

Pr*pel



Funding change and changing funding

What we've learnt from the
first two years of Propel

Executive Summary

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Executive Summary



Propel is an ambitious cross-sector collaboration, made up of funders, equity partners, and organisations led by and for London's communities. Together, we're focused on putting money and power in the hands of communities who are best placed to make change happen.



In Spring 2022 we announced a shared ambition to invest £100m over ten years to tackle structural inequalities in London. It is the first time cross sector partners have come together from the funding and equity sectors to create a long-term funding collaboration at this scale, and where historically underfunded groups are being prioritised. By putting equity & systemic change at its heart, the collaboration is redesigning how we think about creating change with and for communities.

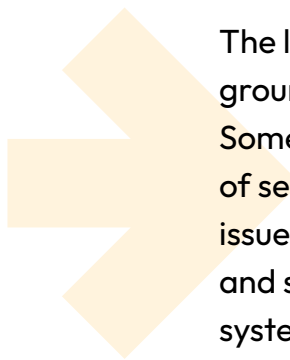
The scale of the ambition has meant a broad and wide collaboration – engaging funders from all sectors (public, corporate and independent), including Bloomberg, City Bridge Foundation, The John Laing Charitable Trust, John Lyon's Charity, The National Lottery Community Fund, the Mayor of London, Sadiq Khan, The Mercers' Company, Lloyds Bank Foundation and advice funders coordinated by the London Legal Support Trust. London Funders – the membership body for funders in the capital – is powering the collaboration, building on our experience of co-ordinating large scale funder collaborations during the pandemic.

Propel is supported by five equity partners who represent a diverse intersection of London's communities, to ensure the collaboration is embodying the shared principles at every step of the process. They act as a critical friend, bringing knowledge, guidance and challenge.

Almost £45m has already been invested in 131 organisations, with 79% of the grants going to organisations led by and for young people, women and girls, LGBT+ communities, Deaf and Disabled people, and communities experiencing racial inequity.

Almost two years since those first grants were made, we're bringing together the learning that has emerged so far from Propel's learning partner, Institute for Voluntary Action Research (IVAR), equity partners, funders and funded organisations. This learning is crucial in deepening our collective understanding of what it takes to both fund change and change funding as well as informing the next stage of the collaboration. We hope too that it will inform and inspire change in the funding sector more widely.

Funding change: what are organisations learning about the conditions needed to create change with and for their communities?



The learning shows that funded organisations are laying the groundwork or 'sowing the seeds' for systems change to happen. Some are in the earlier stages of stepping outside their usual work of service delivery to explore how they respond to the systemic issues impacting their communities; others are creating spaces and structures for bringing community voice to the centre of their systems change journey.

Funded organisations are engaging in partnerships, collaborations and networks that seek to build community-based relationships with partners. Many reported an improvement in the strength of these partnerships and that they're now considered a core part of the local community architecture.

Collaboration includes funders, too. Funded organisations see funders playing a pivotal role in their work towards systemic change beyond their financial contributions: there was a call for funders to use their own power, expertise and connections to achieve the ambitions they share with funded organisations.

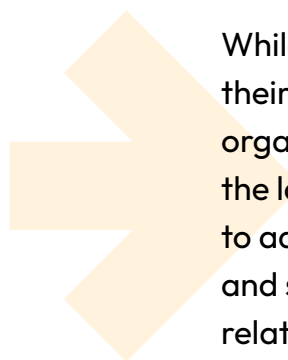
Many funded organisations emphasised the importance of working with and empowering those who have lived experience of the issue they're seeking address. They see this as a critical strategy in systems change work. As part of Propel, funded organisations have created safe spaces for people with lived experience of the system, and through capacity-building, organisations are empowering individuals and communities to advocate for themselves and the changes they want to see.

Advocacy, policy development and influencing are also a core part of many funded organisations' strategy to change systems. By tailoring their work to the needs of their communities, and directly challenging current policies (including immigration, housing, healthcare and education), funded organisations have used a range of approaches to advocate for alternative systems.

