Taking nothing for granted:
a research report into what charities think a model grant-maker looks like

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On behalf of the John Ellerman Foundation

THE JOHN ELLERMAN FOUNDATION

nfpSynergy
helping non–profits thrive

Contents

Section 1

Foreword

In early 2012 The John Ellerman Foundation embarked on a strategic review. As part of this we wanted to find out what a model grant-maker looks like in the eyes of applicants and grantees, and compare our own practices against the best role-models in the grant-making sector.

To this end we surveyed our own grantees and arranged some focus groups. We also commissioned nfpSynergy to carry out independent research with charities and their fundraisers. This report is the result of that research and we are delighted to share what we discovered more widely. Our trustees have already considered the key findings and how we can move closer to the best practice that charities have identified.

It may seem unusual to ask our grantees and the wider charity community what we should do. We believe it is valuable. Endowed grant-makers have the privilege of almost complete independence with few checks and balances, so listening to our stakeholders is an important test for us. Moreover, our grantees are the way we reach our ultimate beneficiaries. So when the charity community tells us how they think we can do a better job, we believe that we owe it to them, and those whom we aim to benefit, to sit up and take notice.

There is a wealth of information in this research and much food for thought. The importance of communications and relationships come through strongly, along with the value of core funding. We are also attracted by the possibility of win/wins in grant-making practice which benefit both grant-maker and grantee.

We are grateful to the Institute of Fundraising for their help and support in enabling so many people to contribute to this project, and are delighted that they are supporting further research into grant-makers' perspectives on the issues raised in this report. We also appreciate nfpSynergy's matched investment in this research through their social investment programme.

We hope you enjoy reading the report and we would be interested in any comments.

Sarah Riddell
Chairman, the John Ellerman Foundation

Section 2

Introduction

Grant-making trusts are a vital source of funds for many charities. They provide significant sources of funding, often for organisations which do not have instant public appeal or do not have the skills or financial resources to raise money directly from the public. Grant-making trusts provide a meritocracy of funding which reduces the importance of a charity's brand, or contacts, or fundraising expertise, or cause. For all these reasons grant-making trusts are a hugely important part of the funding landscape.

However, the perspective of those who receive the grants is relatively poorly researched. So when the John Ellerman Foundation approached us to try and find out what a model grant-maker looked like in the eyes of grantees we leapt at the opportunity. We have surveyed over 400 organisations for their views on grant-making, we held an Open Forum for all those who responded to the survey and we interviewed 13 fundraisers from a variety of organisations.

We had few pre-conceptions about what a model grant-maker might look like from the charity's perspective. However, as the final two sections show, a really strong set of ideas emerged from charities about what they would like. More importantly, many of these ideas are not ones in which the charities benefit to the detriment of the grant-maker. They are ones in which both parties can reduce their costs or make grants work harder.

The structure of the report

Section 3 looks at the **importance of grants in the income mix of charities**, levels of restricted and unrestricted funds amongst our respondents and how much more an unrestricted grant is worth to a charity than a restricted one.

Section 4 looks at the **process of finding and applying for grants** and charities' attitudes towards the restrictedness of grant criteria, two-stage application processes, waiting time for decisions, feedback on applications and a host of other perspectives on applying for funds.

Section 5 continues the journey through the application process and examines how charities see **the process after a grant is made** and how the relationship with a grant-maker evolves or doesn't evolve.

Section 6 is a **benchmark on the income and expenditure of charities for grant-making trust fundraising**. This covers the number of staff working on grant-making fundraising, typical income and expenditure levels for grant-making fundraising and the success rate of applications both by size of organisation and their sector of work.

Section 7 pulls together comments from across the research to look at what charities think are the **hallmarks and attributes of model grant-makers**

Section 8 brings together the threads of the research to try and crystallise what the key issues are from the charities' point of view and look for **what might be the**

win/win areas in grant-making: developments that would benefit both charities and grant-makers.

Section 9 is the **conclusion** looking at what all this research tell us about the state of grant-making from the charity perspective and identifying **what the next steps might be** in terms of further research, or taking action on some of the ideas in the report.

Finally, there is an **executive summary of the report** and this is also available as a separate document.

Right at the end are a number of appendices which cover areas such as methodology, profile of respondents, about the interviewees and acknowledgements, followed by a brief description of the John Ellerman Foundation and nfpSynergy.

Section 3 – The importance of grants in charities' income mix

Grant-making trusts are important sources of income, particularly for smaller charities. This makes the form that grants take – unrestricted or restricted, for core costs or projects only – all the more important, especially for smaller charities.

Charities understand that grant-makers need to know where their money is going, and that their grants are having the biggest possible impact. But the question is how to make grant-makers' money work the hardest for the front-line beneficiaries. Our research shows that many charities think more unrestricted funds and funds for core costs would mean they could put the money where it is most needed, allowing the grant to have more of an impact. This would benefit grant-makers and charities and, most importantly, the beneficiaries.

This chapter looks at how important grant-making trusts are to different types of charities, and the importance of unrestricted and core funding.

Key points

- Importance of grants
  - Grant-making trusts are particularly important to smaller charities
  - Larger charities get more money from trusts, but grants make up a larger proportion of small charities' total income
  - In an insecure economic climate, many charities want a dialogue with trusts on how to adapt to this changing environment
- Importance of unrestricted and core funding
  - 34% of charities said less than one fifth of their income is restricted, but 17% of charities have more than four fifths restricted income
  - 93% of charities 'agree' or 'strongly agree' that they would like more core funding and funds that are unrestricted
  - Charities believe they can make grants work harder if they are less restricted, for example by funding the long-term projects that beneficiaries rely on
  - Unrestricted funds are so important to charities that on average, charities are willing to forgo a £100,000 restricted grant in exchange for a £72,000 grant if it is unrestricted
  - Smaller charities are much more likely than larger charities to prioritise unrestricted funding over size of grant

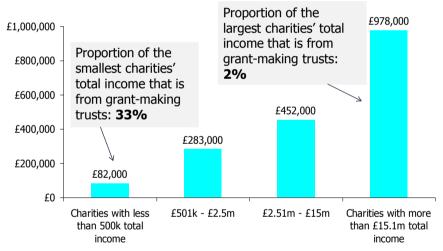# The importance of grants to different charities

To understand how important grant-making trusts are for charities, we began by asking about the charities' income from grant-making trusts and about their total income.

Smaller charities are most dependent on grants

As expected, the large charities with higher overall income also receive more money from grant-making trusts. Charities with an overall income of over £15.1 million per year get on average close to £1 million per year in grants.[1] In contrast, the smallest charities, with an overall income of under £500,000 per year, receive on average less than one tenth that amount: £82,000.

It would be tempting to conclude from this that grant-making trusts are mainly important to larger charities. In fact, it is the other way around. When looking at the proportion of charities' income that comes from grant-making trusts, it becomes clear that smaller charities are much more reliant on this source of income. While grants make up only 2% of the largest charities' income, grants account for one third (33%) of the income of the smallest charities. This is shown in chart 1.

Chart 1: Average income from grant-making trusts by total income

Q14: What is your approximate **total income from grant-making trusts** (in the last 12 months)?

Base: 300 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

The importance of grants is changing with the economic climate

A reoccurring theme in this research is that many charities are struggling with the insecurity of funding in light of the economic climate and public sector cuts and

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[1] All averages quoted in this report are the mean averages. For a discussion of why we chose to use the mean averages, please see Section 11 on methodology. In this section, the data on charities' income from grant-making trust, and what proportion of their income that is from grant-making trusts, are mean averages that are derived from the answers to open-ended questions. For a brief explanation of the difference between means and medians please also see the methodology section.

reforms. Some charities expressed the view that grant-making trusts, and the form that their grants take, are all the more important in this uncertain context:

"*We are a very small charity and rely on grants and trusts to make up the shortfall between a contract with our county council and our budget for the year. Very few donors will give grants for running costs which is the most vital thing most small charities need in this economic climate. We can make a small donation go a long way if given the chance, and it would relieve the worry of having to close down after 60 years of helping disabled people.*" (Anonymous survey respondent)[2]

It is not clear what role grant-making trusts will play as large sources of public funding are withdrawn. But our research shows that charities want to engage in discussions with grant-makers on how to best work together to adapt to a changing economic environment (see the conclusion for more on this).

The importance of unrestricted and core funding

A very clear message from charities is that many of them are struggling to find enough funding that they can spend where they think it is most needed. Although not all charities have this problem, many say they would be able to make grant-makers' money work harder if less of it was restricted.

Levels of restricted income

We asked charities how much of their income is restricted, and 34% answered that less than one fifth of their income is limited in some way. On the other end of the spectrum around a sixth of charities, 17%, said 81% or more of their income is restricted, and another 17% have between 61 and 80% of their income restricted.

For some charities, the level of restriction did not seem to pose a major problem. Rather, what matters to them is that the restrictions in place are right for their organisation:

"*The point is not so much whether the grant is restricted or not, but whether or not the activity to which the restriction applies is central to what the organisation wants/needs to do.*"

Some charities also said they would only apply for restricted grants if the restrictions allow them to do what is best for their cause, and therefore, they did not see a problem with restrictions in place on the grants they currently held.

The need for more unrestricted and core funds

Although some charities did not find restricted funds problematic, this was far from the case for most charities.

An overwhelming majority of charities say they need more core and unrestricted funding: 93%, 'strongly agree' or 'agree' that they would like more unrestricted funds and more grants for core costs. This makes it the second most agreed with

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[2] Unless otherwise stated, all the quotes in this report are from anonymous survey respondents.

statement out of the seven we prompted, a close second to better feedback from grant-making trusts.

The fundraisers taking part in our Open Forum put forward a similar message, emphasising how much they value this form of funding. Out of the five discussion groups, four mentioned more core and unrestricted funding as one of their top priorities. One group said these types of funds are especially important considering public funding is being withdrawn from many charities. Another group further explained what it is they want: "*Trusting attitude to charities from funders: we know how to use grants wisely!*"

Providing core costs seems to be an area where grant-makers are not quite meeting charities' needs. When we asked what makes a grant-maker stand out as a role model, providing core funding was only the 11th most common theme, mentioned by 6% of respondents. Considering how important this type of funding is to charities, there seems to be a gap between charities' call for unrestricted and core funding, and how much they see providing core funding as something that grant-makers currently do well. This is supported by the fact that funding core costs and existing projects was the third most common theme when charities were asked in what ways grant-makers can improve.

