Year 3 Case Study

Spirit of 2012

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SPIRIT
OF **2012**

Contents

Acronyms

CE	Chief Executive
GOGA	Get out Get Active
KSA	Keeping the Spirit Alive
PIE-C	Programme Impact Evaluation Committee
Q&A	Question and Answer
ToC	Theory of Change
USP	Unique Selling Point
YAP	Youth Advisory Panel

Executive Summary

Context

Spirit of 2012 ('Spirit') is a charitable trust established in 2013 to build on the positive impact of the London 2012 Olympic and Paralympic games. Endowed with £47 million from the Big Lottery Fund, Spirit aims to use national and local events across the UK as catalysts to inspire social change. The case study aims to convey what type of a funder Spirit is, how its role has developed over the four years since inception and the extent to which it may be considered a learning organisation. There is a focus on the following key questions:

- Is Spirit effective in engaging and working with its stakeholders?
- Has Spirit created effective grant application/maintenance processes?
- Has Spirit's targeted funding strategy worked as intended?

Methodology

One-to-one interviews took place with 12 respondents. This included four Spirit staff members, two Spirit Board Members, two Spirit Youth Advisory Panel (YAP) members, an interviewee at the Big Lottery Fund and interviews with three staff of different grantee organisations.

Findings and Recommendations

There is strong evidence to support the statement that Spirit is a learning organisation. Spirit's grant application processes have developed and improved over time, as have grant maintenance processes. Now that processes are improved, there may be a limit as to how much Spirit should modify these processes whilst grantees are in the middle of running projects, so as to avoid undue disruption for grantees.

All Spirit grantees interviewed saw Spirit as a partner, rather than funder. Another positive value unanimously cited was Spirit's flexibility. Flexibility has been demonstrated whilst still ensuring accountability, and all changes have been justified by how they will improve the outcomes of the project. Spirit prides itself on being an 'outcomes-based funder'. Two grantees stated that the way in which Spirit focusses on outcomes has very much influenced their organisation for the better. Most interviewees found Spirit's Theory of Change (ToC) to be useful in communicating the change it aims to contribute towards and Spirit interviewees noted that there should soon be another opportunity to further refresh the ToC.

Spirit's work with stakeholders has developed iteratively and this is an area that Spirit interviewees expect the organisation to focus more on going forwards, now that there are findings and learnings to share. It is considered that next year, the half-way point in Spirit's envisaged lifetime, would be an appropriate time to begin discussing whether Spirit should continue past its intended 10 years of operation, and what this may look like.

1. Context

Spirit of 2012 ('Spirit') is a charitable trust established in 2013 to build on the positive impact of the London 2012 Olympic and Paralympic games. Endowed with £47 million from the Big Lottery Fund, Spirit aims to use national and local events across the UK as catalysts to inspire social change. Spirit encourages participation in sport, art and cultural activities and builds on the positive impact of the London 2012 Paralympic Games to challenge negative perceptions of disability and to promote social action, with a particular focus on motivating young people.

1.1 Focus of the Case Study

This case study is part of Spirit's external evaluation. The three-year evaluation is split into three components to assess the following:

- Set up and early delivery of Spirit (formative)
- The operations and process of Spirit as a funder (process)
- Cumulative impact of Spirit's investments (summative).

Rather than produce a third process evaluation report, the evaluation team and Spirit decided that in the last year of the evaluation, it would be timely to consider how the operations and processes of Spirit have changed since it was set up and to reflect this in a case study on Spirit as a funder. Therefore, the case study aims to convey what type of a funder Spirit is, how its role has developed over the four years since inception and the extent to which it may be considered a learning organisation. It will do this through focussing on the following key questions:

- Is Spirit effective in engaging and working with its stakeholders?
- Has Spirit created effective grant application/maintenance processes?
- Has Spirit's targeted funding strategy worked as intended?

1.2 Background of the Spirit of 2012

1.2.1 Set-up and Structures of the Spirit of 2012

Spirit is a trust established in October 2013 by the Big Lottery Fund. The lifespan of Spirit was envisaged to be 10 years to 2023, with funds committed by year seven (2020). In the initial stages of trust set-up, six grants were moved from the Big Lottery Fund's 'Keeping the Spirit of 2012 Alive' (KSA) programme to Spirit, whilst still operating under Big Lottery Fund terms and conditions. Spirit then set up procedures and processes for awarding grants going forwards (please see section 1.4).

The initial Board of Directors was established by the Big Lottery Fund and these Board members were responsible for the set-up of the organisation. All Board of Director positions are voluntary. At the time of writing, the founding Chair, Dugald Mackie, was due to step down, and recruitment for a new Chair was underway.

Spirit also has a Youth Advisory Panel (YAP). The lifespan of each YAP is two years, and again, at the time of writing, a new chair was being recruited from the current YAP All positions on the YAP are voluntary. The terms of reference for the 2015-2017 YAP states that the purpose of the YAP is to:

- Involve young voices in Spirit's decision-making
- Inform Spirit's programmes and communications by providing young people's perspectives
- Create a group of passionate and informed young ambassadors for Spirit's work, who can expand Spirit's network across the UK
- Develop key skills and enhance the employability of panel members through training and mentoring and
- Offer a meaningful voluntary opportunity to young people who might not otherwise step forward.

1.2.2 Aims and Objectives of the Spirit of 2012

The Trust Deed states that the Spirit's funds are intended to perpetuate the spirit of 2012 by:

- Enhancing provision for volunteering and other community activities in the period leading up to, during and after the Commonwealth Games in Glasgow in 2014
- Benefitting children and young people
- Helping the disabled.

