Open and Trusting Grant-making: An introduction

Introduction

In response to Covid-19, grant-making practice changed overnight: quick application processes, limited or no reporting requirements, flexibility over how money could be spent. At IVAR, we wanted to hold onto these positive changes for the long-term – so we set up the Open and Trusting Grant-making community, which has grown to over 120 independent funders.

Why does it matter?
Charities say[1] that open and trusting grant-making enables them to:

- Be more responsive to their beneficiaries' priorities
- Be more agile in the light of changing needs
- Focus more energy on mission and outcomes
- Learn and share openly
- Plan more effectively

> *Ultimately it means that we achieve more, help more people, and make more of an impact.*

The eight commitments

When people sign up to Open and Trusting Grant-making, they are making eight commitments. Funders aren't necessarily working on every commitment at once, but they are signing up to **being on a journey towards making and managing grants in a way that reflects the realities facing charities now and for the foreseeable future.** Below are some examples of how independent funders are bringing the eight commitments to life.

Open We commit to making grants in a way that reflects the realities facing VSCE organisations now and for the foreseeable future	
1. **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.	After each funding round, we review all rejected applications, looking for 'rules' that we hadn't identified or made clear. All our published application documents are independently copy edited for clarity and consistency.
2. **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	We use a 2-stage process. We aim to support 75% of applications at stage 2, so stage 1 is all about the key questions that most strongly influence our funding decisions. We take responsibility for compiling information on applicants from publicly held records (e.g. accounts from Charity Commission).

[1] Read more: *Get the basics right: Findings from the Funding Experience Survey*

3. **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	We are reviewing 'what good looks like' in relation to e.g. reserve levels; diversity of funding; financial projections. We will share this with applicants. We don't require detailed activity plans. We trust organisations to make their own operational decisions.
4. **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	We make all decisions about small grants within 30 days of receiving an application. If we have problems meeting our timetables, we get extra help rather than giving applicants less time or changing their deadlines.
5. **We will be open about our decisions** – we will give feedback; we will analyse and publish success rates and reasons for rejection; we will share our data	We try to think creatively about how and when to give useful feedback to all unsuccessful applicants – we never just say 'we had more applications than we could fund'. We publish details of the reasons for rejection at each stage of our application process.

Trusting We commit to managing grants and relationships in a way that reflects our confidence in and respect for the VCSE organisations we fund.	
6. **We will enable them to respond flexibly to changing priorities and needs** – we will give unrestricted funding; if we can't, we will make our funding as flexible as possible	We never give grants for less than three years. As a specialised funder, we offer 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.
7. **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	All our grantees have a dedicated point of contact in the team. 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.
8. **We will use light touch reporting** – we will ensure that our formal reporting requirements are well understood, proportionate and meaningful	We explain why we have awarded a grant and then jointly agree what grant reporting will work best for us both. We use a simple 'tick box' form to deal with all reports for accountability purposes.

You can read more examples and find information about what charities say they most need in *Practical actions by commitment*.

What does it mean to join the Open and Trusting community?

When independent funders sign up to Open and Trusting Grant-making, we ask that they:

- **Adopt the eight commitments** to Open and Trusting Grant-making.
- **Share what they are doing to put them into practice** (this appears on our website, when you click on a logo). Initially funders may share what they are doing on a few commitments, rather than working on them all in one go, but the expectation is that each funder does eventually work on all eight.
- **Be part of a 'community of practice'** with other funders to help us all adapt and improve – we run this online three times per year. Our expert facilitators hold discussions between funders where people share live challenges, offer peer support and help shape ideas for new research.
- **Be held to account** within the Open and Trusting community through a collaborative review, involving charities – we expect to run this every 2 years, with the next round scheduled for Autumn 2024; you can read more about the process here.

Ultimately, Open and Trusting is about working together to adopt grant-making practices that make life easier for funded organisations. We recognise that each funder faces different constraints, and we believe that everyone can go further.

Part of IVAR's role is to understand the barriers to Open and Trusting Grant-making and develop/share learning about how they can be navigated. We are currently focusing on four areas of research – unrestricted funding; grant reporting; equity and applications; and local authority funding. Our latest publication is *Under the bonnet of unrestricted with Texel Foundation and partners*.

We review our research themes and the support we provide through Open and Trusting on an annual basis; and update our offer as needed based on what we're hearing from both charities and funders. For example, we're currently offering facilitated sessions for individual funders with their Boards.