely identical – and are sometimes quite radically different. Marketing of the range of funding options is also poor, and there is little easily available support for VCOs trying to find their way around this ‘maze of opportunities’ (Thomson & Caulier-Grice 2007).

In May 2001, the Home Office Active Community Unit (2001) therefore proposed that, for smaller grants, there should be a more integrated and accessible approach across Government and throughout England. This approach would unify smaller funding streams from a number of governmental agencies and ‘quangos’ into one funding stream. Not only was this felt to be more efficient for both funders and grant applicants (by providing a single unified grant application process, rather than a complex array of differing procedures, all with varying application criteria), but it was also argued that combining these smaller funding schemes into one larger ‘single pot’ would enable the money to achieve a more strategic impact in local communities. This integrated approach has subsequently

become known as 'Single Pot' funding and it has become a common mechanism for the present government to look for efficiency and effectiveness in local funding regimes¹. Most significantly, it has replaced the Single Regeneration Budget (see Hall & Mawson 1999 for a summary of the lessons from this prior Programme) as the core mechanism for the funding of Regional Development Agencies (RDAs) in England (London Development Agency 2001, Lucas 2004, Urban Forum Research and Associates 2004) and it was also a central element of the Local Area Agreement (LAA) regimes.

Whilst such an approach does possess an intuitive attraction, little is known of the actual effectiveness of Single Pots at the local level. This paper reports a research project that evaluated a pilot scheme of Single Pot funding of the local VCO sector in Herefordshire that was carried out over 2003 – 2006. This pilot scheme was one of the 'Area Based Initiatives' (which included the testing of a range of potentially innovative approaches to meeting local needs) and which were piloted through the then Office of the Deputy Prime Minister (ODPM) and managed locally by the Government Office of the West Midlands (GOWM). This specific pilot scheme was intended to achieve a more strategic impact for its small grants (up to £20,000 per annum) funding streams for VCOs. Its objectives were to:

- *Develop a 'strategic investment' approach to funding the VCO sector*
- *Produce a more effective and sustainable impact in the longer term than was apparent through small grants schemes,*
- *Foster funding criteria which would satisfy both national objectives and local needs,*
- *Involve the VCO sector in determining the objectives of the Single Pot locally and involve it in the management of the scheme, and*
- *Lever non-governmental funding streams into the Pot.*

¹ Single Pot Funding is also a common mechanism at the European level, such as in the co-financing principals of the European Social Fund.

Methodology

The evaluation of the impact of any public policy initiative is fraught. The links between a project and its mooted impact(s) are particularly complex – different stake-holders will hold different perceptions of what is happening, why and with what impact. (Cutt & Murray 2000). It is important in any such evaluation to capture these differing, and sometimes conflicting, perceptions of process and impact. Even if the ultimate analysis supports one view rather than another, it is essential for such an evaluation to have a clear view of these overall perceptions of success and failure. The evaluation of this pilot scheme in Herefordshire consequently sought to capture this diversity through five elements.

- Clarification of the strategic objectives of the pilot scheme with the Advisory Group;
- Base-lining of the pre-existing experience of small grant funding for local VCOs (by a postal questionnaire);
- Process evaluation of the implementation of the scheme (by local and regional key stakeholder interviews, participant observation of local and regional meetings and iterative focus groups with representative groups of local VCOs)
- Impact evaluation of the effects of the scheme (by a reiteration of the questionnaire together with further key stakeholder and focus group meetings); and
- Post-hoc (summative) evaluation of the overall lessons of the scheme (by the integration and analysis of the above data).

Over-view of the Single Pot scheme in Herefordshire.

Herefordshire is a 'deep rural' County in England (Commission for Rural Communities 2008). It has a total population of just over 178,000 across an area of almost 218,000 hectares – producing a population density of 0.8 persons per hectare. This makes it the fourth least dense local authority in England. Whilst unemployment in the County is low (1.7% compared to an average of 2.6%

across the UK), it suffers significant issues of rural deprivation, in terms of transport and access to essential services. Almost 30% of the population is over sixty years old. Ethnically it is a uni-cultural area with over 99% of the population classified as of white Caucasian origin.

