

Delivering lasting impact: over a decade of investment in local charities

Lloyds Bank Foundation for
England and Wales (2014–2025)

An independent report, commissioned by Lloyds Bank Foundation for
England and Wales and conducted by Charizone



Published January 2026



Lloyds recognise that the small charities who make a big impact really struggle to make their mark against the big fish.

We don't have access to the money, we can't generate an income, but that doesn't mean we don't make a difference to the people we serve. And I think Lloyds recognise that.

I view them as a standalone kind of organisation that offers that bit extra, which indirectly supports the community they serve.”

STAMP Revisited, deaf and disabled people's charity, North-East England

About the authors

Charizone

Charizone is a UK-based data and technology platform that helps funders, donors and charities make confident, evidence-based decisions. Its mission is to bring greater clarity and transparency to the charity sector, building trust and amplifying impact.

Through Atlas, its data platform, and tailored research, Charizone transforms complex information into actionable insight that supports strategic planning and continual learning.

The Charizone team combines expertise in data analysis, research and evaluation with a shared belief that better insight leads to better outcomes.

Acknowledgements

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Charizone



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Sarah is the founder and CEO of Charizone with over 20 years of experience in charity and ESG data and financial analysis. She leads the organisation's mission and vision, working closely with funders and charities to strengthen the sector and create lasting change.



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£157,156,500

Total amount awarded

2,969

Total grants awarded

1,804

Total charity partners

1,063

Charity partners that received development support

£50,000

Median grant amount

Funding and support provided by Lloyds Bank Foundation between 2014 and 2025

Grant data used for this report

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Executive summary

Lloyds Bank Foundation for England and Wales' investment and support have helped local charities **grow faster, build long-term resilience and deepen their impact on the communities they serve.**

Context

Between **2014** and **2025**, Lloyds Bank Foundation for England and Wales (the Foundation) invested **£157 million** in nearly **3,000 grants** to around **1,800 charities**. Alongside every grant, the Foundation made **development support** available to help charities strengthen their organisations. This evaluation, delivered by **Charizone**, shows that this combined approach helps local charities **grow and thrive long after their grant has ended**.

Key findings

Funding doubles charities' growth rate. Overall, charities funded by the Foundation grew at an average rate of **7.0% each year**, compared with **2.9%** for similar charities that were not funded. Multi-year grants gave them the stability and confidence to plan ahead and build for the future.

Development support drives even higher growth. A major part of the Foundation's approach is the organisational development support offered to almost all the charities it partners with. Designed to help charities build resilience and sustainability, this support covers areas including fundraising, governance, strategy, leadership, digital development and operational improvement. And the results show it works.

Charities that received both funding and development support achieved **on average an annual growth rate of 8.6%**, outperforming the funded-only charities (**4.6%**) and the matched comparison group (**4.7%**). This is the strongest statistical evidence to date of the added value of funder-led organisational development support.

Development support also includes **skills-based volunteering** through **Lloyds Banking Group**, where employees share their expertise through mentoring, skills exchanges and trustee matches. Charities participating in these initiatives grew by **10.6%**, which is 3.3 percentage points higher than their matched comparison group (**7.3%**). The **Skills Exchange** programme demonstrated the strongest results, with participating charities achieving **11.0% growth** which is 4.1 percentage points higher than their comparison group (**6.9%**).

Development support also builds long-term resilience.

Development support helped charities adapt, respond effectively and continue operating through challenging circumstances. Charities that received this support were **more likely to survive** and keep delivering their services, with 97.8% of funded charities still active, compared with 96.4% for the matched comparison group. Those that received funding only were less resilient, with survival rates 4.8 percentage points lower, showing that development support strengthens a charity's ability to endure and adapt.

Flexible funding and tailored development support work best.

Growth and resilience are dependent on factors such as strong leadership, solid infrastructure and the ability to respond to change. As such, a flexible and tailored approach to funding and development

support, built on strong relationships between funders and charity partners, is essential to meet the unique needs and potential of each charity.

Supporting job creation and retention. The Foundation's support was associated with a total of at least **2,550 employees** across funded charities. This represents **1,680** more employees than the matched comparison group. Increased capacity enhances charities' ability to deliver services and reach more people.

The Foundation's funding also helped build financial health and credibility. Funded charities increased their **income from government sources by 3.0 percentage points** and improved **liquidity from 7.0% to 8.7%**, while the matched comparison group remained stable. The Foundation's backing also gave other funders confidence in the charities, helping them to diversify their income.

Trusted partnerships multiply impact. Charity leaders consistently praised the Foundation's trust-based approach and tailored support, crediting it with sparking cultural and strategic change and unlocking further funding and partnerships.

Why this matters

These findings have direct implications for how funders design effective, responsible long-term funding. This evaluation provides robust evidence of what **effective funding** looks like. By combining quantitative analysis with the experiences of charities themselves, it shows how the Foundation's long-term financial investment and support create lasting value for local charities.

When charities are strong and resilient, they can reach more people, respond to local needs and create lasting change. The Foundation's approach shows how funders can help build the capacity and confidence of the organisations that hold communities together.

Recommendation

- **Adapt to context.** Recognise that impact is shaped by organisational and environmental factors; maintain a flexible, responsive approach.
- **Strengthen data use.** Build on this evaluation by refining data collection and embedding evidence into decision-making.
- **Lead sector learning.** Share findings openly to inspire other funders, influence policy and raise the bar for transparent, evidence-based evaluation.

Conclusion

The evidence is clear: **the Foundation's approach delivers growth, resilience and impact that lasts well beyond the life of a single grant.** By combining funding with practical, trust-based support, the Foundation helps local charities build strength, stability and confidence that lasts well beyond a single grant.

Headline results

The evidence is clear. Lloyds Bank Foundation for England and Wales' approach delivers **growth, resilience and impact** well beyond the life of a single grant.



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Funding doubles growth in charities

On average, charities that received funding from the Foundation achieved annual growth of **7.0%**, more than double the **2.9%** growth of the matched comparison group.



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Development support drives even higher growth

On average, charities that received both funding **and** tailored development support achieved annual growth of **8.6%**, outperforming funded-only charities (**4.6%**) and the matched comparison group (**4.7%**). Development support also includes skills-based volunteering programmes through Lloyds Banking Group. Charities that participated in these programmes grew even faster, by **10.6%**, compared with **7.3%** for the comparison group.



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Development support also builds long-term resilience

Charities that received this support were more likely to survive and keep delivering their services, with **97.8%** of charity partners still active, compared with **96.4%** for the matched comparison group. Funded-only charities showed lower resilience, with survival rates **4.8 percentage points** lower, reinforcing the added value of development support.



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A flexible, tailored approach to funding and development support works best

No single grant type or organisational trait consistently predicted growth. Instead, performance depended on leadership, ambition, strong systems and the ability to adapt to change, reinforcing the value of tailored, flexible development support from the Foundation.



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Growth builds capacity, credibility and creates jobs

The Foundation's funding and development support helped charity partners expand their capacity and strengthen their delivery. It created and sustained at least **2,550** employees, which is **1,680** more employees than in the matched sample, enabling charities to deliver vital services and reach more people in their communities.



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Trusted partnerships multiply impact

Charity leaders consistently praised the Foundation's trust-based approach and tailored support, describing it as a catalyst for strategic and cultural change, increased confidence and new funding partnerships.

Investing in communities

Lloyds Bank Foundation has a long-term commitment to working alongside local charities in England and Wales to **strengthen organisations, build resilience, and support lasting change in the communities they serve.**

Background

Our communities are full of hopeful, determined people working to make life better for their neighbours. Many do so by founding, working for or volunteering with local charities that respond to challenges of every kind, from global pandemics to everyday inequalities that affect people's lives.

For 40 years, Lloyds Bank Foundation for England and Wales (the Foundation) has stood alongside these local, community-led charities, investing in their work to help them grow stronger, adapt to change and make a lasting difference in their communities.

Founded by **Lloyds Banking Group**, the Foundation is more than a grant-maker. It aims to connect people, build confidence and catalyse community-led change, whether through place-based systems change or by offering holistic tailored development support alongside its grants. It helps charities access the tools, data and expertise they need to thrive, plan for the future and strengthen their leadership.

To mark its **40th anniversary**, the Foundation **set out to understand the difference its investment in local charities** has made during its fourth decade (**2014–2025**), which is the focus of this report. Over this period, it has provided around £157 million in funding through approximately 3,000 grants to more than 1,800 charities, alongside tailored organisational development support.

The local charity landscape

To fully understand the Foundation's impact, it is important first to describe the charities it supports, the people and communities they serve and the context in which they operate.

Research commissioned by the Foundation (2018)^[1] shows that local charities play an essential role in their communities. Their impact comes from deep local knowledge, trusted relationships and a person-centred approach that allows them to respond quickly to changing needs. Working at a community level, they often fill gaps left by public services, creating safe and inclusive spaces where individuals feel respected and supported.

Through long-term engagement with their communities, these charities build trust and connection, helping people who are often marginalised to gain confidence, improve wellbeing and achieve greater stability in areas such as housing and employment. Their flatter hierarchies and strong local networks make them agile and collaborative, often **acting as the connective tissue within fragmented systems.**

Their value lies not only in what they achieve but in how they work: providing holistic support, mobilising volunteers and creating community-led solutions that make a lasting difference.

Navigating challenges, sustaining impact

Local charities operate in a challenging environment that constantly tests their ability to stay sustainable and serve communities effectively.

Funding remains the greatest pressure. Research led by Lloyds Banking Group (2025)^[2] found that 58% of small charities in the financial resilience sector identify lack of funding as a key barrier to providing support, alongside declines in personal donations (37%) and statutory grants (29%).

Structural barriers further limit access to resources. Earlier research by the Foundation (2016)^[3] highlighted that smaller charities face complex government procurement processes that favour larger providers. Recent NCVO research (2025)^[4] found that many feel excluded from funding decisions and unable to influence priorities. Trends in public giving, reported in the CAF UK Giving Report (2025)^[5], reinforce this imbalance, as donors seem to increasingly favour larger national charities.

Rising operational costs have intensified the pressure, including wages, energy bills, rents and National Insurance. Civil Society research (2025)^[6] shows the gap between income and expenditure is now at its tightest point in five years. At the same time, the cost of living crisis and the lasting effects of COVID-19 have also **increased demand for services provided by charities.** Charity Commission research (2025)^[7] found a sharp increase in the proportion of people seeking support from charities. Because they are so connected to their communities, local charities can become overstretched as they try to meet growing needs with limited resources.

Capacity constraints also persist, with small staff teams and declining volunteer numbers as reported by the UK Civil Society Almanac (2024)^[8]. Sustaining and scaling impact requires access to specialist skills in areas such as legal compliance, fundraising, digital infrastructure, marketing, partnership development, financial management and recruitment. Many charity leaders have limited time and funding to develop these capabilities and often rely on volunteers rather than paid specialists. Recent NCVO research (2025)^[4] also shows that, although a wide range of support is available, local charities frequently struggle to navigate it or know where to start.

Despite these challenges, local charities remain resilient, powered by the passion and commitment of their people. Yet the ongoing strains **take a toll on charity leaders:** Pro Bono Economics (2025)^[9] reports rising burnout, sickness absence and early retirement among charity leaders.

The Foundation's support model

The Foundation addresses challenges faced by local charities through a support model intended to strengthen organisational capacity and enable them to thrive.

During the period covered by this analysis, the Foundation supported registered charities, charitable incorporated organisations (CIOs), and community interest companies (CICs) with annual incomes typically between £25,000 and £500,000 (previously up to £1 million before 2022). Charity partners were each assigned a dedicated **Regional Manager (RM)**, who provided ongoing support and acted as a link to the Foundation's wider support offer. Regional Managers worked with partners to identify priorities, set development objectives, and adapt to changing circumstances, ensuring that the relationship remained **flexible and responsive**.

Alongside funding, the Foundation offers **free organisational development support** to almost every charity it funds, if they choose to use it. This support is tailored to each organisation's needs, from strengthening leadership and governance to improving digital systems, fundraising and income generation.

Together, this blend of funding, dedicated relationships and tailored development support helps local charities build resilience, strengthen leadership and deliver lasting impact within their communities.

Building a Better Future Strategy (2022-2026)

After reviewing its previous *Reaching Further Strategy (2018-2022)*^[10], the Foundation reflected on what worked and what needed to change through a 2022 study, *Lessons for Funder Practice*^[11]. The study concluded that effective support requires **partnership, advocacy and systemic change** to address the root causes of the challenges local charities face. Building on these insights, the *Building a Better Future Strategy (2022-2026)*^[12] also places **equity, diversity and inclusion** at its core, with the goal of partnering with "local charities, people and communities working towards a more just and compassionate society".

Key elements of the strategy include:

1. Enhanced funding approach
 - Larger, longer-term, unrestricted funding, providing £75,000 over three years with flexibility for charities to use funds as they see best
 - Continuous application process, eliminating competitive rounds in favour of ongoing applications
2. Expanded development support
 - Tailored consultant support from over 150 experienced providers
 - Peer networking and learning opportunities
 - Skills-based volunteering from Lloyds Banking Group colleagues
 - Leadership development programmes
3. Greater research and influence
 - Strengthening its research and policy influence work, including policy advocacy focusing on accommodation, welfare systems and refugee support

Ultimately, the Foundation aims to contribute to the growth, resilience and survival of the local charities it supports, and in turn, create positive impact within their communities. This is achieved not only through financial investment but also by building essential capacities and capabilities.

Evaluating impact

Understanding the difference the Foundation's funding and support make is central to its work. Evaluation is not just about measuring outcomes; it is about learning what works, directing resources where they make the greatest difference and strengthening relationships with partner charities. Through evidence-based evaluation, the Foundation aims to ensure that learning is grounded in data rather than assumptions. This commitment to learning helps the Foundation explore where its support has the greatest effect, how it can be refined, how impact can be demonstrated and how evidence can inform wider strategy and policy across the sector.

Charizone was invited to carry out this independent evaluation. As a trusted data partner to the Foundation, we bring extensive knowledge of charity data, evaluation methods and sector context. **Our bespoke approach** combines quantitative analysis, matching charity partners with similar charities to assess what difference support makes, with qualitative insights from charity leaders to add depth and nuance to the findings. While every method has its limits, we have addressed these through careful checks and transparent reporting. **Independence and transparency** are central to our work: we are committed to providing evidence that is **robust, credible and useful**, not only for the Foundation but also for the wider sector. More information about the methods used in this research study is found on [page 27](#).

Together, this research reflects a shared commitment: to raise the bar for funder evaluation, to learn openly and to use evidence as a driver of change. By combining data with qualitative insights, we can move beyond counting outputs to understanding impact in a deeper, more meaningful way; helping charities sustain their work, funders to make more confident decisions and communities to thrive.



