Practical actions towards more open and trusting grant-making

Appendix Three – Funding Experience Survey Findings

September 2022

Practical actions towards more open and trusting grant-making

Here we share practical actions that funders can take in response to the feedback from charities highlighted in the Funding Experience Survey. They are organised against the eight Open and Trusting commitments:

1. Don’t waste time
2. Ask relevant questions
3. Accept risk
4. Act with urgency
5. Be open
6. Enable flexibility
7. Communicate with purpose
8. Be proportionate

Under each commitment, we:

- Highlight the actions that charities have told us are most important to them
- Give examples of the tangible things that members of the Open and Trusting community are doing in response
- Share other changes that foundations are making in support of the Open and Trusting commitments

From major shifts in practice to small adjustments to process, all are examples of practical actions being taken by a very diverse group of funders – they are local, national, UK-wide and international; issue specific to generalist; family to corporate; and run by one volunteer administrator through to a team of more than 50. Their experience shows that everyone can do something.

This is by no means a comprehensive guide to all actions that could be taken against each of the commitments. However, we hope that this summary will support funders of all kinds in taking the next step on their journey to being more open and trusting.

Commitment One: Don't waste time

We will not waste their time – we will explain our funding priorities clearly; we will be open and transparent about all our requirements and exclusions.

Publish clear information

Fundraising is a time consuming and competitive process. By taking 'an applicant's point of view' in producing criteria and guidelines, funders help charities make better informed judgements about whether to invest scarce time and energy in applying to them for funding.

Charities want funders to:

- Present information clearly and in an order that enables quick judgements about eligibility, fit and timelines
- State clearly what they mean by key terms, taking care not to make assumptions of a shared language
- Explain why they are asking for certain kinds of information (e.g., financial position, policies and management) and how this is used in decision making
- Be open about success rates at each stage of the application process

What Open and Trusting Grantmakers are doing:

- All our application guidelines and forms are checked and edited by someone who doesn't know us.
- We make sure that you can find everything you need to know about applying for a grant in one place on our website.
- We publish our success rates and how many grants we expect to make.
- We regularly review why we aren't funding applications, looking out for 'unwritten rules'. Then we update our written guidelines, so they are clearer and more transparent.
- We plan to introduce an application guidance document that sets out clearly why we ask for each piece of information.
- We offer application information in both written and video formats, taking great care to make sure they are no inconsistencies between them.
- We give detailed information about how our decisions are made, who is making them and what we are looking for at each stage of our process. We tell people how their chances of success change at each different stage.

Reduce the cost to charities of a negative decision

Charities need funders to reduce the time and effort they have to put into application processes when there is a high chance of receiving a negative decision.

Charities want funders to:

- Have a two-stage application process with a simple first stage form (for larger grants)
- Give negative decisions quickly

What Open and Trusting Grantmakers are doing:

- We try to make our grants programmes as focused as possible to limit the volume of applications we receive and increase success rates.
- We have an eligibility quiz/ ask disqualifying questions before releasing our application form to make sure that people we cannot fund don't waste time applying.
- We use a two-stage application process with a simple stage 1 form that focuses on the questions that most influence our decisions.
- We don't have an application process but invite organisations to apply if we are interested in funding them, so they know from the start that they have a very good chance.
- We use a shared application process so you can apply to several funds with the same applications.

Answer questions and give advice

Even the best published criteria and guidelines may not cover all circumstances. As they move through the application process, charities need the chance to respond to any concerns and make their best case.

Charities want funders to:

- Offer them the chance to ask questions before they make an application
- Speak to or visit them at some point in the application process

What Open and Trusting Grantmakers are doing:

- We encourage people to pick up the phone if they are thinking of applying and talk to us about their ideas.
- You can come to a webinar or event to hear about our funding and ask questions.
- You can call us or sign up for a grant surgery for 1:1 advice about your application.

- If you call us before you apply, we will tell you on the phone whether we think you have a good chance of funding or not.
- We give feedback to organisations we select for stage 2, sharing any questions or queries they need to address.

Commitment Two: Ask relevant questions

We will only ask relevant questions – we will only collect information that we must have to make funding decisions; we will test our application forms rigorously to make sure our questions are clear and do not overlap.

Improve applications

Charities need many more funders to address the problems and inefficiencies in application forms that they commonly experience – both in online systems and traditional forms.

