
Risk of Big Local areas not spending out

A version of this paper was published internally by Local Trust in late 2019. This version has been lightly edited to make it accessible for a general audience, with core terms and concepts explained wherever possible.

Background

Big Local is a resident-led funding programme providing people in 150 areas in England with £1 million each to spend across 10–15 years to create lasting change in their neighbourhoods. The Big Local programme is funded by the National Community Lottery Fund ('NCLF') and managed by Local Trust. The NCLF endowed £196 million to Local Trust that must be spent by 2026. This means all 150 Big Local areas must spend their £1 million¹ by March 2026.

The 'risk of not spending out project' amalgamates information from different research projects and combines it with new data gathered by Local Trust with the aim to identify and analyse areas at risk of not spending out.

The aims of this research were:

1. to determine a criterion for identifying areas at risk of not spending out
2. to understand why some Big Local areas are at risk of not spending out
3. to understand what programme delivery approaches might be needed to support Big Local areas to spend their £1 million

The research involved analysing data already held at Local Trust including financial information. We also chose six case study areas where we did a deep dive analysis including interviews and a review of area documents.

Summary findings

This research found that the following influenced spend:

- Attitude to money and the Big Local funding

¹ The term "£1 million" used in this report represents the entire amount each Big Local area has been allocated which is £1.105 million

- Capacity of the Big Local partnership (a Big Local partnership is a group made up of at least eight people that guides the overall direction of a Big Local area)
- Strategic thinking and planning
- Support Big Local partnerships receive
- Big Local delivery model adopted locally
- Exposure to new ideas and thinking
- The ethos and values of the Big Local programme
- Conflict

The findings show that spending is influenced by several factors. However, these do not operate in isolation but influence each other. At some point during the programme, almost all Big Local areas will be affected, or have already been affected, by at least one or more of these factors.

Further, it is important to note that areas may move on from being at risk of not spending out or may become so- this is not a fixed state.

Big Local areas were confident they would spend out by 2026

While there are many factors that influence spend, there was confidence among those interviewed that their area would spend most, if not all, of their £1 million by the end of the programme in 2026. The reasons for thinking this were:

- A big spend project was in the pipeline
- The Big Local partnership has, or will have, increased its capacity to spend
- Local Trust's ongoing messaging about legacy²
- The resolution of conflicts or issues that held the partnership back
- The Big Local partnership had grown in confidence and therefore their willingness and ability to spend
- The partnership feels obligated to spend the money before the programme ends

Based on the current trajectory of spend for all 150 areas and the plans for spend outlined by the case study areas, it is likely that many areas will still be spending their £1 million near to the end of the programme. Local Trust will have to consider, plan for, and resource support right up to 2026 that will help, potentially many areas, spend all their money.

Findings

What influences spend

There are several factors that influence how areas spend their Big Local money. These influence their rate of spend, what they spend their money on and how much they spend on individual projects. These are explored below.

² For example, although published after this report, the requirement from September 2019 that any new Big Local Plan includes a legacy statement.

Attitude to money and the Big Local funding

The partnership's attitude to money impacted how they spent. All the case study areas demonstrated a risk-averse approach to spend. Partnership members looked for value-for-money, safe and trustworthy partner organisations to commission and sought out cheaper or free options wherever available. As one partnership member put it:

"We are happy to spend but we want value, good value and we feel proud to make stuff happen for free."

This attitude meant these areas tended to have slower processes for decision-making, a high degree of due diligence and a low appetite for risk.

"We'll look at something and consider an application for a tiny amount and there will be a big debate over it." (Partnership member)

Negative experiences of the partnership also contributed to a cautious approach to spend. This can happen at any stage but was particularly noticeable in the pre-plan phase when people or organisations saw the £1 million as a source of funding for their own projects and were in it for themselves.

Area Case study- cautious spend after negative experiences

At the introduction of the Big Local programme in one area, many individuals and organisations put themselves forward to participate. During the process of forming a partnership and developing a plan, it became clear that some participants saw Big Local as a financial opportunity to support their own interests or organisations. Over time, people whose motivations did not align with the Big Local programme's ethos and values left, leaving a group that had the community and the community's interest at the heart of the programme. This group formed a partnership, then set up their own community development association to manage the Big Local money. The partnership set up a small envelope grants scheme to support local projects and to spend in a managed way. Spending had been slow while the partnership gained in confidence on how to spend the money. While spend has been slow, the partnership is confident it will be able to spend the remaining money by 2026.

