

PUTTING TOGETHER A FUNDING PROPOSAL

Making a case for funding

Raising and sustaining funding is often the bottom line for voluntary organisations. Before you begin to raise funds you need to have a clear idea of what you want to spend your money on and why. This follows similar principles to identifying your aims and objectives, which were looked at in the previous section.

Key principles

Presenting or 'packaging' your funding proposal is not the only ingredient of success. You need to have a clear plan of what you want your organisation to achieve, and to demonstrate clearly how your funding proposal will help to achieve this.

Fundraising involves knowing:

- What the problem is (the need)
- What the solution is (the project)
- Why you should be given money to solve the problem (your selling points)
- Who should give you the money (researching your funders)

Start at the beginning, and use your Mission Statement and Aims and Objectives. What does your organisation want to achieve? What are the main services you provide or new activities you want to develop? From these objectives, you should be able to identify your main project areas. You need to identify clearly how your projects will further your organisation's aims.

Developing your project

You need to think in terms of projects. Funders like giving money for specific projects which have a clear need, a clear benefit, and a timescale. Asking for money for general running costs is not as appealing. For example, projects which are more appealing include those which are: innovative; tackle new problems; involve disadvantaged groups; are hard to finance; are one-off costs; or are 'pump-priming' (raising money in order to attract other funding).

This doesn't mean that you can't raise money for your core costs. Don't think of core costs as 'separate'. Organisations pay for rent, bills, telephones and salaries in order to further their aims – they are not expenditures in themselves. You can't run a charitable organisation just to pay a telephone bill – this is illegal! Instead, see your organisation as made up of a series of projects, with the core costs divided between each project.

Your first step is to establish the need. What is the problem, and why is it important? What will happen if no action is taken? Remember that these are not your organisation's needs, but the needs of your beneficiaries. Needs

assessments do not necessarily have to be lengthy and expensive – you could use existing local statistics or information, or carry out your own simple questionnaire.

When you are setting out your project's activities, be specific and thorough about what you want to carry out and why. And don't just list the activities, make sure it is clear why you want to carry out the project and what you intend to achieve. For example, it sounds more appealing to 'widen community involvement through the development of a community facility' rather than to 'buy a building'.

When costing, you need to be specific, comprehensive, and realistic. Include all costs, including the 'hidden costs' - the proportional extra cost of overheads, telephone bills, photocopying, and so on. Shop around for quotes if you are applying for specific items (eg. equipment or training), and demonstrate that you are asking for value-for-money. If the total cost seems too low or too high, then go back and rethink some of your estimates.

Remember also to include the 'in-kind' costs, or the cost of things which are being provided for you free. So for example, if someone is giving you the hire of a hall for free, work out exactly how much that would normally have cost. This will help your application, because it will show that your project is 'value for money'.

Who will benefit? How will you measure the benefits? 'Value for money' does not just mean having a low-cost project. Instead, you need to emphasise the benefits of the project compared to the amount spent.

What will you do when the money runs out?

All this should demonstrate *value for money*. Efficient and cost-effective. Big outcomes for small outlay. Try and give figures of money which may be saved as a result of your project.

If you have strengths and weaknesses, be honest about them. Identifying weaknesses is the first step to tackling them. Do not hide weaknesses – funders can spot them!

Selling yourself

You obviously feel you should receive money for your work, but why should a funder support *you*? You need to put this across, by 'selling' your idea.

- Establish your credibility. Funders need to be confident that you will be able to carry out the project better than anyone else.
- If you are a new group and don't have a 'track record', emphasise the particular skills or previous experience amongst the people in your organisation.
- You can also demonstrate your credibility by the quality of your planning and budgeting, and show that you will be able to managing funds and account for them.

- Promote yourself. Funders need to know about your organisation and that it is worthy of their money.
- Develop *good quality* publicity and letterheads. Keep it simple – large pictures, small amount of text. Have a good quality annual report and make sure it is widely distributed.
- It might be a good idea to have a fundraising newsletter. This can give information about the sort of funding you are seeking, and any special fundraising events you are running. It doesn't have to be a frequent or very long newsletter.

When you are applying to trusts personal contact can be key. The more you can develop your relationship with a funder the better. This could involve a telephone call, or even inviting a funder to visit your organisation. Remember to do your research, though – some trusts will want prior contact before any application is received, but some trusts do not encourage 'exploratory telephone calls'.

Sources of funding

Applications to grant-making trusts

- You now need to work out exactly who will want to fund you.
- Identify who might be interested in funding you, and find out as much as you can about them. There are thousands of grant-making trusts around, but they all operate in very different ways. Some are run by a small number of trustees, deciding on applications on an individual basis, but some may employ staff to deal with large numbers of applications. Some may have specific (sometimes annual) deadlines with application forms; some may consider letters of application on an ongoing basis.
- One way of quickly identifying relevant funders is by using a computer package. Community Links Bromley has a package called *Funderfinder* which is available for all voluntary groups to come in and use (to make an appointment, see the details at the end of this pack). *Funderfinder* works by asking questions about your organisation and your funding needs, in order to pinpoint specific funders which might be relevant. *Funderfinder* is updated every six months, which means that it is generally more up-to-date than the directories of grant making trusts.
- However, *Funderfinder* will not solve all your funding problems. It simply identifies relevant funders and links to online or printed guidance – and it is then up to you to find out more about each of the funders. There is still a lot of background work researching each trust to ensure it is relevant to your organisation and your project. This takes time, and the more prepared you are, the better. It is much better to target funders which you know from their track record are likely to support you, and spend time on these funders, rather than firing off applications to a large number of trusts.
- Funding priorities vary widely between trusts. On the one extreme, some will fund 'general charitable purposes' (with perhaps a specific emphasis on one topic); on the other extreme, some are restricted to very small geographical areas, or have specific priorities which change from year to year. Another tip

is to find out the types of projects trusts have *actually funded* in the past few years, especially if they have very broad funding priorities. Make sure that your project areas fit in to the criteria – very simple but very important.