Charities want funders to:

- Make sure that forms/online forms are easy to complete and have been properly tested
- Ask questions very clearly and remove any that overlap or repeat
- Provide downloadable versions of online forms
- Set reasonable and realistic word limits
- Allow space to explain anomalies around, for example, past income or reserves levels
- Work together to achieve greater consistency in how they ask for standard information

What Open and Trusting Grantmakers are doing:

- We quickly change the wording on our forms if it becomes clear that we have asked a question that is clumsy or confusing.
- We will continue to ensure the information asked for in application forms is proportionate to the size of the grant.
- We collect basic information in an application form but ask applicants to tell us about their organisation and work in their own words (with guidelines on what we want to know).
- We have stopped setting tight word or character limits in our online forms because organisations tell us they have to spend a lot of time editing what they write rather than concentrating on what they want to tell us.
- We have distilled our form down to 6 main questions to reduce the risk of asking for similar information in different places.

- We publish a Word version of our online application for so that people can see the whole picture easily and get their answers ready.
- We have asked partner charities to tell us about good questions or application forms from other funders and to comment on changes we have make to our application forms as a result.

Streamline the information funders ask for

Charities are looking for a sense of proportion in funders' application processes – so that they reasonably reflect the value of the potential grant and require reasonable amounts of information at each stage of the process.

Charities want funders to:

- Do everything they can to make their application processes cost-effective from a charity's point of view
- Ask for detailed supporting information – such as an activity plan or a monitoring and evaluation plan – only when a charity's application has reached a stage in the process when there has a good chance of success

What Open and Trusting Grantmakers are doing:

- We quickly change the wording on our forms if it becomes clear that we have asked a question that is clumsy or confusing.
- We will continue to ensure the information asked for in application forms is proportionate to the size of the grant.
- We collect basic information in an application form but ask applicants to tell us about their organisation and work in their own words (with guidelines on what we want to know).
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Commitment three: Accept risk

We will accept our share of risk – we will be realistic about how much assurance applicants can reasonably give us; we will clearly explain how we assess risk when we make our funding decisions.

Take a more balanced view of risk, giving greater weight to charities' concerns

Charities and funders are united by their commitment to make the best possible use of funds in support of the causes and communities they serve. But they look at fundraising risk from different perspectives. Charities need concrete assurance that funders understand 'what risk looks like to us' and that they are doing everything possible to help charities reduce this risk.

Charities want funders to:

- Be clear about what information they are using to assess risk in applications and how this influences their decisions
- Have realistic expectations of charities' ability to predict and plan for the future
- Respect charities' expertise in 'keeping going' through highly challenging and uncertain circumstances
- Recognise and address the obstacles that impede equal access to a chance of funding
- Take practical actions that help charities to manage and reduce the risks that matter most to them (for example, continuity of funding; equitable access to a chance of funding; meeting the costs of organisational overheads, including fundraising)

What Open and Trusting Grantmakers are doing:

- We are trying to explain how we judge risk in assessing applications much more clearly and openly.
- We are looking carefully at what risk looks like to us in terms of financial management; reserves; safeguarding; and governance – and at whether our approach disadvantages organisations we want to support.
- We are exploring a strengths-based approach to assessment – looking at resources and resilience rather than needs and weaknesses.
- We put more focus on understanding how organisations manage in uncertainty than, for example, on how much they have in reserves or how diverse their funding is.
- We have stopped asking questions about how organisations will sustain the work when our funding ends.
- We do not expect small and new organisations to be financially stable and accept that risk.
- We give multi-year grants.

- As well as covering project overheads, we make a contribution towards general running cost as part of all our project grants, which grantees can use as they wish.

Giving charities the opportunity to respond to their concerns about risk

What Open and Trusting Grantmakers are doing:

- We give applicants the opportunity to explain how they are managing and mitigating any risks we have identified in our assessment process.
- We visit all the organisations we invite to stage 2 so we see their work and can have a more open discussion about the pressures they are under and their strengths.
- If we identify a higher level of risk in any of the grants we want to make, we are open about this with grantees, give the funding with confidence and offer them further support if we both agree this would be helpful.
- If we have not made a grant because of risk, we explain why and what the organisation can do to give us more assurance if they apply again.