Nevertheless, the Year 1 Spirit Process Evaluation report found that since its inception, Spirit has carved out a distinct identify, separate from the Big Lottery Fund. In this way, Spirit devised a more specific impact statement in its set-up phase, as follows:

"We believe that enabling people to participate in a wide-range of inclusive activities and engaging together in their communities will:

- *Improve the health and wellbeing of individuals, communities and society as a whole*
- *Improve perceptions towards disability and impairment*
- *Lead to greater social cohesion and understanding".*

This impact statement is being used by Spirit today and is cited in its current programme strategy and other documents. Subsequently, a Theory of Change (ToC) was also developed.

At the beginning of 2014, Spirit worked in partnership with the evaluation team at inFocus to develop its ToC through a participatory approach involving a range of stakeholders. Whilst it is now commonplace for international development funders to have ToCs outlining how and why a desired change is expected to happen in the specific context in which the organisation works, several Spirit and grantee interviewees stated that developing a ToC in the UK charity sector was fairly new and innovative at the time. In early 2016, Spirit's ToC was reviewed to better reflect Spirit's priorities and incorporate feedback received from stakeholders. The most recent version of the ToC (please see Annex 3) includes 8 thematic areas, in comparison to 10 areas in the original version, with three thematic areas (Connecting Communities, Inclusive Participation and Overcoming Isolation) being merged into a new one (Social Connectedness), as outlined in Figure 1 below.

Figure 1: Evolution of Spirit's Outcome Areas

2015	2016-2017	
Wellbeing	Wellbeing	Mandatory outcomes
Disability	Disability	
Engaging Volunteers	Engaging Volunteers	
Empowering Young People	Empowering Young People	
Connecting Generations	Connecting Generations	
Connecting Communities	Social Connectedness	
Inclusive Participation		
Overcoming Isolation		
Building Partnerships	Building Partnerships	
Inspiring Events	Inspiring Events	

Spirit's business plan positions the organisation as a credible source of expertise and learning on the use of events, sport and the arts to improve people's lives, the lives of disabled people in particular, and methods to engage and retain more people in volunteering. Central to this is establishing Spirit as a learning organisation that coordinates a 'knowledge-bank' of formative and evaluative learning from partners and other relevant sources across the sectors in which it operates.

1.3 Spirit of 2012 Approach to Funding

Spirit's programme strategy states that its priorities, as a funder are to:

- Fund outcomes, not sectors or methods
- Prioritise projects that bring different groups of people together, as equals, actively addressing barriers to participation
- Build locality-based participation, responsive to the needs of the local community
- Provide regular and sustained opportunities for people to participate
- Build and support partnership working
- Build capacity in purposeful planning, monitoring and impact assessment
- Incubate innovation.

To achieve its funding priorities, Spirit awards grants to organisations running a variety of projects. Funding strands used to be named as 'Spirit of [insert activity], such as the 'Spirit of Volunteering'. Recently, however, funding strands have been simplified and categorised, as follows.

"We will fund projects that enable people to be:

- *Active*
- *Creative*
- *Connected"[1]*

The main, current funding windows are open calls for proposals, such as challenge funds, and strategic solicitations, where an organisation is asked to submit a proposal based on their unique experience in a particular area. In addition, Spirit's incubator fund supports a small number of grants that provide the opportunity to test new approaches or engage new groups, aide understanding of how to deliver genuinely inclusive practice or develop new partnerships between Spirit's partners.

Spirit's funding strategy is laid out here, publicly accessible on Spirit's website. In addition, the evaluation team undertook an exercise with members of the board and the management team at Spirit in early 2014 entitled 'what type of funder should we be?' The exercise produced a set of values for the areas of communication, approach to funding, general ethos and principles and non-funding activities (please see Figure 2). These values are reflected upon in the findings section of the case study.

Figure 2: What Type of Funder Should we be?

What type of organisation should we be?

Stakeholders, members of the Board and the management team at Spirit of 2012 were asked what type of funder they felt Spirit of 2012 should be, in relation to communications, general ethos and principles, and our approach to funding and non-funding activities.

Communication

An independent trust with a vibrant and recognisable identity.

Eager to share theory of change and corresponding learning with the wider sector.

Committed to high quality communications, through a variety of channels, to reach the right audience.

General Ethos

Be prepared to listen and act on feedback/criticism.

Engage key audiences in decision making, for example, by forming advisory panels of young people and disabled people.

Take some risks, be prepared to see some things fail and learn when things have not worked.

Our values are to be:
Frank, Forthright, Fair, Focussed & Friendly.

Approach to Funding/Working with Projects

Develop a clear funding strategy that allows for both targeted funding and open opportunities.

Support innovation and pilot approaches.

Work through expert or respected partners, not working directly on the ground.

Engage with communities through credible partnerships that provide relevant expertise.

Create light and robust application and monitoring processes with minimal barriers and clear expectations.

Non-Funding Activities

Foster relationships and provide networking opportunities amongst projects.

Support innovation and learning and the development of good practice amongst projects.

Commission, conduct and support research into areas we believe contribute to our impacts.

Continuous learning through regular review of our theory of change and challenging of assumptions.

Signpost opportunities and potential partnerships.

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[1] Spirit's Programme Strategy

2. Methodology

2.1 Data Collection

One-to-one interviews took place with 12 respondents (a list of interviewees can be found in Annex 1). At Spirit, this included four Spirit staff members, two Spirit Board Members and two Spirit YAP members, all of which were considered key people to interview. Spirit staff members were selected to include senior figures and those with a focus on communications and Monitoring and Evaluation (M&E). The staff also include a mix of those who were present from when Spirit was set-up and those who are more recent recruits. Board member interviewees include the Chair of the Board and the Chair of the Programme Impact Evaluation Committee (PIE-C). YAP interviewees include the current Chair and a Deputy Chair.