Why core and unrestricted funding matters

Why is this form of funding so important to many charities? Our research shows that while many charities understand that grant-makers need to know that their money is being put to good work, placing heavy restrictions on the grant is not always the best way of achieving this. Below are some examples of how the charities responding to our survey think they can make grant-makers' money work harder.

> "*The additional flexibility to respond to unmet needs and to match other funding would mean that we could probably achieve as much with less money.*"
>
> "*The main problem issue is that of trusts not being willing to fund core funding for excellent work - they tend to want the kudos of supporting something new and innovative - and this is especially unhelpful in the current financial climate where valuable work is being lost, and organisations folding, for the lack of support for their high quality daily work.*"
>
> "*Our clients need reliable and regular on-going support, they often tell us that it is far more valuable to them than short-term projects. This means that unrestricted funding - funding that we could use to sustain and improve these core services - is hugely valuable to us.*"

"We would be able to deliver what we are delivering more efficiently with greater flexibility as we would be able to spend some of the funds on the areas of greatest need and also cover core cost."
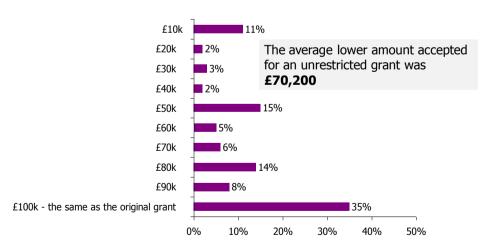
"One needs to view restricted grants not only in terms of the asset but also in terms of the liability. With an unrestricted grant one can maximise the asset whilst reducing the liability. One could therefore achieve a significant more benefit whilst reducing liabilities and could do so for a smaller amount of money. Better all around."

These comments show that many charities feel that the high levels of restricted and project-specific funding means they often struggle to fund the long-term projects and services that their beneficiaries rely on. Many charities also said it is difficult to find the funds for core costs, but without these funds the charities struggle to implement projects in an efficient way.

The price worth paying for unrestricted grants

We wanted to understand more about how valuable unrestricted funds are to charities. To look into this issue, we asked the charities taking part in the survey to imagine they were offered a grant of £100,000 for a restricted project. The grant-making trust then offered to give a grant which can be spent on any of the charity's work, but for a lower amount than £100,000. To gauge how valuable unrestricted funds are, we then asked charities what would be the smallest unrestricted sum that they would accept in place of the £100,000 restricted grant. The results can be seen in chart 2 below.

Chart 2: Smallest sum accepted for an unrestricted grant in place of a £100k restricted grant

The average lower amount accepted for an unrestricted grant was **£70,200**

£10k	11%
£20k	2%
£30k	3%
£40k	2%
£50k	15%
£60k	5%
£70k	6%
£80k	14%
£90k	8%
£100k - the same as the original grant	35%

Q6: Imagine a grant-making trust had just offered you **£100k** as a grant for a restricted project. They then offer to give you a grant which you can spend on any of your work but for a lower amount than £100k. What is the smallest sum you would accept in place of the £100k restrictive grant? (please select one option only)
Base: 398 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

The average lower amount accepted was £70,200, meaning that on average, charities were willing to lose £29,800 in order to access unrestricted funds. We asked the same question, but for a £1 million grant, to find out whether the answer

depended on the size of the grant. But the results for the different sizes of grants mirrored each other closely, with £630,000 being the average lower amount accepted in place of a £1 million restricted grant.

Not all charities were willing to trade in the size of the grant for unrestricted funds – 35% said they would not lose any money in order to get an unrestricted grant. We would be wrong to imply that these questions about trading a restricted grant for an unrestricted grant were straightforward. Many respondents told us the question was too hypothetical, it would depend on the grant awarded, and many other factors. We do not want to pretend that everybody ticked the boxes in the survey without comment. Here is but one example:
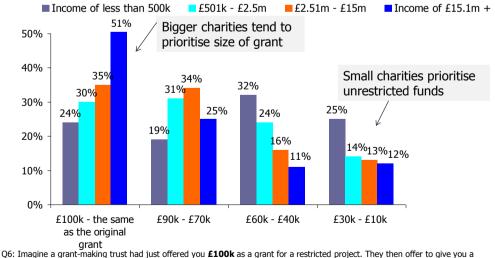
"*This is too hypothetical a question, as it entirely depends what the restricted project is – if it is of strategic importance then £1m restricted is as useful as £1m unrestricted.*"

Still, the results of the research provide a valid insight into the value of unrestricted income. The fact that charities on average are willing to forego £29,800 in order to access funds that they can spend as they see fit sends a very clear message just how important these funds are to charities. That 11% said they would take only £10,000 if that meant they could put the money where it is most needed really shows the extreme importance of unrestricted funds to some charities. It also points towards how difficult many charities find it to access these types of funds – if these funds were readily available charities would not feel the need to lose money in order to access them.

Smallest charities are most dependent on unrestricted funds

Unrestricted funds are particularly important to smaller charities. A fourth of the smallest charities (25%) would accept a drop in size of grant to between £10,000 and £30,000 for an unrestricted grant, compared to only 12% of the largest charities. This is shown in the chart below.

Chart 3: Smallest sum accepted for an unrestricted £100k grant by size of organisation

Legend: Income of less than 500k | £501k - £2.5m | £2.51m - £15m | Income of £15.1m +

Bigger charities tend to prioritise size of grant

Small charities prioritise unrestricted funds

Q6: Imagine a grant-making trust had just offered you **£100k** as a grant for a restricted project. They then offer to give you a grant which you can spend on any of your work but for a lower amount than £100k. What is the smallest sum you would accept in place of the £100k restrictive grant? (please select one option only)
Base: 398 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

Conversely, half of the largest charities (51%) would not accept the unrestricted grant if it meant any cut at all, compared to 24% of the smallest charities. This shows that not all types of charities find it worth losing any money to access unrestricted funds, and larger charities seem to be more likely to be in a position where they do not need to barter for unrestricted funds. One charity says:

"*We only apply for restricted funds for projects we need and every pound is important, so we would be confident of getting the unrestricted money from some other source.*"

Given that so much more of smaller charities' income comes from grant-making trusts, it is unsurprising that smaller charities are more likely to accept a reduced grant, if it is unrestricted. In contrast, larger charities rely less on grant-making trusts, and are much more likely to have access to a breadth of unrestricted funds through their other funding streams.

Section 4 – Finding and applying for grants

Improving the way that charities find and apply for grants is a key area where both charities and grant-making trusts stand to gain. The goal is to reduce the number of applications that are very unlikely to be successful by encouraging fewer but more targeted applications.

This would be an improvement for charities who wouldn't have to waste as much time on applications that stand no chance. Grant-makers would also benefit from not having to sift through as many applications from organisations that clearly do not qualify for the grant.

This chapter identifies key areas where charities think the grant application process could be improved. Many of these improvements show what a win-win situation for charities and grant-makers might look like, with fewer but more appropriate applications.

Key points

- Finding grants
  - Clear criteria that mirrors what is actually funded
  - Criteria, guidelines and restrictions to be easily available online
  - Honest, accurate and up to date criteria
  - Some flexibility
- Applying for grants
  - Trusts to be open to contact and questions
  - Clear, accessible guidelines on what the trust wants
  - Online applications, as long as they are user-friendly and flexible
  - Applications in proportion to size of grant
  - Two-stage applications, if the first stage is easy to complete
- Decision making
  - Acknowledgement that an application has been received
  - Shorter waiting times for decisions, ideal of 2.2 months
  - Any feedback would be much appreciated, better feedback ideal
  - Ideal time after one application is made until another can be made to the same trust is 7.6 months

Finding the right grants

Clarity and restrictedness of criteria

A very strong message that came out of the research is that having clear, accurate criteria is at the top of the list of what charities want. When we asked charities to spontaneously name ways they would like grant-makers to develop, clearer criteria, restrictions and guidelines was by far the strongest theme - mentioned by 37%.

The quote below explains in more detail how charities believe grant-makers could improve by making it easier for charities to find out what it is the grant-maker wants to fund:

"*To be clearer about their funding priorities - too many have vague or wide-ranging criteria but when you speak to them it turns out that their Trustees actually have a preference for one particular area or type of charity. They could also have better websites with clearer information - trusts seem to think if they put their information in public then they will be inundated with requests but in reality, if they were clear about their priorities and made it easy for us to find out the details we need, they would receive a smaller number of higher quality, relevant applications. It would save valuable time and resources for both the funder and the charity applicant.*"

Charities define good criteria as honest, up to date, and as accurate as possible. The majority of respondents to our survey, 59%, ask for a balance between some restrictions and some clear flexibility. This suggests that the majority of charities understand that getting the level of restrictions right is not an easy task. There is an appreciation of grant-makers that allow some flexibility, and that are open to being convinced by an excellent proposal for a cause they had not thought to fund before.

Most importantly, charities want grant-makers to be honest with what they fund. Many charities expressed frustration over putting effort into applications only to later find out they were ineligible for the grant in the first place. There is a strong dislike of 'general charitable purposes' with no further guidelines, especially if the grant-makers in reality only funds very specific causes. Clear criteria that closely mirror what the grant-maker is actually likely to fund could reduce the number of hopeless applications.

Accessible and up to date criteria
The clearest criteria in the world will not be of much help unless the criteria are accessible to charities. Our research shows that charities want the criteria to be easily available online.
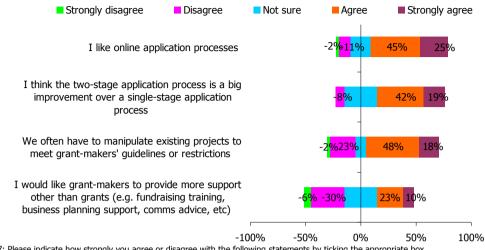
An ideal grant-maker for charities came across as one with up to date, correct and easily navigable websites. This might sound obvious, but charities say that for many trusts, this information is far from accessible. Charities expressed frustration over spending a lot of time looking for criteria that could easily be made available online. Another suggestion from charities is that the Charity Commission's website, that holds much of the information on trusts, improves its search function to make it easier for charities to find the right grant-making trusts.

