IVAR *we listen, and learn together*

Get the basics right

*Findings from the
Funding Experience Survey*

September 2022

*With thanks to Bangladeshi Women's Association and
The Co-op Foundation for the cover image.*

OPEN & TRUSTING *with* IVAR

Contents

Please note that the appendices and data tables referenced in this report are in separate documents available here: https://www.ivar.org.uk/publication/get-the-basics-right-findings-from-the-funding-experience-survey/

About Open and Trusting Grant-making

IVAR launched Open and Trusting Grant-making in February 2021, as an important step towards *'a simpler, more respectful, more inclusive philanthropy'.*[1] Over 100 trusts and foundations have joined this community, and are responding to the urgent need for a more collaborative relationship between funders and charities that enables both to make the best use of their knowledge, expertise, energy and passion in support of the communities and causes they serve. They have made eight commitments to funding charities in an open and trusting way:

1. **Don't waste time**
2. **Ask relevant questions**
3. **Accept risk**
4. **Act with urgency**
5. **Be open**
6. **Enable flexibility**
7. **Communicate with purpose**
8. **Be proportionate**

We are working actively with each other and with charities to make these commitments a reality. *'Together, we seek to translate words – 'trust', 'speed', 'light touch' – into visible, practical and durable changes to behaviour and practice'.*[2] Please join us by visiting www.ivar.org.uk/flexible-funders and completing the short form at the top right of the page.

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[1] A simple ambition for grant-making: unrestricted and light-touch: https://www.ivar.org.uk/blog/a-simple-ambition-for-grant-making-unrestricted-and-light-touch/

[2] As above

Introduction

During May and June 2022 we ran the Funding Experience Survey, asking charities to tell us what would help to reduce the time, effort and stress of applying for and managing grants. This report shares our findings.

Purpose of the Funding Experience Survey

We wanted to understand which funder practices make the biggest difference to charities to inform how we work with our community of 100 Open and Trusting Grantmakers.

In their efforts to make better use of everyone's time and energy, grantmakers need to hear honest feedback from charities about the challenges and barriers they experience, and what changes would make the biggest difference. Our survey was designed to give voice to charities' experience, with a focus on:

- How charities experience funding from trusts and foundations
- What changes to funding practices would most benefit them
- The difference it makes to charities when they are funded in an open and trusting[3] way

Methodology

We asked charities to indicate their level of agreement with statements about the experience of applying for grants from trusts and foundations and the grant management relationship. These statements were developed by drawing on:

- The practical actions that Open and Trusting Grantmakers are taking
- IVAR's facilitated peer support work with charities where they have shared much about what they need from their funders
- IVAR's long history of research around funding

More than 80% of respondents took the opportunity to add comments on the answers they had given, providing a rich source of quantitative and qualitative data. Full details of the methodology are set out in Appendix one.

Who responded?

1,214 charities completed the survey. We heard from a wide range of charities from across the UK, representing many different communities and causes:

- **Location:** Charities from London (24%) and the South East (21%) are the most strongly represented, and we had good returns from Scotland (12%) and Northern Ireland (10%). Responses from the rest of the UK range from 7% in Yorkshire

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[3] Survey respondents interpreted what 'open and trusting' meant for them.

and Humberside to 2% in Wales. In addition, 63% of charities who responded operate within their local communities.

- **Size of organisation:** The largest number of responses (41%) came from charities with an income of between £100,000 and £1m. 35% were from smaller organisations and 23% from larger.

- **Demographics:** We have carried out detailed analysis on notable differences in findings on two criteria – size of organisation or charities led by Black and minoritised communities – and these are highlighted in the text. On the basis of our broader review, most responses have proved consistent across size, geographic and demographic characteristics.

- **Funding:** The majority of respondents (79%) receive at least 10% of their funding from trusts and foundations, and for 470 charities (39%) foundations represent over half of their funding.

For those who want to know more, our data tables are published here.

Findings

Our findings are presented under four headings:

1. **All funders can make a difference**: Offers an introduction to key messages and priorities for action.
2. **Applying for a grant**: Sets out detailed findings about the challenges charities face in the application process and their ideas on how these might be resolved.
3. **Managing a grant**: Identifies what charities appreciate in a funding relationship and how they feel their funders can add best value.
4. **Experience of open and trusting**: Shares what more open and trusting funding feels like to charities and the difference it makes.

