

## Duty to Care?

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

*Summary*

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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

This report has been written by Eliza Buckley, Ben Cairns, Richard Jenkins and Richard Hopgood, based on interviews and desk research carried out by the authors with Charlotte Hennessy.

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# Introduction

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>1</sup> Seven years on<sup>2</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>3</sup>, and their income trajectories remain volatile.<sup>4</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>5</sup>, what is their role?

<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>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>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/>

<sup>4</sup>NCVO (2018) *Civil Society Almanac*, London: NCVO.

<sup>5</sup>Pharoah, C., Walker, C. (2018) *Foundation Giving Trends 2018*, London: ACF.



## **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?

## 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?

## 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.<sup>6</sup> 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>6</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/>

# 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.*

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