Another source of annoyance is to find out after the application has been made that the criteria were out of date, or that a particular funding stream had run out for the year. Regularly publishing information of what funds are available is an easy way of avoiding this waste.

Applying for grants

Once a charity has found a grant to apply for, what does an ideal application process look like for charities? To probe this, we asked charities to what degree they agree with a range of statements related to the application process. The four least agreed with statements can be seen in chart 4 below.

Chart 4: Views on online applications, two stage processes, manipulating applications and funders plus

■ Strongly disagree ■ Disagree ■ Not sure ■ Agree ■ Strongly agree

I like online application processes
-2% 11% 45% 25%

I think the two-stage application process is a big improvement over a single-stage application process
-8% 42% 19%

We often have to manipulate existing projects to meet grant-makers' guidelines or restrictions
-2% 23% 48% 18%

I would like grant-makers to provide more support other than grants (e.g. fundraising training, business planning support, comms advice, etc)
-6% -30% 23% 10%

-100%   -50%   0%   50%   100%

Q7: Please indicate how strongly you agree or disagree with the following statements by ticking the appropriate box

Base: 414 – 417 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

Online applications

When prompted directly, 70% 'strongly agree' and 'agree' that they like online applications. This puts online applications in the middle tier of priorities – it is not the top priority, but many respondents still agree that online applications are desired. Some advantages that charities see with online applications are that they are more environmentally friendly, and that they save money on printing and postage. Online applications also make it easier for grant-makers to acknowledge that they have received the application. One charity fundraiser says:

"*Many* [trusts] *are far too paper based. Moving everything online would be quicker and more environmentally friendly. Would also increase possibilities for replying to all applicants rather than the current wall of silence you get after some applications...*"

Importantly, the format of the online application matters. 13% of respondents 'disagree' or 'strongly disagree' that they like online applications. Respondents that like the idea of online applications also have some reservations. Many have experience of online applications that are very hard to fill in. Some causes of grief include applications that cannot be saved to the computer, that keep crashing, or that have formatting issues that make them unnecessarily difficult to complete. Application forms that are too inflexible also came up as a source of annoyance:

"*Online forms are sometimes good but often not where it is unclear that they will cut off after a given number of characters or where budget sub-headings cannot be edited, for instance so you have to make your project fit around.*"

Two-stage applications

Two-stage application processes also receive relatively high levels of support, but rank just under online application processes in priority. 61% 'agree' or 'strongly agree' that a two-stage application process is a big improvement on one-stage applications.

The caveat is that the first stage of the process needs to be less demanding than doing a full application in the first place. Charities expressed frustration with some two-stage processes that in effect means doing the full work of an application, and then in addition having to try to fit all the information into a smaller format.

Another important message from charities in this area is that the application process needs to be in proportion to the grant. Putting in large amounts of work for a very small grant is thought to waste the time and resources of both charities and grant-makers. Charities tend to understand that grant-makers need considerable amounts of information before they hand out very large grants, but wish grant-makers would relax the demands for smaller grants. This is supported by this quote from our survey:

"*A lot of the earlier tick-box questions had me thinking 'it depends'. Trusts come in all shapes and sizes, just like charities. A two-stage application process would be completely pointless for a trust which has £10k to give away each year and rarely gives grants over £500. On the other hand, a capital grant running into millions might require a three-stage process.*"

Clear and accessible guidelines

Along with clear, correct and accessible criteria, charities prioritise having easily accessible guidelines that make it very clear what the grant-maker wants from the application. Charities ask that these guidelines are relevant to the criteria, and are very happy to provide pertinent information. They are less happy with their experiences of filling in application forms where the questions do not seem to be directly related to the grant in question.

Cutting the fat from application forms, and clearly outlining what it is the grant-maker wants from an application would save the time of both grant-makers and charities, and make for a more efficient application process.

Contact with grant-makers during the application process

Charities identify being open to contact and questions as an important attribute of a grant-makers. In short, they want to be able to talk with the grant-makers, before during and after the application process.

When charities were asked to spontaneously name what makes a grant-maker stand out as a role model, the third strongest theme was 'communication/ easy to communicate with'. Six out of the ten most commonly mentioned themes were related to contact, including helpfulness, and that the grant-maker is engaged and approachable. Looking at these comments in more detail, it becomes clear that being contactable and open to questions during the application process is an important part of this. This was also echoed by fundraisers during the Open Forum that we held, where one discussion group emphasised how important it is to be able to "*Speak to the people who know*".

Again, charities show an understanding that grant-makers might not have time to visit all charities that apply. But any form of contact is much appreciated – even if it is just a telephone number or email address that allows for a quick question during the application process. Again, this could help bring down the number of applications with no chance of success, as charities said just a short telephone conversation often helps them get a feeling for what the grant-maker wants, and

whether it is right for them. Anything is better than the worst practice of a faceless grant-maker that cannot be contacted in any way.

Decision making

Waiting for a decision

One area where there is a big difference between what charities want and what most grant-makers do is the amount of time it takes from when an application is sent off until a decision is made. Almost all fundraisers taking part in our survey (99%), said they wanted no more than a three months wait for a decision, and the average ideal time to wait was 2.2 months. This is considerably shorter than the actual time it takes to make a decision.

During our interviews with fundraisers, one person told us they had sent off an application in the first week at a new job, and only received a response as the person was leaving the charity 18 months later.
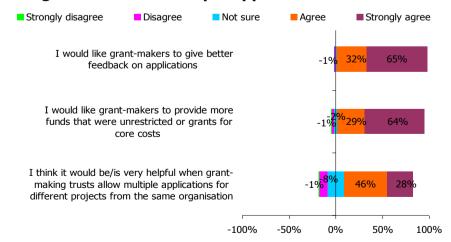
When it comes to decision-time, it might be a question of finding a compromise between the needs of charities and what is practical for grant-makers. Grant-makers need time to process applications, but especially smaller charities, who rely on grant-maker funding to a larger extent, need to be able to plan and budget ahead.

Importance of feedback about grant decisions

Charities' frustration with waiting a long time for decisions is aggravated by a general lack of feedback. Charities say they often do not hear back at all, making it all the more difficult to know whether to continue hoping for a grant or write it off.

Any, better, or more feedback emerged as a top priority for charities together with clear criteria and guidelines in our research. When we asked charities to what extent they agree with a range of statements, the most agreed with statement was 'I would like grant-makers to give better feedback on applications' (97% answering 'strongly agree' and 'agree'). This is shown in chart 5 below.

Chart 5: Views on application feedback, type of funding and wish for multiple applications

■ Strongly disagree ■ Disagree ■ Not sure ■ Agree ■ Strongly agree

I would like grant-makers to give better feedback on applications: -1% 32% 65%

I would like grant-makers to provide more funds that were unrestricted or grants for core costs: -1% 2% 29% 64%

I think it would be/is very helpful when grant-making trusts allow multiple applications for different projects from the same organisation: -1% 8% 46% 28%

-100% -50% 0% 50% 100%

Q7: Please indicate how strongly you agree or disagree with the following statements by ticking the appropriate box

Base: 414 – 417 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

17

Better feedback was also the second most common theme when we asked charities to name in what areas they think grant-makers could improve. And when we asked what bad habits grant-makers could do away with, not acknowledging applications (10%) and not giving feedback (8%) were both in the top 5.

Charities show an understanding that grant-makers will not be able to give detailed feedback to all applicants, and many say that just receiving any feedback would be appreciated. Even being notified that the application was unsuccessful would be an improvement on the current practices of some grant-makers. There is also a call for more detailed feedback in order to improve future applications, or know to not apply again:

"*At least say you've not got the grant, and give reasons. As we are all online now, it should not be that difficult. There are generally 3 reasons - i. they haven't enough money - tell us that and we'll apply another time. ii they don't like the project - tell us that and we'll find another project; iii they don't like the organisation - tell us that and we won't waste our time applying to you again...*"

Knowing why an application was unsuccessful can help reduce the number of hopeless applications, and give charities a better idea of what the grant-maker wants from future applications. The discussions in our Open Forum also resulted in some concrete suggestions on how to make it easier for grant-makers to give feedback. These included having a universal feedback form via the Institute of Fundraising that grant-makers could use if they wanted, or grant-makers sending out general feedback that outlines the most common reasons for rejecting an application.

Gap between applications
Many charities seem to acknowledge that grant-makers might need to set a time limit from when one application is made until that charity can apply again to the same grant-maker. Almost half of the survey respondents (46%) thought one year was a reasonable time to wait, and the average time to wait was 7.6 months.

On the extreme ends of this happy medium, only 1% of respondents wanted to wait longer than that, and almost a fifth (19%) wanted to be able to apply again straight away.

Section 5

After a grant is made

Overall, charities think that the process after a grant is made is working quite well. In fact, it seems to be one of the areas that work best from charities' perspectives. Still, it is worth outlining what charities do and do not think works well in order to encourage best practice and iron out less ideal practices.

The most important point to take away from this section is that when working relationships and communications are functioning well, other parts of the grant-making process also seem to run more smoothly. Although building good relationships takes time for grant-makers, it can also pay off. For example, it can encourage better reporting back processes.
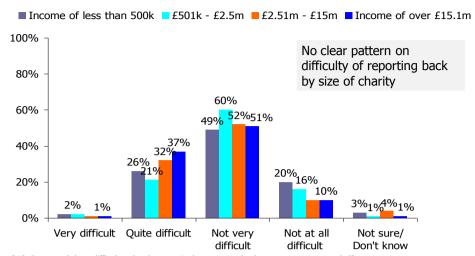
Key points

- Feeding back on grants
  - Most charities do not find reporting back a big problem
  - Charities ask that reporting requirements are in proportion to the size of the grant
- Building long-term relationships and trust
  - Trusts that invest in relationships with charities, for example through visits, are highly appreciated
  - According to charities, six out of ten traits of a role model trust relate to communications, contact, and relationship building
  - Both trusts and charities can benefit from these relationships
- Showing an interest and building expertise
  - While 'funding plus' is not something that most charities want, some charities said trusts could help for example by introducing charities to other trusts
  - Trusts could use the immense knowledge about the charity sector that they have accumulated over the years to help charities identify what does and does not work

Feeding back on grants

The majority of charities do not find it particularly difficult to report back on grants (53% and 14% answered 'not very difficult' and 'not at all difficult' respectively), while just under a third of charities think it is 'quite difficult' (29%) and 'very difficult' (1%). The picture does not change much when looking at charities by size of the organisation, as you can see from chart 6 below.