Actively using their own resources to reduce risk to charities

What Open and Trusting Grantmakers are doing:

- We understand that any grant we give is not just about the money. It is a vote of confidence from us, which can have a positive effect on how other funders perceive an organisation's risk profile.
- We are actively funding organisations facing financial risk and low reserves where they are strategically important in their communities.
- We fund organisations doing good work in our areas of interest and offer development support in areas they have identified as priorities for them.

Commitment four: Act with urgency

We will act with urgency – we will seek to work at a pace that meets the needs of applicants; we will publish and stick to our timetables; we will make our decisions as quickly as possible.

Enable charities to use limited fundraising time effectively

Most charities make multiple funding applications throughout the year. How well funders plan their funding cycles has a direct impact on charities' ability to make best use of their fundraising time.

Charities want funders to:

- Publish clear and realistic timetables for all stages of their funding process
- Give good notice of the launch of new programmes and a reasonable 'window' for applications
- Recognise that charities who have little or no dedicated fundraising capacity find it particularly difficult to meet unrealistic timetables
- Give negative decisions as quickly as possible so that charities can look elsewhere.

What Open and Trusting Grantmakers are doing:

- We publish response, decision and payment timetables.
- We give good notice of when programmes are opening and closing so that you have time to plan when you make your applications.
- We let applicants know if they have been selected for second stage within 4 weeks of the application deadline and agree with them how long they need to return the second stage form.
- We are careful to achieve shorter decision-making timetables by streamlining our own processes and not by giving unrealistic deadlines to charities to, for example, submit second stage applications/ respond to our queries.

Make sure application timescales are proportionate

Charities want funders to:

- Make decisions on their applications within a time that feels reasonable given the size, duration and importance of the grant on offer

What Open and Trusting Grantmakers are doing:

- We make decisions on emergency grants in a matter of days and very small grants within 2 weeks.
- We aim for a 6-week turnaround on smaller grants.

- We have increased the frequency of our decision-making meetings and now meet six times a year so that we can make decisions on larger grants more quickly.
- When we are making larger grants, our process can take 4 to 6 months. But we make our stage one decisions quickly and everyone who goes through to stage 2 knows they have a good chance of funding.

Commitment five: Be open

We will be transparent about our decisions – we will give feedback; we will analyse and publish success rates and reasons for rejection; we will share our data.

Give meaningful feedback

Receiving meaningful feedback from funders on unsuccessful applications is a very high priority for charities. They understand that funding is highly competitive and that the reasons may be relatively small, but they still want to know what they were – otherwise they can't learn and improve.

Charities want funders to:

- Give meaningful feedback on unsuccessful applications
- Offer to have a conversation with charities whose applications are turned down

What Open and Trusting Grantmakers are doing:

- No matter how marginal, there is always a reason for the choices we make. We have committed to sharing these reasons – even when it feels difficult – as part of a respectful funding relationship.
- We write to all organisations whose applications were unsuccessful giving the main reason for our decision.
- We provide detailed written feedback to all applicants/to all applicants who were selected for stage 2.
- We invite all unsuccessful applicants to telephone us for feedback.
- If their application is declined at Stage 1, the organisation can request a call back through a form on our website. We will give feedback on the strengths and weaknesses of the application and the reasons it was not put through.
- If their application has potential and they want to apply again to a future funding round, we offer support to applicants in improving it.
- We give most feedback during the early stages of applying to ensure that there is a good fit when the application moves forward. We explain when a grant proposal cannot be taken to the second stage.
- We regularly review the feedback we give and use it to improve and develop our criteria and the information we share with applicants about our priorities and decision-making processes.

Bring greater diversity into decision making

Getting the basics right' is a high priority for charities of all sizes and types, because of the immediate and tangible value it delivers. For many is a necessary first step towards addressing overarching questions around power, equity and 'who decides' in funding. High on the agenda for a notable minority (21%) is the desire to see more lived experience and more diverse voices in decisions about grants.

What Open and Trusting Grantmakers are doing:

- We are making good progress in building a diverse group of Trustees.
- We have found that giving more conscious attention to equity is a powerful tool in highlighting unrecognised behaviours and assumptions and changing them. Using a strong equity and inclusion lens in our decision panel, we realised that we were setting a higher bar for newer or smaller organisations.
- We are trying to change the dynamic of our decision-making and have created an advisory board of people with lived experience.
- We recruited a group of representatives from organisations led by people who identified as from a community experiencing racial inequality to shortlist, assess and make decisions with us.