I just couldn't believe it when we were awarded. That was massive for us. But, even after being awarded and attending that first meeting, I just felt something different, even compared to some of the other excellent funders that fund us. Lloyds want to help, to be scrutinised, to have organisations asking questions. They really want to work with us on our journey."

Severn Angels Housing and Support, homelessness charity, West Midlands

Evaluating funders' impact

By asking 'what would have happened without the funding and development support', funders can **build strong evidence and insights to understand their impact** and ensure every investment helps charities create lasting change.

Evidence-based evaluation

Independent funders play a vital role in sustaining the health and resilience of the charity sector. To maximise their contribution, it is essential to understand what difference their support makes and how it can be most effective. Applying the same level of analytical rigour used in other fields enables funders to allocate resources strategically, strengthen partnerships with charities and achieve deeper and more lasting impact for communities. Evidence-based evaluation also builds trust and transparency, ensuring that decisions are guided by robust data and analysis rather than assumptions.

Across the sector, **there is growing momentum for evidence-based evaluation**. Funders are increasingly adopting comparative methods, similar to those used in other disciplines, which measure impact by comparing supported charities with comparable groups that did not receive support. Examples include control groups in public health, value-added analysis in education, counterfactual evaluation in economic policy and benchmarking in capital investment. Although relatively new within the charity sector, these approaches provide a strong framework for assessing a funder's impact and improving future support.

Initiatives such as The Fore's evaluation reports produced over recent years (2019, 2022, 2024) demonstrate how comparative analysis can be applied across a funder's own portfolio to assess the difference its support makes. By asking the simple but powerful question, "What would have happened without this support?", they demonstrated a practical way to understand funder impact and support sector learning. Their 2019 landmark report, *Substantiating The Fore's Approach*^[13], helped inspire this evaluation by the Foundation.

Using a mixed-methods approach

This evaluation takes a similar approach. Using **quantitative analysis**, the study compares income growth of charities that received Foundation grants with similar charities that did not. Matches were identified through a bespoke algorithm using factors such as size and area of work. This comparative method provides a clear basis for assessing the additional impact of the Foundation's funding and development support.

For this analysis, **average growth in total income over time** was chosen as a key indicator because it is measurable, consistent and publicly available across the sector. Growth is measured using the compound annual growth rate (CAGR), calculated at the individual

charity level and aggregated at group level using the median of charities' CAGRs. In this context, 'average' refers to the median value. While income growth is not the Foundation's sole objective, it provides a useful proxy for a charity's capacity to deliver its mission. It reflects a charity's ability to sustain services, employ staff, support volunteers and plan for the future to meet the needs of the communities it serves.

However, numbers alone cannot tell the full story. Quantitative analysis highlights trends but not the human experiences behind them. To add depth and context, this evaluation also draws on **qualitative insights** from charity leaders whose organisations received funding from the Foundation. These insights explore how funding and development support can influence confidence, leadership and organisational culture. Such factors are harder to measure but are essential for lasting resilience and effectiveness.

As with all evaluations, **there are limitations**. Finding truly comparable charities is not always straightforward. For some charity partners there may be no obvious match, and in certain areas the Foundation supports such a large proportion of charities that there are few unfunded peers for comparison. Data gaps also exist. Some years of information are missing and records of closed charities can be misleading; a charity may appear to have shut down when in fact it has simply re-registered under a new charity registration number. These issues have been mitigated through data cleaning and careful checking, and we have been transparent about how they may affect the analysis.

Nevertheless, this mixed-methods approach, combining quantitative and qualitative analysis, provides the Foundation with clear evidence to guide strategy and strengthen its role as a funder of local charities. By maintaining rigorous evaluation standards and adapting to what the findings reveal, the Foundation builds trust with the charities it supports and remains a responsive partner helping them grow stronger and thrive.

Using evidence to improve impact

This evaluation also reflects a broader shift in the funding landscape towards using evidence and learning to improve impact. By examining its own contribution, the Foundation helps shape understanding of what effective funding looks like in practice and supports continual improvement across the wider funding community. Continued sharing of insight will help build a more collaborative, transparent and responsive environment that enables charities to deliver lasting benefits for their communities.

Glossary

Charity Partners

Charities that have received funding and, in many cases, development support from The Foundation. They are the focus of this analysis, with their income growth and other metrics compared to those of a matched comparison group.

Compound Annual Growth Rate (CAGR)

The average yearly rate of income growth over a period, accounting for compounding. It provides a single, comparable measure across charities and time spans, offering a clearer picture of long-term growth than a simple average. CAGR is calculated only for charities with at least three years of available data. We use median income levels to reduce the influence of outliers and reflect typical charity performance.

Comparative Method (or Analysis)

A research approach that compares charities receiving funding with a matched comparison group that do not, to show actual outcomes and the counterfactual: what might have happened without the grant.

Comparative Subgroup Method (or Analysis)

Similar to the comparative method, this approach compares charities within defined subgroups (eg. type of support, size, location) to show actual outcomes and the counterfactual—what might have happened without the grant.

Financial Sustainability

The ability of a charity to maintain the resources needed to deliver its charitable objectives over the long term. In this analysis, income growth is used as a proxy for financial sustainability.

Growth Rate

Throughout this report, the “growth rate” refers to the annual change in income levels for a group of charities. It is calculated using the individual compound annual growth rates (CAGR) of each charity within the group. Only charities with sufficient financial data are included. As charities enter programmes at different times, individual CAGRs may be calculated over different time horizons. The group growth rate is based on the median of individual charities’ CAGRs.

Income

The total funds a charity receives in a year. It is a reliable, measurable and publicly available metric across charities, but it does not directly indicate impact or financial health.

Matched Comparison Group

A set of charities that have not received funding from the Foundation, selected for their similarity to charity partners in characteristics such as size, age and location. It provides a basis for comparing income growth and other metrics on a like-for-like basis (see methodology on page 27 for details).

Relative Growth

The difference between a charity partner’s CAGR and that of a matched comparison group over the same period. It indicates a charity’s income growth relative to that of similar charities.

Resilience

An organisation’s capacity to adapt and respond to unexpected challenges or changes. In this analysis, it is reflected through leadership, governance and the ability to manage difficulties effectively.

Statistical Significance

The likelihood that an observed result is not due to chance. For example, in this analysis, statistical significance indicates that differences in income growth between groups are unlikely to have occurred randomly and therefore reflect a meaningful pattern. Statistical significance is assessed at the 5% level ($p < 0.05$), meaning there is less than a 1 in 20 probability that differences in income growth between groups occurred randomly.

The Foundation’s Support Levels

Funding Support

Grants provided by the Foundation to selected charity partners. Almost all charities that receive funding are offered development support, though they may choose not to take it up.

Development Support

Development Support refers to the non-financial support the Foundation provides alongside its grants. It is designed to strengthen the capacity, resilience and long-term sustainability of charity partners. Development support is delivered through a combination of Regional Managers, approved development partners, Lloyds Banking Group volunteers and sector networks; ensuring that each charity receives help tailored to its needs. Support can include: consultancy on governance, fundraising, strategy, IT and evaluation; peer networking and learning opportunities; leadership development programmes; and skills-based volunteering from Lloyds Banking Group through mentoring, trustee placements, skills exchange and charity response forums. The offer is flexible, collaborative and free of charge, allowing organisations to take up as much or as little support as suits their priorities and capacity.

Survivability

An organisation’s ability to remain operational in the short term by meeting its immediate financial obligations and avoiding closure.

The Foundation

Lloyds Bank Foundation for England and Wales.

Year of Latest Grant

The year in which the charity partner received their most recent grant from the Foundation. To avoid doubt, this refers to the first year of the latest grant they have received. Grants then continue for 1, 2 or 3 years. It serves as the reference point for measuring income growth and related trends in the analysis (Year 0), with subsequent years counted forward (Year 1, Year 2, etc.), up to the latest financial year for which data was available at the time of analysis.

What is development support?

The Foundation invests approximately £2 million each year, around 10% of its total funding, in tailored development support for the charities it partners with. This goes beyond grant-making and is designed to **strengthen organisational capacity and long-term sustainability**.

Development support's role

Development support is offered to all charity partners. Regional Managers work with these partners to identify priorities and development goals, helping them access the right type of support and review progress over time. This ongoing relationship allows support to adapt as organisational needs change. The approach is flexible, collaborative and provided free of charge.

The Foundation's development support offer includes:

- Tailored consultant support from more than 150 providers
- Peer networking and learning opportunities
- Skills-based volunteering through Lloyds Banking Group
- Leadership development programmes
- Access to sector training programmes and memberships

Most support is delivered through experienced development partners, with some provided through corporate volunteering or links to sector networks. The skills-based volunteering through Lloyds Banking Group includes mentoring, skills exchanges, trustee placements and a charity response forum which offers one-off online support sessions for charity partners.

These programmes address a broad range of organisational development needs, including fundraising, governance, strategic planning, IT and evaluation. Some, including mentoring and specialist initiatives, provide structured guidance from business experts or volunteers, typically over six to twelve months.

Charity partners can choose to take up as many forms of support as relevant, or none at all, depending on their needs and capacity.

The evolution of development support

The development support offer has evolved between 2014-2025, with new elements introduced and greater take-up among charity partners. The quantitative analysis reflects the experience of all charity partners in the past ten years, while the qualitative findings focus on those engaging with the current offer, providing a more up-to-date picture of how it is experienced in practice.



Lloyds' offer has played an important role in our sustainability. It has given us some extra life, capacity, confidence and the kind of thinking to adopt new and different ways of working."

Racial equity charity, East Midlands



Lloyds offers something very unique, and for us it has been vital.

Changing culture takes time, and I think having somebody who can offer development work over a period of time allows for that culture to change. Without them, we wouldn't have what we have right now; their belief in us has helped carry us forward."

STAMP Revisited, deaf and disabled people's charity, North-East England



It was just invaluable. The external viewpoint, the expertise, the clear, structured approach for level of knowledge. Our new strategy, which is really great, was sharpened and was strengthened and was better because of the consultancy. We can't praise that support enough."

Sexual abuse and exploitation support charity, London

Funding and financial sustainability

Funding doubles growth in charities. On average, charities that received funding from the Foundation achieved annual growth of **7.0%, more than double the 2.9%** growth of the matched comparison group.

The findings

Our analysis provides robust evidence that charity partners, both with or without development support, on average achieve higher and more sustained income growth than the matched comparison group.

Following their latest grant, charity partners achieved an average annual growth rate of **7.0%**, compared with 2.9% for the matched comparison group, reinforcing the scale of this difference.

Financial sustainability is essential for charities to deliver consistent, long-term impact for the communities they serve. Stable income allows them to maintain programmes, retain skilled staff and plan for the future with confidence. Without it, they are often forced into short-term decisions that limit their ability to meet rising demand or adapt to new challenges.

The methods *(see Methods on page 27)*

To assess the impact of Foundation funding, we compared the income growth of charity partners with a matched group of similar charities that did not receive Foundation funding. This approach allows us to observe both:

- Actual outcomes: how income changed after receiving a grant
- The counterfactual: what might have happened without the grant, based on the matched comparison group

As shown in the headline findings, charity partners achieved sustained average income growth around twice that of the matched comparison group. The median income chart (see Figure 1) illustrates the consistency of this pattern over the period analysed.

This analysis uses a dataset that includes the maximum number of charities with a **consistent set of data over time**. These charities had at least two years of income data before their latest grant and four years afterwards. This produced a sample of 704 charity partners (39% of all 1,804 charity partners) and 2,071 matched charities (from 5,120 in total). Because this approach requires several years of post-grant data, it mainly includes older awards, with the most recent grants in this dataset dating from 2020 or earlier.

To validate these results, we repeated the analysis using the full set of charity partners. The same pattern of stronger and more sustained income growth was seen in this dataset. Building on these results, we explored whether growth varied across different types of funding, levels of development support and organisational characteristics:

- Those in different grant programmes
- Those who also received development support
- Across organisational and grant characteristics

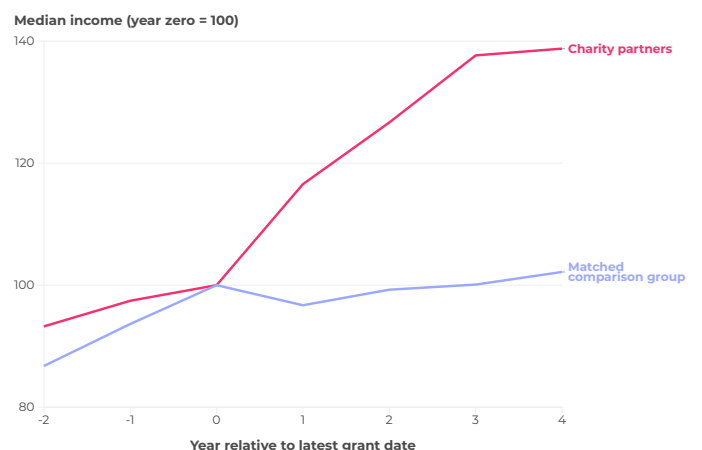
Different programmes *(See Appendix on page 33)*

Over the period covered by this report, the Foundation's approach to grant-making has evolved significantly. Earlier programmes, such as **Enable** and **Invest** (2014–2020), funded a mix of core and project costs. More recent programmes, including **Specialist**, **Racial Equity** and **Deaf and Disabled People's Organisations** (2023–present), offer **unrestricted grants** that give charities greater flexibility to use funds where they are most needed. This shift reflects a move towards greater trust and partnership, enabling charities to focus on their priorities and build long-term sustainability.

The full effect of this shift cannot yet be measured. Because the analysis requires several years of financial data before and after each grant, earlier programmes feature more prominently in the results. As a result, much of the quantitative evidence reflects previous funding models, while it remains too soon to assess the long-term impact of newer unrestricted programmes. To address this limitation, the qualitative research focuses on more recent programmes.

Results from the older programmes show strong relative growth. The **Enable** programme achieved annual growth of **6.5%** for charity partners compared to **2.6%** for the matched comparison group, while the **Invest** programme recorded **7.6%** growth for charity partners vs **2.9%** for the matched comparison group. This provides evidence of the positive effect of these earlier approaches. These findings provide evidence of the positive effects of earlier funding approaches, while reinforcing the need for longer-term data to assess newer models.

Figure 1 - Median income relative to latest grant date



Funding and long-term resilience

Charity resilience is shaped by more than funding alone, particularly when considering the role of development support.

