

SCVO

Direct Grants Programme

Final Evaluation

April 2005

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Section 1 – Executive Summary

Introduction

1.1 Direct Grants was established in March 2002, as a small grants programme that aims “to increase employment opportunities and social cohesion within disadvantaged communities”. The grants are managed and administered by SCVO, and are designed to meet the needs of small local community groups and voluntary organisations that have not previously benefited from mainstream funding.

1.2 Direct Grants is supported by the Scottish ESF Objective 3 programme through the Global Grants Funding stream. Co-finance is provided by Communities Scotland and Scottish Enterprise. Up to 100% revenue funding is available to support projects that are new or are offering added value to local communities.

1.3 The operational area for the fund includes:

- Social Inclusion Partnership areas.
- Urban, semi-urban and rural community economic development areas.
- Objective 2 transitional areas and non-designated areas.

1.4 The Direct Grants Programme was initially funded for three years and has a total value of £3.2m. The termination date was initially set for September 2004 with grants requiring to be awarded to projects no later than February 2004. However, the programme period was subsequently extended to 31st March 2005.

1.5 The Business Plan anticipated that a total of 380 grants would be allocated at an average award amount of £8,400. (This equates to the total programme fund of £3.2m)

Evaluation

1.6 MCM Associates were appointed in April 2003 to undertake an evaluation of the Direct Grants Programme. The evaluation required to be completed over two phases:

- *Phase 1 – Interim Evaluation* – The interim evaluation was completed in June 2003 and focussed on the progress made by Direct Grants. It also reviewed the effectiveness and transparency of the management and delivery systems, along with an assessment of partner engagement.
- *Phase 2 – Final Evaluation* – The final evaluation of the programme focuses on the overall impact of the Direct Grants Programme measured against the original objectives.

1.7 This report deals with the Final Evaluation and covers the requirements specified within this element of the assignment.

Review of Programme Activity

1.8 From the commencement of the programme until 24th February 2005, the Direct Grants Programme has awarded 424 grants worth a total of £3,416,075.68. Grants were initially awarded to 395 projects, with 29 of these projects receiving additional funding from the under spend of completed projects.

1.9 A comparison with the overarching targets for the programme is detailed as follows:

	Interim Evaluation	Actual To Date	Target	Actual as % of target
Number of Successful Grant Applications	142	424	380	111.58
Total value of Grants (£)	£1,119,013	£3,416,078.58	£3,200,000.00	105.1
Average Grant Award (£)	£7,880	£8,056.78	£8,421	

* Interim Evaluation figures are based on grants awarded up until 10th June 2003

1.10 Since the publication of the Interim Evaluation, a further 282 applications have been supported bringing the total number of supported applications to 424 which is in line with the target for grant awards identified in the business plan.

1.11 As of the 24th February 2005, the progress of the Fund can be summarised as follows:

- 424 successful awards totalling £3,416,075.68. (incl. 29 projects who received additional awards totalling £54,112.42)
- 20 projects totalling £136,332 did not proceed
- 94 projects declared an under spend ranging from £2.13 to £12,516
- The funders agreed that £50,000 of the under spend should provide further support to groups at The Gathering and Best Practice Training events that were delivered across the programme area.
- Balance of circa £50,000 grant under spend remains

1.12 Section 4 of the evaluation includes a detailed analysis of the programme activity that has been undertaken. This includes details in relation to the average level of grant awards, grant approval rates, type of activity supported, and information on outcomes and impacts against the original targets set within the business plan.

Evaluation Findings

1.13 It is evident from the review of programme activity, that significant progress has been made by the Direct Grants programme since the interim evaluation in June 2003. This is highlighted by:

- A total project spend of 98.5% has been achieved by the fund with a range of activity undertaken to increase the uptake of grant support.
- A total of 424 grants have been awarded against a target of 380 set within the business plan.
- The average level of grant support has been £8,056 against a target of £8,421 set within the business plan.
- Some of the regional variations in relation to the number of grants awarded have been addressed.
- The turnaround time for applications has been improved with an average of 13.1 weeks achieved across the life of the programme against 14.4 weeks at interim evaluation.
- A range of project activity has been supported through the programme including community capacity building, community regeneration activity, employment training initiatives, and community participation.

1.14 In addition to the above, the evaluation also highlights the following:

- *Additionality* – The programme has been successful in achieving a high level of additionality in terms of generating new project activity that would not have been able to take place without the funding support.
- *Sustainability* – The survey of completed projects has highlighted that 74% of the projects that reported have been able to sustain the activity generated through Direct Grants. They also reported that they have used the experience gained through Direct Grants to demonstrate the case for additional funding with projects reporting that they have secured over £2m of funding from a variety of sources.

1.15 The evaluation findings confirm the positive progress that has been made by Direct Grants towards its original objectives, and the impact that has been achieved across the programme area. It is evident that the programme has been highly successful in generating a range of community economic development activity within local communities, and has achieved or surpassed the targets set for outcomes and impacts set within the business plan. It is also recognised that the final position of the programme has been gained as a result of a significant amount of hard work by the Direct Grants Development Team in association with partner organisations.

1.16 In terms of the future, it is understood that Global Grants will be absorbed within the new Futurebuilders Programme and will form part of the Seedcorn Grant Fund. Against this backdrop, there are a number of lessons from the experience of Direct Grants that can be used to inform the future development and operation of small grants funding within Scotland. An outline of these are as follows:

Value of Small Grants Funding

1.17 The evaluation of Direct Grants has highlighted the positive value and benefit that can be gained through the provision of small grants to promote community economic activity within local communities. A total of 424 projects have been supported with a range of activity and new community services developed. The evaluation reports on the outcomes and impacts that have been achieved through the provision of a

relatively small amount of funding to projects, and the positive benefit that this has made within local communities. In particular, the programme has:

- Generated activity across the programme area including urban areas and areas of significant disadvantage; semi urban areas and rural areas that often find it difficult to access start up funding.
- The majority of the activity that has been generated has been new and additional in terms that the activity would not have happened without the support of Direct Grants, or it has allowed the project activity to take place quicker or to an increased extent.
- Feedback from completed projects has also indicated that a significant level of the activity generated has been sustained, with over £2m of additional resources secured to continue the work developed through Direct Grants.

1.18 It is evident from the evaluation that a small grants programme has an important part to play in generating community action that can contribute to the process of increasing economic and social cohesion within local communities. As such, there is clear value in continuing to ensure that a small grants programme of this type continues to be operated as part of the community regeneration activity within Scotland that recognises and supports the important contribution that local people have to play in the regeneration process.

Fund Management

1.19 The experience of Direct Grants has confirmed the importance of ensuring that effective arrangements are in place in relation to fund management. One of the key objectives of the programme has been to increase access to European Funding for community based organisations that would find it difficult to secure funding through the mainstream programme due to a range of barriers.

1.20 The grant making processes established by Direct Grants have been important in meeting this objective, while at the same time ensuring that robust arrangements are in place to ensure that funds have been properly used by organisations.

1.21 Key features of the grant making process have include:

- The fund has operated as a pre-matched source of funding that has removed the burden on local organisations having to secure match funding before the make an application.
- The grant is paid in advance (sometimes in stage payments) avoiding the cash-flow difficulties often associated with mainstream European Funding.
- The application process has been relatively simple for organisations with good guidance and advice made available. This has included support from a grant officer as well as access at a local level through a CVS or other agency.
- The decision making process has been relatively quick and has enabled organisations to move ahead with project ideas without the long delays often associated with larger funding programmes. The speed of decision-making can be an important factor in maintaining momentum within local communities.
- Advice and guidance has been provided to projects following grant approval through a “Managing Your Grant” session. This has been an important feature in

helping projects understand the requirements in relation to the administration, financial management and reporting of activity.

- Ongoing monitoring systems have been in place including project visits and reporting arrangements.

1.22 Developing effective systems and process is recognised as an important factor in the operation of a small grants programme that is designed to encourage and support new community activity within local areas.

Partnership Approach

1.23 A key feature of Direct Grants has been the partnership approach developed through the programme. This approach would seem to have been extremely beneficial and contributed to the success of the programme through the following:

- Project development – partner involvement has been important in providing support to local organisations to develop their project ideas and applications. This has been developed through the CVS network and other agencies and has been designed to ensure that support is available at a local level. This has included formal contracting with a number of CVS to provide support as well as through informal arrangements.
- Project appraisal – partner involvement has been an important part of the appraisal process through local selection groups. This has ensured that local knowledge has been utilised in the decision making process.

1.24 Operating a small grants programme through a partnership approach would seem to be important and ensures that a wider range of projects are able to be developed. The approach also ensures that the programme is able to draw on local knowledge and information as part of the decision-making process, which would not be available through a centrally administered scheme.

Strategic Fit

1.25 Direct Grants has been operating within a changing policy and funding environment. This includes the introduction of Community Planning, the launch of the new Community Regeneration Fund; the National Priorities for Regeneration and the Closing the Opportunity Gap Objectives; the launch of the new Futurebuilders Programme designed to support the development of social economy activity; and the increasing emphasis being given to encouraging wider role activity by Registered Social Landlords.

1.26 Against this backdrop, it is important to consider the strategic fit of any new small grants programme. The current programme through Direct Grants has operated on the broad basis of supporting community economic activity within the programme area. It is evident that there is value in continuing this approach as it is able to capture and support a wide range of activity that can be developed and progressed over time. The flexibility of the fund would seem to have been an important part of its success, and given the lack of other similar funding mechanisms, there would seem to be value in continuing this approach.

