



The Fundraising Series

Trust Fundraising

Editor: Anthony Clay

SECOND EDITION

DSC

In association with:

Institute of
Fundraising

The Fundraising Series

Trust Fundraising

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The Fundraising series

Charity fundraisers change the world by raising the money needed to fund the tremendous good work that charities across the UK carry out day to day. Fundraising moves with the times and is constantly evolving. The economy, political landscape and trends in the way that people exchange information and communicate with each other all impact on the way in which charities ask for, and raise money. This makes the profession particularly dynamic and interesting. In order for fundraisers to be effective, it is vital that they are ahead of the game. Successful fundraisers identify future trends, anticipate demand and keep up with the latest techniques so that they can plan and develop appropriate strategies.

The Institute of Fundraising (IoF) and Directory of Social Change (DSC) fundraising series seeks to address the full range of fundraising activity and techniques in one series. Each successive volume seeks to address one key element in the spectrum of fundraising techniques. As fundraising techniques evolve and develop, new titles in the series are added to and old ones revised. The titles are intended as texts that encourage and debate fundraising within a professional framework – written and used by academics and practitioners alike. Each title seeks to explore the fundraising activity within its historical, ethical and theoretical context, relate it to current fundraising practice as well as guide future strategy.

The IoF is well placed to assist in the development and production of this series; without the support, assistance and expertise of its members and their colleagues, the series would not be possible. I thank all those who have contributed and continue to contribute to the most comprehensive fundraising series available today.

Louise Richards

*Director of Policy and Campaigns
Institute of Fundraising*

About the authors

Chris Carnie

Chris has been a fundraiser since 1980 and was a researcher in the House of Commons from 1982 to 1984. In 1990 he co-founded Factory, the leading European research consultancy. In 1993 he became the first fundraising researcher to be elected a Fellow of the Institute of Charity Fundraising Managers. He is Founder Chair of ICFM Researchers in Fundraising, a member of the Association of Professional Researchers for Advancement (US), and a member of the Asociación Profesional de Fundraising (Spain). He is a trainer and presenter at conferences in Europe, including the International Fundraising Congress in the Netherlands.

He has written or contributed to four books on fundraising and research. Chris lives near Barcelona.

Anthony Clay

After working for 10 years as Head of Fundraising at the RSPB, Anthony Clay went on to spend another 11 years working in senior consultancy, helping more than 70 charities (many of them major nationals) with strategic planning and cost-effective fundraising, especially from trusts, major gifts and legacies.

Anthony has run fundraising courses for the IoF and DSC on 'Maximising the effects of your trust fundraising programme' and 'Developing corporate support and fundraising in a recession'. He has served as honorary treasurer and chair of the IoF (of which he is a certified fellow) and was chair of the institute's Professional Practice Committee. He was also chair of the institute's Working Party on the Code of Practice for Trust Fundraising.

He was a director of FR&C Ltd, the leading fundraising research and consultancy company, before 'retiring' in 2000 to set up his own fundraising company, ACC Ltd. He still does consultancy work, especially training, but spends more time on local voluntary work, as well as being a trustee of the Cambridgeshire Community Foundation.

Graham Collings

Graham has been a fundraiser for over 30 years, working with the Red Cross, British Trust for Conservation Volunteers and other charities in all parts of the voluntary sector. He has worked as a consultant, fundraiser and trainer with over 100 organisations, in campaigns large and small, and has been a tutor on IoF courses on trusts and other topics. He currently operates as an independent fundraising consultant and fundraiser, providing advice, practical help, mentoring and training. He works mainly with smaller charities, faith organisations and difficult causes, where trusts are often the mainstay of support.

Tim Finn

Tim is founder and managing director of the fundraising consultants Collyer Finn Ltd. He specialises in raising funds from the trusts sector. He works on behalf of charity clients, from the smallest to those of national size, in all parts of Britain.

