

## Duty to Care?

How to ensure grant-making helps and doesn't hinder

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### PROCESSES

Could your processes be more useful and less burdensome for the organisations you fund?

### RISKS

Are you taking enough risk?

### RELATIONSHIPS

Can you have "better conversations" with your grantees to build mutual understanding and honesty?

# Authorship and acknowledgements

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# About the report

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## What this report is about

***Duty to Care?*** makes the case for adaptation and innovation across foundations' grant-making practices in response to the circumstances and needs of small-medium voluntary organisations. We look at examples of foundation practice from applications through to reporting and propose actions and questions that other funders in the field might consider.

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## Who this report is for

***Duty to Care?*** is for trusts and foundations interested in a type of grant-making that is built on the idea expressed by the Chief Executive of one of our case study funders:

*‘We have started to push ourselves to ask: “What can we do to make it easier for people and charities to do their job well? What is [it] that we need to do to make our contribution the best it can be? How do we make our processes easier? So, not what suits me but what helps you?”’*

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## Where the material comes from

***Duty to Care?*** draws on three main sources to provide insights into how voluntary organisations were faring in 2018 and a snapshot of how independent charitable foundations tried to respond.

- A survey of 25 small-medium organisations that participated in our 2012 *Duty of Care* study<sup>1</sup>, followed by in-depth conversations and interviews with four of these organisations, to learn about their current context – opportunities, challenges and experiences.
- Insights from *The possible not the perfect*<sup>2</sup> and *The value of small*<sup>3</sup> which involved over 20 small-medium voluntary organisations across the UK.
- Six case studies of trusts and foundations who have tried to change how they work, taken new risks, or sustained a distinctive approach in a much more difficult environment.

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## Terminology

We use the term ‘voluntary organisation’ to describe organisations belonging to the: charitable sector; voluntary sector; community sector; voluntary and community sector; voluntary, community and social enterprise sector; third sector; non-profit sector; NGO sector; and civil society. Our particular focus is on smaller organisations with an annual turnover of less than £500k.

We use ‘trust’, ‘foundation’ and ‘grant maker’ interchangeably to refer to independent charitable trusts and foundations. Unless otherwise indicated, ‘funder’ also refers to independent charitable trusts and foundations.

We use ‘grantee’, ‘grant-holder’ and ‘funded organisation’ interchangeably to refer to voluntary organisations in receipt of funding from independent charitable trusts and foundations.

<sup>1</sup>IVAR (2012) *Duty of Care: The role of trusts and foundations in supporting voluntary organisations through difficult times*, London: IVAR. <https://www.ivar.org.uk/publication/duty-of-care/>

<sup>2</sup>IVAR (2018) *The possible, not the perfect: Learning from funder responses to emergencies*, London: IVAR. <https://www.ivar.org.uk/research-report/the-possible-not-the-perfect-learning-from-funder-responses-to-emergencies/>

<sup>3</sup>Dayson, C., Baker, L., Reese, J. (2018) *The value of small*. Sheffield: Sheffield Hallam University. <https://www.ivar.org.uk/research-report/value-of-small/>

*‘What can we  
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and charities to  
do their job well?’*



## **TAKE RISKS**

Are you taking enough risk?



## **SIMPLIFY PROCESSES**

Could your processes be more useful and less burdensome for the organisations you fund?



## **BUILD RELATIONSHIPS WITH GRANTEES**

Can you have "better conversations" with your grantees to build mutual understanding and honesty?

# Summary

The day-to-day existence of voluntary organisations continues to be precarious, and they are reporting that the challenges facing the most vulnerable in society are deepening in many ways. This research follows up a 2012 study into how social welfare organisations, and the foundations that supported them, were adapting to what was then a new era of austerity.<sup>4</sup> Seven years on<sup>5</sup>, this new research shows that while their operating environment remains complex, organisations and funders alike are adapting, innovating and reforming their relationship. The motivation for those changes comes from a sense of solidarity with those on the frontline and, among grant makers, a desire to reduce the impact of their own processes on the organisations they wish to support. However, not all funders have yet adapted, which is why our title is a challenge and our conclusion is a call to action: do not unwittingly get in the way.

## Life for voluntary organisations in 2018 – instability as a permanent fact of life

The economic and social divisions that were opening up in 2012 had become more pronounced and entrenched by 2018. Smaller, local social welfare organisations continue to see increases in client referrals due to changes in service thresholds and welfare provision, or because of other organisations in the area closing. These local organisations engage with society's hardest to reach groups and most seldom heard voices, work holistically and in ways that are responsive to different and continually changing contexts, yet they have a much smaller share of local government funding than large and non-local charities (16 versus 84 per cent)<sup>6</sup>, and their income trajectories remain volatile.<sup>7</sup> In order to respond to these operational pressures, organisations often need to rethink what they do and how they do it. However, leaders are caught in a catch 22 – they do not have the time to think, because the day-to-day demands take up all their energy.

Yet some organisations are changing and adapting successfully. They have met challenges to increase transparency and tighten safeguarding, they are investing more in assessing and reflecting on their impact, and they are building better relationships with commissioners and funders. They have more diverse funding streams and are working in partnership with others, while broadening their own service offers. However, challenges remain. Ambition is focused on keeping going. Procurement processes have not been simplified. Investment is shrinking in the training and development of the determined people whose skill and passion make things possible.

Since 2012, the world has become genuinely more complex, and there is a growing recognition that making a real change to people's lives requires organisations to work effectively within the systems they inhabit – from simple actions like understanding how to make referrals, to joint strategic action to fundamentally rethink policies and provision. As foundations make up a significant proportion of voluntary sector grant income<sup>8</sup>, what is their role?

<sup>4</sup>IVAR (2012) *Duty of Care: The role of trusts and foundations in supporting voluntary organisations through difficult times*, London: IVAR. <https://www.ivar.org.uk/publication/duty-of-care/>

<sup>5</sup>We carried out this work in 2018, and provide a snapshot of changes from 2012 to 2018. Many of the organisations and funders we spoke to have continued to adapt and innovate since taking part in this study.

<sup>6</sup>Dayson, C., Baker, L., Reese, J. (2018) *The value of small*. Sheffield: Sheffield Hallam University. <https://www.ivar.org.uk/research-report/value-of-small/>

<sup>7</sup>NCVO (2018) *Civil Society Almanac*, London: NCVO.

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## Voluntary organisations' experiences of foundations

Organisations we worked with had many good experiences with foundations, and there were many examples of funders going with the grain of organisational adaptation rather than getting in the way. Funders are encouraging collaboration, offering learning and networking opportunities, as well as amplifying voices and supporting campaigning. There is also a growing recognition that, more than anything, core funding makes a difference. However, processes are still causing frustration for organisations who are already severely stretched, from time lags in decision-making, to outcomes that do not hit the mark, as well as inflexible and onerous reporting demands that may be out of proportion to the scale of the grants given.

What seems to make a difference is when foundations take a more relational approach to their grant-making. Through the simple act of engaging directly and listening, funders are able to reach over the barriers that their processes can create and learn about the everyday reality of the organisations they fund. Gaining that familiarity means no longer being able to uncritically sustain practices that hinder. One grant maker identified the core question as:

*'What can we do to make it easier for people and charities to do their job well?'*

So, what are grant makers doing?

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## Foundations' responses to the new social realities and the needs of their grant-holders

Many funders are simply investing time in learning more about the organisations they fund and questioning their own impact on grant-holders and applicants. As a result, they are being more responsive, giving more core funding, more feedback, more support. They are also using their foundation's own voice to amplify that of grant-holders and beneficiaries, and being more realistic about the outcomes they can expect small organisations to deliver in complex environments, while simultaneously increasingly valuing the unique role they play in meeting the needs of those who do not fit into standard boxes. It is more than merely cutting red tape. In a real sense, funders are taking the burden away from grant-holders to explain themselves by actively enquiring about them and acting on what they hear. Grant makers who responded to emergencies during 2017 demonstrated just how far foundations are able to adapt their procedures to add heft to an organisation's action. Processes were slimmed down, with conversations taking the place of form filling for applications and reporting, and time frames for decisions radically contracted. Are there lessons to be learned for everyday grant-making? As one research participant said:

*'Every day in a community is an emergency. Funders don't have to have a tragedy to give money that way.'*

<sup>4</sup>IVAR (2018) *The possible, not the perfect: Learning from funder responses to emergencies*, London: IVAR. <https://www.ivar.org.uk/research-report/the-possible-not-the-perfect-learning-from-funder-responses-to-emergencies/>



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## Call to action for foundations

### **Are you taking enough risk?**

Voluntary organisations' ability to adapt is hampered by precarious balance sheets and uncertainty about their future. Foundations' resources allow them to view the long-term with confidence, and by funding these organisations, foundations are taking on some of the key risks the sector faces, buying fragile organisations time to change and supporting new, untested ideas and ways of working.

