

1. Introduction

This is the Esmée Fairbairn Foundation Funding Strategy for 2015 to 2019. We have developed it with Trustees, staff, stakeholders and grantees and informed it by external research and analysis. It sets out the following:

- Our understanding of the external environment in which we will be working and funding over the next five years.
- The long term goals that we have for our funding and the values that underpin them.
- An explanatory framework for our funding priorities and opportunities for positive change that we will prioritise in the next five years.
- Plans to monitor our impact and effectiveness so that we keep our funding relevant. This includes changes to the way we fund programmes and activities.

2. Context

The operating environment for foundations has changed dramatically in the last five years. We expect that the following factors will continue to influence our work for the life of this strategic plan.

CRISIS FUNDING

We expect the austerity drive to continue with statutory provision retrenching, inequality growing and the boundaries between the social, the public and private sector becoming increasingly permeable. We can see that philanthropic funding will not fill the emerging gap and so, whilst we are responsive to need, we recognise that this can no longer be our only driver. We must develop longer term strategies that do not draw us into short-term crisis provision.

UNCERTAINTY AND RISK

Statutory funding has moved from grants to large scale contracting for services and the adoption of Payment by Results. This transfers financial and social risk from government to service providers. It means that charities are operating more like businesses and adopting new forms of funding and social investment. There is now a fierce, competitive tendering environment dominated increasingly by large, private sector, prime contractors. The independence and purpose of the sector is under threat, politically and in the media. This means that the nature of our funding is now as important as what we fund. We will maintain our focus on core, flexible and long-term funding together with mission-driven social investment.

POLITICAL UNCERTAINTY

The political landscape across the UK is becoming more unpredictable and there is likely to be more national and regional devolution. Policy, service delivery and funding are also being devolved. Local authority funding already accounts for half of the sector's income. This brings opportunities for collaborative, multi-stakeholder ways of working. Organisations that are involved with changing systems will need to engage much more broadly and creatively. As a funder, we will need to develop skills to enable us to assess and manage risk and performance in this new and fragmented world.

INNOVATION AND CHANGE

All these pressures mean that progressive organisations and communities are looking at innovative and entrepreneurial solutions. Organisations are crying out for space, time and faith to re-design and innovate. We see strong, well-run organisations adopting new avenues for sustainability and impact. They are challenging old models, developing business skills and trading activities. They are forming new partnerships or consortia and considering social investment as part of their long term, strategic plans. They are also looking at efficiency by changing bank account or energy suppliers, bulk buying, using complementary technology/social media, seeking pro-bono support, and increasing volunteering opportunities. Communities are beginning to investigate local, independent solutions for themselves. Esmée's style of funding and our appetite to back new ideas or risky areas is more valuable than ever.

3. Esmée's aims

Esmée does not fund according to programmes or prescriptive criteria. We are driven by our aims. Each is effective individually. Together, over time, they can combine to build powerful impact. This is our theory of change.

REVEAL THE UNSEEN AND CHAMPION THE UNPOPULAR

We support people to address difficult issues which are not well known or understood. Where a combination of complex problems, silence or social pressure might lead to prejudice and stigma. Or where the importance of the work might be overlooked because it is niche, specialised or technical.

STRENGTHEN AND CONNECT COMMUNITIES FOR CHANGE

We believe that communities working together with partner organisations or social movements can make more of a difference to people's lives. We support creative or unexpected approaches to community action, and work that makes the sharing and exchange of ideas, methods or data easier. We aim to strengthen the capacity of our funding sectors, as well as wider civil society.

CATALYSE SYSTEM CHANGE

We support work that sets out to change the systems which prevent individuals, families and communities from living a fulfilling life, or threaten to damage the natural environment. We back organisations that have the vision and the know-how to improve lives in the UK on a broad scale, benefiting current and future generations.

UNLOCK AND ENABLE POTENTIAL

We back exceptional people with inspiring, practical ideas and organisations that have developed new approaches. By core funding organisations we aim to provide the space for experimentation, learning and refinement so that the sector and the people it serves discover, in turn, how best to fulfil their potential.

4. Funding priorities

Arts

Cultural expression is essential in a strong, healthy society. We recognise the power of culture to give opportunity and visibility to people who may otherwise be marginalised. We want to support the artistic and financial sustainability of the sector and make sure that the widest range of people can participate. We are prepared to support core costs, periods of transition and risk-taking.

