Better Funding Case Study

Holding risk, enabling power: The Social Change Nest's fiscal hosting model

CONTEXT

The Social Change Nest was created to address a persistent barrier facing grassroots groups and social movements: many community-led groups remain unincorporated and therefore struggle to access funding, open bank accounts, or securely manage resources. Following research commissioned by the Paul Hamlyn Foundation in 2019, the team identified an opportunity to respond to this gap and began developing a fiscal hosting service in partnership with Open Collective, a platform supporting transparent money management.

Formally registered in May 2020, The Social Change Nest launched amid the COVID-19 pandemic, providing community groups with the infrastructure needed to sustain frontline responses without relying on personal bank accounts. Since then, the organisation has grown into a key piece of movement infrastructure, supporting hundreds of groups while enabling funds to flow transparently, securely, and in ways that preserve the autonomy and leadership of those closest to the work.

By the end of 2024, The Social Change Nest had supported over 640 groups and moved £37 million from funders into the hands of changemakers. More than half of hosted groups reported receiving grants they would not otherwise have accessed, while many also described increased trust, transparency, confidence, and impact in their work — reflecting the role that supportive financial infrastructure can play in strengthening change making action.

This case study was developed in close collaboration with The Social Change Nest team to share reflections on their journey, model, and evolving practice. While the insights were gathered through a Q&A format, we have organised them into thematic sections to make the learnings more accessible and useful for peers exploring ways to strengthen support for civil society movements.

Why investing in grassroots organisations matters now

Not investing in civil society comes at a very high price. The current need to mobilise, protest, connect and make change is greater than ever, and that change happens from the ground up.

We're in a polycrisis, witnessing wars, genocide, violence, the rise of the far right, climate catastrophe, pandemics and natural disasters to name a few, and governments all around the world are too slow to react. Large charities and public bodies are often too cautious and risk averse, where grassroots groups are agile, responsive and knowledgeable of their local communities. Meaningful change requires trusting these communities and leaders closest to the issues, even when their approaches are new.

If we don't invest in these groups, who will be brave enough to make change? Who will come up with innovative solutions at the pace that's needed? We need community organisations to be able to stay on the frontlines of change and not be silenced by opposing forces or lack of funds. Funders also need to invest in the infrastructure that allows these funds to flow freely and quickly into the hands of those doing the work.

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Fiscal hosting as connective infrastructure

If there was ever a time to be providing social movements and community networks with more funding and flexibility it's now. With fiscal hosts like ourselves to partner with and take on some of the legal, financial and operational duties, there really is no reason not to be funding unincorporated organisations. We believe the majority of a funder's portfolio should be small grassroots groups, with a large percentage of their funds being directed this way. That's why we're working hard to make sure funders know the benefits that fiscal hosting offers.

By funding unincorporated groups via The Social Change Nest, we take on many of the tasks, accountability and responsibility that groups often have to deal with as we are the accountable legal entity, so:

- We support key financial, administrative, and compliance processes as the accountable legal entity.
- We ensure robust processes for payment, audit, and reporting.
- The hosted group leads the work and delivers the outcomes.
- The relationship is transparent, traceable, and rooted in trust.

This structure helps that groups retain autonomy and leadership, but also provides funders with confidence in legal and financial safeguards. In short: we provide the legal accountability and infrastructure, while the group holds the power - and together with funders, we get funding where it is needed most.

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Better Funding's lens on this approach:

Fiscal hosting highlights the often-invisible infrastructure required for equitable funding to function in practice. While many grassroots groups operate without formal legal structures, this does not reflect a lack of legitimacy, capacity, or impact. Rather, it reflects structural barriers within funding systems that privilege incorporation, administrative capacity, and access to financial infrastructure.