Interviewees also included a key staff member of the Big Lottery Fund and three staff of different grantee organisations. The Big Lottery Fund Manager was considered a key person to interview to provide the background to the trust set-up and information on current reporting back to the Big Lottery Fund. Partners were selected to include one partner that applied through an open call (Dance Syndrome's *Everybody Dance*), one that applied through a strategic solicitation (England Athletics' *Team Personal Best*) and one that was novated across from the Big Lottery via the 'Keeping the Spirit Alive' programme (British Red Cross's *Inspired Action*). Therefore, the aim was to include information from grantees who may have had different experiences of working with Spirit due to the different funding windows they applied through and different start dates of their grants.

In addition, Spirit documentation was reviewed, including strategy documents (such as the programme strategy and communications strategy), Big Lottery Fund Trust Deed and documents relating to the YAP.

2.2 Limitations

Time available for the case study limited the number of interviews that could be conducted. It may have been useful to speak with applicants who were not successful in being awarded grants by Spirit. However, Spirit considered that feedback was already collected from this group via surveys and that richer information could be generated from interviews with current (or recently finished) grantees.

In addition, whilst all documentation shared by Spirit was reviewed, there may be other documents and background information that the evaluator did not have access to. This case study is a retrospective analysis of how Spirit has changed since it was set up, drawing on qualitative primary data and some qualitative and quantitative secondary data.

3. Findings

3.1 Is Spirit effective in engaging and working with its stakeholders?

Spirit's work with stakeholders has developed iteratively and this is an area that Spirit interviewees expect the organisation to focus more on going forwards, now that Spirit is has been running for a few years and has 'things to say'. It was explained by several interviewees that Spirit needed to produce findings first and the next stage is to share them and aim to influence other stakeholders.

It was reported that Spirit has undertaken stakeholder mapping exercises on more than one occasion – first at the beginning of Spirit's life, then updated when developing the website and, most recently, refreshed when the Head of Communications began working for Spirit. There was also a sense from two interviewees that it would soon be appropriate to update the stakeholder analysis again. This is important for targeting, to make sure that the right messages are getting through to the right people.

One Spirit interviewee discussed internal challenges around communications at Spirit and stated:

"I think one of the real communications challenges faced by Spirit is that what 'good communications' look like varies from person to person within the organisation. One Board Member may feel that having a clear message for potential corporate funders is crucial, whereas another may feel that Spirit being more widely known by the general public and national media would constitute success. The challenge comes from these (as examples) being very different aims requiring very different approaches, so it is not possible to focus resource on both."

Therefore, deciding upon the priority target groups and implementing a communications strategy for this target group is important. The interviewee described how not everyone needs to know everything and it would be far preferable to target certain groups of people with specific messages, rather than the public at large: *"Seven of the right people reading it is infinitely better that 2 million YouTube views"*. Therefore, work has taken place within the Senior Management Team and the Board to discuss and agree on Spirit's Unique Selling Point (USP) and for these messages to inform all communications.

Different Spirit staff members take responsibility for engagement with different stakeholders. Grant and Learning Managers are the first point of contract for the grantees that they manage, but Senior Management staff act as escalation points to step into a dialogue, if necessary. It was reported by one interviewee that there is one lead for each area of the new strategic plan (Active, Creative and Connected). One board member stated that they saw stakeholder engagement as a key part of the Board member role:

"That is what the job of the Board is. It's to talk about Spirit. It's to tweet about Spirit. It is to go to events. It's to talk to people about the work that we are doing. Because the more influential we are, the more money we will get to be able to hand to participants and beneficiaries. So it is our job."

All Spirit grantees interviewed saw Spirit as a partner, rather than funder, as the below quotes demonstrate:

🎨 *"We feel we're partners - we're contributing to what Spirit is trying to achieve and they are obviously contributing to what we are trying to achieve".*

"I do feel like it's teamwork. They are not a funder who just give you the money and tell you to get on with it. It's a real partnership."

All grantees unanimously agreed that Spirit is approachable and always 'at the other end of the phone'. Similarly, a Spirit staff member stated, "*I'm pleased with the way that grantees will just ring the office to ask for advice or tell us something good that has happened.*" It is clear from the Spirit Year 1 Process Evaluation and grantee interviews for this case study that Spirit staff is embodying the ethos of being 'friendly' and 'forthright' (the 'fair and 'focussed' ethos is discussed in the next section). The phrase 'critical friend' was often cited by grantees when referring to Spirit: "*They have held a mirror up to us and challenged us but in a very positive way, I think*". One grantee stated that their Grant and Learning Manager, *"has been the sounding board. It's nice to have that coaching and mentoring role"*. Therefore, as well as ensuring accountability for the grants, Spirit staff can also act an advisory role, providing guidance and expertise to the grantees. In addition, a member of the YAP also referred to a Spirit staff member as a 'coach' or 'mentor'. It is clear that Spirit staff have knowledge and expertise in the sector, and are respected by others for it.

All partners report having had a relationship not only with their Grant and Learning Manager, but also with other staff at Spirit, and lots of interaction was cited. Examples were provided of Debbie Lye visiting the grantee at the beginning of the grant to explain the process to them, which was very much valued by the grantee. Another example was provided of a Grant and Learning Manager attending a project's Steering Committee meetings, and it was recognised that this was unusual for the funder. The grantee found this input really useful, and it demonstrates the trusting and open relationship between grantee and funder. Relationships were also demonstrated between the Head of Communications and grantees and YAP members.

