LEADING IN UNCERTAINTY with IVAR

In the face of overwhelming need

Supporting charities to navigate the Cost of Living crisis

December 2022

LEADING IN UNCERTAINTY with IVAR

Introduction

Since April 2020, IVAR has offered facilitated online peer support groups for leaders of charities as they manage the unprecedented pressures of the outbreak of Covid and the many aftershocks that have followed. More than 650 leaders have taken the opportunity of a safe space to pause and reflect with other leaders.

From the start, part of IVAR's offer has been to feedback to funders the challenges that smaller charities are facing and to share their views on what funders can do to help. Our aim is to support the collective effort, seen in the Open and Trusting grant-making community[1] and elsewhere, to create a more equitable and productive relationship between funders and charities in tackling what lies ahead. During November, 32 charity leaders from across the UK came together to share their experiences of the Cost of Living crisis. This short briefing shares some key concerns, as well as ideas about how funders can build on the call to action from the Funder Experience Survey[2] to help charities to respond to an extended period of upheaval.

We heard from 32 charity leaders based across the UK

What is keeping charity leaders awake at night?

Charity leaders face the challenges of the Cost of Living crisis with valuable learning from the last three years. However, few have come through this period unscathed, and all continue to operate in a highly challenging environment. Three key concerns stand out:

1. Unprecedented volatility and stress continue
2. Exhaustion across the sector
3. Recruiting and retaining staff

1. Unprecedented volatility and stress continue

The challenge of managing in prolonged uncertainty has been a recurring theme in IVAR's briefings since March 2020.[3] Desperately needing a more settled period as the emergency response to Covid wound down, leaders have instead found themselves coping with the consequences of continuing economic, political and social volatility for the communities and causes they serve – and for their own organisational resilience.

---

[1] IVAR's Open and Trusting Grant-making: https://www.ivar.org.uk/flexible-funders/
[2] In Spring 2022, we heard from 1,200 charities about what would help to reduce the time, effort and stress of fundraising and funding relationships. Get the basics right: findings from the Funding Experience Survey: https://www.ivar.org.uk/publication/get-the-basics-right-findings-from-the-funding-experience-survey/
[3] IVAR's Covid-19 Briefings: https://ivar.gn.apc.org/covid-19-briefings/

Many now see little prospect of an end to this instability:

> *'I have been leading charities and social organisations for the last 20 years, and I've never known an environment that's this difficult to predict.'*

There is a strong sense that the impact of the Cost of Living crisis will be brutal, deep and long lasting:

> *'The economic pressures that are coming forward are going to last a lot longer and will have more damaging effects upon people's mental health and state of vulnerability.'*

2. Exhaustion across the sector

Many leaders were rightly proud of the agility, creativity and energy of their organisation's response to the Covid emergency.[4] They had seen cause for hope in the recognition of the distinctive role played by smaller charities, the value they delivered and the need to invest in a vibrant sector going forward.[5] But the continuing and changing crisis means 'building back better' feels like a pipe dream. Too many people have been '*running on empty'* for too long. Leaders are often reluctant – even in a session specifically designed to create space for them to offload – to express the full extent of the pressure their organisations are under. Many spoke about '*moving from one crisis to the next'* and it is clear that stress levels continue to rise at all levels:

> *'Funders are tired, we are tired. We dealt with Covid and now we have the Cost of Living crisis looming. All of us are only just about managing to keep up.'*

> *'We're all being expected to mop up and take on more with less and less. We're all frazzled.'*

3. Challenges recruiting and retaining staff

This sense of exhaustion means that many dedicated people are considering their futures. Already a concern during the Covid emergency, leaders have seen an escalation of frontline staff leaving their organisations and other colleagues moving away from senior leadership roles. There is widespread concern about the breadth of talent leaving the sector, as well as the demands on teams as they cover additional roles: '*three members of our five-person team recently left, leaving two staff covering five roles*'.

At the same time, many leaders are experiencing real difficulties with both recruitment and retention of staff, pointing to a continuing lack of funding for staff wellbeing. Often, providing proper support means cutting back on frontline staff, increasing pressure in other ways:

> *'We are thinking about means to slim down the organisation but the demand on our services is high. It feels that we're moving two steps back to get three steps forward.'*

---

[4] Birds in a Hurricane: https://www.ivar.org.uk/publication/birds-in-a-hurricane/
[5] The Value of Small in a Big Crisis: https://www.lloydsbankfoundation.org.uk/influencing/research/the-value-of-small-in-a-big-crisis

Leaders are increasingly seeing the direct impact that the Cost of Living crisis is having on individuals' priorities, as wages are unable to keep up with inflation: *'We don't have the means to make our voices heard – we don't have a union or can't go on strike. How do we get an increase in line with inflation like other sectors?'*. And, with so many jobs relying on short-term funding, staff are having to think seriously about more secure options:

'They could work in Tesco and have less stress and the same money.'

What does this mean for funding relationships?

