



# how to develop a **funding strategy** for community groups

a **CNet**  
guide for  
voluntary and  
community  
groups



**CNet**  
EMPOWERING  
COMMUNITIES

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## Why do we need a strategy?

**Why bother having a fundraising strategy? Why don't we just get in with the fundraising? If all you need to do is raise £250 for some equipment, you don't need a strategy other than to get 10 members of the club to do a sponsored event and raise £25 each. However, if you need £100,000 to modernise and re-equip your gym, you will almost certainly be looking at raising large chunks of money from different sources. If you fail in one area (e.g. the Lottery Board turns your application down) the whole project may fail.**

So how do you develop a basic fundraising strategy? Here's a six-stage plan.

### Step 1 – What do we need money for?

You are going to be asking people for money. Therefore you need to be absolutely clear what you are asking for. 'Equipment' isn't much use as an answer. Exactly what equipment? You need to provide a list. If you didn't get all the money, which pieces would you buy? Similarly, 'salary costs' doesn't tell the donor much. Whose salary?

What work will they be doing? Why is employing someone the best way of meeting this need?

### Step 2 – Why is it important?

It's not enough to say to possible donors, 'This is what we want'. You have to show them why it is important, you have to back it up with evidence and need. 'We need a five-a-side pitch,' doesn't get you very far. You could say, we asked the young people what they wanted, they said that they were bored, there are no facilities and we would like a 5-a-side pitch.

### Step 3 – How much will it cost?

There are basically two kinds of costs:

- ★ Capital costs – these are the costs of physical items, e.g. buildings, equipment, furniture.
- ★ Revenue costs – these are the costs of running your activity, e.g. salaries, rent, rates, telephone bills.

You need to be realistic about both these costs. For example, you may want a new athletics track (capital expenditure). Fine. So you apply and get your grant. Then what? Who is there to look after it? How will you meet the higher insurance costs? Who will handle the extra membership applications as a result of the new facility? How much will the new high-tech floodlighting cost to run?

You need to think all this through before you write for money. There is no point getting your wonderful new facility only to find that you haven't got the money to run it and so the club has to close. You will also need to explain how you came up with the figures you arrived at.

You may need two lists:

#### (a) One-off capital costs

This will include all the costs associated with the building or renovation work e.g:

Building work	£50,000
Furniture	£10,000
Equipment	£25,000
Architects fees	£5,000
Quantity surveyor	£2,500
Legal fees	£2,500
Non-reclaimable VAT	£2,500
Fundraising expenses	£2,500
<b>TOTAL</b>	<b>£100,000</b>

Or it could simply be the cost of the minibus, i.e.:  
Minibus (second hand) £10,000

**(b) Ongoing revenue costs**

These apply once the capital work is finished. So, the organisation undertaking the above building work may find itself with increased costs e.g.:

	1998 <i>(before the building work)</i>	1999 <i>(after the building work)</i>
Rent/rates	£1,000	£3,000
Building repair	£5,000	£1,000
Heat/light	£1,000	£3,000
Salaries	£25,000	£35,000
Insurance	£500	£1,500
Postage & telephone	£750	£1,500
Maintenance of equipment	£1,000	£3,000
Computer costs	Nil	£1,000
Events/competitions	£100	£2,000
Publicity	Nil	£500
Audit costs	£1,000	£4,000
Bank charges	£200	£750

Other (this list is not supposed to be comprehensive)

Similarly, with the minibus, you will need to cover petrol, insurance, repairs, road tax etc.

Once you know how much you need you can then decide where the extra money is coming from.

**Step 4 – How much have we got?**

You need to ask yourselves:

- ★ Can we contribute to the capital part of the project?
- ★ Have we got enough revenue funding once it is built?

Again, you need to be honest and realistic about this. Things almost always end up costing more rather than less than you think and plan for. If you stake every penny you have on getting the thing done, you may run out of money before the project is completed. However, if you play too safe and look as if you are hoarding money, donors may think you are not committed and not give you support.

Have you got the money for all your day-to-day costs once the fundraising is over? Will you need

to employ a caretaker or coach or physio or whoever? Will you need to double your membership to pay for this? Do you need an increased local authority grant? Will you get it? Will you need to get your membership to run the London Marathon to raise the £10,000 extra a year? Will they do it? Will there be any loss of income while building work is being done (e.g. will you need to close the swimming pool for two weeks)? Are there any tax or VAT implications?

If you have money that you can put into the project it is an important sign of commitment and is very attractive to other funders. However, don't commit what you haven't got and make sure you allow for contingencies and overspends.

**Step 5 – Where is the money coming from?**

You need to know where you expect the money to come from before you start fundraising. Obviously this can only be an educated guess. You may well end up with something like this:

Management committee donations	£1,000
Management committee fundraising	£5,000
Member's donations	£2,500
Member's fundraising	£12,500
National Lottery	£25,000
Foundation for Sports and the Arts	£5,000
Company support	£1,000
English Partnerships	£8,000

You now know who you expect to give what. If they don't, then you need to make plans accordingly. In any case, the different funders will want to know how you expect to raise the money.

**Step 6 – Who is going to do the fundraising?**

It is all very well writing lots of plans, unfortunately this doesn't actually get the money raised! The final part of this planning stage is the hardest. This is where your arm-twisting skills will come into their own.

You may be thinking of organising the whole fundraising appeal yourself. This has the major advantage of being obviously clear about who is doing what because you are doing everything. However, be honest!

- a) Do you have the time?
- b) Do you have the experience?
- c) Do you have the contacts?
- d) Do you have active support from the rest of the organisation?

e) Do you have the necessary financial information?

f) In general, are you the best person to be doing it?

If you are convinced that you can and should organise it all, you may well still need help with administrative detail. For example, if you are organising an event, you cannot be in more than one place at once. You will need to delegate. Equally importantly, you may well need people with contacts.

You should organise a fundraising team so that everyone may contribute in some way e.g. phone funders, getting quotes, writing applications, proof reading copies etc.