Capacity of the Big Local partnership

Partnerships struggled to plan and deliver activities because they lacked the capacity to do so. This included not having enough partnership members. Internal data supports this finding, with RONS0 areas more likely to have six or fewer residents actively involved in the partnership compared to all other areas.

Residents actively involved in the partnership	RONS0 areas (percent)	All other areas (percent)
Six or fewer	28	16

This smaller number of active residents contributed to a lack of capacity of the partnership. However, even when there were enough engaged residents and partnership members, they might still lack specific skills or knowledge to plan and deliver Big Local, such as skills or knowledge for strategic planning and looking beyond small-scale projects.

Strategic thinking and planning

RONSO areas were less likely to have thought about the end of Big Local or their legacy. This is likely because many of these areas have spent the least amount of Big Local money and may feel it is too soon to think about legacy and the end of the programme. However, Local Trust has, in the last two years, encouraged areas to think about legacy and the end of the programme and areas must spend by 2026.

Proportion of partnership members who agreed or strongly agreed with the following statements:	RONSO areas (percent)	All other areas (percent)
Are they drawing down funding as per original payment schedule/budget?	33	51
Does the area have a clear idea of where they want to be at the end of Big Local?	38	52
Are there any plans for the legacy of Big Local in the area once the money has finished?	43	60
Have they brought in any additional funds?	77	87

This lack of strategic thinking and planning was often reflected in their Big Local plan and activities, with areas delivering a series of activities that were not necessarily connected or working towards a broader outcome.

“They don’t have a joined-up programme, they have a series of independent projects.” (Local Trust rep)

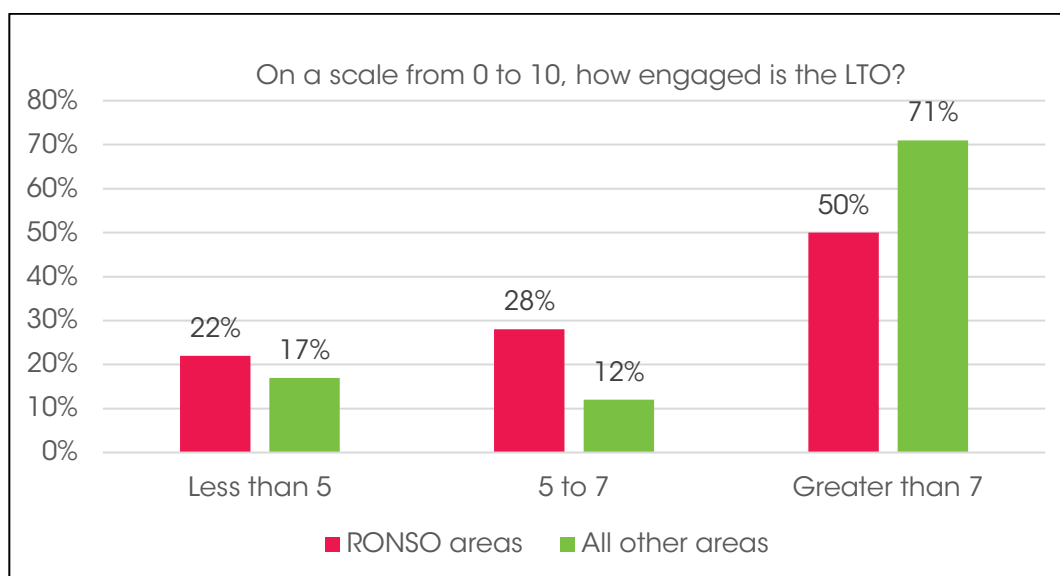
In terms of their spending, this lack of strategic thinking or planning meant they were less likely to have a clear idea about how they would spend the rest of their money or conception of the legacy they wanted to leave behind.