FUNDING PRIORITIES

- *Organisations at a pivotal point - organisationally or artistically*

We fund successful, stable organisations trying out new business models or new artistic programmes. We are interested in organisations that are undertaking a process of change that will move them towards financial sustainability and resilience. We are also interested in how the learning from this process might encourage the broader sector to adopt new models. We expect an organisation approaching us for funding under this priority (whether for restricted or unrestricted core funding) to be able to provide a clear exit from our grant, showing how these costs can be funded after our grant ends. Ideally, the organisations we fund will be working with other organisations to develop new innovative collaborations, partnerships and local and regional networks.

- *Development of emerging talent*

We fund established arts organisations to nurture the next generation of artists. We expect open and accessible recruitment process and an awareness of potential barriers, for example for artists with a disability. These programmes will genuine support and contact and offer progression routes or good signposting opportunities after they have ended. There should be a link between the emerging artists and the organisation's main artistic programme. This funding will support professional artists' schemes and is not intended to support artistic training programmes.

- *Art as an instrument for social change, community cohesion or participation*

We fund programmes that use the arts to address social change. They should offer artistic excellence and social impact. We are looking for programmes that address difficult issues and/or increase the participation, involvement and engagement of harder to reach groups. We are particularly interested in projects that link arts and social change organisations and offer opportunities for further development.

OUTCOMES

If our funding is effective, we hope to see:

- Organisations and artists testing out new practice without compromising their financial situation and/or artistic reputation.
- A better long-term artistic future for the organisation or individual, with a wider funding/earned income base and an enhanced profile, skills and network.
- A better experience for audiences and participants as a result of the organisation's new model/practice.
- Genuine, long term social change, with future pathways/sign-posting for participants.
- Opportunities for engagement to continue and the breaking down of barriers through the participants' involvement with the arts organisation.

Children and young people

We support the social, emotional and learning needs of young people aged 0-25 at greater risk of being left behind educationally. We fund work that challenges the public policies and practices that reinforce educational inequality. We are interested in early intervention and long-term support. We welcome unorthodox approaches, work that looks at the whole picture and does not 'treat' its users in isolation. We are particularly interested in organisations that make positive changes to the system in addition to alleviating the symptoms within it. For this reason we do not fund routine delivery in schools but rather prioritise work that interconnects school, home and the community and challenges inequality in the system. Where we see a particular gap we may partner with a specialist funder or solicit a cluster of applications.

FUNDING PRIORITIES

- *Social and emotional development of disadvantaged children and young people*

We are interested in the social and emotional development of disadvantaged children and young people as well as their learning. We are particularly interested in work that addresses this development in the earliest years, and also in work that helps young people make successful transitions throughout their childhood and into adulthood. We also support work that offers opportunities to those who did not get the most out of the education system (such as care leavers and pupils with special educational needs).

- *The rights of vulnerable children and young people*

We aim to protect the rights of vulnerable children and young people and provide investment to tackle persistent inequalities that are difficult for others to support. We are interested in ambitious, expansive and innovative programmes of work that level the playing field for disadvantaged children and tackle inequalities in the system.

- *Addressing the root causes of low educational attainment and challenging behaviour*

We are interested in early intervention and in ambitious schemes that identify and address the underlying issues in children and young people's lives which prevent them from achieving their full potential. We are looking for holistic approaches and long term impact (e.g. not just getting young talented people into university but also equipping them with the tools to thrive once there).

- *Civic and political participation for young people under-represented in decision-making*

We are interested in organisations that can nurture and provide progression routes for young people who are under-represented in decision-making. We support organisations able to help create young leaders and empower them to influence change. We are looking for work that inspires leadership, enables social mobility and social action and encourages enterprise.

OUTCOMES

The outcomes that we hope to enable and the lasting impact we intend are:

1. Previously unmet needs are identified and supported. This could include supporting those children and young people not yet identified in policy or services, such as gang-affected-girls.
2. A lasting impact beyond the lifespan of the programme.
3. Campaign work that 'speaks truth to power', advances the rights of the powerless and changes policy, including at a local level.
4. More young people taking up leadership roles and becoming involved in civic engagement.

Environment

We are a key funder in this area and we will work to increase our visibility, effectiveness and reach. We aim to address environmental degradation and biodiversity loss, and challenge environmental inequality in people's lives. We fund organisations that see people and communities as an asset to support the sector's sustainability and take positive and practical action to address environmental challenges.