The most effective way of raising money is through personal contacts. You are much more likely to get money from a friend than from someone who hardly knows you. For example, if you are about to do a sponsored abseil, who would you ask to sponsor you? Well, the same principles apply to other kinds of fundraising. Therefore, if you want to get sponsorship from local companies, why not try to get a prominent local business person onto your fundraising committee? This means that any requests for their support will come from someone they know and respect (i.e. a fellow company chairperson) rather than from a sports club whom they have never heard of and have no incentive to support.

Once you have done all this basic planning, you are ready to begin to raise money.

## What is a Funding Strategy?

### 1. A document which sets out:

- ★ Where a group is now and where it wants to be in the future.
- ★ A group's future needs.
- ★ The group's strategy for meeting those needs.

### 2. It usually contains:

- ★ A statement of the group's aims.
- ★ A statement of the group's objectives.
- ★ Outline of its Development Plans, clearly linked to the aims/objectives and identified needs.

- ★ A short account of its history (including its funding history).

### 3. And then for each Development Plan:

- ★ A budget, showing expenditure and any projected income, and the target still to be raised.
- ★ Suitable sources of funding.
- ★ Timescales for approaching those sources (including any deadlines they may have).
- ★ A breakdown of tasks involved – assigned to named people – and dates by which each task should be completed.

## Developing the Strategy

The fundraising strategy should be part of your organisations wider business plan.

The strategy should include sufficient mix to allow a diverse range of funding streams, and should also aim to generate income in the short, medium and long term.

Using this booklet you should be able to identify the key themes that will build up your fundraising strategy and provide answers to some of the questions that donors ask.

This booklet aims to provide an initial and basic guide to fundraising, if you wish to find out more details about any of the subjects then there are some very good references available.

Of particular use is 'The Complete Fundraising Handbook' by Clarke and Norton. You can also find lots information on the Institute of Fundraising Website <http://www.institute-of-fundraising.org.uk/>, especially under their code of practice section.

The Charity Commission Website is also a very useful resource detailing much of the legal information needed for fundraising: <http://www.charity-commission.gov.uk/>

Technical information on various issues can be gained from the Inland Revenue Website and specific links are detailed throughout the workbook.

Different methods of fundraising take different amounts of time to plan and to realise the income this needs to be considered when developing your fundraising strategy.

You need someone who:

- ★ Is good with detail.
- ★ Is good at keeping records.
- ★ Is a networker.
- ★ Is able to get the facts down clear and concise.

**Aims:**

- ★ A short statement about the PURPOSE of your Project, Organisation, Group.
- ★ What you want to achieve?  
Eg: To promote the health and well-being of all women in the area.

**Objectives:**

- ★ The steps you are going to take to fulfil your aims.

How are you going to do it?

- ★ Provide information on a range of health issues and local services.
- ★ Establish self-help support groups for women.
- ★ Provide a Confidential Counselling service.

## Questions to Ask Yourself

Funders will be looking for answers to the questions below when you apply to then for funding.

- ★ What does your group do, where, for who, and how?
- ★ Are you a properly run group – have you got a constitution, do you have a separate bank account with two or more signatories? Do you keep accounts and hold regular meetings?
- ★ How long have you been established – what have been your major achievements and successes?
- ★ If your group is brand new, how can you demonstrate to us that you can run this project?
- ★ Exactly how much money do you need?
- ★ Exactly what will you spend this money on?
- ★ Why is this necessary? What is the need? (show evidence).
- ★ What difference do you hope to make if you receive the funding?

- ★ How will you try and measure how successful you have been?
- ★ Have you got links with other organisations doing similar things in your area, to make sure there isn't an overlap?
- ★ How will you/do you make sure that you are open to everyone?
- ★ How do you make sure that the opinions of the people you help feed into the work you do?

## Planning a Fundraising Strategy

A fundraising strategy sets out what a group's funding needs are likely to be, over a future period (say a year or three years) and outlines how the group intends to raise the money to meet those needs.

When you start to draft a fundraising strategy the group needs to address a number of questions.

1. What are the AIMS of the organisation? (You need to keep these in mind; it's amazing how easy it is to forget them).
2. What are your current OBJECTIVES? What are you planning to do to meet the aims? How do you plan to develop the organisation? What new projects do you want to set up?
3. Why? Go back to your aims and check that your objectives are working towards meeting the aims. Prioritise your objectives.
4. Consider each objective or plan separately and work out what resources you need to find. Remember money isn't necessarily the only way to get something - you might be able to tap into a free service or find help in kind (gifts of materials for instance) that might save having to raise the money.
5. Work out what sort of money you need. This is called drawing up a budget. Is it:
  - capital or revenue?
  - one-off or ongoing?
  - a large or a small amount?
6. Think about where to go for it - possible sources
  - Statutory bodies - the council or central government.
  - Europe.
  - Charitable trusts.

- Special funds e.g. The National Lottery, BBC Children in Need.
- Businesses.
- Raise it yourselves.

Decide how you are going to fundraise. Consider what you need, who might fund it, what you need to buy and by when, then look at the skills of individual members of your group and divide up the tasks.

You may need people who can:

- ★ Write well.
- ★ Prepare budgets.
- ★ Speak to funders.
- ★ Persuade people of the value of your scheme(s).
- ★ E.g. Councillors, council officers.
- ★ Keep files/records.
- ★ Organise events, raffles, etc.

The best way to do this may be to form a fundraising group who can support each other and see that everything gets done.

However you decide to do it remember CO-ORDINATION IS ESSENTIAL, you must update each other regularly on what's been done and what the results have been.

**Selling Points** (in no particular order):

- ★ Locally based.
- ★ Involvement of service users.
- ★ Involvement of volunteers.
- ★ Value for money.
- ★ Partnerships between two or more organisations.
- ★ Expertise.
- ★ Local knowledge.
- ★ Non-profit-making.
- ★ Experience/track record.
- ★ Range of services.
- ★ Meeting unmet needs.
- ★ New approaches
- ★ Independent of other agencies, but supported by other agencies (where appropriate).
- ★ Supported by the local community

- ★ Actively seeking to involve everyone (equal opportunities).

