

# 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.

## Thanks to our funders

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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. Your staff team, Trustees and/or volunteers will need to commit significant time to the development of a project proposal and to the work involved in researching and making funding bids as well as managing relationships with all of those who fund you. This is an intensive, rewarding and sometimes challenging process, that is best shared across your team.

## **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.

You should also consider how fundraising for a large capital project will impact on the wider fundraising strategy for your organisation. 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
- Direct government funding eg Levelling Up or Community Ownership Fund
- 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

It may be possible for you to structure your capital project into phases and fundraising for each step. Capital works would usually start with feasibility and project development work, then depending on the scale of the project you might identify a phased programme of building work and seek funding for each step. A positive of this type of approach 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 for example feasibility studies or similar are often the most difficult to secure, given the significant risk of the capital project 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.

Enlist the support and advocacy of your artistic leadership team, as well as your community groups, to help promote your project. Hearing directly from those who stand to benefit from the project can be very powerful for potential donors.

### **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 theatre capital 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 may not suit your 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 can have capital grant funding specifically for small and large capital projects and some early stage feasibility works. You would need to research the arts council relevant to your project to see if they have capital funding and if this stream is currently open for applications.

Make contact with the local team to see if your project would be of interest to them. These pots are always heavily oversubscribed and so take into account any guidance you receive to avoid wasted efforts. They often run webinars on their funding priorities and how to make a successful application so these are good to watch out for and participate in.

#### National Lottery Heritage Fund

Offering grants from £3,000 up to £10m 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 and through webinars. Take note of published deadlines that apply to grant applications over £100,000.

## Community Fund

The National Lottery Community Fund distributes over £600m a year to communities across the UK, raised by players of The National Lottery. It has a wide range of grant programmes, some of which will fund capital projects, for example for Wales there is a People and Places specific Capital Fund programme. You may be able to fit your capital project into its other programmes if it is outside Wales but research is needed into each fund and demonstrating the need and your role within the community will be really important.

## Historic England

Most of [Historic England's grant giving](#) is focused around buildings designated as Heritage at Risk. These grants tend to be focused on repairs and capacity building schemes to support organisations looking after heritage assets. If your building has been classified as this then get in touch with your local office.

## Historic Environment Scotland

Historic Environment Scotland offers [grants and funding](#) to support projects that promote and protect the historic environment in Scotland. These can be for repair work, skills and training, and capacity building. Further research into these streams of funding would be needed to see if your project would fit within them. Historic Environment Scotland can also give early advice around the [planning system](#) of a heritage capital project which might need to be included in funding bids.

## Central Government funding

Central Government currently has direct funding streams that might be relevant for your capital project. This could be through the Levelling Up Fund, Arts Council and DCMS Levelling Up for Cultural Places in England, or the Community Ownership Fund. Each of these would need to be researched individually. Some funding streams you can apply to directly, for example Community Ownership Fund. Others needs to be done as part of a local authority bid. Ensuring your MP is informed of the project and aware of the benefits it could bring to the local area will be crucial in these funds.

## 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](#) – it will fund early-stage feasibility work which can prove invaluable to kick start the project. It also offers loan finance towards acquisition, renovation or development of a heritage building on reasonable loan terms.

[The Wolfson Foundation](#) – you would need to receive funding from Arts Council England's National Portfolio, Arts Portfolio Wales; Creative Scotland's Regular Funding Network or Arts Council Northern Ireland's Annual Funding Programme to qualify for the Wolfson's funding.

[Garfield Weston Foundation](#)

[Clare Duffield – this this funding is learning space focused.](#)

Some trusts will be specific to Scotland, Wales and Northern Ireland. eg

[The Gannochy Trust](#) – Scotland

There are funds that tackle a specific issue, for example [Environmental Funders Network](#)

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.

Each county will tend to have community foundations which are geared to supporting charities in their county, for example [Kent Community Foundation](#). These can be a good starting point for fundraising for a local project as they are often geared up to supporting the smaller charities with smaller donations.

Where to find these sources of funding?

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

[The Heritage Funding Directory](#)

[Funding Central](#) (charges apply for organisations with more than £100k turnover)

[Grantfinder](#) (charges apply)

[Funds Online](#) (free)

[Funding Wales](#) (free – for organisations based in Wales)

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 on our website.](#)

## 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.

[Crowdfunder](#) (for any type of project)

[Gofundme](#) (for any organisation type/individuals)

[Indiegogo](#) (usually used for creative projects)

Just 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 the government website 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 may be 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. 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**

Corporate giving does not tend to be a main source of funding in a capital project. Initially 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. You should have an ethical fundraising policy that helps you 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.

Smaller donations from local companies or in-kind support might be a more appropriate route to go rather than larger corporate companies.

Some companies who might not be able to offer cash could offer volunteers to help you with your building project. There are also organisations such as [Volunteer It Yourself](#) that match organisations with people who want to develop specific skills by working on community projects.



## **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 to 25 years tends 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 is 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 [info@theatrestrust.org.uk](mailto:info@theatrestrust.org.uk) with information about your theatre and how we can help.