Tim has contributed articles on fundraising issues to *Management Today*, *Debrett's People of Today* and several national newspapers. He has also written a regular column for *Professional Fundraising* magazine, and is an author of social histories, fiction and drama.

Peter Flory

Peter Flory is an independent information technology (IT) consultant, working solely in the voluntary sector.

He has been in the IT industry for more than 40 years, spending the first 15 years in a number of technical roles and the next 25 as a management consultant. He assists all types of non-profit-making organisations with the complete 'IT life-cycle' – from IT strategy development to requirements' specification and invitation-to-tender procedures, project management, quality assurance, implementation support and reviews of operational systems.

Peter also runs seminars on IT strategy and fundraising software and is a regular speaker on all manner of IT-related subjects for a variety of clients and functions.

Kay Holmes-Siedle

Kay joined the voluntary sector over 35 years ago as Head of Research at Charities Aid Foundation (CAF), where she was responsible for *Dimensions of the Voluntary Sector* and served as secretary to CAF's own grant-making trust.

Since then she has pioneered donor research in the voluntary sector, establishing a press library on individuals and a unique relational database

holding information on the wealthy movers and shakers in the world of business, trust giving, professions and celebrities.

She has worked on some of the biggest campaigns in the voluntary sector at the NSPCC, Cambridge University, SS Great Britain, Woburn Safari and the National Trust.

She has also worked in partnership with many charities to establish their major donor, trust and legacy programmes, including UNICEF (United Nations Children's Fund), RSPCA (Royal Society for the Prevention of Cruelty to Animals), Friends of the Earth, Scope, CAFOD (Catholic Agency For Overseas Development), MAF (Mission Aviation Fellowship), RNLI (Royal National Lifeboat Institution), BHF (The British Heart Foundation), and many other smaller challenging causes.

Jay Kennedy

Jay is Head of Policy at DSC. He has worked for DSC since 2003; his previous roles included researching government funding for charities, project managing one of DSC's fundraising websites and being DSC's policy officer.

Prior to joining DSC Jay worked in the NHS, the National Assembly for Wales, a London housing association, local government in the US, academia, and advertising.

Adrian Longley

After almost 15 years' private practice as a solicitor, Adrian Longley spent the next 18 years of his life as legal adviser to the National Council for Voluntary Organisations (NCVO), where he sat on a number of working parties, including 'Malpractice in Fundraising for Charity' and 'Effectiveness and the Voluntary Sector'. In the 1970s he was a member of the Goodman Committee on Charity Law and Voluntary Organisations (which led, ultimately, to the Charities Acts of 1992 and 1993) and a UK contributor to *Les Associations en Europe – Regime Juridique et Fiscal* for the *Juris* Service in Lyon. An Honorary Fellow of the Institute of Charity Fundraising Managers (ICFM), Adrian is currently consultant to Arlingtons Sharmas Solicitors and has worked for many charities both large and small.

Roger Mitty

Roger has been a professional fundraiser for over 36 years. Having joined the charity Help the Aged in 1976, in 1979 he was seconded to several welfare organisations in South Africa, where he set up successful fundraising operations for a number of causes, including a feeding scheme for township children and care facilities for the older black population in Cape Province.

In 1983 Roger was appointed head of Help the Aged's marketing group, with responsibility for the charity's income from direct mail, press appeals, Adopt a Granny sponsorship, legacies, trusts and foundations, and corporate sponsorships (the annual income from these sources at that time was around £10 million). His training in fundraising included visits to North America.

In 1986 he joined the Chapter One Group, a marketing and fundraising services company, as Client Services Director. In December 1996 he helped to organise a management buy-out of the company, which led to the formation of FR&C Ltd, where he was a director, co-owner and practising consultant.

Redmond Mullin

Redmond Mullin is chair of Redmond Muffin Ltd. Formerly a Jesuit, he worked in research at Masius, advertising at J. Walter Thompson and fundraising with Wells, and has been a director at CAF where he was responsible for grantmaking and grant-making policy and for production of the *Directory of Grant-Making Trusts*.