1.27 However, it is also recognised that there would be value in clarifying the strategic fit of the programme and how any future small grants scheme will complement other funding streams that are available. As part of this process, it may be important to consider how the programme can address local priorities and can be designed to operate within different funding environments that exist. For example, the priorities in Western Scotland may be different from that of Argyll and Bute or the Borders. Different funding arrangements may also be available and it will be important to ensure that arrangements are established to ensure that funds are complementary and that no overlap or duplication exists.

1.28 It is also suggested that consideration should be given to the funding of any future small grants programme and clarification provided in relation to eligibility of what can be funded through the programme. Direct Grants has been funded through the Objective 3 Programme for Scotland along with match funding from Scottish Enterprise and Communities Scotland. The funding has been designed to support community economic activity and increase economic and social cohesion. However, the definition of these terms can be extremely broad and can encompass a wide range of activity. It is also recognised that there is a fine line between what can be described as community development activity and community economic activity, both of which can contribute to increasing economic and social cohesion. It is suggested that it would be helpful to give consideration within any future programme to providing clarification in relation to the type of activity that can be supported with a clear indication of the outcomes that are expected to be achieved.

Monitoring Framework

1.29 The experience of Direct Grants has highlighted the importance of developing a robust monitoring framework for a small grants programme. This includes giving careful consideration to the indicators that should be used and the arrangements for capturing information. It is recognised that this is an area that requires to be strengthened with the existing framework being complex to use and not effectively capturing the soft impact of the programme.

1.30 It is also recognised that support requires to be provided to local projects in relation to the issue of target setting and the development of effective monitoring systems. Given the nature of the fund, this is likely to be an area that is new for many organisations and additional support requires to be provided. This includes assistance in relation to the arrangements for recording and reporting on “soft” outcomes, as well as the more quantifiable outcomes. In dealing with new and embryonic organisations, it is recognised that the quality of final reporting is often problematic.

Framework for Project Development

1.31 The final issue that has been highlighted is the importance of providing support to projects at the end of their initial grant period to enable them to continue to develop. This will include the provision of information and advice on other grant funding sources as projects reach the end of their small grant support. It is also suggested that consideration should be given to the development of a funding continuum that allows projects to progress from a small grant through to an intermediary and/or larger scale funding arrangements. Current funding arrangements tend to operate in isolation from each other with projects having to navigate their way around the funding maze. If a

small grant programme is seen as a catalyst towards generating new community activity and building economic and social cohesion, it would seem to make sense that this is operated as part of a continuum of support.

Section 2 – Introduction

Preface

2.1 Direct Grants was established in March 2002, as a small grants programme that aims “to increase employment opportunities and social cohesion within disadvantaged communities”. The grants are managed and administered by SCVO, and are designed to meet the needs of small local community groups and voluntary organisations that have not previously benefited from mainstream funding.

2.2 The programme evolved from two pilots that SCVO successfully implemented; “Local Social Capital - Building Brighter Futures” that targeted the old industrial areas of the West of Scotland and “CRT, Building Brighter Futures” in the former coalfield areas in East and Central Scotland.

2.3 Direct Grants is supported by the Scottish ESF Objective 3 programme through the Global Grants Funding stream. Co-finance is provided by Communities Scotland and Scottish Enterprise. Up to 100% revenue funding is available to support projects that are new or are offering added value to local communities.

Evaluation

2.4 MCM Associates were appointed in April 2003 to undertake an evaluation of the Direct Grants Programme. The evaluation required to be completed over two phases:

2.5 *Phase 1 – Interim Evaluation* – The interim evaluation was completed in June 2003 and focussed on the following:

- The progress made by Direct Grants in terms of funding allocated, projects supported, assessment of regional activity, and outcomes to date.
- The effectiveness and transparency of the management and delivery systems, structures and procedures.
- Partners engagement, understanding and views on achievements of programme objectives to date.

2.6 *Phase 2 – Final Evaluation* – The final evaluation of the programme focuses on the overall impact of the Direct Grants Programme measured against the original objectives.

2.7 This report deals with the Final Evaluation and covers the requirements specified within this element of the assignment.

Scope of the Work

2.8 The brief for the Final Evaluation outlines the scope of the study as follows:

- Review the overall performance of the Direct Grants Programme against the original targets.
- Undertake an assessment of the overall impact of the programme in relation to increasing employment opportunities and the development of social cohesion with local communities.
- Identify the key lessons from the programme and make recommendations in relation to the future development of a small grants programme of this type.

Study Methodology

2.9 The Final Evaluation has been undertaken through a range of activity including:

Review of Direct Grants Programme

2.10 A detailed analysis of programme activity has been undertaken that has included an assessment of the progress achieved since the interim evaluation. This element of the assignment has covered the following:

- Review of the number of projects supported including the level of take up of the fund on a regional basis.
- The financial allocation of the fund.
- Level of approval rates
- Type of projects assisted
- Appraisal timescales
- Project leverage
- Programme impact against original targets

Sustainability of Project Activity

2.11 An assessment of project sustainability has been undertaken through a survey of completed project. This information has been supplemented by a series of project visits and the preparation of case study material that has focussed on:

- Assessing the number of projects supported through Direct Grants that have been able to sustain activity at a local level.
- Assessing the level of funding that has been levered within local communities and the main sources that have been accessed.
- Reviewing the type of activity that has been developed

Future Development

2.12 The final element of evaluation has included undertaking a review of the key lessons from the programme and considering of the future development of a small grants scheme of this nature. This has included consideration of the main policy developments in this field and the experience of other comparable funding mechanisms operating elsewhere.

Structure of Report

2.13 The evaluation report has been structured as follows:

- *Section 1 – Executive Summary* – Provides a summary of the main findings and recommendations.
- *Section 2 – Introduction* – This section sets out the background to the programme, the scope of the study and the methodology that has been used.
- *Section 3 – Direct Grants* – This section provides an overview of the Direct Grants Programme and includes details of the structures and systems that have been established.
- *Section 4 – Review of Programme Activity* – Provides an outline of the progress that has been made by Direct Grants and analysis of the level of activity and operation of the programme.
- *Section 5 – Evaluation Findings* – Draws together the main findings from the evaluation and identifies a number of issues and themes that require to be addressed.
- *Section 6 – Conclusion and Recommendations* – The final section reports on the main conclusions from the study and identifies a number of recommendations for consideration.

Acknowledgement

2.14 MCM Associates would like to record our sincere appreciation to all Partners, Staff, and Projects who have assisted with the evaluation. This support has been extremely important and has enabled the evaluation to be completed within the required timescales.

Section 3 – Review of the Direct Grants Programme

Background

History

3.1 In 1999, the European Commission launched the Local Social Capital Programme that was established to support a limited number of pilot projects across the European Union. The overarching intention of the Commission was to stimulate ‘Social Capital’ that would promote increased social cohesion and employment opportunities within local communities. SCVO managed one of the three pilots in the UK.

3.2 Against this backcloth, the Direct Grants programme was established based on the experience from two pilot schemes that SCVO successfully implemented; LSC pilot “Building Better Futures” that targeted the old industrial areas of the West of Scotland and the CRT pilot “Building Brighter Futures” in the former coalfield areas in East and Central Scotland.

3.3 An evaluation of the pilot programmes was carried out in 2001¹ that identified the following overarching conclusions:

- The pilot programmes have successfully provided grant support to a wide range of small organisations. As a consequence, excluded and partially excluded communities were being assisted.
- The activities supported included building local capacity, creating more cohesive communities or networks, and developing the social economy and employability of local people.
- The impact on regeneration was marginal due to the size of the grants. However, potential intangible benefits were identified – future employment, building up of skills in managing small projects, enhancement of confidence levels, encouraging local people to participate etc.
- The programme enabled small under-resourced organisations to access ESF Funding with a view to becoming more effective in the future. It may, in some cases, lead to further funding applications for larger locally based projects.
- SCVO management and administration systems were in place and were working effectively.

¹ Evaluation carried out by the CPS Network in April 2001

Mainstream ESF Funding – ‘Direct Grants Programme’

3.4 Based on the experience of the Local Social Capital and Coalfields Regeneration Trust pilots and the positive findings of the evaluation, SCVO applied for Objective 3 funding to support the rollout of the programme over a three-year period. The programme was entitled the ‘Direct Grants Programme’ and is the subject of this evaluation.

3.5 A detailed Business Plan was prepared that set out the policy context, assessment of demand, delivery plan, summary of the systems and processes, description of the monitoring and evaluation framework, and the financing arrangements.

3.6 The overarching aim of the Direct Grants Programme is:

“To increase employment opportunities and social cohesion within disadvantaged communities by promoting collective action of groups and individuals working together towards economic and social regeneration.”

3.7 The objectives of the Direct Grants Programme are:

- To increase partnership between players at local, regional and national level.
- To increase local social cohesion/networking and social regeneration
- To achieve organisation development and capacity building within community groups and voluntary organisations locally.
- To achieve local economic regeneration.
- To ensure that the grant fund is distributed to organisations supporting targeted individuals, communities and geographical areas.
- To manage the programme effectively – to promote and monitor the programme and provide development support and establish and implement processes and systems.