- ★ Easy for everyone to access.

**Strengths:**

- ★ Established over 10 years ago.
- ★ Good track record of work / expertise.
- ★ Good reputation with main funders.
- ★ Good relationship with 'service users' groups.

**Weaknesses:**

- ★ Lack of information about the cost of services.

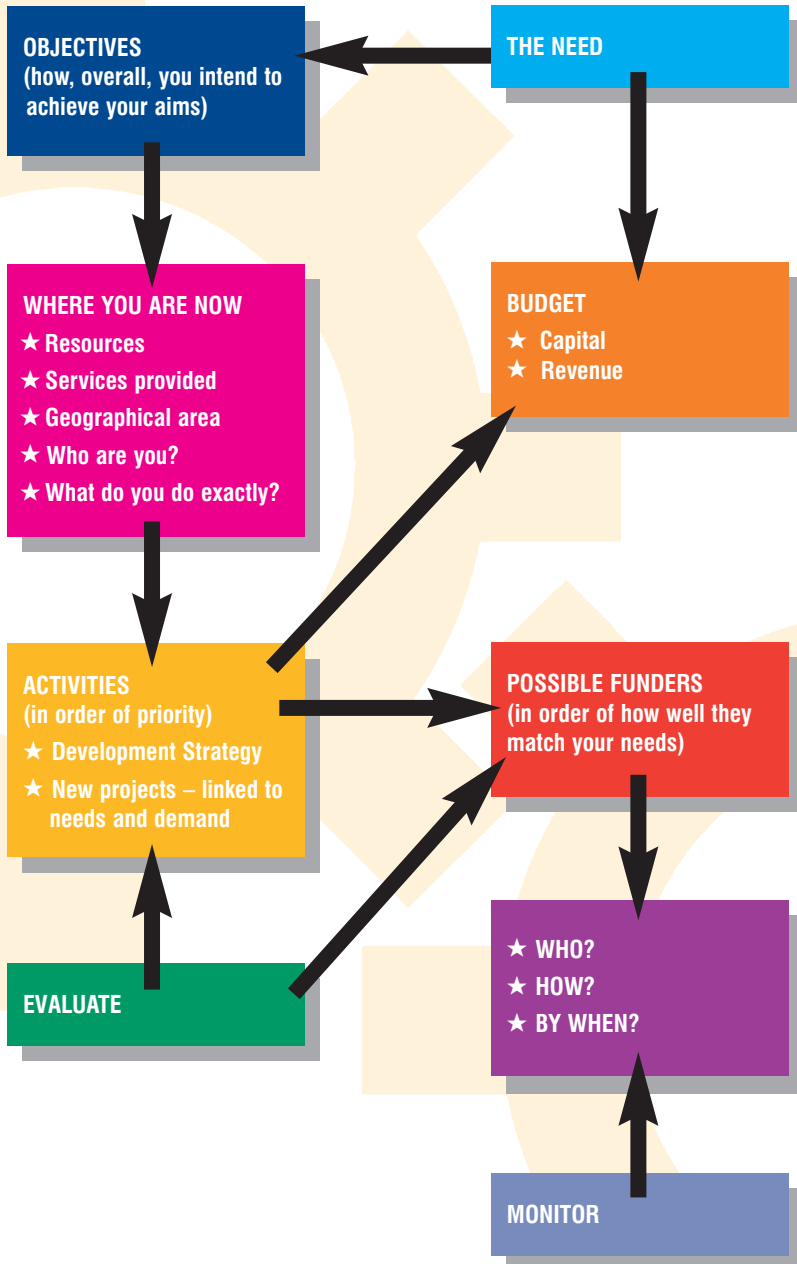
**Opportunities:**

- ★ Contracting out of public services.
- ★ Partnerships with other organisations.

**Threats:**

- ★ Internal: Staff/committee members leaving; Re-organisation; Taking on new work.
- ★ External: Changes in legislation; Competition – duplication issues; Loss of core funding.

## Building a Funding Strategy



## Applying for Grant Funding

Making a funding application is something groups may need to do when seeking financial support from either a charitable trust, government or local government or lottery fund. The application process will vary from Organisation to Organisation. However, there are some general rules of thumb that apply in most situations.

The single most important thing you should do before making any application is to talk to the funder concerned (by phone, in person or by letter) outlining your project and asking their advice as to whether your project fits their criteria and how best to present your application, check whether funder is ok with this first, check website, etc.

Funders are usually happy to assist – but ensure you leave yourself plenty of time before the application date.

### ***Are you well planned?***

Leave yourself at least 6 months, preferably a year, to plan the funding project. This is essential to allow for annual closing dates and targeting your application to the most appropriate source.

### ***How have you determined the need for this project?***

Funding allocation committees are made up of all sorts of people and for various reasons they may know little about your area of concern, so you need to prepare for this by spelling out how you came to decide to implement your project. What are the outcomes or benefits and who will these affect. Evidence and need, surveys, etc.

### ***How will you implement your project?***

Make sure you outline aspects such as time frame, who will participate, how you will evaluate your success, etc.

### ***What community support do you have?***

Letters of support from other groups, local people or even potential participants are useful for supporting your application. Make sure you also outline where your group fits in the wider community, why your project is special and how it is different from those of similar groups.

### ***Is your group ready to do the project?***

What is your track record? If you are an established group you will need to show that you

have sufficient experience, expertise or support to undertake your project.

## Making a good funding application

Why you need to stop and think about things before filling in a form.

Imagine you're the funder – one of the trustees, a member of the grants panel, what would you want to know?

You'd be reading a lot of applications, probably in a short space of time and straight away you'd favour those that were clear and concise. Fairly early on you'd want to know who was applying, how much they wanted and what for.