He served on the board of the Family Welfare Association and on the Gulbenkian's Arts, Initiatives and Money Committee, and chaired the Advisory Committee for the Open University Voluntary Sector Management Programme. He has also chaired the IoF's Fellows Working Party. As well as being a trustee of the Dartington Summer Arts Foundation, Redmond managed a significant family trust in the West Midlands and advised Hambro Life (now Zurich Community Trust) on the management, structure and policy for its grant-making trusts. He has published, lectured and broadcast extensively on fundraising and related matters.

Des Palmer

Des Palmer worked for the Allied Dunbar Charitable Trust (now the Zurich Community Trust) from 1978 to 1996, where he was involved in a range of activities, including researching social issues (such as domestic violence, schizophrenia and dementia) and turning the findings into grant-making programmes, managing programmes, assessing applications and evaluating projects. He also wrote and spoke widely on fundraising for the smaller charity and on corporate community involvement.

He became a consultant, since retired, to grant-making trusts, giving advice to companies and charities on evaluation, fundraising and management.

He wrote *Monitoring and Evaluation: A practical guide for grant-making trusts* and *Working Together: A practical guide to mergers and alternative options for crossroads schemes*.

David Saint

David Saint is chairman of Action Planning and is recognised as one of the not-for-profit sector's leading authorities on strategy, management and fundraising. A regular contributor to conferences, seminars, journals and reference books on the basis of his extensive experience, David has advised the boards and senior management teams of some of the most significant organisations in the sector, such as CAF and the Royal College of Nursing. He works closely with ACEVO (the Association of Chief Executives of Voluntary Organisations), delivering a number of its training modules for chief executives, and has been commissioned by leading funders such as Tudor Trust and Henry Smith's Charity to advise projects that they support with grant funding.

David is also very much at home working with smaller organisations, including schools, churches, and locally-based charities, and understands the challenges of managing small organisations with limited financial and human resources.

David established Action Planning in 1990 after working for 16 years in regional fundraising and fundraising director posts with Scope, Sense, SANE and Arthritis Care. He is a member of IoF (where he was the founder chair of the Consultants Group), a member of the Association of Fundraising Consultants and former chair of EU Consult, a European network of consultants.

David is a trustee of Andrews Charitable Trust, the Christian Initiative Trust and Advantage Africa, and a non-executive director of Andrews and Partners. He is an active member of St Andrews United Reformed Church, Cheam, where he has also served as an Elder and Church Secretary.

Anne Villemur *née Stephens, 1930–2010*

Very sadly Anne died in February 2010. Before she died she very kindly agreed that her chapter on the history of the sector in *Trust Fundraising* should be included in the second edition.

Anne retired from CAF at the end of 1995, having first joined the foundation in 1980. She became editor of the *Directory of Grant-Making Trusts* in 1982, a task in which she was greatly helped by frequent attendance at seminars and interest groups organised by the administrators of major trusts. Thanks to the insight she acquired in this way, Anne was able to set up an annual series of workshops on the theme 'how to approach trusts'.

David Wickert

David has been Executive Director of Chapel & York Ltd since 1997. He is also currently a trustee of the ASDA [Wal-Mart] Foundation and a director

of First Media Syndicate and the American Fund. He lives in Brighton. He specialises in advising charitable organisations and companies about the international financing of non-profit and media projects.

David was educated at King's College, London, ordained as an Episcopalian priest in 1966 and served in Wimbledon and Waterloo, London. He established the Waterloo Trust to work with single homeless people and co-founded the Upstream Theatre Club, producing plays in London and touring worldwide.

In 1986 David was appointed a director of CAF, where he launched tax free payroll giving (Give As You Earn) in the UK and set up CAFAmerica, an international grant-making foundation, in New York City, and served as its first director.