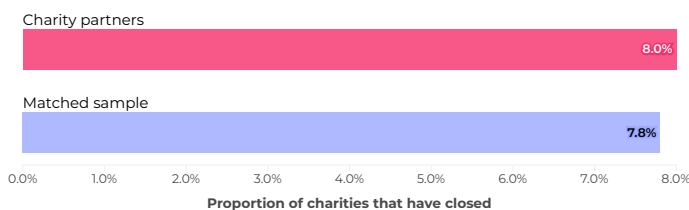
The findings

Our analysis shows that among charity partners, **92.0% remain active** compared with **92.2%** in the matched comparison group. This difference is not statistically significant. While overall resilience was similar, further analysis shows that development support presents a different picture. This is explored further on [page 18](#).

Charity closure is not always a negative outcome. For smaller charities, shorter lifespans can be a normal stage of the organisational life cycle. This may reflect the completion of a specific purpose, the transfer of activities to another organisation or re-establishment in a new form. In these cases, closure can represent a natural transition rather than failure.

However, closures can also stem from financial or operational challenges. The data on charity survival captures both natural transitions and genuine difficulties. The Foundation recognises this complexity. By funding local charities with limited track records, it takes a risk-tolerant approach, accepting that some closures are inevitable in order to enable innovation and support new ideas to deliver lasting community impact.

Figure 2 - Charity closure, charity partners vs. matched sample



No difference in overall survival rate for charity partners, however...

... further analysis of those charities with **development support** shows that charities that received both funding and tailored development support achieved stronger survival outcomes than those that received funding alone ([page 18](#)).

The methods

Using the same comparative approach, we examined the number of charities removed from the Charity Commission register. Among charity partners, **144 of 1,660** have been removed since receiving their grant (a closure rate of **8.0%**). In the matched comparison group, **399 of 4,732** charities were removed over the same period (**7.8%**) (*see Figure 2*). These results show no significant difference in survival between charity partners and the matched comparison group.

Not every charity removed from the register has actually closed or ceased operating. Some are removed from the register for administrative reasons, such as merging with another organisation, changing legal structure or re-registering under a new charity number. To avoid counting these as closures, we used a well-maintained unofficial register^[15] to track re-registrations across different records, since no official list exists. This approach allowed us to link related records and identify cases where a charity's activities continued under a new registration.

We also reviewed the Charity Commission's recorded reasons for each closure to assess how many represented genuine endings. Around **70%** of closed charities in our sample had permanently ceased to exist, rather than re-registered or merged. This pattern was consistent across both charity partners and the matched comparison group.



Maybe we would have survived without Lloyds' support. But we would have definitely been a smaller and less effective organisation. But in our case, if we have more advisors, we can provide more services. That's the bottom line."

Racial equity charity, North-East England



It was money that said, we trust you to do what you do... And it was crucial, because then that gave us a stepping stone to give me the time to write a massive National Lottery bid, which then got us where we really wanted to be"

Growing Well, mental health charity, North-West England

Funding: charity leaders' perspectives

Leaders told us how access to unrestricted funding over several years enables their organisations to cope with immediate pressures, but also **build stronger foundations for long-term sustainability and growth.**

Feedback on funding

The Foundation has recently updated its programmes to offer unrestricted funding of £75,000 over three years. For many leaders of smaller charities, this level of funding proved transformative. Most of the charities we spoke to had received unrestricted funding, though some have also received project funding further in the past.

Leaders described how this funding provided vital stability, protecting operations, securing jobs and maintaining continuity of services. This was especially true for charities starting out, with limited funding histories or facing critical moments such as leadership transitions or changes in funding or partnerships.

When asked to speculate on **what might have happened without the Foundation's support**, most leaders believed they would still exist, but with reduced reach, fewer services and uncertain prospects. One or two felt they could have closed altogether.

The power of unrestricted, multi-year funding for charities

In recent years, charities have especially valued the Foundation's unrestricted, long-term funding. Unrestricted funding gives charities the **time and space to set their own priorities**. Examples of how they used these opportunities include:

- Charities that took some time to consult their communities on what support they really needed, and developed new services in response.
- A charity that, with the support of a Lloyds Banking Group volunteer, worked on its occupational standards and addressed skills gaps.
- Several charities that improved their governance structures, assurance frameworks and risk registers.
- A charity that invested in its processes for co-production and including people with lived experience in their decision-making.

Many charities used this flexible funding, often alongside development support, to improve essential back-office functions such as HR, digital systems, finance, GDPR compliance and CRM tools. One leader described this as "the boring stuff", the practical work that other funders rarely support but that is vital for long-term organisational development.

This autonomy is central for financial sustainability. Charities are often overwhelmed by the dual pressures of meeting urgent needs while ensuring survival. Long-term success depends on their ability to adapt, anticipate risks and pursue new opportunities and partnerships. Unrestricted funding was consistently cited as essential in enabling this kind of strategic resilience.

Longer-term, flexible funding also has a positive effect on staff wellbeing and confidence. Interviewees described a virtuous circle in which key issues were resolved, stress reduced and the organisation became more ambitious and effective.

Beyond this study, there is substantial sector-wide evidence on the benefits of unrestricted, multi-year funding for charities and the communities they serve. For example, in 2023 the Institute for Voluntary Action Research (IVAR) published both a [briefing^{\[16\]}](#) and [evidence review^{\[17\]}](#) exploring these arguments.

Development support for financial sustainability

Alongside opportunities for organisational development, several charities in our research used the Foundation's development support to **work directly on funding and income generation strategies**. Examples include:

- Charities received consultancy support on income diversification and developed plans for raising money outside their core area, gaining confidence to pursue new funding streams. For example, multiple organisations developed paid services and / or social enterprise models.
- The Foundation often supported trustee recruitment to help bring in people with commercial experience.
- Charities used funding to develop new services that were later funded by other sources.
- One charity hired fundraising/business development support.
- Several improved their approaches to evidencing impact to make a stronger case to other funders.

Leaders also highlighted that, in addition to immediate results, time spent enhancing their financial sustainability protected charities against future shocks such as COVID-19 or the end of major contracts. For example, one charity described how it survived the loss of a longstanding income source because of a funded service it had developed earlier with the Foundation's support.



I think the Lloyds fund is the biggest fund we've had so far, and it's obviously unrestricted. So it's given us that breathing room to figure out what we actually need to be doing for the community. Honestly, it's been really refreshing; when we got it we were not only excited, but relieved. It was the opportunity we needed."

Link Community Centre, racial equity charity, South-East England

Funding delivers employment opportunities

Evidence shows that Foundation's support was associated with a total of at least **2,550 employees** across charity partners.

The findings

This analysis focuses on larger charities with consistent employee data. Evidence shows that these charity partners supported an increase of around **2,550 employees**, since receiving their latest grant. The matched comparison group only added **870 employees** over the same period.

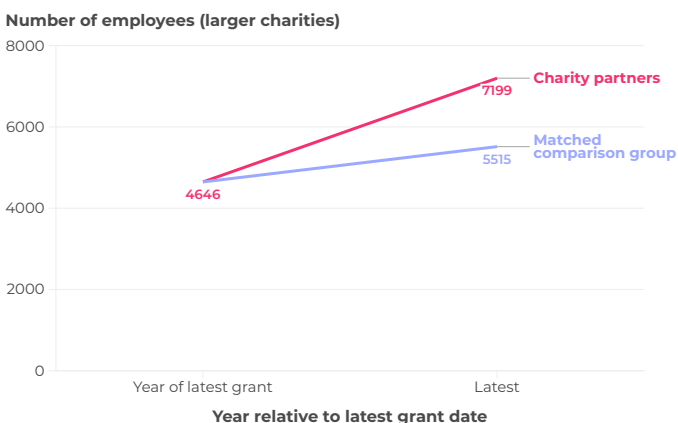
Employment is one of the clearest ways charities contribute to their communities, not only through the delivery of services but also by creating secure livelihoods and supporting the local economy. For local charities, hiring even one or two staff members can be transformative; expanding services, freeing leaders to focus on strategy and professionalising key functions such as finance and human resources. Funding that supports employment strengthens both charities and the communities they serve.

The methods

Only charities with an annual income over £500,000, here referenced as 'larger charities', report on their employment figures to the Charity Commission, which is **16%** of the total charity partners. Therefore, measuring job creation among charity partners is challenging, because employment data is incomplete and not consistently reported across years.

Because this estimate is based on a sub-share of the overall cohort, 1,680 additional employees among larger charities should be seen as the minimum possible number of additional jobs created. Smaller charities, which often rely on part-time staff, project-based roles, short-term specialists and volunteers, are less likely to be captured in headline employment data, even though their staffing contributions are significant (see *Figure 3*).

Figure 3 - Employee numbers relative to latest grant date



Charity leaders' perspective

Several leaders described using the Foundation's funding to support new or existing staff positions, sometimes including their own roles.

Examples included recruiting specialist staff to manage back-office functions such as finance and human resources, and enabling frontline staff to move to more secure, permanent contracts. Leaders of smaller charities highlighted how the funding gave them flexibility to bring in associate staff for specific tasks or roles and to reimburse contributors. This flexibility reflected the dynamic, ad hoc nature of staffing in local charities, which is often driven by immediate needs. Over time, many charities in our qualitative research described a **gradual transition** from being volunteer-led and opportunity-driven to becoming more structured, employee-led and stable.

There is an indirect effect of the Foundation's funding and support on employment levels: its role in **strengthening organisational development and maturity**. With the Foundation's backing, charities were able to address key weaknesses, overcome challenges and professionalise their operations, building resilience not only within the charity but across staff teams. Participants described how, following the implementation of changes, both they and their staff felt more cohesive and settled, with a more positive and rewarding workplace culture. In turn, they found it easier to recruit and retain both staff and trustees.



[The funding] allowed us to recruit new staff members that were skilled to deliver the work to the community, and it also assisted us to tap into further funding from other organisations.”

Racial equity charity, North-East England

At least 2,550 employees added

Larger charity partners, with or without development support, reported a **net increase of 2,550 employees** between the year of their latest grant and their most recent financial year. Over the same period, the matched comparison group reported an increase of approximately 870 employees.

Other effects of funding

Foundation funding **improved charities' financial stability and credibility with other funders.**

It didn't raise volunteer numbers but helped charities manage and support them better.

+1.7 percentage points

An increase in charity partners' liquidity ratio, not seen in the matched comparison group

+3.0 percentage points

An increase in charity partners' proportion of funding mix from Government sources

No change

Number of volunteers didn't seem to be impacted by funding from the Foundation

The findings

To build a fuller picture of the impact of Foundation funding, both with or without development support, we analysed several additional indicators beyond financial sustainability. These included balance sheet strength for larger charity partners, income sources across all charity partners (including donations and legacies for larger charities) and volunteer engagement across the full cohort.

The analysis of the skills-based volunteering programmes through Lloyds Banking Group is presented on [page 18](#).

Strength of balance sheet

For larger charities with an income over £500,000, we assessed balance sheet strength using the **liquidity ratio** (a measure of a charity's ability to fund operations, calculated by dividing current assets by current liabilities) and by examining changes in **total funds**, including long-term assets and liabilities.

Charity partners' average **liquidity ratio rose from 7.0% at the start of their latest grant to 8.7%** in their most recent accounts, an increase of 1.7 percentage points. The matched comparison group remained broadly stable over the same period. This suggests that grants helped charity partners achieve a stronger short-term financial position.

When examining total funds, both charity partners and the matched comparison group showed similar levels of average growth. This suggests that grants were used mainly to support day-to-day operations rather than to build long-term reserves.

Other sources of income

We analysed the funding mix of charities, focusing on the proportion of income from government sources and, for larger charities, from donations and legacies.

Charity partners saw an average of **3 percentage points increase** in government income, rising from an average of **26%** at the start of

their latest grant to **29%** in their most recent accounts. This growth came from both government grants and contracts. Larger charities saw a modest **1 percentage point decrease** (from **29% to 28%**) in the proportion of income from donations and legacies.

While the quantitative analysis shows some change in funding sources, the qualitative research adds further context, revealing an important indirect benefit of Foundation funding: its **signalling effect**. By backing a charity, the Foundation helps build external confidence, particularly among public sector commissioners and smaller family foundations. For commissioners, it reinforces credibility, while for smaller funders with limited capacity for due diligence, it offers reassurance that the charity is trustworthy and worth investing in. This signalling effect plays a strategic role in helping charities diversify their income sources.

Volunteer engagement

Volunteer numbers were available for all charities but recorded as a single annual total per charity. Because this measure is limited and may overlook important nuances, we focused on charities with at least three years of consistent volunteer data.

The results show no significant difference between charity partners and the matched comparison group. Unlike job creation, grant funding had little measurable effect on volunteer numbers, with growth minimal and broadly consistent with the matched comparison group.

However, the qualitative research found that greater funding stability enabled charities to strengthen how they recruit and support volunteers. One charity expanded its range of social activities, which attracted many new volunteers, while another found that increased staff capacity improved service quality and consistency, which in turn encouraged greater volunteer involvement. Charities also noted that having active volunteer networks helped identify and develop future staff members, a process many smaller charities described as vital to their growth and continuity.

Breaking the cycle: from crisis response to strategic leadership

Case study

The Foundation did more than provide funding. It provided the strategic development infrastructure that enabled this organisation to transform from a reactive crisis service into a proactive system change organisation, with sustainable growth capacity and strategic development infrastructure. The Foundation's investment created time for reflection and planning, which was used to build strategic leadership and shape local partnerships.

The challenge

The Lantern Trust provides advocacy, housing, benefits advice, counselling, support groups and practical frontline help in a town in England facing significant deprivation. Like many crisis intervention charities, the organisation had become caught in a cycle of reactive service delivery. Staff were constantly responding to urgent needs, with little space to plan for the future. As the CEO explained: "In any form of crisis, you tend to be very reactive. People say you need to think more strategically, it's like, well, 'that's great if you've got the resources, capacity and time to get away from the noise'".

Support from the Foundation

The Foundation provided what the CEO described as an "armada of strategic development support", including:

- Strategic planning consultancy to develop a five-year plan
- Leadership development for the CEO and chair of trustees
- Whole-team strategic away days
- Access to peer support meetings with other leaders

Funding from the Foundation created the time and capacity for strategic thinking. More importantly, it enabled leadership development and organisational reflection, allowing a shift from immediate response to long-term impact.



The Foundation's support enabled us to build a structure, both strategically in documents and in policies to create a 5-10 year plan. We never thought outside of about two years' worth of funding before, but to have the space and time is very rich. [Our mentor] has set up an international charity to provide wheelchairs to areas that were impoverished. So the guy doing our strategic stuff was someone that was a Dragon's Den level of entrepreneur... We're still in touch with him."