Horizontal Themes

3.8 Under the funding provided by the Scottish Objective 3 Programme, Direct Grants is required to undertake a range of actions in relation to the following horizontal themes:

- Equal Opportunities
- Information Society
- Sustainable Development
- Lifelong Learning
- Support for Local Initiatives

3.9 The monitoring in relation to the horizontal themes is undertaken at a programme level with a range of actions undertaken to support local projects to consider these matters as a key element of their activity.

Description of the Direct Grants Programme

3.10 The Direct Grants Programme was set up to assist small community based organisations tackle exclusion and promote employability. It particularly targets those projects that will enhance social cohesion, develop community enterprise and foster local networking.

3.11 The Direct Grants Programme is funded from Scottish Objective 3 Programme together with co-funding from Communities Scotland and Scottish Enterprise. The operational area is:

- Social Inclusion Partnership areas.
- Urban, semi-urban and rural community economic development areas.
- Objective 2 transitional areas and non-designated areas.

3.12 As part of the management arrangements, the programme has been divided into six regions:

- Grampian
- Dumfries and Galloway
- Borders
- Fife and Tayside
- Glasgow and the West
- Lothian and Forth Valley

3.13 Grants are available to support revenue costs only and are normally up to £10,000 (£15,000 in exceptional circumstances). The Programme Committee later revised the grant maxima to remove the £10,000 intermediate limit. Grants are paid in advance and in general, require to be spent within one year.

3.14 The Direct Grants Programme was initially funded for two years and has a total value of £3.2m. The termination date was initially set down for September 2004 and grants must be awarded no later than March 2004. However, the programme period was subsequently extended to 31st March 2005.

3.15 The Business Plan anticipated a total of 380 grants at an average award amount of £8,400. (This equates to the total programme fund of £3.2m)

3.16 Community groups and voluntary organisations that meet the following criteria are eligible for grant support:

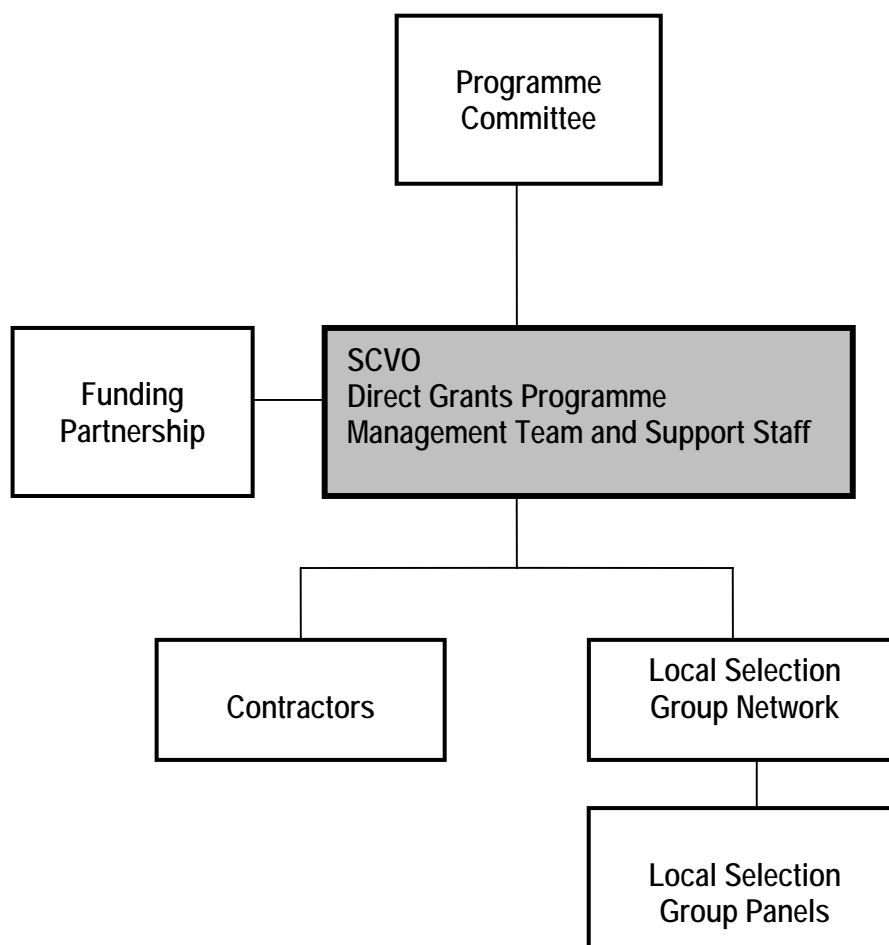
- The organisation must be based in the Objective 3 programme area.
- The majority of the management committee are members of the local community.
- The organisation's management is independent of statutory bodies such as a local authority or health authority.
- The organisation is inclusive.
- The principles of equal opportunities are practiced by the organisation.
- The project has independent management and budgetary controls.

- The organisation as lead partner has not received ERDF or ESF funding since 1995.
- The organisation has not received one or more grants totalling £75,000 in the three years preceding the submission of the Direct Grants Programme application. This eligibility threshold applies to awards from the Community Fund, other Major Funds and Trusts, Local Authorities, Social Inclusion Partnerships, Health Authorities and Local Enterprise companies.

3.17 An important principle of the Direct Grants Programme is that the applicant organisation has not previously had access to European structural funds or significant funding from any other source.

Organisational Structure

3.18 The European Commission has expressed a preference that Direct Grants must be distributed through an intermediary body, separate from local and central government structures. Accordingly, SCVO acts as the managing agent for the Programme on behalf of the funding partners. The organisational structure is:



Programme Committee

3.19 The Programme Committee has overall responsibility for the strategic management of the Direct Grants Programme and the implementation of the Business Plan. The Programme Committee will be responsible for the following:

- Consider the selection criteria
- Review mid-term evaluations of the programme.
- Consider the monitoring framework reports.
- Consider the financial management reports.
- Review the impact of the programme on economic and social inclusion within local communities.

3.20 The membership comprises representatives from Communities Scotland, COSLA, CVS Scotland, East of Scotland European Partnership Management Committee, Scottish Enterprise, Scottish ESF Objective 3 PME and Management Committee, Scottish Executive, SCVO, South of Scotland European Partnership Management Committee, Strathclyde European Partnership and Rural Partnerships Network.

Programme Network

3.21 The Programme Network comprises two representatives from each of the six local selection groups.

3.22 The Programme Network is e-mailed, on a weekly basis, the summaries of grant recommendations received from the Local Selection Group panels. The network members will consider these recommendations and make decisions on grant awards. In carrying out this role, it seeks to ensure that SCVO as managing agent has acted properly and with due care and attention in respect of each grant application.

3.23 The Programme Network members also meet twice a year to discuss wider issues and this debate helps to inform the Programme Committee.

SCVO/Direct Grants Programme Team

3.24 The Direct Grants Programme team comprises the following:

Post	Primary Responsibilities
Programme Manager (50% Post)	Provides strategic management to the Direct Grants Programme staff and the regional contractors and is responsible for financial reporting. The Programme Manager is the formal SCVO contact with the Programme Committee
Senior Administrator	Coordinates the activities of the Direct Grants Programme team, maintains the programme systems, manages the project financial information and monitoring systems.

Development Officer (Pre-Appraisal)	(Pre-Appraisal)	Works principally with local partners including CVS, local enterprise companies and local authorities. Also the main contact for advice and consultation with applicant organisations during the appraisal stage.
Development Officer (Post Approval)	(Post Approval)	Responsible for establishing and maintaining monitoring and evaluation systems at programme level. Provides ongoing support to organisations and projects whose applications have been approved. Also responsible for the 'Managing Your Grant' workshops and ensures that the activity reporting requirements are met
Administrator		Responsible for the maintenance of the database – logging of initial enquires, applications and all the processes and paper flows through to the decision letters

Contractors

3.25 SCVO has entered into contracts with three organisations around Scotland who support the voluntary sector. These organisations have undertaken to support local community groups who are applying to Direct Grants. The three contractors are:

- Glasgow Council for the Voluntary Sector (GCVS)
- Aberdeen Council for Voluntary Organisations (ACVO) - co-ordinating activity across the Grampian region
- Borders Forum of CVS – co-ordinating activity amongst all eight CVS across the South of Scotland

Local Selection Groups (LSG's)

3.26 The Local Selection Group panels consider all eligible applications and make recommendations to the Programme Network. The members of the LSG are selected on the basis of their knowledge of the area and local needs and current activity within the voluntary and community sector. A range of statutory organisations and agencies were invited to join the LSG's and these include Local Councils, Social Inclusion Partnerships, Communities Scotland Area Offices, CVS, Local Enterprise Companies etc. There are circa 100 members of the LSG's spread across the six regional areas.

Programme Delivery and Operational Arrangements

3.27 The Direct Grants Programme has operated with an open application process with no funding rounds or deadline dates for the submission of applications.

3.28 The management of the grant fund and the delivery of the programme fall into five main phases:

- | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Enquiries - Pre Appraisal - Appraisal - Post Approval - Monitoring |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|

3.29 Comprehensive process maps have been prepared in respect of each of the phases and SCVO has set a turnaround target of 8 weeks in respect of the above phases and this is made up as follows:

	Weeks
Acknowledgement and Desk Checks	1
Appraisal by the local selection group panels	2
Approval/Endorsement by the Network	2
Notification of Approval	1
Provision for slippage during the above phases	2
Total	8

Enquiry Phase

3.30 Local organisations and community groups who are considering the Direct Grants Programme as a source of funding make enquiries through a variety of sources including the Direct Grants Programme website, telephone calls to the Direct Grants Programme team or through a local partner.

