

Under the bonnet
of unrestricted
*with Peter Minet Trust
and partners*

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In this series, funders share their thinking about unrestricted funding and invite their funded partners to reflect on the difference it makes.



Building a long-term and trusting relationship with funded partners is fundamental when offering unrestricted funding

Rachel Oglethorpe, Peter Minet Trust



[Peter Minet Trust](#) is an independent, place-based funder which distributes funds to small charities based in Southwark and Lambeth. We fund charities rooted in their communities and bring those communities together, working in partnership with them to help residents overcome severe and multiple challenges. We want local charities to be stronger and more stable so they can carry on working alongside residents to overcome these challenges and be active in these communities.

How we decided that unrestricted funding was right for us

When the trust was established over 50 years ago, the vision was to fund small, local community organisations. However, we were increasingly oversubscribed and had a high rejection rate, reaching up to 78%. At the same time we were trying to manage 50 small grants a year with one part-time staff member, which had a huge impact on our capacity to manage these rejections. We also started to notice that those that we tended to fund were often larger organisations who had the resources to make more successful applications (e.g. a dedicated fundraising team). Additionally, due to our over-stretched capacity we had no time to meet funded partners and struggled to see if we were making a difference. To get back to our original vision, we needed to rethink our approach to funding.

We had recently recruited new board members, including those with fundraising experience, and there was a real appetite and energy at the trust to consider all options. After speaking to the board, reading robust research studies, listening to our funded partners and local funders, and reflecting on my own previous experience as a fundraiser, we decided to launch an unrestricted, three-year, open fund in 2020 for charities with an income between £25k and £300k based in Southwark and Lambeth. While there were some restrictions on who could apply (we are place-based), the funding itself was entirely unrestricted. The aim was to fund fewer charities but give more funding which was multi-year and unrestricted. The response to this was very encouraging, so we decided to run a second round of the fund in 2022,

prioritising Black-led charities in response to learning from our involvement in the Southwark Community Response Fund during Covid. Over the course of two years, we went from giving 50 small and restricted grants of under £5,000 a year to giving out around six entirely unrestricted grants of £30k a year for three years in each funding round. The response to our new approach from funded partners has been overwhelmingly positive, with many telling us that they are able to make more of a difference to their communities because of unrestricted funding.

Why unrestricted funding matters

We are an organisation that likes to continually reflect and learn from our activities; we routinely check in with our funded partners to understand the impact and benefits of our funding and capture this in a new learning framework. Our funded partners have told us that offering unrestricted funding enables them to respond more flexibly to need and frees up their time for more service delivery, rather than making multiple applications for small funding pots and writing onerous reports. They also say it has improved their confidence, and the morale of their staff and board – they are not worried about us pulling the grant from out under them, and feel able to ask us questions which have helped demystify funding for them. This in turn has increased their confidence in writing other funding bids, which they tell us has made them more successful with other applications.

Unrestricted funding has also enabled us to see our contribution beyond numbers: we can now look at it in a more holistic way, rather than just hearing about a particular project or event. Your understanding of impact is further enriched when you have built a more trusting relationship with funded partners: only

by visiting and entering into dialogue can we understand more about the direct experience of the organisations we are trying to support. It allows you to understand the context of an organisation's work – how, for example, the increase in the multiple and complex needs of their clients due to the cost of living crisis and ongoing legacy of Covid means they have to change what services they prioritise.

What have we learnt?

One of our key takeaways from changing our funding model is that unrestricted funding has brought about other benefits to us and our funded partners. For instance, giving out multi-year funds has enabled us to build more trusting relationships with our funded partners, and means we are able to see a longer-term impact in the difference our funding makes.

Additionally, we have seen that funding a small number of organisations has led to us investing our limited staff and board time in a more effective way. This includes in-person visits and conversations (which we write-up) rather than monitoring and evaluation reports – we find our new light-touch approach helps us learn much more about what our funding has achieved, not less.

We also learnt that unrestricted funding isn't inherently more risky. In fact, it feels less risky because building more relational connections with funded partners means that they start to feel more comfortable in telling us what is going well, but also – importantly – what isn't going so well. We still carry out safeguarding, governance and financial checks and have a strengthened renewal process, but all in a spirit of openness, trust and respect. We have to remember we are funders, not regulators!