### **Could your processes be more useful and less burdensome for the organisations you fund?**

Funders have a responsibility to carry out due diligence on the organisations they fund and account for the way resources are used. However, increasingly funders are finding ways of making processes more proportionate and less repetitive. As one funder observed, looking for *'not what suits me but what helps you'*. One of the ways in which bureaucracy can be trimmed, and made more human and responsive, is by taking a more relational approach to grant-making because direct contact with grant-holders can give the reassurance that money is being well used, as well as revealing so much more.

### **Can you have "better conversations" with your grantees to build mutual understanding and honesty?**

Building relationships takes time but it can also be the very best use of time. The funders in this study who have put "conversations" at the heart of their processes for grant relationships have learned much about themselves as well as their grantees. They enable mutual understanding very quickly. Accepting that efficient systems have their place, and conversations "take time", can you create the space within your systems to have more and better conversations?

As part of IVAR's own response to this call to action, we will be exploring with foundation boards and staff how to work in this way more often.

*‘Conceive of  
the interaction  
between funders  
and voluntary  
organisations as  
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than contractual.’*

# Introduction

In October 2012, we published *Duty of care: The role of trusts and foundations in supporting voluntary organisations through difficult times*. The report was the culmination of a two-year collaboration with six independent funders and 60 small voluntary organisations, exploring challenges arising from the recession as a new normal of austerity took hold. In order to create a virtuous circle in which both parties are better able to realise their ambitions, our call to action for foundations was to:

*‘Conceive of the interaction between funders and voluntary organisations as relational – rather than contractual.’<sup>10</sup>*

By that, we meant developing trusting and open relationships so that grant-making was a positive experience for voluntary organisations and that, from applications to reporting, grant makers were attuned to, and not adding to, the burdens with which organisations were dealing. To capture the sense of urgency and the balance of power in funding relationships, we quite deliberately described this commitment as a ‘duty of care’, with sensitivity and careful attention to voluntary organisations’ needs and circumstances moving to the heart of funding practice.

In 2019, we find that message intensifying, and resonating loudly across our work at IVAR. Seven years on from *Duty of care*, we see, hear about and research many of the same challenges for frontline organisations: higher demand for services due to rising poverty, hunger, unemployment and highly insecure employment; the erosion of public services on which so many people had depended; increased competition for shrinking pots of funding; and a lack of time and space for thinking and acting ‘strategically’. In addition to the deepening of austerity and ongoing cuts, there have been other changes to the world around us – increasingly fractious and polarised politics; different ways in which people relate and have a voice in a digital age; and reduced public trust in the voluntary sector in the light of recent and rediscovered scandals. While most of these changes are not new, the scale and uncertainty of change is qualitatively different because of its pace and unpredictability, prompting increased reflection on the systems within which organisations work, as well as the significance of this complexity itself, and how funders and commissioners can factor it into their processes.<sup>11</sup>

In such a complex environment, how are voluntary organisations faring? What is their experience of trusts and foundations? How are foundations continuing to adapt their approaches to meet the needs of their grant-holders and partners better?

<sup>10</sup>IVAR (2012) *Duty of Care: The role of trusts and foundations in supporting voluntary organisations through difficult times*, London: IVAR. <https://www.ivar.org.uk/publication/duty-of-care/>

<sup>11</sup>Collaborate (2017) *A Whole New World: Funding and Commissioning in Complexity*, London: Collaborate. <http://wordpress.collaboratei.com/wp-content/uploads/A-Whole-New-World-Funding-Commissioning-in-Complexity.pdf>

# What does life look like for voluntary organisations in 2018?

Increasing demands on social welfare services and growing inequality in our communities confirm the depths of the economic recession and the divisions that continue to characterise the operating environment for voluntary organisations. Many that we work with – in particular, smaller, local, social welfare organisations – continue to see increases in client referrals due to changes in service thresholds and welfare provision, or because of other organisations in the area closing. These local organisations engage with society’s hardest to reach groups and most seldom heard voices, work holistically and in ways that are responsive to different and continually changing contexts, yet they have a much smaller share of local government funding than large and non-local charities (16 versus 84 per cent)<sup>12</sup>, and their income trajectories remain volatile.<sup>13</sup> So, smaller, local organisations are responding to a set of fluid and continually changing issues involving both economic uncertainty and social upheaval.

Through our work at IVAR in the period since the 2012 publication of *Duty of care*, we have observed that these changes exert two kinds of pressure on organisations. First, in response to new sets of expectations from service users and new demands from funders, they have to renegotiate and renew external relationships with key interest groups, collaborators and competitors. We have observed leaders of organisations feeling saturated; having to act simultaneously as managers of operations and staff, interpreters of new funding rules, and policy advocates on behalf of their beneficiaries and service users. Second, and as a result of that, organisations are having to engage deeply with the question of what their mission is – who they are and why they exist – in order to make judgements about who they can help and how.

Leaders often have little time to think strategically and, when they do, we have noticed high levels of anxiety and fear in relation to an uncertain future that feels beyond their ability to influence. This anxiety and these challenges are hampering their ability to adapt, and, at times, people feel defeated when turning their minds to thinking about, and planning for, the future, when keeping the show on the road is taking all their energy:

*‘When your food bank has a queue out of the door and around the building, you can’t exactly close for an away day.’*

Voluntary organisations have talked to us about the relentless pressure to do more for less: *‘I am always looking at ways to shrink costs to manage cuts’*, the distortions produced by the contract culture where *‘every intervention is priced’*, the drive to diversify income and the unrealistic expectations which funders have about “sustainability”:

*‘Yes, we all need to be more enterprising and get a mix of funding but in a time of austerity and shrinking resources of funding across the board, just how Richard Branson-like do people think we can be?’*

<sup>12</sup>Dayson, C., Baker, L., Reese, J. (2018) *The value of small*. Sheffield: Sheffield Hallam University. <https://www.ivar.org.uk/research-report/value-of-small/>

<sup>13</sup>NCVO (2018) *Civil Society Almanac*, London: NCVO.

Organisations worry that their ability to put beneficiaries and services first is increasingly being thwarted, not just by less funding for more demand, but also by the pressure to give more attention to organisational systems than the work:

*‘If we focus on making sure all our systems are in place but aren’t investing in the wellbeing and development of the work and the quality of our interventions, the organisation might be very sustainable and “grow”, but if it isn’t as good as it should be that’s a problem and I don’t think people are paying enough attention to that.’*

Despite these multiple pressures, some organisations have found there is still a place for improvisation and opportunism; the challenges they face have provided a spur to clarify focus and sharpen governance and leadership. For others, there is the confidence and sense of their own resilience that comes from having come through such challenging times, even if they are far from over. So, the picture that emerges is one of continuing challenge in terms of both work and financial pressures, and many frustrations; but also one of positive change and adaptation to harder times, and the implicit and unspoken resilience and motivation of staff and volunteers.

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### A new context

The voluntary organisations that took part in our 2012 study talked to us about how things have changed for them over the past six years:

**1. The instability we described in 2012 feels like a permanent fact of life** (e.g. growing and more complex needs which have come from rising poverty and growing gaps in public services, and associated stress on staff; difficulties in obtaining funding; lack of time to think and plan):

*‘Our challenge will be supporting people for whom there is no service. We are seeing an increased number of traumatised and/or destitute people and that obviously affects staff.’*

*‘We are seeing a shift away from fairly large funding streams which are quite flexible towards a patchwork of smaller focused grants.’*

*‘Much funding is fragmented and organisations often have great ideas which don’t quite fit an established funding programme.’*

**2. In addition, after recent scandals, the public and media have higher expectations of transparency and professionalism** and organisations have invested more in safeguarding – a necessity, but one that generates additional staff pressure and/or higher core costs that have to be resourced.

**3. Organisations are trying hard to adapt and it is an ongoing journey.**

Adaptations over the last six years include:

- Investing in measuring and evidencing outcomes/impact
- Doing more to build relationships with local commissioners and foundations
- Working more in partnership with other voluntary organisations
- Taking steps to diversify funding sources
- Broadening service offers.

4. **Organisations struggle with commissioning and procurement processes** in terms of their over-complexity; the criteria; finding the time to make applications; and having to compete with other voluntary sector providers.