3.31 Application packs are sent out as appropriate and straightforward queries are handled by the Direct Grants Programme Team – usually the Development Officer (Pre-approval), Administrator, or the local contractor as appropriate.

3.32 Details of application packs sent out are recorded on the Direct Grants Programme database.

Pre-Appraisal Phase

3.33 When an application is received by SCVO, the following processes take place:

- The application is allocated a unique reference number.
- The application is acknowledged in writing (An acknowledgement postcard is sent out within 48 hours).
- The application is input into the Direct Grants Programme database.
- The Development Officer (Pre-approval) checks the application for eligibility and completeness (within 5 working days).

3.34 If the application is eligible it passes to the appraisal phase. If the application is ineligible or incomplete the applicant is notified and advised of any changes that may be required. Copies of this notification are sent to the local CVS.

Appraisal Phase

3.35 When an eligible application passes through the appraisal phase the following processes take place:

- The Development Officer (Pre-approval) notifies administration that the application is ready for appraisal.
- The Development Officer (Pre-approval) selects the appraisal panel and the required number of recommendations. (For applications up to £5,000 at least 3 members are required and at least 2 responses are necessary. For applications between £5,001 to £9,999 at least 5 members are required and at least 4 responses are necessary. For applications between £10,000 and £15,000 at least 7 members are required and at least 5 responses are necessary).
- Administration will post the application on to the website and notify the LSG panel that the application is now ready for appraisal.
- The LSG panel will carry out an appraisal of the application, complete and submit the on-line appraisal form giving their comments and recommendations.
- The Development Officer (Pre-Approval) will process the recommendations and await the required number of recommendations.
- The recommendations are summarised and posted to the programme network that endorse the recommendation.
- Administration will send the 'decision letter' to the applicant organisation.

3.36 In respect of successful applications, these will be passed to the post approval phase. Organisations that have been declined have the option of re-submitting an application or seeking alternative sources of funding. An appeal process is also available. No appeals have been received during the course of the programme.

Post Approval Phase

3.37 After the application has been approved the following processes take place:

- Administration writes to the project/organisation and invites them to a 'Managing Your Grant' session (certain forms are also enclosed regarding the expenditure profile, the activities of the project and the bank details).
- Conditions of Grant are sent to the project/organisation who are required to sign this and return to Administration
- A representative from the project will attend the 'Managing Your Grant' session and will submit the appropriate grant forms.
- On the return of the forms, these will be checked by the Development Officer (Post Approval). If the documentation is in order, a Grant Agreement is prepared, authorised by the Programme Manager and issued. On receipt of the signed agreement, a payment request is processed.
- Finance will process the payment and the grant is paid to the project – either a one-off payment or in instalments.

Monitoring and Evaluation Arrangements

3.38 Under the Objective 3 Programme, the Direct Grants Programme is required to report against a range of activities, outcomes and impacts as follows:

Activities	Number of Grant Awards
	Number of People Trained
	Number of Beneficiaries Being Supported
Outcomes	Number of People Moving into Further Education or Training
	Number of People Gaining Qualifications
Impacts	Increased Employment Opportunities
	Increased Training and Learning Opportunities
	Access To New or Enhances Services.
	Increased Community Participation
	Increased Economic Activity
	Increased Community Empowerment

3.39 At an operational level, each project that received a grant is required to complete a form which summarises the target activities; outcomes and the actual results achieved at the end of the grant spend. This information is inputted on the Direct Grants Programme database. Monitoring reports are produced on a regular basis for distribution to the Programme Committee and Funders.

3.40 It should also be noted that the Database allows the Direct Grants Programme to track all enquiries through to successful applications, projects in progress and reporting and monitoring status. Based on this information, reports can be generated on a number of operational and financial issues including:

- Number of successful applications.
- Number of declined applications
- Total value (£) of grant payments
- Average grant payment.
- Breakdown of grants by activity.
- Time taken to process applications.
- Project reports received/outstanding
- Activities and outcomes

Section 4 – Review of Programme Activity

Overview

4.1 From the commencement of the programme until 24th February 2005, the Direct Grants Programme has awarded 424 grants worth a total of £3,416,075.68. Grants were initially awarded to 395 projects, with 29 of these projects receiving additional funding from the under spend of completed projects.

4.2 A comparison with the overarching targets for the programme is detailed as follows:

	Interim Evaluation	Actual To Date	Target	Actual as % of target
Number of Successful Grant Applications	142	424	380	111.58
Total value of Grants (£)	£1,119,013	£3,416,078.58	£3,200,000.00	105.1
Average Grant Award (£)	£7,880	£8,056.78	£8,421	

* Interim Evaluation figures are based on grants awarded up until 10th June 2003

4.3 At the time of the Interim Evaluation Report, 142 applications had been approved representing 37.3% of the targeted number of applications for the programme and accounting for 34.97% of the total value of the fund.

4.4 Since the publication of the Interim Evaluation, a further 282 applications have been supported bringing the total number of supported applications to 424 which is in line with the target for grant awards identified in the business plan.

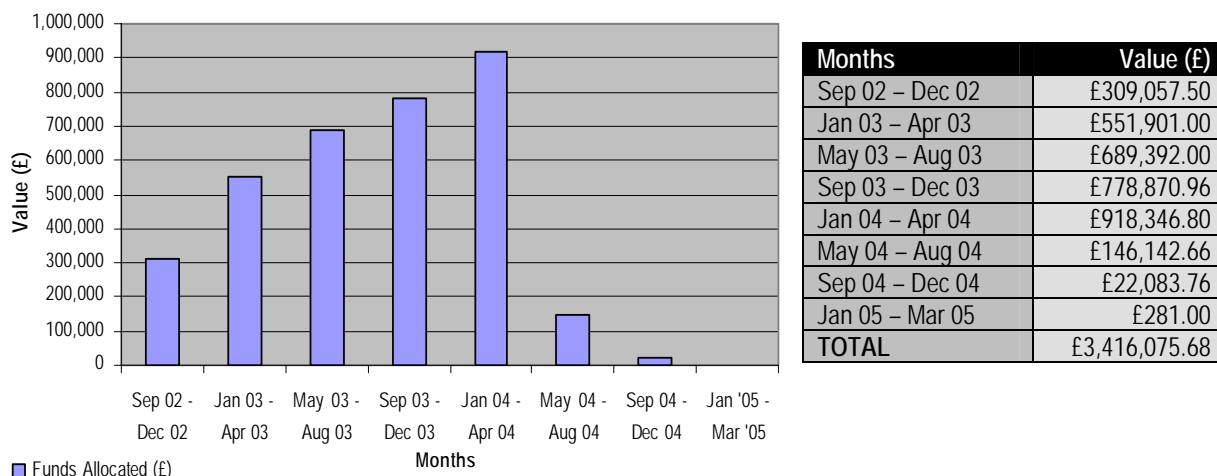
4.5 As of the 24th February 2005, the progress of the Fund can be summarised as follows:

- 424 successful awards totalling £3,416,075.68. (incl. 29 projects who received additional awards totalling £54,112.42)
- 20 projects totalling £136,332 did not proceed
- 94 projects declared an under spend ranging from £2.13 to £12,516
- The funders agreed that £50,000 of the underspend should provide further support to groups at The Gathering and Best Practice Training events that were delivered across the programme area.
- Balance of circa £50,000 grant under spend remains

Value of Grants Awarded

4.6 The total value of grant payments and the number of approved applications is summarised as follows:

Graph 1: Total Value of Grant Payments – 424 Supported Applications



4.7 From the information illustrated in the graph above, it is evident that the level of grants awarded constantly increased over a quarterly period up until January – April 2004. Following this period, the grants awarded decreased significantly as the programme progressed towards completion.

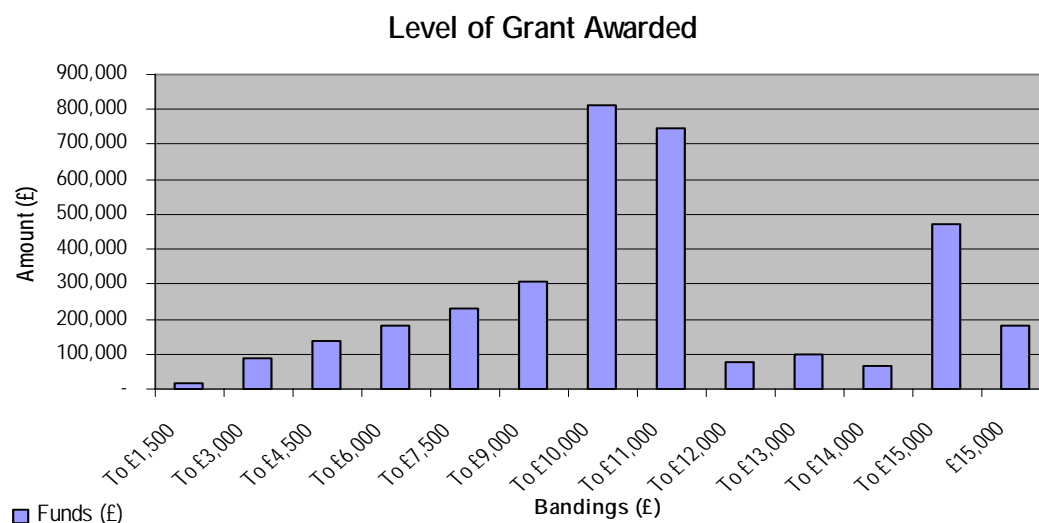
Level of Grants Awarded

4.8 The grants awarded for the 424 approved projects ranged from £300 to £15,000. The average level of grant for applications approved was £8,056.78, which was only slightly below the target rate of £8,421.