Herefordshire also has a thriving VCO sector – there were 1,300 bodies on the Voluntary Sector Assembly (VSA) database at the time of this research, for example. The Single Pot pilot scheme needed to capture and embrace this array of organizations. It was agreed from the outset by the Regional Advisory Group to the scheme that it also needed to be distinctive from previous small grants schemes – particularly in its ability to support those costs that were often hard for VCOs to cover. These included *core costs*, *on-going revenue/running costs*, and *continuation funding*.

Initial discussions in Herefordshire identified ten potential sources for the Single Pot (which became known locally as '*SPOT*') – though it ultimately hoped for funding from five core sources:

- The Countryside Agency
- Community Champions,
- The Community Fund (now the Big Lottery Fund),
- The Legal Services Commission, and
- The European Fund.

SPOT had an initial target of a funding 'pot' of £105,000 per annum. Planning began in 2003 with a launch date of July 2004 agreed and with the scheme expected to run over the 2004 – 2005 period. This evaluation was completed in 2006. The project was based within the Hereford Voluntary Action (the CVS for the city).

However, the launch was delayed due to difficulties in agreeing the overall funding of the pot and was initially only a partial one – and with quite a different funding profile. Most positively, the *Countryside Agency* did agree release of £20,000 with the promise of a further £20,000. The *Legal Services Commission* offered £28,500. However, because of the delay to the launch of ‘SPOT’, by the time this actually happened the grant award period for this sum had expired. The *Big Lottery Fund* promised £20,000 but this was delayed indefinitely due to ‘administrative difficulties’. *Community Champions* promised £15,000 in two tranches, linked to identifying six ‘community champions’. Finally, no progress was made in the release of any *European funding*.

Far from the £105,000 per year initially envisaged, therefore, SPOT actually received only £52,750 in its first year (£40,000 from the Countryside Agency and £12,750 from the DfES for Community Champions) and a mere £17,882 in its second year (£12,750 from the DfES and £5,132 from Sports Relief). This level of funding seriously compromised the integrity of SPOT and presented real challenges for the local administration of the scheme.

Notwithstanding these difficulties, the local steering group established a robust assessment procedure with a panel of fourteen trained local assessors, recruited from within the sector. A maximum size for grant applications was set initially at £20,000. However, this was subsequently reduced to £10,000, due to the paucity of funds flowing into SPOT. This change did cause problems. The application process had been designed for the higher amount. With the reduction in funding, this process was perhaps overly bureaucratic. This level of bureaucracy in SPOT did produce a deal of disquiet and unease amongst local VCOs about SPOT.

Thirty seven applications were made to SPOT in the first round (totalling £52,000) with eight full awards being made – ranging from £180.00 to £4,645.00 (totalling £17,536). A further six awards were made at a later stage – these ranging from £5,000.00 to £6,000.00 (totalling £31,000). Whilst in the first round

of approvals, six of the eight applicants received the full amount that they asked for, in the second round of awards all applicants received less (and in three of the six cases, only half of what they had asked for). All the awards were for variants of the core running costs of a group – either for an existing service or an extension of service. It was agreed that the scheme should not require matching funding as a condition of an award, as this was often restrictive for small groups with limited resources.

The dearth of funds within SPOT seriously compromised its ability both to meet expressed local needs and to provide a full test of its potential as a local funding mechanism. What had started out as a pilot scheme with aspirations to inject over £200,000 of new money into the area eventually brought in just over £70,000, and in two articulated tranches. The lack of coordinated decision-making by the potential funders of SPOT also undermined its credibility within Herefordshire – both in terms of the reduced funding stream that eventually ‘trickled’ into the area and in terms of the long and drawn-out launch process. Local groups expressed substantial disappointment that what had been initially proclaimed as a major new investment in the locality ended up as this mere ‘trickle’ (however welcome it was to the groups that received money).

The reasons for this paucity of funds were complex and varied. Three were especially important. First, it was very hard to coordinate the simultaneous release of funds from a variety of government and ‘quangos’ sources – they all had different administrative timescales and these rarely linked together. Second, despite clear government support for the pilot scheme, the release of funds became mired in the administrative processes of each funding body – senior managers and trustees expressed understandable concerns about passing over decision making capacity on their own funding stream to an unelected (and potentially unaccountable) body. Finally, even where agreement was reached, the expressed priorities of the funders could and did change over the period of

the pilot (often because of changes in government policies and priorities) and this made the release of funds even more complex.