5. **Organisations have been able to keep going thanks to the determination of their people:** volunteers; the skill, expertise, passion and commitment of staff teams; and the leadership of senior management – but investment in their training and development has fallen.

6. **Maintaining services is more common than growth and more organisations feel vulnerable.**

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### Voluntary organisations' experiences of foundations

During 2018, the organisations that took part in our 2012 study talked to us about their experiences of funding over the past six years:

1. On the whole, the experience of applying to foundations has been fairly positive.
2. Foundations increasingly require organisations to work in partnership or collaboration with other voluntary organisations. At the same time, they are providing more learning and networking opportunities by bringing grantees together.
3. The demands of application processes can be a cause of great frustration, as is the time lag – six months is not unusual from application to decision.
4. Reporting processes of some funders can create inflexible and onerous demands that may be disproportionate to the funds given and create extra pressures on hard-pressed staff.
5. Foundations can support organisations by:
  - Having open, honest and transparent relationships.
  - Visiting organisations to see them in action.
  - Reducing the monitoring burden so that it does not distract from an organisation's core work.
  - Using their independence, networks and brands to provide advocacy with public policy makers and other funders.
  - Providing additional bespoke support (mentoring, business development, bid writing) that is sensitive to organisations' needs and capacity; and training opportunities (strategic planning; making the best use of social media; marketing and communications; measuring outcomes and impact). However, there is a need for funders to understand that the capacity constraints and financial fragility of many organisations can render non-financial support unrealistic, burdensome or unusable if it does not factor in what organisations can really manage or afford.
  - Setting more realistic and reasonable expectations for organisational 'sustainability':

*'There remains a wish from funders to have a sustainability plan, which means 'find another funder' ... I often want to ask funders, "Can you suggest a sustainability plan which we have not tried?"'*

6. More than anything else, foundations can support organisations by providing long-term, core and continuation funding, which can help to create, maintain and build strong organisations, as well as enable flexibility and responsiveness to changing circumstances:

*'What would really help is a three year significant grant so that I can develop the model rather than spend so much time writing funding applications and end of period reports.'*

# Foundations' responses to the new social realities and the needs of their grant-holders

## Why Change?

The momentum for change has two distinct but related drivers. First, a recognition of just how hard it is on the front line for the voluntary organisations that foundations are trying to support:

*'We have seen an increasing need from communities and individuals for support from charities. Listening to the mass wonder of associational life in Scotland (groups and lunch clubs) they talk about rent, hall lets – how expensive they are, paying the electricity. They talk about getting a new trustee to replace someone who's retiring after 20 years. They talk about how do you make sure that everyone in the community can take part, like vulnerable young people. For example, if you need to charge a small fee but you know they're living in poverty and they can't afford it. And they talk about recruitment and pay, really hard issues like that. All of these issues, at the same time as rising needs and the disappearance of local authority funding.'*

Second, a commitment among some trusts and foundations to engage seriously and meaningfully with what it means to be a responsive and responsible funder. This is fuelled, in part, by recognition of the increasingly disproportionate significance of foundation funding for civil society<sup>14</sup>; an awareness of the need to target funding to areas of high demand and need<sup>15</sup>, and an appreciation of what can be achieved when funders step outside of their normal practices.<sup>16</sup> Compared with 2012, the impact foundations and their processes have on the organisations they support as grant makers has therefore increased, and with that power, there is a growing sense of responsibility on the part of funders to consider how they can adapt their approach to help and not hinder organisations they support.

## How foundations are adapting to the new context

### 1. Becoming more accessible and lightening up application processes

Lightening up processes has been about becoming more accessible as well as creating the time and space for more face-to-face contact.

*'We used to ask people to apply and say how they met all four criteria but now we ask them to choose one and say how they meet it; for small grants we've worked to ensure that smaller charities don't get crowded out.'*

– Wharfedale Foundation

*'We have started to push ourselves to ask: "What can we do to make it easier for people and charities to do their job well? What is [it] that we need to do to make our contribution the best it can be? How do we make our processes easier?"'*

– Corra Foundation

<sup>14</sup>Pharoah, C., Walker, C. (2018) *Foundation Giving Trends 2018*, London: ACF.

<sup>15</sup>Gulyurtlu, S.S.C. (2018) *Patchwork Philanthropy*, London: The Young Foundation.

<sup>16</sup>IVAR (2018) *The possible, not the perfect: Learning from funder responses to emergencies*, London: IVAR. <https://www.ivar.org.uk/research-report/the-possible-not-the-perfect-learning-from-funder-responses-to-emergencies/>



## 2. Enabling more honest relationships and communication

There has been recognition of the benefits of giving and taking honest feedback, and putting “conversations” at the heart of reporting.

*‘One of the things that we heard back was: “It would be really good to get feedback on our applications. Even if we’re successful, tell us what’s working well, tell us what we did that stood out, because that will help us when applying to other funders.” So we now do that routinely. Even if someone has been unsuccessful, they go away and say, “I understand why, I’m disappointed, but actually what you’ve told me is really helpful because that will enable me to improve my application or think about my service design and delivery”.’*

– Corra Foundation

*‘This has been about listening – being out and about more enables us to understand the context and work of grantees as well as advising them on applications to ensure they fit the criteria and therefore increase reach. It helps to bring the criteria to life for people.’*

– Wharfedale Foundation

*‘The best conversations have been with people who have been there during the lifetime of a grant. CEOs value the opportunity to reflect in a space where there is no agenda or decision-making. There has been some really useful feedback about the Foundation’s performance and processes and some changes have been initiated as a result.’*

– Esmée Fairbairn Foundation

*‘Every organisation has commented on how much they value this sort of contact with the funder. In very stressful times, having someone “interested” is very affirming. Grantees say, “Nobody else has ever been that interested”. The role of “critical friend” can be very supportive.’*

– Comic Relief

## 3. Being more realistic about expected outcomes

Having more honest conversations with funded organisations has also enabled more realism in agreeing targets and outcomes – an area of difficulty for many funders.

*‘As a result of post-grant conversations, staff now think differently about outcomes; in the past these were sometimes too broad and ambitious. There was a realisation that staff needed to get better at talking through with applicants/ grantees what outcomes are realistic and then agreeing achievable targets.’*

– Esmée Fairbairn Foundation

#### 4. Understanding and taking on more risk

A willingness to take more risk has been important in increasing reach and funding people with different experiences and ideas, and adapting processes accordingly.

*‘With the world changing fast, good ideas are needed from less traditional routes, from people who can adapt their thinking to the new realities. We need “incomers” and young people; trustees wanted to seek out “not the usual suspects”, including some clients of organisations funded by [Paul Hamlyn Foundation], who would have different ideas from different experiences. It requires a greater tolerance of risk than is the norm and grantees can need higher than average levels of support. You need long-term horizons, which take into account the development of outstanding individuals, as well as ideas, where the growth and realisation of potential may be more significant in the long term than more concrete achievements during the period of the grant.’*

– Paul Hamlyn Foundation

#### 5. Introducing core funding

The introduction of core funding brings its own challenges and learning.

*‘The core strengths programme – a core funding scheme for smaller voluntary organisations – arose from thinking about key challenges for organisations and how some “pretty modest unrestricted funding can help” by providing funding which can be used flexibly – “not just for salaries but for basic costs, such as paying the rent or the bills for heating and lighting”. As a funding organisation that relies heavily on donations and engagement from the general public, Comic Relief often focuses on sharing its impact through numbers of people helped and individual stories. That is much easier to do with project funding, whereas measuring the impact of core grants has proved more of a challenge. Individual grantee organisations are allowed to set and report on their own targets ... There is a whole set of different questions when considering core funding. A different kind of conversation is needed to tap into an organisation’s DNA, and to understand and see how they articulate the challenge and how they can become future-facing. It makes the assessment more personal, and requires a different kind of training and support for staff.’*

– Comic Relief

## 6. Advocating and giving a voice

A hallmark of funders' commitment to responsiveness is whether they use their influence and networks to give funded organisations a voice.

*'Grantees say to us: "Use your influence. And help us have the voice". That places a responsibility on us to articulate those voices and experiences into the system with the aim of trying to influence strategy and funding decisions. What we're doing is boosting their voice up on our shoulders, because we've got big broad shoulders as an organisation with money and status. For us, being the best grant maker as an organisation that is of service to others, means never trying to speak on others' behalf and always looking for opportunities to support people to speak for themselves.'*

– Corra Foundation

*'The Council involved us in recent discussions about how local funders might come together to develop a Youth Strategy for the borough. We have close relationships with both senior and operational staff at the Council and with some Councillors. We can offer them leverage and access to "on the ground intelligence" and to other funders, as well as models of innovation and good practice.'*

– CrippleGate Foundation

# Call to action for foundations

We have set out a snapshot of the pressures and challenges faced by voluntary organisations in 2018. We have also described progressive practices being adopted by some foundations as they strive to be even more responsive and responsible in the way they fund (more details are provided in the case studies at the end of this report).