4.9 A detailed breakdown of the levels of awards for the approved projects is illustrated in the graph and table below:

4.10 Over 45% (195 applications) of the applications awarded to projects were for amounts ranging from £7,500 to £10,999. The funds awarded for these projects accounted for 54.62% of the total fund.

Graph 2: Level of Grant Awards - 395 Approved Projects



SUPPORTED APPLICATIONS		
Band	Total Paid	No.
£0 - £1,499	£ 15,370.42	18
£1,500 - £2,999	£ 88,707.46	40
£3,000 - £4,499	£ 135,362.00	36
£4,500 - £5,999	£ 182,775.00	36
£6,000 - £7,499	£ 232,265.80	35
£7,500 - £8,999	£ 305,079.00	37
£9,000 - £9,999	£ 813,076.00	84
£10,000 - £10,999	£ 747,651.00	74
£11,000 - £11,999	£ 79,375.00	7
£12,000 - £12,999	£ 99,108.00	8
£13,000 - £13,999	£ 67,079.00	5
£14,000 - £14,999	£ 470,227.00	32
£15,000	£ 180,000.00	12
	£ 3,416,075.68	424

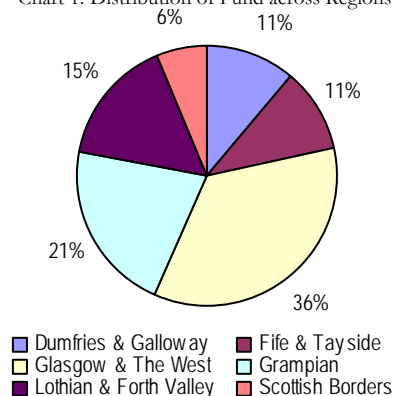
Regional Distribution of Grants

4.11 The distribution of grants across the Direct Grant Programme area indicates that Glasgow and The West was the main benefactor with 36% of the funds allocated to projects within this region. In comparing this with the breakdown of funds at the time of the Interim Evaluation Report this marks a 7% decrease in funding distribution.

4.12 The distribution of funds within Dumfries & Galloway and Lothian & Forth Valley has increased since the Interim Evaluation to 11% and 15% of the total funds allocated.

4.13 A further illustration of the breakdown and changes since the Interim Evaluation by region is included in the table and pie-chart below:

Chart 1: Distribution of Fund across Regions



Area	Allocation – Interim Evaluation	%	Total – End of Programme	%
Dumfries & Galloway	£90,897	8	£376,271.96	11
Fife & Tayside	£111,144	10	£367,940.76	11
Glasgow & The West	£482,969	43	£1,193,099.50	36
Grampian	£247,577	22	£730,070.00	21
Lothian & Forth Valley	£112,620	10	£527,901.46	15
Scottish Borders	£73,807	7	£220,792.00	6
TOTAL	£1,119,013		£3,416,075.68	

Grant Approval Rates

4.14 During the course of the programme, 885 applications for funding were received with 561 being appraised as eligible. Of the 561 applications appraised, 424 (75.58%) were approved. The graph below illustrates the approval rates of applications appraised:

Graph 3: Approved / Declined Applications

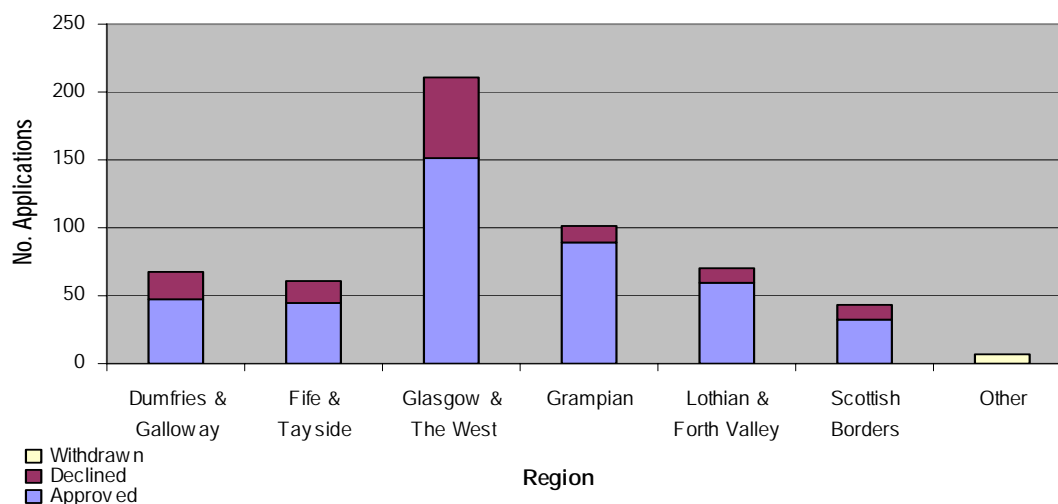


Table: Approval Rates by Region

4.15 Since the Interim Evaluation, 3 of the regions have seen a significant increase in the approval rate of applications. Dumfries & Galloway, Lothian & Forth Valley and the Scottish Borders have reported increases of 13% to 21% in approval rates. In contrast, Fife & Tayside, Glasgow & The West and Grampian have witnessed a decrease in the approval rates by 10% to 15%. All areas have individual approval rates of over 70%.

Area	Approved	Declined	Withdrawn	Interim Evaluation Approval Rate %	Final Approval Rate %
Dumfries & Galloway	47	20	-	57	70.15
Fife & Tayside	45	16	-	88	73.77
Glasgow & The West	151	60	-	87	71.57
Grampian	89	13	-	97	87.25
Lothian & Forth Valley	60	10	-	64	85.71
Scottish Borders	32	11	-	60	74.41
Withdrawn Applications	-	-	7		
	424	130	7		

4.16 At the appraisal stage of the Direct Grants Programme, 130 applications were declined. The reasons for rejection were reported as follows:

- Application did not meet Project Priorities
- Not New Activity
- Not Independent Voluntary Sector Organisation
- Applicant already in receipt of funding in excess of £75,000

Ineligible Applications

4.17 It should also be noted that the Programme received 324 ineligible applications that did not proceed to the appraisal stage. Both Glasgow & The West, and the Lothian & Forth Valley regions reported the highest number of ineligible applications (207), which accounted for 64.89% of all ineligible applications.

Area	No. Applications	Ineligible
Dumfries & Galloway		30
Fife & Tayside		32
Glasgow & The West		143
Grampian		36
Lothian & Forth Valley		64
Scottish Borders		18
Other		2
TOTAL		324

4.18 Ineligible applications were identified at ‘desk check time’ and based on the following criteria were considered to be ineligible:

- Applicant was in receipt of £75,000 or more
- Applicant was from private / public sector
- Applicant was not a local organisation
- The application did not constitute a new activity (It should be noted that towards the end of the programme a number of applications were deemed ineligible as they did not meet revised and more restrictive priorities identified by the Programme Committee)
- Application was for capital funding
- Applications was for more than £15,000
- Application did not contribute to programme objectives
- Misc. (insufficient information available)

Turnaround Time Analysis

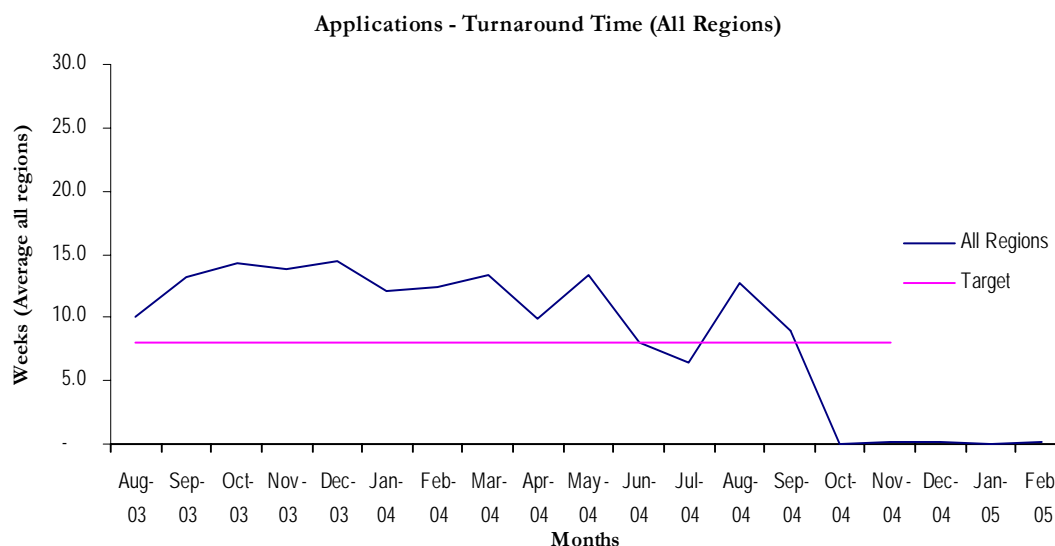
4.19 The Direct Grants programme has a target of an 8 weeks turnaround period for the processing of grant applications. Turnaround times were analysed by noting the date the application was received and the date that the applicant was officially notified of the Programmes decision.