The Lantern Trust, homelessness charity, South-West England

The results

1. Organisational growth and structure development

The impact was transformative. The Lantern Trust moved from short-term survival to long-term strategy:

- **Staff growth** from 5 employees when they first worked with the Foundation to 33 employees
- **Development of a senior management structure** that could operate independently
- **The CEO shifted from focusing on operational management** to becoming what they called "a system change leader"

2. System change and partnership strategy

The strategic development led to wider influence beyond the charity itself. The CEO noted that the confidence and capacity gained through the Foundation's support enabled them to:

- **Develop new partnership models**, including inviting peers to collaborate in shared community spaces
- **Create integrated neighbourhood teams** that brought services together around local needs
- **Influence** how the local authority designed and delivered services
- **Shift focus** from individual service delivery towards system-wide change

3. Long-term strategic impact

The CEO described the Foundation's funding and development support as one of the charity's key "lift-off moments", alongside later funding from the National Lottery. This strategic foundation enabled them to:

- **Diversify funding sources**, reducing dependence on local authority income from around 80% to a broader funding base
- **Develop sustainable** operational models
- **Build capacity** for continuous strategic development and reflection
- **Establish systems** capable of functioning effectively without constant CEO involvement

Development support and financial sustainability

Development support drives even higher growth. On average, charities that received both funding and development support achieved annual growth of **8.6%**, outperforming funded-only charities (**4.6%**) and the matched comparison group (**4.7%**). Charities that took part in skills-based volunteering programmes through Lloyds Banking Group grew even faster, by **10.6%**, compared with **7.3%** for similar charities.

The findings

Our analysis shows that charities receiving both Foundation funding and tailored development support achieved **higher and more sustained income growth**.

This demonstrates that development support significantly enhances the impact of funding, helping charities strengthen their operations, plan for the future and deliver lasting benefits for the communities they serve.

Grants from the Foundation are typically accompanied by free, tailored development support, coordinated by Regional Managers to meet each charity's bespoke needs. This support helps charities build capacity and long-term resilience, extending the Foundation's impact beyond the duration of the grant. By investing in skills, systems and leadership, as well as funding, charities are better equipped to meet challenges, plan ahead and increase their impact.

The methods

In the grant dataset, more than half of the charity partners also received development support. A small number of charities received development support only, without a grant; however, too few of these had complete data to be included in the analysis.

To assess the added value of combining development support with funding, we compared income growth between charity partners who received support and those who did not, alongside a matched comparison group (see *Figures 4 and 5*).

The results are striking. Charity partners who received development support showed a sharp and sustained increase in median income, nearly doubling their baseline within five years, with an average annual growth rate of **8.6%** compared with **4.7%** for their matched comparison group. In contrast, those who received funding alone, without development support, saw only modest gains (**4.6%** annual growth), still above that of their matched comparison group (2.1%).

Development support also includes **skills-based volunteering** through Lloyds Banking Group, where employees share their expertise through mentoring, skills exchanges and trustee placements. In total, 196 charities that participated in skills-based volunteering were included in the data. As most records from the Charity Response Forum and Mentoring programmes are from 2022 or later, the results mostly refer to the Skills Exchange and Trustee programmes.

Charities participating in **skills-based volunteering grew by 10.6%**, 3.3 percentage points higher than their matched comparison group (**7.3%**). The **Skills Exchange** programme demonstrated the strongest results, with participating charities achieving **11.0%** growth, 4.1 percentage points higher than their comparison group (**6.9%**).

This provides the **strongest statistical evidence to date** of the added value of funder-led organisational development support, confirming that development support plays a crucial role in helping charities leverage funding for substantial and lasting income growth.

Figure 4 - Median income relative to latest grant date

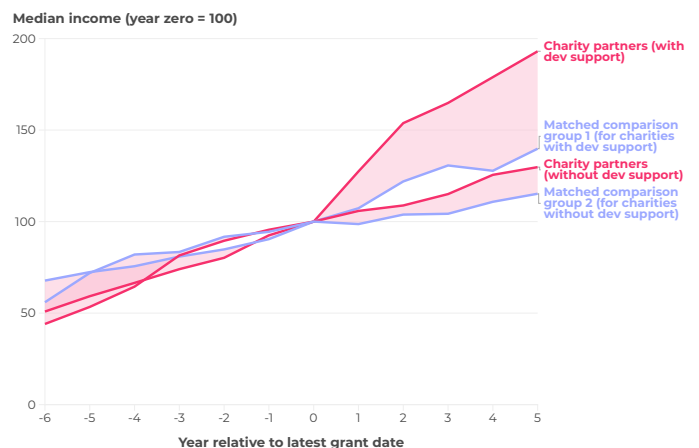


Figure 5 - Relative growth rate by development support received



Development support and resilience

Development support also builds resilience. Charities that received development support were more likely to remain active than both their matched comparison group and other charity partners that did not receive this support.

The findings

In addition to strengthening charities’ financial sustainability, development support builds resilience. While grant funding alone does not significantly influence survival (page 13), combining it with tailored development support results in a **1.4 percentage points higher survival rate** among charity partners. This highlights development support as a core strength of the Foundation’s model and a key driver of long-term organisational resilience.

Resilience enables charities to remain strong through challenges, adapt to change and sustain their impact over time. It supports effective leadership, sound financial management and strategic planning, helping charities turn short-term funding into lasting community benefits.

Figure 6 - Charities still active (not removed from register) since end of grant

Development support	% of charity partners	% of matched comparison group	Assessment of survivability
Had development support	97.8%	96.4%	Higher
No development support	83.7%	88.5%	Lower
Skills-based volunteering	98.5%	96.7%	Higher

The methods

Charities that received development support outperformed their matched comparison group: **97.8%** of charity partners remain active compared with **96.4%** of the matched comparison group.

In contrast, charities that received **funding only** were less likely to remain active in the most recent year (**83.7%** compared with **88.5%**) (see Figure 6), suggesting that funding alone may not be enough to ensure sustainability.

Both differences were statistically significant, demonstrating that while funding alone has limited impact on survival, development support makes a measurable difference.

Moreover, the qualitative analysis also suggests that how charities engage with support matters as much as the support itself. Charities that are open, proactive and willing to learn tend to achieve stronger, longer-lasting results. This readiness often reflects underlying organisational health, such as strong leadership and a culture of learning. Recognising this pattern can inform how the Foundation designs future funding and development programmes, integrating engagement and organisational readiness into its overall support strategy.

Overall, these findings confirm that development support helps charities use funding more effectively, strengthen their organisations and sustain their impact over time.



Support from Lloyds has just been so helpful, particularly the co-production work. For Lloyds to enable that to happen will change the direction of travel, and help us to evolve and become a much better organisation led by the people we’re here to support. We couldn’t have done it without that support.”

Beyond Detention, asylum seeker and refugee charity, East-of-England

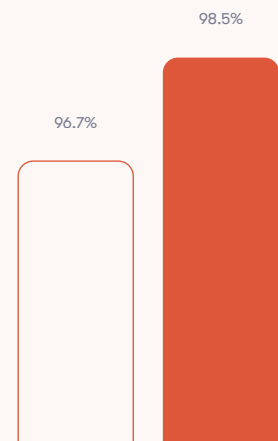


I’ve got to say, the relationship with Lloyds has been brilliant. It’s been really straightforward. Our Regional Manager has been fantastic to work with. She’s really understanding and supportive, and she still sends me information about training and things that are going on, even though our funding finished.”

Stockport Progress & Recovery Centre, mental health charity, North-West England

A similar positive result was found for **skills-based volunteering**

With **98.5%** of participating charities remaining active compared with **96.7%** of the matched comparison group.



Development support: charity leaders' perspectives

Feedback shows the Foundation's approach stands out for its relevance, flexibility and **focus on long-term relationships** that help charity partners move forward.

Feedback on development support

Charity leaders consistently described the Foundation's development support as relevant, high quality and useful. Often, **it had been pivotal**—enabling succession planning, strategic shifts or resolving long-standing operational issues. Even when there was no major change, the support was valued for building staff capacity and strengthening organisations.

These findings are consistent with previous evaluations. The 2019 meta-analysis (*Five Years of Funder Plus*⁽¹⁸⁾) highlighted the support's tailored, responsive nature and the importance of relational delivery. The *COVID-19 Recovery Fund evaluation*⁽¹⁹⁾ (2022) described the model as relational and capable of delivering real change. In the Foundation's *2024 survey*⁽²⁰⁾, 84% of charity partners that received development support reported being "very satisfied" with the process.

When asked to compare the Foundation's support with that of other funders, many participants said they had received little or no comparable help from elsewhere, indicating **the Foundation is reaching charities that are otherwise unsupported**. Those with experience of other support viewed the Foundation's offer favourably, citing its tailored approach and the amount of support available. One participant noted that other funders give a sense of "you're out on your own," while the Foundation "listens a little bit better to what the organisation needs."

Relationships are key

Development support is coordinated by Regional Managers, who act as a main point of contact for charity partners. They jointly assess organisational priorities, help arrange support packages and signpost to wider opportunities.

The effectiveness of this and the quality of Regional Managers themselves was a recurring theme and shows that the Foundation is delivering well on its Lessons for Funder Practice^[11], such as seeing the importance of relationships and listening actively. Positive feedback often extends to the consultants who provide support packages

Personal and supportive relationships

Charities consistently praised their Regional Managers for being genuinely supportive and understanding. The CEO of one charity described their contact as "an amazing person" who provides holistic support, including monthly alerts on funding and training opportunities. Another highlighted their Regional Manager as being "fantastic" and "brilliant", and how the relationship has continued even after funding had ended.

Commitment to organisational success

The leaders we interviewed believed their Regional Managers were invested and committed to the success of their charity, including some who had direct experience of the causes the charity is working on.

Long-term partnership approach

The Foundation is widely seen as building genuine, long-term partnerships; never transactional or aloof. These relationships help create mutual understanding and trust, enabling both parties to deepen their knowledge over time. This helps Regional Managers to anticipate emerging needs and facilitate valuable connections and new opportunities.

Responsiveness and flexibility

Several charities noted how consultants have been responsive and flexible, for example, providing "encouragement and validation" during difficult times as well as suggestions on how to address challenges. Regional Managers were also felt to show high levels of flexibility in responding to changing organisational needs.

Professional excellence and understanding

Regional Managers are consistently described as highly knowledgeable about the voluntary sector. One CEO commented that their Regional Manager "really knows their stuff", while others were extremely impressed at how after just one meeting they were able to take stock of the situation, understand the charity's goals and find ways to resolve long-standing challenges.

Variations in take-up

We found that engagement with development support varied. Partly this is because earlier funding rounds covered by this research had a less developed or visible offer. Other common barriers were limited time and capacity, staff absence or organisational crises.

Newer charities sometimes lacked prior experience with consultancy and were unsure how to use the support effectively, which led to initial reluctance. Another organisation did not take the support offer because they felt it was better suited to charities aiming to grow, rather than consolidate or focussing on their immediate community.

The Foundation's in-house evaluation of the COVID-19 Recovery Fund found similar patterns. Reluctance often stemmed from past negative experiences, uncertainty about the value of support or a transactional mindset. However, even initially hesitant participants often became strong advocates once they got involved.

These findings suggest that "readiness for support" is a useful lens for understanding variation in take-up and subsequent tailoring of support to reflect charity's capacity, timing and ambition.

Mechanisms for development support

The analysis suggests development support plays an important part in financial sustainability and resilience. In practice, it works because **it's tailored, flexible and built on long-term, trusted relationships.**

A tailored approach

While development support is not unique to the Foundation, what distinguishes its offer is the type of charities it funds and the level of resource it invests into development support. Crucially, the success of the support process lies in how well it is tailored to each organisation's specific needs. Our **research found strong evidence that the Foundation excels in this**; enabled by the trusting and lasting relationships it builds with charity partners.

Why support matters

To understand the value of the development support the Foundation provides, it helps to consider the organic way that charitable organisations tend to evolve. They are often driven by highly motivated people, who may excel in some aspects of organisational development but still need to develop their experience in the full range of skills that are needed to guide charities. Moreover, while the charity's cause and needs of the community may be clear, services provided are often shaped by happenstance; such as a building becoming available, another service closing, a new partnership forming or volunteers bringing specific skills. Over time, this creates charities that are unique bundles of assets, relationships, challenges and ambitions. Their distinctiveness, combined with passion, makes them highly adaptable and responsive to local needs.

However, this uniqueness can also create barriers to growth and sustainability. Their idiosyncratic development paths mean they are unlikely to have built all the necessary capabilities on their own. The aim of development support is therefore to make the most of the opportunity provided by unrestricted funding — time, space and stability — to help address these gaps. And given the inherent strength and potential of local charities, even modest support can unlock significant positive outcomes for the communities they serve.

Our qualitative research shows that development support helps charities build capacity, enhance services and achieve lasting income growth. These results are consistent with earlier evaluations, including the Foundation's 2019 meta-analysis Five Years of Funder Plus^[20]. The following examples illustrate how this works in practice.



When Lloyds came aboard, it was really when we were moving from this quite grassroots organisation into an organisation that needed a lot more. We needed to look at the back-office support, finance, IT systems, ways to capture data, HR... all of it."

Beyond the Streets, sexual abuse and exploitation charity, London

Diagnosing organisational priorities

Any organisation can benefit from fresh thinking, especially during periods of high demand when it is harder to see the bigger picture. Combined with funding, development support gives charities the space to pause, take stock, identify what they could change and make concrete plans for their future development.

Several leaders spoke positively about this aspect of the Foundation's offer. They highlighted the expertise of both Regional Managers and consultants, their candour and their ability to work together to agree priorities and develop a clear course of action. Participants particularly valued how consultants took time to understand each organisation's distinct character, context and ambitions and how they remained fully in control of the support process. This meant **the advice felt co-produced and tailored** rather than unsuitable or generic.

Motivation and empowerment

Running a local charity can be stressful and time-consuming, and CEOs often feel isolated or under pressure. Our research found that the Foundation's Regional Managers were widely regarded as offering empathy, moral support and genuine allyship. One CEO, for instance, described the Foundation's involvement as pivotal in her return to work after a period of stress. Feeling recognised and valued by an organisation as prominent as the Foundation made a real difference to many leaders, while the tailored support they could shape themselves proved both practical and empowering.

Building skills and capabilities

While all local charities have unique strengths, they may lack expertise in areas that can hold them back and increase long-term risks. Our research found that the Foundation's Regional Managers and consultants were able to help leaders spot gaps and prioritise areas for development, followed by tailored training, consultancy and best practice to help the organisation develop. Through this process leaders said they and their organisations were able to **build their confidence and understanding** in areas such as fundraising, technology and strategic planning. Through support they also gained access to tools and frameworks to support ongoing improvement.