In April 2018, we published our research on how funders had responded to the Manchester Arena bomb, the attacks in London Bridge and Borough Market and the Grenfell Tower fire. Being involved in these emergency programmes demonstrated that it is possible for funders to work quite differently, to the great benefit of their grantees and the communities that they serve. In designing their grant-making in these extreme situations, funders needed to be sensitive and attuned to grant-holders; highly relational, rather than contractual; and place a premium on trust. Their approach meant radically retuning processes to sit as lightly as possible in ways that underlined their common endeavour, where the assets of the funder (in this case, money) are combined with the assets of grantees (their work) for the common good.

From the perspective of local organisations trying to serve their local communities, *'Every day in a community is an emergency. Funders don't have to have a tragedy to give money that way'*. In that context – and building on our previous work on core funding, 'sustainability' and grant reporting<sup>17</sup> – we have identified three areas of practice where trusts and foundations might consider adapting or innovating for the benefit of the grant-holders they seek to support and serve.

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## 1.Risk

### **Are you taking enough risk in who you fund and how you fund them?**

All the funders in our case studies have sustained existing things or done new things that involve more risk. They have done so to do their best for their grant-holders and not as a gesture of audacity for its own sake. However, within today's culture of risk maps and risk mitigation, taking such risks can feel off-putting, reckless even, despite the fact that if they have investments, trustees know that there is no reward without taking risk. In fact, because they have independent incomes, foundations are uniquely placed to take on the risks that voluntary sector organisations face, including financial precariousness, the challenges of chasing contracts and the instability of the political landscape.

So, what are the risks that grant makers might reasonably take? Despite their best efforts, many organisations face an uncertain future because they have even less healthy balance sheets than previous years. When these organisations are the only ones working in an area, foundations can give them a chance to adapt or respond to as yet unforeseen opportunities by taking the risk of funding them despite their vulnerability. Another risky area is around trialling new ways of working. For organisations to adapt, the sector needs to generate new ways of working and of working with others to respond to complex challenges. Trying something new or different is always risky. Foundations can be the ones to take that risk by backing the individuals or organisations with new ideas.

<sup>17</sup>IVAR (2013) *Thinking about... core funding*, London: IVAR. <https://www.ivar.org.uk/publication/thinking-about-core-funding/>; IVAR (2016) *Thinking about... sustainability*, London: IVAR. <https://www.ivar.org.uk/research-report/thinking-about-sustainability/>; IVAR, Esmée Fairbairn Foundation (2018) *New principles for grant reporting*, London: IVAR. <https://www.ivar.org.uk/aligning-grant-reporting/>

Everybody should understand the risks they take, but too much caution can narrow the range of people and organisations funded and what that funding can achieve. So why not review your funding practices to see if you are taking enough risk rather than too much?

**Tomorrow:** Make a grant to an organisation that is doing great work but that you might have said ‘no’ to because they are facing an uncertain future. Your grant might give them the breathing space they need.

**Soon:** Have a board discussion about the sorts of risks faced by the types of organisations you support, and consider how as a funder you can help.

**Collaboration with IVAR:** Become part of IVAR’s new *Thinking about Risk* project.

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## 2. Processes

### Could your processes be more useful and less burdensome for the organisations you fund?

The case studies show funders reviewing their own processes from the perspective of their grant-holders – *‘not what suits me but what helps you’*. This has involved encouraging organisations to be honest about what they find unhelpful and funders being willing to make changes to simplify. Are there aspects of your processes that are not really needed, lack value or are inconsistent with your stated priorities? Can you sift out what causes needless burdens and delays in order to refocus and reach those you need to reach? Can you free up space for doing things differently?

**Tomorrow:** Think of one thing you can do, or stop doing, that will make your process easier – and do it.

**Soon:** Go systematically through your application, grant management and reporting processes and question the purpose and value of everything you ask organisations to do. Take out everything that is not essential.

**Collaboration with IVAR:** Sign up to the IVAR/Esmée Fairbairn Foundation *New principles for grant reporting*.<sup>18</sup>

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## 3. Relationships

### Can you have “better conversations” with your grantees to enhance mutual understanding and honesty?

Building relationships takes time but it can also be the very best use of time. The funders in this study who have put “conversations” at the heart of their processes for in-grant relationships have learned much about themselves as well as their grantees. *The possible not the perfect*<sup>19</sup> emphasised how conversations can enable mutual understanding very quickly:

*‘I was refreshed at how informed I felt after the conversation.  
You wouldn’t have got that from paper.’*

<sup>18</sup>IVAR, Esmée Fairbairn Foundation (2018) *New principles for grant reporting*, London: IVAR. <https://www.ivar.org.uk/aligning-grant-reporting/>  
<sup>19</sup>IVAR (2018) *The possible, not the perfect: Learning from funder responses to emergencies*, London: IVAR. <https://www.ivar.org.uk/research-report/the-possible-not-the-perfect-learning-from-funder-responses-to-emergencies/>

Accepting that efficient systems have their place, and conversations “take time”, can you create the space within your systems to have more and better conversations? Do you need to equip your staff to work in this way more often?

**Tomorrow:** If you have complicated questions you need to ask a grantee or applicant, which you would usually sort out in an exchange of emails, send them by email but arrange a call to talk through the answers.

**Soon:** Think deeply about the kind of relationship you are trying to build with grantees, explain it to them clearly and make it as easy – and safe – as possible for them to tell you how you can do better.

**Collaboration with IVAR:** Adopt the IVAR/Esmée Fairbairn Foundation suggestions for *Moving Grant Reporting from Paper to Conversations*.<sup>20</sup>

<sup>20</sup>IVAR, Esmée Fairbairn Foundation (2018) *New principles for grant reporting*, London: IVAR. <https://www.ivar.org.uk/aligning-grant-reporting/>

*As part of IVAR's own response to this call to action, we will be exploring with foundation boards and staff how to work in this way more often.*

# *Funder case studies*

We interviewed six trusts and foundations who, over the last six years, have changed the way they do things, taken new risks or sustained a distinctive approach in a much more difficult environment. They range in size from the relatively small and local to one of the largest national funders.

We chose them because we were interested to see how some funders have responded to the challenges faced by the organisations they fund and their beneficiaries, and what might be learned from their experiences.

Their stories are told here in the form of case studies, which narrate what they have done, why they did it and what lessons they have learned which might be helpful and relevant to other funders.





# Case study: Comic Relief

## A snapshot



£110 million annual grant-making



Funder plus support



Grants made in the UK and across the world



£4 million pilot offering £20,000 unrestricted funding to UK-based community organisations for up to two years

## *Enabling flexibility – funding the core costs of smaller organisations*

Comic Relief's vision is of a just world, free from poverty. Funds to support grant-making are largely raised through its televised Red Nose Day and Sport Relief campaigns. Grants of around £110 million per annum are made to organisations, in the UK and across the world that are tackling inequality and making lasting change. Most of Comic Relief's funding is for specific projects, with planned and measurable outcomes. In 2016, it piloted a £4 million Core Strengths Programme offering up to £20,000 of unrestricted funding for up to two years for UK based community organisations with an annual income of £100,000-£500,000. The grant came with a closer funding relationship with Comic Relief and access to 'funder plus' support.

### The challenge

Comic Relief recognise that smaller organisations, rooted in the communities they serve, play a vital role in supporting people to make positive changes in their lives. Research across all four nations of the UK showed that small and medium sized voluntary organisations were being particularly hard hit by economic challenges and that these organisations identify core funding as critical to their stability.

The core strengths programme was a response to the increasing demands on these organisations, which are facing financial pressures, increased service demands, less support from the public sector and over-stretched management. The aim was to provide funding for groups' core costs – expenditure that was not connected to delivering projects but focused on investing in the organisation as a whole. This funding was unrestricted: *'we wanted organisations to be able to use it flexibly, not just for salaries but for basic costs such as paying the rent or the bills for heating and lighting'*. Comic Relief also wanted to understand more about what added value it could bring to its funding, both in using its own distinctive skills around media and communications and in offering access to other forms of training and support.

### What have they done?

**Reach:** The funding criteria were broader than is usual for Comic Relief and the programme used a simple four-question application form. They were surprised to discover that 95% of applicants had never applied to Comic Relief before. The programme was inundated with applications – for every 15, one was successful: *'The application to funding ratio is unusually high but simply reflects the strength of demand'*.

