

A SIMPLE GUIDE TO UNDERSTANDING EXTERNAL FUNDING

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1. Introduction

External Funding is a way for Organisations to maximise and add value to their income and strengthen their ability to deliver services in line with their organisational priorities.

Additional funding sources can be used to add value to existing activities or allow additional activities to take place.

There are three main external funding areas:

- Funding organisations – funding accessed via an application process that is assessed against a specific criterion
- Sponsorship
- General fundraising activities

2. Types of Funders

Lottery Funding

- There are four funding areas
 - Big Lottery (includes Reaching Communities)
 - Awards for All
 - Sports
 - Arts & Heritage
- Awards for All offers smaller grants up to £10,000 on a yearly basis
- For more information visit www.biglotteryfund.org.uk
- Lottery grants range from small to medium to large sized grants
- Veolia Trust
- Local Banks & Building Societies
- Local stores i.e.: Tesco, Co-op, Greggs
- Charitable Trusts i.e.: Trust for London, City Bridge Trust, Comic Relief
- Crowd Funding

3. The Application Process

- Application processes follow either a 'competitive' or 'rolling' programme.
- Competitive programmes have fixed submission dates, scoring criteria and are assessed against other applications in a competitive manner
- Rolling programmes have no submission dates and are assessed against an organisations priorities

4. Sponsorship

Sponsorship is a business relationship between a provider of funds, resources or services and an individual, event or organisation which offers in return some rights and association that may be used for commercial advantage.

Sponsorship can be in the form of:

- Staff time
- Goods or services
- Hard cash

5. General Funding Activities

Organisations raise funds in many ways including:

- Sponsored activities, walks etc.
- Summer / Christmas Fayres
- Raffle's / Quiz Nights
- Family Fun Days / Pamper Evenings

6. Establishing a Fund-raising Plan

Fundraising plans are useful when there is a substantial amount of money to raise.

They:

- Provide a coordinated and structured way forward
- Identify potential funding sources
- Identify roles and responsibilities for all stakeholders
- Establish a time frame
- Identify potential risk and contingency

7. Identifying a Potential Funder

There are many funding organisations to choose from.

To give your application the best chance of success you need to identify an organisation with priorities that best meet your project.

There are many resources available to help you identify potential funders

8. Identifying Funders Criteria

- Research the criteria
- Read funders' guidelines
- Read over the application
- Become familiar with the application process
- Find out if they have a scoring process and what it is
- If possible, talk to the funding organisation

9. What Funders Need to Know

- Why you want to do it (*evidence of demand and need*)
- How much it will cost? (*give a breakdown of the cost from quotes & budget*)
- How does your project relate to the funding organisation's priorities?
- Who is applying?
- What you want to do? (*an outline of the project plan*)
- Who will benefit and how?
- Outcomes and Outputs

10. Tips for Completing your Application

- If handwriting your application, print the wording and use black ink. It is easier to read and photocopy.
- Only send what the funding organisation asks for. They have many applications and will not always have time to read through lengthy supporting documents.
- Ask someone else to read your application, if they understand it then the funding organisation is more likely to be able to.
- Keep answers to questions simple.
- Add any success stories of your organisation
- Check that your budget adds up!

11. Building a Relationship with the Funder

- Give **accurate contact details** with your application
- **Promptly** return calls/emails
- **Read all correspondence** thoroughly and make sure you fully understand the details in the offer letter.
- **Conditions of Grant** – essential to comply with these. Seek advice from the grants officer if you have any concerns or need to clarify any of the conditions
- **Plans change?** It is common for plans to alter as projects develop – this is not a problem! However, you must keep the funders informed of any changes to the project, especially the project budget.
If you wish to alter the spend of the grant, **seek permission from the funder before proceeding.**
- If you do not keep them informed, you may jeopardise future funding.
- **Keep accurate financial records**, including receipts. If a monitoring visit is carried out, the funder will want to look at these.
- **Monitoring and evaluation** of your work. Set up systems to measure the success of your project as soon as you receive the grant. This will make the End of Grant Report simple to complete.
- **End of grant reports will be the basis for any future grant considerations** – ensure you complete and return it to the funder by the specified deadline.

**Above all, enjoy your relationship with your funders.
Do not be afraid to speak to them and ask for advice about your work.
They want your project to succeed.
Stay in touch and treat them as you would want to be treated yourself**

12. 4 Steps to Starting an Application

So

You have an idea.....

You know who you want to apply to

You know how much funding you need.....

What next?

Step 1

Eligibility & Funder Priorities

- Check your organisation is eligible
- Review any legal agreements, i.e. lease, covenants or restrictions (especially with regard to any building works)
- Check the activities that can be funded
- Check how much funding is available
- Ensure constitution is up to date, annual/monthly accounts are in place and fit for purpose

Time

- How long will it take to write the bid?
- How long will it take to get a decision?
- Does your project time frame fit with the funder's time frame?

Step 2

Skills

- Do you have the necessary skills within your organisation to deliver your project?
- Do you need to bring in expertise from an outside organisation?
- Can your organisation manage the additional work and finance?

Need

- Does your project meet the need of the local community?
- How do you know? What evidence do you have.
- How can you show a funder that their money will be well spent?

Step 3

Budget

- Be realistic
- Work out how much money you need to fulfil the aims of the project
- Total project cost versus - grant requested
- Is it Capital or Revenue?
- Do you need Match Funding?

Step 4

Project milestones

- Do you need to breakdown the project into tasks?
- Who is responsible for each task?
- Is there a timeframe for each task?
- What are the costs?

Outcomes

- The changes that happen as a result of the project
- What is the aim of your project?
- What activities do you need to do to achieve those project aims?

Exit strategy

- What will happen at the end of the project?
- What do you have in place to ensure the project continues?
- How will you fund the project in the future?

13. Do's and Don'ts

Do...

- Read the guidance
- Check the funders priorities
- Answer all the questions
- Is it clear what you want the funding for?
- Be realistic in project timeframe and budget
- Send all the accompanying documents and supporting evidence
- Get all the appropriate signatures
- Make sure the sums add up
- Get your application in on time

Don't

- Wait until the last minute to send your application
- Assume the funder knows anything about you or your project – include as much detail as possible
- Start the project until you have had official confirmation of the funding and permission to start spending
- Ask the funder for more money if you spend more than you originally thought, unless the Funder has stated that this is OK to do so.
- Ask for more funding than is available.

14. Successful? Yes / No

When:

- Your application is successful, thank the funding organisation
- Your application is unsuccessful:
 - 1) do ask for feedback
 - 2) this may help you develop future successful applications.

15. How Can We Help You

The LBH Community Safety & Development Team can:

- Provide information about funding opportunities
- Identify potential sources of funding for particular projects
- Work with you to develop project ideas and funding plans
- Advise on making the best use of funding
- Work with you to develop applications for funding
- Help you to consider the sustainability of your project and advise on the development of exit strategies. Prepare for the time when funding comes to an end
- Help you to identify partners and key stakeholders

16. Useful Websites and Information

- www.fundinginformation.org
- www.grantfinder.co.uk
- www.fundersonline.org
- www.dsc.org.uk/fundingwebsites
- www.fundingcentral.org.uk
- www.crowdfunding.co.uk
- www.grantnet.com – offers free advice and guidance, free search facilities