

Measuring the environmental impact of grant funding for community organisations

November 2024

Introduction

The National Lottery Community Fund ('the Fund') is the largest community funder in the UK, distributing around £600m a year to communities across the UK. Its purpose is to award funding that strengthens society and improves lives across the UK. The Fund commissioned CAG Consultants in the spring of 2024 to perform a review of their grant funding portfolio to assess the likely environmental impact of the projects it funds. The objective was to consider how well the Fund is meeting its objectives of both supporting communities to be more environmentally sustainable, and to being an environmentally regenerative funder.

To help achieve this ambition, the goal of our research was to understand current environmental impacts of the Fund's grant making across carbon, waste, biodiversity and awareness, as well identify ways the Fund can capture better environmental impact data and encourage projects to be positive for the environment.

This paper presents a summary of our findings, which may be of interest to other grant funders who are keen to minimise the environmental impact of their grant funding.

Our approach

Our research consisted of a desk review, a project review and an exploration of measurement options. The aim was to assess the environmental impact of projects funded by the Fund, gather insights from other grant-making organisations' approaches to assessing their environmental impact, and make some recommendations about steps the Fund can take to reduce the impact of its funded projects.

1. **Desk review:** This looked at how the Fund and other similar funding bodies manage and measure the environmental impact of their funding programmes.
2. **Project review:** We assessed a sample of 60 projects supported by the Fund, to evaluate the potential environmental impact (positive and negative) across various project types, sizes, and locations.
3. **Measurement options:** We explored different frameworks and approaches for measuring environmental impacts.

Findings

Environmental impact of projects supported by the Fund

Most projects supported through the Fund are likely to have some kind of relatively small negative impact – most commonly in terms of carbon emissions. For some of the environmentally focused projects, this might be outweighed by positive environmental impacts achieved through the project.

Fewer than 20% of the projects we reviewed were likely to have a significant environmental impact, split between negative (mainly related to construction or those involving a lot of travel) or positive (mainly through sustainable land management and awareness raising).

We developed 16 project archetypes, in three categories and assessed the likely impact of each against carbon, waste and awareness. The results are shown below (+ positive impact; - negative impact; 0 no impact).

Archetype	Carbon	Waste	Biodiversity	Awareness
A. Projects involving events, workshops and training				
Rural – non-environmental focus	-	0	0	0
Rural - environmental focus	-	0	Depends	+
Urban – non-environmental focus	0	0	0	0
Urban – environmental focus	0	0	Depends	+
B. Projects involving construction or refurbishment and use of a building				
Building refurbishment	-	-	0	Depends
New building	-	-	-	Depends
Demolition & construction of new building)	-	-	0	Depends
Management of building - local visitors	-	0	0	Depends
Management of building - non-local visitors	-	0	0	Depends
Air source heatpumps & PV on existing building)	+	0	0	Depends
C. Projects involving nature, gardening and environmental awareness				
Nature oriented – urban	+	-	+	+
Nature orientated - rural	-	-	+	+
Behaviour change – energy	+	0	0	+
Behaviour change – transport	+	0	0	+
Behaviour change – waste	+	+	0	+
Behaviour change – consumption)	+	+	0	+
Behaviour change – diet	+	0	0	+
International tour	-	0	0	+

Approaches by other grant funders

Other grant funders have a range of approaches to reducing the environmental impact of their funding, including:

- Requiring funded organisations to have a sustainability strategy.

- Inviting grantees to examine their own sustainability practices.
- Running sessions with panel members to consider how climate change can be part of funding decision making.
- Offering a grant uplift for environmental action.
- Offering money towards the cost of an environmental audit.
- Requiring larger projects to report on their carbon emissions.

Options for measuring environmental impact

There are a number of options for any grant funding organisation to measure and model the environmental impact of its grant making. This can be at the fund level or at the individual project level, with pros and cons at each level.

Modelling impact at a fund level

Funders can look to model the impact of their grant making with minimal reporting requirements from individual grant holders. Once projects are categorised by archetype, data on impact can be collected from a few projects within each archetypes, which would contribute to the development of modelling to estimate the impact fund-wide. We identified two key options for assessing environmental impacts using sampling models that can then be scaled up across an entire portfolio of grants. For example:

- **Cost-based analysis** – looking at the average of carbon emissions by size of grant-calculated for a sample of projects and scaled up to all projects.
- **Cost-based plus visitor travel analysis** - visitor travel is a major source of carbon emissions for many projects and sites.

Pros	Cons
Minimal burden on grantholders	<ul style="list-style-type: none"> • Approximate • Requires investment in producing more accurate impact estimate by archetype • Requires projects to be tagged by archetype • Requires regular updating to ensure archetype estimates are accurate

Project level

Another approach would be to introduce a requirement for individual projects to capture and report data which is then used by the Fund to assess impact. This could be through a survey or via a bespoke carbon/pollution/biodiversity calculator spreadsheet that projects are required to use to estimate their impact.