4.20 At the Interim evaluation stage, the turnaround time for applications averaged 14.4 weeks. From the period August 2003 to February 2005 the average turnaround time

for applications was 13.6 weeks. Over the whole programme the average turnaround time was 13.1 weeks.

4.21 The graph also illustrates that over the period August 2003 to February 2005, the average turnaround time for applications on a monthly basis dropped below the target of 8 weeks on a number of occasions.

Graph 5: Turnaround Times (All Regions)



4.22 It should be noted that the turnaround times for the majority of applications awarded since June 2004, related to the projects that were awarded funds from the under spend.

4.23 Over the course of the programme, the average turnaround time for applications by region is detailed below:

	Weeks (Av)
Dumfries & Galloway	11.8
Fife and Tayside	12.3
Glasgow & The West	14
Grampian	11.5
Lothian & Forth Valley	16.7
Scottish Borders	12.4

Activities Supported

4.24 The Direct Grants Programme has provided funding for 424 projects, which has resulted in a number of activities being supported. Almost 25% of the projects supported involved employment and training initiatives with other activities supported detailed in the chart below:

Chart 2: Activities Supported – Interim Evaluation

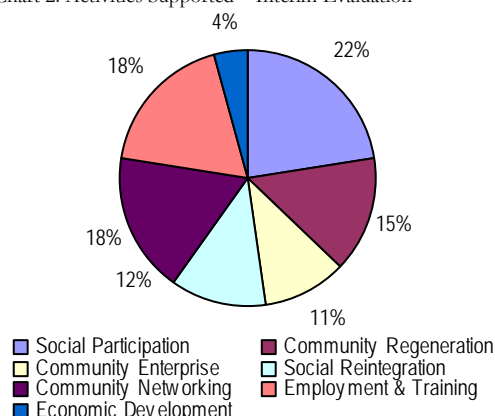


Chart 3: Activities Supported – End of Programme

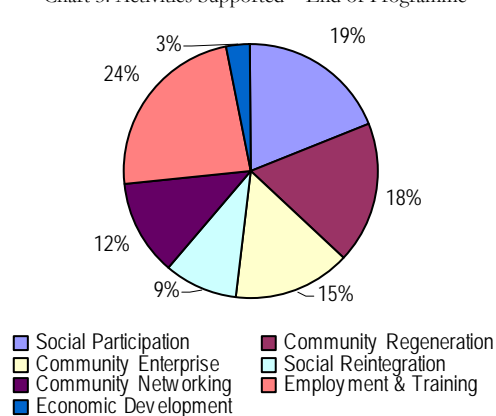


Chart 1: Type of Activity Supported

4.25 In comparing the activities supported at the end of the programme to those identified in the Interim Evaluation, the only notable change was for activities relating to Employment & Training. All other activities have remained almost identical.

4.26 Projects that involved community regeneration and social participation initiatives were supported strongly through the Direct Grants Programme with 37% of all projects awarded funding falling within these categories.

Performance Targets

4.27 As of 28th February 2005, 292 of the 424 projects awarded funding had completed and returned their activity and outcome reports. Details on the performance on these projects is detailed in the table below:

	Number of Projects	%
Total Number of Approved Projects	395	100
Total Number of Projects Completely Reported	292	73.9
Total Number of Projects Reported - Awaiting Backup Information	35	8.9
Total Number of Projects – Due of Completion January 2005 (outstanding)	68	17.2

Activities

PERFORMANCE INDICATORS	TARGETS	ACTUALS
Programme Performance		
Total number of micro-finance awards	380	395
Number of micro-finance awards up to £5,000	200	88
Number of micro-finance awards over £5,000 up to £10,000	100	227
Number of micro-finance awards over £10,000 up to £15,000	80	80
Types of Projects		
Increasing employment opportunities and employability skills	100	272
Increasing training and learning opportunities	90	296
Establishing new social firms	45	67
Initiating new community activity	40	167
Undertaking community audits or surveys	80	83
Commissioning technical work or professional services	60	76
Undertaking a fund raising activity	45	116

Developing new management or sectoral infrastructure	40	59
Sponsoring ICT based activities	50	106
Extending existing services to rural areas or peripheral estates	30	32
Increased volunteer/staff training and skills development	80	91
Increased opportunity for piloting activity	80	169
Increased opportunity for piloting activity	80	86
Strengthening of (local or sector) infrastructure	40	41
Supporting Women		107
Supporting black and ethnic minorities		25
Supporting lone parents		19
Supporting young (16-24) people		120
Supporting (former) drug users and (former) alcohol abusers		18
Supporting ex offenders		6
Supporting disabled people		78
Supporting homeless people		9
Supporting people with literacy and numeracy difficulties		11
Supporting unemployed people		48
Project Activity		
No. of people trained (undertaking training)	1700	8139
Total number of beneficiaries receiving support	10,000	57327
Number of women receiving support	6,500	5780
Number of organisation and management audits	50	11
Number of networks supported	40	74
Number of beneficiaries trained in technical and management skills	250	228

Note

- Information on the project activity is based on the 292 projects that have been completed and submitted a final report.

Outcomes

PERFORMANCE INDICATORS	TARGETS	ACTUALS
Individual Beneficiaries		
Number of beneficiaries completing their courses	1,000	6823
Number of people trained gaining a (part) qualification	650	787
Increased employment opportunities	250	263
Increased opportunities to access ICT	5,000	7896
Increased volunteering opportunities	1,000	1510
Access to new and/or enhanced services	5,000	50494
Increased access to community health services	2,500	170
Improved access to community facilities	25,000	11778
Opportunities to influence the development and delivery of services	1,250	3828
Projects		
Increased employment opportunities	80	39
Number of new systems developed/implemented	50	203
Increased access to other funding sources	70	72
Increased community activity	180	175
Increased learning opportunities	140	135
Increased participation by wider community	100	138
Enhanced service delivery	60	154
Increased availability of micro finance services	70	6
Increased health promotion activities	60	25

Impacts

PERFORMANCE INDICATORS	TARGETS	ACTUALS
Number of people going into further education or training	1250	103
Sustained beyond the period of the project activity	190	100
Increased member empowerment	80	51
Increased opportunity for sustainable activities	130	105
Increased economic activity	150	149
Direct links between social and economic activities	90	63
Increased community empowerment	100	51
Greater participation in social/economic development activities	70	38
Increased intergenerational integration	20	40

Note

1. Information on outcomes and impacts is based on the 292 projects that have been completed and submitted a final report.

Section 5 – Evaluation Findings

Overview

5.1 It is evident from the review of programme activity, that significant progress has been made by the Direct Grants programme since the interim evaluation in June 2003. This is highlighted by:

- A total project spend of 98.5% has been achieved by the fund with a range of activity undertaken to increase the uptake of grant support.
- A total of 424 grants have been awarded against a target of 380 set within the business plan.
- The average level of grant support has been £8,056 against a target of £8,421 set within the business plan.
- Some of the regional variation in relation to the number of grants awarded have been addressed. The main exception to this has been in the Borders area where the level of uptake has remained consistently low.
- The turnaround time for applications has been improved with an average of 13.1 weeks achieved across the life of the programme against 14.4 weeks at the interim evaluation.
- A range of project activity has been supported through the programme including community capacity building, community regeneration activity, employment training initiatives, and community participation

5.2 Overall, significant effort has been made to improve the performance of the fund since the interim evaluation.

Programme Impact

5.3 In terms of the impact of the programme, consideration has been given to the targets set in the business plan and the actual outcomes and impacts reported by completed projects. At the time of preparing the evaluation report, a total of 292 projects have been completed and fully reported on the outcomes and impacts achieved. The remainder of the projects have still to submit a final monitoring report.

5.4 A summary of the main findings is as follows:

Type of Project Activity

5.5 The review of the monitoring information confirms that a range of project activity has been undertaken with a number of the indicators being exceeded such as:

- 272 projects focussed on increasing employment opportunities against a target of 100 projects.
- 296 training and learning project against a target of 90 projects.

- 167 projects initiating new community activity against a target of 40 projects.
- 67 projects establishing new social firms against a target of 45 projects.
- 116 projects undertaking fundraising activity against a target of 45 projects.
- 106 projects developing ICT activity against a target of 50 projects.
- 169 projects developing pilot schemes against a target of 80 projects.

5.6 In general, the monitoring information confirms that a wide range of activity has been undertaken with the majority of the targets in the business plan being exceeded. However, it should be noted that projects are able to report against more than one indicator and the monitoring information therefore only provides a broad reflection of the activity that has been undertaken.

Training and Learning Opportunities

5.7 Supporting the development of community based training and learning opportunities has been a key activity supported through Direct Grants. An outline of the main impact achieved is as follows:

- 296 projects indicated that they were seeking to increase training and learning opportunities.
- A total of 8,139 people were reported to have participated in training activity against a target of 1,700.
- A total of 6,623 (81%) were reported to have completed their training against a target of 1,000.
- 787 people had achieved a qualification against a target of 650 people.
- 103 people going into further education or training against a target of 1,250

5.8 It is evident that Direct Grants has supported a range of project activity that has generated a significant level of training and learning opportunities at a local level. The majority of the training delivered would seem to have been non-accredited training, which is perhaps not surprising for a fund of this nature, but still important in terms of providing community access to training and learning opportunities that can be used as a stepping stone to further progression. This is further reflected in the number of people going into education or training, and confirms that the fund has been particularly important in relation to the earlier stages of an individuals learning journey.

