

What is a Charitable Trust or Foundation?

A grant making trust or foundation is a charity set up to make grants for charitable purposes. There are around 9,000 grant making trusts in the UK, giving around £1.25 billion each year. Over £12 million could be available for Merseyside.¹ Trusts come in a variety of shapes and sizes:

- a) **Individual, family or private trusts** are set up as a channel for a person or family to distribute funds. Many will fund activities or organisations in line with the interests of the founder or family. For example, Eleanor Rathbone was associated with many campaigns for social reform, particularly on issues affecting women. The guidelines for the Eleanor Rathbone Charitable Trust state: “special consideration is given to charities ... in which it is thought Eleanor Rathbone ... would have had a special interest.” However, the trust has other criteria as well.
- b) **Community trusts and foundations such as** the Community Foundation for Merseyside (formerly the Sefton Community Foundation) administer a number of funds such as the Local Network Fund for Children and Young People, and the Mersey Docks and Harbour Company 500 Fund.
- c) **Corporate trusts** are established by companies, for example, the Lloyds TSB Foundations, which receive 1% of the Lloyds TSB Group’s pre-tax profits averaged over three years. Company giving can be for different reasons to other trusts, for example, because the company wants to be seen to be responsible, generate goodwill or a good reputation. Some of these trusts are independent from the companies that set them up; some are not and need to be approached in a different manner, i.e. more as a company than a trust.
- d) **Fundraising trusts** such as Comic Relief, Church Urban Fund, BBC Children in Need Appeal and Radio Merseyside Charitable Trust, fundraise from the public then distribute the proceeds through grants.

It is worth considering fundraising from trusts for a number of reasons, including:

- the amount of funds available;
- grants are given throughout the year;
- it is relatively straightforward to apply to a grant making trust for funding, and
- it costs very little except time.

Trusts could form an important part of your organisation’s ‘fundraising mix’. Grants from trusts are one source of income along with others. It is important to have a good range so that your organisation does not depend too heavily on one funder or one source of income.

¹ Directory of Social Change

Planning your project - how to make the case for support (or the project proposal)

You need to make the case for support so that you are clear about what you intend to do, why, and how, and you can make this case to others such as colleagues, Trustees and potential funders. This is part of Action or Strategic Planning. There are a number of elements to include in constructing a project proposal, but the following are some key areas to consider:

a) Justification for your project

- Identify the problem, need or gap. Collect evidence or proof to confirm that there is a problem or need.
- Formulate the ways that you will respond to this problem, need or gap. Agree the best solution with others, such as colleagues and the management committee. You should work in partnership with others and consult them about your proposal.

Example

The need and evidence: Your organisation identifies that there are destitute asylum seekers in your area, and you know that there is a lack of services because you have carried out research and consulted other groups in the area.

Possible projects and partners: There may be a need for a number of services such as clothing, health, or legal services. Because you have carried out a feasibility study, you know what asylum seekers need and how these services can fit in with the work of other groups without duplicating them.

b) About the project itself

- Identify the aims, objectives and expected outcomes of your project: why your project is needed, what you will do, how and what you hope to achieve.
- Include monitoring and evaluation: monitoring enables you to check that your project is going to plan and evaluation helps you assess whether you have achieved your aims and if not, why not.
- Sustainability: what will happen when your project or funding ends?
- Budget: yours costings should be realistic and based on quotes.
- Your proposal should have a rough timetable, which allows enough time for fundraising. You should allow a minimum of three months for small activities. Ideally, allow six months for medium sized projects, and sometimes years for large projects (such as those that involve fundraising for buildings).

Example

Aims (Why?): To provide services to help destitute asylum seekers in our area.

Objectives (What you want to do): to distribute second hand clothing and deliver health and legal services to at least 100 destitute asylum seekers over a six month period

Activities (How will you do this): Eg recruit volunteers, ask for donations of clothing, contact the Primary Care Trust and Citizens Advice Bureau

Monitoring & Evaluation: Numbers accessing services and feedback. This will be used to evaluate if the services are meeting the needs of asylum seekers.

Budget: Eg volunteers expenses, room hire, publicity materials, etc.

Timetable: Start fundraising in April. Project will start six months later.

Finally, you need to get internal approval for your project to go ahead. This depends on the set up of your organisation. Some may require Trustees to approve new projects. You are then ready to fundraise for your project.

Researching trusts and foundations

You need to carry out research to find a fit between your project proposal and what the trust funds. Do NOT apply to any and every trust - Trusts know when they get mail merge letters!

a) Criteria

There are a number of factors to assess in researching charitable trusts and foundations:

- Broad areas of giving include the following: arts, children and young people, disadvantaged people, disabled people, environment, health, minority ethnic, older people, religious activities, social welfare, sport, volunteering, etc. You need to work out which category or categories your organisation and your project fits.
- Policies and beneficiaries: Some trusts prioritise particular groups of people or ways of working or geographical areas. Some trusts will look at how much money your group has received (your income) and how much money you have available for future years (unrestricted reserves).
- Income, size and type of grant: For example, one-off grants, grants over a period of years (eg for a salary), pump-priming, match funding, loans, capital or revenue
- Restrictions: What will the trust not fund?