Advice for other funders

Listen with interest and humility

Traditional ways of funding establish a power dynamic of those who have money (funders) telling those who don't have money (charities) how best to spend it. We fund organisations we trust, and we believe that they know best what their community needs – not us. We must remember to listen to our funded partners – their concerns, their thoughts, their challenges – rather than police what they are doing. Where practical, listen to what helps on top of funding – this can be as simple as writing references, sharing funder networks, turning up at events. Remember that our role in this is to fund organisations doing great work – we may know about funding, but we are not experts in what the community needs.

If you're going to be open to learning, it will mean rethinking some quite well-established approaches to funding

Tracey Fletcher, trustee for Peter Minet Trust



As trustees, we need to take a more trust-based approach to funding and rethink our attitudes around 'risk'. The assumption that unrestricted funding is fundamentally riskier than restricted funding holds us back from exploring different, and often more successful, ways of funding. I know that we often tend to be more risk-averse due to an assumption that risk is something to be avoided at all costs, but first we have to consider our definition of risk. Is it centred around what our 'ideal' model for an organisation should be, and who does this leave out?

Towards the end of 2021, we decided that our next funding pot was going to focus specifically on Black-led organisations. This became a priority for us due to our heightened awareness – and generally, the world's awareness – about the inequalities that Black communities were experiencing, particularly surrounding the pandemic and the death of George Floyd. However, one of the first things that came up at our board meeting was a concern that Black-led organisations may be more risky because their income isn't perceived as being very secure and they tend to operate on low reserves. However, some of these Black-led groups have been running for years and years. Surely, if they were so high risk they wouldn't have survived. So, we needed to reframe what we meant by 'risk' and acknowledge that it may look different for Black-led organisations.

We learnt that Black-led groups aren't inherently riskier, but that they tended to operate in a

different way; for example, many came from church-based groups. We needed to be open to what funding these organisations might involve and that it might mean we have to change how we review and consider our partners, as well as considering what type of relationship we want with our partners. One way to offset the 'riskier' elements of an organisation is to build a more trust-based relationship with them based on honesty on both sides. Generally, the funding relationship is unequal – we have huge amounts of money and our partners don't. However, it's important to recognise that they are also bringing something to the table: insight into what is happening in the community and the work it takes to support it. We have seen real benefits to this approach – our partners feel they can trust us more, that they can be more open about their challenges, and that they can also challenge us. And this is what helps us to think about how we can work together to achieve the ultimate goal of supporting communities.

'Looking at risk in a different way, and learning – reflecting, debating, asking questions – is at the heart of our success. If you're going to be open to learning – really letting different perspectives and ideas come into your organisation and into your processes – it will mean rethinking some quite well-established routines and frames for the work.'

Trust us to know best what our community needs

Felicia Boshorin, Spring Community Hub

[Spring Community Hub](#) is a small community-led organisation which exists to make sure that no-one in our community goes hungry. As well as providing food bank services, we also work alongside people to help them escape food poverty, build confidence and find community.



Why unrestricted funding matters

I set up Spring Community Hub in 2016 to address the symptoms of food poverty. We noticed that when we opened our services, many people who came to us had complex needs – it wasn't just about giving them food, it was also about giving them a chance to rebuild their lives after incredible hardship. For instance, around a third of the people we help have got immigration issues – they're often not allowed to work so aren't able to buy essentials for themselves and their families. We also have people who work zero-hour contracts who often have to work multiple jobs just to get by, so they're not able to invest the time needed to better their situation. This is where we come in. Not only do we offer services that meet their basic needs, such as food and clothing, we also provide services to upskill and build community connections (e.g. English language lessons, community café, etc.).

We also identify the assets of the community and help develop these by supporting people to deliver services. For example, we noticed that a lot of women who attended our community café did sewing, so we asked if they would be interested in running a sewing club, with equipment and support provided by us. This not only helps people to repair

clothes, but also builds confidence in the ladies who run the club and contributes to their self-development. This is vital in addressing the root causes of food poverty because it is only by working with people and bringing in the community that we are able to build more community connections and resilience.

This work wouldn't be possible without unrestricted funding. Due to the complex needs of the people who use our services, we need to be very quick and responsive. Unrestricted funding allows us to look at the prevailing issues our community is facing and then respond, often by bringing in the community themselves to design and deliver services.

Unrestricted funding is also a godsend because it allows us to fund the 'not popular but essential' work required to do deliver our services. For instance, we have always found it difficult to fund our 'back to work' service which upskills the community, particularly when so many people were furloughed during the pandemic. The unrestricted funding we get from Peter Minet funds this work, as well as other important things that project funding wouldn't cover, such as a base to operate out of.