A clear summary early on gives the impression that you know what you want and that you are businesslike and will be able to do what you set out to do.

Imagine that you are the funder again. You probably want to know something about how long have they been going, what (briefly) they've managed to do so far, what legal structures they've got, how many members of staff, if any, they have, and how far away, you might want to know something about the area they work in and the problems it has – and you would want to see evidence that the group works with people locally, from the local authority or local trusts.

Funders need to have confidence in the group to feel that the group has supported other users of the service they provide, with other funders and perhaps with other organisations in the area.

Continue being a funder. You're going to want to know what the problems are that your money can help solve? You're going to be particularly keen to solve a problem 'out there' in the real world – not that the group would like a new minibus or computer (who wouldn't?) but that the minibus or the computer benefit the group to help solve some real problem.

As a funder you'll want to feel that the problem is:

★ The result of a demand by 'real people', not invented to suit the organisation just because the funds are available.

★ Concrete not abstract.

★ To do with people's needs, not just lack of something (so what if the organisation needs a new computer?).

★ Urgent.

★ Solvable.

As a funder you'll also want to be convinced that the group applying to you are the right organisation to tackle this particular issue.

Funders need to be convinced that there are issues which should concern them.

Continue to imagine you're a funder. You've been convinced that there problem falls within your remit. Now you will want to know how the group is going to tackle this problem. There are two parts to this: the group's objectives and its methods.

Take the example of the group wanting a minibus. The group has discussed a problem 'out there' - lets say, elderly, housebound people becoming isolated and are depressed. The group is going to tackle the problem by reducing the older people's isolation (that's their objective) and the method in this case is to get a minibus and take them to a day centre. The minibus is the means to an end.

As a funder you will want to know: who will do what to whom, and by whom.

Funders need telling what can be done and what will be achieved.

Wearing your funder's hat again, you will want to know how the group will show how they've achieved their objective. How will you know that your money has been well spent? How can you tell that the group has made effective use of your money?

You will want to see some evidence that the group has thought about evidence and monitoring.

Funders need convincing that you care about the problem and will spend the money to the best effect.

As a funder you also care about the efficient use of money. Can the group manage the money? Are they well-meaning but woolly? You will want to see a budget.

And you will be reassured if:

★ It's clear.

★ It's comprehensive.

★ It adds up.

★ It's realistic.

★ It shows any other funders involved.

★ If appropriate, it shows other non-money support.

Funders want evidence that you can handle money efficiently.

Finally as a funder, you'll want to know what happens when your grant has come to an end and your group come's back, over and over again? Will the project come to and end, or will someone else pick up the tab?

Funders sooner or later take a different view to groups who return to them over and over again for funding.

## Proving the need

**Why bother? – to:**

★ Ensure that what you want to provide is what people actually want providing.

★ Ensure as far as possible that it's likely to be well-used.

★ Convince funders and other bodies to support it

**There are two aspects to proving need:**

1. Proving demand.
2. Proving the need for subsidy.

**Proving demand:**

This is essential to ensure that a project is wanted and likely to be well supported, and that you are confident that local people are really keen to have a new community centre and that many of them are likely to attend activities there? Have you asked them lately? (their circumstances could have changed.) Have they been consulted about the design, opening hours, activities, charges?

If you can't prove demand, there's a risk that the centre will be built and not used with a waste of £100.000s – and a lot of your time. More likely, the funders will probably foresee this problem and turn down your applications, because the idea lacked support.

### **Ways to prove demand:**

- ★ Asking people (through door-to-door surveys, postal questionnaires, even interviews); if you haven't compiled a questionnaire before there is a support programme called Compass which can help with this.
- ★ Records of unmet demand (waiting lists, letters from agencies who want to be of support).
- ★ Existing research (but it needs to be recent, as people's needs change and services may have been set up since it was done).

### **Proving the need for subsidy**

In times of competition for grants, funders could say 'Of course, they'd support it but do they really need it?' Or, 'they're clearly keen on this, so why don't they put some of their own money in themselves?' So as important as demand is, so is proving why money needs to come from outside sources.

### **Ways to prove need:**

- ★ Researching what's already available (or isn't) and why the new project is needed (poor public transport? No youth provision?).
- ★ Statistics showing the needs within the target community (high unemployment, low education, elderly population, a high proportion of lone parents), websites: [www.neighbourhood.statistics.gov.uk](http://www.neighbourhood.statistics.gov.uk), [www.statistics.gov.uk](http://www.statistics.gov.uk), and [www.communitystats.org.uk](http://www.communitystats.org.uk) can help with this.
- ★ Existing (recent) research on the needs of an area (local authorities, etc).

## **The sort of questions you might be asked**

The purpose of this section is to give a few pointers to the key questions often asked by grant-giving trusts, or other funders, and how you might approach them. You will want to get on with your fundraising, but your organisation might also like to step back for a while and think carefully about the approach they make, and how to best use the scarce resources available to you – especially the time of the people who carry out

your work paid or voluntary. Find out what information the funder needs and tailor your application to this. The information in this section is a brief summary of information sheets and training courses provided by The Charities Information Bureau.

Please note the following points are only a checklist – they will not be relevant when applying for smaller amounts of money.

### **1. Purpose of project:**

Decide what you want the money for:

- ★ Equipment? Rent? To run a play-scheme?
- ★ How does it fit in with the original aims of your group?
- ★ Who would benefit from the grant and how?
- ★ How many people?
- ★ What are their needs?
- ★ Will they be consulted / involved?
- ★ Does the area have special problems?
- ★ How do you know there is a need for project – what evidence do you have?

### **2. Your Organisation:**

- ★ What are the aims of your group?
- ★ Are you experienced in this work?
- ★ Do you have charitable aims / limited company status?
- ★ Do you have the backing of the local community / local councillor / other funders?
- ★ Is your organisation the best one to carry out this work – are there other organisations nearby which already do this, or would be better placed to do it?

