



APPLYING TO A CHARITABLE TRUST OR FOUNDATION

Introduction

There are about 8,800 grant-making trusts and foundations in the UK, giving in total about £2.1 billion in grants to charitable causes each year (2003/04). This represents about 10% of the UK voluntary and community sector's income, similar in total to central government or local government. The income from trusts and foundations to the voluntary and community sector is crucial to the sector's growth and to the development of a thriving civil society.

Grant-making trusts have a greater degree of independence than almost any other sector or funder. They are extremely diverse - not only in the scale and number of grants made and the type of trust - but in their age, their style of grant-making and in the areas they support. A small but growing number of trusts are looking at ways in which they can offer support in addition to making grants, for example by offering loans, or by supporting through advice on issues such as governance or other aspects of successfully running a charity.

What is a grant-making trust?

Most grant-making trusts and foundations derive their income from an endowment, i.e. a capital sum given to them by an individual, family or company. The endowment may take the form of cash, stocks, shares, or land. It provides a tax-exempt income which funds the grant-giving. Some trusts and foundations receive their income from other sources, e.g. gifts from a company's current profits, or a regular appeal on TV and radio. Some trusts act as a broker for donors and collector of endowment, either in a local area (a community foundation) or in a specialist field (an intermediary trust).

What trusts fund

Because grant-making trusts are often privately endowed and therefore not reliant on either short-term popularity or government funding they are able to be creative, flexible and sometimes unorthodox in the use of their funds, and to take risks that other funders - in particular statutory bodies - are constrained from taking. Although trusts contribute a relatively modest proportion of total voluntary sector income, this contribution is very significant, especially when it comes to funding innovative ideas, or areas of the sector that lack popular or political support.

Trusts like to concentrate their funding on:

- new methods of tackling problems,
- disadvantaged and minority groups which have trouble using ordinary services or are inadequately served by them,
- responses to new or newly discovered needs and problems,
- work which is hard to finance through conventional fund-raising,
- one-off purchases or projects, including research,
- short and medium-term work which is likely to bring a long-term benefit and/or to attract long-term funding from elsewhere.

Core funding is not ruled out for work which falls into one or more of these categories.

Because trusts vary enormously in their policies, styles of working, and administrative capacities, there are three golden rules about applying for funding:

- do your homework beforehand,
- prepare your application carefully,
- leave plenty of time.

Selecting trusts

Use the various published directories and online resources to locate trusts which may be able to help - and to rule out those which will not be interested. Draw up a short list of possible trusts. Your list should include:

- trusts which operate in your geographical area. Look especially for any trusts which can only fund in your area or which express a preference for it. Don't approach a trust which cannot fund in your area, or ask for funding for a national project from a trust which is limited to a particular locality. A trust which funds nationally may be interested in a local project if it particularly matches the trust's interests and/or is of national significance; i.e. it would make a grant because of the pioneering nature of the project's work rather than because of the needs of the area. Only the very largest national trusts (the top fifty or so) are able to fund local projects more widely than this,
- trusts which are interested in your field of work and the sort of people who will benefit from it. If a trust says that it makes grants only in a particular field or to benefit a particular age group, it means it. Likewise if a trust says that it does not fund general appeals, or that projects of a particular type are excluded, don't try to persuade it that you are the exception,
- trusts which make (and have sufficient funds to make) grants of the size you need. Don't ask a small trust for too much (or a large one for too little).

Many trusts publish information leaflets for applicants - and an increasing number have websites. Download or write off for these details and use them to refine your short list, which will usually be quite short - perhaps only three or four trusts, and probably not more than twenty. Where a trust's information says that it has an application form, obtain this before proceeding further; don't waste time drafting a letter until you have completed the form. Many trusts however do not use an application form.

If you can't find any trusts that seem likely to be interested, think again about how to present your work. Can you describe it in a different way, emphasising different (and preferably unusual) aspects that may attract a different group of funders? If the amount you need is too large, can you sub-divide the proposal into smaller projects?

Writing your application

Remember to include the following points:

- the purpose of the work to be funded - who it will help and how, what is distinctive about it, what will be achieved if a grant is given (and perhaps what will not be achieved if a grant is not given),
- a budget for the project. Work out your needs carefully. Don't economise on essentials, such as training or unavoidable overhead costs,
- ask for a specific sum of money. If necessary, say that you are seeking a contribution of £X towards a total budget of £Y, and that you hope to raise the remainder from other sources which you specify. Do not simply say that you are a very worthwhile organisation and desperately need funds,

- your name, address, and phone number.