Terminology

For the purpose of this report, we use:

- **Foundations**, **funders and independent grantmakers** interchangeably as shorthand for 'trusts and foundations'.

- **Charities, funded organisations** or simply **organisations** to refer to the full range of entities comprising the voluntary sector, from unincorporated associations through to social enterprises.

- **Applying for grants and fundraising** interchangeably, as in this context we see them as describing the same process from different points of view.

All funders can make a difference

An encouraging 86% of charities reported that they had some experience of being funded in a way that felt open and trusting. They described this as:

What does open and trusting funding feel like?

Dialogue • Transparent • Grown-up • Valued • Reduce stress • Freedom • Adult • Adapt • Honesty • Respected • Less worry • Less pressure • Supported • Confidence • Empowered • Belief

Key messages before reading the report

Although it is clear that there is much about both application processes and funding relationships that is frustrating and demoralising for charities, the survey identifies many practical ways in which funders of all kinds can begin to change this situation. We offer three key messages as an introduction to the more detailed findings:

1. **Charities understand funder constraints and challenges –** their comments show:

   - Empathy for the tough choices funders have to make in a situation where there is too much need chasing too little money.

   - Appreciation that funders also face constraints on their capacity which affect the way they are able to work.

   - Understanding that funders have their own accountability needs, both for their own good governance and when they are managing funds for others.

   - Appreciation of open and trusting funding practice when they experience it – many can point to good examples for others to build on.

2. **_'How we do things'_ really matters to charities**. More than 1,200 people found the time to complete the survey, and more than 1,000 spent additional time sharing their experiences, frustrations and ideas for change.

3. **Charities know what would make a difference to their experience** – although some are looking for more radical transformation, it is clear that the top priority for most is _'making better use of everyone's precious time'._ This is an important finding, bringing meaningful change within the scope of all funders, and reinforcing how essential it is that charities have a powerful stake in funders' efforts to improve their practice.

10 actions to improve charities' funding experience

The survey provides valuable feedback to funders on what _'getting the basics right'_ looks like from a charity point of view. It highlights many simple and practical changes that funders could make, which we share in detail over the following pages. However, most charities agree that the 10 changes that would make the most difference to their experience of applying for and managing grants are:

1. **Offer charities the chance to ask questions before they make an application**

   <u>Why this matters</u>: 75% agreed or strongly agreed that _'I wish all grantmakers would let us pick up the phone and ask questions before we decide whether to apply for a grant'._

2. **Have a two-stage application process**

   <u>Why this matters</u>: 74% agreed or strongly agreed that _'I prefer it when grantmakers have a simple first stage application form and only ask for more detail if we are invited to their second stage'._

3. **Be clear about success rates at each stage of your process**

   <u>Why this matters</u>: 75% agreed or strongly agreed that _'I would find it helpful if grantmakers told us what percentage of applications get through each stage of their application process'._

4. **Don't ask for detailed supporting information until you know a charity has a good chance of funding**

   <u>Why this matters</u>: 76% agreed or strongly agreed that _'Grantmakers shouldn't ask for detailed questions – like an activity plan or a monitoring and evaluation plan – until they know there is a good chance that they are going to fund us'._

5. **Give meaningful feedback to charities whose applications are turned down**

   <u>Why this matters</u>: 91% agreed or strongly agreed that _'Grantmakers should always tell us why they have turned us down for a grant. Otherwise, we can't learn how to make better applications'._

6. **Give multi-year funding**

   <u>Why this matters</u>: 92% agreed or strongly agree that _'Getting multi-year funding is really important to the stability of my organisation and our work'._

7. **Allow grantees to adapt and change project plans and budgets if needed**

   Why this matters: 74% agreed or strongly agreed that *'We need more trusts and foundations who trust us to spend their money well on what is most needed and don't tie us down to detailed project plans or budgets in advance'*.

8. **Give unrestricted funding**

   Why this matters: 88% agreed or strongly agreed that *'Giving us unrestricted funding – money that we can spend on anything within our charitable objects – would make a huge difference to our ability to respond to changing circumstances and the things that matter most to our community/cause'*.

9. **Only ask grantees for information that you really need and will definitely use**

   Why this matters: 71% agreed or strongly agreed that *'I don't think many grantmakers understand how much time and energy it takes to respond to all their different monitoring requirements'*.