Working with Propel's equity partners, funders recognised that Propel should prioritise organisations led by and for their communities because they are uniquely placed to drive change – they are often set up to directly respond to the inequality and injustice their community experiences. Since the launch of the first grant programmes under Propel, our understanding of what constitutes a 'led by and for' organisations have evolved. For the long-term grant offer we are working with equity partners to refine our application and assessment processes so that we can more accurately capture which applicants are led by and for.



What challenges are organisations facing on their systems change journey?



While funded organisations are making significant progress on their journey to create change, barriers were felt across funded organisations for varying reasons. The unstable political climate over the last two years hasn't made it easier for funded organisations to advocate for change. Constant shifts in personnel, policy, and strategies across government have made it hard to form relationships and engage in ever-changing policy priorities.


Understandably, many funded organisations feel overwhelmed when trying to reach systems, or professionals inside systems (particularly healthcare and/or local authorities). Some reported instances of gatekeeping, and time wasted trying to find the appropriate people to speak to.

Some funded organisations reported that much of the work they're doing as part of Propel is new for them and takes time to get off the ground. This might include setting up new spaces, planning and building partnerships, or supporting staff to work in new ways. Building trusted partnerships can take time, so there can be a challenging period before seeing the impact of their work.

But perhaps the biggest barrier for funded organisations to create change is the headspace and time it takes to secure funding for their work. Funded organisations reported that this was compromising their capacity and inhibiting long-term planning.

Grants offered in the initial three years of Propel are a mix of one, two, and three-year grants, with organisations able to progress between them. Many funded organisations have already spent significant time and effort to create partnerships, build up their evidence base, and explore solutions to systemic issues. There is clearly a case for longer-term grants, and our intentions are set out in 'next steps'.

What are we learning about funding change and changing funding?



'Funding change' in the context of Propel is about 'funding organisations led by and for groups experiencing structural inequality to explore, develop and lead collaborative ways of tackling some of London's biggest challenges'. Funding change is in itself a step towards systems change within the funding sector: collaborating, trialling and testing new approaches to grant management and funding long term are all steps towards doing things differently.

The principles underpinning Propel seek to reflect these practices. These principles were co-designed with Propel partners at the outset of the collaboration. Two years into the collaboration, much has been learnt and, in some cases, already applied to funders' grant-making practices to reflect the ambition of funding change. Some of these lessons are summarised below with more details and context provided in the full report.



1 Systemic

Engaging with the whole system around an issue, tackling root causes not just symptoms, building a shared understanding of how systems can change

Propel has developed a broad understanding of systems change, recognising that what all of the various approaches have in common is the desire to tackle complex social issues and the root causes of inequalities and injustice.

Propel funders also recognise that organisations led by and for their communities are best placed to identify, test and adapt which approaches will be most effective in creating a more equal and just future for their communities.

It is challenging for funders to shift their own behaviours and resources to work alongside organisations in pursuit of systems change. However, through Propel we are learning how this can happen: for example the Advice Workforce Development Fund, a pooled fund held by the London Legal Support Trust within the Propel partnership, brings together funders and funded organisations together in an active and deep partnership to explore and design the implementation of the fund. Propel's learning partner, IVAR have found that using a pooled fund enabled collective decision making that some of the contributing funders would have struggled to replicate or resource if doing so alone.

2 **Bold**

Experimenting and taking risks together, influencing wider ways of working

Propel has seen grantees and funders work together to co-develop proposals which has been a significant culture shift for both funded organisations and funders. Through a series of conversations, funders were able to better understand organisations' work and ambitions. But more flexibility also means less structure, which some funded partners found challenging. This highlights the complexity of changing practice and the need to unlearn old habits.

3 **Flexible**

Recognising that the future is uncertain, that funders and grantees are on a learning journey together, trusting grantees to respond to changing challenges and opportunities.

Much of Propel's ambition to be "bold", is coupled the desire to be flexible, which can often be easier said than done. Currently, seven of the funders in Propel are aligned rather than pooled. This means that despite committing to shared principles and priorities, the funders are still working within their individual processes and procedures. It also means that the experience of decision timelines and reporting requirements can differ for funded organisations, depending on which funder support their work. This is something we're working to change over time, and which can be addressed through pooling rather than aligning funds.