Notwithstanding these frustrations, the members of the local steering group were very positive about the local grant-making infrastructure that had been established through SPOT – they felt that a robust process had been established, and been shown to work, that it met expressed local needs and that it had built a trained panel of local assessors that could make locally-oriented grant decisions. The fact that the majority of the applications were for the core costs of Herefordshire groups raised some debate locally, with some actors arguing that this reflected government under-funding of such costs within contracts. This was to become an important issue in the subsequent discussions about the implementation of the full economic costing regime in Herefordshire.

Latterly a debate did also develop as to whether the pilot was sustainable as a local 'single pot' or whether it should try to become a local 'gateway', or single application process, for existing grant makers (the SPOT pilot scheme was running alongside just such a 'gateway' approach in Wolverhampton and so this debate was informed by comparison with this latter scheme).

The issue of devolution of decision making power in grant making was a real issue of concern and discussion. There was some local discussion about whether the SPOT process could offer a local alternative for the allocation of local authority funding to the sector but it seemed unlikely that the authority would be prepared to delegate meaningfully this level of decision making. The general feeling of the local steering group was that a great opportunity had been lost and that the expectations of the local VCO sector had been frustrated once more. These feelings were well summed up by one member of this group at its May 2005 review meeting:

'The whole year has been one long jiggle (sic) to meet the expectations of local groups and the changing positions of funders. We showed that SPOT could work but the funders proved unable to collaborate. What price joined up government now? Local perceptions of SPOT are very low. Grants are smaller than expected, the money disappeared and then reappeared in a reduced form. The general perception is that no new money has come into the county, even if it has! SPOT was a grand idea, but its dead – and local groups have been disappointed once more.'

This review meeting of the SPOT Steering Group also identified six key implementation issues that had undermined the effectiveness of the pilot project. First, it had been incredibly hard to manage both the launch of SPOT, and local expectations about it, when the funding of the Pot changed from month – to – month. Second, progress with the launch itself had been much slower than expected and this made it hard to maintain commitment and engagement from the local VCO sector. Third, concerns were expressed by many local VCOs that the funders were simply using this scheme as a way to 'mop up' under-spends on their dedicated funds and were not completely committed to the approach in its own right. Whilst this did not appear to be the case for the funders, the perception nonetheless damaged the credibility of SPOT.

Fourth, it was acknowledged by the local Steering Group that it had been hard for the SPOT funders to release control over their funds to the Single Pot, not least because of the audit and accountability requirements both upon their trustees and upon the spending of public money. This had clearly been underestimated in the initial vision of SPOT and was a fatal flaw for the scheme. Fifth, there was an ongoing problem about the funding of the management costs of the SPOT pilot. Initially these had been covered by the GOWM, but this ceased at the end of the first year so that these had then to be covered from elsewhere. This need to search for its own core costs detracted from the focus of SPOT and, arguably, contributed to the demise of the SPOT scheme in Herefordshire. Finally the

review noted that there had been an enduring concern in the County that SPOT was being implemented 'on the cheap' and that this had tainted the process.

Findings of the evaluation process

Views of local stakeholders and SPOT funders.

Face-to-face and telephone interviews were carried out with the key local stakeholders and SPOT funders. These included the chief executive and staff of Herefordshire Voluntary Action, the SPOT coordinator, representatives from Herefordshire Council, Herefordshire Partnership (the Local Strategic Partnership body) and Herefordshire Community First (the Rural Community Council), and the five potential funders of SPOT. Meetings of the regional Advisory Group, the local Voluntary Sector Assembly (as part of the Herefordshire Partnership) and the SPOT Steering Group were also attended.

These interviews revealed, initially, a complex mix of *perceptions* in Herefordshire about both existing small grants schemes and expectations for SPOT. Some of these were contradictory, whilst others were not necessarily realised in practice (such as the perceived difficulty noted below in recruiting assessors). Notwithstanding these issues, though, these perceptions formed a vital part of the context for SPOT. These initial perceptions formed the basis for a SWOT (Strengths – Weaknesses – Opportunities – Threats) Analysis of SPOT by the evaluation team (Figure I).