FUNDING PRIORITIES

- *Connecting people with nature*

We fund organisations that know their communities well and encourage them to engage with nature, enjoy it and take action to protect it. They can sustain this and, where appropriate, develop it into more meaningful engagement to improve the environment. We are particularly interested in projects that prioritise groups that may be disconnected from nature, for example in urban areas.

- *Large-scale conservation of natural environments on land and at sea*

We favour conservation work on land delivered at a larger scale rather than confined to specific locations or species (i.e. conservation along 'linear pathways' such as hedgerows, cycle routes and canal towpaths to emphasise the interdependence of the natural world). This approach is ambitious, involves expansive thinking and planning, and relies on collaboration, for example between landholders, communities and statutory bodies.

We want to build resilience to the multiple threats faced by our seas through raising awareness and adapting practice to strengthen the health of sea life in the UK's coastal waters. We aim to protect and encourage a better appreciation of its natural heritage. This is linked to the economic viability and cohesion of coastal communities that depend on the sea for their future prosperity and, in turn, relates to their culture, heritage and sense of place.

- *Countering the effects of damaging human activities*

Poor quality environments have an unequal impact on communities (e.g. people without access to parks and open spaces are more vulnerable to the effects of pollution). We are therefore interested in work that exposes and challenges harmful practices at all levels - in local communities as well as UK-wide. We also support work that mitigates the effects of climate change through community based projects, especially those that can demonstrate both social and economic value (e.g. renewable energy to reduce fuel poverty).

- *Lesser known plants, animals and organisms*

We recognise the vital value of plants, animals and organisms in sustaining and improving life. Many are little acknowledged and so we support work that increases understanding of their value in underpinning life and important systems. We want to highlight the value of aspects such as soil health and uncharismatic plants in enhancing the natural environment and our quality of life. We are one of the few who fund in this area.

OUTCOMES

If our funding is effective, we hope to see:

- Greater and long term individual and community involvement, ownership and stewardship.
- Change in culture and systems through engagement with statutory, policy and regulatory decision-makers, as well as change in broader attitudes and behaviours.
- Work that appeals beyond 'green' audiences and provides practical solutions.
- Outcomes that are not exclusively environmental.

Social Change

We fund work that contributes to a just and inclusive society at every level (individual, community and system). We believe that the best solutions are owned by and built for communities, so we fund them to thrive and deliver long term impact, whether by place or particular theme. We support work that removes barriers preventing marginalised and isolated people from participating and making a valuable contribution to society. Our funding also aims to protect and promote the rights of those who suffer the effects of systemic, cultural, and institutional injustice.

FUNDING PRIORITIES

- *Participation – marginalised and excluded individuals and groups*

We believe that there are many people, including the increasing ageing population, with valuable contributions to make to their communities, workplaces and wider society. Often outside factors prevent them doing so - poor institutional practice, a lack of connections, taboos, isolation, prejudice or discrimination. We work with organisations that are led by these communities, overcoming the barriers to participation.

- *Place – revitalising community life*

We fund independent organisations rooted in their community. They are best placed to identify and channel the potential of an area. They can exploit opportunities for coordinated community action and make the best of their connections with other agencies. These organisations are based in economically marginalised, isolated communities and/or work with a particular group of excluded or vulnerable people. They are the driving force or 'anchor' for that community, providing stability, identity and the potential for renewal. They create the conditions where people themselves generate ideas and activities. With their communities, they encourage active citizenship, ownership and participation to remove barriers to social exclusion and poverty. In particular, we look at less predictable and practical ways of anchoring communities such as village shops, arts, food, community transport and energy.

- *Injustice – systemic change around injustice and inequality*

We aim to raise awareness of issues or uncomfortable viewpoints about unfairness for particular sectors of society. These issues are often complex, divisive, entrenched, unpopular and uncomfortable. They can be characterised by silence, social pressure and a lack of understanding. We support organisations that protect the rights of people who are more vulnerable to popular prejudice, harmful action or inaction by public authorities. They will routinely identify principles and practical measures that will guide and result in reform.

We look for work that strengthens democratic, representative and transparent institutions. We support programmes led by expert, tenacious and fearless people who can articulate what is needed. We are looking for a commitment to evidence and rational debate with realistic outcomes that are likely to make change a possibility.

