

Taking nothing for granted – Executive summary

June 2012

As part of a strategic review in early 2012, The John Ellerman Foundation wanted to find out what the model grant-maker looked like in the eyes of applicants and grantees and to compare practices among grant-makers. Grant-making trusts provide vital sources of funding for charities, often for those without the skills, appeal or resources for fundraising from the public. However, the views of those who receive the grants are fairly poorly researched and represented thus far. The JEF commissioned nfpSynergy to survey over 400 charities and their fundraisers, with an Open Forum for those who responded and interviews with 13 fundraisers.

The wealth of information in this free report is invaluable as grant-makers operate with such independence that it is vital to get feedback from the charity community. The report shows the strong set of ideas that emerged from charities about what they would like. Many of these ideas are mutually beneficial where both parties can reduce their costs, or make grants work harder, rather than being to the detriment of either. The importance of communications and relationships comes through strongly in the results, along with the need for core funding. These are some of the potential win/wins for grant-makers and charities.

Key points of the report

The added value of unrestricted grants

Charities value unrestricted grants very highly. When asked if they would accept a reduced amount if their grant could be unrestricted, on average charities were willing to give up £370k on a £1m restricted grant and nearly £30k on a £100k grant.

The challenges of finding and applying for grants

Charities want to cut down on the vast amounts of time and energy spent on the application process. 97% agreed (65% strongly) that 'better feedback' was something they wanted. A similar number think more core costs and unrestricted grants are needed, with 93% agreeing (64% strongly).

The importance of developing the relationship after the grant is made

Charities liked working with grant-makers they could have a relationship with, telephone with a question or who they could be honest with if a project went wrong. Grant-makers and grantees seem to have a relatively harmonious relationship, with 53% saying reporting back on grants was 'not very difficult' and only 1% seeing it as very difficult. This part of the grant-making process appears to be the most successful and working the best.

The economics of grant-making fundraising

The survey shows quite a range. On average, charities raise £9.90 for every £1 spent and have one dedicated member of staff for grant-fundraising, raising £411,000 in grants per year. However, smaller charities were typically raising just £82,000 and nearly a quarter of charities had no one dedicated to grant fundraising. The average grant success rate was 24.9%, but this was 19% for smaller charities (less than £500k total income) and 31% for the largest charities (over £15 million total income).

What does the model grant-maker look like?

Hallmark 1: up to date accessible information on grants

Charities find it extremely frustrating if they cannot find up-to-date information on grant criteria, or their applications are rejected for reasons that could have been made clear before applying. Charities would like up-to-date information based on the criteria applied and want to know if certain funding streams are still available for a financial year.

Hallmark 2: clear criteria with only limited flexibility

Charities dislike grant-makers who have vague criteria or state they are for general charitable purposes. The difficulty is knowing if a grant-making trust is interested in what the charity does and if it is worth making an application. Many charities said they wanted clear criteria without too much or too little freedom.

Hallmark 3: quick decision making and short application moratoriums

A main problem for a typical charity was the time waited for decisions and moratoriums placed on grantees after being unsuccessful. Charities prefer decision-making in 3 months or less, but say grant-makers often take 6-12 months. Half of charities want a moratorium of a year, with the vast majority of the rest wanting less than a year.

Hallmark 4: two-stage application processes

Charities are mainly in favour of the development of the two stage application, with two broad caveats. They would prefer the initial stage to be about the concept of the application, without requiring them to do all the work for both stages just to apply for the first stage. They would also like first stage to have enough room to do justice to their application.

Hallmark 5: electronic not paper applications

A simple request from charities that would also benefit grant-makers is for applications to be made online or by email. Electronic applications reduce printing and paper, plus it is much easier to acknowledge receipt.

Hallmark 6: core funding not project funding

Many charities said they would accept a smaller grant if it was unrestricted, particularly the smaller charities who placed a very high value on core funds. The Open Forum revealed restricted funds were typically more expensive to implement and harder to manage.

Hallmark 7: multi-year funding not single year funding

Charities also said in the Open Forum that more multi-year and core funding would make grant-makers' money go further and let charities focus on what they know works. 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.

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

Charities like grant-making trusts who can be contacted, asked questions and who know enough to understand the work of the charity applying. They were frustrated by 'faceless' trusts, saying they prefer to build long-term relationships, as this makes both applications and reporting back easier.

Hallmark 9: good feedback on applications

Charities said some feedback is better than none, but they sometimes go 12 months without even a response. They know good feedback is difficult, but it helps to know how close they were to being accepted.

Hallmark 10: proportionate paperwork and processes

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. A potential win/win situation for charity and grant-maker emerged - fewer applications with a greater chance of success.

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

Grant-makers could use their massive non-financial assets for the benefit of themselves and grantees. This could be through seminars, 'best practice' reports or a variety of other mechanisms. Specialist grant-makers in particular can build up a formidable knowledge about what works and what doesn't.

***The John Ellerman Foundation** was established in 1971 as a generalist grant-making trust when Sir John Ellerman died. Today the Foundation uses Sir John's legacy to make grants totalling more than £4 million a year to about 180 different charities, mostly in the United Kingdom, but also in Southern and East Africa. The John Ellerman Foundation aims to help charities encourage and support those who make a real difference to people, communities and the environment. The Foundation aspires to be the model grant-maker, accessible to all and act with absolute integrity. It is with this in mind that they commissioned this report. Please visit their website at <http://www.ellerman.org.uk>.*

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