Collect and act on feedback

Charities are broadly confident that grantmakers who ask them for feedback use it to improve how they do things. But many need greater assurance that a critical response will not harm future funding prospects before they feel able to be truly honest.

Charities want funders to:

- Enable charities to give anonymous feedback when they ask for input on their own practice

What Open and Trusting Grantmakers are doing:

- We conduct an annual customer satisfaction survey and publish the findings, highlighting what changes we have made to forms and processes.
- We collect anonymous feedback on our website about our application processes and review it twice a year.
- We have independent assessment of the quality of our application process.
- We always share back with organisations what we have heard and what we are doing. Transparency helps us – and others – challenge our assumptions and closes the loop so it doesn't feel like a one-way transaction.

Sharing data

What Open and Trusting Grantmakers are doing:

- We publish our grants online and on 360Giving.
- We publish information about the proportion of successful to unsuccessful applications and a breakdown of reasons for rejection on our website and in our annual reports.
- We have committed to carrying out more detailed analysis on the diversity and equity of our grant distribution and to publishing this.
- We publish the most common reasons for rejection on our website with examples to help guide applicants.

Commitment six: Enable flexibility

We will enable them to respond flexibly to changing priorities and needs – we will give unrestricted funding; if we can't (or are a specialist funder), we will make our funding as flexible as possible.

Give unrestricted or flexible funding

Charities are too often hamstrung by lack of control over their own resources. The risks play out day-to-day as they work to be responsive, effective, sustainable, and accountable, while relying largely on a patchwork of restricted project funding. There is a pressing need for many more funders to give the longer-term, more flexible funding that enables charities to do their best work.

Charities want funders to:

- Give grants that last for more than one year
- Provide funding for organisational overheads/core costs
- Wherever possible, offer unrestricted funding, giving them complete flexibility to spend it as needed on anything within their charitable objects

What Open and Trusting Grantmakers are doing:

- We give unrestricted funding that organisations can use as they see fit to achieve their goals.
- We still use restricted funding for non-charities (in line with Charity Commission rules) and for charities whose work we can't fund under our own charitable purposes. But the restrictions are light, and the grant can be broadly applied to overheads/core costs.
- As a specialised funder, we are offering broadly restricted funding. The terms state that the grant can be used on any expenditure relating to the type of work,

beneficiary group or geography we are concerned with, including strategic spend and core costs.

- We give what we call 'designated unrestricted' funding. This is when we'd be happy to support everything the organisation does, but we've identified a project or activity which we're particularly interested in. We ask them to report specifically on the activity we're interested in but make the grant unrestricted. So, if they can get come or all of the costs of the activity from elsewhere, they can use our money for something else.
- We do not restrict funding to a specific item. If project funds are requested, we will be clear that the grant can be used for any aspect of the cost to deliver the project, including overheads.
- We give funding for other donors which limits our flexibility. But, by building relationships and explaining the benefits, we have been able to encourage some to give grants that aren't for a specific project.
- We never give grants for less than three years.
- We are trying to be much clearer about our offer of unrestricted funding because we are concerned that most charities don't ask for it because they think funders are more likely to give a grant for something specific.

Trust charities to manage well

Even where funders continue with project funding, there is scope to be more flexible and light touch. Funders invest considerable time and effort into making grants. Charities need funders to trust their own judgements and let them get on with managing the work.

Charities want funders to:

- Trust them to spend money well on what is most needed and not tie them down to detailed project plans or budgets in advance
- Allow them to make adjustments to operational plans and budgets when needed, without asking for permission in advance

What Open and Trusting Grantmakers are doing:

- We agree on 2 or 3 high-level outcomes with grantees and trust organisations to use funding appropriately to achieve them.
- We don't require a detailed activity plan, budget or monitoring framework. We trust organisations to make their own operational decisions.
- Because we have confidence in our application processes, we have confidence that we can trust the organisations we decide to fund.
- We make ourselves readily available to grantees to discuss unexpected challenges/changing needs and will be flexible in helping the grantee meet these.
- We do require grantees to get our permission to make adjustments to their grants, but we make it easy for them to contact us and commit to responding very quickly. This is set out in our grant agreements, which make it clear that permission will be given other than in very exceptional circumstances.

Commitment seven: Communicate with purpose

We will be clear about our relationship from the start – we will be realistic about time commitments; we will ensure that our contact is positive and purposeful.

