

August 2026

What we're learning about unrestricted funding

A key focus of our 2030 strategy is to build long-term partnerships with expert charities, investing in their work to help communities thrive.

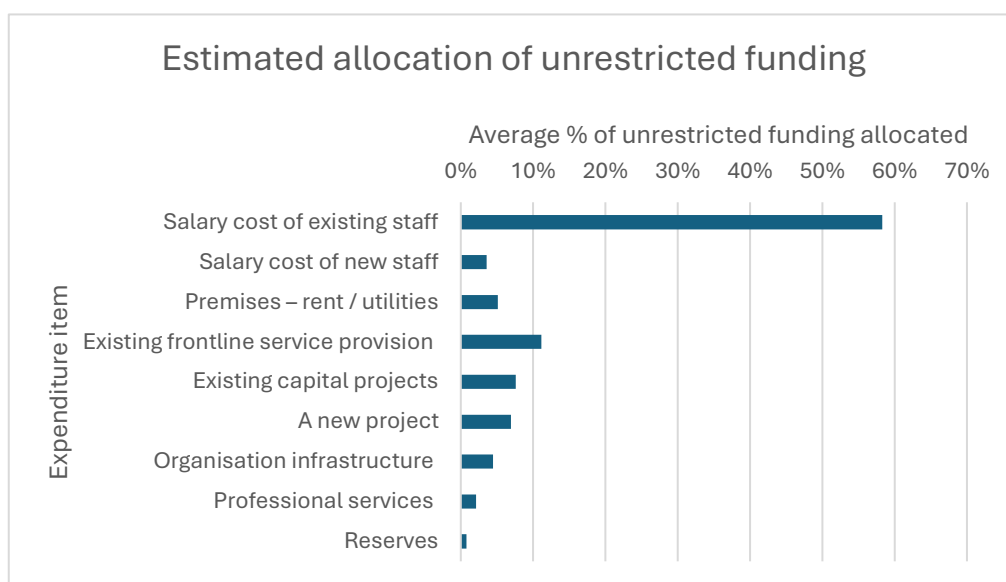
Our relational approach to building partnerships has trust and flexibility at its heart and we know that unrestricted funding plays a valuable role in providing greater stability so that charities can adapt and address their most pressing needs.

That's why we've been committed to growing the proportion of our total funding that is unrestricted or allocated to core costs. We have since strengthened this commitment by unrestricting 25% of all new grants. Unrestricted funding also comes from staff fundraising and match funding for payroll giving donations, fundraising and volunteer time.

In 2025/26 our charity partners received a total of £1,478,240 in unrestricted funding through these routes, 45% of our total funding for the year.

Last year, we asked our charity partners to estimate how they had allocated unrestricted funding from the Berkeley Foundation and tell us what impact this had on their organisation. Our Head of Partnerships, Clare Maddison, dives into the data.

