IVAR we listen, and learn together

Doing more with less

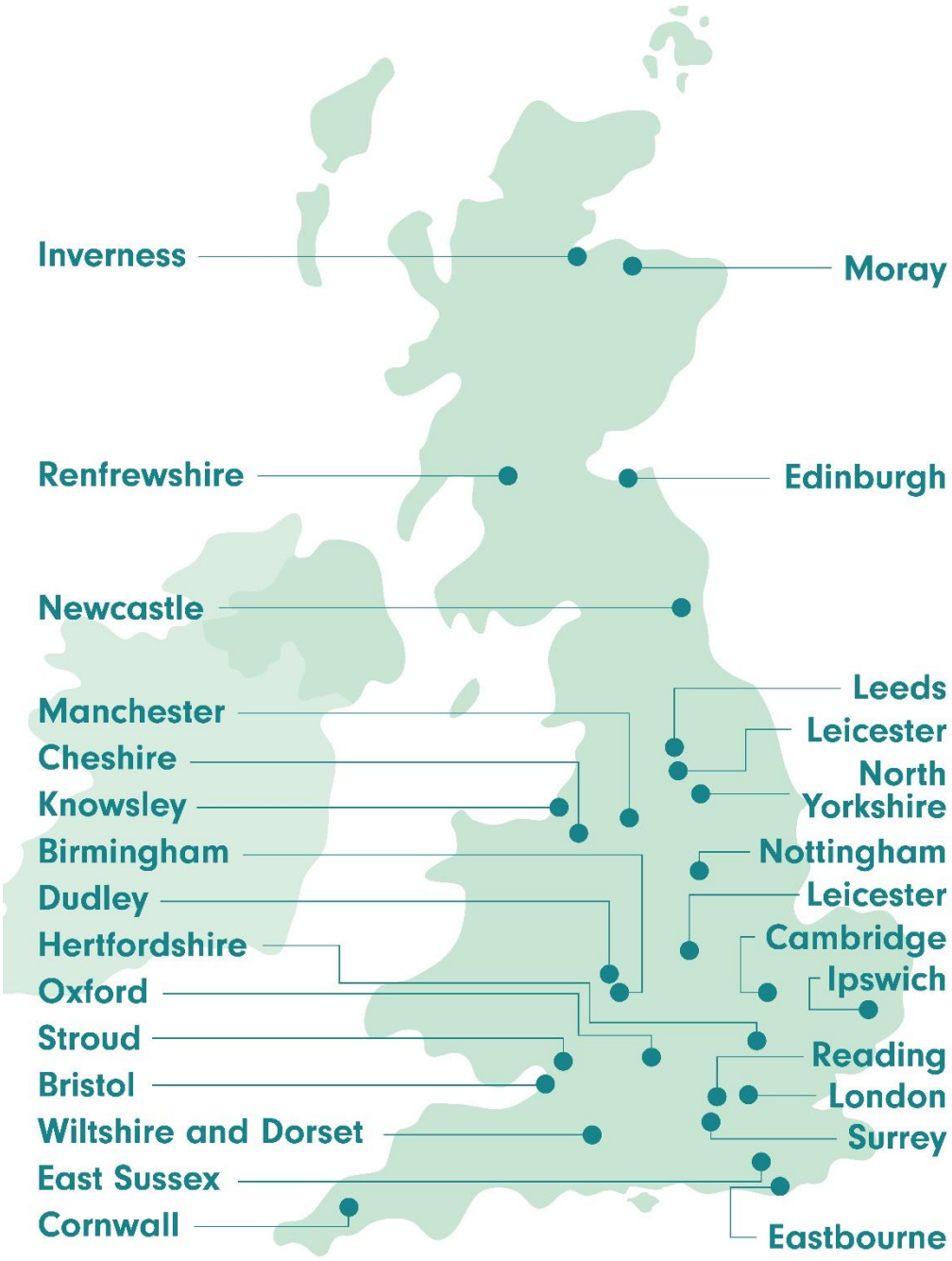
April 2025

LEADING IN UNCERTAINTY with IVAR

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 they can better support voluntary sector organisations.

This short briefing draws on conversations with 41 charity leaders from across England and Scotland during March 2025.



