



What does good charity closure look like and what do funders need to do to help?

With Iona Lawrence from [The Decelerator](#)

We will reflect on why endings matter
Make sense of the current context
Share and exchange practices

There are multiple ways of doing things – sometimes we need to decelerate, even if just for a moment to ask if we're on the right track. That doesn't come naturally to us. Why do we dread possible or planned endings and how might we do better?

The Decelerator exists to offer guidance, support and funding needed to navigate endings (all types you might find in the cycle of an organisation, including forced endings like cuts in funding, shifts in community need)

They provide practical support (including a hotline), research, training (tools and resources to help work through the process), and advocacy.

Endings should not be seen as failures but as opportunities for learning lessons, think about sustainable growth and the structures needed for this, seize the opportunities we see and let go of what no longer serves us.

They offer a free, confidential hotline and also have tools organisations can use. They collaborate with other organisations to signpost on where relevant.

Many organisations see success as maintaining and growing those organisations in their current form. This needs to be challenged.

What is important is to place the purpose of an organisation and its people at the centre of decision making as this will determine legacy. Better endings are planned well enough and supported well enough to create a legacy.

Taking time for learning and reflection is vital (without attributing blame)

Questions

How many organisations coming to endings that you see are ones that are duplicating some provision done in the same area?

I see this with little groups serving a specific general area – are they taking things from bigger organisations, are they setting up and then coming to an end? Where an organisation might be thinking about closing, sometimes you can see organisations who were competitors who might become legacy partners. There are also organisations who come to us with valid charitable purposes but they are deemed to be niche concerns relative to the resource available.

Do you have evidence of incidences of big national charities contributing to the demise of smaller local charities?

Classic example of this is in the health and social care space – there's a lot of conversations with carers organisations – deeply-rooted, place-based small organisations turning over under £1 million. A new tender comes out from the LA – they go forward for it but can't beat national groups on price. There's a trashing of good handover in that process – just because the large organisation can cut 20% on price, doesn't mean that

work will be done well. The model is full of short-termism – chasing funds for 3 years and it kills the local charity.

Groups closing due to rental agreements changing rapidly (even mid-year) – do you also see this increasing and what steps can be taken?

Our calls start with “we’re running out of money” and then the reasons come out (which are multiple). We are looking to highlight the type of things happening in the sector. The earlier you can realise you have an issue the more we can help – scenario planning is important. Resilient leadership is important – asking about this programme not going on past the end of the year and how could we end this well is important.

As funders, it would be great if we could encourage people giving money to us to think more about multi-year unrestricted funds to give people that space – a lot of organisations end up running off the end of the cliff because they haven’t been able to draw breath. Getting people to understand the balance/cycle of grants is a constant plate spin.

Making Sense of the Landscape

Iona listed the common patterns she has seen over the last few years.

They work to address the fear that people often have because it can get in the way of good endings – we tend to avoid the things that worry us as it’s human nature. A lot of people are still in denial.

The issue isn’t just funding shortfalls, it’s also structural weakness and whether an organisation is fit for purpose. Then there are rising costs and staffing issues compounding this.

60% of people who call start by discussing money shortage but it’s often a failing business model or structure or internal conflict.

Upskilling people to work through conflict is important.

Encouraging organisations to speak to their funders is also important – they try to help with this.

80% of callers to their hotline are female – this is not representative of wider sector leadership figures.

50% of people who have contacted them have gone on to close, 50% haven’t – they hope they can improve this figure.

Questions

Is it good governance practice to reflect as a board on where organisations are in their life cycle, to force that consideration on a regular basis?

Yes, and there should be a role there for the regulator. The vast majority of people who contact them are frightened due to the past cases in the media.

In terms of patterns you see with organisations in this position, they see all the niggles and challenges in the sector (For example the challenge of a non-diverse board who aren’t able to have the breadth of knowledge to handle this well or a board who don’t know each other well enough because they always meet on Zoom.)

There are deep misunderstandings – the regulator needs to work harder to communicate with boards better.

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Insolvency in a charity context is where you can't pay with the resources that you have – at that point, the trustees are obliged to take decisions solely in the interest of their creditors, not grantees.

Funders should have a role in the early intervention space and we don't necessarily do that well. We should give advice notes inside their funding awards. We have a responsibility to look more at reserves. When we look at unrestricted reserves, we should consider whether that is right or just delaying the inevitable. By considering these things carefully and acting accordingly, we can be a first safety net.

Every funder has a different role to play – different relationship with your grantees. We should be supporting, and taking time to look at how they are doing, ask the right questions and signpost. Be really clear in our communication as funders with grantees.

It's not a problem to fund closure – giving funding when you know it's going to close to help them to close well. It's rare for a funder to consider/fund legacy work.

It isn't just about money, it's also a lack of volunteers or people willing to take on responsibilities for things.

We try to give people a bit of headspace – we have funded support (expertise/research) for organisations who need help to make big decisions or a change of direction.