

Fundraising fact sheets:

Trusts and Foundations – an introduction

What are Trusts and Foundations?

Trusts and Foundations are private sector entities providing funds to support charitable endeavour including the arts. There are 8,800 grant making Trusts and Foundations in the UK, giving around £2.7 billion a year to charities. This compares to £0.3 billion of corporate cash donations (see below).

For the arts, Trusts and Foundations have been a vital source of financial support. Last year the cultural sector raised over £141m from them.

The terms Trust and Foundation are often used interchangeably. The difference between them is that a Trust is a specific legal entity, whereas a Foundation can be a Trust, a Company limited by guarantee, etc. Trusts are created when two or more individuals declare in a deed that they hold assets (cash, land or other) for charitable purposes. If that Trust is a registered charity then the trustees are autonomous, answerable only to the Charitable Commission and the law. The vast majority of Foundations are also registered charities but it is important to recognise that not all may be so.

To add further confusion, not every charity called a Trust gives out grants (the National Trust is an obvious example) and likewise not every grant giving charity is called a Trust!

Each Trust or Foundation will have been created with a specific remit for their area of giving. Some may have broad interests and invite applications from across the country or overseas, whereas others might be as specific as ‘supporting contemporary dance in the West Midlands area’, for example. Whilst the larger trusts will sometimes provide funds towards a project on an annual basis for 3 years, a large proportion of trusts and foundations have small amounts to distribute and will only provide one-off grants of limited size. The smaller trusts are often tiny operations with little or no administrative support and focus only on local projects.

Useful statistics on the size, giving patterns and nature of trusts can be found on the Association of Charitable Foundations website:

www.acf.org.uk/uploadedFiles/Publications_and_resources/Publications/0416B_TrustAndFoundationBriefingPaper.pdf

Grants Online also provides links to the key trusts categorised by giving interests:
http://www.grantsonline.org.uk/mm_trusts.html

Most Trusts and Foundations that are also registered charities derive their income from an endowment which provides tax exempt income to support grant giving activity. This group includes most of the best known Trusts and Foundations including:

- Esmée Fairbairn Foundation: www.esmeefairbairnfoundation.org.uk
- Paul Hamlyn Foundation: www.phf.org.uk
- The Calouste Gulbenkian Foundation: www.gulbenkian.org.uk
- Garfield Weston Foundation: www.garfieldweston.org
- The Foyle Foundation: www.foylefoundation.org.uk
- Leverhulme Trust: www.leverhulme.ac.uk/grants_awards/
- The Tudor Trust: www.tudortrust.org.uk

Some secure income from company profits or a high profile media appeal. Examples include Virgin Unite and Comic Relief.

Every registered charity has to have a board of Trustees. Where those charities are grant giving Trusts or Foundations, the Trustees have an important role in determining where their grants will go. Some Trusts will be working within strict guidelines written into their constitution, often by their founder, which dictates what type of charitable activity they can support. In other Trusts, the Trustees will have greater freedom in their decision making because either the original purposes of the trust have been loosely written or because the Trustees have amended their original terms. Either way, the Trustees remain the final arbiters as to who gets a grant.

What do Trusts and Foundations support?

On the whole Trusts and Foundations do not wish to be the “sole funder”. They like to fund activity which lies outside conventional public sector funding programmes and some like to initiate pilot projects or schemes. This can take many different forms. The larger Trusts and Foundations publish clear guidelines setting out eligibility and parameters for applicants. They also state what they do not fund. It is important to read these carefully. Some Trusts and Foundations like to take risks by supporting new projects or activity. However, the

majority provide smaller grants than their public sector counterparts, but these can be used to support new projects or for core funding.

Most Trusts and Foundations publish very clear guidance on what they will not fund and the Association of Charitable Foundations has noted that the number of applications received that have been ineligible have increased, which clearly has an impact on the amount of time and resource spent on assessing eligible applications! General appeals for support – i.e. blanket ‘round robin’ letters - that are not tailored specifically to the Foundation’s interests and guidance are invariably rejected.

How do I approach Trusts and Foundations?