### **3. Evaluation:**

Your funders will be just as interested as you in achieving results. You will need to show:

- ★ That you know precisely what it is that you are setting out to achieve – you might think your objective is 'to build a community centre'. Our funders want to know what the community centre will do, and how you will know whether or not you have achieved that.
- ★ That you are able to measure the 'outcomes'. For example, building a community centre is an 'output', whilst reducing accidents amongst

children to play is an 'outcome', you may be able to measure the reduction in road accidents as a result of putting on a play-scheme. So you will need to consider: how will you measure your outcomes?

- ★ That you have demonstrated your commitment to evaluation by building the cost for it into your budget (perhaps employing an outside consultant?)

#### **4. Equality Issues/User Input:**

- ★ How will you make sure no-one's excluded (equal opportunities)?
- ★ How are people involved in the management and decision making processes of your organisation?
- ★ How do you make sure you are effective in telling everyone who needs to know about your project?
- ★ What have you already done to involve potential users?

#### **5. Organisational Information:**

As well as giving the basic facts about your organisation (address, size, etc) your funder wants to know your money is 'going to a good home':

- ★ Is this person / organisation honest?
- ★ Do they know what they are doing?
- ★ Is their cause important?
- ★ Is it high priority for me as a funder and one of my interests?
- ★ Will it reach a lot of people?
- ★ Is it based in my area (if appropriate)?
- ★ Can I afford to give them what they need, or would my money be just a drop in the ocean to them?

#### **6. Financial Management Issues:**

- ★ How are your organisation's finances controlled?
- ★ Who make decisions?
- ★ Who ensures that decisions are within the policies of your organisation?
- ★ How often do your trustees get a financial report (if you have them)?
- ★ Who audits your books and how often?

#### **7. Budgets:**

- ★ What finances will you need to achieve the aims of your project?
- ★ Work out what your budget headings will be. There are the basic costs that nearly every group has, such as postage, stationery and maybe rent, heat and light.

There is also expenditure particular to the work you do such as transport or catering. See below for checklist.

#### **Work out how much you need under each heading:**

- ★ Visit other groups similar to yours and learn from their experience.
- ★ DON'T GUESS on things like running costs – there is no need, and you may get it wrong and find yourselves with a shortfall.
- ★ Get quotes from a few different suppliers or use catalogues to get prices.

#### **If you employ workers:**

- ★ Tie them into relevant local authority pay scales, make sure you have an up-to-date copy of the scales.
- ★ Don't forget to include costs of Employer's National Insurance, pension contributions, salary increments and annual pay rises. It is useful to estimate costs at the 'mid-point' of salary scales.
- ★ Divide your budget up between capital and revenue.
- ★ If you're planning expenditure for next year, you need to take into account price rises so don't forget to add on inflation at the current rate.

**Keep notes on how you reach your figures, so that you can explain them if asked.**

#### **Suggested budget heading checklist:**

##### **Income**

Grants – for Capital For Revenue.  
Subscriptions.  
Donations.  
Equipment.  
Earned income e.g. sales of publications.  
Fundraising event/s.

## Revenue

- ★ Wages and National Insurance.
- ★ Rent.
- ★ Insurance.
- ★ Heat and Light
- ★ Postage, Printing, Stationery.
- ★ Telephone.
- ★ Training.
- ★ Transport and Travel.
- ★ Repairs and Renewals
- ★ Maintenance of Equipment.
- ★ Cleaning.
- ★ Evaluation.
- ★ Consultation.
- ★ Access budget, e.g. for childcare / translators.
- ★ Auditing fees.

## Capital

- ★ Office Equipment.
- ★ Computer.
- ★ Building / Refurbishment.
- ★ Minibuses, etc.

## 8. Job Descriptions

Don't forget to include a job description if you are applying for salary costs. This should include:

- ★ The job title.
- ★ Who they report to.
- ★ The annual salary.
- ★ Hours worked per week
- ★ The main purpose of the job
- ★ Key points which describe all the areas of work.
- ★ Any major terms and conditions (e.g. non-smoking offices, holidays, pension schemes, etc).

## 9. About Business Planning

A 'business plan' is often requested by funders, especially when you are asking for a large amount of money. The funder may well have a guide which tells you how they want the business plan set out, and they vary. However, business plans are usually looking for the key points you would expect in a funding application. For example, a business plan for a community centre might include:

- ★ Introduction.
- ★ Section 1. Executive Summary  
The Organisation – Background, Market, The Project, Finance.
- ★ Section 2. The Needs of the Community, Community Consultation, Potential Users.
- ★ Section 3. Contact other facilities in the area, Location of the project, status of the area.
- ★ Section 4. Organisation Structure and Management – Management Structure, Legal Structure, SWOT analysis (strengths, weakness, opportunities and threats).
- ★ Section 5. Current Activities, Current users of the Facilities, The current facilities and their problems.
- ★ Section 6. Project Design and Project Plan; Proposed Activities.
- ★ Section 7. Capital funding, -Project Cost, Risks attached to a shortfall in funding, Major Funders proposed, Other Capital, e.g. for furnishing and equipment, funding strategy.
- ★ Section 8. Project Management and Financial Profile, Tenure/Lease project running costs, Revenue Streams, Financial Summary and Cash Flow Analysis.
- ★ Section 10. Marketing, Advertising the facility, e.g. open days.

## 10. A Summary

Now that you have completed your application, write a summary of it. This will include:

- ★ Who you are: the name of the organisation, address and phone number of a contact person.
- ★ What you do: who needs you, who benefits, how you differ from other groups.
- ★ How you operate: what kind of status (charity, limited company etc) whether you have a constitution, paid staff, how much money goes through the organisation in a typical year.
- ★ What you've done so far (briefly) and what you hope to do.
- ★ What money you need and what you need it for; as precisely as possible, with time-scales; exactly what would be achieved and at what cost.

- ★ What else you're doing to raise the money: your own efforts and other approaches.