Leadership development and succession planning

Several charities faced leadership transitions or needed to strengthen governance and management capacity. In response, the Foundation had provided mentoring, consultancy and support for leadership change, helping them move forward. For example, one organisation received mentoring during a critical transition from volunteer-led to professionalised operations, with consultants helping to facilitate difficult conversations around role changes.

Organisational development and governance

Many charities had small, informal origins and wanted to move towards more formal, professional structures while retaining important elements of their ethos and approach. The Foundation supported them through this, for example through governance reviews, trustee recruitment, organisational restructuring and updating administrative processes such as registering for formal charitable status. For example, one organisation developed strategic and operational plans, strengthened board understanding of responsibilities and facilitated a chair transition. Another expanded its trustee board from six to eight members, bringing in a wider range of skills.

Systems and infrastructure development

Outdated or inadequate IT systems are a common obstacle for many charities. There were examples of how the Foundation had funded and arranged consultancy for things like CRM implementation, IT upgrades and system improvements and connected charities to sources of second-hand equipment.

For example, one homelessness organisation implemented the Lamplight CRM system with over 18 months of consultancy support which has the potential for stronger data capture, impact measurement and GDPR compliance.

Strategic planning and 'theory of change'

All charities should regularly think about their strategic direction, particularly in response to new challenges or changing contexts. One organisation used Foundation-funded theory of change consultancy to sharpen how it described its goals, and subsequently hired research and impact officers to improve evidence collection. Another used development support to think about what new projects and services could support stronger organisational sustainability.

Income diversification and fundraising

Local charities are often over-reliant on single funding streams and struggle to develop new funding relationships. As noted before, the Foundation often provides consultancy on fundraising strategies, income diversification and grant application skills.



We had reconditioned IT equipment, a facilitator for trustee days, development of policies, fundraising strategies, HR. The money is great, but for me, the value is definitely in the additional support - and the fact that they're with us on that journey, and can see the potential of where we want to be."

Domestic abuse support charity, South-West England

Capacity during crisis

Charities sometimes face existential threats or major disruptions. COVID-19 was an example, but we also heard about challenges such as flooding, burglaries or buildings being repossessed. In these situations, the Foundation provided crisis management advice and flexible funding to help weather the storm. One organisation received an additional year of enhanced support following the unexpected departure of its founder, while others were funded to adapt services during the COVID-19 lockdown restrictions.

Quality improvement and evaluation

As charities grow, they come under increasing pressure to demonstrate service quality and impact. The Foundation provided free external evaluation support, focusing on quality frameworks and performance measurement systems to strengthen the evidence base for funding applications. For example, one organisation received free evaluation support for its women's group (the first time they had conducted an external evaluation), which helped them both communicate and improve their work.

Influencing others

Despite their connections to local communities, charities often struggle to be heard and taken seriously by larger institutions, meaning that key voices are not heard or reflected in decisions. The support provided by the Foundation has helped tackle this by emboldening charities to build profiles that better reflect their significance, while leveraging new relationships. This process is also important within organisations; we heard of occasions where the Foundation's involvement has been used strategically by staff to win arguments or enable courses of action that may have been resisted without external support and validation.



Our new CEO and I met with our Regional Manager recently and had a great meeting; I just got the impression that she knew what we were trying to achieve over the next couple of years, and was supportive of that. She was really quite swift in how she summarised everything and got it back to us."

Doorway Wiltshire, homelessness charity, South-West England

Turning point: from grassroots beginnings to a community anchor

Case study

While the £25k was valuable, the expert support was transformational. The Foundation's investment helped this local community group evolve into a registered charity, strengthen its governance and secure long-term sustainability. This case demonstrates how strategic investment and tailored development support can unlock organisational potential, creating lasting change beyond the initial funding period.

The challenge

The Barrow and District Disability Association operates in an area marked by high deprivation and complex disability challenges, providing vital support to local residents.

For over 43 years, the organisation has been led as a community-focused charity by its founder and a dedicated Board of Trustees. Last year, they provided support to 1,375 people, and since 2011, has helped secure an estimated £23 million in benefits awards for local people, bringing significant value back into the community.

However, with changes in local context and key leaders approaching retirement, it faced sustainability risks as it lacked the formal management structures and succession plans that would enable it to grow.

Support from the Foundation

The charity received £75,000 from the Foundation spread over three years. But in many ways the development support it received was more valuable than the grant itself.

During an early conversation, the Foundation's representative quickly identified the charity's underlying structural challenges and worked with the organisation on succession planning solutions that worked for the existing board and founder. This unlocked long-standing organisational barriers and created space for genuine change.



If we'd only had the money, it would have helped cover the bills. But having the support and gaining capacity alongside it meant we could make the necessary changes more quickly and actually put them into action. In all honesty, I knew these changes were needed, but without the support, they probably would have taken much longer to happen."

Barrow and District Disability Association, deaf and disabled people's charity, North-West England

The results

1. Supporting critical transitions

The Foundation's involvement enabled several key developments:

- **Leadership transition:** A new CEO was recruited to lead day-to-day management, while the Founder assumed a President role that better suited her circumstances and allowed her to remain involved. This change was handled with sensitivity, ensuring continuity while creating sustainable leadership arrangements.
- **Governance reform:** With the support of Foundation-funded consultancy, the organisation is in the process of transitioning to Charitable Incorporated Organisation (CIO) status. New trustees were recruited, and governance structures were professionalised to strengthen oversight and strategic decision-making.
- **Strategic development:** The charity developed its first formal fundraising strategy, moving away from ad hoc activities to a more structured and sustainable approach.
- **Organisational confidence:** Perhaps most significantly, the Foundation's support helped build organisational confidence. The CEO reflected: "We recognise that what we deliver is good, and we're now more confident and prepared to say so."

2. System change and partnership strategy

The Foundation's investment strengthened Barrow and District Disability Association's capacity and extended its reach within the community. As a result, the charity has been able to:

- **Secure** more than £150,000 in additional funding from a range of new sources.
- **Expand** their range of social activities, engaging 170 people in 18 months, with 45 becoming active volunteers.
- **Develop** new community engagement approaches, including WhatsApp groups that keep participants connected between sessions.
- **Build** stronger partnerships with local authorities and health services. This has enhanced the organisation's influence over local decision-making processes and community planning, supported collaborative working around people's needs and indirectly contributed to new sources of income.

Growth comparison across subgroups

Flexible funding and tailored development support work best. No single grant type or organisational trait consistently predicted growth. Instead, performance depended on leadership, ambition, strong systems and the ability to adapt to change.

The findings

The analysis explored which types of funding and organisational characteristics were linked to growth and resilience. It found **no consistent pattern**. Tangible factors such as size, maturity, location, sector and grant amount accounted for only a small share of the variation in outcomes.

Qualitative analysis shows that what matters most is how each charity uses its funding and development support, drawing on strong leadership, adaptability and solid infrastructure. This highlights the importance of flexible, tailored support that responds to each charity’s unique context, capacity and potential.

The methods

To explore whether financial sustainability and resilience were influenced by organisational or grant characteristics, we conducted subgroup analyses using the full dataset and available data. We examined differences **by organisation size, location, sector and maturity**, as well as by **grant features** such as amount awarded, number of grants received and proportion of income funded.

This stage of the analysis was primarily descriptive, showing patterns such as differences between larger and smaller charities or between local and national charities. However, many of these factors overlap, making it difficult to determine which differences are most significant. For example, larger charities are often older, operate nationally and tend to receive larger grants.

To examine these relationships in more detail, we tested the explanatory power of these factors using regression analysis across multiple variables including region, theme, grant size, organisational scale and maturity. Together, these measurable characteristics explained only **13% of the variation** in growth outcomes, suggesting that most of what drives growth lies beyond fixed organisational traits or grant features.

As shown in the earlier analysis, Foundation funding improves financial sustainability and resilience for charity partners, with development support showing the strongest effect. Here we see that other characteristics such as size, location and theme play only a minor role in explaining growth.

Figures 7 and 8 illustrate some of the descriptive patterns across subgroups, but these should be interpreted with caution, as these variables play only a limited role in driving growth. There are several reasonable explanations for these findings, as would be expected. However, the main insight from the quantitative analysis is that growth is not determined by tangible characteristics alone, but by how effectively each charity applies its funding and development support.

The qualitative evidence over the following pages helps to explain **why**. It shows that organisational performance depends less on structure or size and more on **leadership, ambition and adaptability**. Charities that approach funding and support proactively—learning, planning and adapting—tend to achieve stronger, more sustainable outcomes.

Growth and resilience depend less on structure or grant type, and more on how charities use support in practice.

Leadership, ambition and the ability to adapt shape outcomes more than fixed organisational traits.

Figure 7 - Relative growth rate by Foundation support type

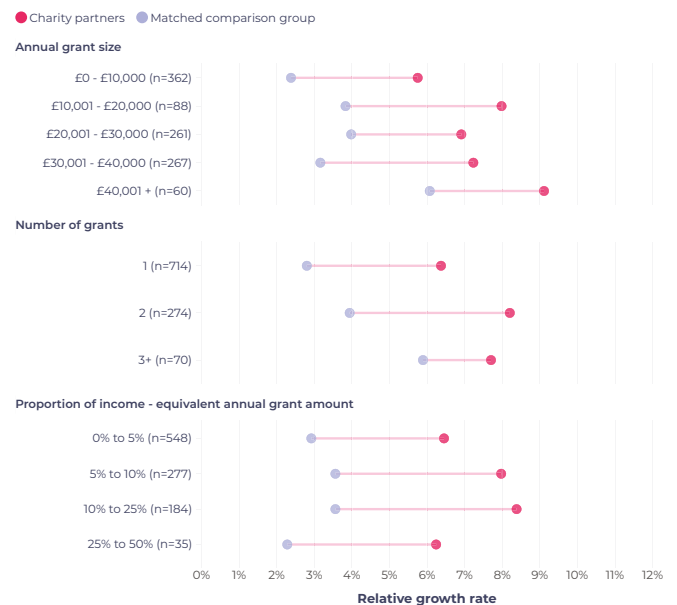
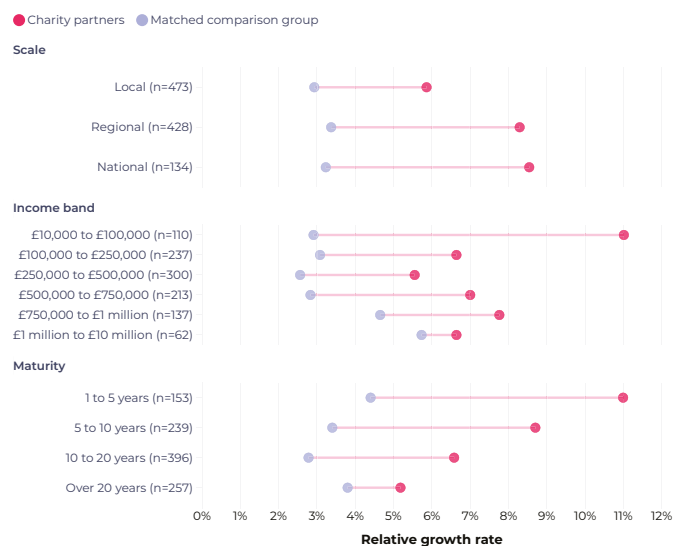


Figure 8 - Relative growth rate by charity partner profile



Subgroup context: charity leaders' perspective

Charities achieve the best results when they use funding and development support proactively, learning, planning and adapting as they grow. **This shows that flexible funding and tailored development support work best.**

The qualitative research highlights potential factors that may drive sustainability and growth. While based on a small sample of 20 charities, we saw patterns and lessons that merit further exploration.

Maturity

In the quantitative analysis, organisational maturity is the only characteristic where we see a pattern - and the qualitative research helps interpret this. Our sample included charities at various stages, from a few years old to decades, and their use of funding and support differed accordingly.

- **Younger charities:** For many, the Foundation's funding was their first major investment and a significant part of their income. Being awarded funding was highly meaningful: boosting profile, confidence and enabling them to maintain or expand services. One organisation described it as a "turning point" that helped them retain staff, secure premises and begin future planning.
- **More mature charities:** For these charities, funding was important but typically described as "very welcome" rather than transformational. Development support tended to focus on longstanding or entrenched issues. This helps explain why post-funding growth was more visible among younger charities.

Maturity also applies to individuals. Several participants described dilemmas around succession of founders or long-serving staff, where questions about the organisation's future became entangled with personal dynamics. Other key transition points included changes in premises, loss of contracts, new partnerships and changes in Government policy. The Foundation's support was often well-timed, helping charities see the need for change and giving them space to think differently.

Ambition

Another characteristic, harder to define but clearly influential, is outlook or ambition. We identified two broad tendencies:

- **Charities with broader goals,** expanding geographically, reaching new communities, influencing systems or policy, where significant financial growth may follow.
- **Charities focused on sustaining current work,** staying rooted in their communities and growing incrementally. For these, development support helps resolve issues, but major growth is not a focus.

These are archetypes, and most charities show elements of both. Ambitions also evolve; one organisation said their aspirations were directly shaped by the support they received. Overall, ambition appears to influence how charities respond to funding and support, and it may be helpful for the Foundation to consider this factor when assessing applications and tailoring support.

Other factors

Several other interrelated factors emerged across the qualitative research:

- **Strong leadership:** Strategic leaders and skilled trustees can transform direction and scale. One organisation grew significantly after recruiting new trustees with expertise in HR, communications, funding, legal and governance.
- **Funding diversification:** Successful charities actively reduce reliance on single sources, especially statutory funding. Indeed, the story for many charities over the last 10–15 years is really about their ability to transition away from statutory funding, which has diminished. For example, one organisation described their main challenge as recovering from the loss of European Social Fund income.
- **Responsiveness to need:** Growth often stems from identifying gaps and developing new services in response to them. One organisation expanded from supporting detained women to offering post-detention support after recognising continued need.
- **Partnership and collaboration:** Strategic partnerships often drive growth. One organisation used the Foundation's support to become part of various consortiums to apply for funding collectively. Another strengthened their affiliate network and built stronger relationships with frontline service professionals.
- **Professional development and capacity building:** Investing in staff and systems (HR, IT, leadership) supports growth. One organisation reported accelerated progress after receiving targeted support in these areas.

The role of development support

Finally, as noted above, access to development support, not just funding, was critical. Multiple charities credited the Foundation with providing the strategic thinking space and capacity-building that enabled their growth.



A lot of grants that the charity had relied on previously generally were very project-focused. Whereas we were really keen to be more sustainable than that. I feel that what we were able to access through the Lloyds approach enabled us to look more broadly at the development of the organisation, rather than just at a single project"

Lincolnshire Action Trust, criminal justice charity, East Midlands

Driving change: independent voices and lasting influence

Case study

The Foundation's support was transformative. Through financial investment, strategic guidance and close mentoring, the charity strengthened its resilience, advocacy reach and leadership. It remains firmly committed to its mission, representing and protecting young people's rights, with renewed clarity, credibility and strategic direction.