Chart 6: Difficulty of reporting back on grants by size of organisation

■ Income of less than 500k ■ £501k - £2.5m ■ £2.51m - £15m ■ Income of over £15.1m

No clear pattern on difficulty of reporting back by size of charity

Very difficult: 2%, —, 1%
Quite difficult: 26%, 21%, 32%, 37%
Not very difficult: 49%, 60%, 52%, 51%
Not at all difficult: 20%, 16%, 10%, 10%
Not sure/Don't know: 3%, 1%, 4%, 1%

Q10: In general, how difficult or burdensome is the reporting back on grants once awarded?

Base: 416 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

While there is a slight pattern of larger charities finding it more difficult than smaller ones, with 37% saying it is 'quite difficult' to report back on grants, this difference is not very marked.

Proportionate reporting

Above all, charities ask that the monitoring requirements are in proportion to the size of the grant. Just as charities are prepared to put in extra work for an application for a very large grant, they understand that grant-makers need to know what is being done with a large grant after it has been made. Conversely, charities are not quite as happy to prepare detailed, time-consuming reports for smaller grants.

During our Open Forum for fundraisers, 3 out of 5 discussion groups mentioned proportionate reporting as a priority, although no group ranked it as one of their top priorities. A grant-maker that already has proportionate reporting requirements received praise in our survey:

"*xxx have always been good; great personal contact with staff who know the organisation, everything you need to know on the website, a clear and proportionate reporting process.*"

Charities also expressed appreciation for grant-makers that take the time to consider reports and give feedback:

"*xxx, good communication between funder/funded, opportunity for funder to visit project, good feedback on regular reports.*"

An example of worst practice in this area came out in the interviews. One charity told of being given a £1500 grant by an Asian bank, which then expected to be provided with quarterly reports in return. This is an extreme example, but overall, it is important to keep in mind that while the majority of charities appreciate the need

for proportionate reporting, charities' limited resources are not always best spent filling in long, complicated reports.

Building trust and long-term working relationships

Grant-makers building relationships are highly valued

When charities were asked to spontaneously name what makes a grant-maker stand out as a role model, six out of the ten most commonly mentioned themes were related to relationships and communications, including being interested in developing long-term relationships (13%), and that the grant-maker is willing to visit the charity (8%).

In contrast, poor relationships were not mentioned anywhere near to the same extent when charities named what they did not like with grant-makers. Poor relationships or lack of contact did not feature among the ten most common themes when we asked charities to name bad practices they would like to do away with. And when asked in what ways grant-makers could develop, there were only two themes related to relationships among the ten most commonly mentioned: grant-makers being more contactable and open to queries (11%) and grant-makers being open to building relationships (6%) (see chart 11 in section 7).

This indicates that building relationships is something that many grant-makers already do quite well, and that charities recognise and value the relationships they have with these grant-makers. This comment on what makes a grant-maker stand out as a role model confirms the picture:

"*xxx as they are incredibly helpful and approachable. It is easy to work with them to develop a good relationship*."

Contact and communications

From the survey comments, it is possible to identify some key traits that charities think make for a good working relationship. Being accessible and open to contact after a grant is made is one theme that makes a role model grant-maker:

"*For post-grant relations, xxx and xxx. Not intrusive but can pick up the phone whenever. And they've been around the block a few times – they know we make mistakes and that's ok*."

Visiting the charities

Many charities expressed appreciation for grant-makers that take the time to get to know their work, for example by making visits to the charity:

"*xxx - they want to really understand your charities' mission and to know what a difference a gift from them could make. … xxx - make the effort to visit and get to know the charities they support*."

Many charities are proud of what they do, and they want their funders to see the good work their money is being put towards. Fundraisers taking part in the Open Forum said they would like more grant-makers to be involved with charities in this way:

"*Come and see our service now and then*."

"*Come and visit when feasible.*"

The charities taking part in the survey also called for grant-makers to make more of an effort with relationship building, and see visiting as an important aspect of this:

"*More visits to see work and willingness to establish a long-term relationship.*"
"*I would love some of the trusts to actually spend the time to visit us. In over five years in my job only two have ever done so!*"

Good relationships benefit both grant-makers and charities

Building good working relationships takes time and effort, so what makes it worth it?

The charities taking part in the Open Forum spoke at length of how they believe that a good relationship between the grant-maker and the charity means that many aspects of the grant-making process become more efficient. Some charities said that there is potential for both grant-makers and charities to draw benefits from their cooperation; a good, long-term working relationship could for example be reflected in lower demands on applications and reports. This could save time and effort on the part of both charities and grant-makers.

One charity pointed out that in their experience, working with an engaged, interested grant-maker means there is more flexibility and cooperation:

"*xxx - have a genuine interest and passion for the work they are supporting, are understanding if projects don't go fully as planned, and offer advice, feedback on project design and applications.*"

There is also a potential win-win in using long-term relationships – and the trust they generate – to provide more multiple year funding. As discussed in section 3, charities crave continuity of funding, and their beneficiaries often rely particularly on the sustainable, long-term services enabled by continuation funding.

Apart from the practical side of things, grant-makers that take the time to visit and engage with charities gain an understanding of their work and of the charity sector, and get to see their grants put to work firsthand. Building this sort of expertise is something that charities would like grant-makers to do more of:

"*Being more accessible for asking questions and building relationships. Building a process that makes it easier for Trusts to really understand what we do.*"
"*Develop better long term relationships with charities. Often it feels like a charity will go to a lot of trouble to deliver a project in line with the funder's expectations/ produce a report on it but never get any feedback on it from the funder. It seems like funders tend to forget about work that they started to fund 3 years ago.*"

Showing an interest and building expertise

'Funding plus'
Some grant-makers have moved towards 'funding plus' by helping charities with things other than grants. We asked charities whether they agreed that they would like grant-makers to provide more of this type of support, such as fundraising training and business planning support. This statement was the least agreed with

out of the seven we prompted, with only a third agreeing (23%) or strongly agreeing (10%).

Grant-makers providing more assistance other than grants also didn't emerge as a main priority during the Open Forum. No one explicitly mentioned 'funding plus' as a way forward for charities and grant-makers. Still, charities made some suggestions that could be seen as falling under the 'funding plus' umbrella. One group said that they would like grant-makers to introduce charities that they know well to other grant-makers. While the ideal for many charities might be more transparent application processes, this is far from the reality for all. Grant-makers could help a charity overcome the barriers of some current practices by recommending it to other grant-makers.

Grant makers making more of their knowledge

During the research process, we came across one area in particular where we think there is great potential for grant-making trusts to support charities. We were struck by how much data about charities that grant-makers collect over the years. Through the applications, the reporting back on grants, and the visits to charities, many grant-makers have gathered impressive knowledge banks of what does and does not work. This resource is rarely made available to charities, even though it could help them learn from each other (read more about this in section 8, page 37).

One of the discussion groups at the Open Forum mentioned that they would like grant-makers to use their knowledge to educate the sector, and also to bring together charities working in similar sectors to share experience and perhaps collaborate.

Making more of charities' knowledge

Charities also have expertise and experiences that grant-makers could sometimes benefit from. In some sectors there are fast developments in things like approaches to service provision, for example. Charities often follow new developments closely, and some charities expressed frustration that there is not always space for them to communicate these changes to grant-makers. As the needs of the beneficiaries change, and as charities find more efficient ways of meeting those needs, the grant criteria might also need to change to encourage the latest best practice.

During the Open Forum, one group suggested that there is room for a collective feedback mechanism from charities to grant-makers, especially in fast-moving sectors.

Section 6

The economics of raising money from grant-making trusts

The Institute of Fundraising were keen to gather data on the economics (i.e. the income and expenditure, success rates and the like) of grant-making fundraising for their wider project on fundraising benchmarking. In addition, we know that a number of grant-makers are keen to understand how much fundraising costs in the organisations they fund. We call this kind of data a benchmark because it allows organisations to compare themselves against their peers.

This section tries to set out the key elements of data from the benchmark.

Expenditure on grant-making fundraising including staff numbers

Charities spend money on fundraising from grant-making trusts in two ways: through staff salaries and through non staff expenditure such as subscriptions, travels, freelancers and the like.

Nearly half of charities are spending under £25,000 a year on staff salaries (49%) while of the rest, 17% spend over £50,000 a year and the remainder (28%) spend between £25,000 and £50,000. These expenditure figures are mirrored by the number of full-time equivalent staff dedicated to grant fundraising. Roughly a quarter (24%) have no dedicated staff, just over a quarter (26%) have less than one person, around a quarter (27%) have one 1-1.5 people and slightly less than a quarter (23%) have more than 1.5 people. This averages one dedicated member of staff across all charities.

Alongside this is the non-salary expenditure. Since people are the main route to delivering grant applications, the non-salary costs are not high, with 56% of respondents spending less than a £1000 on non-salary costs. Only 15% the charities taking part in the survey spend over £5001 on non-salary costs.

Levels of income from grant-making trusts

Chart 1 in section 3 has already shown the level of income from grant-making trusts but it is worth re-iterating these figures here.

For those organisations with an income of under £500k the average amount of income from grant-making trusts was £82,000 (which typically represented a third of the income for those organisations).[3] At the other end of the scale the average income from grant-making trusts was £978,000 for those organisations with an

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[3] The averages and the data on proportion of income that is from grant-making trusts in 'The levels of income from grant-making trusts' are means, derived from the answers to open-ended questions. See note in Section 11 on methodology.

income of more than £15 million (and typically 2% of their total income). In between these two extremes, organisations with an income of between £501k and £2.5 million received an average of £284,000 in grant-making income and those with an income of between £2.5 million and £15 million received an average of £452,000 in grant-making income.

The stand out figure for us in this data is that the smallest charities are much more dependent on grant-making income, with grants making up 33% of their total income, than the largest charities for whom just 2% of income comes from grant-making trusts.
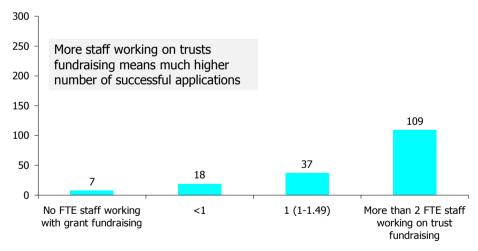
Numbers of applications including numbers of successful applications

As part of the benchmark we wanted to try and gauge the numbers of applications by charities and how many were successful. This data revealed some of the most interesting discrepancies across all of the research.