OUTCOMES

If our funding is effective, we hope to see:

- Ownership and voice for those who are not heard in the process of change.
- Greater understanding and momentum around an issue or a constituency group.
- Greater opportunities and potential for those in the most neglected communities.
- Change in culture and systems through engagement with decision makers, as well as change in broader attitudes and behaviours.
- Ambitious, long term plans, underpinned by practical improvements and steps towards reform or renewal.

Food

We aim to support work that produces higher quality food in ways that are better for people, the environment and livestock. We support initiatives that raise awareness and promote and demonstrate reduced usage of harmful pesticides, herbicides, antibiotics and fossil fuels. We want to stimulate community involvement in food production and support the development of a more positive policy position. We also encourage organisations from across the spectrum of food interests to work more closely together to address system-wide issues.

FUNDING PRIORITIES

- *Local innovation in alternative approaches*

We back inventive local projects that demonstrate alternative approaches to mainstream corporate food production and consumption. These exemplify viable food production methods that do less harm to the natural environment than conventional food production practices, while enhancing the lives of people and livestock. They will involve local communities and are also widely replicable if successful. They can articulate how they might help to influence policy and practice.

- *Food and wellbeing*

We will fund exemplary and high impact work that improves people's understanding of the role of food in their lives and the impact it can have on personal and community wellbeing. In particular, we want to see the opportunity for change in public preferences, attitudes and behaviours. This can be simple but should be on a scale that influences and drives how food is produced, transported, marketed and consumed and can influence significant numbers of people. We are looking for approaches that are engaging, participatory and educational without preaching to people.

- *Working towards a more coherent food sector*

We aim to foster closer links between those who can influence changes in food production, distribution and consumption, such as third sector community food groups and retailers. This will include work that links advocates of change in the food system with academics and sources of research and evidence. We also support work that aims to persuade mainstream food businesses of all sizes to engage with the food sustainability agenda and to seek sustainable sources of supply.

Finally, we back organisations that have the capacity and skills to engage policy makers at national regional and local level. We are looking for organisations with a track record of gathering and presenting persuasive, evidence-based arguments.

OUTCOMES

If our funding is effective, we hope to see:

- High quality, innovative local food projects, particularly those that can become financially sustainable and are replicable.
- Closer links between NGOs, community groups, producers, retailers and industry in order to create a more coherent food sector.
- A demonstrable improvement in people's understanding of the place that food plays in our lives and that delivers behaviour changes.
- Greater demand for food that is produced more sustainably and approaches with the capacity to influence a large number of consumers.
- A prioritisation of sustainable food production and consumption in local and national policy, practice and decision-making.

5. Single funding platform

We will introduce a single funding platform - a 'tools in a toolbox' approach – so that any applicant approaching Esmée can be offered the right package of grant-making, social investment and capacity support. This will be supported by the introduction of a single approvals structure across all grant-making and social investment by 2016.

6. Impact and effectiveness

We are developing an impact and effectiveness framework. This will be proportional and light touch so that it recognises some of the complexities and ambiguities of our work as well as the realities faced by those that we fund. The emphasis will be on how to use evidence to help us to learn and organisations to grow, strengthen and be more effective. The framework will be made up of the following building blocks:

DATA

We are creating a data strategy to ensure that we are collecting the right information. We will map all of our funding across the following:

- *Grantee outcomes:* Since January 2013, grantees have been asked to identify three outcomes associated with the funding they receive from Esmée. We will add to this by agreeing indicators associated with progress against each grantee outcome from January 2015.
- *Esmée outcomes/exit:* We will map our grants and social investments against our funding priorities. This will help us monitor and learn from our funding over time. It will allow us to spot and understand emerging trends in the underlying sector and will also help guide our decisions around exit.
- We will also track the people and communities we expect to benefit from these outcomes as well as evidence of any systemic changes. We do not attribute these to our funding but will use them as indicators of effectiveness.

REPORTING

We will implement a reporting mechanism to provide the following:

1. Internal Dashboard for monitoring and decision making.
2. Evaluation framework for our funding that looks at progress against expectations, exit outcomes, key learning and opportunities for future funding areas.
3. Annual strategic reviews involving staff, trustees and external expertise where required.
4. Opportunities to communicate and celebrate the success of those we fund and to share evaluation and learning with other Foundations and the broader sector.