Set up clear communication channels and mutual expectations

When charities talk about having a 'good relationship' with a grantmaker, they are not describing one particular way of working. A sense of respect, interest and confidence in them and their work may come from any kind of actual relationship, ranging from a very light touch connection though to a full-blown partnership.

Charities want funders to:

- Be clear about the specifics of the relationship they want – and can realistically offer
- Be open about the scope there is to mutually agree any variations

What Open and Trusting Grantmakers are doing:

- All our grantees have a dedicated point of contact in the team.
- As well as sending a written grant agreement, we speak to newly funded organisations so that they can ask any questions about our expectations and the relationship we can offer.
- We are looking to make our funding terms and conditions more of a two-way agreement, with commitments from us as well as the funded organisation.
- We set out the intended relationship between us in writing, including descriptions of the types of contact (e.g., reports, emails, phone calls or meetings), the frequency and depth of contact.
- We explain why we have awarded a grant and what aspects of their work we are particularly interested in.
- We explain what we do with reports from funded organisations and how we use the information – including who reads them, what assessments we make, how the reports feed into future decision making and to broader analysis of our grant programmes.

Respect the pressure on organisations' time

Even when it's not a priority for them, many charities find it hard to turn down requests for feedback, invitations or offers of support from their funders, in case it affects their funding prospects.

Charities want funders to:

- Always be aware of the power differentials in their interactions with grantees and take action to minimise their impact.
- Not shy away from 'difficult conversations', including about future funding, so that the position is clear.

What Open and Trusting Grantmakers are doing:

- We don't expect grantees to be in regular contact but encourage them to call us if there are concerns or issues about the work or our grant that they want to discuss.
- We have committed to adding value to charities throughout all our interactions with them. When we ask charities to engage with us for our benefit, we pay them a donation.
- We answer queries quickly - or give a timeline if we can't respond at once.
- We always read grant reports and respond in writing. We highlight things we were impressed by as well raising any questions we have, which we usually pick up in a follow up call.

Commitment eight: Be proportionate

We will commit to light-touch reporting – we will ensure that our formal reporting requirements are well understood, proportionate and meaningful.

What information do you really need?

Charities recognise that their funders have a right to ask for reports on the grants they give. But the time and cost implications of individualised reporting are severe. Charities see considerable potential to lighten the collective load of reporting that they face and to make it more valuable and cost-effective for both charities and funders.

Charities want funders to:

- Carefully consider what reporting is reasonable in relation to the value of their grant.
- Accept an organisational performance report instead of an individual report.
- Only ask for information they need and will use – and give feedback.
- Be flexible about reporting methods and deadlines.
- Work together to achieve greater standardisation of reporting so that charities are not spending too much time redrafting similar information.

What Open and Trusting Grantmakers are doing:

- We get all the reporting we need from organisations' annual reports and the accounts listing our grant.
- Because we are funding the whole organisation, we are interested in its overall performance. We are working towards the point where they produce no data for us, just what they give to their Board.
- We have changed how we think about impact and are comfortable with seeing that the organisation is achieving what it wants to overall, rather than trying to ascertain the precise impact of our money.
- We are happy to accept reports that organisations produce for other funders.
- We think carefully about what information we need for compliance purposes and what information we need for learning about progress and outcomes. We keep our compliance forms very simple and only ask learning questions about things we know we need and will use.
- The organisations we fund choose their own outcomes for their multi-year grant with us, and our annual progress reports are an opportunity to share what's going well and what isn't.
- We try to keep it simple. For example, we don't ask organisations providing necessary and proven services to spend a lot of time proving that what they do works, when we've all known for a long time that it does.
- We have more conversations with organisations receiving large and longer-term grants but keep our formal reporting as light as possible for everyone.
- Sometimes our own funders set onerous reporting requirements. If we have to pass this on to grantees, we help them set up simple systems and give them extra funding to cover the cost of doing this work.

Offer charities a choice about how they report

What Open and Trusting Grantmakers are doing:

- We welcome reports in organisations' own words but offer an optional reporting template for those who prefer it.
- We always offer grantees a conversation – as well as or instead of a written report, as they prefer.
- We encourage organisations to report in whatever way suits them best – some write a report, some send a video, some arrange a call, some prefer face-to-face or at least a conversation on Zoom.