ACF (Association of Charitable Foundations)

ACF is the leading membership association for trusts and foundations in the UK with over 300 members ranging in size from small and local grant-makers to some of the world's largest foundations. Through its services to members it provides a framework in which trusts and foundations can learn from each others' experience, explore matters of common concern and achieve good practice in grantmaking.

Foreword

Anthony Clay

This is the second edition of *Trust Fundraising*, which was originally published in 1999 by ICFM/CAF as one of a series of fundraising titles. All the authors have updated their chapters to take account of changes in legislation and reflect modern fundraising techniques, especially use of the internet and the development of social networking sites. It focuses on a form of fundraising that could be described as following a virtuous cycle.

Grant-making trusts exist uniquely to give money away. They are also distinguished by a further set of characteristics:

- They provide highly tax-efficient methods of distributing philanthropy.
- Trustees share the decision-making process of where grant-making trusts' money should go; in other organisations this may be left in the hands of the philanthropist alone.
- Sometimes very experienced administrators are employed to examine projects, carry the burden of administrative matters, check on progress and – increasingly – seek out new areas in need of help.
- Fundraisers are frequently able to build understanding relationships with trustees and administrators.
- Grants can sometimes be made rapidly and effectively, often at relatively short notice, where companies may need longer lead times to develop programmes of support for charities.
- Above all, grant-making trusts provide around one-fifth of the total voluntary income of charities in this country.

For all these reasons, the benefits of grant-making trusts in terms of relieving human suffering, encouraging the arts and protecting the environment are enormous. However, perhaps because the cycle is so transparently virtuous, it has often not been paid the professional attention it deserves.

What information is currently available on grant-making trusts?

Many trusts (but by no means all) publish information about how much they grant, for what purpose, and their grant-making policies. Some also give examples of typical grants. Most of the larger ones now have websites which are usually extremely helpful to fundraisers in ensuring that applications reflect what the trusts are seeking to fund. There are other important publications for grantseekers and grantmakers available from DSC, which publishes a subscription database on about 4,400 trusts, and information about trusts in directories and guides.

IoF has prepared helpful handouts for its regular fundraising practitioner training courses in the fundraising series that it has been running with DSC.

Other organisations provide search facilities to enable fundraisers to focus on those trusts likely to be of most relevance to their causes (see Chapter 4). Fundraising research companies identify suitable trusts for their charity clients, sometimes using inside information that supplements the information in the published material. Fundraising consultants will assist the development of strategies for researching and approaching trusts. Several organisations provide training for fundraisers and volunteers on how to tap into this key source of income.

The original edition of this book was the first attempt to produce a publication that brings all these elements together in one volume, written by a range of contributors selected for their knowledge, experience and skills in each aspect of the subject. The new edition seeks to carry that work forward and bring it up to date.

Audience and aims

This book will be of value and interest to all who seek money from grant-making trusts, including private individuals, but the main audiences are trustees and employees of charities of all sizes. It is not, strictly speaking, a 'text book'; it is more of a compendium of the opinion and experience of a wide range of experienced authors. For those seeking a major treatise on the law relating to charitable trusts, Adrian Longley's chapter on 'The nature and structure of modern grant-making trusts in the UK' is an excellent introduction, but there is also much more to be read elsewhere. Those contemplating multi-million pound appeals should seek out the books available on how to win major gift campaigns, of which trust fundraising simply forms a part.

Fundraising has never been more competitive than now: the number of grant-seeking charities grows each year; state support for charities is declining; the demand for Lottery grant partnership funding continues

unabated; many organisations that used not to be charities, such as NHS hospitals, are now hard at work seeking voluntary income. A book like this, that brings together the collective wisdom of so many experienced people, is indeed timely.

Much has been done by organisations such as the Association of Charitable Foundations (ACF) and the training courses from IoF, DSC and others, to raise standards of application and grantmaking. Regrettably, however, there remain far too many badly presented requests directed at overloaded trustees, seeking grants for irrelevant projects from trusts that are already fully committed.

