



Fundraising from Grant Making Trusts Code of Fundraising Practice

Check-list: key questions to ask

- Has sufficient research into the fundraising organisation and the trust been carried out? (3.2)
- Are mass mailings and cold calling to trusts avoided? (5.1)
- Does the application match the aims of the trust? (3.2, 3.3, 3.4.1)
- Is the application within the trust's and fundraising organisation's own objectives? (3.2, 3.3, 3.4.1)
- Does the application clearly articulate the need? (3.1, 3.4.1)
- Are the amounts requested appropriate for the need and the trust's capabilities? (3.2)
- Are the trust's application procedures followed? (3.3, 3.4.1, 5.3)
- Is sufficient information included in the application? (3.4.1)
- Could the application mislead the trust as to how the money will be spent? (3.4.1)
- Will the application be sent in good time before the deadline? (3.4.1)
- If the trust indicates that no further applications will be considered, is this respected? (3.4.2)
- Is there a clear understanding of how/whether trustees should be approached? (5.2)
- Is it clear how the activity will be monitored and evaluated? (3.4.1)
- If the application is approved, is receipt of the grant promptly acknowledged? (3.4.2)
- Are the administrative requirements of the trust regarding payment strictly adhered to? (3.4.2)
- Are any conditions attached to the grant understood and agreed in writing? (3.4.2)
- Is the trust kept fully informed with the progress of projects, in line with the trust's requirements? (4.1)
- Is the trust informed of any potential serious problems with the funded work? (4.1, 5.2)
- Are procedures in place to ensure any problems are dealt with promptly and firmly? (4.1)
- Does the trust approve in writing any changes to how the grant will be spent? (4.1)
- Are plans in place for returning the grant if the proposed project does not go ahead? (4.1)
- Are accounting requirements in the Charities Act 1993 met? (4.2)
- Are the SORP guidelines and the trust's grant conditions followed? (4.2)
- Is a statement of registered charity status made, where appropriate? (4.3)
- Are procedures in place to return excess funds, unless the grant maker's agreement for the money to be used in a different way has already been received in writing? (4.3)

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1.0 The Codes of Fundraising Practice Explained

The Institute of Fundraising's **Codes of Fundraising Practice** are structured in order to highlight what is mandatory at law, what the Institute regards as a mandatory requirement for its members and what constitutes advice on best practice.

In this Code a phrase where the word:

MUST is in bold indicates a requirement that is mandatory at law.

OUGHT in bold indicates a requirement that is mandatory for members and affiliated organisations of the Institute.

SHOULD in bold indicates a course of action that is recommended as best practice.

Organisations engaged in fundraising **SHOULD** join the Fundraising Standards Board and **SHOULD** follow their complaints procedure.

This **Code of Fundraising Practice** is intended to address fundraising

activity throughout the UK. Legal requirements can vary between different jurisdictions (England & Wales; Northern Ireland; Scotland).

In this Code, **MUST*** in bold indicates a legal requirement within one jurisdiction but not in others.

The Institute recommends that organisations adhere to the most rigorous interpretation of the law applicable to an activity.

Users should be aware that this Code addresses the law as it stands at the date of publication throughout the UK.

Reviews of the law relating to fundraising and fundraising activities, governance and charitable status are ongoing in Scotland, England and Wales.

This **Code** will be revised to take into account any developments or changes in the law that may result from these initiatives.

2.0 Introduction

2.1 Purpose of the Code of Fundraising Practice

This Code of Fundraising Practice establishes a series of criteria to be observed by all charities and other voluntary organisations, public bodies and members of the Institute of Fundraising engaging in fundraising from trusts and foundations. This Code is not intended to cover fundraising from Statutory Bodies, for example applications for European Union funding or UK Government or Local Authority grants, although some of the guidance within this Code may still be relevant to these applications.

The purpose is to ensure that trust fundraising is undertaken in a professional manner and that there is consistency of standards. The Code sets out to be a carefully thought-through code of best practice, enabling charities to avoid duplicating effort and to operate more effectively. It is not an instruction manual in trust fundraising or a substitute for training and real practical experience.

Grant-making trusts are established because some person, or persons, is/are serious about giving. Such trusts only achieve their purposes when they are distributing money. This Code, therefore, is not designed to protect them from people making applications, though it is anticipated that their task will be made easier when applicants follow the guidance in it.