**Sharing expectations:** The programme began by bringing together the 105 successful applicants to meet Comic Relief staff and each other, to help shape relationships and tell Comic Relief what kind of support they would like.

**A closer grant management relationship:** Instead of an annual written report, Grant Managers and grantees speak about progress every six months. Comic Relief records these conversations and checks them with the grantees for accuracy. The expectation is that this approach will support a more in-depth conversation and help Comic Relief to develop a deeper understanding of the value of this kind of grant-making. They also hope it will encourage grantees to share any challenges or problems earlier in the process: *'Grants staff feel we are often last to know about bad news – so it will be interesting to see whether this new way of relating helps to change this.'*

**Funder plus:** 75% of grantees identified issues where they needed help, including governance, changing their approach to volunteers and developing new income streams. However, needs were not uniform and take up varied: *'Some organisations sign up for everything; others really just want the money'*. In some areas of the country, grantees decided to work together as a group to identify and address their development needs. The regional advisors supported this process by, for example, commissioning external speakers or facilitating meetings. Comic Relief also provided training and support to organisations for promoting their work and getting the voices of their beneficiaries heard.

**Sharing learning internally:** The recorded progress reports are a useful tool for learning within Comic Relief, enabling staff from different parts of the organisation to come together to hear what colleagues have learned: *'Recording the conversations captures the richness of the stories and experience'*.

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### What made it work?

**Maximising resources:** All grants staff, including the senior team, took on a caseload of grantees to ensure there was capacity for developing the more engaged relationships they wanted. Comic Relief's existing team of freelance regional advisors also provided support to the programme. However, there has still been *'some useful in-house learning about the difficulty of creating time for engaged relationships'*.

**Skills and experience:** Comic Relief was very conscious of the importance of *'ensuring the staff have skills which are relevant to organisations' needs'*. Its staff are *'steeped and rooted in the sector and every Grants Manager has worked in frontline organisations and has some expertise in the issues – that helps build trust and relationships'*. Its network of regional advisors also offers valuable intelligence.

**Connecting with other teams:** Comic Relief has teams with deep experience in communications and media, which it was able to share with grantees who wanted help in this area. The media team developed webinars to enable organisations to develop their skills in a straightforward and cost-effective way. Grantees often hope to be showcased on TV. This can only happen for a tiny number but Comic Relief has a strong track record in plugging them into local and regional media.

**Articulating value:** As an organisation that relies heavily on donations and engagement from the public, Comic Relief needs tangible and robust evidence of the individual and collective impact that its funding has made. There were concerns that this would be more difficult to identify and aggregate in grants for core costs. Grantees did have more scope to identify and report on their own targets in the core strengths programme but all were working in Comic Relief's strategic programme areas and *'generally people are well able to articulate the difference which [Comic Relief]'s funding has made'*. An external evaluation has also been commissioned to understand the overall value of the programme.

**Value for grantees:** Because of its high public profile, many grantees value even small amounts of funding from Comic Relief as a *'badge'*, which gives confidence to other funders. Although some would have liked more regular contact, they have enjoyed a conversation with their Grant Manager every six months: *'Every organisation has commented on how much they value this sort of contact with the funder. In very stressful times, having someone "interested" is very affirming. The role of critical friend can be very supportive.'*

**Value for staff:** The experience of running the core strengths programme has also provided good development opportunities for the team: *'All the Grant Managers feel they are holding relationships in a different way but that they are not there to become coaches or mentors.'*

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### Advice for other funders

**Small and medium sized organisations really value unrestricted, core funding:**

The type of grant that *'invests in you because we trust you to know and define your needs and how best to use our grant'*.

**Making these grants well is not the same as giving project funding:**

*'A different kind of conversation is needed to tap into an organisation's DNA, and to understand and see how they articulate the challenges and how they aim to meet them. It makes the assessment more personal and requires a different kind of training and support for staff.'*

**Funder plus support is important to many organisations but not well coordinated by grant makers:**

*'We need to understand the value of funder plus activities to funded organisations, especially those getting similar offers from other funders. Should we be more joined-up with other funders?'*

# Case study: Corra Foundation

## A snapshot



£18 million annual grant-making



Grassroots programme makes grants of up to £7,000 to charities with an annual income of less than £500,000



Grants made in Scotland and international development programmes managed for Scottish Government and others

## *Being truly responsive – aligning behaviours and practices with mission*

Corra Foundation's mission is to make a difference to people and communities, by encouraging positive change, opportunities, fairness and growth of aspirations, which improve quality of life. Its own grassroots programme makes grants of up to £7,000 to charities with an income of less than £500,000 per annum, working to improve the quality of life for people in the community who experience disadvantage. It also runs a strategic partnership programme focused on children and young people affected by substance issues. Together with substantial Scotland-wide and international development programmes managed for the Scottish Government and others, Corra Foundation distributes around £18 million per annum.

### The challenge

*'We have seen an increasing need from communities and individuals for support from charities. Listening to the mass wonder of associational life in Scotland (groups and lunch clubs) they talk about rent, hall lets – how expensive they are, paying the electricity. They talk about getting a new trustee to replace someone who's retiring after 20 years. They talk about how do you make sure that everyone in the community can take part, like vulnerable young people. For example, if you need to charge a small fee but you know they're living in poverty and they can't afford it. And they talk about recruitment and pay, really hard issues like that. All of these issues, at the same time as rising needs and the disappearance of local authority funding.'*

Following a period of intense debate about their future, Corra Foundation staff and trustees re-committed themselves to the principle of 'being of service' – of being truly responsive to those the organisation seeks to serve: *'We have started to push ourselves to ask: "What can we do to make it easier for people and charities to do their job well? What is it that we need to do to make our contribution the best it can be? How do we make our processes easier? How do we think about our language?" And our belief in being of service naturally led us also to want to make it easier to shift the power dynamic, to be truly listening and responding.'*

### What have they done?

Corra Foundation began by capturing its commitment to service in its strategic objectives. It has set itself the task of being *'the best grant maker we can be'*. Its commitment is to *'get alongside communities – we are working differently, including with communities we don't historically reach and others with a big appetite for change'*. Conversations and feedback with the communities and charities at the heart of Corra Foundation's mission, as well as deep discussion between trustees and staff, within the team and with other partners, have led both to new ways of doing things and reinforcement of existing practices.

**One-to-one advice:** *'People told us about the importance of our funding advice sessions where people come and talk about their funding application. We try to dig in a little, [and] say: "You might want to think about your governance here", or give them links to other funders who may be of interest ... so more than just talking about their application, it's a bit of capacity building, in a very small sense. It's that one-to-one session that people really value. It's really about relationships, enabling people to feel that we're trying to make this process easy.'*

**Supportive conversations:** *'To be the best grant maker we can be, we need to think carefully and imaginatively about how we interact with the organisations and groups that we're working with. That is very strongly backed up by what organisations on the ground say to us, which is: "We don't want the funding process to be a test of how well we can fill the form in, a beauty parade, or a kind of show your needs and scars parade". They want to have a conversation with people and they want it to be supportive; they want it to feel like we want them to succeed. Our agenda is to help organisations succeed in that process.'*

**Providing feedback:** *'One of the things that we heard back was: "It would be really good to get feedback on our applications. Even if we're successful, tell us what's working well, tell us what we did that stood out, because that will help us when applying to other funders". So, we now do that routinely. Even if someone has been unsuccessful, they go away and say: "I understand why, I'm disappointed, but actually what you've told me is really helpful because that will enable me to improve my application or think about my service design and delivery".'*

**Language and tone:** As the work of Corra Foundation has expanded and the staff team has grown, it has been important to think about how to share and reinforce the importance of alignment between mission and behaviours. A big part of this is about language. Following an internal exercise, a number of subtle and significant changes were made: *'So, for example, we don't say 'award' now, we say 'grant'; we don't use the word 'assessor' anymore, we are 'advising and helping' people through the grant-making process.'*

**Amplifying voice:** *'Charities say to us: "Use your influence. And help us have the voice". That places a responsibility on us to articulate those voices and experiences into the system with the aim of trying to influence strategy and funding decisions. That is also about relationships, listening and reflecting on what we hear to help us identify what we need to share and where. But we do need to be careful about speaking on behalf of people; the legitimacy of the voice we have as a Foundation (like going and talking to Government) comes from work on the ground and from people. What we're doing is boosting their voice up on our shoulders, because we've got big broad shoulders as an organisation with money and status. For us, being of service to others means never trying to speak on others' behalf and always looking for opportunities to support people to speak for themselves.'*

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## What made it work?