This complex and challenging context continues to put pressure on both funders and charities to get the best possible value out of funding relationships. Charity leaders know that funders are having a tough time too and have difficult decisions to make about how best to use their resources in the face of ever-increasing demand. And they appreciate the efforts that many funders are making to reduce the wasted time, effort and stress of fundraising and funding relationships. But, as IVAR's recent Funding Experience Survey[6] makes clear, there is much more that can be done.

Looking forward within the context of the Cost of Living crisis, charity leaders shared reflections on how funders can help them to do the best possible job for communities and causes they serve. They also began to explore what charities themselves can do to move towards more productive relationships with funders.

What can funders do?

Many aspects of grant-making practice came up in discussion between charity leaders. For many, immediate relief would be appreciated – such as inflationary uplifts to existing grants, or direct support for wellbeing costs. However, much of the focus was on three deeper, lasting changes to funder practices and behaviours required to maximise the value of their support to charities as they face the Cost of Living crisis and other pressing challenges.

1. Giving charities greater stability and control over their own resources

Many leaders were appreciative of the short-term emergency funding that was offered at the start of the pandemic. Overall, though, leaders are weary of short-term, tightly restricted funding when the problems everyone is facing will clearly call for action over the long term:

'Why do they think the crisis will be over by then?'

With pressure on their organisations from all sides, more than ever they need greater stability in their funding: *'We lurch from one short term funding pot to another – a short-term sticking plaster isn't going to make the problem go away'*.

---

[6] Get the basics right: findings from the Funding Experience Survey: https://www.ivar.org.uk/publication/get-the-basics-right-findings-from-the-funding-experience-survey/

The solutions they are looking for mirror three of the priorities for charities identified by the Funding Experience Survey[7]:

- Give multi-year funding
- Give unrestricted funding
- Allow grantees to adapt and change project plans and budgets if needed

All, to differing degrees, offer charities greater stability and more control over the use of their resources. And all enable charities to support their core costs, invest in planning and development, and respond in an agile and appropriate way to the many changing priorities and needs that will inevitably affect their communities in such a volatile environment:

> *'I can't understand why any funder would think it's helpful to give funding for six months or less than a year. There needs to be more pressure on funders to rethink this – it's really damaging.'*

> *'We lurch from one short term funding pot to another – a short-term sticking plaster isn't going to make the problem go away.'*

2. Giving charities a more powerful voice in the decisions funders make about their priorities and practices

Some leaders feel that funders aren't placing as much significance on the Cost of Living crisis as Covid, yet its impact is potentially greater. Immediate concerns, for example, are about how far current funding will stretch and the immediate consequences of rising costs on both project delivery and staff retention:

> *'What we can do now is not we said we would do at the start of the grant. Funders don't understand how much it costs to cover staffing costs – how can we convince them to increase this in line with the Cost of Living?'*

They would like to see funders initiating conversations with the organisations they support – as a number did in the early days of Covid – so that charities can be open about the challenges they are facing and the changes that would help them, without worrying that this may impact on their funding.

More broadly, leaders appreciate it when funders create environments where '*human, open and honest conversations*' are possible:

> *'It isn't helpful when funders continue to focus on the "new" and "innovative" instead of focusing on real and emerging needs. Funders need to listen carefully to where the need is and decide the most effective way to respond. Hungry people don't want to deal with innovative things: they want a sandwich.'*

Leaders would also welcome opportunities to join funders for more nuanced conversations about funding strategy, models and practice: '*We can be more of a feedback loop for funders to help them see where the need is and to adjust their priorities – but where's the*

---

[7] ibid

roadmap to know how to do that?'. Their discussions touched on a number of key areas including:

- The accessibility of application processes – and the challenge that 'the worship of the written word' creates for some organisations: *'People from low-income communities who are dealing with a tsunami of issues do not have the capacity to fill in 500 words which would be considered simple for many others'*.

- Appropriate reserve levels – and the danger of making hard and fast judgement about what 'appropriate' looks like in smaller organisations, especially in such an unstable context, without digging into the reasons why reserves may be low or high: *'We're being asked to be pushed to the wire before we can be in a fundraising position'.*

- Apparent inconsistencies between funders' strategic aims and their funding practice: *'They say they want to fund work that results in structural/systemic change – but they don't fund campaigning and advocacy'.*

- How best to reach under-funded communities – and the kinds of funding that best support their organisations: *'Funders need to understand whether providing small pots of funding is the most effective approach'.*

3. Getting the basics right

The continuing crisis brings home how vital it is that funders remain alert to the many ways in which they can help to reduce the intense and prolonged pressures that charities are facing. The messages that leaders shared about the practical ways that funders can take some of the stress and inefficiency out of their application and grant management processes are now familiar ones. But the persistent drumbeat shows that the improvements – that some funders are working so hard to make – are still far from being universally adopted.

Again, many leaders' concerns reinforce the 10 changes from the Funding Experience Survey that charities believe will make the most difference to their experience of applying for and receiving a grant.[8] Specifically, they discussed the need for funders to:

- Be clear about success rates at each stage of their process: *'Why can't they publish how many applications they received, and the success rate and the number of new charities verses existing charities funded in this round?'.*

- Offer charities the chance to ask questions before they make an application*: 'Let's not create a funding brick wall by only allowing applications via a portal. Funders need to personalise the funding application experience, making it more human'.*

- Only ask grantees for information that they really need and will definitely use: *'Funders – only ask for information if you are going to read it or you need it!'.*

- Give meaningful feedback to charities whose applications are turned down*: 'We put in time, effort, resources, love and passion into applications and when there is no acknowledgement or feedback if unsuccessful, it is very frustrating'.*

- Allow grantees to use existing reports (e.g. to other funders, annual reports, etc.).