Success of applications

Respondents differed greatly in the number of applications they made per year. This was influenced by size of charity and approach to grant fundraising. So for example 31% of respondents made less than 20 applications a year and about a fifth of all respondents (19%) made more than 201 applications a year. The number of successful applications was equally spread from 6 or less for around a quarter (28%) of respondents, to more than 51 for 18% of the charities taking part.

Chart 7: Number of successful grant applications per year by number of grant fundraisers

Q14: How many applications would you say were **successful** in a year? (approximately)

Base: 292 not-for-profit sector workers, Jan/Mar 2012
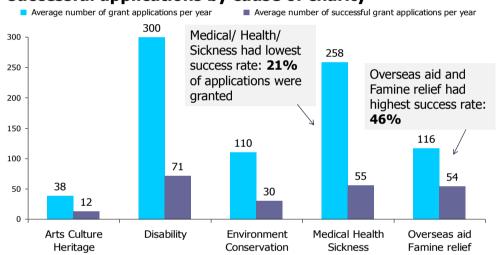Source: Fundraising from charitable trusts in 2012, nfpSynergy

Chart 7 shows the number of successful applications plotted against the number of staff members dedicated to grant-making fundraising.[4] The relationship is clear – the more staff that are focussed on grant-making the more successful applications they make.

Successful applications by type of charity

We also did two other analyses of success rates by sector and by size.

The analysis by sector (see chart 8) shows that the success (and absolute number of applications) varies hugely across the different sectors.[5] So the 'arts/heritage' sector had the lowest number of applications and the lowest number of successful applications. In percentage terms there were stark contrasts as well. The 'overseas' sector has a success rate of around 46% while the 'medical health sickness' had the lowest success rate at 21%.

Chart 8: Number of grant applications made vs. successful applications by cause of charity

Legend: ■ Average number of grant applications per year   ■ Average number of successful grant applications per year

Callout: Medical/ Health/ Sickness had lowest success rate: **21%** of applications were granted

Callout: Overseas aid and Famine relief had highest success rate: **46%**

Data values by category:
- Arts Culture Heritage: 38 / 12
- Disability: 300 / 71
- Environment Conservation: 110 / 30
- Medical Health Sickness: 258 / 55
- Overseas aid Famine relief: 116 / 54

Q14: How many **grant applications** would you say you make a year? (approximately) and How many applications would you say were **successful** in a year? (approximately)

Base: 289 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

Chart 9 shows the number of applications and the number of successful applications by the size of organisation.[6] While the number of applications rises with size (which is what would be expected), the success rate also varies with size. The smallest organisations (those under £500k) have an application success rate of just 19% while the largest organisations (those over £15 million) have a success rate of 31%.
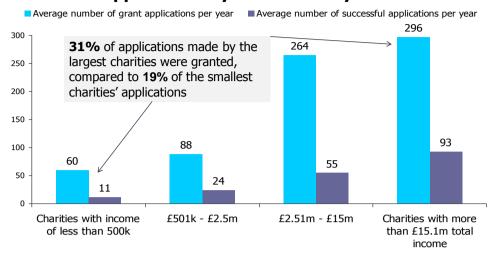
Interestingly, the next highest success rate (at 27%) was for those organisations with an income of between £500,000 and £2.5 million while those with an income of between £2.5 million and £15 million have a success rate of 21%.

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[4] These are mean averages not median averages.
[5] These are mean averages not median averages.
[6] These are mean averages not median averages.

Chart 9: Number of grant applications made vs. successful applications by size of charity

Average number of grant applications per year ■ Average number of successful applications per year

31% of applications made by the largest charities were granted, compared to **19%** of the smallest charities' applications

	Charities with income of less than 500k	£501k - £2.5m	£2.51m - £15m	Charities with more than £15.1m total income
Applications	60	88	264	296
Successful	11	24	55	93

Q14: How many **grant applications** would you say you make a year? (approximately) and How many applications would you say were **successful** in a year? (approximately)

Base: 289 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

The final chart in this section (chart 10) summarises the benchmark data and adds some additional information about income and applications per staff member as well as return on investment.[7] It shows that the average return on investment (or how many £1 are earned for every £1 spent) is 9.9 (and 5.9 for the smaller charities). This is derived from the average charities spend, £41,600 (salary and non-salary costs combined), and the average income of £411,000. But averages mask a multitude of variances. So the figures for the smallest charities in our sample are an average spent of £13,800 and an average income of £82,000 (making the ROI of 5.9).[8]

It is worth pointing out that many of the medians are different from the means for this data. This suggests that the data is very 'lumpy': in other words there are some organisations with much better success rates or higher income from grant-making trusts which pull the mean average up or there are large numbers of organisations with low levels of income from grant-makers or success rates (or both) pulling the median down.

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[7] These are mean averages not median averages.
[8] There is plenty more detail on this in our data tables. If you would like a copy please email us.

Chart 10: Summary of income and expenditure data on grant-making trust fundraising

	All respondents	Income over £15.1 million	Income under £500k
Average grant income	Mean £411,000 Median £175,000	Mean £978,000 Median £613,000	Mean £82,000 Median £38,750
Average costs (salary plus non-salary)	Mean £41,600 Median £26,000	Mean £86,600 Median £66,500	Mean £13,800 Median £5,000
Return on investment	Mean 9.9 Median 6.7	Mean 11.3 Median 9.2	Mean 5.9 Median 7.8
Income per staff member	Mean £411,000 Median £175,000	Mean £461,000 Median £306,500	Mean £282,000 Median 0
Applications per staff member	Mean 167 Median 50	Mean 140 Median 90	Mean 206 Median 20
Applications percentage success rate	Mean 24.9% Median 30%	Mean 31.2% Median 25%	Mean 19.0% Median 25%

Section 7

What do model grant-makers do?

We asked our respondents from the survey, interviews and at the Open Forum two key questions. Who are the model grant-makers and why? And second, what are the ways that you would like grant-makers to improve or develop?

The summarised version of this second question is shown in chart 11 below.

Chart 11: Analysis of the ways that charities would like grant-making trusts to improve or develop

Clear restrictions/ Guidelines/ Criteria	37%
More/ Any/ Better feedback	20%
Fund core costs and established projects	14%
Feedback why application failed/ Give meaningful reasons	13%
More contactable and open to queries throughout process	11%
Have good/ up to date websites with all info required	9%
Be more transparent about application procedure	8%
More online/ website application forms	6%
More personal contact/ establish long term relationships	6%
Faster decision making process	6%
More flexibility (unspec)	5%
Clear info on meeting dates, decision dates, deadlines	5%
Acknowledge receipt of applications	4%
Two stage applications	3%
Simplifying application forms	3%
Standardise application forms	3%
A/o answers	25%

Q16: What are some of the ways that you would like charitable trusts to improve or develop?

Base: 265 not-for-profit sector workers, Jan/Mar 2012
Source: Fundraising from charitable trusts in 2012, nfpSynergy

Most of this section is made up of quotes from charities setting out how they would like grant-makers to improve. The danger of this approach is that it gives an unduly negative perspective of what charities think about grant-makers. The reality is that charities are hugely appreciative of the work that grant-makers do, and the grants that they award. So here are some quotes that show that charities understand that grant-makers are very different, many have fantastic processes and awards, and that overall grant-makers do an excellent job.

"*They **are all different** and long may it exist!*"

"*Grant making Trusts are **quite a diverse bunch** which makes filling in the questionnaire tricky. Some are beacons of good practice and* [some] *make the stereotypical doctor's receptionist look warm & fuzzy. I sympathise with people who receive more requests for help than they can possibly meet, it must get dispiriting and I'm a big fan of clear criteria & exclusions - it helps both parties.*"

"*It seemed very one-sided.* **Trusts have a distinct purpose**, *to satisfy the agreed criteria of the trustees and it is up to the charity to meet that criteria and not the other way round.*"

"**One of the great things about charitable trusts** *is that they often give money for core / running costs and they don't necessarily want much information - I wouldn't want to lose this, however, sometimes I wish there was more opportunity to really sell our project and tell them more about it.*"

"*I feel that grant funders are* **doing an excellent job** *in providing opportunities that would be otherwise unavailable. I think in general the guidance is clear and easy to follow and would like to thank any organisation involved, as it is very useful to receive funds to deliver valuable projects.*"[9]

Our message to any grant-makers reading this section is to remember that we asked respondents to tell us how they would like things to be better, not to sum up their overall perspectives on grant-makers. The views in these comments are not a balanced view, and aren't meant to be.

Here are some of the verbatim comments that people made in response to these questions. While we have edited a few for the sake of brevity, and ordered them into themes, our feeling is that its works best for these comments from charities to speak for themselves and answer the question 'What would you like grant-makers to improve or develop?'

