

‘Batten down the hatches’

*Supporting charities to
navigate prolonged
uncertainty*

July 2024

Introduction

'Leading in Uncertainty' is a series of briefings designed to help Trusts and Foundations better understand the challenges and realities facing charity leaders. Drawing on facilitated conversations between senior leaders of UK charities, these briefings offer direct insights for funders, and share perspectives on how funders can better support voluntary sector organisations.

This briefing draws on sessions with 22 charity leaders during late June and July 2024, ahead of the General Election and change in government. This is what they told us.



Current Experiences of Leading

Charity leaders continue to grapple with the pressures of prolonged instability and rising need, including:

1. Navigating despair
2. Relentless financial pressure
3. Volatile political climate
4. Long lasting impact of Covid
5. Shifting funder priorities
6. Onerous grant-making practices

1. Navigating despair

This is an exceptionally difficult time to work in the charity sector. With organisations closing, or near the brink of collapse, leaders are experiencing a growing sense of hopelessness:

‘Nothing works anymore.’

‘I wonder why I do it most of the time.’

While leaders are expected to bring hope and optimism, they also feel a need to remain authentic, *‘acknowledging challenges without giving false hope – a constant juggling act’*. A depleted workforce and rising living costs both add to the sense of existential threat:

‘It’s time to batten down the hatches, there’s choppy stormy waters ahead.’

2. Relentless financial pressure

Financial pressure is constant, with charities navigating the edge of funding cliffs. The competition for funds remains fierce, especially between larger organisations and smaller grassroots organisations, who often feel that they miss out on funding through lack of capacity to make their case. And the ongoing cost of living crisis affects both service users and staff, with many staff members struggling and charities unable to increase their salaries due to pressure on funds and a lack of flexibility with restricted funding:

‘Staff cannot support service users in crisis when they themselves are anxious about how they will pay their bills.’

3. Volatile political climate

For many charities, the political climate, particularly the lead up to July 4th General Election, has generated significant anxiety and concern. In particular, the language and attitudes expressed in debates around asylum and immigration are directly affecting organisations and their service users. Some leaders are preparing for the worst:

‘It’s impossible to get people in power to listen – it’s the worst I’ve ever seen it.’

‘Policy is being driven by ideology, instead of what the community needs.’

4. Long lasting impact of Covid

The impact of Covid-19 continues to be felt, particularly amongst young people:

‘Children and young people’s mental health is worse than it’s ever been.’

For some youth organisations, this has required a shift in focus from core services to crisis management: *‘we’ve become an emergency service’*. As with charities’ experiences of funding – with a shift from *‘flexibility in Covid to restrictions in austerity’*, there is a sense that the spirit of collaboration that characterised community responses during the pandemic has been lost:

‘A lot of the good work and collaboration, with the voluntary and community sector being seen as an essential service during Covid, has disappeared. We have reverted to previous power dynamics.’

5. Shifting funder priorities

Charities are struggling to keep up with shifting funder priorities. For some leaders, a drive for innovation is crowding out long-term work with a proven track record: *‘Speed and scale versus sustainable, smaller work’*. The overriding feeling is of not being trusted to deliver core services:

‘We are facing a continuous need to demonstrate to funders that we are good value for money.’

And many of the leaders who we heard from contrasted their experiences of Covid – when funding felt ‘more open and available’ – with the current situation of feeling pulled into a constant cycle of:

‘Competing for crumbs, to the detriment of our work.’

6. Onerous grant-making practices

For many, grant application processes feel increasingly, but unnecessarily, onerous and opaque:

‘Applications and reporting are getting lengthier and lengthier – it’s a job in itself.’

Delays in decision-making – in one case, a wait of 15 months without an answer – create additional stress, with leaders feeling anxious about *‘chasing or challenging’*, for fear of jeopardising their prospects. And the closure of funding streams at short notice, or the complete suspension of activity while funders review their priorities, creates further difficulties and exacerbates the sense of mismatch and disconnect in funding relationships:

‘Imagine if we just shut up shop so we could review our strategy. Imagine how that would go down with funders. We’d be done for.’

Positive thinking and action by charity leaders

Charity leaders are not passive in the face of these challenges. They shared four ideas:

1. Setting boundaries and seeking support
2. Building solidarity and delegating
3. Taking pride in the value of the work
4. Back-up strategies

1. Setting boundaries and seeking support

Leaders have found solace in setting clear personal and professional boundaries, taking breaks, and connecting with other leaders to share experiences and support:

‘Setting good boundaries with work – “weekends are mine” – and trying to leave work at work.’

Asking for help when needed and taking time to engage in ‘activities that bring joy’ have also been beneficial.

2. Building solidarity and delegating

Building solidarity and empowering team members to make decisions independently are also key strategies. Leaders have focused on creating work environments characterised by trust and delegation:

‘Building up team members to make decisions and run the organisation “in their own way” when you’re not there. And then trusting that their way is different but good.’

3. Taking pride in the value of the work

Demonstrating the value of their services – such as calculating the cost savings to statutory services and taking control of community assets to host other charities – has helped improve both organisational sustainability and local relationships. And encouraging self-affirmation when applying for funding has also been highlighted as a morale booster:

‘Make sure that as many people know about us as possible – shout it from the rooftops: “this is the work we do, and this is how valuable we are”.’

