

CASHFACTS

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Fundraising

Selling points To write a good funding application you need to identify the key selling points:

- Why is the work of your organisation so important?
- Whose needs are you satisfying?
- How does your organisation ensure that its efforts are successful?

Think in terms of projects, rather than funding for the whole organisation or funding for specific items like rent. To adjust to 'project thinking' write a list of all the services that you are providing and a wish list of the services that you would like to provide. Call each service a project and decide which are the most

important and how they fit in with your other activities.

Projects should be in bite size chunks, not too large or too small for the funder that you are targeting. A large project could be broken up into smaller projects.

Providing an over 60's lunch club every weekday for a year, at a cost of £30,000 might be a project. Alternatively, providing a Tuesday lunch club would cost £6,000; different funders could be asked to fund other days of the week. A Christmas lunch costing £300 could also be a separate fundable project.

Innovation Applications that are innovative, fit current fashions, thinking and concerns are more likely to be successful. A catchy title and fresh writing style helps. The proposal should be realistic and achievable, with specific outputs - ie. numbers of lunches served or clients helped.

Types of funders

Charitable trusts | There are over a thousand charitable trusts set up specifically to fund voluntary organisations and their clients.

Trusts can give money to support charitable activities. Broadly these activities are:

- Relief of poverty
- Education
- Health
- Religion
- Purposes of benefit to the community

Within these headings trusts tend to be interested in funding specific types of activities. For example, welfare rights work involves helping people claim benefits that they are entitled to, thus reducing poverty.

Some trusts specialise in unpopular causes, including areas of work that the press vilify, such as helping refugees to overcome the traumas of war and settle in a new country.

Many grant giving trusts cover the whole of Great Britain, others focus on specific localities. The area they cover may be as small as a parish.

A computerised database called Funder Finder (www.funderfinder.org.uk) helps fundraisers to search for the most appropriate trusts to apply to. Your local Council of Voluntary Service (www.nacvs.org.uk/cvsdir/index.htm) or Social Council run sessions with them. The computer asks questions like, 'Who are you trying to help?' ie. children, refugees, ethnic minorities, people with disabilities. The computer then asks broadly where do they live ie: Kensington, London, England. It also asks the size of grant you are hoping to receive.

With this information Funder Finder will provide a list of those trusts which are likely to fund your project. The computer also gives details of which directories you should read in order to find out more information about the trusts. A directory is a book that lists different trusts and provides details of what they like to fund, the size of their fund, the size of grant they normally make and how to apply to them. There are specialist directories covering specific areas ie: London. Others cover specific activities such as education, arts, or environment.

Trusts have different procedures for applications. Some require a letter, others provide application forms. Some trusts accept applications at any time during the year, others have specific deadlines (dates) by which they must receive applications.

Wealthy individuals | There are directories of wealthy individuals who give money to charities. You should also consider wealthy people from within your own community - either in Britain or liv-

ing abroad - who might support your work. Covenanted donations have tax advantages and can be administered by the Charities Aid Foundation tel: 020 7400 2300.

Legacies are amounts of money people leave in their wills - this can be to charities. Religious organisations linked to your culture may be able to encourage this type of giving.

Corporate donors | Companies sponsor charities. They seek to enhance their image by associating themselves with your organisation. There is a guide to major companies that make grants. Also consider local businesses, and businesses with significant links to your community - headquarters in your area, past or present employees who are your members, trustees or clients.

Appeals, student rags and carnivals | Children in Need (www.bbc.co.uk/cin), Carlton and other TV appeals provide very important funding for many small and new charities. You should also consider approaching Student Unions about funding from the rag week, carnival organisers, Rotary, Round Table (www.roundtable.org.uk) and the Variety Club.

Public sector | Many organisations funded through our taxes provide grants to voluntary organisations. The list below shows a few examples:

- Government Departments
- European Social Fund
- Health Authorities

- Housing Corporation
- Local Authorities (Councils)
- Urban Regeneration Schemes
- Single Regeneration Budget
- Arts Councils
- Sports Councils

Like trusts, public authorities have specific activities that they are keen to fund. Training to enable people to get jobs and housing and welfare facilities to enable people who are ill or have disabilities to live in the community have a high priority in the public sector.

Ask for their free literature and a form. Being a large bureaucracy it can be difficult to find the right person to talk to. If you are unable to obtain information ask your Social Councils or Council of Voluntary Service.

Community Fund | The Community Fund (formerly the National Lottery Charities Board) (www.community-fund.org.uk) has three funding strands:

Awards for All (www.awardsforall.org.uk) for groups with turnovers below £15,000. You can apply for up to £5000 for project or capital costs.

Smaller Awards for sums below £60,000

Main programme for sums over £60,000

There are also research grants and international grants.