The challenge

Voices from Care Cymru is dedicated to protecting and advocating for children's rights. Founded by a passionate leader who remains at the helm, it first focused on exposing sexual abuse; work that helped trigger a major public inquiry and established the organisation as a vital voice for vulnerable young people.

As the organisation grew, it faced a set of strategic and operational challenges common to small, mission-led charities:

- Statutory funders offering less and shifting from core to project-based funding
- Maintaining independence while influencing government policy
- Securing sustainable financial resources
- Providing holistic support for young people in care
- Responding to emerging child protection issues

Support from the Foundation

The Foundation provided targeted support that addressed both operational and strategic needs. This included:

- Core funding for office rent and the CEO's role, enabling operational stability
- Consultancy for governance training, income generation strategies and CRM implementation
- Mentorship to strengthen the CEO's strategic thinking, confidence and negotiation skills
- Cultural review to refine organisational identity and approach



It strengthened our identity and objectives. So when we put in funding bids, it gave us confidence to say, 'Hey, we are independent. We're not going to apologise for that. It's who we are, and this is why'.

It also educated funders on the importance of service users being involved in developing projects. That was really significant and quite central to what we did through the funding."

Voices from Care Cymru, care leavers charity, Wales

To remain effective...

The charity needed to strengthen its internal capabilities, enhance governance and broaden its funding base and support networks, while protecting its mission and ethos.

The results

1. Strengthening independence and infrastructure

This combination of financial and development support proved pivotal. It enabled the charity to maintain its independence from statutory constraints, act as a critical friend to the government and expand its advocacy capacity.

The funding also enabled the move to a larger office, which became a safe space for young people, a hub for training and a platform for enhanced media presence.

Notably, the mentor provided by the Foundation later became a trustee, reflecting the depth of trust and alignment developed.

2. Contribution to organisational gains

The strategic support enabled significant organisational transformation:

- **Greater confidence** in pursuing and managing diverse funding sources
- **Strengthened credibility** across government, third sector and private networks
- **Development of a robust** five-year strategic plan
- **Expanded influence** on policy and legislation
- **Improved negotiation** and partnership-building capabilities
- **Enhanced emotional intelligence** and leadership capacity

3. Advocacy achievements

Beyond the life of the grant and development support, Voices from Care Cymru continued to amplify young people's voices, contributing to:

- **Campaigns** to eliminate 'profit from care'
- **Reforms** in corporate parenting policies
- **Ongoing representation** of young people's rights at national and international levels

Mixed-methods evaluation approach

We combined quantitative and qualitative analysis to provide **robust evidence of outcomes and deeper insight** into how and why change occurred, creating a rigorous, well-rounded evaluation that supports learning and practical decision-making.

Mixed-methods approach

The quantitative analysis provides robust, large-scale evidence of trends and outcomes by comparing a matched group of similar charities. However, numbers alone cannot explain the mechanisms behind change or capture the lived experience of charities.

To address this, the evaluation also includes qualitative research, adding depth and context to understand how and why change occurred. Insights from charity leaders show how funding and development support influence confidence, leadership and organisational culture. These factors are harder to measure but are critical to long-term resilience and effectiveness. Together, the quantitative and qualitative approaches strengthen the findings and provide a fuller picture of impact.

Quantitative analysis

The core objective of the quantitative analysis is to understand the impact of the Foundation's funding and development support on charities supported between 2014 and 2025. The analysis examined a range of organisational variables and, crucially, compared charity partners with a matched group of similar charities that did not receive Foundation support.

This comparative approach draws on established practices from other sectors, including control group studies in public health, value-added analysis in education, counterfactual evaluation in economic policy and benchmarking against market performance in capital investment. Each of these techniques is designed to isolate the effect of an intervention from wider external trends. For funder evaluations, The Fore pioneered the use of comparative analysis in the sector, informing this report.

Building a grants dataset

The quantitative analysis is based on records from the Foundation of all grants awarded between 2014 and 2025. For each charity that received funding, we compiled aggregate data and linked it with financial records from the Charity Commission for England and Wales. This allows us to track changes in income and other key measures over time and compare outcomes, including whether funding influenced income growth and how additional support may have increased impact.

Based on these records, we built a comprehensive dataset that includes:

- 1,804 charities that received funding between 2014 and 2025
- 2,969 grants awarded
- 1,063 charities that also accessed development support alongside their grant

Constructing a matched comparison group

Alongside the data for charities that received grants, we created a comparison group of similar charities that did not receive funding from the Foundation. By comparing outcomes across these two groups, we can better isolate the effect of Foundation funding and support.

To construct this sample, a list of potential comparator charities was generated for each charity partner. These potential comparators were charities that had a similar income at the time the grant was awarded. The list was then ranked by similarity to the charity partner, and the five most similar charities were selected for inclusion in the matched comparison group.

The similarity score was calculated using an “embedding” of charities’ own descriptions of their work, which converts text into numerical representations of underlying concepts, allowing similarity to be assessed without relying on exact word matches. The embeddings used in this analysis were generated using OpenAI’s “text-embedding-3-small” model.

The matching process was refined through testing and review of individual records. While an initial approach explored matching charities on a wider range of variables, testing showed that income at the time of the grant, alongside the similarity score, was the most reliable and consistent criterion. The final approach also included adjustments to remove grantmakers from the comparison group and to ensure that religious charity partners were matched with other religious charities.

Where charities had re-registered under a different charity number, records were linked for both groups to create a continuous annual dataset.

In cases where a comparison charity was matched to more than one charity partner, records were deduplicated at the analysis stage for consistency.

Consistent dataset

Because charities enter programmes at different times, the size of the dataset changes across the analysis period. For example, in Year 0, the start of the latest grant, the analysis includes around 1,600 charity partners and 5,100 comparators, falling to around 600 charity partners and 2,000 comparators by Year 6. This reflects the fact that not all charities have been in the dataset long enough to provide six years of follow-up data.

To overcome this, we created consistent datasets where the number of charities remains the same across the analysis period. Various datasets were developed to support different metrics and unless otherwise stated, the largest consistent dataset is used. Although this reduces the overall sample size, it avoids distortions caused by changing numbers and provides a more reliable basis for comparing trends over time.

Income as a key metric

Income is used as the central metric in this analysis because it is reliable, comparable across charities and consistently reported in public financial data. While income provides a robust quantitative indicator, it does not capture the direct impact a charity achieves and should not be treated as a definitive measure of performance or financial health.

Nevertheless, income remains a useful proxy for assessing a charity's capacity to deliver its mission, particularly when analysed across a large sample. Sustained or growing income over time generally indicates a charity's ability to fund its activities, employ staff and support volunteers, thereby supporting long-term sustainability and impact.

Income growth analysis

For our analysis of income growth, we used the median income of charity partners and matched comparison groups over time. Median values provide a more representative picture of a typical charity's income by reducing distortion from a small number of very large or very small charities. Income figures were not adjusted for inflation over time.

To make results comparable across charities that received grants at different times, we indexed median income to the year of the latest grant (Year of Latest Grant). For clarity, this refers to the first year of the latest grant received. This then becomes Year 0, with subsequent years counted forward (Year 1, Year 2, etc.). Income in these subsequent years was used to calculate growth rates up to the latest financial year for which data were available at the time of analysis. This approach standardises the starting point for all charities, allowing income changes to be expressed as percentages and making growth trends easier to compare across groups and time periods.

A limitation of this approach is the potential for cohort effects. For example, if many charities were in Year 4 during the 2020 pandemic, the impact of that event would be visible in the Year 4 results for all charities. Such external shocks make it challenging to isolate the precise contribution of Foundation funding. The complexity of the data makes it difficult to tease out the exact impact of these cohort effects.

To provide a single summary measure of income growth for a group of charities, we calculated the Compound Annual Growth Rate (CAGR) at the individual charity level and aggregated these at group level using the median of individual charities' CAGRs. This measure shows the average yearly growth rate, taking into account that each year's growth builds on the previous one (compounding). This makes CAGR a more accurate reflection of the true pace of growth than a simple average.

For robustness, CAGR was calculated only where at least three years of data were available. As charities enter programmes at different times, individual CAGRs are calculated over varying time horizons ranging from three to five years, depending on data availability. This allows reporting on approximately 1,000 charities out of the 1,800 in the dataset, compared with around 700 charities when the analysis is restricted to those with fully consistent data across all years.

To keep things simple, in this report we refer to CAGR as the Growth Rate. We also use the term Relative Growth to describe the difference between a charity partner's Growth Rate and that of its matched comparison group over the same period. In other words, it shows whether a charity's income grew faster or slower than similar charity.

Subgroup analysis

Subgroup analysis examines how the characteristics of grants or charity partners are associated with outcomes, comparing different types of charities, for example by size, location or grant amount, to identify patterns in performance. To build on this, we also included regression analysis. Regression allows multiple factors to be considered at the same time, helping to test whether observed differences reflect the effects of Foundation support. It quantifies the strength and significance of relationships, helping identify which differences are due to Foundation support rather than overlapping characteristics. Further details are provided in the Appendix on pages 36-40.

Qualitative analysis

We randomly drew a sample of 64 charities that have been funded by the Foundation since 2014. We adjusted the list slightly to ensure coverage across a range of primary and secondary sampling variables: replacing some over-represented categories with others in under-represented categories (for example programme funded, level of funding, size of the charity and region).

We learned that 5 of the 64 charities had closed, while 2 were too new in the funding cycle to offer much learning. The Foundation's regional managers then emailed the remaining list of 57 to seek permission for us to approach them. 21 charities responded and we conducted interviews with 20. All interviews were online and about an hour in length. Most participants were Chief Executives (CEOs) although we also spoke to some in other senior management roles.

Our topic guide was inspired by the Qualitative Impact Assessment Protocol (QulP), which meant that we encouraged participants to lead the conversation and describe their organisational journey without too much prompting about the role of the Foundation. We provided regular assurance to participants about keeping their views confidential and encouraged them to be as candid as possible. Charities were given a £200 donation by Charizone as a thank you for their time.

Secondary data

We also reviewed several of the Foundation's previous reports and have cited these studies in this report, to add depth and historical context to our findings.

Research principles and values

Our principles and values reflect a commitment to high-quality research aligned with the Foundation's long-term goals. By integrating quantitative and qualitative methods, we draw robust conclusions and develop credible recommendations.

We prioritise methodological rigour, informed decision-making and transparency about limitations, ensuring insights are credible and relevant.

Our work follows the Social Research Association's guidance on ethical, inclusive and transparent research, including minimising participant burden, fairly representing perspectives and openly reporting methods.

Like the Foundation, we are mindful of power dynamics and prioritise equity and lived experience. Principles of Diversity, Equity and Inclusion shaped the design and delivery of the qualitative research and stakeholder engagement.

Confidence in our findings

By blending quantitative and qualitative methods, this report offers a comprehensive view of funder impact evaluation. However, like all evaluations, the process carries inherent limitations that must be made clear.

What strengthens confidence

Confidence in the findings comes from combining quantitative and qualitative approaches within a mixed-methods framework, enabling robust analysis of a complex picture.

Quantitative analysis

The comparative analysis used in this research draws on established practice in other fields, such as control groups in public health, value-added analysis in education, counterfactual evaluation in economic policy and benchmarking in capital investment. Although relatively new to the charity sector, it offers a powerful way to understand a funder's impact.

This approach allows us to assess not only how charities perform after receiving a grant but also what happens to similar charities that did not receive funding. In other words, it provides the counterfactual, the “what if” comparison that helps isolate the effect of Foundation support.

Because charities operate in complex, real-world environments, it is not possible to run a perfect experiment, as in medicine, where some people receive a treatment and others receive a placebo. There is no such thing as a “placebo grant”. Even so, by comparing charity partners with similar unfunded ones, this method brings us much closer to that level of rigour and provides a stronger evidence base than traditional evaluations.

Qualitative analysis

The qualitative analysis draws on well-established research methods, supported by a rigorous framework and thematic analysis. Through interviews, it explores areas that financial analysis cannot capture, such as the context, experiences and motivations of charity leaders.

A holistic picture

Together, these methods provide evidence of change over time while also explaining the factors behind those changes, strengthening confidence in both the findings and their interpretation.

What limits confidence

While this mixed-methods approach provides a strong foundation, there are also important limitations to acknowledge. Confidence in the findings depends on several interrelated factors.

Quantitative analysis

As described, the quantitative approach is innovative and not yet widely tested. Confidence in the findings rests on a set of interlocking factors outlined throughout this report. These include:

- **Matching process:** How successful was the matching process? Did we succeed in finding charities that are similar enough to the charity partners? This is a difficult process: often a charity exists because no-one else is performing a similar function. We mitigated this by testing the matching process throughout.

- **Income as key metric:** Can the performance of charities be measured through income growth? Reducing the complexity of a charity's operations and impact to a single metric.
- **Varying time horizons:** Growth Rates are derived from charities' CAGRs, calculated over different periods based on when charities entered Foundation programmes and data availability. As a result, aggregated Growth Rates reflect non-uniform timeframes, which may limit direct comparability across charities.
- **Can we identify real patterns** in a complex funding landscape? The decade of the Foundation's funding we reviewed includes a period of major organisational, sectoral, and political change, including a global pandemic, making it difficult to distinguish the Foundation's impact from wider trends.

Qualitative analysis

Even with a strong process and careful design we need to acknowledge some limitations.

- **Sample bias:** Although participants were randomly selected from all charity partners, only around a third of those approached agreed to be interviewed. This opt-in process may have introduced some bias toward more favourable cases.
- **Recency of participants:** Interviewees were more likely to come from charities funded recently, as representatives from earlier cohorts were harder to contact and more likely to have moved on. Since the main aim was to explain the quantitative findings, we prioritised recency over formal representativeness.
- **Sample size:** With 20 charities, the sample was sufficient to give confidence in the key themes that emerged and to test them across a variety of contexts. However, it was too small for detailed comparisons across subgroups, so this aspect of the analysis is more indicative.

Our use of AI

Our research was supported by the use of AI in several ways:

- Charity similarity was computed based on word embeddings, using OpenAI's “text-embedding-3-small” model, accessed via the OpenAI API.
- Large Language Models (LLMs) were used to produce interview transcripts and help identify relevant interview quotes.
- LLM chat models were also used to help refine and re-word portions of this final report.
- We recognise the potential for AI-based tools to produce misleading or incorrect results. All AI-generated content was subject to human verification before inclusion in the report.