For even the longest, most complicated application, the summary should never be more than two sides of paper. If you can fit it on to only one side, so much the better.

### **11. Proposal Checklist:**

Make sure your application contains:

**A summary: That clearly and concisely summarises the request.**

1. Appears at the beginning of the proposal.
2. Identifies the grant application.
3. Includes at least one sentence on credibility.
4. Includes at least one sentence on the problem.
5. Includes at least one sentence on objectives.
6. Includes at least one sentence on methods.
7. Includes total cost, funds already obtained and amount requested in this proposal.
8. Is brief.
9. Is clear.
10. Is interesting.

**1. An Introduction: That describes the applicant agency and its qualification for funding (credibility).**

- ★ Clearly establishes who is applying for funds.
- ★ Describes applicant agency purposes and goals.
- ★ Describes applicants programs and activities.
- ★ Describes applicants clients or constituents.
- ★ Provides evidence of the applicants accomplishments.
- ★ Offers statistics in support of accomplishments.
- ★ Offers quotes/endorsements in support of accomplishments.
- ★ Supports qualifications in area of activity in which funds are sought (e.g. research, training).
- ★ Leads logically to the problem statement.
- ★ Is as brief as possible.
- ★ Is interesting.
- ★ Is free of jargon.

### **2. A Problem Statement or Needs Assessment:**

- ★ Relates to purposes and goals of applicant agency.
- ★ Is of reasonable dimensions - not trying to solve all the problems of the world.
- ★ Is supported by statistical evidence.
- ★ Is supported by statements from authorities.
- ★ Is stated in terms of clients and beneficiaries.
- ★ Is not the 'lack of a programme', unless the programme always works.
- ★ Makes no unsupported assumptions.
- ★ Is free of jargon.
- ★ Is interesting to read.
- ★ Is as brief as possible.
- ★ Makes a compelling case.

### **3. Programme Objectives:**

- ★ At least one objective for each problem or need committed to in problem statement.
- ★ Objectives are outcomes.
- ★ Objectives are not methods.
- ★ Describes the population that will benefit.
- ★ States the time by which objectives will be accomplished.
- ★ Objectives are measurable, if at all possible.

### **4. A Description of Methods:**

- ★ Flows naturally from problems and objectives.
- ★ Clearly describes programme activities.
- ★ States reasons for the selection of activities.
- ★ Describes staffing of programme.
- ★ Describes clients and client selection.
- ★ Presents a reasonable scope of activities that can be conducted within the time and resources of the programme.

### **5. An Evaluation Process: To measure whether the outcomes have been met:**

- ★ Presents a plan for evaluating accomplishment of objectives.
- ★ Presents a plan for evaluating and modifying methods over the course of the programme.
- ★ Tells who will be doing the evaluation and how they were chosen.

- ★ Clearly states criteria of success.
- ★ Describes how data will be gathered.
- ★ Explains any test instruments or questionnaires to be used.
- ★ Describes the process of data analysis.
- ★ Describes any evaluation reports to be produced.

#### **6. Sources of Future Funding:**

- ★ Presents a specific plan to obtain future funding if programme is to be continued.
- ★ Describes how maintenance and future programme costs will be obtained.
- ★ Describes how other funds will be obtained, if necessary to implement the grant.
- ★ Has minimal reliance on future grant support.
- ★ Is accompanied by letters of commitment, if necessary.

#### **7. A Budget:**

- ★ Tells the same story as the proposal narrative.
- ★ Is detailed in all aspects.
- ★ Contains no unexplained amounts for miscellaneous or contingency.
- ★ Includes all items asked of by the funding source.
- ★ Includes all items paid for by other sources.
- ★ Includes all volunteer costs.
- ★ Includes all consultants costs.
- ★ Separately details all non-personnel costs.
- ★ Includes indirect costs where appropriate.
- ★ Is sufficient to perform the tasks described in the narrative.

(Adapted from "The Proposal Evaluation Checklist" produced by the Grantsmanship Centre, USA).

## **Who will you ask for funding?**

A Funding Information Service Database (Funder Finder) – available at the Bradford Resource Centre, Chapel St. Bradford BD1 5DT  
Tel: 01274 779003.

Also check Bfunded's website:  
[www.bfunded.org.uk](http://www.bfunded.org.uk)

and Fit4funding's website:  
[www.fit4funding.org.uk](http://www.fit4funding.org.uk)

Bradford CVS's magazine "Briefing Bradford" also lists up to date funding sources, check their website: [www.bradfordcvs.org.uk](http://www.bradfordcvs.org.uk)

And Keighley VS have a funder finder.

Create a calendar of closing dates so you can plan for your funding application.

Make personal contact with funders – check with funders whom you are applying to, outline your project and ask how best to pitch your application. No matter how worthwhile your project is you will not get funding unless it fits into the criteria and priorities of the funding body.

Also check what size grants the funder can offer so you don't get caught by applying for an amount that is beyond their scope.

## **Putting together a budget**

### ***What is a budget?***

A budget is your group's plans for the coming year set out in money terms to ensure that you have the money to do what you want to do, and to enable the final decisions and keep control on a concrete set of figures rather than pure guesswork about where you are.

### ***Preparing the budget:***

Don't underestimate the time it will take to do the work needed to get a budget it may take three months to get all the figures together and agreed by then so start as soon as you can on the budget. Don't wait for grant application forms and have to fill them in quickly.

### ***Step-by-step:***

1. Start off by thinking about what your group's aims are. What finance is needed to achieve those aims?
2. Work out what your budget headings will be.

There are:

- ★ The basic costs that nearly every group has such as postage, stationery, maybe rent, heat and light.
- ★ Expenditure particular to the work you do such as transport or consumables.

