

Yorkshire Funders

Moving to unrestricted and/or multi year awards webinar

28th January 2025 online

Chair: Gemma Brookes Impact Manager, BBC Children in Need

Presenters:

- Ben Cairns, CEO Institute of Voluntary Action Research
- Mike Sawkins, chair of the Talbots Trust and Gill Newman, Clerk to the Trustees
- Mary Cornish, Chair of BRELMS Trust and Rachel Boggs, Trust Administrator of BRELMS Trust

Also attending 21 people from grantmaking organisations. From the brief introductions several are considering moving to unrestricted grants or are already starting to do so.

Aim of session

To describe the thinking and decision making that two Yorkshire Funders members apply when moving to unrestricted and/or multi year grants, framed within the context of IVAR's Open and Trusting 8 funder commitments.

Ben Cairns, IVAR [website](#)

IVAR's Open and Trusting programme is strongly driven by the belief that *"how we make grants matters – who we reach, how we judge applications, the kind of funding we give and the relationships we build. We hope that by working in this way, we create more equitable funding that enables communities to flourish and thrive."*

- Our current context is that charities have faced covid, cost of living, wars, civil unrest, recession. We are in an emergency and need move closer to charities, to help get through this. Funders need to be more trusting and be more flexible.
- If our working assumption is that charities are best placed to know what's needed, funders role is to make it easier to do that work. Unrestricted grants and multi-year grants do that.
- Moving to unrestricted grants is part of the eight Open and Trusting commitments and signing up to the IVAR Open and Trusting initiative is a good way to get going. [Find out more here](#)
- It (unrestricted grants) matters because it is what charities need, and *"it is the single most powerful that a funder can do to support charities."*
- A funders' preference for restricted funding 'because it delivers' rests on familiarity, not on evidence.
- IVAR research indicates that unrestricted funding is more effective because:
 - stronger organisations (which you get by using unrestricted funding) do better work.
 - Its more cost effective

Talbots Trust [website](#)

Made decision to move to unrestricted grants in 2024 and had first panel last week. Decided to do it as a result of hearing Ben talk. Trustees had concerns regarding control, but IVAR evidence helped sway the decision.

The issues they have worked through:

- It has meant that they can't evidence specific impact of their grant. Now celebrate that TT has contributed to an organisations whole impact.
- How to deal with organisations where they are only partially eligible (e.g. operate in a wider geographic area than TT fund, or primary purpose is not same as TT). They accepted that if they are to be a better funder then they needed to do more work themselves on understanding the organisation and how it meets funders objectives, rather than putting onus on applicant.
- Amended application form – which has improved it and made it easier to complete and assess.
- Assessment process – information is easier to summarise for trustees, freeing up administrator to do more research and due diligence.

BRELMS Trust [website](#)

They had moved to unrestricted grants several years ago and offer one year and multi-year grants. They only fund charities.

Moving to multi-year grants has required them to adjust their systems:

- They have more robust monitoring – including BT trustees visit at end of 1st year.
- It has changed the way they think about their finances, with a constant review of cashflow and stress testing what would happen if... to ensure they can meet their multiyear commitments.
- They have found some charities ask for one off grant when they could be considered for multi-year awards. Trustees will ask if they want multi year if an organisation has asked for a one-off grant.

Definitions

Project cost funding

- Examples: Money to run a specific activity but can include staff, materials and delivery.
- Project funding is usually *restricted funding*, meaning it must legally be spent only on the project specified by the donor.
- It generally does not cover overheads like rent or admin unless explicitly included under a "full cost recovery" model.
- The charity has a legal obligation to track and report how the funds are used, ensuring they are spent as agreed. Misusing restricted project funds could lead to legal consequences.

Running Cost Funding:

- Examples: Money to pay for day-to-day expenses needed to keep the charity going, like bills, supplies, or rent

- *Definition:* A more specific term often referring to the day-to-day operational costs of a charity.
- *Legal/Financial Status:* It can be restricted or unrestricted, based on funder requirements

Core Funding:

- Examples: Money to cover the basic costs of running a charity, like salaries, office rent, or utilities.
- *Definition:* Funding specifically given to cover the essential costs of running a charity (e.g., salaries, rent, utilities).
- *Legal/Financial Status:* It can be either restricted (if the funder specifies it must only be used for core costs) or unrestricted, depending on the donor's terms.

Unrestricted Funding:

- Examples: Money that a charity can spend however it needs.
- *Definition:* Money given to the charity without conditions, allowing it to be spent on any activity, including core or running costs.
- *Legal/Financial Status:* Always unrestricted; the charity can allocate this funding wherever it's most needed.

In summary, project cost funding is always restricted, core and running cost funding can be either restricted or unrestricted, depending on the donor's conditions. Unrestricted funding, however, has no conditions at all.

Top tips from the session discussions and chat

1. If you as a funder are moving from project funding to unrestricted, recognise you are on a journey and you can try a few unrestricted grants to help address concerns and/or aid trustees needing to make the mental leap.
2. Not a zero-sum game – even if only make restricted grants, think how more flexibility could be introduced?
3. Some of the objections to moving to unrestricted grants might be due to the mental models of trustees and/or anxiety of grantmakers.
4. Due diligence checks still need to be done if you move from restricted to unrestricted funding.
5. Recognise that you won't get everything right first time. "*Start by doing well, then do better, then do better things...you've got to be willing to go out of your depth.*"
6. If have applicants who are partially eligible, accept that this is ok and do more work to understand the organisation and determine your threshold for wider benefits, but often on a case-by-case basis.
7. If moving to unrestricted funding, you may need to be more specific about how you want the organisations budget to be presented – format and commentary on figures.
8. Applying organisations might need some help in asking for unrestricted funding as they are so used to it not being the norm. Changing the terminology of your questions so that you make it clear you offer unrestricted funding. For example, Children in Need ask. 'What is the purpose of your organisation' and then 'what are you asking us to fund' and they are trying to move away from 'project'

Useful links shared at the session:

Talbot Trusts guidance <https://thetalbottrusts.com/grant-application/>

Thinking about options at the margins of full unrestricted: This is a blog from William Grant Foundation about flexibility/creativity: •<https://www.ivar.org.uk/blog/two-practical-ideas-unrestricted-funding/> And one from Hilden Charitable Trust on full cost recovery: <https://www.ivar.org.uk/blog/full-cost-recovery-a-recipe-for-success/>

Multi year funding – IVAr Blog [Episode 2 - How is long-term funding a two-way win \(for charities and funders\)? - IVAR](#)

Research on assessing the impact of unrestricted funding: [A shared endeavour: Five approaches to assessing the impact of unrestricted funding - IVAR](#)

Collaborative work in Wakefield <https://www.nova-wd.org.uk/our-work/third-sector-framework>

Unrestricted funding for non charities – Peoples Postcode Lottery have added some additional questions into their application forms and in their due diligence.

Feedback to Yorkshire Funders

If you have got any questions, feedback, top tips, links etc on any of this please get in touch as Yorkshire Funders knows our members are sources of incredible insights and knowledge that is valuable to others.

Get in touch via Alex, Alex@yorkshirefunders.org.uk