



Fundraising for a theatre capital project

Summary

This advice note looks at the various elements to consider when putting together a fundraising strategy, and the different funding sources that are likely to support a theatre capital project.

Who is this note for?

This advice note is intended for community / volunteer groups who are working to save or revive a theatre in their area or theatre operators looking to carry out a capital project on their building

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The Pilgrim Trust

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The scale of the cost of capital projects can be daunting but there is funding available for the right projects. Identifying the purpose and scope of your ambitions are the crucial first steps, alongside an outline project cost swiftly followed by the feasibility of delivering it.

Fundraising strategy

A clear understanding of what is achievable in terms of fundraising is an important step when beginning a capital project. There is no point investing in the early stages of a project if there is no prospect of securing funding. Many of the major funders encourage early engagement so that you can get a sense of whether your project is relevant to their funding priorities but they are unlikely to be responsive until the reasons for and focus of the works have been established. At this stage a concept plan, who will benefit from the project and an estimated costing is often sufficient.

Note that following a large capital campaign it is very common for giving to dip so if your organisation is reliant on this as a source for revenue funding then consideration of the mix between capital and revenue campaigns will be required.

The funding mix

Consider the mix of funding that you might obtain and the amount that you might request from each source. The main sources of funding for a capital project are:

- Public funding i.e. arts councils, National Lottery Heritage Fund and Historic England
- Trusts and foundations from large lead gifts to smaller gifts
- Individuals giving from large lead gifts to smaller public and crowdfunding appeals
- Local authority grants and loan finance
- Social investment and bank lending
- Corporate giving / local companies

Your funding mix will tend to have large lead gifts from public funders, trusts and foundations and individuals at the start of the campaign often alongside local authority with a more public phase of the campaign through crowd funding, buy a seat style appeals towards the end. Securing those first large lead gifts is crucial as it will give confidence to other funders.

A gift pyramid for a capital campaign will look similar to the one detailed below:

Indicative Gift Pyramid £6m campaign



Loan finance, social investment and bank lending can play a key role both to kick start the campaign and to close any gap at the end of the campaign but how you will pay this back must be established at the outset.

Phasing your project

You may decide to phase your project and its fundraising, initially fundraising for the project development then different phases of works. A positive of this is that the targets appear more attainable and the benefits delivered sooner but the risk is that you may exhaust sources of funding with funders of earlier phases unlikely to fund again for the later phases of work. Project development funding is often the most difficult to secure, given the significant risk of the ultimate works going ahead.

Consider not only the costs of your building works but the operational costs during the works and the reopening. If the building will be closed during the works then some theatres try to maintain a presence in the area by staging work elsewhere. This is always a careful balance of not distracting the senior staff from the intensive work of a capital project versus continuing a relationship with the existing and potential audience of the theatre. Some project funders may offer the option to pay for additional expertise in the development of your project.

Case for support

The case for support contains the information that funders want to know about your project. Not only will it form the core of any funding application but it will also be a valuable internal tool for framing the discourse around the project; ensuring everyone in the organisation knows what the works are, why you are doing them, who will benefit from them and why they are worth supporting.

It may include concept drawings as it helps funders make better sense of what you are proposing. Make sure it is kept up to date as the project evolves.

Capital campaign boards

To support fundraising often a capital campaign board can be created. This can be made up of existing board members and well-connected and wealthy individuals and business leaders who can both make a donation and reach out to other individuals who can make donations, introductions and endorse applications. If you have a local celebrity who supports your campaign they can be very helpful too.

Sources of funding

Depending on the building, its location and the type of works different funders may be interested. Included in these lists are some funders that only support heritage projects, which is only a subset of all theatre buildings.

You may find that your project can attract some major funding that will cover much of the costs and then need to raise from smaller pots for the remainder. It is very unusual for works to be funded in full by a single source.

Some funders will have requirements that alter the project. Not all sources of funding are appropriate for every project and you should be wary of “mission drift” – that is where in order to better meet the demands and focus of particular funders, the project is changed beyond its main purpose.