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

    Why this matters: 70% agreed or strongly agreed that *'It would make a big difference if we could produce one report every year on our progress and outcomes as an organisation and send it to all our funders instead of individual reports'*.

This will feel like familiar territory for many funders. But we would ask everyone to look with fresh eyes at what charities are saying:

If your first reaction is, *'Well, we do all this already',* please step back and think again. You may do some of it. And you may do some things that are even better. But are you doing everything you can? The survey shows that this is not how a large number of charities experience the funding process and their relationship with funders. And they are clear about the negative consequences this has for the use of their time, energy and resources and the quality of the outcomes they are able to achieve. Everyone can do something to improve this situation – and many can do much more.

And if your response is, *'We would like to do this but our own resource (or other) constraints make it impossible'*, please think about what you can do to take steps along this road. Everyone accepts that one size does not fit all for funders or for charities. But, as evidenced by the diversity of grantmakers involved in the Open and Trusting community, the underlying principles of a more open and trusting approach can be applied by everyone. And even small improvements in practice can make a big difference to charities – both in their work and how they feel.

There is much in this survey to help grantmakers of all kinds to reduce the burden of the funding relationship on charities, so that everyone's efforts can be directed to tackling the many challenges facing the causes and communities that both exist to serve. If this is new thinking, there are many straightforward ways to start dipping your toe in the water. If you are already deep into this journey, what else can you do to push your practice in response to the experiences and priorities that charities have shared?

Applying for a grant

'Charities do not expect an easy ride from funders. They know funding is highly competitive and that they need to make a good case for support. However, what is frustrating for charities is when funders' requirements feel too onerous, especially for the value of the grants on offer; when application processes do not give them a chance to make their best case; and when application forms are cumbersome and clunky.' [4]

In a situation of shortage, the relationship between grantmakers and charities applying for funds is inherently a difficult one. Here, being open and trusting is about qualities like *'clarity'*, *'honesty'*, *'respect'*, *'proportionality'* and *'efficiency'*:

> *'Anything that makes the application process simpler and that prevents organisations spending precious time and effort on projects with no chance of being funded would be very welcome.'*

The survey identifies three key areas where charities are facing challenges and looking for change:

1. Making the best use of time and resources
2. Decision-making timescales and feedback to unsuccessful applicants
3. Equity of access

1. Making the best use of time and resources

For charities, application processes too often feel like an unnecessary drain on both their own resources and those of their potential funders:

> *'It is becoming ever more important to reduce the amount of time (money) that charities spend raising funds. It takes it away from services.'*

> *'Information can often be very vague, which means trusts will receive a greater number of quite speculative applications. This is a waste of everybody's time and resources.'*

Is it worth making an application?

Charities find it hard to make informed judgements about the best possible use of their fundraising capacity on the basis of information published by funders:

- Although 48% of respondents are satisfied with grantmakers' published criteria and guidelines, a substantial minority (35%) find it hard to judge their chances of success because funders don't give clear enough information about their priorities and what matters most to them in making their decisions.

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[4] Let charities shine: https://www.ivar.org.uk/publication/let-charities-shine-applications/

- There are indicators that the use of 'due diligence information' is particularly opaque to charities. 54% agreed that grantmakers ask a lot of questions about their financial position, policies and management but it isn't clear what they are looking for in this information and how it influences their decisions. This was a problem across the range of respondents, not just for smaller charities.

Comments identify 'good criteria' as those which are written from an applicant's point of view. Charities would like funders to:

- **Present information clearly and in a helpful order**: When deciding whether to apply for a grant, charities' immediate interest is in information that helps them make a quick judgement about whether they are eligible and how well their work fits with a funder's priorities, followed by clear, practical information on requirements and timelines. More detailed information can then follow, when it is needed: *'I love it when I come across a funder's website that has clear criteria for funding without jargon, published deadlines, clear exclusion details (not hiding at the bottom of page 4 of the guidelines), a clear application process, a timeline for the decision, and examples of previously funded projects'.*

- **State clearly what they mean by key terms:** Taking care not to make assumptions of a shared language: *'We need a clear understanding of grantmakers' definitions e.g. "Community" – is this geographic or a group? "Local" – what does this mean? Again, is it geographic or how people relate to others and services?'.*

- **Give data on success rates:** 75% of respondents would find it helpful to know what percentage of applications get through each stage of the application process. This helps them balance the likelihood of success against the effort involved in making the application: *'I often spend a lot of time (e.g. reading annual reports) to try to work out what percentage of applications are funded. It would save our time if this information was readily available. It is a really important factor in deciding whether or not to invest our charity's resources in making an application'.*

A further 75% of charities wish grantmakers would let them pick up the phone and ask questions before they decide whether to apply for a grant.