Support Big Local partnerships receive

When the partnership did not receive the support that it needed, this impacted on spend. The two types of support that had the most significant impact on spend were support from the LTO (Locally Trusted Organisation) and the Big Local worker.

A Locally Trusted Organisation is the organisation chosen by people in a Big Local area or the partnership to administer and account for funding, and/or deliver activities or services on behalf of a partnership. Areas might work with more than one locally trusted organisation depending on the plan and the skills and resources required.

RONSO areas were more likely to have a poorer relationship with their LTO or to have a less engaged LTO compared to all other areas. When reps were asked how engaged the area’s LTO was on a range from 0 to 10, LTOs in RONSO areas were more likely to have lower scores. 50 per cent of RONSO area LTOs scored seven or less compared to 29 per cent of all other areas.



In three case study areas, a poor relationship with the LTO contributed to areas being unable to plan or implement activities. LTOs had resigned their role, went into administration, or simply could not perform the duties any longer.

Many Big Local partnerships fund workers to support the delivery of Big Local. Big Local workers are paid individuals, as opposed to those who volunteer their time and workers are often important to the success of the Big Local programme. The support provided by workers is another influence on area spend. The case study areas experienced a range of challenges with workers, including poor performance, turnover, employment dispute or responsibility drift.

When areas experienced challenges related to the performance of their worker or a high turnover of workers, responding to these issues consumed the partnership's time and resources and, because the issue usually led to a period without a worker, some activities were delayed or did not happen at all.

One case study area never employed a worker. This meant the responsibility to deliver fell to the partnership who did not have the capacity to oversee and manage the day-to-day delivery of Big Local. This lack of a worker restricted what the partnership could do and their ability to engage with the community. The limited Big Local profile also meant they were less likely to get new ideas or ambitious projects from the community that they could support.

Big Local delivery model

The delivery model adopted by some partnerships influenced how much the partnership spent and the type of projects that partnerships spent on. The main delivery models used in the case study areas were small grants or commissioning. Areas that used these models were able to control how much they spent (i.e., by setting a limit on the pot or contract and limiting the amount of grants available). They were also able to control the types of projects they spent their funding on by setting criteria that projects had to meet. Areas adopted these approaches for several different reasons; these models provided cost certainty, reduced the risk to the partnership and required little administration, which was important for partnerships that lacked capacity to deliver themselves.

However, these delivery models also had limits. They could crowd out the partnership's exposure to new ideas (especially when funding repeat projects). If grants or contracts were capped at smaller amounts, it meant that the partnership spent their

funding regularly but at a lower rate, especially when it was their primary mechanism for getting money out the door and there were no other 'big spend' projects on the cards.

Exposure to new ideas and thinking

Some partnerships felt they needed new ideas for projects that they could spend their funding on. In some areas, a lack of capacity on the partnership itself meant that they were not as engaged in the community and in the opportunities that might come from this engagement. For others, their focus on delivering and funding familiar, regular projects prevented them from considering new or innovative ways to spend. Where areas were cautious, and perhaps more risk averse, there was also a reluctance to take risks on new or innovative ways of spending for a lack of confidence or a fear of things going wrong.

Evolving approaches to funding

Early on in their plan, one area adopted a participatory budgeting (PB) process. The PB funding pot is set at £65k per year and involves the community voting on the projects they want to fund. Voting is done online or through voting stations around the Big Local area. To date, this has been the main mechanism the area uses to spend their money. The partnership feels the process helps them respond to any criticisms from the community about spending; they can explain that the community chooses projects and there is a transparent process in place. In addition, the PB has been in place for a few years, runs well and is administered by their worker; it requires little input from the partnership, which lacks time. In general, the partnership thinks the process works well.

Recently, the partnership decided the PB process was potentially crowding out smaller, less known organisations which were not able to garner votes when up against larger, better-known organisations. They were also concerned that they had been funding the same projects as part of their small grants pot. They decided to create a new funding pot for new projects to try and attract and fund new and bigger projects. This new Impact fund has no upper limit for how much applicants can ask for.