Lottery and statutory funding

Arts Councils

Arts Council England, Creative Scotland, Arts Council Wales and Arts Council Northern Ireland occasionally offer grants for small and large capital projects. Make contact with the local team to see if your project would be of interest to them. These pots are often heavily oversubscribed and so take into account any guidance you receive to avoid wasted efforts.

It is not unheard of for central government to offer grants to major capital projects, but is very uncommon. Ensure your MP is informed of the project and aware of the benefits it could bring to the local area. The relevant arts council will usually be asked to administrate the grant.

National Lottery Heritage Fund heritagefund.org.uk

Offering grants from £3,000 to over £5m the National Lottery Heritage Fund is a popular funder for all types of heritage buildings. The application process can be complex but extensive guidance is provided online. Take note of published deadlines that apply to grant applications over £100,000.

Historic England historicengland.org.uk/services-skills/grants/our-grant-schemes/

Most of Historic England's grant giving is focused around buildings designated as Heritage at Risk. If your building has been classified as this then get in touch with your local office.

There also are repair grants available and capacity building schemes to support organisations looking after heritage assets.

Trust and foundations

Large-scale capital trusts and foundations

There are a number of trusts and foundations that will fund major capital works in theatre buildings, some of them are listed below. In preparing applications for each you should research the specialism and eligibility criteria to make sure your application is bespoke to the demands of the funder and to avoid wasting energies on applications with no chance of success. Many of these funders welcome pre-application discussions.

Trusts and foundations are not often the first funders to commit to a project. They want to see the larger grants from public funders or individuals in place first and some like to see at least 50% of the funds secured for a project before they will consider a capital funding application.

These are some of the main funders but this list is not exhaustive:

Architectural Heritage Fund ahfund.org.uk

Wolfson Foundation wolfson.org.uk

Garfield Weston Foundation garfieldweston.org

Foyle Foundation foylefoundation.org.uk

Paul Hamlyn Foundation phf.org.uk

Clore Duffield cloreduffield.org.uk

Backstage Trust backstagetrust.org.uk

Calouste Gulbenkian Foundation gulbenkian.pt/uk-branch (do not allow unsolicited applications)

Small-scale capital trusts and foundations

For smaller projects theatres may have more success by approaching trusts and foundations with a local connection. Community funds associated with landfill sites or local power plants and windfarms often give small grants in the region of £10k to support community buildings. Eligibility for these grants is based on proximity to the site and can be checked online. The major supermarket chains have funds for community organisations which theatre projects may be eligible for.

Where to find these sources of funding?

There are some useful sites for researching what funding is available.

The Heritage Funding Directory heritagefundingdirectoryuk.org

Funding Central fundingcentral.org.uk (charges apply for organisations with more than £100k turnover)

Grantfinder: grantfinder.co.uk (charges apply)

Theatres Trust is not primarily a funding body but we do offer a number of small grants for projects related to theatre buildings. You can find out more about the current schemes here theatrestrust.org.uk/how-we-help/grants-funding

Individual giving campaign

Campaigns are traditionally made up of larger lead gifts then smaller donations through the public phase of the appeal. Those most likely to donate to your theatre are people who have visited the organisation and have a sense of loyalty, investment, or ownership in the theatre

Large lead gifts

Large lead gifts should be the priority at the start to kick off the campaign and encourage others to give. Your Capital Campaign Board will be crucial in reaching out to individuals who could make these donations or make introductions to others that give. Equally if you have existing revenue donors these should be approached early as they are already known and supportive to your organisation.

Public phase of the campaign

Towards the end of the appeal you are likely to reach out to your loyal audience and the general public. This could be either through crowd fundraising or a more traditional buy a seat appeal. Any celebrity supporters you have can be great at being the 'face' of the appeal at this stage. Consider the role that your friends or members can play both as funders but also advocates of the organisation, Be sure to offer recognition for their efforts and contribution.