Although this Code is primarily written for fundraisers, it is hoped that grant making trusts may also find it helpful in guiding applicants.

2.2 Definitions

- **Trust Fundraising** refers to the process of asking for support from trusts and foundations that are empowered to make grants for charitable purposes.
- Technically, a **trust** is a fiduciary relationship whereby a person or persons (trustee/s) hold(s) and manage(s) property for the benefit of one or more others (beneficiaries). A trust's purposes and rules are set out in its governing instruments (normally trust deed or Memorandum and Articles of Association where company limited by guarantee. This Code is concerned with trusts that are set up for charitable purposes but do not have any named beneficiary.

In England and Wales, the Charity Commission oversees charities, and the Attorney General represents the interests of the beneficiaries in any High Court proceedings to determine that such a trust has used its money for the prescribed purposes. In Scotland, the Office of the Scottish Charity Regulator oversees charities. The Charity Commission for Northern Ireland will take on a similar role.

- A **foundation** is, for the purposes of this Code of Practice, synonymous with a 'trust'.

3.0 Preparation and Procedures

3.1 The Nature of the Need

Good trust fundraising always starts with a clear articulation of the need that the applicant requires to be met. This may be for its general purposes, for buildings or equipment, or for special projects. Only by first defining the need clearly is it possible to identify accurately the prospective funders.

- Therefore, the first step in making an application to grant making trusts **SHOULD** be a clear articulation of the need for which the grant is being sought in the context of the organisation's whole mission.

3.2 Research

- Applicants **SHOULD** explore their own organisation's records to identify past approaches to trusts, past donations and existing contacts that can be developed.
- External research (for example, in published directories) **SHOULD** be carried out to identify those trusts whose objects and policies match the need for which the grant is required.
- Inappropriate amounts of money **OUGHT NOT** to be sought and requests **OUGHT** to reflect the known scales of the trust's giving.
- Applications that will be ruled out by a trust's stated exclusions **OUGHT** never to be made.

The more research undertaken, the greater the chances of success, for example, this can include looking at the trust's past grant recipients, trustee backgrounds and influences.

- A trust's guidelines **SHOULD** be obtained, through directories, websites or asking for them by post.
- If there are no guidelines, research **SHOULD** be undertaken to find out the trust's interests and preferences, geographical area and the typical size of grant awarded.

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Since grant making bodies sometimes change their criteria, it is advisable to revisit these sources from time to time.

- If a trust will allow it, calls or emails **SHOULD** be made to it to clarify projects and determine eligibility.
- Calls to plead for exceptional treatment for a type of cause that a trust has said it will not fund **SHOULD NOT** be made.

3.3 Approach

Trusts are extremely varied, for example, institutional or family-based, so good practice will inevitably vary when planning individual approaches.

If a trust does not specifically disallow this, it is generally acceptable to make contact with any known trustees to find out how best to apply.

- Controls **SHOULD** be in place to ensure that a trust is approached in a manner appropriate to its guidelines.
- Approaches **SHOULD NOT** be made that fall outside the trust's remit or for amounts beyond the trust's normal funding limits and capability.
- Organisations **SHOULD** ensure that systems are in place to ensure that more than one person or department within the organisation does not approach the trust.
- A trust's rules on how often they can be approached by an organisation **OUGHT** to be adhered to.

3.4 The Application Process

3.4.1 The Application

- Applications **OUGHT** only to be sent where the proposals match the aims of the trusts being approached.
- It **SHOULD** be demonstrated how applications match the trust's interests and priorities but there **OUGHT** to be no distortion to try to demonstrate a match that does not really exist. However, strict adherence to trust guidelines need not inhibit creativity in framing applications.
- If in doubt, the question **SHOULD** be explored with the trust in a preliminary approach or phone call, where the trust does not specifically disallow this.