★ There is a check list at the end,

3. Work out how much you need under each heading. Visit other group's similar to yours and be prepared to learn from their experiences. If you are in a building with other group's, find out what their heating bill is, don't guess – there is no need, and you may get it wrong and find yourselves with debt that could have been prevented. If you can find out the precise cost, then do. Don't guess the cost of a photocopier or other equipment, get quotes from a few different suppliers or catalogues to get prices.
4. If you employ workers tie them in to relevant local authority pay scales if you have an up-to-date copy of the scales. Don't forget to include costs such as, national insurance, pension contributions, salary increments. For further details on costs of employing people please get in touch with Bradford CVS.
5. Local Authorities and most trusts divide their grants into 'capital' and 'revenue' as a one-off expenditure on equipment or setting up costs (capital) running costs (revenue). Divide your budget up in this way.
6. If you're planning expenditure for next year you need to take into account inflation so don't forget to add on inflation at the current rate.
7. Keep notes on how you reach your figures, so that you can explain them.
8. Repeat the process for the income side of the budget, look at all the columns of money and estimate realistically how much you will get from each.
9. Now look again at the figures. Have you left anything out. Is there a deficit – that is, are you going to spend more than you are expecting to get in, are you going to meet the shortfall? This may be the point at which you select new targets for the next year.

#### **Using the budget:**

Budgets aren't simply there to get a grant. They are your guide to whether you are spending your money as you had planned. They can warn of overspend, underspend, spending in unexpected areas and with this information, you can act on it. Every month or so compare your expenditure to the budget. If you are low on funds as originally

planned, you must find out why. Does it mean that you aren't operating as you want to, or does it mean that your budget should be made higher.

#### **Future budgets:**

About nine months into the financial year, you should start working on a new budget. You will, by then, have a clear idea of how your expenditure and income should match up, and what adjustments you will need to make for the next year if you have time to do the work involved before the new year starts.

#### **Income Expenditure**

(suggested budget heading check list)  
Subscriptions, Donations.  
Sales of publications, etc.  
Fundraising event.

#### **Grants for capital e.g.:**

Office equipment, Computer equipment  
Minibuses etc

#### **Grants for revenue e.g.:**

Wages and National Insurance.  
Rent.  
Heat and Light.  
Postage, Printing, Stationery, Telephone.  
Training.  
Transport and Travel.  
Repairs and Renewals.  
Maintenance of Equipment.  
Cleaning.

#### **Include all your costs.**

When putting together your budget include all of the direct and indirect costs that go into making the project happen. This can include the use of your own building for your project, administration costs incurred with the project, value of people hours both paid and voluntary involved in the project.

#### **What can you contribute?**

When looking at income, start with what you have already. Most funders expect groups to provide up to half the cost of their project. This can often be in goods or services donated in kind, including volunteer effort. The use of your building and existing staff time can also be added as part of your contribution but if you do put a dollar value on these things, make sure they also feature in your costs column.

A word of warning. If you are applying for equipment, then your budget should show only those costs and income related directly to the equipment, you cannot 'pad it out' by adding a whole lot of ongoing costs just to make your budget look good. Be as accurate as you can, funders recognise over-inflated budgets and generally grant accordingly – this does not create a good impression of your Organisation and is to be avoided.

Write or type in black ink, blue is hard to photocopy. Make sure your application is neat, tidy and legible. It is surprising how many people do not take care to do this. A 'messy' application can imply a 'messy' group.

#### **Follow Up:**

If you are unsuccessful ask (nicely) why you were not successful. It may simply be lack of money to go around or it could be the way you presented your application – anyway, this is worth checking out for next time.

If you really think you did everything right and wish to appeal a decision, some funders do in fact allow for this, although try to be open minded about this – there may be other reasons why your application was declined. Committees want to give away their money but they are bound by their criteria and original purpose. They are trying to do their best to be fair and consistent in their decision-making. If you are successful, do send thank you letters, reports of your project when it is finished, even photos. It helps to build a relationship with funders – the more they know about you the easier it will be for you to explain future projects, this is particularly relevant to out of town funders.

## **The Bare Bones Application Letter**

Note, there is no such thing as a model application letter. Write your letter in the way that best suits you and the work you are doing. Be yourself and let your work be seen in its best light. However, here is one skeleton outline that will help you put fundraising muscle on in the right places.

*Dear... (wherever possible use the name of the*

*correspondent. If you do not know it, make every effort to find out, and get the spelling right)*

*I am writing on behalf of ... seeking funding towards the cost of...*

*...was set up in ... by ... to do ... Major initiatives have included...*

*I am writing about our ... project. The need we are meeting is particularly important because...*

*We know the project will be effective because...*

*We know we are the best people to do this work because...*

*The project will cost £... We intend to raise the money as follows:...*

*As you are interested in... (location, funding criteria etc.) I am there fore writing to you for...*

*At the end of the grant we expect the project will be funded by...*

*If you require further information, or you wish to discuss the application, or you would like to visit and see the work, please contact me on...*

*Yours sincerely,*

This is a possible structure for a letter. Use it as a checklist to make sure everything that is relevant to the application has been included.

Don't forget: use headed notepaper, include your charity number (if you have one) and sign the letter.

#### **What do you send with the application letter?**

If the funder has an application form you must fill it out following its instructions. However, if you are writing an application letter, you should send the following supporting materials, always send what the funder requests, check list:

- ★ A set of your most recent accounts, or a budget for the year if you are a new organisation.
- ★ A budget for the particular project you are wanting to support for, including estimated income and expenditure.
- ★ An annual report (if you have one). If you have not done so before, think about your annual report as a fundraising tool. It does not have to be a dry as dust account of the last year with minimal information on what you do. It can say as much about your activities and success stories as you want it to.

You can also enclose anything else that will support the application (e.g. newsletters, press cuttings, quotes sheets, videos, photos, drawings, letters of support from famous people). However, do not rely on these extra bits to get you the money. They will not compensate for a hopeless letter. Assume that the trust will only read your letter and the financial information (budget and accounts). They should be able to get the complete picture from these.