By absorbing legal, fiduciary, and compliance responsibilities, fiscal hosts help redistribute operational risk across the ecosystem. This allows grassroots groups to access funding without compromising their autonomy or reshaping their organising models to fit institutional expectations. In this way, fiscal hosting can be understood not simply as an administrative service, but as a mechanism that expands participation in philanthropy and supports more plural forms of collective action.

There are growing signs that more funders are seeking ways to support smaller, grassroots organisations, though significant progress is still needed. For this shift to continue, funders need to rethink how risk is understood and assessed. Approaches that prioritise compliance and predictability above all else can unintentionally exclude innovative, community-led initiatives that operate outside established organisational forms. Opening grantmaking processes to fiscal hosts is one practical step that can help address this barrier and expand access.

A shifting funding landscape

We need funders to be bold and start thinking about risk in a different way, as traditional funding models often aren't enough to tackle today's interconnected crises. That's why we created **a guide to help funders talk about risk**.

We also need funders to be much clearer on who they'll fund and if they'll accept a fiscal host in their grant application processes.

Our number one challenge is that fiscal hosting isn't widely known or understood in the UK, and we're doing our best to change that. Whilst fiscal sponsorship in the US is fairly popular, we've used that model as inspiration and not a blueprint, amending the infrastructure to work for the whole of civil society, no matter their size or ability to access resources. We do this without the exclusivity agreements that are commonplace in the US.

Our popularity and growth has largely been down to word of mouth and recommendations, which is really encouraging. We also noticed a growing need for an ethical payroll management service amongst the larger groups we're working with, so we created one - The Social Change Hive!

"We're now on a mission to make sure everyone knows about fiscal hosting and the benefits it offers to groups, funders and everyone in the wider ecosystem."

What supportive funding relationships look like

We work with hundreds of funders and have to thank every single one for partnering with us and trusting us to help them pave a new way forward for funding. With that said, there are some funders who really just get it, and are going the extra mile to get funds to where they are needed.

The Urban Movement and Innovation Fund (UMI Fund) is an excellent example. We've been working together since 2021 to provide start up seed support and microgrants to youth internationally, working to reduce climate change. The UMI Fund recognises the power imbalance between funder and grantee, and work really hard to minimise this. That means making applications clear and easy to understand, offering multimedia options, different languages, and different forms to report impact in.

You can read more about our partnership with the UMI Fund in our blog.

Similarly, we often come across funders such as **Purposeful**, who are incredibly honest in their grant agreements, which call out legal obligations and the tensions they can cause due to their tone and language. This approach is refreshing, clarifying why things may feel like a shift and reassuring their grantees that it is a requirement and not a change in values or how they work.

We love to see funders that are trying to reduce the burden of traditional reporting requirements. That could be through shared learning programmes, events where grantees can share insights directly through field visits, or the option to send videos and photos instead of lengthy written reports.

We've also seen an increase in funders that support grantees beyond providing funding, helping with capacity building, strategy, fundraising, business planning and more. Wellbeing grants are also incredibly helpful, supporting individuals and organisations to improve their health and wellness by offering funds for staff support, research, or personal needs like career breaks to avoid burnout.

Continuing to build the infrastructure movements need

When we started this work 5 years ago, we knew we needed to disrupt the status quo. We've been working very hard to do it, and we're happy with the progress we've made, and so grateful to the amazing network of allies who have put their trust in us.

We've learnt a lot, and with those learnings, we have gained a lot of clarity about how we need to continue building a support provision for civil society. Both groups and funders tell us continuously what they need to see, and we now know what works and what doesn't. So over the next few years, we'll be very focused on building: building more resources for groups, more spaces for them to connect and share with each other, and more agile financial management systems.

More crucial perhaps, we'll be building new structures to move money, faster, to the hands of those doing the work.

Learn more at

https://thesocialchangenest.org

Video: *The Social Change Nest: An Introduction to our Services*

2023 - 2024 Impact Report.

With thanks to Esther Foreman, CEO of The Social Change Nest, for contributing the reflections that informed this case study.