**Organisational alignment:** With a commitment to service at the heart of the organisation's mission and strategy, trustees and staff have deliberately created transparency about the challenge they have set themselves and how their work should be judged: *'It's intentional: let's improve, let's really live and model the fundamental belief that we are here to make a difference to communities and people in Scotland.'*

**Open feedback:** Corra Foundation has worked hard to create space for people to give proper feedback, holding sessions both with people who had successfully applied for grants and those who had been turned down: *'We were really open and said: "If you don't tell us honestly then nothing will change. So, you need to be upfront, you need to tell us where the challenges are, you need to tell us what you like about the form (for example) what you don't like, but if you just go: "It's all great and you're brilliant", nothing's going to change. This is your opportunity to really tell us" '.*

**Clear programmes:** Funds are limited and, even with the most supportive and helpful application process, *'unfortunately we can't fund everybody'*. For Corra Foundation, *'being the best grant maker we can be'* means making *'policy choices that clearly mark out this is the bit of the territory that we're able to be in. And these are tough choices ... but we need to describe a space in which we can operate in that collaborative relationship based [way] with the organisations that we think are in that space too. And this allows us to adopt an approach that's about helping them get there.'*

**Experience in listening:** Corra Foundation has had a long-standing commitment to involve young people in helping to decide which applications to support under the Partnership Drugs Initiative (a strategic programme with the Scottish Government on drug and alcohol issues): *'Young people look at the ideas that come forward and present lots of questions. And they're very important questions - these are all young people who have experience of drug and alcohol issues in their home life and they might say, for example, "Social workers [are] always at the door", or, "Sessions in school are a load of rubbish". So, we expect people to be reflecting on what young people are telling us about their experiences and addressing those points. And this strengthens our accountability back to the people we are here to serve.'*

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### Advice for other funders

There are two – connected – areas of learning that Corra Foundation would share with others:

**Never stop asking questions:** Central to their efforts to *'be the best grant maker we can be'* has been a commitment to: *'Asking again and again: how do we continue to improve our grant-making approach by having more dialogue and having better conversations? How do we continue to be mission-aligned, improve our grant-making, improve our processes, connect it together?'*

**Take action:** *'And get on with it: just do the first thing first. Organisations can get stuck in trying to imagine what the perfect thing is and then working away for five years to create that vision and then launching it, by which time it's completely out of date. Or people can do a 'one-off' and think that's it, done. Really, it's about how you do it day in, day out; weeks, months, years.'*

## Case study: Cripplegate Foundation

### A snapshot



£1.9 million  
annual  
grant-making



Grants made  
in the London  
Borough of Islington

### *Being part of the bigger picture – working strategically with the local authority*

With roots going back to 1500, Cripplegate Foundation works in the London Borough of Islington to bring about change that will transform the lives of the most disadvantaged residents. It distributes £1.9 million per annum in grants, from its own income and through administration of collaborative grant schemes with other foundations, Islington Borough Council and, through Islington Giving, with a range of local businesses, organisations and individual donors.

#### The challenge

20 years ago, Cripplegate was *'quite a typical independent funder'*, working on its own initiatives and priorities. However, in recent years, this has changed. As a place-based funder, the Foundation increasingly recognised the value of working collaboratively in thinking about new ways to tackle poverty and inequality in the Borough and generally being *'more out and about'*.

Cripplegate's Board included people with experience as local councillors, who saw value in understanding what the Council was thinking about issues of mutual interest. This led to discussions about what could be achieved together: *'It makes sense for us to work collaboratively with Islington Council in terms of our shared values and priorities. We are both mindful and determined to support local residents, including the most vulnerable. The partnership enables us to share resources (people, money and learning) and achieve more together than we could apart'. The environment has changed significantly since this partnership began 'but we have felt it very important for us and our beneficiaries to sustain this relationship through the growing pressures on the ground and in local authority funding rather than shy away from the challenges'.*

#### What have they done?

Relationships between Cripplegate Foundation and Islington Council have been built up over many years, through past and current initiatives. They currently collaborate on three programmes, with a mix of joint funding and staffing:

**Islington Council's Community Chest:** In 2002, Cripplegate Foundation was awarded Central Government funding to support a community chest scheme of small grants in the Borough. When Government funding ended, Islington Council continued and increased funding for the scheme, as part of its Strategic Partnership approach to neighbourhood renewal. In 2010, with both a change in administration and funding cuts to local authorities, the Council announced plans to withdraw funding from the scheme. This attracted the largest number of objections to any of the proposed local funding cuts and the Council reinstated its support. Funding decisions are made by a cross-sector panel, chaired and administered by the Foundation.

**Islington Resident Support Scheme:** Cripplegate has provided grants to individuals for many years. Referrals came through trusted partners and all applicants were expected to apply first to the Government's Social Fund for support before approaching the Foundation. With the abolition of the Social Fund and the devolution of welfare funds to local authorities, the Foundation's scheme became untenable.



The Council was open to co-designing the best way to support local residents, so, Foundation Governors, staff and senior Council staff worked together to develop a new *'local welfare scheme which provides support to vulnerable individuals'*. The Council manages the scheme, while Cripplegate contributes financially, with a member of staff acting as Development Officer.

**Good Neighbours:** *'We also jointly fund a scheme in the Cally area of the Borough which came about partly because the Foundation could show how the approach had been successful in other parts of Islington. Good Neighbours schemes seek to engage local residents and bring them together to create positive change in their community by connecting people, tackling isolation and improving health and wellbeing.'*

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### What made it work?

**Shared commitment:** Cripplegate has *'lots of common ground, such as shared values and priorities'* with Islington Council. Despite a very difficult financial landscape, the Council has kept key programmes going, including a stable level of investment in young people. However, going forward, there are clear risks to the delivery of this commitment. By 2020, Islington will have lost 70% of its Central Government support grant – and there is still one third of this process to go. If the Council has to make cuts in frontline services, there will be some very difficult choices. These could have a big knock-on effect for the scale and reach of current partnership schemes.

**Mutual understanding and respect:** Both the Foundation and the Council are very aware of each other's different contexts, accountabilities and constraints: *'This is a partnership which needs to address Council priorities and Cripplegate Foundation's priorities'*. Cripplegate knows how to work well with the Council, understanding *'how things happen and ways of navigating'*. The Council, in its turn, has continued to see the voluntary sector as being *'at the heart of the community'*. It values the connections and flexibility that the Foundation brings: *'We can offer leverage and access to "on the ground intelligence" and to other funders, as well as models of innovation and good practice. We can respond quickly to opportunities and take a "can do" approach.'*

**Building institutional relationships:** Islington Council is politically stable, which helps with continuity and Cripplegate has consciously built multiple links at different organisational levels: *'There are close relationships between the Foundation staff and Governors and senior and operational staff at the Council and with some Councillors'*. Staff turnover within the Council is a challenge, as trust and ease of working has to be rebuilt from scratch and this can feel like lost ground. There are concerns that this may become an increasing pressure as cuts continue to bite.

**The strength of the sector:** *'In Islington we benefit from a very strong and vibrant voluntary and community sector which really helps in terms of what can be done.'*

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### Advice for other funders

Relationships take time. However, do not take too long before doing things together – get practical and try things out.

**Work out what the local authority thinks about issues of mutual interest and what you can offer as an independent funder:** Councils and foundations have different strengths. If brought together well, these differences can unlock opportunities: *'The Council has really come to value our credentials in terms of local knowledge and relationships with organisations on the ground and with funding partners.'*

**Common values are essential:** *'We both have an aim to make a positive difference in Islington by working with local people, recognising and building on their strengths and talents.'*

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## Case study:

# Esmée Fairbairn Foundation

### A snapshot



£40.5 million  
annual grant-making



Grants made  
across the UK

## *Working towards better informed decisions – building a learning organisation*

Esmée Fairbairn Foundation aims to improve the quality of life for people and communities throughout the UK both now and in the future. It does this by funding the charitable work of organisations that are building an inclusive, creative and sustainable society. The Foundation is one of the largest independent grant makers in the UK. In 2017, it made grants of £40.5 million towards a wide range of work within the areas of the arts, children and young people, the environment and social change.

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### The challenge

Prior to 2013, the Foundation was receiving a huge amount of data in reports from grantees. However, the pressures of making and managing grants meant they were often not reviewed in detail. The degree to which learning happened depended on individual staff, with some very good at *'picking out and sharing learning points'*, others less so. Although case studies were made of what had worked and not worked, these were grant-by-grant judgements rather than collated across the system.