Finally, grantees interviewed for this case study agreed that Spirit has played a role in sharing information between grantees and getting grant holders together. This finding was found as early as Year 1 of the evaluation, as the process evaluation reported that Spirit was seen as successful in its aspiration of bringing organisations together. Spirit holds quarterly learning events, where grantees have the opportunity to meet and discuss, and these are reported to be appreciated by the grantees. Spirit has funded 36 projects to date, with more in the pipeline and, with such large and varied portfolio, it is a risk that Grant and Learning Managers only know about their projects. However, an effort is made by Spirit to share information between projects and forums, such as through team meetings. For example, Spirit found that Volunteering Spirit Wales may have resources that are useful for other grant holders working in athletics or with volunteering elements to their projects, so these resources were shared. Similarly, Dance Syndrome was asked by Spirt to speak with another similar organisation that was struggling, to share relevant information.

It was stated by one Spirit interviewee that there was more of a focus on government stakeholders in the initial stages of Spirit's set-up, whilst another felt that there was beginning to be more of a focus on government stakeholders, such as MPs, now. Nevertheless, the interviewee recognised that it was 'early days' and that some more thought needed to be put into why MPs should be interested in hearing what Spirit has to say.

Other funders in the UK charity sector are also considered to be key Spirit stakeholders. It was the contact made with Comic Relief early on in Spirit's lifetime that led to the matched funding that Comic Relief provided on the *Do it for Real* project. Nevertheless, one Spirit staff interviewee felt that there

is a bit of a missed opportunity when it comes to engaging with other funders in the sector. The interviewee stated, "*In an ideal world, Spirit would be part of a community of organisations, all of which are committed to learning from the awards we make*". However, whilst it is reported that Spirit is communicating with these types of organisations, they sometimes find that the funder awards a very similar grant to that of Spirit and the initiatives are not necessarily complimenting each other. There was a sense that, "*we are not important enough to them",* and that, perhaps, the smaller funders such as Spirit are being left out of the dialogue.

Spirit's website has gone through several iterations. A website refresh is currently underway, which will include a learning portal. It is aimed at grantees in the first instance but envisaged that it will eventually become a *"thriving community hub"* that many different people will access. Spirit consulted its grantees about the website, to make sure there is a demand for what is created and that it will be useful. There was also a desire from Spirit to, *"give back"* to its grantees. Resources will be shared on the refreshed website and content generated by both Spirit and its partners. The website will be soft-launched and grantees will have the opportunity to provide feedback, which will be taken into account in further moderations.

The Spirit Year 2 Process Evaluation found that Spirit's strategy for external communication had improved since the first year of the evaluation. It also acknowledged that there was space to further improve external communications, as Spirit's main platform for this was its website. This case study has found that Spirit's social media communication has now increased. Spirit now uses social media platforms including Twitter, Facebook, Instagram and YouTube. One Spirit interviewee stated, "*I think Spirit's external communication has picked up recently"*. The interviewee described how Spirit used to be quite static in the way that it communicated and did not make the most of all social media platforms. The interviewee also stated, *"the style of messaging wasn't as creative and innovative as some of the people – and especially the projects are – at Spirit".* However now, with shorter, sharper messages on social media and in blogs, Spirit's communications are tighter and more relevant, which has resulted in messages being picked up by organisations such as BBC. There is also a desire to undertake more research on other articles, blogs, reports etc. that have been published in areas that are relevant to Spirit, and for Spirit to then respond to these pieces. For example, one interviewee described how Sport England published results of a survey which included a short discussion of whether Paralympians put other disabled people off participating in sports because they are seen as unreachable. According to the interviewee, this was picked up by the Guardian, BBC and others, so Spirit decided to add its voice and was commissioned by the Huffington Post to write a response piece. It is envisaged that in the future, Spirit will do more of this type of communications work.

It also appears that Spirit representatives are now speaking at more events. As stated by one Spirit interviewee, *"We've managed to get ourselves quite a few speaking platforms at events".* For example, there is a sport and physical activity in Scotland conference coming up that Debbie Lye, Chief Executive (CE) will be speaking at. An interviewee explained how there will be lots of interested bodies present at the event, so it is an opportunity for Spirit to present itself as an expert in the sector. The event in October is also an opportunity for Spirit to present itself as more *"serious and heavyweight"* by sharing evidence from its research.

3.2 Has Spirit created effective grant application/ maintenance processes?

3.2.1 Grant Application Processes

Spirit's grant application processes have developed and improved over time. According to Spirit interviewees, the first of Spirit's challenge funds was an open call, where any organisation could apply. However, Spirit received 225 applications, which was overwhelming and both extremely time-consuming for Spirit staff to review and disappointing for the many applicants who were not successful. Therefore, Spirit moved to a two-stage application process. Two-to-three stage one applicants are invited to submit applications in stage two. This enables Spirit to get a sense of whether people have got the 'vision and ambition' and understand what they are after. It was also stated that more information is provided to applicants now. Information sessions are sometimes held, such as with the *Get Out Get Active (GOGA)* call for proposals, and there is more opportunity for Q&A.

Nevertheless, one grantee interviewee stated that it would have been useful for Spirit to provide a completed, example application form at the bidding stage. This would have enabled the bidder to see what Spirit was looking for in certain areas. The grantee actually asked *GOGA* whether they would share their proposal with them at this stage, and they were appreciative that *GOGA* was happy to do so.

It was explained by a Spirit interviewee that for stage two applicants, either personalised support is offered through nominating a team member who will not be involved in assessing the application and/or a development grant is awarded. Development grants are offered to support the organisation to develop a proposal. For the two partner organisations through to stage two of the application process for the *Community Cohesion through Cricket* grant, this development grant is being used to deliver workshops in local areas to co-develop the offer in those regions. The introduction of development grants was reported by an interviewee to have improved the quality of projects. Therefore, Spirit feels that over the last couple of years, it has learnt how to improve grant application processes and has made adjustments along the way.