Figure I
SWOT Analysis of the SPOT Scheme in Herefordshire

Strengths of existing small grants schemes

- Related to local needs
- Are focused and thematic
- Relatively lean application processes
- Can access 'hard to reach' groups'

Weaknesses of existing small grants schemes

- Management costs disproportionate to small size of grants
- Small size of overall 'pot' of grants available
- Only attract groups that have a 'track history' of success
- Lack of capacity of small VCOs to apply
- No ability to address core or revenue costs, or 'continuation' funding

Opportunities for SPOT

- Support core, revenue and continuation funding
- Be focused and linked to locally determined priorities rather than national ones
- Less bureaucratic and costly application and monitoring process
- Provide the opportunity for the development of new and creative local partnerships
- A flexible funding scheme and an easy and lean payment system
- An opportunity to reach new VCOs that had not received funding previously

Threats for SPOT

- Creation of overly great expectations in locally, together with a dearth of dedicated SPOT funds
- Focus on national priorities rather than local ones
- Danger of a 'clique' of established groups dominating the process
- Difficulty in appointing sufficient independent assessors
- Management costs being too high for such a small scheme and the grant making process being too slow
- Funding and timescale of SPOT is not sufficient for a proper test of the approach
- Potential confusion for VCOs between SPOT and other funding schemes (especially those involving the same funders)
- Poor marketing/communication of the scheme locally

A further round of interviews with these key stakeholders and funders at the end of the pilot similarly revealed a mixed evaluation of the impact of SPOT. On the positive side, all agreed that a robust local appraisal process had been established and that this offered important lessons for the future, whatever the fate of SPOT itself. However, this positive assessment of the local process was more than outweighed by what the stakeholders and funders of SPOT felt were key weaknesses in its overall strategic framework.

Four key points were emphasized in these interviews which echoed the views expressed in the final review of SPOT by its own Steering Group discussed above. Many of these focused upon the inevitable tension between local needs and national priorities. First, it was argued that whilst the initial conception of SPOT had been a good one, the drawn-out timescale of its implementation was problematic – inevitably the priorities of the funders changed (or were changed for them by government) over this period and this made it hard to commit the funds originally envisaged. Second, there was a significant feeling amongst the funders that they had not actually realised what they were ‘buying-in to’ with SPOT – some felt that the ‘bottom-up’ approach of SPOT to local priorities compromised their own need for decision making based upon national priorities. Third, it was felt that the initial marketing of SPOT in Herefordshire set up unrealistic and over-ambitious expectations as to how flexible the scheme might be, and the extent to which funders would be prepared to share decision-making capacity over their resources. Fourth, some funders felt that the geographic focus of SPOT had been problematic and had led to a strategic drift in their own priorities. In retrospect they would have preferred a thematic approach linked to key priorities rather than a geographic one.

The tone of these responses was well captured by two of the national funders:

‘The bottom-up approach and charismatic project management [in SPOT] maybe encouraged a desire locally for too much change too soon – very

high expectations were difficult to meet and impacted adversely on [local and regional] relationships over the course of the pilot.'

'The benefits of SPOT were never realised. Some good stuff was done around building relationships between GOWM, funders and the local [VCO] sector – but this was probably undone by the spectacular failure of most funders to deliver the money they had promised and by GOWM not making good on the initial impression of how high a priority this was for it. Much of the effort on this pilot went in locally – though with little influence on strategic decision making. The local sector was the only partner that did exactly what they said and did not mislead any of the other partners in any way. In retrospect I think that local relations to the region have been more damaged [by SPOT] than improved.'

Survey of local groups.

This was intended to give some basic quantitative baseline and impact data against which to judge the impact of SPOT. 300 questionnaires were distributed prior to the launch of SPOT and a further 300 were distributed at the end of the pilot. Both received a 30% response rate. These surveys both confirmed the small size of the VCOs involved in the pilot – over 90% had less than five full-time equivalent members of staff (64% actually had no such staff) and over half of the groups had annual income of less than £5,000. Conversely the views of the larger VCOs were also represented in the survey – almost 10% employed six staff or over and around 40% had an annual income of over £10,000. Almost 80% of respondents represented groups in four thematic areas – community groups, children and families, sports and social, and disability and health².