The previous Chief Executive had begun a process of simplifying grant reporting arrangements in order to *'stop the piles of paper'*. This gained new momentum with a change in senior leadership and an incoming Chief Executive who found it *'impossible to gain an overview of what we were actually funding or its impact'*.

The Foundation wanted to create a more open two-way conversation with grantees about what has worked and not worked and to shift internal systems to enhance learning and enable more systematic decision-making.

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### What have they done?

The Foundation has made a number of changes throughout its grant management and reporting arrangements and is continuing to interrogate and develop its systems and approach. It has put particular focus on securing honest feedback from each grantee about what has worked and what has not – both in their own work and in the Foundation's own practice – and on collecting this feedback in a systematic way, so that patterns can be seen across the Foundation's portfolio, suggesting questions that it needs to ask about how to be a more effective grant maker and to support greater impact. Key elements of this approach are:

**End of grant conversation:** Grant Managers hold a learning conversation with grantees, so that both can feed back on what worked well, what did not, and about the funding and its impact. Conversations normally take place within a month of the end of each grant, but the process is kept separate from any application for continuation funding, which is resolved first. There are still discussions about the best time to hold learning conversations. However, the view at the moment is that taking future funding out of the equation encourages a greater level of honesty, especially in terms of what grantees feel

the Foundation might have done better: *'The best conversations have been with people who have been there during the lifetime of a grant. CEOs value the opportunity to reflect in a space where there is no agenda or decision-making.'*

**Judging performance:** Following the learning conversation, staff judge whether each grant was effective in three different ways. They look at the Foundation's own performance: *'Were we the right funder for the organisation? Could we have given more support or acted differently?'*. Then they consider the outcomes of the grant: *'Did the grantee achieve what they planned to with our money?'*. They make a broader judgement about the grantee: *'How do we rate the organisation overall?'*. Each element is scored on a four-point scale, from excellent to poor. These results are coded into the grant management system for analysis. Grants Managers then summarise what can be learned or changed as a result of the grant – whether by the grantee, the Foundation or the wider sector.

**Sharing learning internally:** The effectiveness of all closing grants is discussed every month at funding team meetings, based on a report containing both effectiveness judgements, and the summaries of what can be learned: *'We ask provocative questions based on issues raised in the report, or patterns spotted in judgements or learning information: What can we change as a result of what we've learned, to the way we fund, to our funding strategy, or to how we communicate?'*

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### What made it work?

Leadership and engagement: Backing from senior leadership has kept the focus on driving through necessary changes in systems and practices: *'At every point, she was pushing hard and asking whether there was anything she could do to help'*. The small learning and communications team has played a critical role in engaging people and developing an approach that works, both for the Foundation and for grantees – without becoming *'the owners'* of learning: *'I think that department is an absolute pivot. It's the bit that everything revolves around'*.

**Frank feedback:** While expecting some hard messages in its regular anonymous surveys of applicants and grantees, the Foundation has been surprised how ready grantees are to give negative feedback in end of grant conversations: *'I didn't think that would be the case because people are always buttering you up as a funder. But if you genuinely say: "Tell us some bad things", they will tell you. It's just that we never asked'*. This has been mirrored in Grant Managers' willingness to reflect critically on their own performance: *'We were worried that people would be wary of giving themselves less than a 'good'. But they aren't – and we've had really productive conversations about those particular judgements, why we were making them, what we did during that grant and what went wrong'*.

**A considered approach:** The Foundation has invested time and resources in developing its approach and has deliberately brought in consultants ready to offer challenges and new ideas, which *'galvanised the team'*. Different approaches have been trialled and tested and changes made in response to feedback both from within the team and from grantees.

**A sense of emerging benefits:** There has been useful feedback about the Foundation's performance and processes and changes have been made as a result. For example, staff now think differently about outcomes. In the past, these were sometimes too broad and ambitious but end of grant conversations made it clear that staff needed to become

better at talking through with applicants and grantees what outcomes are realistic and what targets are achievable. Four hundred post-grant conversations have been held over the last 18 months, offering an increasingly significant data set for analysing themes and questions across the Foundation's portfolio.

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### Advice for other funders

Grantees spend a great deal of time reporting to funders. However, collating learning from so much material is challenging – especially when you have a broad portfolio of grants: The Foundation is one of six funders working collaboratively with six of their grantees to explore how to put funded organisations in the driving seat on reporting. Both will benefit if funders only collect what they really need and plan to use – and do it in a way that better fits grantees' timetables and the other reporting demands they face.

Changing established ways of doing things around learning is challenging and takes time: Backing from senior leadership is key. It is important to think hard about how to get buy-in from everyone, from the most experienced staff through to people just starting out.

# Case study:

## Paul Hamlyn Foundation

### A snapshot



£25 million  
annual  
grant-making



Grants made  
across the UK



Supports people  
with unusual or radical  
ideas, to develop them  
from concept to set up

## *Funding individuals with radical ideas*

Paul Hamlyn Foundation (PHF) gives around £25 million per annum to help people overcome disadvantage and lack of opportunity, so that they can realise their potential and enjoy fulfilling and creative lives. Its Ideas and Pioneers Fund supports people with unusual or radical ideas to improve the life chances and opportunities of people in the UK. The fund allocates between £500-600,000 per annum to people whose ideas are in their early stages of development, offering grants that average £10-12,000 to develop ideas from concept to set up.

### The challenge

*'In all the areas where we want to achieve impact, change often comes about because of the application of good ideas by passionate people. Paul Hamlyn was an innovator and, in his business life and philanthropy, he backed people with good ideas. We want to do this too.'*

PHF has long experience of funding exceptional individuals in the arts sector, both established artists and talented and visionary individuals, ready to make their mark as part of a vibrant arts ecology. Trustees were interested in extending this model into the field of social action. They particularly wanted to seek out *'unusual suspects'* – people with good ideas who come from less traditional routes and backgrounds or who have experienced disadvantage in their own lives.

PHF sees limited opportunities in the UK for individuals to access the financial support that is needed to turn bold ideas to achieve social change into a reality, particularly when operating outside of an established organisational context. The Ideas and Pioneers Fund opens up opportunities to individuals who want to progress ideas that they believe will lead to positive change, supporting them at the earliest stages of development to enable scoping and exploratory work.

### What have they done?

Ideas and Pioneers has been running two years, following an initial pilot. Key elements of the approach are:

**Open application:** Efforts are made to reach the widest possible pool of potential applicants – and to encourage people to apply: *'Grantees can be part of an organisation, but most are not and most don't work in charities. We are trying to reach people who are not used to applying to funders like us so, to widen the field, we are using existing grantees and other organisations as intermediaries or sign-posters'*. Some of these organisations also offer support to successful applicants during the period of their grant.

**A tailored selection process:** Individuals apply with a three-minute film and respond to four questions on paper. The approach to due diligence is quite different from other PHF programmes and calls for distinct skills from staff. Ideas need to be tested. PHF cannot have sufficient field expertise to judge the range of potential ideas that are put to the Fund, so, where needed, it brings in external advisors to provide an informed view on the potential of a proposal. Beyond this, much of the focus is on assessing people's experience, commitment and resilience: *'Personality is important – it's rare to fund on the strength of the idea alone'*. Working outside organisational structures means that additional attention is needed in clarifying and scrutinising financial arrangements for the grant and budgeted costs.

**Individual support:** In addition to funds, individual help and advice is offered, for example, in legal and accounting matters. PHF has found that grantees tend to want more contact and support than in their other funding programmes. There are challenges both in identifying and in responding to their diverse needs: *'As a funder, we are not an incubator'*. Grantees attend an initial strategic planning day and an intensive three-day residential course to meet other grant recipients, develop a peer support network, and learn new skills to help develop ideas effectively. They are also offered access to some technical support, such as Crowdfunder coaching and social media training.

**Commitment to learning:** The Ideas and Pioneers Fund was deliberately experimental, and this is reflected in the reporting process. Formal requirements are relatively light touch, with grantees asked to send a short report and brief details about how they used the grant. This sits alongside a more detailed conversation about their experience, learning and achievements. PHF now feels ready to begin to ask questions and draw some initial conclusions from the Fund: *'The programme has now been running for two years, so we are beginning to assess and review what has been learned. Is it attracting the type of talent we want rather than the "usual suspects"'? Are there any genuine "winners" amongst the grantees? Other questions we are considering include: How do you spot where innovation is starting? What does talent mean? Should we fund the most promising people into the next stage or step back and direct them to other funders?'*

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### What made it work?