Community Services and Support

5.9 Establishing new community services as part of the process of developing increased economic and social cohesion has been an important element of Direct Grants. A wide range of activity and impact has been achieved as follows:

- 167 projects indicated that they were initiating new community activity against a target of 40 projects.
- 67 new social firms established against a target of 45 projects.
- 169 pilot projects developed against a target of 80 projects developing new forms of community activity.
- A total of 57,327 beneficiaries receiving support against a target of 10,000 people.
- 5,780 women receiving support against a target of 6,500 women.
- 50,494 people gaining access to new or enhanced services.

5.10 Overall the number of people that have benefited from the project activity supported through Direct Grants has been significantly greater than the original targets set within the business plan. The type of activity has also been extremely varied including childcare services, support for volunteering; advice and information services, and support for young people, etc.

Employment Opportunities and Employability Skills

5.11 A range of activity has been supported that has been directed towards increasing employment opportunities and employability skills within local communities. This has included:

- 272 projects reported that they were involved in increasing employment opportunities and employability skills against a target of 100 projects.
- 263 people had increased employment opportunities against a target of 250 people.

5.12 Positive progress would seem to have been made in this area of activity. However, the monitoring information received does not provide a clear indication of the number of jobs that have been created, the number of people that have accessed employment, or the number of people that have been sustained in employment. This is one particular area where post programme research might identify longer term impacts achieved through Direct Grants funding.

ICT Opportunities

5.13 Improving access to ICT facilities within local communities has been supported through Direct Grants. Impact in this area is reported as follows:

- 106 projects involved in sponsoring ICT projects against a target of 50 projects.
- 7,896 people had accessed the ICT provision against a target of 5,000 people.

5.14 Funding through Direct Grants has extended and encouraged access to a range of ICT facilities within local communities and has provided a range of ICT training.

Capacity Building

5.15 A key area of activity has been support for projects that have sought to build capacity within local communities. This has included capacity building training, developing new management arrangements, and activity to strengthen the voluntary sector. The monitoring reports highlight that:

- 83 projects undertook a community audit or survey against a target of 80 projects.
- 59 projects were involved in developing new management and sectoral infrastructure against a target of 40 projects.
- 74 new networks were supported against a target of 40.
- 228 people undertook technical or management training against a target of 250 people.
- 1,510 volunteering opportunities were created against a target of 1,000.

- 3,828 people were able to access opportunities to influence the development and delivery of local services.

Monitoring

5.16 It is evident for the review of the outcomes and impacts, that a wide range of community activity has been generated through Direct Grants. It is also recognised that considerable effort has been made as part of the programme administration to ensure that a robust monitoring framework has been established. However, it is suggested that this is an area that should be given further attention in the future. Particular points to note include:

- *Target Setting* – The targets for the programme were identified within the original business plan and are based on a wide range of indicators. It is recognised that the targets were indicative given that this was the first programme of this scale to be operated. Clearly there would be benefit in reviewing the type and level of targets within any future programme based on the experience that has now been gained in relation to programme activity.
- *Performance Indicators* – the programme has been based on a wide range of indicators that have related to project activity and individual beneficiaries. On reflection, it is suggested that further consideration should be given to the indicators that are being used and further information provided to applicants on the definition of indicators. Some of the current indicators tend to be unclear which in turn can lead to inconsistent reporting.
- *Monitoring Framework* – Further consideration should be given to the overall monitoring framework for a small grants programme of this nature with a view to being able to report more clearly and accurately on the impact being achieved through the fund. There is evidence to suggest that a number of projects did not fully commit to their reporting schedules and future programmes might consider clarifying and extending the project reporting responsibilities.

Additionality

5.17 One of the primary aims of the Direct Grants programme has been to generate new community activity and develop capacity within local areas. The criteria for funding has been set on the basis that it would target organisations that have not been able to access mainstream funding sources and have not had grant support of more than £75,000 over the past three years.

5.18 Feedback from projects during the evaluation process has confirmed that the additionality from Direct Grants has been significant, with the funding being instrumental in establishing a range of project activity that would have not taken place without the support of the grant. In particular, it was suggested that there is a lack of pump priming funding available within local communities, and that Direct Grants has enabled projects to be developed and progressed.

Sustainability

5.19 As part of the final evaluation, consideration has been given to the issue of sustainability of local activity generated through Direct Grants. This has been undertaken through a survey of completed projects that sought feedback on what has

happened at the end of the grant period. A total of 125 completed projects were surveyed with a total of 99 survey returns being received.

5.20 Based on the analysis of the survey returns, it would seem that a significant level of the activity generated through Direct Grants has been sustained and developed within local communities. A number of projects have reported that they have used the experience gained through Direct Grants to demonstrate the case for continued funding from a wide variety of other grant sources. A summary of the feedback is as follows:

- 74% of the projects that have responded to the survey indicated that they have been able to sustain the project activity generated through Direct Grants.
- 43% of projects reported that they had been able to sustain the jobs created through the Direct Grants programme.
- 54% of the projects reported that they had been successful in securing additional funding to sustain their project activity.
- Projects reported that they had secured £2,071,774 of additional funding.

5.21 It is evident from the survey of completed projects that a significant level of activity generated through Direct Grants has been able to be sustained and that the programme has acted as a catalyst for local development.

Horizontal Themes

5.22 Considerable effort has been made through Direct Grant to ensure that consideration has been given to the implementation of activity to address the horizontal themes relating to equal opportunities, information society, sustainable development, lifelong learning, and support for local initiatives. This has included:

- Information has been provided in the guidance for applicants and on the website on the horizontal themes.
- Projects have been provided with guidance during the Managing Your Grant sessions with advice given to projects on targets, monitoring arrangements, etc.
- Information on the fund has been produced in various languages as part of the work to encourage access from all section of the community.
- ICT has been used extensively within the programme and applications encouraged from local projects to improve access to ICT
- Forty six projects reported a strong element of either environmental activity or development of a new aspect of sustainability
- Projects have been encouraged and supported that have involved the development of lifelong learning opportunities

5.23 The monitoring of activity relating to the horizontal themes has been undertaken at a programme level. In general the overall contribution can be summarised as follows:

- *Equal Opportunities* – the programme has encouraged and supported activity that is open to all sections of the community. The programme has made a strong contribution in this regard.
- *Information Society* – encouraged a wide range activity in relation to the use of ICT and improving access at a community level.

- *Lifelong Learning* – the programme has supported and encouraged a wide range of activity and improve access to lifelong learning opportunities at a community level.
- *Support for Local Initiatives* – all of the activity supported through the programme has been directed towards encouraging and supporting local initiatives.
- *Sustainable Development* – the programme made less impact in this area given the nature of the project work undertaken.

Programme Management and Administration

5.24 The interim evaluation involved a detailed review of the management and administration arrangements for the programme. The evaluation confirmed that robust systems were in place and that positive feedback had been received from projects and other stakeholders in relation to the way that the fund was being operated. The interim evaluation made a number of specific recommendation in relation to the development of the programme including:

- The need to undertake a range of activity to encourage an increase uptake of the programme.
- The need to consider the timescales for processing of applications.
- The need to consider the staffing capacity within Direct Grants to ensure that adequate resources were available to service the programme.
- The need to review the ICT issues.
- The need to consider actions to encourage a greater level of uptake by black and minority ethnic groups.
- The requirement to clarify and strengthen the role of the programme network group.
- The need to consider the possibility of a new intermediary grant mechanism that would act as bridge for projects and support progression towards mainstream funding.
- The need to consider the provision of advice and support at the end of project funding to signpost project towards other funding sources.

5.25 Positive action has been taken by the programme to address the recommendations as appropriate. The impact of the changes that were introduced is reflected in the overall performance of the programme and the progress that was highlighted in the previous section in terms of total spend, projects assisted etc.

5.26 In general, the fund has been well managed with considerable effort made to ensure that the programme operated effectively.

5.27 In particular, it has been possible to identify through the evaluation a number of examples of good practice in relation to the operation of a small grant programme of this nature. This includes:

- *Advice and Guidance of Applicants* – A significant amount of emphasis has been placed within the programme to ensure that potential applicants have access to good quality information and advice. This has included the production of printed information and guidance notes on the programme (including information in various languages); publication of information on the programme

on Direct Grants website; access to information, advice and guidance from the Development Officer (pre-appraisal; undertaking local workshops; ensuring that information is available from local partner organisation.

- *Ease of Application Process* – the application process was designed to ensure that this did not act as barrier to local projects. This has included making application forms available online. Feedback from projects has indicated that the application process was relatively straight forward and easy to complete.
- *Technical Check* – all applications were subject to a technical check and advice offered to projects in relation to where an application may be strengthened.
- *Structured/Participative Appraisal Process* – the programme has operated a structured appraisal process using set scoring criteria with a view to ensuring consistency in project selection. The process has also been highly participative and has involved a wide range of partners. In particular, the approach has ensured that local knowledge and experience has been available as part of the appraisal process.
- *Post-Approval Advice* – a workshop was held for all projects to provide advice and guidance on the administration of grant (Managing Your Grant). Good feedback was received in relation to the workshops with projects finding these sessions to be beneficial and helpful.
- *Timescales for Decisions* – although the programme has struggled to meet the target timescale of 8 weeks for turnaround of applications, the process has been relatively quick. Feedback from projects has indicated that the timescales for decision making has been good and enabled them to progress quickly with their project idea.
- *Monitoring Support* – the programme has been pro-active in providing support to projects on the monitoring of activity. This has been a positive feature of the programme. However, this element would be further enhanced if the overall monitoring framework was strengthened as part of any future programme.