It also appears that Spirit is flexible with the method of submitting applications. One grantee interviewee was really appreciative of the flexibility Spirit showed in allowing the applicant to submit a proposal in video format. They stated, "*For us, it was fantastic that we were able to submit to stage one in video format, because what we do is so visual, it's a real challenge to describe what we do using words, because you need to see it. So we submitted a video application, so that was brilliant, we were really grateful for that.*"

Spirit is able to balance being flexible with being rigorous. Applications are scored by two assessors and a normalisation process then takes place to make sure that the scoring is fair. Those shortlisted are then invited to an interview and a Spirit Board member is usually present on the interview panel. Finally, the panel will make a recommendation that is brought to the next Board meeting, for the Board to sign off on. Occasionally, the Board will disagree with the recommendation and not fund the applicant. This process ensures robustness and that funds are being allocated responsively, hence Spirit is living up to its value of being 'fair'.

3.2.2 Other Spirit Structures

The Youth Advisory Panel (YAP) was set-up to make sure that Spirit is informed by young people, one of the main target groups it aims to serve. A YAP interviewee stated that it was envisaged that the YAP would be integrated into other Spirit structures, such as the Board, and not act as a separate mechanism. Nevertheless, it was stated by the interviewee that it was difficult at the beginning to ensure that the Board communicated with the YAP. It was reported that this relationship is improving now, but could improve further. For example, a couple of the Board members now take-up mentoring roles to the youth panel but, to date, it has not been possible for the whole Board to meet with the YAP. There is a sense from the two YAP members interviewed that they feel part of Spirit and have frequent contact with staff members. They appreciate the dedicated Sprit staff member who is responsible for the relationship, but also communicate with other Spirit staff.

Both YAP members also felt that the panel is given a significant amount of responsibility. Not least, this includes being allocated a budget of £100,000 to fund project(s) of their choice. It was stated by a YAP interviewee that the YAP has worked closely with Spirit to look at where there are gaps in Spirit's portfolio to fill, what else Spirit will be funding in future and what YAP would like their legacy to be. It was explained that the YAP looks at what the Board is funding and other projects Spirit will soon fund, to make sure that there is synergy between the funding streams.

YAP members were involved in the whole process of designing a grant, running an application process and managing the grant. The one YAP interviewee who was involved in this process[2] really appreciated this opportunity. Spirit staff supported the group, such as though speaking to them about what it is like to manage a grant. However, one YAP interviewee noted challenges with the external company that is contracted by Spirit to train YAP members. It was felt that Spirit and the company did not relay consistent messages and that the company did not fully understand Spirit's work.

The current Chair was due to step down at the beginning of the year but Spirit and the YAP were not able to recruit a Chair from the previous cohort and, as explained by a YAP interviewee, the Chair was asked to stay on a while longer for the transition of leadership. A new Chair will soon be recruited from the current YAP. The current Chair's experience of leading the YAP and the impact it has had on him is detailed in the case study below.

> **Case Study: Chair of Spirit's Youth Advisory Panel (YAP)**
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> **Who did Spirit support?**
>
> Carl was approached by Debbie at Spirit in 2015, as they had a mutual contact, and asked whether he wanted to apply to be on the YAP. Carl was interested because it was a good fit with his interests and a great opportunity. He was also excited about being able to shape the role and set-up the YAP structures.
>
> **How?**
>
> In his words, Carl, *"worked with the Board to make sure that the YAP was: a) a great personal and professional development experience for the young people and; b) to make sure that it wasn't just a tokenistic group of young people who got together every couple of months, but instead it was something that they genuinely had input in."*

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[2] The other YAP member will soon be involved in the process as part of the new cohort of YAP members.

3.2.3 Grant Maintenance Processes

Grant maintenance processes are another area that Spirit is constantly improving. The Spirit Year 1 Process Evaluation found the following: "*In regards to grant maintenance, the first eighteen months has provided a steep learning curve and numerous changes have been made to improve process effectiveness and quality of support. Hard work in this area from Spirit's relatively small team has paid dividends and Spirit are widely viewed as a collaborative and supportive funder."* It was reported by a Spirit interviewee as part of this case study that a 6-month period is now allowed for grantees to undertake their baselining, in the acknowledgement that it takes time for new projects to get set-up.

The Spirit Year 1 Process evaluation also reported that there were different viewpoints about the implementation of the monitoring system, which resulted in some complications for projects funded prior to the creation of Spirit's ToC. Similarly, two grantee interviewees as part of this case study noted some frustration with not knowing exactly what data Spirit would require the projects to collect at the outset of the grant, and hence requirements changing. The interviewees recalled not having sight of the monitoring form that they would need to fill in further down the line, so this came as a bit of a surprise. One interviewee explained that all other Spirit forms had been simple and clear but the Social Impact Measurement (SIM) workbook was not. If they had had sight of the SIM workbook from the outset then they, "*would have been better prepared for the complexity of the M&E".* In addition, it was reported that the grantees would have set up monitoring structures differently. However, one interviewee recognised that the new monitoring forms are much improved and straightforward to use. There was a sense from this interviewee that Spirit's thinking around M&E seemed to be evolving as they were working on the project: *"Spirit's guidance around M&E got better as it went on."* There was also a feeling that the monitoring forms may further be developed, as they are still 'not perfect'. Therefore, there is some tension between Spirit improving its templates and the effect that this has on ongoing projects.