The aim of this book is to help ensure that more of the right applications reach the right trusts, at the right time, for the right sums, for the right projects. This is no mean task for a single publication, but if this book achieves a small part of those objectives I hope that all its contributors will feel that their efforts have been worthwhile.

Structure

Part 1 provides an overview of grant-making trusts in terms of their history and structure. Anne Villemur writes a brief history of trusts. Adrian Longley presents the nature and structure of modern grant-making trusts from the legal point of view, setting the framework in which they must operate. Chris Carnie outlines the size of the sector and its relative importance in a fundraising strategy.

Part 2 concentrates on the centrality of research and planning in trust fundraising. Kay Holmes-Siedle writes on where to look and how to go about researching appropriate trusts. Redmond Mullin describes how to assemble a charity's funding needs into a coherent series of projects for support. Graham Collings completes this part of the book by addressing the question of how to plan each trust approach strategy.

Part 3 is given over to approaching grant-making trusts and considers the formal application, leaning on the practical advice provided by grant-makers themselves. Tim Finn describes how to make contact with each trust without breaking the rules, and Anthony Clay writes about making the application. Finally, Des Palmer presents the view from a former trust administrator.

In Part 4 David Saint deals with acknowledgement, recognition, reporting and keeping the trusts interested and involved. Roger Mitty writes on consolidating a trust fundraising campaign and Peter Flory outlines the computer systems needed, what can go wrong with them and how to avoid problems while creating an invaluable tool for the future.

Part 5 gives two different perspectives. ACF presents its advice to grantseekers on what, and what not, to do. David Wickert provides a

chapter on US foundations, some of which may be particularly relevant to UK charities.

The final sections conclude the contributions, provide information about useful publications and organisations and supply a glossary.

Inevitably, not all our contributors agree on all aspects of the subject, but all that has been written reflects experienced and practical observations of what has worked in the past, and could be adapted for the future.

It will be evident that, being written by a number of authors, this book reflects different writing styles and several controversial ideas. Experience with the first edition indicated that few readers read it from cover to cover. Most found greatest value in dipping into it from time to time, especially when seeking a refresher course in a particular aspect of the subject. Because of this and because of the crucial importance of certain elements, we have allowed more repetition than would have seemed right in a publication which most readers would read chapter by chapter. So forgive us if you feel that you have read something before. This probably means that it is a very important point that another writer has also stressed, though usually in a slightly different context.

Acknowledgements

I am deeply grateful to all of the contributors and also to David Moncrieff of CAF and Professor Stephen Lee, formerly Director of ICFM, for inviting me to act as editor of the first edition and for their great help and guidance throughout the project, and to John Martin of DSC for all his help on the second edition. I am especially grateful to David Emerson, Chief Executive of ACF, for his many constructive comments and for granting permission to use ACF's excellent advice material. My thanks also go to the trust administrators who have commented on the work and responded to my cries for help. Nor must I forget my charity clients who have asked me to help them with their trust fundraising and have, in return, allowed me to learn practically all I know about the subject.

There are many others who deserve unreserved thanks, not least all the philanthropists who have so thoughtfully and generously set aside their wealth for the sake of others, and the innumerable trustees who give freely of their time to lead the trusts and award the grants. My very special personal thanks go to my friends and former fellow directors at FR&C Ltd, Kay Holmes-Siedle and Roger Mitty, who have lent their fullest support to the project and have, indeed, contributed two key chapters to it. Finally, I must thank my dear wife, Liz, who has for 45 years borne my late hours in the office with unfailing fortitude.

Anthony Clay

INTRODUCTION

Anthony Clay

What do we mean by trusts?

In the US charities are divided into two groups: *public charities* have multiple sources of income and exist mainly to carry out charitable work themselves; *foundations* are usually funded by one or, at most, a few benefactors and exist to give money away to good causes. Different rules apply to these two types of charitable organisation. Specifically, foundations are required by US law not only to distribute their income but also to give away 5% of their capital fund each year.