4 Sharing power

Recognising that everyone has something to contribute (money, knowledge, networks and reach), investing in people's capacity to co-design, embedding participation in decision-making from the start, building trust and confidence

Propel recognises the need to address the imbalance in power between funders and organisations and amplify the voices of civil society. Whilst there's a great deal more to be done at funders' end, (with pooling funds being perhaps the most significant shift), the involvement of equity partners has helped funders better understand the needs of smaller, equity-led groups, leading some to rethink their approach to sharing power in decision-making processes.

Alongside equity partners, Propel funders are engaging regularly with funded organisations to understand what a long-term funding relationship with Propel should look like. Funded organisations shared their ideas about the key features of good systemic work, which have now formed the basis of the long-term grant eligibility criteria.

5 Equitable

Unlearning old ways of working, biases, and lenses on the world, ensuring that design, process and decision-making are inclusive and take account of the diversity of the sector and of communities

Propel's focus on equity has resonated strongly with funders, prioritising support for equity-led groups and embedding inclusion in grant-making processes. Most funders acknowledge they are still in the early stages of integrating equity into their models and need deeper internal learning about structural inequalities. There is also a need for greater clarity on what defines an equity-led organisation within Propel, and funders are working with equity partners to resolve these issues for long-term grants.

6 Non-partisan

Recognising both civic and democratic leadership, combining the convening power of politicians with wider participation and voice

Being a cross-sector collaboration sets Propel apart but presents unique challenges. Funders appreciate the opportunity to co-design processes and learn from each other's practices, contributing to more consistent approaches to grant-making. Cross-sector collaboration has enabled participants to build a better understanding of each other's restrictions and work together on shared challenges. Engaging public funders is something to be celebrated but comes with challenges, particularly around capacity to commit to long-term funding due to organisational constraints or reliance on political cycles.

7 Long-term

Investing beyond political and institutional cycles, providing stability for civil society partners and seeking to make transformational change

The importance of long-term funding to achieve systemic change is widely understood, and Propel funders share the ambition to secure more sustainable funding for funded organisations. Plans are now in motion, testing ideas around pooled funds and strategic collaboration beyond traditional three-year cycles.

Working long-term provides us with the opportunity to trial and test new ways of grant management and decision-making over ten years, allowing us to learn what works, and crucially, what doesn't. Pooling funds would optimise the opportunities to test these processes, as pooled funds can enable funders to take greater risks together than they would alone, and to act as each other's accelerators and brakes with some being more active than others at particular points.

8 Accountable

Jointly accountable to each other and to the communities we serve

Propel partners were aligned with the long-term aims from the beginning of the collaboration, adopting a principle-led funding approach to keep accountable and avoid old patterns. A shared Memorandum of Understanding sets out the relationship between partners and mutual commitments. The Propel principles ensure we push ourselves further by asking if our work is truly enabling change. We've seen the value of how these frameworks can be used to hold each other to account during the first two years of Propel.



Where next?



Propel partners are now working on a long-term offer of grants and non-financial support of up to seven years, enabling organisations who secure a grant to continue their work seamlessly from April 2026. However, making seven year grants will mean funding fewer organisations.



Long-term change work requires patient, open and trusting funding, achieved through relationships built on mutual understanding and respect. Propel funders have been working closely with funded organisations to consider what long-term grants should look like. Funded organisations have written the criteria for funding, and most recently, a group of funded organisations were paid to sense-check the process so far.

Building upon our learning of what is possible when funding in an aligned way, partners are exploring the possibilities of pooling funds which could further streamline the funding experience for funded organisations, embedding equity in decision-making and maximising the learning that is generated.

While challenging at times, this work is exciting – Propel is asking all of us to think outside the box, stretching our appetite for risk and doing things differently. What we're working towards is a significant shift in funder practice, from creating a single point of entry for funder applications to co-designing application processes and more. The decisions and processes underpinning Propel are rooted in the belief that to create change, **how** we fund is as important as **what** fund. It's about giving organisations – especially those led by and for communities experiencing injustice – the stability, trust and sustainability to create change. The learning captured in this report will inform the next steps of Propel, but we hope too, that it will inform and inspire change in the funding sector more widely.



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