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- All applications **OUGHT** to fit applicant organisations' own organisational strategies and **MUST** be within its objectives.
- If a trust requests further information, this **SHOULD** be provided as soon as possible.
- Promptness **SHOULD** be adhered to throughout the application process.
- The purpose of appeals **OUGHT** to be clearly expressed.
- Where appeals are for general funds, any specific projects mentioned **SHOULD** be clearly identified as examples of the applicant charity's work.
- An application **MUST NOT** mislead a trust into believing that their grants will only be used for particular projects when this is not the case. (See Charity Commission CC20 - Guidance on Fund-raising)
- A trust's application procedures **OUGHT** to be strictly adhered to and all information asked for **OUGHT** to be provided.
- If any of this is not clear, matters **SHOULD** be clarified with the trust, wherever possible.
- Unless a trust's application procedure specifies other requirements on financial information, full budgets with breakdowns and explanations of costs appropriate to applications **SHOULD** be included.
- Any reasonable and justified management and administration costs **SHOULD** be included in the proposed budget (even if these costs are not being asked for).
- It **SHOULD** be explained how figures were reached.
- Applications **SHOULD** generally include either a full set or a summary of recent annual reports and accounts, unless the trusts instruct against this.
- If the summary, rather than the full set, is enclosed (for example, because the reports are bulky) an explanations of why this is the case **SHOULD** be made, with an offer to send the full set if the trust wishes.
- Applications **SHOULD** be submitted in good time to meet trusts' deadlines and before the money is actually needed. Project timescales **SHOULD** be checked to ensure that they are appropriate to trusts' assessment timescales.

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- When applying to more than one trust for the same project, each trust approached **SHOULD** be informed whether targets may be exceeded if more than one grant request is approved if possible.
- Proposals **SHOULD** be clear and accurate, and **MUST** be honest.
- Information **SHOULD** be as relevant and brief as possible, using clear and concise, non-technical language. (The Association of Charitable Foundations recommends two pages as a guide but the length **SHOULD** be relevant to the context.)
- At least two contacts **SHOULD** be given to the trust, in case the trust requires further information and the original contact is no present.
- It **OUGHT** to be made clear how the activity is to be monitored and evaluated and how the costs of these processes, and those of the grant making trust, are to be met.

3.4.2 Managing Responses after Applications have been Accepted/Rejected

- When an application is approved, receipt of the grant **OUGHT** to be promptly acknowledged in writing, confirming the purposes of the grants, and thanking the trust and trustees.
- Administrative requirements of the trust regarding payment that are capable of compliance **OUGHT** to be strictly adhered to.
- All appropriate members of an applicant organisations' project staff and/or volunteers **SHOULD** be advised as soon as decisions are known.
- Any conditions attached to the grants, such as the trust having management, advisory or other inputs into the work, or requirements for public acknowledgement of the trust's support, **OUGHT** to be understood and agreed to in writing by both parties before the grants are formally accepted.
- Fundraisers **SHOULD** maintain excellent internal and external relationships with grant making trusts and with staff and volunteers.
- When there is a change in staff a thorough handover **SHOULD** be undertaken.
- When applications are rejected, appeals or attempts to persuade trusts to reconsider **SHOULD** only be made in rare circumstances - such as where there are clear mistakes of fact or trusts have specified appeal procedures.

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- It **SHOULD** be noted that trusts might sometimes accept further applications at a later date.
- When trusts indicate that no further applications will be considered, this situation **OUGHT** to be accepted, unless there are special reasons for making further applications.

4.0 Reporting, Accounting and Legal Points

4.1 Reporting

- The trust **OUGHT** to be kept fully informed of progress with projects.
- The specified reporting requirements of a grant **OUGHT** to be complied with.
- All reporting guidelines and requirements **OUGHT** to be closely followed.
- If reporting guidelines are not clear they **SHOULD** be clarified with the trusts.
- Reporting information **SHOULD** be kept brief and to the point, with fuller reports at the end of grant periods, which **SHOULD** cover the extent to which the objectives of the work were met.
- The trust **SHOULD** be invited to become involved in projects whenever appropriate.

The relationship established during the application process will help both parties to understand what level of involvement might be expected or required once a grant is approved.

- The trust **SHOULD** be offered the opportunity to discuss the work or request more information at any time.
- If there are potentially serious problems with the funded work (for example, the likelihood of significant delays to timetables or real risk of failure to complete), trusts **OUGHT** to be informed as early as possible, and kept informed as matters develop.
- Ideally, risk assessments **SHOULD** be undertaken and discussed with grant makers before the start of projects.
- Measures **OUGHT** to be taken to ensure that problems will be dealt with promptly and firmly and there is clear understanding as to what will happen in the event of failure.