If in doubt, ask yourself:

- ★ Is this relevant to the application? Is it absolutely essential or a nice extra?
- ★ Will it help the funder to make a decision in our favour?
- ★ Can I afford to send all this?
- ★ Does it present the right image? Is the additional material so glossy that it implies you are a rich organisation, or is it a tatty photocopy which suggests that you can't really be bothered?

Remember, everything is for a fundraising purpose. If the accompanying information does not help the application, do not include it. It is definitely not a case of never mind the quality, feel the width.

### **Your Application Letter**

Your application letter should tell any reader everything they need to know about your appeal in a short space of time. Assume they will not read anything else you send, and then answer the following:

- ★ Will they have a clear idea of who you are, what you want, why you want it?
- ★ Will they see what good it will do, what you expect from them, where else the money will come from, and what happens when their support has finished?

Before you send the letter, give it to a friend who knows little or nothing about your project. After reading the letter quote quickly, if your friend cannot answer the above questions, nor will your potential supporter be able to.

### **What do you do with the letter?**

There are two main strategies.

1. Send it out to all relevant funders all at once. This is the most common techniques. It has the advantage of getting the appeal up and running and you will know reasonably quickly where you stand.
2. You may wish to send the application out in stages. Write to a few of your key supporters first and see if they will lead the appeal (i.e. give you a grant which then encourages others to do the same). When some of these have committed themselves to supporting you, then write a short letter saying: *'We understand you are still considering our application about... however, you may be interested to know that we have so far raised £10,000 of the £20,000 we need. This has come from... please contact me if you need any further information about the project.'*

Money tends to follow money. The more you raise, the easier it is to raise more.

Highlight any money that has already been raised or pledged. Sending applications out in stages usually improves your chances because you concentrate initially on those most likely to support you. Then you widen the net to include those who don't know you as well but will take their cue from other funders' confidence in you. However, this approach is more time consuming and needs more planning. It may not be the remedy for crisis funding where you are desperate to get money in as soon as possible.

### **What to do after the letters have been sent:**

You should keep a simple record of what you have sent and where. It will help you keep track of applications and to know how supportive each funder is. Note also the supporting materials you have sent, or the events you have invited funders to.

Apart from this, mostly you can do nothing except wait for a yes or no. You can ring to check that the application has arrived, but you do not want to seem to be hassling or pressuring people.

Different types of funders will have different expectations of this. Some local authority officers for instance will discuss how your application is progressing; others such as some trusts or

companies will not welcome any follow-up contact at all. They will not have the time or inclination to answer your enquiries, however general.

If you get a positive response, write to say thank you immediately and put these people on your mailing list for the future. Keep them informed of your progress. Note any conditions on the grant that have to be met (e.g. sending a written report to the funder each year) and make sure you keep to them.

If there is any variation in what you have been given the money for, and what you are actually going to do, you should inform the funder and check this is acceptable. (This is particularly the case with grant-making trusts.) You will want to go back to those who have supported you for help in the future.

Keep them interested in your progress and how the money has been spent to help your community. If individuals have benefited, personal accounts and progress reports can be an easy and friendly way of keeping the funder interested and enthusiastic about what their money has helped to achieve.

## Template for Business Plan for one-off project / event

- ★ Introduction
- ★ Nature of project.
- ★ Who is involved.
- ★ Will event be subject to VAT?
- ★ Will event be subject to corporate tax?
- ★ Will event require special insurance?
- ★ Will event require any licences / permissions?
- ★ Will a major sponsor be required?
- ★ Does it need to go through the company?

### **Primary and secondary objectives:**

- ★ Primary objective  
(probably to raise funds with profit of £x - i.e. measurable)
- ★ Secondary objective  
(e.g. to raise profile, recruit supporters, etc).

### **Resource Analysis:**

- ★ Volunteers.
- ★ Staff.
- ★ What time will be involved?
- ★ Will any capital expenditure be required?

### **Strengths, weaknesses, opportunities and treats:**

A paragraph at the end to show how these can be maximised / overcome.

### **External factors:**

- ★ Weather.
- ★ Competing functions.
- ★ Outside suppliers.
- ★ Matters outside of the organisers control.

### **Planning Schedule:**

- ★ Week by week plan.
- ★ Details of every facet of event.
- ★ Personnel involvement.
- ★ Media plan.
- ★ Meetings.
- ★ Who needs to know at each stage.
- ★ Checklist of requirements.

### **Budget and Cash Flow**

#### **Conclusion:**

- ★ Does the event fit with the image of the charity?
- ★ Will projected income to costs be at a minimum ratio of 3:1?
- ★ Are there adequate personnel (Volunteers and staff) available at appropriate times?
- ★ Will the event meet the primary or secondary objectives set?

## CNet Community Empowerment Network

### *What we do:*

#### **CNet**

CNet is a Community Empowerment Network. We work with agencies across Bradford to ensure that the views of voluntary and community groups and individual advocates are heard on key decision-making partnerships.

#### **Partners**

We work with a number of partners across the District to help plan and improve the delivery of services.

#### **Individuals**

- ★ We offer support and training for individuals who want to engage in community advocacy and public decision making.
- ★ We promote the benefits of getting involved in groups and networks.

#### **Groups**

- ★ We support groups by providing small grants to enable them to fund an idea or project which will benefit the community.
- ★ We link groups to networks and encourage them to share information and good practice.

#### **Networks**

- ★ We work with existing networks and get actively involved in the development of new ones.
- ★ We distribute a wide range of information for networks to share with their members.
- ★ We provide meeting facilitate and resources.

#### **How to find us**

385 Canal Road,  
Frizinghall, Bradford,  
West Yorkshire BD2 1AW  
Tel: 01274 714144  
Fax: 01274 714140

Email: [contact@cnet.org.uk](mailto:contact@cnet.org.uk)

Check our website: [www.cnet.org.uk](http://www.cnet.org.uk)

You can also download a copy of this booklet and others in the series by going on our website.

Thanks to Voluntary Action Calderdale for the help and support in producing these booklets.



**CNet**  
EMPOWERING  
COMMUNITIES