Other lottery funding boards cover Sports, Arts and Heritage. Phone 0345 919191 for details.

Funding rounds | Many funders have deadlines by which applications have to be submitted. The public sector often asks for applications to be made in the autumn.

Slippage | Public sector funders often seek to spend all their budgets by the end of the financial year to prove that they need the funding they receive. If planned projects have not happened money is left in the account. This is called slippage and it is sometimes possible to apply for this money in February.

Fees | Sometimes it is possible to charge users a small fee to meet part or all of the cost of a service. It may also become possible to sell specialist knowledge you gain from running a project to other organisations.

Events, activities, street collections
Jumble sales | These have been a traditional way of raising funds. In recent years more sophisticated ideas like promise auctions have emerged. The Directory of Social Change publishes books on fundraising events and campaigns. Street collections need a license from the local authority.

Writing applications

First grants | Getting the first grant can be the most difficult because the organisation has no track record. Do not be too ambitious. Start with small applications, increase the size of applications as you gain experience and can prove your

organisation's competence.

Think about what you are trying to create and the key tasks that must be completed to establish the project. These should be written down as an action plan with dates for starting and completing each task.

Phone | It is often worth discussing a proposal with a funder before you start to write the application. Find out whether it fits their criteria or specific priorities for the year. The funder might also give an indication of what the maximum is that they would be likely to contribute to the project. If you can meet potential funders at this stage that is even better.

Outputs and outcomes | Outputs are measurable achievements like number of home visits made or the number of young people attending a youth club. Outcomes are more long term and reflect the impact on the community as a whole or the life prospects of the individuals assisted. A youth club could claim a reduction in local crime because the energies of young people have been diverted from crime and applied to positive activities. This might attract funding from an SRB Community Safety budget. It might also be possible to claim improved quality of life, reduced use of illegal drugs, better social skills and enhanced life opportunities for its members. This could appeal to funders ranging from health authorities to careers and education services.

The application should:

- Be realistic
- State clearly what the problem or need is
- Show how you intend to reduce or remove the need
- State what the outputs will be
- State the outcomes
- Show that you have a competent management structure
- For most projects show that you operate within an equal opportunities framework
- Include a clear budget (See CASH-FACTS: Writing a budget)
- State the date when your organisation formed and details of previous funders.
- Explain how you will monitor and evaluate the scheme.

Letters ought to be short, one and a half pages for trusts and one side for industry.

Supporting information | If the organisation has existed for over fifteen months include the last annual report and accounts. It is often possible to include additional information in a separate fundraising paper - about three sides of A4 - attached to the letter. It is useful to use bullet points - as above - as this makes the application easier to read.

Internal and independent statistics should illustrate the selling points.

Show that your staff, volunteers and trustees have the right skills, or access to training. Provide fuller details about the skills of trustees and key personnel. If recruiting, give details of how you expect to recruit or train competent people. Explain briefly how your supervision system works.

Relevant papers, photographs, brochures, annual reports and copies of newspaper articles can be included. Credibility is strengthened by letters of support from users, and experts who have visited the project. Copies of relevant newspaper reports should also be included.

Budgets | Very simply, a budget is a shopping list of the items of expenditure related to the project - rent, materials, transport, etc. with estimated prices and details of where you expect the funding to come from.

Some funders will want a budget for the whole organisation covering all its activities. Other funders will want a budget covering just the activity you are applying for. An application to a local authority seeking funding for core costs or a key worker's salary will probably require a full budget. However, an application to run a summer play scheme is likely to only require an application for that scheme.

Unforeseen expenditure normally outweighs unforeseen savings, so add a contingency (extra bit) to some of the figures for the unexpected. (See CASH-FACTS: Writing a budget).

Leverage | Some funders like you to match their funding with monies from other sources. So you will have to apply to several funders and put together a package with different funders contributing to different aspects of the project.

Flexibility | If possible allow for flexibility in your application so that the funder can provide at a level that suits them.

Capital | Many funders like capital projects (computers, building renovation etc.) because they are one off. You will need to show that the project can raise associated revenue costs - salaries, heat, and light etc.

Unpopular projects | Some trusts specifically aim to support unpopular areas of work. You can also be clever in how you allocate overheads so that weakly funded projects contribute less to overheads like rent.

Creativity | Be creative in matching income to expenditure. This can involve linking unit costs to output: 'Every £800 of grant will enable us to provide six months of counselling' Remember that unit costs include overheads.

Persistence pays Keep funders well informed by writing to them regularly. Keep writing even when they have stopped funding. They might fund you in the future. Trusts receive thousands of applications but can only fund a small proportion. If you are turned down, find out why. Keep a file on each funder and keep applying. Working with the fundraiser from another charity or Social Council can bring an external perspective and constructive criticism of your application.