Advice for funders

We know what our community needs – trust us to work in their best interests

We need a different kind of working relationship that acknowledges what we bring to the table, rather than the current ‘power imbalance’ dynamic we have now. Too often, charities are in a situation where they get restricted funding by having to say what they think funders want to hear rather than listening to what the community may need. It would be helpful if funders realised that unrestricted funding allows charities to put their money in the best

place. They achieve better results when they are able to respond appropriately to needs and are able to involve the community. Ultimately, charities make more effective use of the money when they are trusted because, with the right support from funders, they are in a better place to know what the communities that they serve need.

Unrestricted funding lets us be our authentic selves

Catriona Finlayson, Stepping Stones



Stepping Stones is a small charity based in south London. We provide weekly classes for adults with learning disabilities and conduct outreach in the wider local community. We aim to provide activities which can broaden the horizons of adults with learning disabilities, and understand that everyone has talents to share, confidence to gain and joy to be had.



Why unrestricted funding matters

When it comes to uncertainty, unrestricted funding helps us to quickly adapt to meet changing needs. For example, prior to Covid all of our classes were in-person and ordinarily we had no digital considerations when thinking about service delivery. However, during the pandemic we had to swivel to online provision, and investing in the digital skills of our staff and the people we support became a priority. Service users who lived independently relied on our classes for connection and were in particular danger of complete isolation as they didn't have the skills or support needed to connect online. We were at serious risk of losing a very vulnerable group of people, but luckily the unrestricted funding we received allowed us to react nimbly and build a bridge back to them and keep them engaged.

Our work aims to enhance lives beyond the provision of care, by providing a space for people to connect and build community. Our service users benefit from a diverse range of activities like music, dance, gardening and digital skills, as they are all vital in ensuring that adults with learning disabilities have a well-rounded life. In order to enrich the lives of the people we support, we often facilitate socialising through events and parties as well as the classes we run. We appreciate the flexibility of unrestricted funding as it enables us to enhance our core services with these enriching opportunities. Not all funders would see a Christmas party, for example, as key to achieving our charitable aims and therefore may not provide funding for this, but it is important that the adults we support are able to celebrate their achievements – it builds their confidence and sense of pride.

Advice for funders

See unrestricted funding as an opportunity to build a more authentic funding relationship with your grantees

All organisations come in different shapes, particularly one like ours which is dealing with people with complex needs. Rather than us trying to fit our activities into a box when applying for funding, unrestricted funding draws a circle around us – it fits us into it and lets us be our authentic selves. I am able to present Stepping Stones as it is, with all its complexities and joyfulness, and from this more can grow.

We believe that we now have a much more authentic relationship with our funders who offer us unrestricted funding. I'm able to explain and demonstrate our aims and the benefits to our service users, and in return funders feel more engaged in our work. Impact also feels more well-rounded; funders gain more of an understanding about what we do because I'm able to provide them with a narrative of what their money goes towards, rather than us providing the standard box-ticking evidence required by restricted funding.

Join the Open and Trusting community



Lloyds Bank Foundation for England and Wales is one of over 100 UK funders who are working together to adopt more open and trusting practices that make life easier for those they fund. We recognise that each funder faces different constraints, and we believe that everyone can go further. By joining the Open and Trusting community, you can:

Access our Community of Practice

Held online three times a year, our expert facilitators hold discussions between funders where people share live challenges, offer peer support and help shape ideas for new research.

Engage your trustees

We run bespoke sessions for individual boards to introduce the Open and Trusting commitments, highlighting key areas for practice development and exploring specific barriers or concerns about going further.

Participate in research

We are currently focusing on four areas of research – unrestricted funding; grant reporting; equity and applications; and public agency funding. Taking part can enable deeper reflection and practice development within your organisation, and/or with funded organisations and partners. It's also an opportunity to share your learning with a wider audience.

Be held accountable

We create spaces for dialogue between charities and funders, which provide opportunities for challenge within the context of a community on a positive journey, learning and improving together. This includes a collaborative review every two years which you can read more about in *Charities in the driving seat: Findings from the first Open and Trusting Grant-making accountability process*.

You can sign up to Open and Trusting on [our website](#), by clicking the button in the top right of the page.

If you would like to find out more, please don't hesitate to get in touch with us by emailing enquiries@ivar.org.uk