As a general rule, Trusts and Foundations have simpler procedures than public sector funding agencies. Depending on the size and sophistication the Trust, they may well require an applicant to submit a project outline before full application - only a minority of these - which best meet the Trusts objectives - will then get invited to submit a full application. Some are clear about the length of time over which they will support any one charity; often the limit is three years. Trusts’ criteria are generally clear and ask you to specify what you want the funding to support, how much would it cost, why do you want the project to take place, what makes it special and how it fits the Trust’s criteria. They may also ask whether you have other funding in place towards the project and why it cannot be supported through other sources. Although Trusts are generally lighter touch in their reporting requirements than public sector agencies, they increasingly ask for robust monitoring and evaluation plans and an exit strategy – i.e. how you will continue the work beyond the life of the grant, or, if applicable, why the project is a once-only intervention and will not need to continue.

Sadly, there are other Trusts that are far less clear on who they fund, their criteria for funding and how you should apply for a grant – sometimes this is because they are very small and have no administrative back up to do this work, other times it is because they want to remain very private and don’t wish to encourage applications!

Some Trusts do not have a responsive application procedure. The trustees of the 18 Sainsbury Trusts, for example, take a proactive approach to the work they wish to support. They employ specialist staff and advisors to research their areas of interest and suggest suitable proposals (www.sfct.org.uk).

What do I need to consider?

First and foremost, it is important to bear in mind that securing grant funding is often difficult.

Trust funding is particularly competitive in the current economic climate, as their endowments have been adversely affected and are generating less income to distribute.

Some Foundations welcome a call before you submit an application; others do not speak to prospective applicants until they have submitted an expression of interest. Read the Application procedure carefully! It is a good idea to establish contact with the relevant member of the grant-making team if the procedure invites this, to create awareness of your incoming project and the work of your organisation.

When applying:

- Communicate confidently and concisely and accurately – and passionately
- Check the Trust's funding cycle – time the application carefully
- Trusts are often prepared to take a risk on new projects but are frequently conservative in taste - think carefully about what will appeal
- Remember, Trusts and Foundations on the whole have relatively low levels of funding. Other sources of funding will need to be identified to match the Trust grant.

Is my organisation ready to secure funding from a Trust or Foundation?

Answer these questions before designing an application to prospective Trusts and Foundations:

- Have I identified the right Trust or Foundation for my project?
- Have I studied the Trust's annual accounts and annual report to establish trends in grant-making as a guide to what to ask for and how much?
- Have I established the necessary point of contact?
- Have I allowed sufficient time to build a partnership to deliver my project to budget?
- Are the benefits for the user group (the people your arts organisation are reaching) clearly defined?
- Does the application match the interests of the trust sufficiently?
- Have I designed a robust monitoring and evaluation plan?
- Have I designed an exit strategy?

Useful links

Information on funding from Trusts and Foundations is available from a range of different sources including:

Trustfunding website (overseen by the Director of Social Change)
www.trustfunding.org.uk

Association of Charitable Foundations exists to promote good practice among trusts and charity foundations and to educate the public about them. The website has some useful statistics and policy information
www.acf.org.uk

Institute of Fundraising has a number of useful downloadable resources on approaching Trusts and Foundations
www.institute-of-fundraising.org.uk

National Council for Voluntary Organisations has information, publications and events relating to trusts and foundations
www.ncvo-vol.org.uk/sfp/funding?id=2098&terms=trusts%20and%20foundations

The **Annual Report and accounts for Trusts** can be found here
www.charitycommission.gov.uk/Showcharity/RegisterOfCharities/RegisterHomePage.aspx?Language=English

Guidestar is another useful source of information on charities
www.guidestar.org

Attend one of our sponsorship training days

Why not visit our Events section on the website to find out more about our Cradle to the Grave Giving master classes, there are ones that are specifically focusing on Trusts and Foundations in 2009 and 2010.

ENDS

Further information and other factsheets in this series can be found in the Fundraising Toolkit at: www.artsandbusiness.org.uk. This on-line service is being developed in partnership with Creative Choices°, the careers and professional development website for the creative and cultural industries.