However, some areas wanted to be more open to new ideas and one had recently changed their activities to help attract more innovative -and risky- projects to fund. They did this by creating a new grant pot with no upper limit which was reserved for new projects only. Exposure to new people and to other Big Local areas also helped areas to think about other ways they could spend their funding. One area was considering several different projects because of a new rep joining them and following a meeting with other Big Local areas. Another planned to visit a nearby community that had successfully taken out loans to revitalise their community and support social enterprises. The hope was that this visit to a successful area would inspire the partnership and give them the courage and confidence to try out new or innovative ways to spend the money.

The ethos and values of the Big Local programme

The values of the Big Local programme influenced how areas spent. Big Local is a resident-led, long-term programme that gives communities time to progress on their Big Local journey. For some, this has meant it has taken a longer time for the partnership to lay the groundwork for the programme including the networks, relationships, capacity and confidence of partnerships and communities that forms the foundation of each Big Local. It has simply taken some partnerships more time to get to the point where they can spend on larger or more ambitious projects. As one Big Local worker reflected:

"We started [spending] peanuts; a fun day here, £500 to support the school here. I mean, we started off small and we're in a position now we're making decisions of £5k going up to £10k. We've had the experience from that time... I think it's hard for people to suddenly go "Whack! Here's £100k" from cold. It wouldn't have worked. I think they're more confident with me, with their partnership, the deeper relationships [with others] throughout that period. We're five years older and we're five years wiser ... organisations understand us more."

Conflict

Some of the factors listed above relate to conflict in the Big Local area. This might be internal amongst the partnership or external with partner organisations, the LTO or worker. Conflict, as shown in previous research, can lead to delays in delivery or an area stalling or stopping altogether. It consumes the time and resources of the partnership, and diverts them from engagement, project delivery and strategic planning. However, sometimes conflict can also be the by-product of other issues in the Big Local area. In one case study area, conflict amongst partnership members and with the LTO arose because the area did not have a worker in place to support the delivery of activities. This lack of capacity led to a conflict that further slowed their activities and consumed much of the partnership's time.

Perspective on not spending out

Across the six case study areas, we conducted almost two dozen interviews. While most of those interviewed highlighted the previous factors that influenced their spend, none of those interviewed thought their Big Local area would not spend all of their funds (or come close to doing so). The reasons why interviewees thought this are listed below:

A big spend project was in the pipeline

Some areas were in the process of planning for a large project that would use a large portion of their money. These large projects would go a long way in them spending the £1 million. Interviewees were confident these large projects would happen and use up a large portion of their £1 million.

Area case study – Confident of a big spend?

In one Big Local area, the flagship project focuses on affordable social housing and land investment in the area. The local authority gifted the Big Local with a large plot of land upon which the partnership plans to build properties. To build the properties, they plan to apply for grants, plus a contribution of £400,000 from the Big Local £1 million.

Yet concerns were raised by the rep that the housing project may be a way to spend the money quickly but may not be what the community really wants as its legacy. If the Big Local partnership does not end up funding the housing project, there would be a large amount of funds left to spend with no alternative plans or ideas in place to spend it.

The Big Local partnership has, or will have, increased its capacity to spend

Interviewees thought an injection of better or more resources would instigate spend. The recruitment and introduction of a new worker, partnership members or more supportive LTO would increase the capacity of the Big Local partnership. This increased capacity would lead to better delivery of existing projects, more engagement, and fresh ideas and perspectives. This would translate into more efficient and effective delivery, more activities and, subsequently, greater spend.

Local Trust's ongoing messaging about legacy

Partnership members were aware of Local Trust's efforts to encourage legacy planning. The messaging from Local Trust and their Local Trust rep meant that the topic was on the agenda and partnership members are currently thinking and planning for the end of the Big Local programme.

The resolution of conflicts or issues that held the partnership back

Those interviewed thought that recent resolution of conflict, tensions, or issues within the Big Local would free up the capacity of the partnership. The partnership could now use the resources and time previously used to resolve the conflict or tension, towards engagement, planning and delivery of Big Local activities.