How unrestricted grants are being used

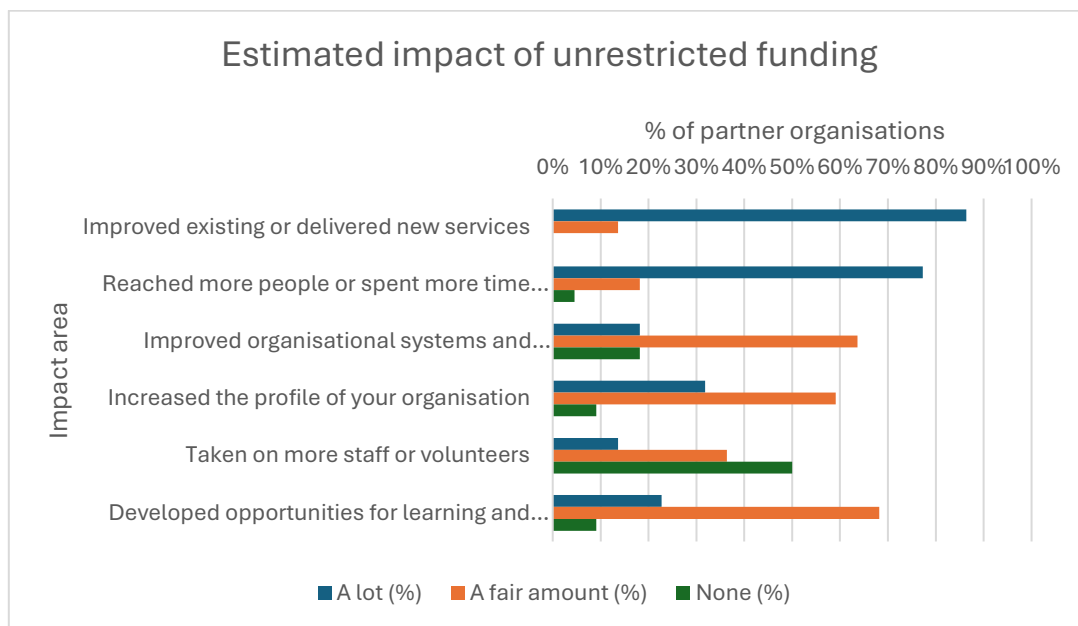


Across our 22 Strategic and Community Partners in 2024/25, unrestricted funding was consistently directed towards **core costs**, especially **existing staff**. As the single largest category across almost every charity partner, the data suggests that charities often rely on unrestricted funding to **secure or retain staff**.

Other reflections:

- **Frontline service provision** – Many partners allocated a proportion of unrestricted funds to direct service costs. This shows unrestricted funding is not only keeping staff in place but also **fuelling programme delivery**.
- **New projects and staff** – Only a few charities used a proportion of unrestricted funding for new activities and staff resource, suggesting that **most partners are using unrestricted funding to stabilise**, not to innovate - likely because core costs are rarely funded.
- **Organisational infrastructure** – Only a small number of partners used unrestricted funding to invest in their organisational development needs, which poses a question about the extent to which organisations are investing in their long-term sustainability.

The impact unrestricted funding is having



Across all our partners in 2024/25, the strongest and most consistent impact has been on frontline service provision, with over 80% of organisations stating that unrestricted funding had enabled the delivery of **better or more services**.

This, and the strong trend towards beneficiaries, implies that unrestricted funding has supported our charity partners to **strengthen, sustain and improve** the support they provide, giving them the flexibility to direct time and resources where they were most needed for beneficiaries.

Increasing staff and volunteers is the weakest impact area across our partnerships. This suggests our unrestricted funding is **protecting existing roles more than creating new ones**, which is consistent with the heavy allocation to existing staff costs.

Key learnings

- Unrestricted funding is proving **hugely valuable** and is **filling critical gaps in core funding**.
- It's enabling organisations to **sustain and potentially grow their impact**.
- Organisations with a higher turnover still rely heavily on unrestricted funding.
- Some smaller organisations are using it more diversely - suggesting that unrestricted grants **enable agility and innovation** in smaller charities.
- In the case of our charity partners, unrestricted funding is **rarely used to address organisational development needs**. We are seeing organisations prioritise frontline delivery over internal development needs – possibly because the pressure to serve communities is so intense that there is limited bandwidth for investment in people, leadership and infrastructure.

Summary

Unrestricted funding is clearly valued by charities, with a strong trend to allocate it towards what organisations know and do best – service delivery driven by existing staff. This remains a clear priority for most organisations, and understandably so!

We are learning that unrestricted funding rarely supports activities that prioritise organisational infrastructure and development, which speaks to the intense demand and pressure faced by charities - often leading them to prioritise the present pressures over organisational strengthening for the future.

This is when a mixed economy of funding could be useful for some charities. Through delivery of our Resilience Fund over the last five years, we're learning that restricted investment in organisational development activities, coupled with unrestricted funding, and peer learning and support, enables charities to strengthen their long-term resilience while they continue to deliver vital frontline services.

Ultimately, unrestricted funding is strengthening our long-term, trusted partnership approach. It gives our charity partners the power and flexibility to allocate money where it is most needed and plays a fundamental role in future-proofing organisations.

Next steps

We plan to undertake a similar analysis for data collected in 2025/26, looking at comparable trends across the two years and using our learning to inform our future grant making approach.

We're keen to share our learning with our charity partners and the wider sector. If you'd like to chat, we'd love to hear from you.