When is detailed information really needed?

Charities question whether funders ask for more information than they need at different stages of the application process. 76% do not feel it is reasonable to be asked to provide detailed information – such as an activity plan or a monitoring and evaluation plan – until the funder knows there is a good chance that the application will be successful.

74% of charities overall (and 81% of charities led by Black and minoritised communities) prefer a two-stage application process that allows them to submit a simple first stage form, only providing more detailed information if they pass this first hurdle. Comments indicate that they see this as: a reasonable investment at a stage in the process when competition for funding is at its highest; a good use of time for charities and grantmakers; and helpful for planning purposes. Essentially, a quick negative decision at stage one gives more time to apply elsewhere. This is particularly pertinent for larger grants or applications with longer decision-making timetables.

13% of charities do have reservations about the two-stage model: *'I always worry about being unable to properly make my case with very brief initial applications'.* The data shows no significant variation in this response across charities of different sizes.

Inefficiencies in application forms

Charities do not all agree on the most helpful structure for an application form:

- 55% prefer to write about their work and why they need a grant in a way that makes sense to them – instead of having to answer lots of very specific questions.

- This percentage rises to 61% of charities led by Black and minoritised communities and to 69% for the smallest organisations (under £10,000 annual income).

- However, 48% of respondents prefer a more structured form with specific questions. This gives them greater confidence that they have provided all the information grantmakers want.

There was, however, widespread agreement about common problems in application forms – both online and offline versions – and what charities would like funders to do about them:

- **Make sure that forms/online forms are easy to complete and have been properly tested**: *'I would really like to emphasise just how important it is for application forms to work and be easy to fill in'.*

- **Ask questions very clearly and remove any that overlap or repeat:** *'Plain English applications: we don't all have economics degrees'*; *'Some funders ask the same question several times through the course of the application process, which can feel like they're trying to trip you up'.*

- **Provide downloadable versions of online forms:** *'Countless hours are being wasted up and down the country by fundraisers having to copy/paste and re-format questions from online portals into word documents'*; *'Please can funders always provide a word doc with the questions that can be downloaded and saved on the applicant charity's own systems. This makes it easier to work through an application as a team, to make back-ups and to keep track of changes'.*

- **Set reasonable and realistic word limits**: *'It takes hours to reduce perfectly concise sentences to fit short character counts'*; *'I understand the need for word limits but please be reasonable about what you expect us to be able to communicate in a limited number of words. One of my biggest frustrations was being rejected on the basis of "not enough information" after having completed an application with fiercely restrictive word limits'.*

- **Allow space to explain anomalies: '***Too often questions, particularly financial, are asked with no space to explain why. For example, we have £200k extra reserves but we spent them a week after the balance sheet date'.*

- **Work together to achieve greater consistency in how you ask for information:** *'It would be great if funders aligned their application processes so that charities don't have to spend lots of time adapting their case for support for each different funder'*; *'Standard questions would be really useful so we don't have to re-invent the wheel every time we write an application'.*

2. Decision-making timescales and feedback to unsuccessful applicants

The majority of charities are satisfied with the timeliness of funders' decision-making:

• 54% of charities feel that grantmakers usually take a reasonable amount of time to make decisions about applications for funding, although working towards shorter timescales for larger grants is appreciated because *'it means organisations can plan and consider contingency plans if unsuccessful'.*

• 24% disagree, with dissatisfaction at its highest among charities led by Black and minoritised communities, at 32%.

• Smaller charities tend to have higher levels of satisfaction (63% of charities under £10,000 and 59% of £10,000-£100,000). This may reflect their greater reliance on smaller grants where quicker turnaround times are well-established.

Receiving meaningful feedback from funders when applications are turned down is a very high priority, supported by 91% of charities, rising to 99% for small charities under £10,000. 71% of all charities believe that being able to have an honest conversation, even when delivering bad news, is the sign of a good funder.