Acknowledgement of applications and being told about decisions

"*Acknowledgement of receipt of applications, with anticipated timescale of decision.*"

"*Be prepared to accept URLs for accounts/annual reports, and view them on screen, to save printing/postage costs all-round. Do inform unsuccessful applicants, this can be done by email to keep costs down, OK it takes a bit of time but not that much, or at the very least, make it clear that if people haven't heard back by X date then they can assume they're unsuccessful. Answer queries and accept.*"

"*Give acknowledgment when they have made a decision about an application. Give clearer guidelines on how they want their forms completed. Give feedback if applications are unsuccessful. Shorter timescales to reapply when an application is unsuccessful.*"

"*It would be nice to have an actual rejection email and feedback- it can be frustrating sometimes having to do follow up emails and phone calls. I still think it's frustrating when you don't know why (and can't find out) any reasonable reason why you get turned down. I know there is an element of personal choice so not always a definite reason, but it can be frustrating when you feel there is a good fit.*"

Better feedback

"*Why applications fail. It's really annoying to receive the standard response. If you've taken the time to write 'we received so many applications it is not possible to say why you've failed this time....' just taken a little extra time to say why so applications can be improved on. 2) It's also annoying to get no response at all. 3) It would help planning if you knew when trustees meetings are.*"

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[9] All the emphasis in quotes is that of the authors not the quoted

"*In an ideal world, better feedback on unsuccessful applications would be great. However, I understand that many charitable trusts have limited resources and often it is simply just a case of demand outstripping supply. A quicker turnaround time on applications would be hugely beneficial, although again this is often down to limited resources and infrequent Trustee meetings - perhaps the Grants Managers/Administrators in some Trusts could have more decision making powers.*"

"*Small trusts in particular need clearer guidelines and criteria. All trusts need to offer better (or any) feedback on both successful and successful grants. I understand that not all trusts can afford full time staff, but some opportunity to contact them in advance of an application, even by email, would be useful for all trusts not just the few who currently welcome it.*"

Clearer criteria and up to date websites

"*All should have a website which states their criteria, and where possible a contact you can e-mail or phone who can get back to you. If resources are limited a good website with clear guidelines and meeting deadlines would save time and resources.*"

"*It would be useful if all trusts and foundations had websites with all grant restrictions clearly listed.*"

"*Much clearer guidelines. Trusts often complain about inappropriate applications, but many don't help themselves enough in this regard. As someone who seeks to speak to trust representatives prior to potential applications, such phone contact assistance is highly variable, & is often poor in terms of guidance, especially when legal firms are involved. This comment is n/a to CTs who chose to exclude phone contact on cost grounds. In terms of funding for nature conservation, trusts will often cite this as area of interest, but grant recipient info frequently doesn't reflect this, as including no e.gs of such. Again, reflects back to clearer guidelines.*"

"*Some trusts have reams of instructions about what information they want and these can be very contradictory. Clear, concise instructions, including clarity and honesty about the criteria they will use to make their decisions.*"

"*More charitable trusts provide clear guidelines and criteria. This should reduce the number of application they have to consider and possibly allow them to start providing feedback on unsuccessful applications.*"

 "*Have clear websites and with clear criteria (including if there is any flexibility). Being honest with you if they are not looking to fund any new projects or projects in your particular area - we won't apply if we have no chance! Opportunities to meet if possible. Examples of projects that have been funded/not funded (confidentially). List of things to include in an app (including accounts/certain details etc. that are essential - we would not call people up if this info was readily available!).*"

"*Would be useful to have published some of the 'grey' areas: for example, who is the point of contact at the Trust, are they happy to provide further guidance for appeals, if so by email/phone and on which days, frequency of Trustee meetings, any known Trustee meeting deadlines, do they like to visit work they fund, etc.*"

Honesty and transparency in criteria and processes

"*Be clear about what you will and won't fund - don't say 'everyone is welcome to apply' when in practice you only fund cricket clubs in Devon.*"

"*Be more transparent with their information. More could make use of websites or even social media to keep fundraisers up to date with the latest information. It is*

such a waste of our time if we put an application together in good faith and then get told that the trust won't donate to hospices, particularly when this information is not readily available. I would love to get more detailed feedback as to why an application was not successful but I would settle even for an acknowledgement and polite 'not this time'. Many, many trusts never even respond to appeals, even to say no."

"By publishing guidelines and actually reading applications. I know that it's best to register 'general charitable purpose' for the sake of flexibility but it's helpful to have some idea of their priority areas. It's also exasperating to receive a standard rejection letter that details the limited areas the trust will consider funding, when you've applied for something that falls well within that area and they've dismissed it apparently without reading the application."

"Clarity of guidelines is really helpful. It's easy to waste time on applications which are broad based - they would reduce their work by having more restrictions."

"I find it frustrating when there are few guidelines about what they support, or what they do say is very vague. Trusts who specify what kind of organisations they look for, and ideally ones that have an application form to complete rather than an open letter are much easier for us to focus on."

"Provide much more detailed feedback. Engage with applicants during the decision making process to provide further details which might support. Be much clearer at the initial stages on the level of interest in a project. We have recently been advised by a funder that our application was excellent but the Trustees did not want to support this issue - a pretty fundamental problem which cannot be surmounted!! Why then did we get through the first round and why were we invited to submit a full bid."

Someone to talk to

"Clearer criteria - a person on the end of the phone to talk to so both sides time is not wasted - examples of who was funded and why - facilitating grant holders in thematic areas to meet with each other to learn from each other."

"Engage in more of a dialogue with charities and don't treat us like a nuisance. We are here to deliver the same aims to beneficiaries."

"Feedback on an application is really helpful, especially the opportunity to talk to grants officer rather than receive a generic list of reasons that doesn't provide any insight. I would like charitable trusts to improve their focus on unpopular causes."

"Follow-up phone call on the rationale for an unsuccessful application, particularly in the case of solicited applications and where a good relationship has been established encouraging telephone contact prior to discuss potential projects - i.e. getting guidance on what projects are suitable and those that are not on the right track if possible, submitting a 'Menu of Projects' for grant-makers to provide guidance on - e.g. sending through 3-4 projects that may be of potential interest to them, with a short paragraph on each project."

"Would love to be able to have more personal contact before and after application."

"We find it really helpful when there is somebody available at a trust who is willing to talk to us about an application that we want to submit. We try to call every grant-making body before we submit an application (we don't want to waste our time or theirs) but it is the minority that we are able to get hold of, either by email or telephone."

Less paper, more online, more two stage applications

"*Many are far too paper based. Moving everything online would be quicker and more environmentally friendly. Would also increase possibilities for replying to all applicants rather than the current wall of silence you get after some applications. Where application is just by letter - a lot of trust fundraisers would agree on what they're going to write about in that letter. Why not develop a standard application form through ACF that could be used by trusts that don't have time to create their own forms. Clearer guidelines for reporting plus funding for evaluation included as standard in larger grant applications.*"

"*The 2 stage application process really makes sense for all concerned, ideally with an online form to submit initially and a decision in 4 - 6 weeks.*"

"*The development of online (or even just email) application processes with a rapid reply is helpful. A more uniform approach to application forms would be welcome - the amount and type of information required by funders is very variable. Reporting requirements and expectations also vary considerably and may sometimes be unrealistic in the context of work in developing countries especially.*"

"*Online applications like the XXX trust are a good way forward, especially in a two step application process.*"

"*Providing multi-year grants; not providing over-complicated application forms which are time consuming to complete; greater use of stage 1 and 2 application processes as part of the 'sifting' process; providing unrestricted or core funding rather than requiring new or innovative projects; having more consistent reporting requirements so you don't spend too much time on producing reports.*"

"*Would like to see simplified application process for applicants. Some trusts have very complicated process for very small amounts of money.*"

More on core costs and less new projects

"*Top of the list is reducing the focus on funding innovation. It is important but it does make it harder to sustain projects and/or develop them, and also to continue well established but very successful ones. Much better, more detailed and personalised feedback on unsuccessful and successful applications. Clearer restrictions but less of them.*"

"*I would really love trusts to embrace the idea of supporting projects that are successful on an ongoing basis. There is nothing more frustrating than running a very successful pilot project, which works well and helps a lot of people and then not being able to get funding to continue this work.*"

"*Many charitable trusts seem to focus on funding new initiatives which, although valuable, is sometimes not the best way to support a charity when there is an urgent need for core or continuation funding.*"

"*More revenue funding. Less emphasis on the new. More willingness to fund when statutory bodies withdraw funding. Clearer guidance on geographical preferences in practice.*"

"*The main problem issue is that of trusts not being willing to fund core funding for excellent work - they tend to want the kudos of supporting something new and innovative - and this is especially unhelpful in the current financial climate where valuable work is being lost, and organisations folding, for the lack of support for their high quality daily work.*"

Understanding of the difficulties of measuring impact

"*Clearer guidelines & exclusions; more unrestricted grants; better tailoring feedback/reporting demands to the level of grant. (eg xxx xxx are still utterly out-of-kilter on this score despite lots of feedback from charities & applicant groups. Their application forms and monitoring requirements are absurdly detailed & onerous for what are, almost exclusively, very modest grants. As a sizeable charity with an experienced trust fundraiser, even we find dealing with xxs pretty taxing ... can't imagine what it's like for small local charities and groups.*"

"*Recognising that just because some charities can't always produce hard outcomes within the grant period - some of us are working for longer term change. Recognising the importance of providing core funding. Recognising that not all charities have direct beneficiaries.*"

"*We particularly struggle with being able to quantify outcomes. A greater understanding that some charities have quite soft outcomes over longer timescales would be helpful.*"

"*Some more experienced funders recognise the realities or project development and implementation, others may expect to see 'impact' from their donation in ways that may reflect their needs more than the actual needs that the funded project aims to address. Terms such as 'impact' are often used quite randomly and do not recognise that there may be short term outcomes that will be visible in months or a year, and longer term impact that it difficult to measure (unless it is part of a project with very well funded long-term evaluation research built in).*"

Proportionate processes

"*I am aware of huge duplication in approaches by charities doing similar work or with the potential to share resources to achieve synergistic outcomes. The charities lack awareness of each other and the funders lack the time and resources to match make. This is the single biggest deficit in terms of funding effectiveness.*"

Multiple bid applications

"*Allow charities with lots of individual community projects to submit more than one bid per 'charity number' at a time when all the small schemes are part of just the one charity even though they have separate bank accounts, terms of reference, committees etc.*"

And to sum it all up!

"*To provide comprehensive guidance on their criteria, annual grants made etc. To give more constructive feedback on rejections (unless it is genuinely that they are oversubscribed and so it was nothing inherent to the project). To perhaps take on special initiative funding streams which respond to changes in the sector/challenges to specific fields of charitable work etc. To perhaps consider unrestricted core funding rather than restricted grants which incorporate an apportioned element of core costs. To allow grantees flexibility on reporting in terms of what is reported on and in what format etc. Also, for reporting to be relative to grant size (I've had £5k grants take up vastly more time in terms of reporting than grants of £25k).*"

Section 8

Looking for the win/win – how can charities and grant-makers work together for mutual benefit

Despite the tone of frustration of many of the comments in section 7 and elsewhere, there is considerable potential for development of grant-making habits that benefits both charity and grant-maker.

One of the dynamics that has underpinned much of the methodology for this project is that many individual charities don't want to speak truth to power. They are worried about criticising grant-makers either collectively or individually.

No charity wants to take the risk that their criticisms might impact on the chance of getting a future grant. The power is all with the grant maker. The irony is that many grant-makers would probably welcome honest collective feedback. Yet this is why this kind of collective anonymised feedback is so important. The logical sequitur of this is that some kind of mechanism is needed that will take some of these ideas (if they resonate with both charities and grant-makers) and bring them to fruition.