No such precise definitions or legal requirements about distributing capital apply in this country. All registered charities are treated in much the same way, whether they are grant receiving, grant-making, or both.

The words we use

The words ‘trust’ and ‘foundation’ are virtually synonymous and other words such as ‘settlement’ or ‘charity’ are in common use. 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.

This book is not primarily concerned with charitable trusts such as those major national organisations that carry out their own programmes of work. It is concerned principally with trusts that have been set up by their founders as vehicles for the distribution of philanthropy, either for general charitable purposes or for the benefit of specific causes or groups of causes. Such trusts tend to fall into one of five groupings:

‘Institutional’ trusts

These are trusts that were set up several years ago with a number of trustees, such as the Wellcome Foundation. They make grants according to

very detailed procedures, making use of relevant professionals. Usually grant decisions are made at peer level so, typically, scientists present proposals for approval by other scientists.

‘Private’ trusts

Private trusts are often set up by one individual who takes most of the grant-making decisions on his or her own, or in discussion with a spouse. Such trusts are often set up primarily for reasons of tax efficiency.

‘Family’ trusts

These trusts are often set up by one individual, often in memory of an earlier family member or as a result of a discretionary form of will, with trustees who are usually related, or at least closely connected. Decisions are taken collectively but informally.

‘Corporate’ trusts

Corporate trusts are often set up when the income of the trust (and therefore its ability to make grants) is dependent upon the profits of a company or group of companies. Decisions will be made by directors of the company, increasingly now taking account of employees’ views and interests. Alternatively the trustees may be largely independent of the company.

‘Combination’ trusts

These trusts are essentially a combination of one or more of the above groupings.

Such categorisation, though helpful in explaining the nature of the sector, can be misleading because few trusts fit neatly into one group, and trusts sometimes change from one group to another. Nevertheless, as will be seen later in the book, understanding of the structures, decision-making procedures, objectives and policies of each trust applied to is fundamental to successful trust fundraising.

Unfortunately, these important distinctions are rarely appreciated by grantseekers. Application is too often seen as a simple process, requiring only casual research of published directories followed by mass mailing of word-processed request letters.

An important revenue source

In 2009/10 there were around 9,000 grant-making trusts in the UK, with the largest 500 giving around £2.6 billion a year (DSC, 2010). This amount places trusts ahead of government spending, which is around £2.15 billion a year in total (*Government Funding Guide*, DSC, 2010) and is five times more than the estimated £500 million of cash donations by the top 500 companies making grants (DSC, 2010). So grant-making trusts are a very important revenue source indeed.

Trusts have great advantages as grant-making sources:

- They exist to give money away. Other sources such as companies and individuals do not.
- Grant-making decision-makers are often looking for new ideas and new directions. The modern pattern is for them to be seeking continually to be moving forward, so that past grant receivers do not become dependent on them.
- Towards the end of each of their financial years many trusts find themselves with money left over from previous allocations to projects that did not proceed. So it is quite often the case that grant money becomes available unexpectedly and at short notice.
- Most trust administrators are very experienced and keen to help charities to apply. The days when some administrators seemed to exist simply to say ‘no’ are largely past.

The place of trusts in a charity’s fundraising strategy

Trust fundraising should not stand alone as a fundraising method. Essentially it should be part of an overall strategic plan, a key part of an overall approach in which the wider interests of the need to meet all of a charity’s objectives are paramount. Sometimes this may mean holding back on a trust fundraising programme to prevent a relatively low-level application from preceding a much larger request.

A serious problem can arise when a charity is fundraising ‘in boxes’. Typically, the fundraising department of a middle-sized or major charity will have a number of sections. These sections might include a corporate unit, a legacy unit, a special-events unit and a trust unit, each of which will have its own budget, targets or goals. Such a structure can lead to each unit becoming too possessive of its sectional interests. Ways have to be found to ensure that jealousies and self-interests do not get in the way of more important matters.

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