> *'The most important factors: feedback, feedback, and feedback. By doing this, funders would receive better quality applications, and maximise positive use of their time not wasting it on poor applications.'*

Charities understand that funding is highly competitive and that the reasons why their application was not prioritised may be marginal; but they still want to know what those reasons were:

> *'It's incredibly disheartening to receive rejection after rejection with no way of knowing what you could do to improve.'*

> *'What I hate most is the rejection letter that proudly says: "we had such a huge response". It's irrelevant to those rejected. Focus on a few key points about why you chose not to fund us.'*

In some charities' experience, this aspiration feels a long way from being achieved:

> *'We've had many instances where 1) the application isn't acknowledged and 2) we don't hear the outcome of it.'*

3. Equity of access

More detailed analysis may reveal further variation against other criteria, but the survey has found relatively few notable differences in experiences and priorities by size of organisation or for charities led by Black and minoritised communities. However, charities' feedback highlights a set of obstacles that impede equal access to a chance of funding. In responding to them, charities want funders to:

- **Beware of unintended consequences** – efforts by some funders to speed up their decision-making or control demand were cited by some as either inherently 'unfair' or challenging for certain kinds of applicant:

  '...the practice of having a period of time open in which charities can apply to a round, and then shutting that round when the grantmaker has met the number of applications they want to look at, without reference to the deadlines they'd originally set out, is unfair.'

  'There is an increased trend of funders giving a very small application window which is hard for charities which operate on limited resources.'

- **Be open about the prospects of funding for new applicants** – 53% of charities believe that most grantmakers prefer to make grants to organisations they already know, with only 12% disagreeing. This view is most strongly held by charities with a turnover of £1-10m (at 64%) and those led by Black and minoritised communities (at 65%). Smaller organisations were most likely not to take a view (£10,000-£100,000 at 40% and under £10,000 at 45%).

- **Build confidence in practical commitments to addressing barriers to access –** Charities are not confident that funders fully understand what it takes to *'level the playing field'* in the competition for funds. In a system that relies so much on written information, grassroots, lived experience and other small charities without professional fundraising support talk about feeling *'left out by getting overlooked as some "ugly duckling" – we have limited time to make applications and can't afford to pay a fundraiser'*. And organisations with higher cost structures – such as those working to enable participation of disabled people – can feel their applications are treated as *'uncompetitive compared with other organisations'.*

- **Meet the costs of fundraising** – Although a notable minority (25%) disagree, 40% of charities feel that more grantmakers should be willing to give grants to help them pay for professional help with fundraising. Charities led by Black and minoritised communities feel this particularly strongly, at 63%.

- **Build more diversity into decision-making** – *'I'd like to see more people from a range of backgrounds staffing grantmakers and making grant decisions'*. A notable minority (21%) feel that this is one of the most important issues that grantmakers could address. They identified it as a standout – rather than standalone – concern, to be considered as part of a broader effort by funders to get the basics right, as summarised in the 10 actions on pages 6-7.

Managing a grant

Grants of all kinds support charities' work – and they are delighted when their applications are successful. For many, the financial benefits also come with the emotional boost of feeling that the funder recognises the value of their work and has confidence in their ability to make a difference. The survey identifies a number of ways in which funders can build from this positive starting point and maximise the value of their funding to the charities and causes they support. These fall broadly into three areas:

1. Provide longer-term, more flexible funding
2. Reduce the demands of reporting
3. Be clear about the grant relationship

1. Provide longer-term, more flexible funding

The survey shows a pressing need for many more funders to take active steps towards the longer-term, more flexible funding that charities need *'to plan for the future, be responsive to the needs of the people we support, be more strategic and innovative, and build a stronger organisation'*:

- 92% of charities confirmed that getting more multi-year funding was really important to the stability of their organisation and their work.

- 88% agreed that receiving unrestricted funding – money that they can spend on anything within their charitable objects – would make a huge difference to their ability to respond to changing circumstances and the things that matter most to their community or cause.

- 74% need grantmakers to be more flexible – to trust them to spend money well on what is most needed and not tie them down to detailed project plans or budgets in advance.