‘Sometimes when I’m applying for a grant, I think to myself: “we’re a fantastic organisation and they should be proud to fund us and they get to put our logo on their website”, and I try to channel that into the application.’

‘Be really clear what your assets are and be proud of the value of our work.’

4. Back-up strategies

Planning for uncertainty has become a norm. To stay on the front foot, leaders suggested various strategies to help ‘take back control’ over future prospects and direction, and increase a sense of being more ‘resilient’ through periods of sustained turbulence:

‘Have those discussions with your board. Plan for what could happen. Ask those big questions: how long would your reserves last? What are the basic services you want to keep offering? What are the vital organs you want to protect?’

What can funders do to help?

Charity leaders have learned a huge amount in recent years about how to work with long-term stress and uncertainty. This shows itself in the many practical ways they are approaching current challenges to their services and to their teams.

Despite some shifts forward in funder practice, *‘funding is a constant issue’*. Leaders know that even relatively small changes in funder practice will both support charities and add value to any grant that they make. Their discussion focused on themes that are, by now, familiar to many funders – above all, the need to adopt funding processes and systems that remove any unnecessary pressure from an already stretched workforce.

The three key messages for funders are to:

1. Invest in wellbeing
2. Provide long-term and unrestricted funding
3. Develop more flexible and human practices

1. Invest in wellbeing

The four examples of positive thinking and action set out above focus very much on what charities can do themselves to relieve the pressure and keep their spirits up. Funders themselves have a role to play here and could really help – through small grants and/or ‘funding plus’ – by investing in staff wellbeing, team development and other activities aimed at building resilience. Our evaluation of The Tudor Trust’s [December 2000 initiative](#) – when 631 grantees were each offered a grant of £2,000 ‘to support staff, volunteer and trustee wellbeing’ – found that the activities covered by the grant had a significant impact: strengthening organisational culture, alleviating stress, and contributing to improvements to the delivery of charitable objectives.

2. Provide long-term and unrestricted funding

As has been argued previously in our Leading in Uncertainty briefings, providing long-term and unrestricted funding not only reduces the burden on charities having to constantly apply for funding, it also enables organisations to continue to deliver their most well-evidenced and effective services over time – *‘funding for salaries and recruitment – not just venues and delivery time’*. Leaders argue that an additional benefit of long-term and unrestricted funding is that it can help charities avoid operating in deficit, *‘allowing a certain*

percentage of funds to be used for building reserves when funders cannot fund you anymore’.

3. Develop more flexible and human practices

We heard deep frustration with:

- Onerous reporting requirements
- A lack of transparency about decision-making processes and strategic shifts
- Insufficient feedback about unsuccessful applications
- Restrictions on how funds can be used.

These are familiar messages and they chime with what more than 1,200 charities told us in the 2022 [Funding Experience Survey](#). It is worrying, therefore, that leaders continue to say things like: *‘reporting is getting out of hand’* and *‘the lack of feedback amounts to a lack of mutual respect’*. The call for more flexible and human practices speaks to the essence of Open and Trusting grant-making, and the commitment to reducing wasted time, effort and stress in the funding experience.

For many leaders, opportunities to interact more with their funders could *‘enable constructive dialogue and the building of mutual understanding and trust’*. In turn, it is felt that this could allow funded organisations to prioritise *‘meeting the needs of their clients rather than deliver something that primarily meets the funder’s requirements’* and *‘stop the demands for constant innovation at the expense of proven long-term strategies’*. At the heart of this shift is the desire of leaders for funders to experience the realities of their work and operating environment:

‘Get to know us; visit us; see our work for yourselves; make it more personal.’

‘Talk to us; hear from the sector about the funding that really works for charities.... Put the money on the ground where it’s needed.’

Above all, leaders have a real appetite for a more collaborative approach to grant-making – one that recognises the importance of reciprocity and mutuality:

‘It’s not us and them; we are in it together. We just have to get through these tough times.’

Concluding thoughts

Despite exponential growth in demands for services in the voluntary sector – such that, for many communities, they have replaced public services as *‘essential provision’* – most charities remain woefully under-resourced and stretched to the limit. Although they continue to navigate this prolonged uncertainty with resilience and adaptability, the strain of running at crisis pitch for extended periods is palpable. In that context, it feels vital that they are given what they need to do their best work. While Trusts and Foundations cannot provide all the necessary resources, they have it within their gift to make a significant difference – simply by trusting charities to know best what is required: greater clarity and transparency about grant-making processes; more multi-year unrestricted funding; and simpler, more proportionate reporting requirements. These can support the health and wellbeing of charities, and enhance the quality and value of their work.

Further reading

IVAR continues to support leaders and funders by providing spaces for learning and dialogue, to encourage a deeper understanding of what leaders, and their organisations, need from funders.

Our work is underpinned by our [Open and Trusting Grant-making](#) initiative for funders and our [Leading in Uncertainty](#) peer support sessions for charities, where we hope to understand and inform positive changes to practice.

We invite leaders and funders to [sign up for our newsletter](#), to find out more about how to participate in these communities; and to access useful insights.

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