

# LEEDS INFRASTRUCTURE CONSORTIUM RESOURCE PACK

## SECTION 5 - FUNDING

### **Introduction**

This section on **Funding** is part of an 8-pack series of resource materials that has been produced by the Leeds Infrastructure Consortium. For further information, please go to [www.leeds-ic.org.uk](http://www.leeds-ic.org.uk).

### **Funding Advice and Support**

Having appropriate resources to deliver services is very important for running an effective and successful charitable organisation. We have produced a brief guide that covers a range of areas that you need to consider to secure financial resources including:

1. Planning
2. Different ways to generate income
3. Applying for funding to Trusts and Funders.

The guide intends to provide basic information you will need to consider and it is not intended to be a definitive and exhaustive document on funding. It can be found in section 5a.

### **Other Help**

**Fit4Funding:** the main point of reference for detailed advice about funding. It provides: a useful website with detailed information, access to specialist grants databases where you can search for funders, a calendar with deadlines for various programmes. They also provide training (directly and via Voluntary Action Leeds) and a newsletter (for which there is a subscription fee). [www.fit4funding.org.uk](http://www.fit4funding.org.uk)

**Voluntary Action Leeds:** offers introduction to fundraising courses; and access to one of the grants databases called FunderFinder. They also have a small grants advice worker, Kathy Faulks, who can provide some advice. [www.val.org.uk](http://www.val.org.uk).

**Leeds Community Foundation:** a range of grants available for local groups. Go to [www.leedscommunityfoundation.org.uk/grant-making](http://www.leedscommunityfoundation.org.uk/grant-making).

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**NCVO** (National Council for Voluntary Organisations) also have a useful section on funding: <http://www.ncvo-vol.org.uk/advice-support/funding-finance>

**Funding Central:** a national website that provides information on a range of fundraising sources. [www.fundingcentral.org.uk](http://www.fundingcentral.org.uk)

Other useful sites include:

- [www.tax-effective-giving.org.uk](http://www.tax-effective-giving.org.uk): how to raise funds in a tax efficient way
- [www.how2fundraise.org](http://www.how2fundraise.org): useful hints and tips on how to fundraise
- [www.fundraising.co.uk](http://www.fundraising.co.uk): more information successful fundraising

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## SECTION 5a – FUNDING RESOURCE PACK

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This section, 5a, is a more detailed guide to funding.

### **1. PLANNING**

Before starting any activities to generate income your group needs to agree a plan. This should embody the overall aims and objectives of your group and detail:

- the scope of the activities you intend to fundraise for
- what you will do to source the money
- how you intend to do it
- who will be responsible
- timeframe to raise the income

It is very important that the funding plan is agreed by the group management committee or board of trustees and the people involved in the delivery of the activities including staff/volunteers. This will ensure that you gather as many ideas as possible at the same time as engaging group members to participate in the fundraising activities.

The success of the funding plan is also underpinned by good financial management and planning. Your group also needs to have good systems in place to be ready to ask for funding, receive it, manage it, account for it and report back to any stake holders you need to including group members, service users, the local community, donors, sponsors and/or funders.

Having a funding plan will give an “edge” to your group when seeking and securing funding for your group. Leeds Community Foundation estimates that, out of a sample of 100 projects that applied for funding, 30% didn’t have a budget for the year, 40% didn’t have an annual business plan and over 70% didn’t have a funding plan.

### ***Drafting the Plan***

A funding plan shouldn’t be too demanding or complicated for your group to produce. It needs to reflect the level and complexity of your organisation and the activities and services your group provides. Above all, the plan should be practical and useful for the people delivering it.

Finalising the plan will probably take at least 2-3 sessions. Whatever form, sample or tool you decide to use, you should consider the following check list:

- a. Do you have a clear mission and long-term purpose? Does your constitution/governing document cover the activity you intend to do (consult your constitution/governing document)?
- b. Do you have an annual work plan with clear goals and objectives (list of activities and services you deliver that are in line with the aims and objectives of your group)?
- c. Are your management committee/board of trustees, staff/volunteers committed to and involved with the group?

- d. Do you have funding knowledge and experience on the committee/staff/volunteers? If not can you get advice from someone who has, or perhaps train someone up to gain knowledge and skills?
- e. Do you have an annual budget with details of all income and expenditure of the activities/services your group intends to deliver?
- f. What system are you going to use to track applications, donations, and any fundraising activity – written, computerised, spreadsheet?
- g. Details of key activities/services your group will deliver that explain WHAT you want to do, WHEN, WHERE, WHY, GOAL, HOW MUCH

### **The Plan**

There are different templates available; a very simple model would look like this:

<b>Activity Plan</b>					
<b>Group Name</b>	The ABC Support Group				
<b>Aim and Purpose of Group</b>	To provide healthy activities for people in Beeston				
<b>Period covered by plan</b>	April 2011 to April 2012				
<b>Activity /service (What)</b>	<b>When</b>	<b>Where</b>	<b>Why</b>	<b>Goal</b>	<b>How Much</b>
Running healthy living information sessions	1 a month x 10 months starting in April 2011	In the local community centre	To improve the local health of people in Beeston	10 people to each session	£25 a month room hire; £30 a month tutor costs; £15 a month refreshments
Produce a written guide to local services	To be ready by September 2011	To hand out and have in libraries	Because our members have said they want it	Produce and distribute 100 copies	£100 printing costs
Have a celebration event / meal	To take place in October 2011	In the local community centre	To raise profile of our group and bring local people together	50 people to attend each session	£200 for room hire, £300 for refreshments, £50 for marketing flier

Once the activity plan has been developed, you can produce a budget for the year (see section 3 on Financial management). This needs to show how much you need to raise and how you will raise it. Based on the above example, you need to raise £70 a month x 10 months for the healthy living sessions, £100 for the leaflets and £550 for the event so your target is £1,350.

You can then decide if you can cover these costs from money you already have in the bank, from contributions from members or if you have to seek funding elsewhere. These are explored further below.

## ***Do's and Don'ts of Funding Plan***

### *Do's*

1. Agree funding plan with all group members, review results regularly and update if necessary.
2. Share fundraising responsibilities between members of the group and state clearly who is responsible for each activity
3. Be aware of the strengths and weaknesses of your group and focus on the activities you can realistically deliver
4. Have clear fundraising targets. Make sure your fundraising activities have responses to what, when, how, who and why
5. Have a wide range of different sources of income to support your work and tap on local resources available to your group. Remember very few funders/donors will provide ongoing or indefinite funding.

### *Don'ts*

1. Impose a plan on the group
2. Rely on one source of funding to provide all income for your group
3. Delegate all the fundraising responsibilities to one person
4. Set unrealistic targets: being over/under ambitious

A really useful guide on how to write a fundraising plan can be found at:  
[http://www.fit4funding.org.uk/assets/uploads/files/fundraising\\_strategy.pdf](http://www.fit4funding.org.uk/assets/uploads/files/fundraising_strategy.pdf)

## **2. SOURCES OF INCOME**

It is always best practice not to start an activity until you know where the money is coming from or, if possible, have it all in the bank already.

There are different ways to obtain money to cover your activities. Having a broader range of income sources is better than relying on one. We suggest you consider the following:

### ***Charging***

If you are running events or activities, they don't have to be free, you can always make a small charge to people who are attending. If you have a way of getting people to pay in advance, this is better. If an event is costing you £500 and you hope that 100 people will each come and pay £5, but you only get 50 people there, it means you may end up losing £250.

### ***Donations***

Do you know local people / organisations who might make a donation towards your work – individuals, companies for instance? If you want to plan a bigger project, you might want to run a number of events that are specifically to raise money – collections in supermarkets, sponsored events or a fundraising meal. You could set up a membership scheme and get people to donate a specific amount of money a month, quarter or year.

### ***Grants***

These can be very important sources of funding for voluntary and community organisations. Grants are sometimes available from the government (central and local), or from grant-making trusts and organisations. To apply for a grant your group will usually have to write a proposal or complete an application form. Most requests are to fund a specific project as opposed to ongoing running costs and, if successful, you will then need to make sure you manage the grant and the project carefully. Finding suitable grants and writing bids or completing application forms takes time and the number of sources for grant funding are decreasing so groups are advised not to rely solely on grants. See section 3 below for further details.

### **Contracts and Commissioning**

In recent years some funders (especially local and central government and other public sector organisations) have stopped giving grants in favour of offering money through a commissioning process. With a grant you apply to the funder for an activity or event that you want to run, and they decide if they will fund it. With commissioning it tends to be the funder that decides what activities they want to support, or what outcomes they would like to achieve, and they then ask organisations to submit a bid outlining why your group is the best one to do the work. If you are successful, you then have to sign a contract to confirm you will deliver the activities. The application and decision-making process is longer and more complex and not something that all groups can cope with. For further details on commissioning visit

<http://leedsvoice.org.uk/supporting-links-to-commissioning/>

<http://www.fit4funding.org.uk/commissioning/introduction/>

### **Trading**

This refers to “the generation of income through the provision of goods and services to the general public”. It has become an important source of funding for charities and community groups and has led to the growth of “social enterprises” (organisations that trade for social purposes). Charities and community groups are allowed to trade (if their governing documents allow it) although there are some restrictions on what you can do. The Charity Commission provides extensive information on the legal aspects and we recommend you seek advice to make sure your group would comply with law, taxation and you are aware of legal responsibilities. For further details please visit <http://www.charity-commission.gov.uk/publications/cc35.aspx>.

Activities for trading can range from car boot sales, sales for charity on eBay to running a community café, charity shop, or printing and selling a magazine.

For further information on different sources of funding please visit:

<http://www.ncvo-vol.org.uk/advice-support/funding-finance/income-sources>

## **3. APPLYING TO FUNDERS**

Grants and Awards are a very important source of funding for voluntary and community organisations. To begin with you need **your plan** (as in section 1 above).