The specific benefits to charities of these responses are different. But all bring a greater sense of a funder investing in the organisation, believing in its work, and trusting its expertise to adapt in response to changing circumstances and emerging need. And all give charities greater freedom to manage their resources in a way that they feel enables them to do better work:

> *'When our funders trust us with multi-year funding, it enables us to focus on improving and serving more users instead of spending a lot of our time chasing short-term funding. When that includes a good level of core funding, we can give our staff better job security which motivates them more and boosts their productivity and passion.'*

> *'Our unrestricted funding has allowed us to be flexible, creative and has given us the breathing, thinking, and planning space to make decisions with sustainability in mind.'*

'With flexible funding the funder has trusted us to adapt the service to meet the changing needs of our beneficiaries <u>without the need to consult</u>.'

It is worth noting that many charities are cautious about stepping outside the established project funding model and asking for unrestricted or core costs funding, even when it is offered. 47% indicated that, if given a choice to apply for project funding or for core costs, they will usually go for project funding because they think it gives them a better chance of success. It takes active steps by grantmakers to build charities' confidence to ask for the kinds of flexible funding that so many say they most need.

2. Reduce the demands of reporting

Charities recognise that their funders have a right to ask for reports on the grants they give. And some say the reporting process is both a helpful discipline and an important opportunity *'to show the funder what a difference their investment made'.* With project funding, charities know how important it is to *'monitor each project correctly',* both for their own good management and because funders may need *'specific monitoring and reporting so that they can demonstrate to their own stakeholders how their grants are being used and how our work is supporting the specific remit of each'.*

But, for charities, the time and cost implications of all this individualised reporting are severe. 71% of respondents feel that many grantmakers don't understand how much time and energy it takes to respond to all their different monitoring requirements:

'Monitoring is really important for us as well as for the funder but we have 20-25 funders each year. It is very time consuming, and therefore expensive, for us to write a separate report each time.'

They also lack confidence in the value that all this effort adds – either to their funders or to their own prospects of future funding. Only 24% of charities said they know from the feedback they receive that most of their grantmakers read and make use of their progress reports.

The survey suggests a number of ways that funders could lighten the collective load of reporting that charities face and make it more valuable and cost-effective for them both:

- **Carefully consider what reporting is reasonable in relation to the value of your grant** – *'It is important for funders to be proportional – taking into consideration the risks and the size of grants being offered'.*

- **Accept an organisational performance report** – 70% agree (more than half of them strongly), that it would make a big difference if they could produce one report every year on their organisational progress and outcomes as an organisation for <u>all</u> funders, rather than send them individual reports: *'It would be a fantastic time saver to be able to provide funders with our signed annual report & accounts, and then talk them through any particular queries they may have'.*

- **Be flexible about reporting methods and deadlines:** 51% find that very few grantmakers are flexible about the deadlines they set, or how they expect charities to report: *'At points in the year, more of our team's capacity is spent on reporting than fundraising. It would be amazing to have more flexibility to spread these out'.* A notable minority (23%) do have more positive experiences.

- **Work together to achieve greater standardisation of reporting** so that people aren't spending too much time redrafting similar information: *'It would be fantastic if funders would align their reporting and monitoring requirements, and accept one format, so that charities can spend more time on their mission and less time on reports in different formats'*.

- **Only ask for information you need and will use – and give feedback:** A simple 'tick box report' to, for example, support a request for the next instalment of a grant, does not call for feedback from the funder beyond release of the payment. But, when charities submit detailed reports about progress, outcomes and learning, they want to know how this information will be used and what their funders think: *'I once submitted a detailed report as requested and got a lovely email back noting our progress, noting the positives in our case study etc. This was so positive to receive...until I submitted my year 2 monitoring and received EXACTLY THE SAME EMAIL RESPONSE! It was so disheartening and disrespectful of the time and effort expected of us to report that the same was not afforded to their reply'*.

3. Be clear about the grant relationship

A majority of charities are satisfied with the basics of keeping in touch with their funders. 64% agreed that most respond quickly if they have any questions or need their input, while 56% said that grantmakers tend to communicate with them using clear and concise language.

72% of charities feel that most of their funders are genuinely interested in their work, understand the challenges they are facing and want to support them as best they can, with only 10% disagreeing. It is clear from charities' comments that having a funder who *'makes you feel as though they understand and believe in your organisation's mission'* makes a real difference. This feeling is a powerful one. Respondents shared what an emotional rollercoaster the funding cycle can be, using words like *'saddened'*, *'disheartened'*, *'pressure'*, *'stress'* and *'worry'* across many areas of the survey. The *'relief'* of a successful funding bid is multiplied when a funder *'believes in what we are doing'*, *'respects our experience and expertise'*, and *'is truly on our side'*.