On this last priority, some leaders gave encouraging feedback on changes that individual funders had made to monitoring and reporting processes – demonstrating how

---

[8] ibid

adjustments in practice can make a huge difference to the value and relevance of reporting for charities:

> *'Recently, one of our funders agreed to accept reports we had produced for someone else – it really showed how much time we would save if this happened more often.'*

> *'For the first time in my fundraising career, I was asked by a funder how we'd like to report and I was blown away by that – we decided that a visit and chat would be best and that's how it happened, which was fantastic.'*

But there was also more discouraging experience, with leaders feeling that some funders are placing ever more of the burden of managing reporting onto charities' shoulders: *'More funders are switching to reporting via their platforms which is much more time consuming for grantees'.*

What can charities do?

Leaders reflected on the shifting nature of their relationships with funders. Their experience suggests two approaches that others may find useful in navigating bidding processes and/or developing more productive relationships with funders.

1. Consider collaborating with other organisations for joint applications

Over the last 20 years, IVAR has observed that during periods of heightened uncertainty, collaboration is an important tool for survival.[9] Most recently, our briefings during Covid shed light on leaders' appetite for collaboration: '*Covid has strengthened partnerships we've been fighting for, for years'.*[10] Now, in the face of the Cost of Living crisis, many continue to draw on collaboration to reduce the strain on their teams while responding to pressing need.

Despite the well-documented challenges of collaboration for funding[11], we heard how – with space to foster openness, develop trust and negotiate power dynamics – organisations are working together to pool resources and experiences, and reaping the reward of reducing the strain on their teams, while responding more fully to pressing need.

2. Be clear and confident in negotiations with funders

No matter how difficult it can feel, leaders stressed the importance of initiating contact with funders if, for example, grant timings and conditions have become unhelpful; and, if necessary, of being ready to walk away from funding:

> *'We renegotiated the timespan of a grant to become multi-year funding – it's okay to push back and ask for grants to be spread over a longer period.'*

---

[9] Turning a Corner: http://www.fbrn.org.uk/sites/default/files/transition_vol_sector_ivar_2013.pdf
[10] Birds in a Hurricane: https://www.ivar.org.uk/publication/birds-in-a-hurricane/
[11] Thinking about Collaboration: https://archive.ivar.org.uk/publication/thinking-about-collaboration/

'We walked away from a government-led contract that provided significant funding but was demanding unrealistic targets. This created a high-pressure working environment and wasn't yielding satisfactory results for clients. We now have targets that we can reasonably supply, without asking clients to jump through a million hoops.'

Leaders also highlighted the importance of not being 'funder-led' in setting priorities. Instead, making the case for '*the real need*' in their communities and how best to meet it:

'I am tired of funders wanting to talk to me about what's in the headlines rather than the key issues that we are seeing in our work'.

Key to achieving this shift is dialogue and exposing funders to the funded work: *'It helped them understand the big picture of the charity and why we do what we do'.*

Concluding remarks

As social, economic and environmental challenges deepen, charities and the funders who support them continue to face many difficult decisions about how best to use their skills and resources in the face of overwhelming need. Especially in this context, the argument for doing everything we can to reduce the wasted time, effort and stress of fundraising and funding relationships feels unassailable. And feedback from charities makes it clear that *all* funders can make a valuable contribution simply by 'getting the basics right'. '*How you fund matters*', and even small adjustments can make a massive difference – from standardising inflationary uplifts to existing grants through to standardising the acceptance of annual reports.

Over 100 funders – responsible for more than £800 million of annual grants – have now joined our Open and Trusting community. These funders recognise that shifting to a more trusting, power-aware relationship between foundations and charities is necessary for civil society to be a true force for equitable, democratic and effective social change. And wherever they are on this journey, they understand the pressing need to hear honest feedback and to welcome charities into their thinking as they move forward. Through these conversations, funders can strengthen their resolve to act with patience, imagination and empathy.

What next?

Funders can find helpful ideas to address the practical challenges raised by charities in:

- The Funding Experience Survey findings, which share 1,200 charities' views on how funders could help to reduce the wasted time, effort and stress of fundraising and funding relationships – and why this matters.
- Examples of practical action shared by the trusts and foundations involved in the Open and Trusting Grant-making community.

We'd also love to hear from any funders who are interested in developing their practice. You can join the Open and Trusting community by visiting www.ivar.org.uk/flexible-funders and completing the short form at the top right of the page.

Authorship and acknowledgements

This briefing has been written by Annie Caffyn, Ben Cairns and Liz Firth, based on work carried out by the authors with Katie Turner, Miranda Lewis and Sonakshi Anand.

Thanks to the charities who took part in discussions with us over November, for sharing their experiences and ideas so freely and openly.