PHF is not yet at the stage where it can report on the overall success of the Ideas and Pioneers Fund. However, it can point to the factors that have enabled it to engage with a programme that many others might see as too risky or uncertain:

**Organisational culture:** The Ideas and Pioneers Fund was championed by trustees and is seen as entirely coherent with the values and history of the Foundation. The Fund speaks to its commitment to innovation, talent and to new voices – and it creates the opportunity for PHF to take a risk on people, where it sees a real spark, even if their idea is not as strong as it might be. It is an open question, often debated internally, as to whether the development of a person or idea matters most in this Fund.

**Staff skills:** Although staff cannot have in-depth knowledge across all the subjects represented in the Ideas and Pioneers Fund, together they have deep experience across the sectors that PHF supports and a good understanding of what it takes to deliver change. Building close and trusting relationships with applicants and grantees is a core skill set for staff. The approach to grant-making at PHF means staff know how to ask the right questions rather than rely on a highly structured process. It gives them the skills needed to look at each applicant individually and identify the particular support that they may need.

**Track record in evaluation and learning:** PHF has always been interested in evaluation, with Director level leadership to progress its strategy in this area. This creates both capacity and the organisational confidence to learn from a more experimental programme and use this learning to improve and develop practice.

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### Advice for other funders

There are three key areas of learning that PHF would share with others:

**The need for new innovators:** *‘With the world changing fast, good ideas are needed from less traditional routes, from people who can adapt their thinking to the new realities. We need “incomers” and young people.’*

**This will not suit everyone:** *‘More funders are needed in this space but it is not for everybody. It requires a greater tolerance of risk than is the norm, and grantees can need higher than average levels of support. Staff need to develop different skills for assessment and management and a different approach to due diligence.’*

**Taking the long view:** *‘You need long time horizons, which take into account the development of outstanding individuals as well as ideas, where the growth and realisation of potential may be more significant in the long-term than more concrete achievements during the period of the grant.’*

# Case study:

## Wharfedale Foundation

### A snapshot



£35–50,000  
annual  
grant-making



Grants made  
across the Yorkshire  
and Humber

## *Working differently to improve reach and responsiveness*

Wharfedale Foundation provides funding throughout Yorkshire and Humber to address the divisions in society, developing greater understanding of social justice and diversity. It gives around £35-50,000 per annum in grants of up to £5,000 to organisations with an annual income below £250,000. The Foundation's work is carried out by one self-employed administrator and the trustees.

### The challenge

Trustees were seeing obvious need in the local community, with an increase in refugees and migrants in need of support, growing social division and swathes of local authority funding cuts: *'Our focus on supporting inclusion has become more important. Our time has come; we fit into the current context'*. However, between 2012 and 2014, the Foundation did not receive enough relevant applications to allocate its grant budget.

In 2014, trustees set out to understand why this was happening. Since then, the Foundation has been scrutinising and improving every aspect of how it works in order to better reach and support small organisations working to break down barriers to integration and social cohesion: *'We have a belief that we can bring about change but need to take a critical stance to do so'*.

### What have they done?

Over the last three years, the Foundation has introduced many changes to its processes and ways of working:

**Eligibility:** Trustees spent time grappling with fundamental questions such as *'what kind of organisations should we support?'* and *'what kind of funding should we give?'* Only open to registered charities in the past, they agreed to offer support to social enterprises for creative activity aimed at building communities and inclusion, such as dementia friendly cinema screenings. Concerns about risk have been managed by requiring social enterprises to have an asset lock to protect their social purpose.

**A refreshed application process:** *'We used to ask people to apply and say how they met all our four criteria but now we ask them [to] choose one and tell us how they meet it. Now we have a one-side expression of interest sent with their constitution. This is reviewed and, if thought appropriate, they are invited to apply in full. Applications are six sides of questions'*.

**A streamlined small grants process:** Trustees want to be sure that *'smaller charities don't get crowded out'* and have developed a quicker process for organisations with a turnover of less than £50,000 looking for grants of up to £500: *'Our process now starts with a phone call to the Administrator, so applicants don't waste their time if it's*



not suitable for them. When they apply we just ask them to complete a six-side form (streamlined from eight) which includes things like: "Tell us about what you're trying to do in 250 words", rather than requiring them to provide statistics and data on need'.

**Active promotion:** The Foundation has invested a great deal of time in trying to increase its reach and presence – and especially on creating opportunities for face-to-face contact – by drawing on trustees' individual networks, as well as attending local and regional funding fairs and events: *'It's been about getting out there. Often we're the only charity represented by a trustee at the funding fairs. And people are surprised we've come along with Big Lottery and others'*. Trustees are pleased with the results of this work: *'We've noticed afterwards we get an increase in applications. It has meant we can extend our reach and get to places like one ward in Grimsby which is the second most deprived in the country'*.

**Connecting with grantees:** Trustees also began to consider how they might become more open and accessible to grantees: *'We're using the AGM more creatively. We open it up as a public meeting and invite our grantees to come. Some are invited to present. We've been really surprised and pleased with how many come and what an effort they make'*. Unexpectedly, this has led to new opportunities for grantee organisations: *'It's been myth busting for some of our projects in terms of understanding different needs in their areas, and some have made new connections, like a refugee/asylum group working with a conversation club'*.

**Improved response times:** Trustees have given some delegated authority to trust officers to enable them to keep things moving. In the past, if a grantee asked if they needed to repay unspent funds, they had to wait for an answer from the next committee meeting, which might be several months away. With these changes, trustees can now respond promptly.

**Resources:** With increasing demand, trustees are alert to the challenges of achieving a balance between maximising income for immediate spending and protecting their ability to fund for the longer term, while also maintaining their ethical commitments: *'We have asked ourselves, "Should we use our reserves, should we release some capital?" We've reviewed our policy and decided to stick with ethical investments even if that means having less funding long term'*.

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## What made it work?

The Foundation has seen good results, both in the increased applications from the right kinds of organisations and projects and in greater engagement with their existing grantees and the connections that are emerging. Fundamental to their success has been:

**Trustee commitment and leadership:** The Foundation cannot operate without active and engaged trustees with a shared vision: *'The leadership of the Foundation has been key to all of this. They have a background in community work – either [voluntary and community sector], faith or community development – which means they 'get it' and are striving towards a shared vision to support their local area'*. This can be demanding – and some trustees have moved on during the review: *'It's a significant commitment of time – four meetings a year, AGM, away day, application assessment, subgroups'*.

**Strong administration:** *'We also invest in the time of an experienced administrator who holds it all together and is able to maintain a clear overview of all that is happening in terms of grant applications, grants made and income and expenditure. It also ensures that we comply with charity and company law requirements and contributes to Wharfedale being a well-run charity'*.

**Understanding small organisations:** Trustees' hands-on experience is well used in day-to-day grant-making: *'It enables them to spot good applicants in poorly written applications ... so we'll go and support them, or put them in touch with people who can'*. This approach underpins their commitment to *'realistic'* processes: *'We've all been on the other side of applying before and wanted to keep it proportionate to the funds'*.

**Informed choices:** The creative thinking that trustees are encouraging is underpinned and supported by technical skills on the trustee board. Having people who can provide advice on what they can and cannot do has enabled trustees to make *'choices with confidence'*.

**Robust discussions:** Trustees are ready to have challenging discussions and take hard decisions. They expect there will be more of these ahead: *'Before, we were the preserve of very small charities with little money in the bank but now we are getting larger ones applying too. It's a hard balance – we don't want to support an infrastructure body that's just applied for funding to keep it staggering on another month. However, we do want to consider when and how we could help'*.

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### What next?

More changes are in the pipeline, as the Foundation continues to interrogate how it is working.

**Core funding is now on the trustees' agenda:** *'Generally speaking, we support people to do new work or try things out but we recognise the importance of keeping good work going and not always seeking innovation, so we will look at providing some core funding in future and are discussing this as a Board'*.

Some turnover of trustees has opened up new opportunities to think about membership. The Foundation plans to invite some previous grantees to join the Board. This will both bring voluntary organisations into the grant-making process and help them to see how things work on the other side of a funding application.

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### Advice for other funders

There are two key areas of learning that the Foundation would share with others:

**The value of face-to-face contact:** *'This has been about listening – being out and about more enables us to understand the context and work of grantees as well as advising them on applications to ensure they fit the criteria and therefore increase reach. It helps to bring the criteria to life for people'*.

**Maintaining effort and attention:** *'Keep on top of it – you can't let it slide, the world moves fast so you need to keep moving and reviewing too'*.

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for supporting this publication.*

## **About Saxton Bampfylde**

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