Six focus groups were also held during the evaluation exercise – four at its outset (two with successful applicants of existing schemes, one with unsuccessful

² These figures are only approximate as there was some minor (non-significant) variation between the samples in the baseline and final surveys.

applicants and one with a 'hard to reach' group – remote rural applicants) and two more during the pilot and at its termination (with a range of applicants to the SPOT scheme). These focus groups confirmed and cross-validated the issues arising out of the baseline and final evaluation surveys.

The baseline survey. Of the respondents, 43% had received a small grant from one of the five SPOT funders previously – 15% from the Countryside Agency, 14% from the Community Fund, 10% from European Funds, and 4% from Community Champions.

Of the 57% of VCOs that had not received a grant from one of these funders, a range of reasons were evinced:

- The group had not applied for any grants in recent years (26%)
- These funding schemes were not applicable to the needs of these VCOs (25%)
- The VCOs needed to apply for a larger grant (19%)
- The groups were unaware of these schemes (13%)
- These groups were self financing (11%)
- The application process was too bureaucratic (5%)

For those groups that had received grants, the average size was split equally – 49.5% were under £10,000 (13.5% were under £1,000) and 50.5% were £10,000 or over. Interestingly, applicants were not overly concerned about the bureaucracy of the existing grant application processes - 61% found it easy to apply for a grant, compared to 39% who found it difficult. Opinions on the costs (financial and time) of the scheme were more evenly split though – 36% assessed these costs as low, 32% assessed them as reasonable and 32% assessed them as substantial. 17% of applicants received a decision within one month of their application and a further 59% had received a decision within three

months. Perhaps not surprisingly, 87.5% of applicants were satisfied with this response time.

It is important to recognise that the existing schemes were perceived to have many positive features by respondents – not least their ease of application, the helpfulness of Fund(s) staff and their clear guidelines and criteria. Inevitably, some problems were identified – administrative delays and bureaucracy were particular concerns whilst 11% felt the criteria of the funders were unclear rather than clear.

Turning to the Single Pot, most respondents were ambivalent about the potential of SPOT. 63% were unsure as to whether it would be successful or not, 25% were optimistic and 12% were pessimistic. Just over a third of respondents expressed specific concerns over SPOT. The most significant of these were that it would be too bureaucratic, it would be prone to favouritism, it wouldn't last and that it would bring no new money into the County.

Importantly, six core characteristics for a successful SPOT process were identified by respondents to the survey. These were that it would

- *Have a simple application form and process*
- *Be accessible*
- *Be transparent*
- *Have a speedy decision making process*
- *Have accessible supportive staff*
- *Be able to offer core, revenue and continuation funding for VCOs.*

The final evaluation. 49% of the final sample confirmed that they had heard of the SPOT scheme (and many that had not, asked where they could find out more information about it). However only 23% of respondents claimed to know who the SPOT funders were – and only 6% were able to correctly identify these funders.

As in the baseline, 43% of respondents had received a small grant over the pilot period. Of these almost a third (32%) had received this grant through SPOT. Other funders included EU schemes, the Local Network Fund, local charitable trusts, the Big Lottery Fund, the local authority, Awards for All, Community Pride and the Department for the Environment, Food and Rural Affairs (Defra). Those who knew about SPOT but had decided not to apply commonly cited one of four reasons. These were that the SPOT process was too complicated and/or was too time consuming, that potential applicants had heard that SPOT was massively over-subscribed and so it was not worth applying, that local VCOs believed (rightly or wrongly) that the need that they addressed would not be a priority for SPOT, and that local VCOs felt that another funder was more appropriate to their needs.

Of those groups applying to SPOT, 67% felt that the actual application process was simple, 58% felt that the costs of the application process were acceptable (and a further 25% felt that they were low). However 58% felt that the time taken to reach decision was far too long and respondents were split 50/50 as to whether the SPOT process was more or less complex than other small grants schemes.

In terms of the strengths and weakness of the scheme, the actual number of SPOT applicants in the sample (12) was too small either to quantify these perceptions or to confirm their significance. Four strengths were commonly identified, though. These were that the scheme was locally based, that it would fund core costs, that there was good communication between local groups and the scheme administrator (and that this communication was invariably helpful, and that both the application form and process were simple and accessible.