Success | Funders like value for money, but success is their real goal so make sure you include all the costs!

Monitoring and evaluation | It is very important that your organisation shows that it has achieved some positive results with the funding it receives. This involves monitoring what you are doing (the outputs). For instance, recording how many home visits your volunteers have undertaken, or how many enquiries have been received over the helpline, shows the quantity of service provision. Funders also expect that the service they have funded will be of reasonable quality and that users are getting what they need!

Questionnaires can be used to measure what users think of the quality. User group discussions are sometimes run to discover if users think the service is appropriate to their needs.

Outcomes | They can also be monitored but this normally involves some form of tracking (tracing) of users over a period of several months or years and possibly a comparison with a sample of non-users. People in work six months after using a training scheme would be a useful outcome measure - particularly if it can be shown that similar people not attending the training maintained higher levels of unemployment. General outcomes like reduced levels of crime are often very difficult to relate to specific projects because a large number of factors influence them. Your application must include details of how you intend to monitor the service.

Evaluation | This is simply assessing the information that the monitoring process has provided. Sometimes you will be asked to write a report assessing the monitoring of information. These reports can be very useful when applying for new funding because they normally prove that you can provide the service competently.

Grants | A grant is a gift. It is given in the expectation that your organisation will carry out certain activities ie. run a supplementary school for three evenings a week during term-time. If the organisation fails to provide what it has said it would, there is very little that the funder can do. They may stop funding your organisation and then you will have established a bad track record. It may be difficult to get funding from other trusts and public authorities. However, they cannot ask for the money back. The 'claw back' of grants is illegal.

Contracts | A contract is a written agreement by the funder to purchase a specific service from your charity. If the charity fails to provide the service the purchaser - often a local authority - could demand that their funding be repaid. They could also buy the service from another organisation and demand that your organisation pays any increase in the price and any costs the authority has experienced in finding a new supplier. Often a public sector purchaser would not enforce all its powers if you failed to fulfil a contract - particularly if your charity has very limited funds. But you should be aware that a contract is a specific legal relationship. If in your private life you purchased something which failed to work then you'd feel justified in taking

action against the supplier. If your charity takes on a contract then the charity (frequently the trustees) is the supplier. It is possible to reduce the risk associated with contracts by incorporating the charity as a limited company.

Service agreements | These agreements have become popular in recent years. They include details of what the organisation will provide for the funding it receives. This might include the hours that a telephone helpline would be staffed and the number of enquiries received in a year. There may also be requirements concerning the training of staff, minimum insurance cover, equal opportunities and employment practice. In Law there is no such thing as a service agreement, so the agreement is either a grant or a contract. This will depend on the specific wording of the agreement.

Recommended reading

Writing Better Fundraising Applications by Michael Norton (Price £9.95 + £1.50 pp). Available from The Directory of Social Change Radius Works, London NW3 2HL

Fundraising health checks

To be successful at fundraising your organisation should either have the following or a plan and timetable by which they will be obtained:

- A constitution, preferably registered with the Charity Commissioners
- A management committee of at least three people.

- Regular management committee meetings - at least every two months.
- Annual elections for the officers of the committee.
- Minutes of meetings.
- A bank account with instructions that at least two people must sign each cheque.
- A set of internal financial controls. (see CASHFACTS: Financial Controls)
- An annual budget. Larger projects may need a three year budget and cash flow.
- A book-keeping system which is completed at least quarterly with a bank reconciliation. (See CASHFACTS: Bank Reconciliation)
- Quarterly finance reports that compare actual income and expenditure with the budget.
- An auditor or independent examination.
- Public liability insurance and employer's liability insurance if you are employing people.
- Insurance to cover property and equipment owned by the charity and other specialist insurances.
- An awareness of all the laws that relate to your activities. This might include the Childrens Act or other specific legislation that relates to your client group.
- A complaints procedure.
- An equal opportunities policy covering service users, employees, volunteers and the management committee.
- A volunteers policy.
- A health and safety policy.
- When people are employed, a recruitment and employment policy, contracts employment containing a simple disciplinary procedure, person specifications and job descriptions.
- A fundraising strategy and access to directories.
- Induction for new employees, volunteers and management committee members.
- Monitoring and evaluation systems.

Sources of more information

- Local Community Accountancy Project (www.cannonline.org.uk)
- Local Authority Chief Executive's Department or local library.
- London Voluntary Service Council (www.lvsc.org.uk)
- The National Council of Voluntary (www.ncvo-vol.org.uk)
- The National Association of CVS (www.nacvs.org.uk)
- Charities Aid Foundation (www.charitynet.org)
- UKFundraising (www.fundraising.co.uk)

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