Funders can build from this positive starting point in the following ways:

- **Be clear about the relationship:** When charities talk about having a 'good relationship' with a grantmaker, they are not describing one particular way of working. They want funders to get the basics right – to be proportionate in their expectations; to communicate clearly; to acknowledge and respond to substantive reports; and to reply promptly when asked a question. But, beyond this, the good feelings they talk about – the sense of respect, interest and confidence in them and their work – may come from any kind of actual relationship, ranging from a very light-touch connection through to a full-blown partnership. So it is important that funders are clear about the specifics of the relationship they want with the charities they fund and of the scope there is to mutually agree any variations. 44% of charities felt that most of their grantmakers are very clear about the relationship they wanted to have, but 28% said this was not their experience.

- **Always be aware of the power differentials:** The survey confirms that the spectre of future funding looms large in any decision not to respond positively to 'optional extras' in the grant relationship. Even when it's not a priority for them, 66% of charities find it hard to turn down requests for feedback, invitations or offers of support from grantmakers, in case it affects their funding prospects – and only 12% actively disagreed with this statement. While 42% of charities are confident that most of their grantmakers use their feedback to improve how they do things, the value of some of this feedback is called into question when 63% of charities say they find it hard to give critical feedback to grantmakers unless they can be sure their comments are completely anonymous.

- **Be honest about the limits of what you can do:** Charities know that grantmakers are far from uniform in their aims, size and priorities.[5] And they appreciate that grantmakers have difficult choices to make about the best use of their resources. So, for example, although 50% believe funders need to call or visit before making a funding decision to get a real idea of what they do, some *'doubt if they have time to visit every service so this may not be practical or the best use of their time'.* Charities show particular empathy for the challenges facing smaller funders:

  'We are also very conscious that grantmakers are often small organisations with few staff so what can we do to make their processes and decisions easier?'

  'Where funders have no staff then we have to be more forgiving.'

- **Be open and straightforward:** Grantmakers can show equal empathy for the challenges facing charities in negotiating so many different funding relationships by being aware of this pressure, and giving charity partners as much scope as possible in determining the nature and depth of the relationship between them. Charities would encourage funders to deal with them in an open and straightforward way, not shying away from *'difficult conversations'*:

  'There is something around having open conversations about next steps after a grant (can we reapply or not, what is the process etc). It's often a weird conversation and it really doesn't need to be!'

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[5] A number of charities noted that *'it's hard to give one size fits all answers',* largely around size and reach, for example: 's*maller funders do build relationships and "know their patch" really well. The bigger the funder, the bigger the disconnect'*; and: *'Transparency tends to be the overriding issue with smaller funders, and complex and lengthy application processes for larger funders!'.*

Experience of open and trusting

86% of charities told us that they had some experience of being funded in a way that feels open and trusting. It is important not to overstate the level of change that this represents: the challenges that charities report in the survey remain the majority experience. But the fact that so many can point even to small adjustments in funder practice that indicate greater openness about their application processes and their *'respect'*, *'trust'*, *'support'* and *'belief'* in the charities they fund, is striking. It sends an encouraging message to all those involved in the effort to achieve *'a simpler, more respectful, and more inclusive philanthropy',*[6] which has gained such momentum in the light of learning from the turmoil and uncertainty of recent years.

When asked about the biggest difference that this experience made to their organisation, the words charities used indicate that – for many – a more open and trusting approach feels like a game changer:

> *'When a funder respects and supports the work of an organisation, everything is transformed. We are empowered to deliver our work.'*

> *'It's like a breath of fresh air and I feel trusted and believed in and supported in a very deep and meaningful way.'*

Why open and trusting grant-making matters

The survey provides clear evidence that open and trusting grant-making matters to charities. They experience it as reducing pressure, giving them greater control of their resources, and helping them to do a better job. By applying the eight Open and Trusting commitments, funders of all kinds can work towards these positive outcomes in both their grant-making practices and in their relationships with funded organisations.

