



Reconsidering risk

Highlights from London Funders' learning programme Autumn 2023

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In Autumn 2023, London Funders' learning programme focussed on reconsidering risk in the funding sector and explored opportunities for sharing and thinking about risk differently.

This slide deck brings together some of the key learning points and resources from the programme.

Questions & areas we have explored



- What is stopping funders from taking more risks?
- What are some of the examples of funders sharing risks and what can we learn from those?
- How do we change the culture of risk?
- How does risk show up in the work of London's community groups and civil society organisations?
- Is risk always bad? Can it be an opportunity?
- How equipped are grantmaking staff to take risk? Who holds the accountability?

Key learning points

We have summarised some of the points raised in the Reconsidering Risk series of our learning programme. These draw on a wide range of views from funders across the sectors, as well as international partners.

- **How do different funders view risk?** Risk is contextual and subjective – people have different relationships to risk and the organisations and systems they work in all influence how they view and manage risk (when we asked funders the first word that came to mind when they heard the word ‘risk’, responses ranged from ‘opportunity’ to ‘failure’).
- **What is stopping us from taking more risk?** Some funders believe philanthropy should be taking the most risks, yet argue it is one of the most risk averse sectors in our society. One of the reasons for that is because “there is no innate reason or external competition that requires philanthropy to change”. The corporate sector is constantly innovating and taking risk - if they don’t, “they go out business”. In philanthropy, there is not natural competitor – indeed, it is communities and civil society organisations who are having to compete for funding, which can further disincentivise change.

Key learning points

How can we change the culture of risk?

- There are a wide number of reasons which might make taking risks difficult – one of the things which stood out was how important the leadership can be in setting a culture which gives permission for individuals to take risks, and provides the structures and tools to enable them to do this.
- If we want to change our relationship to risk, we first have to unpick the assumptions we hold about risk are real or perceived and whether the processes and resources put in place are proportionate to that risk (for practical frameworks for how to do this, see slide 7). Another point that might help change the culture around risk is for funders to be more transparent with grantees about the constraints they are facing as a funder



Can collaboration help build the infrastructure for risk taking?

By working together, funders can:

- Take risks they can't take on their own
- Taking risks together can lead to learning that has the potential to drive real change.
- Allow funders to change their risk appetite and 'flex their solidarity muscles'

Read more

[What our long-term funder collaboration, Propel is teaching us about pushing boundaries](#)

[Due diligence: Next steps towards piloting a shared approach](#)

A shared approach to due diligence

It costs civil society in the region of £900m per year to apply for funding. Large organisations spend about 5% of their resources on fundraising, and for small and equity-led organisations it's closer to 20%.

Funders must take steps to reduce these, alongside working in collaboration to tackle duplication and complexity. In November 2023, we started the process of co-designing (with funders and civil society groups) a shared platform for due diligence, saving both funders and applicants time and money.

Some questions to consider when thinking about risk

When considering a risk, it might help to ask:

Who would be affected in the different scenarios? [Who's at risk?]

How would they be affected? [What's their risk?]

How likely are they to be affected? [How likely is the risk?]

What can we do to minimise that outcome? [How can we mitigate the risk?]

Two things to note:

The first question should help contextualise the risk. It encourages us to consider different perspectives and bring people into the conversation. It also means we consider the risks of *all* scenarios, i.e. what is the risk of NOT funding the group?

The final question is absolutely key. Instead of saying: Is it risky? Yes >> Then let's not do it. Our conversations are: Is it risky? Yes >> Then *how* can we do it? How can we manage the risk?

Source: ['Let's stop being afraid of risk: Insights from the Social Change Nest'](#) – article for London Funders website, November 2023.



Team exercise: Risk 101

Throughout Autumn 2023, we've asked these questions both internally and in forums with our members. We've found it to be a useful way of 'going back to the drawing board' and kick off an honest conversation about risk.

- 1) What's the first thing that comes to mind when you hear the word 'risk'?
- 2) How does risk show up in you work? What risks do you feel you have to manage in your work?



More resources on risk

[An update on our learning programme: risk, power and solidarity](#)

[What working in collaboration has taught us about pushing boundaries](#)

[Due diligence: next steps towards piloting a shared approach](#)

[Let's Stop Being Afraid of Risk: Insights from The Social Change Nest](#)

[Reconsidering risk: why we need to invest in the trying and the testing](#)

[How can open and trusting grant-making work for public sector funding?](#)

[London Funders' Festival of Learning report 2023: chapter on 'reconsidering risk'](#)

[Reflections from Resourcing Racial Justice', *Reflections on our Festival of Learning 2022* \(p40\), London Funders.](#)

[Institute for Voluntary Action Research: resource page on risk](#)



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