Seven weaknesses were also identified by the SPOT applicants to counter, and sometimes contradict, these strengths. First that the application process was very cumbersome for a small grants scheme and the length of time prior to a

decision being made was too long. Second, that the scheme was undermined by the lack of resources invested in it. Third, that the commitment of the funders to the scheme was questionable. Fourth, that communication within the scheme was poor. Fifth, that the reality of SPOT did not match up to its initial 'PR'. Sixth, that the actual SPOT 'concept' was not understood by some applicants. Finally, that the scheme was too inflexible in how it attempted to address local needs.

Conclusions

SPOT in Herefordshire

SPOT was a brave experiment that attempted to address both the balancing of national priorities and local needs in funding local VCOs and the need to achieve strategic impact through small grant funding schemes in rural areas. Ultimately, though, it was an experiment that was undermined by two issues. These were, on the one hand, the contradictory expectations and perceptions of it held by the local stakeholders and the regional funders; and, on the other hand, by the funding problems and implementation challenges (discussed above) that dogged the pilot. It is clear that GOWM, the funders and the local stakeholders did hold differing expectations of SPOT at the outset and that local expectations were also unrealistically high in the early stages of the scheme. Similarly funders found that the delegation of authority expected of them by SPOT contradicted their duty of accountability, whilst the drawn out length of the pilot made it prone to drift as the priorities of these funders (either their own or placed upon them by government) changed over the period. This had the effect of undermining their commitment to SPOT.

It is constructive to conclude by considering the effectiveness of SPOT against both the expectations of the local VCO community in Herefordshire and the strategic objectives set for the scheme by its regional stakeholders. Taking the expectations of the local VCO sector first, a good starting point is the six characteristics of a successful SPOT scheme that were identified by local VCOs in the baseline survey. These were that it should:

- *Have a simple application form and process,*
- *Be accessible,*
- *Be transparent,*
- *Have a speedy decision making process,*
- *Have accessible supportive staff, and*
- *Be able to offer core, revenue and continuation funding for VCOs.*

Out of these, SPOT was highly successful in creating a robust single grant application process that did indeed have a simple application form and process, had an accessible and supportive staff and was able to offer core and revenue funding for local groups. However it was less successful in terms of its accessibility and transparency, whilst decision making was often unwieldy and overlong – though often as a result of the funding problems of the pilot scheme itself. This latter weakness of the funding structure for the scheme was a fatal flaw and in itself offers an important lesson to projects of this type in the future. It is essential to have the funding structure clear – and locked down – at the outset of any pilot scheme. Failure to ensure this risks undermining the potential of the scheme to demonstrate its effectiveness and impact.

Regionally, SPOT was also appraised against the six objectives that were established at its outset, as detailed at the start of this paper. These are reiterated below, together with an assessment of the extent to which they were achieved in the SPOT pilot scheme.

The first objective was *to develop a 'strategic investment' approach to funding the VCO sector.* SPOT certainly demonstrated the potential for this to occur, but the paucity of funding within the scheme ultimately made it impossible to judge whether this could be achieved in reality or not. The second objective was for such funding *to produce a more effective and sustainable impact upon local communities in the medium to long term.* Again, the paucity of funding in SPOT made it impossible to gauge whether this might be achievable or not.

The third objective was *to develop funding criteria which would satisfy both national objectives and local needs*. This proved to be problematic in the extreme – local VCOs frequently denigrated regional/national criteria as being irrelevant to them, whilst the regional funders were unable to reconcile fully their aspirations and priorities with locally expressed needs. The fourth objective was *to involve the VCO sector in determining the objectives of the SPOT scheme and to involve it in the management of the scheme*. SPOT did demonstrate strong local ownership and management of the scheme and did suggest that such local ownership is both possible and desirable – provided that it can be embraced within the context of potentially competing regional and national priorities for VCO funding schemes.

The fifth objective was *to develop a ‘single door’ to funding streams for the sector and which portal had an integral monitoring and evaluation mechanism built into it*. Again, the local management and administration of SPOT did suggest that this can be achievable – though with the previously noted caveat concerning the impact of regional and national priorities. The final objective was *to lever non-governmental funding streams into the ‘Pot’*. SPOT provided no evidence that a ‘Single Pot’, by itself, might be able to achieve this.