Crowdfunding

If your project is for a single definable element of the building, you may wish to consider a crowdfunding campaign. Some sites operate on an 'all or nothing' basis that only funds if a project meets its goal whereas others will collect donations even if the target is not met. Bear in mind that the crowdfunding platforms charge significant fees on top of pledges and you will need to increase your target to cover these.

Gofundme (for any organisation type/individuals) gofundme.com

Indiegogo (usually used for creative projects) indiegogo.com

Kickstarter (traditionally all-or-nothing): kickstarter.com

Much as you might consider different levels of benefit for a membership or friends scheme, you should consider different benefit levels for crowdfunding backer pledges. Those benefits could be greater recognition, for example their name on a thank you board, or an experience like tickets to an opening show or a presentation by the project team. By incentivising backers to pledge at a higher level you can encourage them to donate more.

Public appeal

Another alternative to crowdfunding is a more traditional Buy a Seat or Buy a Brick Campaign. This gives donors the chance to contribute to the campaign while naming something in the building. Some of the schemes can be eligible for Gift Aid so visit gov.uk/claim-gift-aid to check.

It is unlikely that a public appeal like Buy a Seat or Buy a Brick and a crowdfunding campaign would complement each other so you should decide which approach is most appropriate for your campaign.

Local authority grants and loan finance

While there is extreme pressure on local authority funding at the moment, there is often an appetite for capital projects where they will offset a reduction in revenue subsidy requirement in the future. Some local authorities recognise the benefit that cultural infrastructure brings to the economy and wellbeing in their area and are willing to make substantial investments. Engage with local councillors and officers early in your scheme, even if the theatre does not currently have any council investment or involvement.

Where local authorities are unable to offer grant funding they may be able to offer affordable loan financing where they can borrow at a cheaper rate than banks through the Public Works Loan Board. These loans are not 0% but the council has more flexibility on the terms than a bank might. Remember that loans must be repaid so consider the schedule for repayment and how this interacts with cashflow projections.

Social investment and bank lending

Where works involve a revenue generating element, loan financing of the works is a possible route. Whether the source of funds is a bank or a social investment firm the principles are the same. It is a loan that must be repaid over a set period of time with interest on top. Theatres taking this approach must be confident that their business model will bring sufficient returns to cover the repayments. Prepare a schedule of your anticipated cashflow against the anticipated repayment to understand if it is affordable.

Corporate giving / local companies

Reports from the industry suggest a decline in the availability of corporate funding. It is best to develop a relationship between your theatre and the senior executives of an organisation before making an ask. Try to understand where the company sees value in supporting your theatre and create a package of benefits that accommodates this.

You must also satisfy yourself that the organisations that you receive funding from do not compromise your organisation's mission. Some organisations choose to have an ethics

policy that helps them decide who to accept funds from. Poor choices of the organisations to partner with can have a knock on effect on the success with other funding sources if they diminish your organisation's reputation.

Naming rights

Some organisations choose to offer naming rights for larger donations such as naming the auditorium, the foyer and education studio spaces to name but a few. These need to be given a value that is appropriate to your organisation and can be discussed with the potential donor. 10 - 25 years tend to be the length of time offered rather than in perpetuity as you have to assume that in that time period you may need to undertake additional works to the building.

Thanking and keeping your donors engaged

It is crucial that you thank your donors for their support and keep them engaged with the project. This could be through e-bulletins at key stages of the campaigns, a blog about the building project, offering an opportunity to see the building works and invitations to the opening of the building.

The role of the Theatres Trust

Theatres Trust is the national advisory public body for theatres and are a statutory consultee on theatres in the planning system. We provide a free advice service for anyone looking to save, restore or revive theatres or undertake a capital project in an existing theatre, including fundraising advice. We can also provide letters of support for funding applications. We run a number of small grants programmes, which are always very popular – details of current schemes are on our website. Contact us at advice@theatretrust.org.uk with information about your theatre and how we can help.