Programme design improvements

Positive feedback and constructive insights are guiding the Foundation's ongoing commitment to **learning and greater impact**.

The Foundation is always looking for ways to learn and improve. While participants in this research were generally very positive about the funding and support they had received, their feedback also highlighted some areas for further development.

Communication and transparency

Charities value upfront communication about the full range of support available beyond just funding, and there is evidence that this is not always happening. One leader noted it would have been helpful to have "a clearer idea of what the Foundation could offer from the beginning" rather than discovering additional support options later. Another said they felt surprised when a consultant started to raise significant strategic issues. One option, mentioned during the interviews, would be to have a more formal structured process for assessing need and diagnosing the support options available. This has been trialled as part of the Foundation's Recovery Programme and there seems to be scope to roll this out more generally.

Streamline processes further

In general, participants were positive about the Foundation's process, such as application forms, and compared them favourably to other funders. This is an endorsement of the approach taken by the Foundation in its Lessons for Funder Practice^[1] and its call for lighter touch administrative processes. However, some still found areas for improvement. For example, one participant felt the application process for consultancy support was unnecessarily bureaucratic and found it "clunky" to have to submit a formal application after already agreeing the support needed with their Grant Manager.

Consultant quality and matching

The vast majority of consultants were rated very positively by the charity leaders. Indeed some were described as having a profound effect on supported charities. But we also heard about a couple of more negative experiences, with leaders of these charities emphasising the importance of matching the right consultant to their needs. Time was lost when consultants lacked knowledge of specific themes or sectors. Those affected suggested "more assessment prior to linking a consultant with an organisation" to ensure consultants have genuine knowledge of their sector and understand where their organisation currently stands. While this was an isolated case going back to 2021 / 2022, it is a reminder of the importance of getting this right.

Longer-term funding commitments

While appreciating that current levels of support from the Foundation are substantial, charities say they would benefit from even "longer-term, more secure funding" and suggest "increasing funding from three to five years" to provide greater stability for planning and development.

Tailoring support to culture

We spoke to a charity who regretted not making the most of the development support because they did not feel it reflected where they were at as an organisation. They perceived it as aimed at more ambitious and professionally minded organisations, which did not suit their culture as they preferred to focus on day-to-day challenges. This could have been the way the support was presented to them, but it is worth reflecting on whether support could be further tailored to different cultures and mindsets. It also suggests that more effort needs to be invested in outreach to organisations who do not immediately see the benefits of development support.

Eligibility

As organisations grow beyond the Foundation's size criteria, or as the Foundation's focus changes, organisations may lose access to support programmes. One organisation noted this challenge: "Where is the enhanced support for the medium organisation that still needs that support?". While the Foundation's funding and support will always be finite, is there scope to support organisations transitioning away from their programmes? For example, small amounts of funding for peer support networks to continue or helping Regional Managers to maintain these relationships.

Development support access

Some organisations struggle to fully utilise available consultancy support due to time constraints and workload pressures. One leader described how careful they were not to take on too much at one time. More flexible scheduling or phased support delivery could help improve engagement.

Support for more advanced organisations

There may be a gap in support for organisations that have outgrown basic training but still need specialised help. One leader noted that when attending other funders' training sessions, the content was "so basic" they were asked to share their expertise instead, highlighting the need for more advanced support options.

Networking opportunities

While some participants spoke very positively about the networks they had accessed through the Foundation's support, others felt this could be better - suggesting this is not always happening consistently.

Broader implications for the Foundation and sector

The research highlights some ways **the Foundation and other funders** can strengthen their approach to better support local charities and the communities they serve.

Beyond the process improvements described earlier, our research highlights areas for development that the Foundation and other funders may wish to explore.

Assessing the Foundation's approach

The findings of this research are consistent with the Foundation's strategy, particularly its focus on:

- Targeting local charities that are connected to communities, often struggling to raise funding from other sources, and have potential to achieve more.
- Providing unrestricted, multi-year funding that offers a platform for resilience and growth.
- Combining funding with tailored, holistic development support, built on close relationships to co-determine the organisation's needs.

Improving funder practice

Regional Managers are deeply valued by charities—not only for their expertise and approachability, but also for their role in fostering collaboration and information-sharing. One participant described their Regional Manager as fulfilling a vital infrastructure role, strengthening voluntary sector coordination within the region and with external institutions. Others urged the Foundation to lead on aligning regional resources and advocating for investment in local charities. This suggests scope for funders to invest in dedicated voluntary sector coordinator positions, ideally in partnership. As the Foundation already invests in network-building—such as regional peer forums—this would be a natural extension of its existing work.

Refining approaches to selecting organisations

Funders inevitably face dilemmas deciding which organisations to support, and there will always be a mix of successes and failures. The Foundation has deliberately taken a risk-tolerant approach, backing groups with limited track records and development needs, likely contributing to the similar survivability levels we found between charity partners and charities.

Our statistical analysis aimed to identify factors linked to success, but the available data—limited to observable characteristics—did not explain much of the variation in outcomes. However, our qualitative research (alongside other studies) offers clues into what may matter more (leadership skills, strong partnerships, funding diversity). These factors could, in theory, be codified into a standardised organisational assessment process to inform initial selection and generate richer data for future analysis of survivability and growth. The aim here would not be to make the Foundation more risk-averse, but rather strengthen the information base for decision-making. However, we also recognise the ongoing need for flexibility and judgement and do not suggest the Foundation moves too far away from this.

Ensuring maximum benefit from development support

One issue that relates to both targeting and support is timing.

Our qualitative evidence suggests that the most valuable support occurred at key transitional moments in organisations' journeys. This is in line with research by [David Clifford \(2024\)](#)^[21] which found that the most significant factors affecting charity survival are related to volunteer leadership succession (eg (regular board member turnover and refreshment). This raises the question of whether the Foundation could more consciously identify and focus on these moments. It also strengthens the case for a formal diagnostic process, including questions designed to surface significant challenges or vulnerabilities.

Another challenge with time-bound consultancy support is ensuring recommendations are implemented. While nearly all support was well received, some did not have the intended longer-term effect. One participant requested “more examples and guidance on implementation”, along with practical, hands-on support during implementation phases. This supports the case for very flexible and open-ended support packages.

Clearer programme goals

A challenge in this evaluation is the lack of explicitly defined goals for the Foundation's funding programmes. In the absence of clear frameworks—such as theories of change—programmes can only be assessed against broad intentions rather than specific outcomes. Sector best practice emphasises the importance of articulating programme goals with clarity and precision, providing a blueprint for data collection and enabling more systematic and generalisable evaluations.

Good theories of change also articulate mechanisms through which funding and support are hoped to work, which can then be routinely monitored to check if things are going as planned and support ongoing reflection and improvement. Moreover, clearly defined goals help everyone to better understand the Funder's priorities, enhancing the relevance of support and reducing uncertainty or misalignment.

Funder collaboration

Some participants highlighted the need for stronger collaboration among funders. They found funding sources fragmented and difficult to navigate, with varied processes and requirements creating extra workload. This lack of coordination also results in both gaps in provision and duplication. Ideally, the Foundation would work as closely as possible with other funders to share information, align processes and coordinate resources.

Continuing policy and influencing work

This project has highlighted the fantastic, and much needed, work that local charities are doing in communities, as well as the significant challenges they face and the importance of funding and support. The Foundation recognises that its role is not only to support these charities directly, but also to advocate for them wherever possible, particularly in policy circles and the public realm. Local charities value this aspect of the Foundation's work alongside the direct support they receive.

Conclusion: a stronger future, built on evidence

Independent funders play a key role in helping local charities grow stronger, adapt and create lasting impact in the communities they serve.

This evaluation provides **clear and robust evidence** of the long-term impact of the Foundation's investment in local charities between 2014 and 2025. It confirms that unrestricted, multi-year funding enables charities to achieve financial sustainability, build organisational resilience and create jobs well beyond the life of a grant.

It also shows that **development support amplifies and extends the impact** of grant funding. Charities that accessed this support outperformed their peers and demonstrated greater resilience, particularly those facing the greatest challenges. This is among the strongest statistical evidence to date of the added value of funder-led development support. The Foundation's distinctive model, delivered through a team of regional managers, continues to be especially valued, demonstrating that investment in leadership, governance and sustainability is central to driving growth and resilience. In addition, Lloyds Banking Group's **skills-based volunteering programme** enables employees to share their expertise, further enhancing growth and impact.

A consistent finding throughout the evaluation is that **flexible funding and tailored development support work best**. The impact of the Foundation's support on growth and resilience is not tied to any single grant type or organisational characteristic but to **how well each charity responds to it**. This depends on factors such as leadership, organisational history and the environment in which charities operate. These findings reinforce the need for funders to remain relationship-based, responsive and adaptive, tailoring their approach to the unique strengths and circumstances of each charity. Building support on trust and understanding is essential to unlocking every charity's full potential.

For the Foundation, the next step is to **build on these** insights and continue refining its practice. This means maintaining investment in unrestricted, multi-year grants and high-quality development support, while further tailoring interventions to reflect the varied contexts in which charities operate. It also means strengthening the **use of evidence** to guide strategy and understanding not only whether interventions work but also how and when they make the greatest difference.

This evaluation also holds valuable lessons for the **wider funding community**. The research shows that it is both possible and powerful for funders to measure their impact with the same rigour and curiosity they ask of the charities they support. Combining counterfactual analysis with qualitative insights offers a practical and credible way to

understand added value and improve resource allocation. By adopting similar approaches, funders can help build a culture of transparency, shared learning and collective improvement across the sector.

Looking ahead, the opportunity is to develop a **sector-wide learning system** where funders can compare insights, exchange practice and collectively drive greater impact. Such collaboration has the potential to transform the effectiveness of funding, strengthen accountability and accelerate progress across the charity sector.

For policymakers, the findings provide further evidence that **independent funders are not just a source of money** but a vital mechanism for building resilience, innovation and capacity in local charities. Sustained investment in this part of the sector can generate long-term social value, particularly when combined with development support.

Ultimately, the next step for the Foundation is to **apply these lessons internally and share them openly** so that funders, charities and policymakers alike can benefit. By raising the bar for evaluation, committing to transparency and combining robust data with the insights and experiences of charity leaders, we can move beyond counting outputs to a clearer understanding of what drives resilience and growth. This will help ensure that resources are directed where they make the greatest difference and that local charities can continue to play their crucial role in transforming lives and strengthening communities.

“

Our strategic role has been accelerated because Lloyds invested in it. By funding us for three years it enabled us to both meet demand and allow the management team to do the strategic work which helped us to grow then and continue to grow now.

We're in a position, probably for the first time in 40 years, where everything is in place, everything's there for us to continue.”

Dial Barnsley, deaf and disabled people's charity, Yorkshire & Humberside

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Charity partners in different grant programmes

Grant Programme	Funding Offered	Years Active	Average Relative Growth Rate (% Points)
Current Programmes			
Deaf and Disabled People's Organisations	Unrestricted, 3 years, £75k	2023 - present	*
Racial Equity	Unrestricted, 3 years, £75k	2023 - present	*
Specialist Programme	Unrestricted, 3 years, £75k	2023 - present	*
COVID-19 Era Programmes			
Core COVID-19	Core & Project, 1 year (up to £33k)	2020	4.1 percentage points
Recovery	Unrestricted, 2 years, £50k	2020	1.8 percentage points
Renew	Unrestricted, 2 years, £50k	2021 - 2022	-1.0 percentage point
Previous Programmes			
Enable	Project, 1-2 years, £15k		3.9 percentage points
Invest	Core & Project, 3 years (up to £99k) + 3 years continuation		4.7 percentage points

Other metrics: employees and volunteers

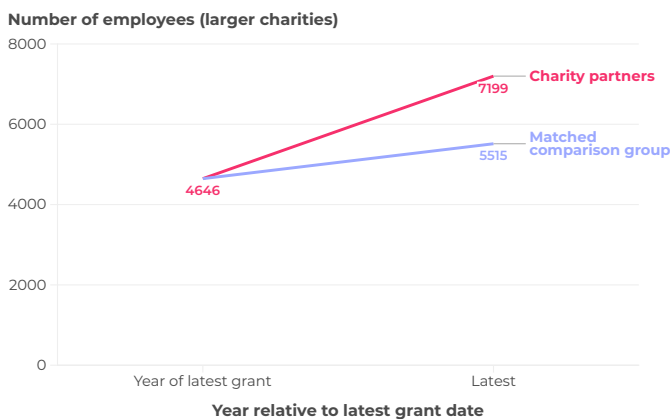
Number of employees

Endorsing the Foundation’s approach

Figure 9 shows the change in the number of employees from the year of last grant receipt (“At grant”) to the most recent financial year (“Latest”), with the grant year varying across charity partners.

- Dataset used: Larger charity partners with consistent data, 294 charity partners. (16%)
- Charity partners: On average, charity partners added around 2,550 employees that could be attributable to the grant
- Matched comparison group: Growth was smaller, at roughly 870 additional employees.
- Implication: Since receiving a grant, larger charity partners with consistent data (294 charities), demonstrated greater net job creation compared to similar charities without grants, suggesting grant funding is associated with stronger workforce growth. We estimate these charities added 1,680 employees compared to the matched comparison group.
- Possible interpretations: Given that it is generated from a significantly smaller pool of charities, we can assume that this is the smallest possible net number of additional jobs supported by the grants from the Foundation. Smaller charities, however, often hire differently, relying more on part-time or project-based roles, short-term specialist staff and volunteers. This means their staff growth may be less visible in headline numbers.

Figure 9 - Number of employees relative to latest grant date



Number of volunteers

Endorsing the Foundation’s approach

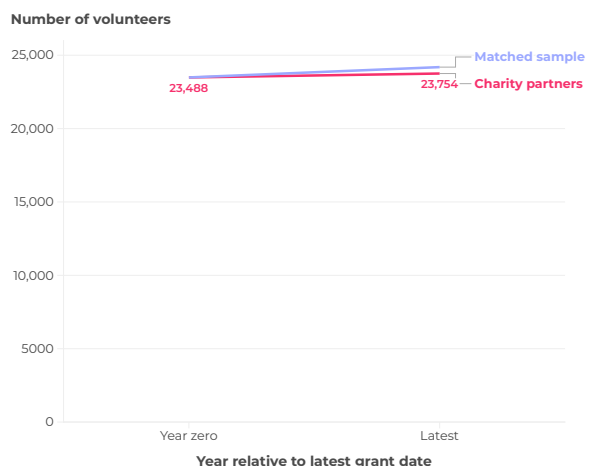
Figure 10 shows the change in the number of volunteers from the year of last grant receipt (“At grant”) to the most recent financial year (“Latest”), with the grant year varying across charity partners.