The Big Local partnership had grown in confidence and therefore their willingness and ability to spend

The partnership had reached a point in their Big Local journey where they were confident to take on new, innovative, larger or riskier projects. For some case study areas, this took time to develop but they now feel they have 'turned a corner'. In one case study area, the recent success of their first large spend project had increased their confidence and their belief that they could deliver larger and more ambitious activities. This has given the partnership the confidence to pursue more or larger projects and subsequently increase their spend.

The partnership feels obligated to spend the money before the programme ends

Interviewees had a strong sense of responsibility to spend all the money for the benefit of the community. They felt accountable to the community and a duty to spend the money on their behalf. To not spend the money and to lose it would be a wasted opportunity. The partnership would spend the money because they have to.

Support

We also asked interviewees what support they thought might help to reduce the chances of an area not spending the entire £1 million. The suggestions are listed below:

Support to develop long-term and strategic plans

Reps in particular thought partnerships required more support to develop long-term and strategic plans to the end of the Big Local programme and, more importantly, beyond 2026.

More updated financial information from Local Trust about spend

When there was a less engaged or even poor relationship with the LTO, partnership members wanted to be able to access financial information from Local Trust. This would provide them with some information to plan how to spend their remaining money.

More robust monitoring of LTOs

Related to the previous point, some partnership members wanted Local Trust to request more up-to-date and detailed financial information about the £1 million from LTOs.

Greater opportunities to network with other areas

More engagement outside of the area could draw in new ideas, encourage the partnership to try different things and increase the confidence of the partnership to try something new, innovative, riskier or ambitious community projects. These new ideas could translate into more spend.

Clear messaging and guidance from Local Trust

It is important to have clear guidance on spend out and the end of the Big Local programme. If there are too many mixed messages, the partnership might feel pressure to spend while not considering the ethos and values of the Big Local programme. One Rep felt that clear and consistent messaging and guidance by Local Trust and Reps was vital as:

“We will freak some partnerships with ‘pressure to spend’ and a group will put lots of money into a statue to protect their overall legacy.”

Conclusion

This research found that the following influenced spend:

- Attitude to money and the Big Local funding
- Capacity of the Big Local partnership
- Strategic thinking and planning
- Support Big Local partnerships receive
- Big Local delivery model
- Exposure to new ideas and thinking
- The ethos and values of the Big Local programme
- Conflict

The findings show that spending is influenced by several factors. However, these do not operate in isolation but influence each other. At some point during the programme, almost all Big Local areas will be affected by, or have already been affected by, at least one or more of these factors.

Big Locals were confident they would spend out by 2026

While there are many factors that influence spend, there was confidence amongst reps, partnership members, and workers interviewed that their area would spend most, if not all, of their £1 million by the end of the programme in 2026. The reasons for thinking this were:

- A big spend project was in the pipeline
- The Big Local partnership has, or will have, increased its capacity to spend
- The track record and trajectory of their spend would see them spend out by 2026

- Local Trust's ongoing messaging about legacy
- The resolution of conflicts or issues that held the partnership back
- The Big Local partnership had grown in confidence and therefore their willingness and ability to spend
- The partnership feels obligated to spend the money before the programme ends

This confidence, even amongst areas that currently have most of their funds still to spend, was largely based on assumptions that certain spending barriers would be removed or the belief that their plans and aspirations were going to be realised in the future. However, there was little indication that areas had developed a 'Plan B' or alternative pathways to ensure they were able to spend if these plans failed or their assumptions were wrong (i.e., the 'planning fallacy'). Local Trust will have to consider, plan for, and resource support right up to 2026 that will help, potentially many areas, spend all their money.

Local Trust is a place-based funder supporting communities to transform and improve their lives and the places where they live. We believe there is a need to put more power, resources and decision-making into the hands of local communities, to enable them to transform and improve their lives and the places in which they live.

We do this by trusting local people. Our aims are to demonstrate the value of long term, unconditional, resident-led funding through our work supporting local communities make their areas better places to live, and to draw on the learning from our work to promote a wider transformation in the way policy makers, funders and others engage with communities and place.

Local Trust

CAN Mezzanine | 7-14 Great Dover Street | London SE1 4YR
Registered in England and Wales Charity number 1147511
Company number 07833396

DOI: 10.6084/m9.figshare.29837444

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