The future of Single Pot funding for the VCO sector

This paper has reported and evaluated the implementation of a Single Pot approach to funding local VCOs in Herefordshire. Inevitably one has to be cautious about the extent to which its findings can be generalised – either in relation to the funding of VCOs as a whole or specifically in relation to such funding in rural areas. Certainly it is not possible to make any judgement here about the extent to which Single Pot funding is able to achieve a heightened strategic impact in areas where it is applied. This was one intention of this pilot project but, as has been made clear in this paper, the ultimate (small) size of the Single Pot in Herefordshire made it impossible to assess whether this is achievable or not.

Beyond this, we would argue for five lessons for the future from the SPOT experiment. First, that it is certainly possible to design and implement both Single Pot and 'single door' grant application approaches. There is some tentative evidence here that they can also be important tools for supporting the work of local VCOs. However these approaches have to be realistic in their intention and a great deal of prior work must be done to ensure both organizational commitment and accountability and resource availability. Without these they risk simply alienating the local VCOs even further from their 'higher level' funders. There was no evidence here of the ability of Single Pot approaches to lever in additional funds for the sector, however.

Second, and building upon this point, it is essential to pay considerable attention to the prior and on-going marketing of Single Pots. Not only is this important in ensuring the reach and coverage of such schemes, it is essential in managing local expectations about what Single Pot funding can and cannot achieve. Unless these expectations are appropriately calibrated against available funds and objectives, then the funding mechanism will almost certainly produce dissatisfaction, no matter how well intentioned.

Third, the evidence here is that local VCOs are desperate for funding that goes beyond the traditional 'pump priming' variant and that will address core and continuation funding for projects identified as key local and/or national priorities. Leaving aside the argument about whether there is a need for a more 'social entrepreneurial' ethos within the VCO sector towards its sustainability, this is nonetheless an important lesson (or reminder) for governmental, and other, funders of the sector.

Fourth, it has long been understood within the public policy community that there is an almost inevitable tension between national priorities and local needs. In the case of SPOT, these tensions contributed to undermining its effectiveness. However, as long as these tensions are recognised as a key issue to be resolved

(or at the very least, to be dealt with transparently) in funding local VCOs, Single Pots could well be a framework within which to conduct this resolution. This requires the issue to be explicitly noted as a strategic objective at the outset, however.

Finally, there is an important message here for funders of the VCO sector about the importance of process. What came through in the SPOT project was that, irrespective of the actual outcomes of the project, the process by which VCOs and their grant applications were dealt with was at least as important to the groups involved. *That is, the issues of the transparency, simplicity, accessibility, and speed of response of the application and evaluation process were as important to local groups as the eventual funding outcomes of this process.* This should not come as a surprise. The importance of process rather than product has long been a core tenet of the services management literature (for example Groonroos 2000, Nankervis 2005). It has also been acknowledged for some time, at least rhetorically, in public policy circles. What is more disappointing is that there should still be a need for experiments such as the SPOT project to emphasize the importance of this basic lesson in the practice of public policy implementation, rather than in its rhetoric. It is now time, surely, for this lesson to be learned and acted upon.

Acknowledgement.

The evaluation research upon which this paper is based was funded by the Government Office of the West Midlands upon behalf of the consortium of SPOT funders. Responsibility for the views expressed within this paper lie entirely with the authors alone, however.

References

Commission for Rural Communities (2008) **State of the Countryside 2008** (Commission for Rural Communities, Cheltenham)

J **Cutt**, and V **Murray** (2000) **Accountability and Performance Evaluation in Non-Profit Organizations**. (Routledge, London)

C Gronroos (2000) **Services Management and Marketing: A Customer Relationship Approach** (John Wiley)

S Hall and J Mawson (1999) **Challenge Funding, Contracts and Area Regeneration: A decade of innovation in policy management and co-ordination** (Policy Press, Bristol)

Home Office Active Community Unit (2001) **Funding Community Groups** (Home Office, London)

London Development Agency [LDA] (2001) **LDA Consultation Paper on Area Based Renewal and Regeneration: Report Number 6** (LDA, London)

B Lucas (2004) **Will the Single Pot Tackle Social Exclusion?** (NACVS, Sheffield)

A Nankervis (2005) **Managing Services** (Cambridge University Press, Cambridge)

L Thomson & J Caulier-Grice (2007) **Improving Small Scale Grant Funding for Local Voluntary and Community Organisations** (Young Foundation, London)

Urban Forum Research and Associates (2004) **Out of the SRB, Into the Pot** (Urban Forum, London)