Make the application long enough to describe what you want properly, but short enough to be easy to take in at first reading - usually no more than two pages for your main letter. Don't overload the application with attachments. A trust which is seriously interested will ask for anything it hasn't got. However, you should always include your most recent annual report and accounts. (If your accounts show apparently large reserves, attach a note explaining why you hold them and why they cannot be used to fund the project for which you are seeking funds. If you cannot explain the size of your reserves, consider spending them instead of applying for grants!)

If your organisation does not have charitable status, explain why the work to be funded is charitable, and if possible name a registered charity that will take responsibility for any grant on your behalf (providing written confirmation from that charity). You must identify such a charity when applying to a trust that has a policy of only funding registered charities.

Connecting with trusts

Apply well before you need the money. Trusts generally make decisions through trustees' meetings which take place every two or three months. Some meet only two or three times a year. While a few trusts have small grants programmes where a fast response can be given, most are unable to deal quickly even with the very best applications.

Trusts generally have quite limited administrative capacity. Although the largest trusts are quite substantial organisations, only the top three hundred or so employ any staff at all. The vast majority of trusts are run on a part-time or voluntary basis, and are themselves very small organisations. Don't expect too much of them. The sheer volume of applications means that most trusts do not normally acknowledge applications, and many are unable to reply to applicants who are ultimately unsuccessful. If you want to be sure of an acknowledgement, send a self-addressed, reply-paid postcard.

Remember that trusts get many more applications than they can fund. A typical trust, if there is such a thing, may be able to fund only one in four of the eligible applications received, and half or more of the enquiries it receives may be ineligible because they are outside the trust's stated guidelines, or lack obvious details such as a return address. If you don't succeed, it may not reflect on the quality of your application. It may just be that the trust has insufficient money to fund all the applications that it would like to support.

Visits

Some trusts will want to visit you, while others will deal with your application entirely by letter. Some will be willing to discuss the application (or a prospective application) over the 'phone, while others will not. (If a trust's directory entry does not include a 'phone number, this means that calls are unwelcome. It will not help you to trace the number).

A visit is usually a sign that you have got over the first hurdle. Try to establish what the funder wishes to see and who he or she wishes to meet. It is useful also to identify how long the funder can spend with you. Are they hoping to see your project in action as well as discuss the organisation's work? Are they interested in the whole organisation or just this particular project? The answers to these questions will help you decide who should be available to meet the funder at the visit.

Trusts usually make visits in order to assess the need for the project and the extent to which the applicants have come up with a good solution. They will also be looking for reassurance that the applicants have the ability to deliver what they promise. This is your chance to bring the project to life so try to ensure that the person meeting the funder both knows about the project and is enthusiastic about it.

A continuing relationship?

If you are lucky enough to receive an offer of a grant, ensure first of all that you acknowledge it and make arrangements to meet the conditions (if any) that are set for releasing payment. If you are simply sent a cheque, or when you receive it at a later stage, acknowledge and thank the funder - it is surprising how many applicants do not do this. Thereafter try to keep in touch in whatever way the funder suggests. If the funder wants frequent reports then make sure you supply them, but if the funder only wants a report once a year do not bombard them with information in between times.

Do let your funder know if there are problems. It is far better to be alerted at an early stage to any difficulties - when a funder may be able to help, for example, by varying the times at which the grant is paid, or helping you identify other funders who might make up a shortfall, or offering advice if similar problems have occurred in other organisations. Don't wait until there is a real crisis before letting the funder know what is happening.

On the positive side, if you receive any particular significant good news - such as increased funding, good publicity or the achievement of a particular objective - do let your funders know. Finally it is worth checking, perhaps six months before your current funding runs out, whether that particular funder is willing to consider a further application!

How do trusts spend their money?

