

Understanding Charitable Trusts and Foundations

There are probably around 8,800 charitable trusts and foundations in the UK according to the Association of Charitable Foundations.

What are Charitable Trusts?

Charitable Trusts and Foundations are Charities similar to voluntary organisations that are charities: they are all set up for a charitable purpose. However, rather than meeting their purpose by running activities for people in need, they meet their purpose by making grants and donations.

Some Charitable Trusts have existed for many years, for example the Henry Smith Charity which has existed since 1628. New Charitable Trusts are being created all the time by wealthy individuals, businesses and ordinary people who want to raise funds.

Where does their money come from?

They get their money from a range of sources.

- Some such as BBC Children in Need, Comic Relief and disaster appeals, raise money from high profile public appeals.
- Some were set up by an endowment or a bequest made by a wealthy benefactor and they survive by investing their money and using the interest to make grants. An example of a trust like this is the Sir James Reckitt Charity.
- Some are funded by regular donations from the company that set them up such as Lloyds TSB Foundations.

All of them are subject to the same economic conditions as the rest of us, and their income and the capital they have available to spend might vary. And of course, like any other charity, they might fold.

What do they give money to?

Like every other charity, Charitable Trusts and Foundations are restricted to using their money to meet their charitable purpose. In some cases, that might be very loose and depend entirely on what the trustees would like to support, in others, the trust may have very specific and detailed criteria outlining the causes it will support.

- Some will give money to individuals and families in need, or to assist students, or to pay for research, while others will only give money to organisations.
- Some may give money to schools, churches, universities, hospitals or museums and galleries, while others will only give money to voluntary and community organisations.
- Some will only give to registered charities.
- Some might support work anywhere in the world, while others might only support work in a specific country or area. There are many charities that focus their giving on a small local area.

How much money do they give?

The amount of money they can give varies from small donations of a couple of hundred pounds, to very large sums of money, depending on the capital they have at their disposal, and the kinds of work they want to support.

How do they operate?

Charities are expected to manage themselves in such a way that their money is put to maximum use to benefit the people they help, and the proportion of their expenditure on administration should not be excessive. Charitable Trusts and Foundations are the same as other charities in this. So their administrative capacity depends on the money they have available, and the numbers of applications they deal with.

- Larger Trusts and Foundations often have offices and teams of staff employed to administer their work, and are more likely to run structured grant programmes with formal processes and timescales. They are more likely to have a website, and an application form.
- Smaller Trusts might have only their Trustees, who might only meet once or twice a year. They might have insufficient resources or capacity to manage structured application processes and guidance, or even to enter into correspondence with you. So if your application is ineligible, or unsuccessful, you might never hear from them.
- Some know exactly what causes they want to support and are not open to receiving “unsolicited” applications.

Some Charitable Trusts and Foundations publish detailed guidance about what they will fund, and how you must apply. But some very small Charitable Trusts and Foundations do not.

If they do, you must follow their guidance, but if they do not, you might be able to find some clues by looking at their entry on the Charity Commission website at www.charity-commission.gov.uk. Annual Accounts (if published) sometimes state the Grant Making policy, and sometimes give lists of grants awarded which can give you some idea of what

their interests are, and what sort of sums of money they might give. And of course, you can always write and ask if they have any guidance, or if they would accept an application from your group.

So if your group is planning to make any appeals to Charitable Trusts and Foundations, you can see it is essential to do your research first.

What are Community Foundations?

Community Foundations are a particular type of grant-making charity. They are organisations that are set up to provide a mechanism for donors, who are not in a position or don't want to create a Trust, to give their money to strengthen local communities and tackle exclusion.

Some Community Foundations manage a mixture of donated money and Government funding, and some fundraise locally.

Find out more about Community Foundations from the Community Foundations Network www.communityfoundations.org.uk/.

Making Applications to Charitable Trusts and Foundations

The most important thing you must do is to research which Trusts and Foundations want to support the kind of work your group is doing. It is a waste of your time and theirs to write to Charitable Trusts and Foundations who will definitely not support you. It is a far better use of your time to focus on a few who you genuinely believe will want to support the kind of thing you are doing. The Association of Charitable Foundations publishes guidelines about making applications to Charitable Trusts and Foundations on their website at <http://www.acf.org.uk> (go to Seeking Funding).

Searching for Charitable Trusts that might support your work

If your organisation is likely to be doing a lot of fundraising, and will be constantly searching for donations from Charitable Trusts it might be worth investing in some specialised search tools or directories.

If you are new to the world of applying to Charitable Trusts, or are only going to be applying occasionally, then you need to find access to these resources, some of which you might access through your local CVS or Voluntary Action, or your local reference library.

Contacts and Resources

The Directory of Social Change provides a variety of resources for funding searches including a range of publications directories in book form, and a set of online databases including www.trustfunding.org.uk.

Directory of Social Change
24 Stephenson Way
London
NW1 2DP
08450 77 77 07
www.dsc.org.uk

Funding Central is a relatively new website, run by NCVO with J4B. The site is not limited to Charitable Trusts and includes other sources of funding. You have to register to use it but it is free.

<http://www.fundingcentral.org.uk>

There are also a number of commercial organisations that offer online funding search services. These cater also for professional fundraisers and businesses. They all charge subscriptions, although GrantNet and J4B can be accessed free through local subscribers such as a local authority or CVS/Voluntary Action. Grantsnet* is free to use, but there is no information on the site about who is responsible for it.

- www.grantfinder.co.uk
- www.grantnet.com
- www.charitiesdirect.com
- www.fundinginformation.org
- www.grantsonline.org.uk
- www.j4b.co.uk
- www.grantsnet.co.uk*

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