It was reported by Spirit interviewees that expectations of grantees are now very clear-up front. There is a new reporting template that is shared with grantees at the outset. This includes the output and outcome-related questions that the projects will need to collect data against and report on 6 months after the grant has begun (and every 6 months thereafter). Indeed, it was stated by the most recent Spirit grantee interviewed that the project was required to put together an output and outcome plan at the second stage of the application. It was also reported by a Spirit interviewee that Spirit asks applicants to tick a box in the grant application form stating that they will collect specific wellbeing data (in the same format used by the Office of National Statistics). However, one Spirit interviewee

stated, *"There still seems to be a slight disjoint between the evaluation we ask our partners to do and their understanding of how and why they do it."* Spirit would like grantees to interact with the data they collect and get excited about it, not just collect it because it is a requirement of Spirit.

Two grantees stated that the way in which Spirit focusses on outcomes has very much influenced their organisation. One interviewee explained that in the past, the organisation had focussed on outputs, not outcomes, in project proposals, because this is what funders in the sector had always wanted. Therefore, the grantee found selling the idea of an outcomes-based proposal to its Board challenging, as they were worried about committing to something that could not be delivered. It was explained by the grantee to its Board that Spirit would allow modifications to the plan, so long as there was good justification for the change. The grantee was able to convince the Board of the approach and has very much welcomed the approach. The interviewee also found that other funders in the sector are now also starting to ask for outcomes-based proposals, which has put them *"ahead of the game"*. Similarly, another grantee interviewee described how the outcomes-based approach has really influenced their organisation: *"We have much more robust systems in place… And it works, so we will carry on using it"*. The interviewee recognised that a lot of work had been involved but that they are now a stronger organisation for it and there have been some big pay-offs already. In the interviewee's words:

"Even though there has been a lot of work involved, it is making us a stronger organisation. It has given us more confidence and I think as an organisation we are more visual, and since we got the Spirit funding we have attracted other funding - we've won awards, there are all kinds of things that have happened, it's almost been like a magnet. So for all the hard work that's gone in, the reward has definitely come out the other end. This has been because of the Spirit funding. We applied to the Big Lottery on reaching communities and got the funding. I've applied to the Big Lottery before and we haven't been successful, so we're obviously doing something better."

A positive value unanimously cited by all grantee interviewees was Spirit's flexibility. As stated by a grantee, *"Spirit has been flexible enough to allow us to modify our approach to respond to what we are learning, and this has been brilliant."* Two examples were provided by the interviewee of how Spirit has demonstrated this flexible approach. Firstly, halfway through the project, the grantee realised that there was a significant administration burden that had not been previously identified. This meant that operational staff were spending time on administration that they should be spending on implementing the project. Therefore, the grantee asked Spirit if they could recruit an administrator and Spirit was happy to accept. The interviewee reported that, "*this was fantastic and really helped us a lot to deliver on the project*". The other example provided was regarding the target for the number of volunteers reached. During the project, the grantee went through an organisational re-structuring, which included a freeze on all volunteering. Given that the project was a volunteering project, this was problematic. The grantee stated that they had many conversations with Spirit about this and that they were really understanding. The interviewee stated, "*The quality of the volunteering was something they were more interested in than the numbers, so that was really, really helpful. So they've been very good in being open and flexible and constructive.*"

In addition, grantees have sometimes found the M&E requirements of the grant challenging to both understand and implement, and have expressed this to Spirit. Indeed, the Spirit Year 2 Process Evaluation found that grantees could benefit from more support during the grant-set up and management phases, to set expectations about the time required to develop the projects' M&E arrangements. In response, Spirit has contracted out an evaluation support contract to provide

capacity building support and advice to grantees around M&E. One Spirit interviewee called for grantees to review their M&E frameworks more regularly and for the framework to become, *"more of a living document"*. In this way, it would seem that Spirit may be even more open to justifiable changes from grantees than they realise, which is learning that current grantees and prospective bidders could take on board.

Spirit has implemented welcome improvements to grant maintenance processes and these are likely to ensure a smoother process for grantees going forwards. However, the above examples illustrate how Spirit's changing approach has affected grantees and now that processes are improved, there may be a limit as to how much Spirit should modify these processes whilst grantees are in the middle of running projects, so as to avoid undue disruption for grantees. It is suggested that Spirit could add a fifth value to its general ethos, which is 'flexible'. The flexibility that Spirit has shown has been greatly appreciated by grantees. This flexibility has been demonstrated whilst still ensuring accountability, and all changes have been justified by how they will improve the outcomes of the project.

3.3 Has Spirit's targeted funding strategy worked as intended?

3.3.1 Developing a Theory of Change and being an Outcomes-Based Funder

Spirit prides itself on being an 'outcomes-based funder'. This was a deliberate strategy of the organisation from the outset and Spirit has maintained this 'focus' (one of its values). One Spirit interviewee reflected that it has been a painful process. There is a sense from two Spirit interviewees that the focus on collecting data against the compulsory wellbeing outcome area has distracted some projects and that, consequently, they have missed an opportunity to collect other outcome data, so some of the richness has not come across in their reporting. This lesson has been internalised by Spirit.

Most interviewees found Spirit's ToC to be useful in communicating the change it aims to contribute towards. As stated by one grantee, "*The theory of change was helpful to show us that Spirit was interested in outcomes, rather than outputs… I think it's unusual to have that level of detail from a funder. I think it just helps us to understand what it is they're all about and we felt very warm towards that.*" Not all interviewees fully understood the ToC, and there was a sense from all Spirit interviewees that there should soon be another opportunity for further revisions. Two interviewees felt that Spirit's ToC should be simplified so that it was easier to explain and understand. Another Spirit staff members' view was that if the ToC was going to be updated, used and something that Spirit is accountable for, it should be made more realistic and specific about who it is aimed at, as well as being simplified. For example, the outcome 'government are engaged at an early stage' needs further defining to explain what part of government is targeted and what is meant by 'an early stage'.