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- If changes are being planned as to how grants may be spent which differ from what was originally proposed, the trust's approval **MUST** first be obtained in writing.
- Plans **OUGHT** to be made from the outset as to how grants are to be returned if projects do not go ahead.

4.2 Accounting

- All accounting requirements, as laid down in The Charities Act 1993 and in The Charities Act (Northern Ireland) 1964 , **MUST** be followed, as **OUGHT** also the SORP guidelines, and trusts' grant conditions.

4.3 Legal Requirements

- Every registered charity in England and Wales with an income over £10,000 **MUST*** state clearly the fact that it is a registered charity on all fundraising documents (whether the intention to solicit funds is expressed or implied). The trustees of any charity sending out a document without this information are guilty of an offence. (Section 5, Charities Act 1993).
- The only organisations that can call themselves "charities" in Scotland are those that are registered with OSCR (the Office of the Scottish Charity Regulator). Charities that are so registered **MUST*** comply with the Charities References in Documents (Scotland) Regulations 2007 and make certain statements about their status in their documents. More information on Scottish charity law is available from OSCR (see Section 6.1).
- In Northern Ireland, the Charities Commission is expected to begin registering charities shortly. In the meantime, charitable status is recognised for tax purposes by HMRC. Recognised charities in Northern Ireland **OUGHT** to follow the same practices as those in England and Wales and Scotland.
- When appeals for specific projects are so successful that not all money can be allocated to them, or projects do not go ahead, then any relevant parts of grants received **MUST** be returned, unless the grant maker's agreements for their grants to be used for other purposes have been received in writing.

5.0 Recommendations on Specific Issues that Frequently Arise

5.1 Mass Mailings

- Mass mailings and cold calling to trusts **SHOULD** generally be avoided, except under very exceptional circumstances for example, a national disaster or emergency.

5.2 Approaches to Trustees

- When a trust makes it clear that they do not encourage approaches to trustees, and yet one or more of those trustees is known to people involved with the applicant charity or are known to be particularly interested in its cause, careful consideration **SHOULD** be given as to whether or not those trustees would be likely to object to being approached directly.

If, on balance, it is felt that the trustees would be unlikely to be annoyed by this, then an approach may usually be made to them.

- When trusts say that they only make grants to projects known to the trustees it **SHOULD** be noted that this may be an indication that trustees themselves may be approached.

5.3 Unsolicited Applications

- When trusts say that they will not support unsolicited applications, such guidelines **SHOULD** generally be followed unless there are special reasons otherwise.

If it is felt that there is an excellent match with trust's policies and objectives, then, following further research, exploratory telephone calls or letters may be appropriate.

5.2 The Relationship Between Trustees and Fundraisers

- When projects encounter problems grant makers **OUGHT** always to be informed before failure is imminent and discussions held with them about what can be done and whether they require their grants to be returned.

Some trustees object to the activities of fundraisers, preferring to give directly without their intervention. This is possibly because those trustees have no experience of, or do not understand the role of, good fundraisers in helping to ensure that applications are relevant, well written, and properly submitted, thus helping both good causes and trusts alike. By following this Code fundraisers will do much to dispel these misunderstandings.

6.0 Appendices

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6.1. Useful addresses

- For a list of publications on the subject of Trust Fundraising:
Address: DSC Books, 24 Stephenson Way, London, NW1 2DP
Phone: 020 7209 5151
- For training for Trust Fundraisers:
Address: The Fundraising Programme, 24 Stephenson Way, London NW1 2DP
Phone: 020 7391 4805
- For the Central Register of Charities in England and Wales: Charity Commission www.charitycommission.org.uk
- For information on Scottish charities: Office of the Scottish Charity Regulator www.oscr.org.uk

6.2 Working Party

For The Institute of Fundraising:

- Anthony Clay (FInstF Cert) (Chairman)
- Claire Greenhalgh (MInstF) (Secretary)
- Emma Low (MInstF)
- Simon George (MInstF)

For The Association of Charitable Foundations:

- Nigel Siederer
- Bernie Morgan

Institute of Fundraising Code Working Parties provide advice and make recommendations to the Institute's Standards Committee in the process of Code development.