Reducing the number of applications that are ineligible or inappropriate or just plain awful

Charities make an awful lot of applications to grant-makers. Each application takes time and energy and probably postage and print costs too (a consideration for small charities). Each application needs to be assessed by the grant-maker. That also takes time and energy.

Now if some of those applications were ineligible before the ink was even dry on the paper that is a waste of a charity's time to draft and a grant-maker's to assess. The reasons for this might be that a grant-maker has criteria in practice that are not clear to charities. It might be that a budget for a grant stream is already spent for a financial year. It might be that a grant-maker doesn't fund non-charities, or regional charities, or charities above a certain size.

The comments in section 7 show that many charities are keen to try and talk to grant-makers before they make an application, in order to establish their eligibility amongst other things. But where no contact with grant officers is encouraged or possible then this pre-check is not made possible.

> The win/win in the applications process must be to reduce the number of applications that are ineligible from the outset, resulting in less wasted effort for both parties.

The mechanism through which this might happen is not hard to see. Each grant-maker needs to have an up-to-date website. It would help if each grant-maker were

more transparent what they will and do fund in practice (and of course many grant-makers already do just that). It is not impossible to imagine a simple 'eligibility check' on a website so that applicants know that their application won't be thrown out at the first hurdle.

Moving to online applications and away from paper

Charities were very clear in their discussions with us that paper applications are unwieldy. This seemed to be for a variety of reasons. Firstly that paper applications were awkward logistically. They needed to be printed out and posted: this sounds simple but for a small charity with a cheap printer which struggles with long or colour documents it can be a major hassle. They also create extra work for the grant-maker. It is harder to acknowledge applications, whereas an email bounce-back can do that online. Details need to be entered onto a database. A paper application may need to be copied to trustees. Paper applications then need to be stored, as do paper reports on progress.

It is hard to see how paper applications are a benefit to either charity or grant-maker. And it is easy to see how they could be replaced with just an email address rather than a postal address.

> The win/win must be to get more grant-makers to use online applications rather than digital ones - saving time, money and effort for both grant-makers and charities.

Moving to two-stage (online applications)

Charities prefer two stage applications. This approval is neither universal nor unqualified. Charities prefer two stage applications when the first stage requires information that is proportionate to a reasonable sized grant (smaller grants are probably best as one stage application). The first stage needs to be a concept note while the second stage is the detail.

The reservations about a two-stage process are mainly about those processes which ask for too little or too much information. A number of people talked in the Open Forum about a first stage which allowed for 80 words about the project, and others talked about a first stage which required just as much time and energy to complete as a single stage because all the work needed to be done anyway – even if only a fraction was presented at the first stage. The time savings were in what the grant-maker needed to assess, not what the charity needed to prepare.

> The win/win must be for a two-stage process which reduces the preparation time for the charity and the assessment time for the grant-maker.

The only additional caveat to that is that if an application gets through a first stage, it should be because if it completes a strong second stage application it would get the grant. As one of the quotes in section 7 highlights, there is little more frustrating for a charity than to be given a rejection for an application at a second stage for a reason that was known and clear at the first stage. If the reason for rejection is that

'the trustees don't fund that sort of thing', then an application should be rejected at the first stage not the second.

Making grants go further with core funding

As with the survey responses, the interviews and the Open Forum all showed charities really want grants that are unrestricted or for core costs. Indeed, our research shows charities will accept less money if it is unrestricted (making a grant-maker's money go further). It is hard not to see this desire to specify the projects that they fund as reflecting either a lack of trust in charities or a desire to fund projects that match the grant-makers agenda if not necessarily the charities'.

Despite the strong desire of charities for core cost funding, the number of grant-makers that offer grants towards core costs is quite small. The vast majority want to fund specific projects, and those projects often involve the charity in additional expenditure and additional bureaucracy.

> The win/win for charities and grant-makers must be to fund more core-costs: the money that a charity needs to spend anyway.

It gives charities the freedom to do what they think is the best thing to do and it makes grant-makers' funds go further. It may be that grant-makers could support the core costs of smaller organisations. There are two reasons why this may be a good place to start core costs funding. Firstly, for small organisations, what the organisation does at its core and what it does in any project is more closely connected. So funding core costs is less risky. Secondly, we know that small charities place a much greater premium on core costs than do their larger peers.

Seeing grant-makers' knowledge as a valuable asset

Grant-makers build up a huge amount of knowledge about the projects and organisations that they fund. They do this through the applications, the reports on progress and visits to grantees to name but three routes. In the interviews in particular, a lot of interest was expressed in working out how more of the knowledge assets that grant-makers hold could be shared with charities. Some of this may be simple, such as holding seminars which their grantees can attend. Only one interviewee had been to this kind of event, but it was particularly welcomed by charities who worked with funders who specialised in particular areas, where the knowledge they had about the areas in which their grantees work might be focused and specialist.

The benefit for the grant-maker in sharing this kind of knowledge is that it helps grantees to do a better job. It helps to understand which approaches are working and which ones aren't.

> The win/win is for grant-makers to share their knowledge with grantees so that grantees can work more effectively.

This may be as simple as introducing grantees who do similar work to each other, or as complicated as commissioning specialist reports on areas of work that they fund extensively.

Improving feedback and communications about grant-decisions

There is a huge demand for better feedback on applications from charities. Yet as anybody who has been asked to give feedback on rejected job interview candidates, helpful feedback is not easy to provide and is often time consuming. The standard line of 'there were candidates whose skills and experience were better suited to the role' is probably as applicable to grant-making as it is to job recruitment.

Does this means that there is no feedback that can be usefully and cost-effectively given?

> The win/win would be for grant-makers to give aggregated feedback – pulling together the most common reasons for rejection into a single document - for first stage application rejections.

The aggregated feedback might simply be an analysis of the typical reasons for rejections in the previous quarter. While this is not ideal, it would almost certainly be better than nothing. We also think it is probably fair to charities who have not been successful in a second stage to receive individual feedback.

Treating small charities differently

Small charities are much more heavily dependent on grant-making trusts than their larger peers.[10] In our survey about 33% of the income of the smallest charities (with a total income of less than £500k) came from grant-makers while for the largest charities just 2% came from grant-makers. Conversely, the average mean success rate for applications was under 20% for the smallest charities and over 30% for the largest charities.

Small charities were also those organisations who were prepared to accept the biggest reduction in a grant in exchange for unrestricted income.

The irony of this situation is that we suspect (but need to gather more evidence) that most grant-makers would hope to be more amenable to small charities, not less.

It is for each grant-maker to decide if it believes that smaller charities are a special case and whether they should be treated differently. Some grant-makers go as far as having an upper size threshold on organisations applying, but we suggest that any concerned grant-maker should monitor the relative success rate of the different size of organisations that apply to it.

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[10] The data on proportion of income that is from grant-making trusts here are means, derived from the answers to open-ended questions. See note in Section 11 on methodology. The differences are not so different for the medians suggesting there are some very strong and some very poor performers.

> There is no obvious win/win across the board but it would be possible to help small charities through specific processes.

These specific processes could include: core cost grants only for small organisations, specific feedback for small charities, simple processes for small charities or even micro-grants for small charities to help them cover the costs of grant applications.

Above all proportionate processes and decision making

If there is a theme that runs through much of the feedback from charities in this research it is that processes should be proportionate. The process for a grant of £10k, £100k and £1 million should be entirely different, as should the reporting back and evaluation requirements.

One of the other aspects of proportionality is the speed of decision making and who makes the decision. As we saw in section 4 one of the clearest differences is in the speed of decision making. Charities would like a decision in a month or two, but many grant-makers can take 6, 12 or even 18 months to make a decision. Smaller grants should take less time for a decision than large grants.

One of the underlying factors behind the length of time is the degree to which trustees get involved in grant decision making. All the (anecdotal) evidence we have from this research is that trustees are heavily involved in individual grant decisions. This can only slow the process down since trustees tend to meet infrequently. There are two solutions to this problem. Trustees can either get more involved, meet more frequently and in doing so make decisions more quickly. Alternatively, they can delegate more, allowing staff to make more grant-decisions over a certain threshold, reserving their involvement for larger and more strategic grants.

> The win/win for proportionate processes for charities and grant-makers would be for a proportionate level of energy and resource to go into grant-writing and grant-assessment for the size of grant.

We surmise that one of the biggest barriers to this change towards more proportionality may be to either persuade trustees that they only need to get involved in the larger and more strategic grants, rather than every or most grants that are made OR to meet more often or use email to make some decisions.

Section 9

Conclusion - what next in building relationships

For us this has been a fascinating piece of research and report to work on. It has provided a wealth of insights into how charities feel about grant-making and grant-makers. Despite the wealth of data and in many cases the individual comments illustrating charities' frustration with aspects of the grant-making processes, we are optimistic for the future.

This is because the potential for charities and grant-makers to work together effectively is so great. We have outlined in the previous sections the areas where we believe there is potential for win/win developments. It is all too easy to imagine that the only improvements that are possible are those which mean grant-makers hand over more funds or charities write more applications. Our research has shown that this is far from the case.

Perhaps the biggest single area for mutual development is in the exploitation of the knowledge assets of grant-makers, particularly specialist grant-makers. To date too few grant-makers have used the reports from individual grantees to help their own wider grant-making communities, let alone those of all charities that apply to them. This is true even of grant-makers as big as the Big Lottery Fund.

If we can harness some of this knowledge in grant-makers' asset banks about what works and what doesn't, about what types of projects and approaches are the most-effective, and about how charities avoid the pitfalls and build on the work of those who have come before them, we will have found a way of moving the effectiveness of charities up a gear. Better still, all this work can be done in parallel with any grants and to the benefit for those organisations who are ineligible for grants.

The research in this report is necessarily one-sided. It has looked at the work of grant-making from the charities' perspectives. Our next goal, working with the Institute of Fundraising, is to look at the work of grant-making from the grant-makers point of view. In particular we hope to establish whether some of the areas we have identified as win/win or areas for development look possible from the grant-makers' perspectives.

However research reports alone will not change the dynamic of grant-making nor the relationship between grantee and grant-makers. It is important that representative bodies such as the Institute of Fundraising and the Association of Charitable Foundations work together to build their relationship and exploit the opportunities for improved and effective relationships for their client groups.