- Dataset used: All charity partners with metrics-consistent data, 655 charity partners (36%).
- Charity partners: At grant, charity partners reported around 23,500 volunteers, with only a very small increase over time.
- Matched comparison group: Volunteer numbers also rose slightly, following a similar trend to charity partners.
- Results: Unlike job creation, the data suggests that grant funding has had little measurable effect on volunteer numbers, as growth was minimal and broadly consistent with charities not receiving grants.

Possible interpretations

- Volunteers are not directly influenced by grant funding, as grants usually support paid staff and core operations rather than volunteer recruitment.
- Capacity constraints (eg. training, supervision and management) may limit the ability of charities to scale volunteer involvement even with more funding.
- Volunteer engagement may be stable by nature, with numbers driven more by community interest and cause alignment than by financial resources.
- Grants may have improved the quality or retention of volunteers rather than increasing the overall headcount, which this analysis would not capture.
- The crude measure of volunteering captured in the Charity Commission annual return (a single count of volunteers for the year) has poor data quality and misses the nuances of volunteering in these charities.

Figure 10 - Number of volunteers relative to latest grant date



Other metrics: funding mix

Funding mix

- Dataset used: All charity partners with metrics-consistent data, 655 charity partners (36%).
- Charity partners: The mean average proportion of income from government was 26% at the time of grant, with 14% from government grants and 12% from contracts.
- Matched comparison group: The mean average proportion of income from government was 23% at the time of grant, with 13% from government grants and 10% from contracts.
- Results: Charity partners seem to have increased the proportion of their income coming from government sources by the end of the grant.

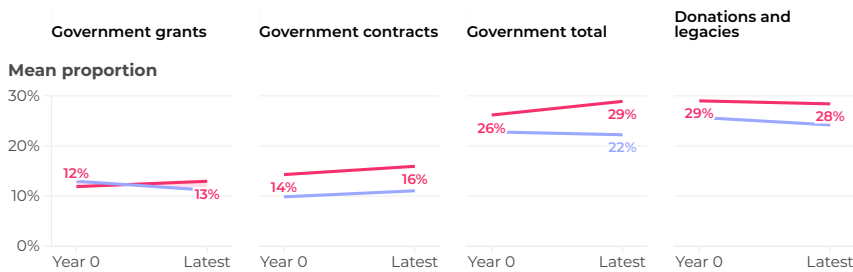
Proportion of income from donations and legacies

- Dataset used: Larger charity partners with consistent data with 294 charity partners. (16%).
- Charity partners: The mean average proportion of income from donations and legacies was 29% at the start of the grant, falling slightly to 28% in the latest returns.
- Matched comparison group: The mean average proportion of income from donations and legacies was 26% at the start of the grant, falling slightly to 24% in the latest returns.
- Results: There does not seem to have been a large difference between the two groups.

Possible interpretations

- Funding Mix Shift: Rising government income corresponds with falling donations showing that charity partners are less reliant on voluntary giving and more on government sources.
- Diversification vs Dependency: Growth in government funding reduces reliance on donations but increases vulnerability to policy changes.
- Strategic Implications: Together, the charts show a small shift in income: charity partners are relying less on donations and more on government funding. This brings short-term stability but may reduce long-term resilience if income sources aren't well balanced.

Figure 11 - Change in income proportion for charity partners and matched sample



Other metrics: liquidity ratio and total funds

Liquidity ratio

The liquidity ratio shows the ability of a charity to fund its ongoing operations. This is calculated by dividing current assets by current liabilities. A higher score means a charity has a good cashflow position and is able to meet its short-term obligations. The measure also refers to the ability to sell assets quickly to raise cash.

- Dataset used: Larger charity partners with consistent data, 294 charity partners. (16%)
- Charity partners: The median liquidity ratio starts at 7.0 on the grant date and increases steadily to around 8.7 at the latest observation.
- Matched comparison group: The median liquidity ratio remained stable, around 5.5, with no significant change from the last grant date to the latest point.
- Implication: Larger charity partners improve their liquidity ratio compared to similar firms that did not receive grants, widening the gap over time.
- Volunteers. This means their staff growth may be less visible in headline numbers.

Possible interpretations

- Grants provided additional resources that strengthened firms' liquidity positions.
- Charity partners may have allocated grant funds toward cash reserves or working capital improvements.
- The lack of improvement in the matched comparison group suggests that the observed gains are specifically linked to grant receipt rather than broader market effects.

Figure 12 - Liquidity ratio relative to latest grant date



Total funds

Total funds show the overall financial resources a charity has available to support its activities. This includes money held in reserves, investments and other assets. A higher level of total funds usually means the charity is more financially healthy; it can cover risks, invest in new projects and sustain its work over time.

- Median total funds reflect the typical level across charities, giving a clearer picture of the sector without being skewed by very large or very small charities.
- Dataset used: Larger charity partners with consistent data, 294 charity partners. (16%)
- Charity partners: At the time of the last grant, charity partners had median funds around £420,000. By the latest observation, this grew to just above £510,000
- Matched comparison group: Started higher, at around £535,000, and increased further to about £610,000 by the latest period.
- Implication: Both groups saw growth in their overall funds, but charity partners consistently held lower median total funds than the matched comparison group. While grants supported some growth, they did not close the gap in total funds.

Possible interpretations

- Charity partners may have used grants more for operational stability rather than for building long-term reserves.
- The matched comparison group might include charities that already had stronger fundraising capacity, allowing them to maintain a higher baseline and faster growth.
- Grants appear to help charity partners grow, but not enough to catch up with peers who were already better resourced.

Figure 13 - Median total funds relative to latest grant date



Data foundations for comparative analysis

Constructing the grant dataset and matched comparison group

Objectives

Income was tracked annually to reveal clear trends and show whether gains after grant support were sustained or temporary. While non-income outcomes are assessed only at Year 0 (the year of last grant) and the latest financial year, since these gradual changes are better captured through comparison at key points in time. When analysing metrics beyond “income,” we encounter two key issues:

1. Data quality:

The Charity Commission requires charities to report various metrics, but many charities update this information irregularly or inconsistently. This leads to unreliable data, particularly for:

- Volunteer numbers
- Government grants and contracts (data available from 2020)

2. Reporting thresholds:

Larger charities (income > £500,000 in a given year) must provide more detailed reporting. Since smaller charities are exempt, this creates gaps in the dataset. This leads to unreliable data, particularly for:

- Number of employees
- Total funds / net assets
- Income from donations and legacies
- Liquidity ratio (current assets ÷ current liabilities)

Approach taken

To ensure consistency across metrics, we selected the most reliable data available for each. We then created additional focused subsets:

- One includes charity partners with dependable reporting on volunteers and government grants.
- Another includes larger charity partners with income > £500,000 in both Year Zero and their most recent financial year.

Figure 14 - Dataset for comparative analysis

Dataset	Charity partners	Matched
All charity partners	1,804 (100%)	5,120 (100%)
All charity partners with metrics consistent data	655 (36%)	1,934 (38%)
Larger charity partners with consistent data	294 (16%)	690 (13%)

Additional metrics

We evaluated the following additional metrics; however, they did not yield meaningful results, likely due to limitations in the quality, availability or relevance of underlying data.

- Number of volunteers
- Funding mix
- Liquidity ratio
- Total funds
- Total expenditure in years before and after the grant showed no material deviation from income, offering limited additional insights.
- Number of trustees could not be analysed at baseline (Year 0) due to missing data.
- Submission of annual reports and accounts was high in the most recent year, leaving little variation to analyse.
- Restricted vs unrestricted grants: data provided was not complete.

Subgroup analysis data

Figure 15 - Relative growth rate by charity partner profile

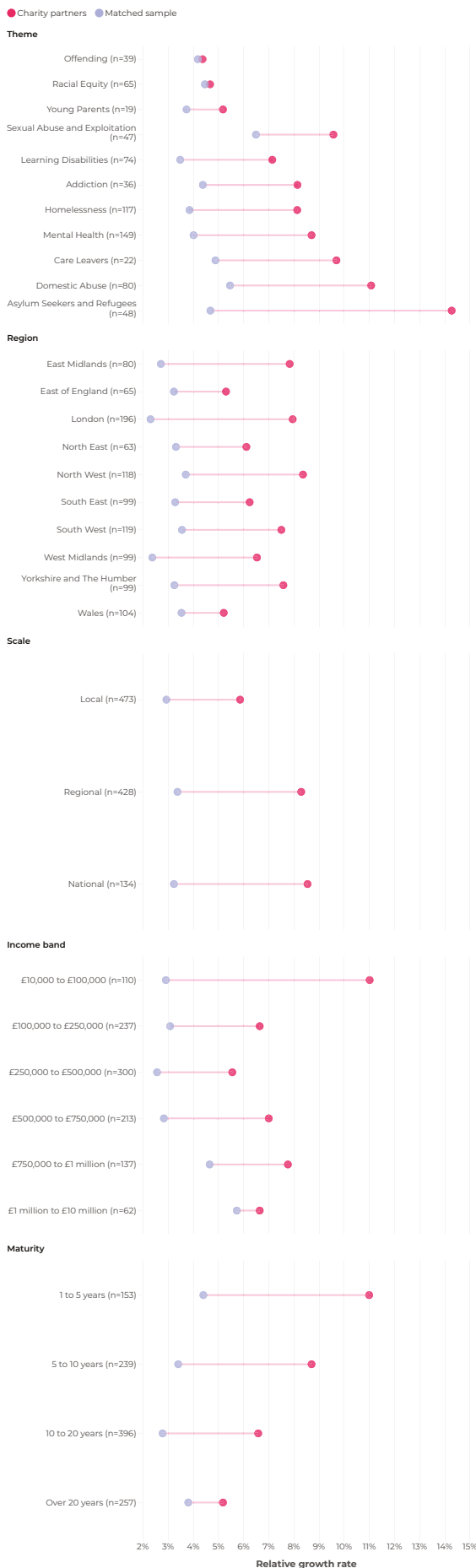
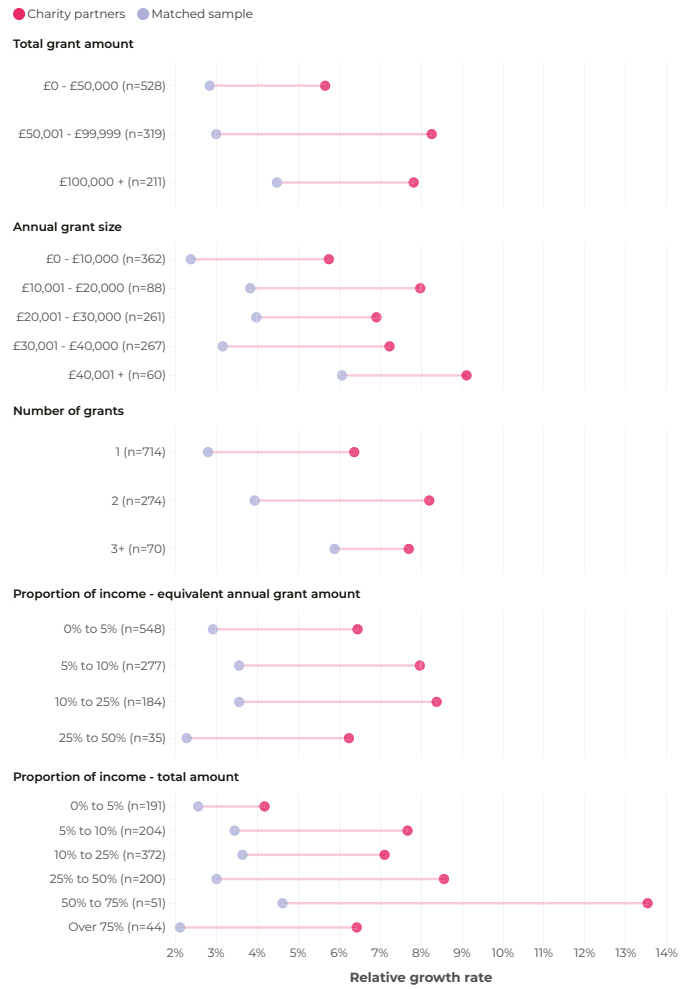


Figure 16 - Relative growth rate by support type



Subgroup analysis methodology

Comparative subgroup analysis

Here, we examine outcomes across subgroups of charity partners, such as organisational characteristics (eg. size, location, sector) and grant characteristics (eg. amount, number of grants, proportion of grant).

This analysis helps to identify whether certain types of charities or support models perform differently from others.

However, subgroup analysis is largely descriptive: it shows patterns (eg. large vs small charities, London vs Wales), but cannot fully separate which factor is driving differences when characteristics overlap (eg. larger charities may also be more likely to receive larger grants or be London-based).

Regression analysis

Regression analysis tests whether observed differences are genuine effects of Foundation support or explained by other factors.

It controls for many characteristics simultaneously, allowing us to see the independent effect of each one.

It quantifies both the strength and significance of relationships, rather than just describing average differences.

It helps identify whether subgroup differences are likely to be real and meaningful, or simply the result of overlapping characteristics.

Regression analysis approach

Conducted ordinary least squares (OLS) regression (also tested weighted least squares, with similar results).

Explored the relationship between charity partners and grant characteristics and financial growth rates.

Results generated using the statsmodels package in Python.

Findings

Overall model had a low R-squared (0.127), explaining <13% of the variation in growth rates.

This suggests that the charity partner/grant characteristics included have limited predictive value for growth.

Interpretation

The quantitative analysis confirms that Foundation funding improves financial sustainability and resilience, with development support having a particularly strong effect.

Other characteristics (size, location, theme, etc.) appear less important in explaining outcomes.

This aligns with the qualitative findings, which seem to indicate that the key drivers of growth and resilience are specific to the particular context of the charity concerned: most importantly the motivations and experience of the individuals involved, organisational history and the geographical, political and institutional context they are working in.

This is not to say that patterns do not exist, but rather that the level of detail in the current dataset is not yet sufficient to demonstrate such patterns with confidence. Hence it will be most appropriate for our report to offer tentative conclusions about the factors determining growth, and possibly some archetypal scenarios. We will also make recommendations for how comparative analysis might be strengthened in future so that the Foundation can be clearer about in which circumstances its funding and support makes the most difference.

This report therefore places greater emphasis on the qualitative insights, using quantitative analysis to illustrate broad patterns rather than explain them in depth.



There are people that will fund a therapist, they see the value in that. But when you say, 'oh, but we need management, or we need core costs', they are not interested.

This unrestricted funding was vital, because there were very few other places that would actually fund that part of the service for us.”

Safety Net UK, sexual abuse and exploitation support charity, North-West England

An independent report, commissioned by Lloyds Bank Foundation for
England and Wales and conducted by Charizone



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