The following information about trusts' interests is based on an analysis of approximately 2,273 grants:

Main subject areas:	Proportion of grants	Proportion of total grant expenditure	Main types of support given
Social care	36%	25%	Core/project
Health	11%	19%	Capital
Education	13%	17%	Core/project
Arts/culture/recreation	12%	10%	Project
Religious activities	9%	8%	Capital
Development/housing	5%	5%	Project
Environment/animals	3%	3%	Project
Philanthropy/volunteering	2%	3%	Core
Science and technology	1%	3%	Research
Civil society/law and advocacy	3%	3%	Core
International	2%	2%	Project/research
Social science	1%	2%	Research

Main beneficiary areas:

	Proportion of grants
Age related	35%
Disabled people (including people with medical conditions)	25%
Socio-economic	15%
Religious/denominational	12%
Gender/relationship	11%
Ethnicity	3%

Geographical distribution:

	Proportion of grants	Estimated funding per capita
England	72%	£12.60
UK wide	12%	£2.60
Overseas	7%	N/a
Scotland	5%	£11.00
Wales	3%	£4.10
Northern Ireland	1%	£4.90

Information from: *Patterns of Independent Grant-making in the UK*, 2000 published by Charities Aid Foundation

A note on terminology

The words "trust" and "foundation" are virtually synonymous. All charitable foundations are trusts, i.e. they are managed by trustees, who may or may not be supported by paid staff. A "foundation" is a trust whose income derives from an endowment of land or invested capital. Not all foundations make grants; some use their income to finance charitable work of their own.

Useful publications and resources

General directories

- *A Guide to the Major Trusts – Vols. 1 and 2*. Annual directories which include the largest 2000 grant-making trusts. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.dsc.org.uk.
- *The Directory of Grant Making Trusts*. Annual directory giving details of approximately 2500 grant-making trusts. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.dsc.org.uk. (Also available on CD)
- *FunderFinder.org.uk* makes computer software that helps voluntary organisations and individuals look for money from charitable trusts. FunderFinder also provides general information on different aspects of funding and fundraising. FunderFinder, 65 Raglan Road, Leeds, LS2 9DZ; website: www.funderfinder.org.uk.
- *Fundinginformation.org* provides subscription-based information on sources of funding opportunities for the voluntary sector. ProFunding, Crane House, 19 Apex Business Village, Annitsford, Northumberland, NE23 7BF; Telephone: 0191 250 1969; website: www.fundinginformation.org.
- *Charities Information Bureau* website provides help and advice for community groups and voluntary organisations who are seeking funding. CiB also publishes a subscription-based monthly e-bulletin on funding: www.cibfunding.org.uk.
- *Trustfunding.org.uk*. A subscription-based online directory of over 4400 grant-making trusts. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.trustfunding.org.uk.

Regional directories

- *Guides to regional and local trusts*. The Directory of Social Change publishes a number of guides to local trusts across the UK. Contact DSC for further details: 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.dsc.org.uk.

Grants in specialist fields

- The Directory of Social Change publishes a series of specialist guides, such as the *Arts Funding Guide*, *Sports Funding Guide*, *Environmental Funding Guide* and others. Ask for their booklist; telephone 08450 77 77 07, or visit their website: www.dsc.org.uk.

Government grants, European funding and corporate giving

- Governmentfunding.org.uk is a free online directory of funding from five major government departments: www.governmentfunding.org.uk.
- *Directory of European Union Grants* contains details of grants available from the EC. Further information from EU Money Service, 16 Brough Road, South Cave, East Yorkshire, HU15 2GE; Telephone: 01482 651695; website: www.europeangrants.com.
- Companygiving.org.uk features over 470 companies which give cash donations and other forms of community support: www.companygiving.org.uk.
- *The Guide to UK Company Giving* details over 500 companies which support voluntary and community activities. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.dsc.org.uk.

International funders

- *The International Development Directory* gives details of over 250 organisations based in the UK and working in the developing world. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.dsc.org.uk.

Funds for individuals in need

- *A Guide to Grants for Individuals in Need* provides information on a variety of different charities, welfare funds and benevolent funds – all of which give financial support to individuals. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; Telephone: 08450 77 77 07; website: www.dsc.org.uk.
- Grantsforindividuals.org.uk – a subscription based online database of data from the print based publications – *A Guide to Grants for Individuals in Need* and *The Educational Grants Directory*: www.grantsforindividuals.org.uk.

Students

- *The Educational Grants Directory* provides a detailed listing of educational charities and other sources of grants. Directory of Social Change, 24 Stephenson Way, London, NW1 2DP; telephone: 08450 77 77 07; website: www.dsc.org.uk.

ACF's website

ACF's website – www.acf.org.uk – includes downloadable copies of our advice leaflets, facts and figures about trusts and foundations, links to trust and foundation websites, UK and international umbrella bodies, and other useful resources for grant-seekers.

Further advice

The Association of Charitable Foundations provides information and support to grant-making trusts and foundations in the UK. It cannot give advice about individual funding applications or make recommendations about suitable funders. Please refer to the directories we have recommended for further information about applying for funds from grant-making trusts.