Section 6 – Conclusions & Recommendations

Conclusion

6.1 The Direct Grants Programme was established by SCVO in 2002, with funding through the Objective 3 Programme, together with co-funding from Communities Scotland and Scottish Enterprise. The aim of the programme was “To increase employment opportunities and social cohesion within disadvantaged communities by promoting collective action of groups and individuals working together towards economic and social regeneration”.

6.2 The programme operates as a small grant scheme that provides support for community based organisations within local communities. The operational area for the programme is:

- Social inclusion partnership areas
- Urban, semi-urban and rural community economic development areas
- Objective 2 transitional areas and non-designated areas

6.3 Grants are normally provided up to £10,000 (£15,000 in exceptional circumstances). The programme was initially funded for a two-year period and has a total value of £3.2m. However, the programme period was subsequently extended into a third year.

6.4 Direct Grants has been developed as part of the European Commission’s Social Capital Programme that has sought to promote increased social cohesion and increase employment opportunities in disadvantaged communities. It has also developed against the increasing recognition that the mainstream European Funding Programmes were not being accessed by community based organisation due to a number of issues including:

- The complexity of the application process for mainstream European Funding Programmes.
- The need to secure match funding in advance of the project.
- The difficulty in managing cash-flow with funding being paid in arrears.

6.5 Direct Grants was designed to promote increased economic and social cohesion within local communities, and has also sought to increase access to funding by local projects by addressing the issues outlined above. The programme operates as pre-matched source of funding, operates a less complex grant application process, and provides payment in advance.

6.6 A detailed business plan was prepared for the programme that set out the targets to be achieved. This indicated that the programme would support 380 projects with an average grant of £8,421. The programme has been developed on a regional basis with local partner involvement in the promotion and appraisal of applications.

6.7 The evaluation findings confirm the positive progress that has been made by Direct Grants towards its original objectives, and the impact that has been achieved across the programme area. It is evident that the programme has been highly successful in generating a range of community economic development activity within local communities, and has achieved or surpassed the targets set for outcomes and impacts set within the business plan. It is also recognised that the final position of the programme has been gained as a result of a significant amount of hard work by the Direct Grants Development Team in association with partner organisations.

6.8 In terms of the future, it is understood that Global Grants will be absorbed within the new Futurebuilders Programme and will form part of the Seedcorn Grant Fund. Against this backdrop, there are a number of lessons from the experience of Direct Grants that can be used to inform the future development and operation of small grants funding within Scotland. An outline of these are as follows:

Value of Small Grants Funding

6.9 The evaluation of Direct Grants has highlighted the positive value and benefit that can be gained through the provision of small grants to promote community economic activity within local communities. Over 400 projects have been supported with a range of activity and new community services developed. The evaluation reports on the outcomes and impacts that have been achieved through the provision of a relatively small amount of funding to projects, and the positive benefit that this has made within local communities. In particular, the programme has:

- Generated activity across the programme area including urban areas and areas of significant disadvantage; semi urban areas and rural areas that often find it difficult to access start up funding.
- The majority of the activity that has been generated has been new and additional in terms that the activity would not have happened without the support of Direct Grants, or it has allowed the project activity to take place quicker or to an increased extent.
- Feedback from completed projects has also indicated that a significant level of the activity generated has been sustained, with over £2m of additional resources secured to continue the work developed through Direct Grants.

6.10 It is evident from the evaluation that a small grants programme has an important part to play in generating community action that can contribute to the process of increasing economic and social cohesion within local communities. As such, there is clear value in continuing to ensure that a small grants programme of this type continues to be operated as part of the community regeneration activity within Scotland that recognises and supports the important contribution that local people have to play in the regeneration process.

Fund Management

6.11 The experience of Direct Grants has confirmed the importance of ensuring that effective arrangements are in place in relation to fund management. One of the key objectives of the programme has been to increase access to European Funding for

community based organisations that would find it difficult to secure funding through the mainstream programme due to a range of barriers.

6.12 The grant making processes established by Direct Grants have been important in meeting this objective, while at the same time ensuring that robust arrangements are in place to ensure that funds have been properly used by organisations.

6.13 Key features of the grant making process have include:

- The fund has operated as a pre-matched source of funding that has removed the burden on local organisations having to secure match funding before the make an application.
- The grant is paid in advance (sometimes in stage payments) avoiding the cash-flow difficulties often associated with mainstream European Funding.
- The application process has been relatively simple for organisation with good guidance and advice made available. This has included support from a grant officer as well as access at a local level through a CVS or other agency.
- The decision making process has been relatively quick and has enabled organisations to move ahead with project ideas without the long delays of often associated with larger funding programmes. The speed of decision-making can be an important factor in maintaining momentum within local communities.
- Advice and guidance has been provided to projects following grant approval through a “Managing Your Grant” session. This has been an important feature in helping projects understand the requirements in relation to the administration, financial management and reporting of activity.
- Ongoing monitoring systems have been in place including project visits and reporting arrangements.

6.14 Developing effective systems and process is recognised as an important factor in the operation of a small grants programme that is designed to encourage and support new community activity within local areas.

Partnership Approach

6.15 A key feature of Direct Grants has been the partnership approach developed through the programme. This approach would seem to have been extremely beneficial and contributed to the success of the programme through the following:

- Project development – partner involvement has been important in providing support to local organisations to develop their project ideas and applications. This has been developed through the CVS network and other agencies and has been designed to ensure that support is available at a local level. This has included formal contracting with a number of CVS to provide support as well as through informal arrangements.
- Project appraisal – partner involvement has been an important part of the appraisal process through local selection groups. This has ensured that local knowledge has been utilised in the decision making process.

6.16 Operating a small grants programme through a partnership approach would seem to be important and ensures that a wider range of projects are able to be developed. The approach also ensures that the programme is able to draw on local knowledge and

information as part of the decision-making process that would not be available through a centrally administered scheme.

Strategic Fit

6.17 Direct Grants has been operating within a changing policy and funding environment. This includes the introduction of Community Planning, the launch of the new Community Regeneration Fund; the National Priorities for Regeneration and the Closing the Opportunity Gap Objectives; the launch of the new Futurebuilders Programme designed to support the development of social economy activity; and the increasing emphasis being given to encouraging wider role activity by Registered Social Landlords.

6.18 Against this backcloth, it is important to consider the strategic fit of any new small grants programme. The current programme through Direct Grants has operated on the broad basis of supporting community economic activity within the programme area. It is evident that there is value in continuing this approach as it is able to capture and support a wide range of activity that can be developed and progressed over time. The flexibility of the fund would seem to have been an important part of its success, and given the lack of other similar funding mechanisms, there would seem to be value in continuing this approach.

6.19 However, it is also recognised that there would be value in clarifying the strategic fit of the programme and how any future small grants scheme will complement other funding streams that are available. As part of this process, it may be important to consider how the programme can address local priorities and can be designed to operate within different funding environments that exist. For example, the priorities in Western Scotland may be different from that of Argyll and Bute or the Borders. Different funding arrangements may also be available and it will be important to ensure that arrangements are established to ensure that funds are complementary and that no overlap or duplication exists.

6.20 It is also suggested that consideration should be given to the funding of any future small grants programme and clarification provided in relation to eligibility of what can be funded through the programme. Direct Grants has been funded through the Objective 3 Programme for Scotland along with match funding from Scottish Enterprise and Communities Scotland. The funding has been designed to support community economic activity and increase economic and social cohesion. However, the definition of these terms can be extremely broad and can encompass a wide range of activity. It is also recognised that there is a fine line between what can be described as community development activity and community economic activity, both of which can contribute to increasing economic and social cohesion. It is suggested that it would be helpful to give consideration within any future programme to providing clarification in relation to the type of activity that can be supported with a clear indication of the outcomes that are expected to be achieved.

Monitoring Framework

6.21 The experience of Direct Grants has highlighted the importance of developing a robust monitoring framework for a small grants programme. This includes giving careful consideration to the indicators that should be used and the arrangements for capturing

information. It is recognised that this is an area that requires to be strengthened with the existing framework being difficult to use and not effectively capturing the full impact of the programme.

6.22 It is also recognised that support requires to be provide to local projects in relation to the issue of target setting and the development of effective monitoring systems. Given the nature of the fund, this is likely to be an area that is new for many organisations and additional support requires to be provided. This includes assistance in relation to the arrangements for recording and reporting on “soft” outcomes, as well as the more quantifiable outcomes.

Framework for Project Development

6.23 The final issue that has been highlighted is the importance of providing support to projects at the end of their initial grant period to enable them to continue to develop. This will include the provision of information and advice on other grant funding sources as projects reach the end of their small grant support. It is also suggested that consideration should be given to the development of a funding continuum that allows projects to progress from a small grant through to an intermediary and/or larger scale funding arrangements. Current funding arrangements tend to operate in isolation from each other with project having to navigate their way around the funding maze. If a small grant programme is seen as a catalyst towards generating new community activity and building economic and social cohesion, it would seem to make sense that this is operated as part of a continuum of support that encourages projects to develop and progress.