Most funders ask similar questions:

- What does your group do and is it formally constituted as a group / charity?
- What activity/service you want them to fund specifically?
- When/where the activity will take place? How your group will deliver it? Who will benefit?
- Why you want to do it – is there a need, have you done any consultation?
- What will the benefits be – will it improve the skills of individuals, clean up an area of Leeds, help raise you profile, improve the health and wellbeing of local people?
- How will you measure the benefits – asking people, getting them to fill in questionnaire for instance?
- What is the cost of the event / activity / programme and will it offer good value for money?
- Is it a one-off event/ activity or ongoing? If the latter, what are your plans for funding it once the grant you are applying for is finished?

You may have answered all these questions in your annual plan but, if not, it is worthwhile sitting down with your committee members and answering the questions together. This is a very good way of making sure your planned activity or programme is the right thing to do to target the people you want to help. It also means you don't just make up an activity just because there appears to be money available for it, without knowing that there is a real need for it.

Then you need to **research** the potential funders (see section below). When looking to see if your project is eligible, look at areas such as:

- What kind of organisations do they fund i.e. registered charities only, community associations, sport clubs, social enterprises,
- What type of projects do they support i.e. children and young people, environment, new projects only, ongoing, based in South Leeds only, etc
- What costs will they cover: ongoing costs and overheads, capital costs only, etc

They are usually very clear in what they can and cannot fund and there is little point applying for a grant unless you meet the criteria. If they say "we focus on supporting projects in South Leeds", and you are in North Leeds, you have very little chances of success. If they specifically say they don't fund applications for capital items, then you are wasting time and the cost of a stamp by even applying for a computer. Do read their guidelines carefully.

Then look at the **application details** – is there a form, do you need to ring first and request a pack, do they offer help? When is the **deadline** for when they need all the information by?

Some funders will say you can contact them first, by phone, to check your project is eligible. If they offer this we warmly recommend you do get in touch as this can allow you to explain what you want to do and they often provide helpful guidance and advice. Sometimes they will suggest you don't apply and, although disappointing, this can save you time and money! You can ask them to: explain more about their criteria and priorities and explain any questions you are not sure about on the form.

Now it is time to **apply**. You often only have one chance to submit a really good application and, if you are not successful, you often have to wait a further 12 months before you can apply again so it is worthwhile spending time in making sure your first attempt is a good one.

1. Before you answer any question or draft your proposal, read the grants criteria carefully and fully. Read the application form first and plan what information you will put in each section or you will end up repeating yourself or providing the wrong answers in different sections.
2. Provide clear, concise answers and do not use jargon or words or the funder might not understand what you mean and this can count against your application. If you want to take a group of children for a day out to the seaside, just say this and stress the benefits. Do not write – the trip will deliver on all the outcomes of the Every Child Matters agenda and lead to the long-term amelioration of healthcare....
3. Make sure your budget shows what you will spend the grant on and is linked to your description of what you want to do. It needs to add up. Don't be tempted to ask for more or less than is necessary.
4. Make sure you have covered every section – incomplete application forms are one of the main reasons that grant applications are refused.

If the guidelines ask for a letter (and don't give you any specific questions to answer), we recommend that this is no longer than 2 pages. The suggested structure would be:

- What is your group called, what does it do, what legal status does it have (constituted group, charity etc)?
- What is the activity you want to do – who will benefit, where and when will it take place?
- Why do you want to do it – what is the need?
- What will the outcomes / benefits be and how will you measure them?
- How much do you want – a brief budget breakdown should be sufficient (this can be included separately)?
- Have you raised any other funding yet?

Don't forget to see what other documents / information the funder might need. This is usually a copy of your governing document and recent accounts / income & expenditure. If they ask for this please make sure you include it with your application or explain why, if you cannot provide the information. Most funders will not consider the application until they have received all the details they need. However, beware of sending too much information!

***Don't forget to keep a copy of the application, criteria and guidance for your records.***

If you **don't receive funding** the funder may be able to give you feedback and you can use this to see how to improve on a future application. Many funders don't provide this feedback, however, and often the reason is just because they have received too many applications and not enough money.

If your application **is successful** you will usually get an offer letter, sometimes enclosing the cheque at the same time. Please do write and acknowledge the donation and say thank you. Recent research by Leeds Community Foundation shows that 65% of groups receiving a grant don't even bother to say thank you!

If there are any conditions attached to the grant, you usually have to meet those before they release the money. Try to do this as soon as you can to show that you are an efficient group.

If you experience problems in delivering the project, it is always best to let the funder know as soon as possible. They may be able to help and advise or let you alter what you are spending the grant on. If you do need to change your plans, do not just go ahead and do this without consulting the funder first. You have applied for a grant to do what you said you would do in the application and they may well ask for the money back if you do something different. It is usually easier to "fix" problems at an earlier stage than at the very last minute when you have to report back and risk returning the grant to the funder.

#### 4. FURTHER INFORMATION

**Fit4Funding:** the main point of reference for detailed advice about funding. [www.fit4funding.org.uk](http://www.fit4funding.org.uk)

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