3.3.2 Innovation and Risk

All interviewees felt that Spirit is an innovative funder, albeit for different reasons. The sense that, *"Spirit are innovators, whilst being responsible with the money that they have and how it's used"* was felt by several interviewees. Some felt that Spirit was innovative from the outset by developing a ToC and others felt Spirit is innovative due to its focus on outcomes. A Spirit respondent noted that they haven't seen many other funders go as far as Spirit has in trying to establish a common framework. A grantee's view was as follows:

"I think that Spirit is an innovative funder because they look at the broader picture of how the creative industries work to engage people who are disenfranchised to enhance lives and they make a big statement about happiness on a regular basis. For them, that's the driver – that people have lives that are worth living, and that comes across in everything that they do. And I love that about them."

Being open to change was another cited way in which Spirit is innovative and one Spirit interviewee reflected that Spirit is very nimble and can move quickly. This is an attribute that some of the larger funders, with more unwieldy systems, do not have. One grantee interviewee stated, *"What screams out is that they are really into learning, they really appreciate the learning journey, so we've had some great conversations about what we have learnt".* In this way, Spirit has been open to change, always with a focus on the outcomes and how the change will help the project to achieve its outcomes.

In addition, it was reported that Spirit has been able to fund some smaller, pilot projects. For example, a grantee interviewee stated that Spirit took a risk with funding them because they are a small, Northern-based charity that, by and large, nobody had really heard of: "*that was them sticking their necks out a bit, to see how were going to rise to the challenge*". However, this was not an undue risk because Spirit clearly explained what needed to be in place before funding the organisation could be a consideration. Similarly, a Spirit interviewee stated: "*What I'm really pleased with is that we've helped very small organisations that are new, so innovative in that sense, we've really helped them to get into a better place*". The example of Sporting Memories Foundation was provided, as Spirit provided innovation funding which enabled them to do some work to develop their toolkit resources and methodology. It was reported by the interviewee that as a result of Spirit's investment, Sporting Memories was able to raise a grant of £500,000 from the Big Lottery Fund.

One Spirit interviewee stated that an area where Spirit is open to risks is around partnerships. This is because although partnership-based initiatives have a higher risk of failure, they also have a higher chance that if they do succeed, they will produce better results because the partners challenge and stimulate each other. Other projects that may fall into the category of being risky are those that are not long-term initiatives but rather, a series of short-term events. An example of this is the WOW festival, which takes place over a long weekend. Nevertheless, the WOW case study has demonstrated some positive results in the areas of engaging volunteers, empowering young people and connecting generations, amongst others. A project that Spirit is soon to fund, Community Cohesion through Cricket, is about using cricket as a catalyst to bring people together and connect communities. A Spirit interviewee noted that it 'may or may not work' but it is a theory that Spirit wants to explore, which is an example of taking a risk.

Nevertheless, it was reflected by one interviewee that innovative for innovations' sake is not worthwhile. It was explained that in the first round of the challenge fund in 2015, Spirit asked that organisations proposed something completely new and different. However, having reflected on this, Spirit decided that if organisations are already implementing a strong approach that worked, there was no reason to insist that they try something new. Therefore, the requirements of the subsequent challenge fund changed accordingly.

Overall, respondents felt that Spirit was both innovative and a risk-taker but that this was tempered through allocating funds responsively. As stated by one Spirit interviewee, "*We are very aware that this is public money (lottery money) so there is only so far that we can be risky with it."* In this way, Spirit allocates funds to organisations that have a fairly strong track record and are that are

organisationally stable. However, Spirit is prepared to support smaller, less established organisations when the right pre-conditions are in place, and to fund some novel or innovative experiments. There is always a focus on how to make the greatest impact on communities and if a project is not going to plan, Spirit is open to change in order to better address the outcomes the project seeks to achieve.

Some interviewees were thinking about Spirit's future and whether it would continue after the intended 10 years of operation. It is considered that next year, the half-way point in Spirit's envisaged lifetime, would be an appropriate time to begin discussing Spirit's future post-2023, and what this may look like.

4. Conclusion

There is strong evidence to support the statement that Spirit is a learning organisation. Spirit's grant application processes have developed and improved over time. Grant maintenance processes are another area that Spirit is constantly improving. Many examples are provided of how Spirit's adaptive approach has positively affected grantees, although the changes have sometimes caused some difficulty initially. Now that processes are improved, there may be a limit as to how much Spirit should modify these processes whilst grantees are in the middle of running projects, so as to avoid undue disruption for grantees.

All Spirit grantees interviewed saw Spirit as a partner, rather than funder. All grantees unanimously agreed that Spirit is approachable, and that they have relationships not only with their Grant and Learning Manager, but also with other Spirit staff. Spirit often acts as a critical friend and both a grantee and YAP member saw different Spirit staff members as mentors.

The Youth Advisory Panel (YAP) was set-up to make sure that Spirit is informed by young people, one of the main target groups it aims to serve. Whilst some challenges have been encountered in integrating the YAP with Spirit's Board processes and recruiting a new Chair, significant impact on the individuals has been reported by the two YAP members interviewed.

A positive value unanimously cited by all grantee interviewees was Spirit's flexibility. It is suggested that Spirit could add a fifth value of being 'flexible' to its specified general ethos of being 'forthright, fair, focussed and friendly'. The flexibility that Spirit has shown has been greatly appreciated by grantees. Flexibility has also been demonstrated whilst still ensuring accountability, and all changes have been justified by how they will improve the outcomes of the project. Therefore, Spirit is able to balance being flexible with being rigorous.