Current experiences of leading

Charity leaders' experiences are currently being shaped by:

1. A challenging funding environment
2. Demand outweighing resources
3. Managing organisational change
4. Unrealistic expectations
5. Feeling undervalued

1. A challenging funding environment

Leaders raised concerns about how the sector can plan for the future, and indeed survive, in the context of funders pausing or closing grant programmes, drastically reducing the availability of funding opportunities:

> *'The money coming into the sector has gone down. We're not sure we'll survive this year.'*

> *'We don't do it for the money, but we need money to do it.'*

> *'Having the time to engage in strategic thinking can be difficult to do when you're trying to make sure the lights stay on.'*

Recent announcements – such as the changes to local government structures and the abolition of NHS England – are creating another layer of uncertainty for some charity leaders who feel that they are now 'in limbo' while the details of implementation, and their implications for funding, are worked through. It was also noted that funding for prevention work with local communities is limited given many funders' '*appetite for quick wins*'.

2. Demand outweighing resources

Leaders continue to say that demand for services is growing at the same time as resources are reducing and overheads are increasing:

> *'There is an expectation for more with less money.'*

Leaders are conscious of the increasing pressure this is putting on their workforce. Despite putting a lot of effort into well-being, burnout remains a concern:

> *'Staff are dealing with traumatised clients and a hostile system'.*

Many are questioning how they can meet these increased demands. This is a particular concern for volunteer-led organisations.

3. Managing organisational change

As a result of reduced funding opportunities and increasing overhead costs, some leaders have had to make difficult decisions – such as redundancies, making significant changes to their organisational structure, and merging with another organisation. This is leading to a loss of knowledge and skills from within some organisations, putting increasing pressure on the remaining workforce:

> *'Redundancies will make us smaller but expectations for delivery are the same, if not greater.'*

> *'Most change processes involve some people leaving or mentally leaving.'*

> *'Really hard to be positive and take an asset-based approach as our assets are decreasing.'*

4. Unrealistic expectations

Leaders talked about funders having unrealistic expectations and prohibitive funding criteria, making it hard to be honest or to know how to pitch their applications:

> *'The funder wanted to see how, after five years, we wouldn't need them anymore. In the environment we're in, this feels naïve; it feels like we're all "playing the game" and giving answers that we know are not the reality. It feels Kafkaesque.'*

> *'We're either too big or too small. It feels like you need to plead poverty.'*

Some specific examples of unrealistic expectations include:

1. A charity that was ineligible for funding based on their previous year's accounts even though their current expected budget is expected to be significantly different.
2. Grant thresholds failing to reflect charities' changing circumstances, for example not taking into account inflation or the increased cost of living (which charities are having to accommodate).
3. Local authorities providing additional funds at the end of the financial year that often come with unrealistic expectations and very short turnaround times.

5. Feeling undervalued

In this context, many leaders are feeling undervalued, and that their voice and insights are not being taking into account in funders' decision-making:

> *'There's loads of praise for the work we do, but no one is funding us.'*

> *'We should not be seen as a cheap alternative to statutory services. And yet we're holding up the statutory sector. What will the landscape look like in a year?'*

'We get that these are difficult decisions, but the way they have been implemented, the lack of consultation with us – there is no real regard to the human cost.'

'Theres a lot of rhetoric on the value of what we can provide, but then everything is being disinvested. You're throwing the baby out with the bath water.'

'How powerless you feel: being pulled around by different funders.'

Positive thinking and action by charity leaders

Charity leaders are not passive in the face of these challenges. The following strategies are being used to navigate their way through this challenging operating environment:

1. Diversifying income streams
2. Rethinking organisational change
3. Standing by the organisation's values
4. Prioritising self-care
5. Remaining hopeful and optimistic
6. Self-belief

1. Diversifying income streams

Opportunities such as corporate fundraising and setting up social enterprises or trading arms are currently being explored by some organisations. Leaders are mindful, however, of the range of knowledge and skills that is required (including on the board) to be able to adapt in this way, while also being sanguine about their prospects.

2. Rethinking organisational change

Some leaders are adjusting how they view the end of a project, as well as organisational decisions such as merger.

'We are beginning to see the end of a project as: we've taken it as far as we can.'

'If we have to merge to best serve our beneficiaries, that is fine.'

3. Standing by the organisation's values

This is helping organisations to retain staff and also influence decisions about which funding opportunities to pursue or not. For example, in one case a charity leader shared how their board had helped them *'say no'* to bidding on a contract that they felt was undeliverable. Another organisation took the hard decision to withdraw from a contract as the movement to 'payment by results' was felt to threaten their delivery.