Executive summary – the report highlights and key messages in a nutshell

This section first summarises some key points from the report, and then draws on all our research to highlight the hallmarks of a model grant-maker.

The added value of unrestricted grants

We asked in the survey how much smaller a sum of money our respondents would take if offered an unrestricted grant instead of a restricted one. If the restricted grant was £1 million the average was slightly lower at 63%, and if the restricted grant was £100k the average was higher at 70%. However, the size of the organisation made a huge difference. Of those organisations under £500k a quarter said they would accept an unrestricted grant of 30% or less than the original restricted grant of £100k. This is more than twice the percentage point of the largest charities that would trade down to that level.

The challenges of finding and applying for grants

One of the biggest challenges for charities is finding and applying for grants. The hunt for new grants can take up a huge amount of time and energy so charities are very conscious of the need to hone their application process. For this reason 'better feedback' was one of the strongest messages in our survey with 97% agreeing (65% strongly) that they would like better feedback. Equally strong was the agreement that more core costs and unrestricted grants are needed – 93% agreed with this statement (64% of them strongly).

The importance of developing the relationship after the grant is made

The relationship between grant-maker and grantee is relatively harmonious. 53% of respondents told that reporting back on grants was 'not very difficult' while only 1% of respondents told us that it was very difficult. Charities liked working with those grant-makers who they were able to have a relationship with, who they could pick up the phone to with a question, or who they could be honest with if their project went wrong. This part of the grant-making process appears to be the most successful and works the best.

The economics of grant-making fundraising

Across our survey the average respondent charity raises £9.9 for every £1 spent. Similarly, the average charity has one dedicated member of staff for grant-fundraising and raises £411,000 in grants per year. This covers a vast range of individual charity figures. Smaller charities were typically raising just £82,000 and nearly a quarter of our charities had no person dedicated to grant fundraising. The average grant success rate was 24.9%, though this was lower for smaller charities (less than £500k total income) at 19% and higher for the largest charities (bigger than £15 million total income) at 31%.

What does the model grant-maker look like

Hallmark 1: up to date accessible information on grants

Charities find it extremely frustrating when they cannot find up to date information on grant criteria, or when their applications are rejected for reasons that could have been made clear before they applied. In the age of the internet, charities would like up to date information based on the actual criteria that are being applied. They also want to know whether particular funding streams are still available for a given financial year.

Hallmark 2: clear criteria with only limited flexibility

Charities do not like grant-makers that have only vague criteria or state they are for general charitable purposes. The difficulty for a charity is knowing whether a grant-making trust is the least bit interested in what they do. Charities need to know whether they should expend the effort to make an application. So in our survey by far and away the most common response was wanting clear criteria without too much or too little freedom.

Hallmark 3: quick decision making and short application moratoriums

Perhaps one of the bigger sources of difference between what the typical charity wants and the typical grant-maker offers is the speed of decision making and moratoriums placed on grantees after an unsuccessful application. Charities would like decisions to be made in three months or less, whereas they said that grant-makers typically take 6-12 months. Similarly they would like very short moratoriums if any at all: half of all charities want a gap of a year and the vast majority of the rest would like a shorter moratorium than a year.

Hallmark 4: two-stage application processes

One of the recent developments in the world of grant-making trusts is the two stage application. For the most part charities like this development, with two broad caveats. The first is that the initial stage is about the concept of the application and does not require them to do all the work for both stages in order to apply for the first stage. The second caveat is that the first stage has enough room to do justice to their application, and is not 'reductio ad absurdum'.

Hallmark 5: electronic not paper applications

One simple request from charities that should be good for grant-makers too is for applications to be made online or by email. Electronic applications reduce printing and paper waste, and make it very easy to let a charity know that its application has been received. And what is the point of printing a copy of an annual report when it can be sent as a pdf?

Hallmark 6: core funding not project funding

When charities were asked if they would take a smaller grant that was unrestricted in place of a larger unrestricted grant many of them said they would; particularly the smaller charities who placed a very high value on core funds. In the Open Forum, the participants said how restricted funds were typically more expensive to implement and harder to manage. The delegates at the Open Forum said that core funds were very high on their wish lists.

Hallmark 7: multi-year funding not single year funding

Alongside core funds, multi-year funding was also highly valued (this hallmark is derived more from the Open Forum and the interviews and there is no specific data supporting it in the earlier sections). The cost of constantly applying for grants was one reason, but the certainty that a multi-year grant brought to small organisations was also a key issue. Charities think that more multi-year and core funding would make grant-makers' money go further and let charities focus on what they know works. As one charity said "*It's often quite frustrating to constantly have to think of new and different when tried and tested works.*"

Hallmark 8: personal contact with knowledgeable staff or decision-makers

Charities like to know that there are real people at the grant-makers where they make applications. People who can be contacted and asked questions. People who know enough to understand the work of the charities who apply and the applications that reach their desk. For a charity putting in applications to, or even getting a grant from, a face-less void where correspondence is forbidden can be deeply frustrating. Charities also said they would like to build long-term relationships with grant-makers, as this would make both applications and reporting back easier.

Hallmark 9: good feedback on applications

Charities love constructive feedback – but any feedback is better than none. Charities told us of posting off parcels of paperwork and when 12 months later they had heard nothing, not even an acknowledgement, they wrote the application off as a rejection. Charities know good feedback is hard to give, but it helps to know whether they are whistling in the wind or missing a grant by a whisker.

Hallmark 10: proportionate paperwork and processes

Perhaps the over-riding desire from charities is that all processes and 'paperwork' are in proportion. Making applications takes time and energy and so charities want the process (and the reporting back) to be in proportion to the potential reward. The bigger the grant, the more detailed the information required.
One of the issues that came out of the research is the potential for a win/win between charities and grant-makers. Fewer applications with a greater chance of success are good for both charity and grant-maker. Making funds go further must be good for both grant-maker and charity.

Hallmark 11: using knowledge and insight as non-money grants

Grant-makers have massive non-financial assets. They gather numerous reports from their grantees. Specialist grant-makers in particular can build up a formidable knowledge about what works and what doesn't (and many presumably use that in their grant-making decisions). We believe that a hallmark of a model grant-maker going forward will increasingly be to use their non-money assets, for the benefit of themselves and grantees, to great effect. This could be through seminars, through 'best practice' reports or a variety of other mechanisms.

Methodology and acknowledgements

Methodology

In January this year the John Ellerman Foundation commissioned research consultancy nfpSynergy to find out from charities what a model grant-maker looks like in the eyes of fundraisers who apply to them for grants.

The research was made up of three parts. Between 30 January and 9 March 2012, we did an online survey of charity sector workers which had 417 responses. The charities taking part came from a variety of different sectors, with the largest proportion of charities coming from the medical/ health/ sickness (29%), disability (11%), and children/ young people (10%) sectors. The charities were also a range of different sizes: 29% had less than £500k income per year, while 10% had and income of more than £50 million. To find out more about the demographics of the sample, please contact nfpSynergy (email address at the start of the report).

We also did 13 telephone interviews with people involved in fundraising from grant-making trusts. We are keeping these interviewees anonymous to prevent their views being mis-attributed. Finally, we hosted an Open Forum where around 60 respondents to the survey came and discussed their views further. We asked the respondents to divide into five groups, and together come up with ideas for developments that would benefit both grant-makers and charities, and then rank their suggestions according to priority.

For a few figures in this report, such as the average costs and income of fundraising from grant-making trusts, we use averages derived from open-ended questions (unlike most of the survey that uses multiple choice questions). As in the rest of the report, we use mean averages.

For the averages derived from open-ended questions, choosing what measure of the average to use was not straightforward. Some very large charities took part in the survey, which created data outliers, and that leads to the mean being higher than the median average. The median, in contrast, is skewed towards the lower end of the spectrum since a large proportion of the charities taking part had low levels of income or equivalent. The dilemma of whether to use median or mean averages is hard to escape when surveying the highly diverse charity sector, as there will always be some very large charities as well as a large number of very small charities.

We are happy to provide the slides from this report in a powerpoint format for those who might find that useful. We are also happy to provide the data tables for anybody interested in grant-making trusts and who has trouble sleeping. Lastly we are happy to provide the full copy of verbatim comments edited for anonymity.

Acknowledgements

Thank you to all those who took part in the survey and gave us their views and comments. We are also hugely appreciative of the time given by the interviewees in helping us get their views in more detail. Thank you also to those who took part in

the Open Forum. Lastly thank you to the John Ellerman Foundation for commissioning the research into this fascinating and little understood area of fundraising, and to the Institute of Fundraising for all their support. If you want to contact nfpSynergy please email joe.saxton@nfpsnergy.net

The John Ellerman Foundation

The John Ellerman Foundation was established in 1971 as a generalist grant-making trust when Sir John Ellerman died. He had inherited his substantial wealth from the business interests set up by his father, especially in shipping - the family business was called Ellerman Lines. Sir John and his wife Esther had no children but through their lives they developed a personal interest in philanthropy.

Today the Foundation uses Sir John's legacy to make grants totaling around £4.5 million a year, mostly in the United Kingdom in several areas, including Conservation, Social Welfare, Health and Disability and Arts and Heritage. The majority are for work in the UK, though some activities under the Conservation heading take place abroad, and there is a contribution of around £300,000 p.a. to a joint international programme with the Baring Foundation. Following a strategy review in 2012 some of this may change. www.ellerman.org.uk.

nfpSynergy

nfpSynergy is a research consultancy dedicated to the not for profit sector. Our aim is to provide ideas, insights and information that help non-profits thrive. From our origins in syndicated tracking research on public attitudes for non-profit clients, we have grown our portfolio to include several key audiences as well as tailored research and consultancy programmes. We are now widely recognised as one of the leaders in non-profit market research.

We carry out research in three main ways; firstly bespoke consultancy research for charities; secondly tracking research syndicates which allow charities access to research more cheaply and easily than would otherwise be the case; thirdly social investment projects where we provide free research and reports. .

Topics on which we have produced free reports include:
- Mobiles and their potential for charities
- branding
- fundraising for small charities
- how charities use the internet and new technology
- volunteering
- Socio-economic change and its impact on charities

By producing free reports, editorials, and presentations we help small charities (with little or no budget for research) benefit from our wealth of data and knowledge of the third sector. Please see descriptions of all of our free research at ww.nfpsynergy.net/freereports