- Timescale: Are there particular deadlines; when are the trustees meetings and will you be able to get an application submitted in time?
- Guidelines and application forms: Are there guidelines or does the trust have an application form?

b) Sources of information

- Directories: A number of directories are available, mainly published by the Directory of Social Change (DSC) and Charities Aid Foundation (CAF), eg:
 - Directory of Grant Making Trusts, CAF
 - A Guide to the Major Trusts (Volumes I, II and III), DSC
 - A Guide to Local Trusts (North), DSC
 - Specialist guides eg Arts, Education, Youth, Sports, DSC.
- Trustfunding: This is a website equivalent of the paper and CD-Rom directories with a useful search mechanism, produced by DSC.
- Funderfinder is a computer search mechanism that combines many of these directories. Contact your local CVS to find out if they have this available.
- Websites: A new website is '**Charitable Trusts on Merseyside.**' This gives grant-making bodies that are based on Merseyside and/ or give preference to applications from the region. Many charitable trusts have websites, eg the Baring Foundation, John Moores Foundation, etc.
- The Charity Commission: You can search the register of charities on its website.
- Contacts:
 Association of Charitable Foundations: www.acf.org.uk
 Charitable Trusts on Merseyside: www.merseytrusts.org.uk/
 Charities Aid Foundation: T: 01732 520 000. www.cafonline.org
 Charity Commission: T: 0151 703 1555 www.charity-commission.gov.uk
 Directory of Social Change: Tel: 0151 708 0136. Website: www.dsc.org.uk

c) How to carry out research

- Use a basic research form. Fill out the form using the directories, website or other sources mentioned above. Contact the trusts if you have contact details and if they do not mind being contacted. Obtain guidelines and application forms if they are available.
- Draw up a list of between 5 – 50 potential funders (depending on how much you are looking for) to target. Start with the ones that fit best with your proposal.
- You are now ready to make an application.

Making a good application

Most of the information you need to make an application is contained in the case for support or project proposal you have already developed.

a) If there is no application form

If the trust does not specify how they want you to formulate your application, you could send a cover letter, a project proposal (or application), a budget and supporting information.

The letter could state who you are, introduce your proposal, say what you are applying for, how much you need, and why the trust should fund you.

The proposal should usually be no more than 2 or 3 sides of A4 using a font size 12. It could contain the following information:

- Your organisation: aims, when it was set up and why, and information about management and staffing.
- Justification: why the project is needed and the evidence. You could also state why your organisation is best equipped to do whatever you need money for.
- About the project: aims, objectives, outcomes (or targets), partners, monitoring and evaluation. This sets out what you want to do, how you will do it and what you hope to achieve.
- Timetable: when the project will start, how long it will last and when it will end.
- Why the trust should support your work: which criteria do you meet?
- Sustainability: what will happen when your project or funding ends?
- Budget: the overall costs, how much you are applying for, and how you will raise the rest of the funds. Also include a detailed breakdown of all the costs.
- Supporting information: usually a copy of your latest Annual Report and accounts, detailed budget, sometimes quotes, bank statements and other information.

b) Application forms

Some trusts will ask applicants to complete an application form. These should be obtained by contacting the trust or downloading it from the website if this is available. Most of the information will be similar to the suggested content above.

- Read the guidelines carefully, especially if there are additional help notes on how to complete the application form.

- Answer every question and make sure you have provided correct contact details.
- If you find that you are repeating yourself, you may not have understood the question.
- If you find you cannot fit in all the information, this may be because you are not answering the question. Trustees are busy people and do not have time to read through pages and pages of additional information that you have included although it was not requested.
- Make sure the correct people sign the form and do not forget to send the supporting documents that are requested.

c) Some tips

- Make sure your project meets the trust's criteria or policies
- Consult beneficiaries, service users or partner organisations and show that there is a need for the project
- Make sure you have the capacity to run the project
- Address it to the right person
- Don't use jargon or difficult terms without explaining them or
- Make an application stand out by the way you talk about your work not gimmicks
- Use examples, quotes, case studies as evidence
- Ensure the project is good value for money
- Take a copy of the application and keep a record in a simple table about which trusts you have sent applications to and when you expect to get a response.

d) Assessment and the result

- A trust may assess the application by telephone, visit or by requesting further information. Make sure you respond as quickly as possible and prepare for any assessment visits.
- If you do not get a response within 6 months of your application, contact the trust to find out what has happened to your application. If your application was turned down, contact the trust to find out why if they have not given you a reason. If they simply did not have enough funds this time round, ask if you can reapply and if so when. Don't be disheartened – every fundraiser has rejections! If you are successful – well done! Start to develop a relationship with the funder.

Working with Funders

- Thank the funder. Send a letter or, if it is a substantial amount, get a Trustee to call the Trust in person as well.
- Make sure you have noted all terms and conditions. Some trusts will send an offer letter and ask you to sign the terms and conditions before you get the payment.
- You will need to account for how you spent the money. Keep good financial records, receipts and invoices as per your normal book-keeping processes.
- Keep the funder informed. If things are not going to plan or if you need to change something from your original application, contact the trust **before** using the money for something else. Otherwise, they may ask you to return the money.
- Send them a report at least within one year of getting the grant.
- Acknowledge them in your Annual Report/ Accounts. Acknowledge them in other documents relating to your project but only if this is what they want. (Some want to remain anonymous).
- Invite them to see the project or to the launch event
- Look at how you can approach them for more funding in the future!

FOR FURTHER HELP, CONTACT YOUR LOCAL CVS