This could be a requirement of larger projects and/or projects that are identified as having a greater impact (capital projects or those resulting in significant, non-local travel).

Pros	Cons
<ul style="list-style-type: none"> • More accurate • Raises awareness amongst grantholders of their environmental impact • Could be used by grant holders to provide feedback to their participants thus potentially encouraging further change 	Burden on grantholders

Considering longer term impacts

An inherent issue with environmental funding is that the outcomes are often not immediate and may appear over a much longer term than the funding timeframe. Consideration will need to be given to enabling longer-term evaluations of environmental impact.

Reducing environmental impact

There are a number of options for any grant funder to reduce environmental impact – at the stages of application, grant award, project delivery and reporting.

Application stage

Guidelines could be introduced for grant holders about what will or won't be funded in terms of environmental impact. Certain things could be deemed to be incompatible with being an environmentally regenerative funder, for example anything involving flying or single use plastic.

A question could be included as part of all applications about how the environmental impact will be minimised:

- For small grants this could be very simple – for example a couple of sentences about how they will minimise waste and encourage active travel.
- For larger projects this could require more detail, asking for detail in relation to the various different impacts of carbon, waste, biodiversity, adaptation and awareness.

Linked to the above points, training could be provided for funding assessors on how to assess the potential (negative) environmental impact of projects and any red flags with the objective of ensuring a consistent approach across the grant-making organisation.

At grant award, project delivery and reporting

Consideration could be given to introducing requirements for funded projects about how to deliver projects in an environmentally friendly way. Ideally, this would go beyond advice to a 'pledge' or some kind of requirement, with the potential for this to be audited for the bigger projects with the greatest impact.

Projects could be asked to consider and encourage the type of behaviour change each visitor would need to make to offset the impact of their travel to the project. This would both reduce the negative impact of the project and also raise awareness/encourage wider behaviour change. (This may not be appropriate for all project participants.)

Consideration could be given to introducing a requirement to collect and report relevant data on (for example) travel, energy consumption, catering and capital investment. A quality assurance or audit process could be introduced to ensure robust findings are produced that can be shared with other projects. Providing a tool that enables projects to provide participants with feedback on the impact of the changes they are making could be a powerful motivator to effect further change.

Additionally, particular requirements could be introduced for types of project likely to have a significant negative impact:

- **Travel:** Projects involving substantial amounts of travel could be encouraged (or required) to be designed to encourage/enable active travel and offer rewards for travelling by low carbon means. If sites cannot be reached by public transport or active travel, car sharing should be encouraged, with EV charging available where possible.
- **Building projects:** projects could be required to meet certain minimal standards (e.g. BREEAM excellent for projects over a certain size). Funders could specify that no gas or oil-fired heating systems will be funded
- **Green space projects** could be asked to pledge to follow sustainable green space management principles e.g. relaxed mowing, minimal use of diesel or petrol machinery, maximised carbon sequestration, and the avoidance herbicides or pesticides.
- **Projects likely to have longer term impacts:** could be required to report over a longer period than lower impact projects. .

Support and capacity-building to funded organisations

Potentially one of the biggest positive impacts a community grant funder can have on the organisations it supports is through providing support and capacity building on environmental performance. For example:

- Providing guidance, hand holding and tools to enable environmental improvement. These could include promoting available carbon calculators and waste monitoring tools, or could involve developing a monitoring spreadsheet that is bespoke to a particular fund.
- Facilitating a forum for grant holders to share learning and hear about best practice
- Offering carbon literacy training to all funded organisations.

Feedback from the Fund

“We gave CAG a very tight timeframe of just 6 weeks to carry out this work and we were very impressed with the depth and coverage of their work. We’ve shared the report internally and are reflecting on the findings; working with our innovation unit we will use it to generate a fuller response to our ‘environmentally regenerative funder’ ambition”.

About CAG

CAG Consultants are leaders in evidence-based research, advice, and engagement for environmental, economic and social sustainability. We have a long track record in supporting organisations on their monitoring, evaluation and learning frameworks and have worked with clients including central government (DESNZ and Defra), national charities and not-for-profits (the National Lottery Community Fund, Community Energy South) and community organisations (such as Climate Action Leeds and the Women’s Environmental Network).

CAG is a cooperative partnership comprising eight highly experienced partners who jointly own and manage the business.

If you’d like to talk to find out more about what we do, please visit our website www.cagconsult.co.uk or contact CAG Partner Emma Jones: ej@cagconsult.co.uk