Spirit prides itself on being an 'outcomes-based funder'. Two grantees stated that the way in which Spirit focusses on outcomes has very much influenced their organisation for the better. One grantee reported that this focus on outcomes had strengthened their data collection systems and enabled them to demonstrate their outcomes in funding applications, which have ultimately been successful. Another grantee found that the approach had enabled them to 'get ahead of the game'. Most interviewees found Spirit's ToC to be useful in communicating the change it aims to contribute towards and Spirit interviewees noted that there should soon be another opportunity to further refresh the ToC. All interviewees felt that Spirit is an innovative funder, albeit for different reasons. Reasons cited included focussing on social outcomes, being open to change and being able to fund

'riskier' initiatives. Nevertheless, a Spirit interviewee stated, *"We are very aware that this is public money (lottery money) so there is only so far that we can be risky with it."*

Spirit's work with stakeholders has developed iteratively and this is an area that Spirit interviewees expect the organisation to focus more on going forwards, now that there are findings and learnings to share. Spirit has an ambition of becoming a thought leader in areas such as how to use events as a catalyst for social change or how to empower young people through volunteering, so aims to position itself as an expert in these areas going forwards. Spirit's website has gone through several iterations and the latest includes a section to share resources between Spirit's grantees, as a way of 'giving back' to them.

It is considered that next year, the half-way point in Spirit's envisaged lifetime, would be an appropriate time to begin discussing whether Spirit should continue past its intended 10 years of operation, and what this may look like.

5. Recommendations

It is recommended that Spirit implements a consistent approach to grant maintenance going forwards. Spirit now has some strong templates in place, such as the new quarterly reporting form, which should be carefully explained to new grantees. Ideally, Spirit should limit the number of moderations it makes to its grant maintenance process whilst grantees are in the middle of their projects, to avoid disruption. That said, Spirit's flexibility with grantees is greatly appreciated and should be retained because it appears to aide grantees to produce better results (although more evidence would be required to concretely state this).

This case study considers that Spirit's ToC is due for a refresh. In particular, the ToC could be made simpler so that it is easier to communicate. Spirit has three funding strands[3], eight outcome areas[4] and three impact areas[5]. Whilst the programme strategy specifies the three impact areas and three funding strands, the current ToC depicts eight outcome areas. Therefore, it is recommended that a process of assimilation takes place between these two overarching, strategic documents, so that they are aligned. Whilst the current ToC aims to show the inter-connected nature of the different outcomes areas, each impact area would likely benefit from its own separate ToC exercise. This would allow for a clearer analysis of the unique challenges and situations faced in working within that impact area, deeper consideration of the external factors[6] that play an influencing role in the change pathways and the most important underlying assumptions[7]. For clarity and understanding, it is also recommended that each ToC is accompanied by a narrative, to explain the links and rationale behind different aspects i.e. the situation, the long-term impact, the outcomes pathway and how the various activity areas undertaken by grantees are expected to bring about change.

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[3] Active, Creative and Connected.

[4] Wellbeing, disability, engaging volunteers, empowering young people, social connectedness, connecting generations, inspiring events and building partnerships.

[5] Improve the wellbeing of individuals, communities and society as a whole, improve perceptions towards disability and impairment and lead to greater social cohesion and understanding.

[6] External factors are conditions or factors in the external environment/real world that still need to be put in place for the long-term change to occur.

[7] Assumptions are the core beliefs that explain WHY a Theory of Change overall makes sense.

Spirit is encouraged to pursue its agenda of knowledge sharing, disseminating and influencing over the next phase of its lifetime. Some groundwork has been laid in this area and Spirit staff recognise that there is more to be done. Spirit works in a variety of areas and so should consider in which areas it wants to be considered an expert. Once done, Spirit may wish to commission specific research pieces to bolster the evidence it has collected in certain areas. It is also envisaged that Senior Management and the Board of Spirit will want to discuss whether Spirit continues post-2023 and, if so, how sustainable funding will be generated and then allocated going forwards.

Annex 1: List of Interviewees

Name	Role and Organisation	Data Collection Method	Date
Amy Finch	Head of Learning and Impact, Spirit	Interview	07/07/2017
Carl Konadu	Youth Engagement Panel Chair, Spirit	Interview	19/07/2017
Dawn Vickers	Managing Director, Dance Syndrome	Interview	31/07/2017
Debbie Lye	Chief Executive, Spirit	Interview	11/07/2017
Dugald Mackie	Chair of the Board, Spirit	Interview	18/07/2017
Jane Gibson	Chair of the PIE-C, Spirit	Interview	13/07/2017
Jane Stewart	Head of Inspiration, England Athletics	Interview	20/07/2017
Mairi Allan	Head of Youth Engagement, British Red Cross	Interview	26/07/2017
Michaela Collins	Youth Engagement Panel Vice Chair, Spirit	Interview	05/07/2017
Neil Rodger	Head of Communications, Spirit	Interview	14/07/2017
Paul Mason	Funding Manager, Big Lottery Fund	Interview	10/07/2017
Ruth Hollis	Director of Policy and Impact, Spirit	Interview	06/07/2017

Annex 2: Bibliography

Big Lottery Fund Trust Deed, 07/10/2013

Spirit Invitation to Tender, Evaluation and Learning Contract, 18/07/2014

Spirit Outcomes Pathway, 08/03/2015

Spirit Proposed Programme Strategy

Spirit Revised Organisational Strategy

Spirit Funding Strategy, 28/03/2017

Spirit Communications Strategy, 03/02/2015

Spirit Communications Strategy for 2016, Board Paper, 06/01/2016

Spirit Communications Overview 2016-17

Spirit Youth Employment Panel Terms of Reference, 23/03/2017

Spirit Youth Employment Panel Role and Responsibilities, 09/05/2017

Annex 3: Spirit's Current Theory of Change

Outcomes Pathway

SPIRIT OF 2012