When applying for funding, charities need funders to be clear about their priorities, proportionate in their requirements, thoughtful and efficient in their processes, open about how decisions are made, and honest in their feedback. All these are qualities that help to reduce the burden of fundraising and enable charities to make better, informed judgement about where to focus their fundraising efforts.

In an open and trusting funding relationship, charities feel they have *'freedom to act'*. *'The funder having faith in our organisation to deliver where the need is'* builds confidence and reduces stress. This sense of freedom and agency is not restricted to close relationships with funders. It is equally felt when a funder simply trusts the charities it supports to do a good job:

> *'It means the relationship feels respectful, equal, stable and empowering – enabling us to get on with the vital work we do.'*

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[6] Change is urgent: A year of open and trusting grant-making: https://www.ivar.org.uk/blog/year-of-open-trusting-grant-making/

'It's the difference between feeling controlled and overseen and feeling supported and in a real partnership to support the community.'

Charities report that, as a result, they are able to:

- **Be more responsive to their beneficiaries' priorities:** *'It enables us to develop and deliver services <u>with and for</u> our beneficiaries that are the most responsive they can be'.*

- **Be more agile in the light of changing needs**: *'It gives us flexibility to react to need which makes us more agile and effective as a charity and less stressed as individuals'.*

- **Focus more energy on mission and outcomes**: *'It reduces wasted time, effort and stress and enables us to concentrate more of our limited resources on delivering our charitable objects'; 'It frees us up to focus more energy on delivery of our mission and outcomes for those we serve'.*

- **Learn and share openly:** *'It enables us to develop a trust-based and authentic relationship with a funder, shifting the power balance and giving us confidence to be honest about what is working, what isn't and what we've learnt from that'.*

- **Plan more effectively***: 'It allows us to plan for the future … be more strategic and innovative and build a stronger organisation'; 'It enables the organisation to use our expertise to achieve social impact, plan ahead, and evaluate honestly; and it builds confidence of staff and volunteers'.*

These positive changes enable charities to make better use of their resources, to be more forward looking and to achieve better outcomes in a complex and changing environment:

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

What next?

More than 1,200 charities completed the Funding Experience Survey. They are telling funders, loud and clear, that more open and trusting grant-making leads to stronger organisations which are responsive to community and individual needs, and have a motivated team that is planning for the future. It leads to people feeling respected, valued and able to focus on the difference they're trying to make. The feedback charities have shared is a hugely valuable resource for any foundation thinking about how to increase its contribution in response to the very challenging environment in which we are all trying to make headway.

At its heart, the key message from charities is simple:

> *'We know you have difficult choices to make but there are many things that you can do that will help us both to do a better job.'*

In asking for this feedback, Open and Trusting Grantmakers made a commitment to charities that they would use the findings to improve what they do. Over the next few months, the 79 grantmakers who first signed up to the Open and Trusting commitments will be participating in a peer review with charity facilitators to help them frame their refreshed commitments for 2023 and beyond.

In taking part in this review, each foundation is making a positive commitment to continuous improvement and to welcoming the voices of charities into its thinking and priority setting. There is no one way to be open and trusting – everyone is on a journey, working within the context of their own constraints and opportunities. Every foundation's response will look different, based on their unique goals, needs and challenges.

The findings of the Funding Experience Survey will play a central role in this process, as we are asking all of these funders to take the 10 actions that charities say would make the most difference to their experience:

1. Offer charities the chance to ask questions before they make an application
2. Have a two-stage application process
3. Be clear about success rates at each stage of your process
4. Don't ask for detailed supporting information until you know a charity has a good chance of funding
5. Give meaningful feedback to charities whose applications are turned down
6. Give multi-year funding
7. Allow grantees to adapt and change project plans and budgets if needed
8. Give unrestricted funding
9. Only request information from grantees that you really need and will definitely use
10. Allow grantees to use existing reports (e.g. to other funders, annual reports etc.)

We hope that many funders beyond our community will use the findings of this survey to develop their practice. If you are on a journey towards more open and trusting grant-making, please do join us. Share your experiences and become part of the collective effort, sending a powerful message to charities that funders are really listening – and that more positive changes are on the way.

Even small steps can make a difference. The things that matter most to charities are not wasting their time and giving them as much financial flexibility and stability as possible – some change here is within everyone's grasp.

You can sign up to be an Open and Trusting Grantmaker by visiting www.ivar.org.uk/flexible-funders and completing the short form at the top right of the page.

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