4. Prioritising self-care

Putting in boundaries – such as not taking work home and sharing struggles with colleagues and the board – are some of the self-care techniques leaders are using. *'Being honest about one's limits'* feels especially important:

> *'We don't have to be superhuman all the time.'*

> *'I want to do everything, but you have to realise it is never going to be perfect.'*

And peer support also brings its benefits:

> *'Peer support offers hope, encouragement and reminds leaders that, even when things are challenging, they will get through.'*

> *'A place where I don't feel I have to shout but can just speak.'*

However, it remains the case that self-care can be increasingly difficult to prioritise in the context of increasing demand, reduced capacity, and staff teams who are both exhausted and worried.

5. Remaining hopeful and optimistic

Leaders are reminding themselves of their strengths and the reasons for being hopeful:

> *'We've been through hard things before. Times change and we change with them.'*

> *'Some good things end but let's just carry on and see where we go.'*

> *'Believe in yourself. Get the evidence to back it up and at every opportunity draw on that.'*

6. Self-belief

Self-belief can make it easier for leaders to motivate and inspire their staff while speaking out about the value of their work to funders:

> *'There is so much skill in the sector and we need to use our collective voice more.'*

> *'We need to be more confident about saying: "We are part of the community; we are the community voice; and we deliver real value for money".'*

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. Create time and space for open and honest communication
2. Help collate, and listen to, the sector's collective voice
3. Commit to flexible funding

1. Create time and space for open and honest communication.

Leaders would welcome time and space to have open and honest conversations with funders about the specific circumstances of their organisation, rather than being judged by an *'arbitrary set of criteria and thresholds'* that do not take into account the degree of flux (in terms of organisational size and budgets) that they may be experiencing in the current climate. This will also help organisations understand how best to pitch their offer, rather than feeling like they are *'playing games'*:

> *'It's a dancing game with funders: say one thing, assume one thing, and want another thing.'*

Linked to this, charities talked a lot about wanting *'to take back some of the power'* from funders, to be able to reflect back on negative experiences and ideas for improvement. In particular, there is a desire for feedback to extend beyond grants staff and be received and heard by leadership teams and trustees. These kind of candid conversations feel both important and necessary during a period of such intense pressure for both charities and funders.

2. Help collate, and listen to, the sector's collective voice

Funders are being asked to increase support for the sector to convene and make the most of their collective voice, particularly to raise awareness of, and influence, cross-cutting issues such as human rights and welfare reform:

> *'There is so much skill in the sector: we need to use our collective voice more.'*

3. Commit to flexible funding

The benefits of flexible funding − longer-term, multi-year grants − continues to be highlighted given the positive impact it can have on organisations' ability to: plan; act strategically; retain knowledgeable staff; and deliver better service outcomes:

> *'Short-term funding does not support strategic approaches.'*

> *'Restricted funding is more labour intensive.'*

And several leaders highlighted positive experiences with their funders, suggesting that there is progressive practice that could be adopted more widely:

> *'Being able to carry underspend forward; okay with change; expectation that there will be a rise in annual salary costs; moved away from onerous reporting and happy with an annual report.'*

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. Our recent conversations with charity leaders paint a picture of a stretched and undervalued sector, which is doing everything it can to stay afloat.

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:

- First, simply by trusting charities to know best what is required, both to survive and to thrive: greater clarity and transparency about grant-making processes, and more flexible funding. This kind of Open and Trusting Grant-making can support the health and well-being of charities, and enhance the quality and value of their work.
- Second, by behaving in ways that seek to understand, respect and value applicants and funded organisations as partners in pursuit of shared goals.

Further reading

IVAR continues to support charity leaders and funders by providing spaces for learning and dialogue. This work is underpinned by our *Open and Trusting Grant-making* initiative for funders and our *Leading in Uncertainty* peer support sessions for charities.

We invite charity 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. For current information about Open and Trusting Grant-making, read Act with urgency, published in March 2025.

Authorship and acknowledgements

This briefing has been written by Rebecca Moran and Ben Cairns, based on work carried out by the IVAR team. Thanks to the participants of the sessions for giving up their time to be involved and for sharing their experiences and ideas so freely and openly with us.