- Remember that over 90% of the money comes from the top 300 grant-making trusts – but if you are working in a specialist field then a smaller trust may be more appropriate.
- Make sure you know the maximum funding limit – and also try and find out what their average grant is. For example, a trust may have a maximum limit of £10,000, but mostly give out grants of just £3,000.

Companies

Companies are not actually a large source of funding, but are still pursued by voluntary organisations. Some 25% of fundraising costs are spent on Company Giving but raising only 8% of total income.

- There are guides to company giving available in the same way as directories of grant-making trust. However, remember that personal contacts are very important. Try and find a personal contact (for example, you know a member of staff), and try and think of links between your organisation and the work of the company. Sending unsolicited letters will not meet with a very good response. And remember that some Companies have their own grant-making trusts – for example Lloyds TSB Foundation.
- Big chains may give vouchers rather than considering substantial donations, so again, make sure you have made the initial contact
- There is a big difference between donations and sponsorship. A donation is money that is given without any expectation of anything in return (other than a simple acknowledgement). Sponsorship is very much a two-way agreement between the organisation and the company – both will benefit.
- Companies could support your organisation in other ways. They may be able to donate equipment such as computers, or they maybe able to donate staff time to help you with specific projects. Business in the Community is an organisation which was set up to strengthen the links between businesses and their local community, and they may be able to find volunteers who have specific skills which could help your organisation. Companies could also fundraise for you.

Making funding applications – a few extra tips

- Make sure you are familiar with the application process and timetable for your funder. Leave plenty of time.
- Be clear and concise in communicating the need, the project, its benefits and your credibility to carry it out. Do not assume the funder knows anything about your organisation.
- Remember that some funders will not negotiate over applications and amounts.
- Make sure you read the requirements of the application form – over half of applications fail for this reason!
- Check costings carefully to make sure everything is included and the figures add up.

- You don't need to fill every single bit of blank space on the form – remember that the spaces provided are for the longest expected answer, not the shortest. But do not leave any answers completely blank – it may be returned to you as unfinished.
- If you are writing a letter:
 - keep it short and simple – no jargon, and keep to 2 sides of A4.
 - Make it as personalised as possible – not 'dear sir/madam'. Don't send circulars.
 - Use good quality, headed paper – but don't be too plush!
 - Include *appropriate* supporting information – remember the assessor will have to read through it all, so don't put in too much.

Afterwards

If you get the money - say thankyou.

Are you aware of the grant conditions which you have signed? Some funders require detailed monitoring and evaluation of your activities. All funders will require evidence that you have spent the money on what you said you would – which means keeping detailed records, receipts, and so on. Of course, this is good practice for any organisation.

If you don't get the money – find out why. Was the project unsuitable, or not presented very well? Can it be improved? Did it not fit the criteria? Or it may have been a good application but there wasn't enough money. Can you reapply immediately?

Whether you are successful or not - make sure you keep in touch with your funders – send them publicity, newsletters and annual reports. Funders are not always 'one-off' – you may want to approach them in the future to apply for a renewal, a long-term grant, or for a different project.

Remember to keep a record of all the funders you have approached. A database of relevant funders is ideal. You can keep track of who you have applied to – it is easy to forget – and you don't have to wade through grant directories.

Events

Establishing a fundraising event is a good way of generating a regular source of income to cover ongoing costs. It is also a good source of local publicity for your group.

- Establish an annual event. This will ensure regular support and volunteer help, and will become a community event in its own right.
- There are lots of different small scale fundraising events which you could run. But remember, they are time-consuming. It is essential if you are running an event that you are well-organised and have a good team of volunteers to help out on the day. And be aware of potential pitfalls, not least the rain!

Donations

Personal donations are a large source of income for the voluntary sector. Larger charities have developed increasingly sophisticated methods of generating income from the general public. Some of the approaches include:

- 'Cold' and 'warm' mailshots
- Direct donations on the street
- Telephone canvassing
- House to house collections
- Regular donations via direct debit
- Legacies
- Remember Gift Aid! Income tax at the standard rate can be reclaimed from donations by any UK taxpayer, as long as you have their consent.

For more information

The most popular grant directories are:

The Directory of Grant-Making Trusts (3 volumes) (CAF)
A Guide to the Major Trusts, volumes 1 and 2 (Directory of Social Change)
Funderfinder and *Trustfunding.org.uk* are computer based funding information packages

See also *Writing Better Fundraising Applications* (Directory of Social Change)

These are all available for reference or use at Community Links Bromley.

To book an appointment to use the *Funderfinder* package, call us on 020 8315 1900.

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Web: www.communitylinksbromley.org.uk