

## Identifying Funding for your Organisation

Funding Information Sheet No.2

September 2006

The purpose of this information sheet is to provide small voluntary organisations and community groups with simple and practical approaches to identify funding sources for their organisation.

### Funding Information Sheets

The Funding Advice Service has produced a series of Funding Information Sheets on:

- the different types of grants available
- good practice when applying for funding
- sustainable fundraising

These can be downloaded from our website or by contacting our offices.



### Identifying Funding

Funding may be available from a variety of sources. However, to identify the right funders and to be successful in the competitive funding world, groups must be able to convince funding bodies that they are worth supporting and that the project is led by the needs of the community. Research is vital throughout the whole fundraising process.

Once the research is over, the next step is to begin to search for potential sources of fundraising and select the ones appropriate to the needs of your group. There are hundreds of resources with information on thousands of funds to support voluntary organisations and community groups. We have a resources library in our offices that includes directories of grant making trusts and foundations, fundraising handbooks and computer packages like Funderfinder, GRANTfinder and Trustfunding. You can also get one-to-one information, advice and support from our Funding Adviser.

### Research Tips

#### Narrowing your search

Before looking for potential sources of funding, it is a good idea to narrow down your search by considering some aspects of your organisation and the project you are undertaking. Below are a

number of questions you might ask yourself, and although daunting, will help you with the funding process if you are starting out.

#### Organisation

Are you a large national body, a branch of a national network, a small local organisation or a church group? The kind of funder appropriate might sometimes be dependent on the type of organisation you are. Depending on the status (e.g. what is your governing document? Are you a registered charity etc.) of your organisation and the resources available, you will be able to identify the appropriate sources of funding for your organisation, for example, whether to go for local government funding, apply to local trust or to organise a jumble sale to raise funds.

#### The Benefits of your Project to People and the Community

Funders want to know that their money is being well spent and is making something happen in the community. Who and how many people are benefiting from the project – young people, disadvantaged people, people who are on low income? Is it possible to talk to people to find out if they feel better about themselves and their area? How can you measure what your project is achieving?





**WE HAVE A RESOURCE LIBRARY THAT INCLUDES DIRECTORIES OF GRANT MAKING TRUSTS AND FOUNDATIONS, FUNDRAISING HANDBOOKS AND DATABASES LIKE FUNDERFINDER, GRANTFINDER AND TRUSTFUNDING.**

**YOU CAN ALSO GET ONE-TO-ONE INFORMATION, ADVICE AND SUPPORT FROM OUR FUNDING ADVISER.**



How can you measure the success of certain activities? Considering the above aspects of your project might narrow down your search to identify the appropriate funder for your group.

### **Project**

A clear description of the project and what it is trying to achieve in the long term will give everyone involved a better idea about suitable funders. Is there a problem that you are trying to prevent or solve, such as unemployment or substance abuse? Describe what you are aiming to change, support or to happen.

How is the group planning to reach its long-term aims? What activities are the group planning to carry out in the first, second and third years? What other resources are required? Who will be carrying out the work, for example, volunteers or a member of staff, and their responsibilities? What is the timetable for your work? Having a clear idea about the project will help organisations narrow down the search and identify suitable funders.

### **Geographic Area and Location**

Some trusts and foundations have specific beneficial areas that they have a preference towards. Is your project taking place in such an area? Is the area/location where you are delivering the service in the local government priority list? Sometimes funders have specific funds dedicated to certain places like funding for urban or rural areas, areas of social deprivation or disadvantaged areas. Find out if you can take advantage of such schemes offered by your local council, trusts or community foundations. For more details look

in our information sheets on local funding sources or contact our Funding Adviser.

### **Need for Funding**

Can you convince a funding body that your work is needed? When is it needed by? How has the need been identified, through consultation with the beneficiaries, statistics from local councils, national census or other sources on the needs in your area? It always helps if you can demonstrate to your funder how you have identified the need and illustrate figures with a description of how people are affected and how they can be benefit from the project.

Identifying the need before looking for possible funders will also make it easier to match the funder's priorities with your needs.

### **Budget**

How much money you are looking for and for what purposes, i.e. running costs, buying or hiring equipment, project costs, building works etc? The amount of funding and the purpose for which you require the funds can work as a deciding factor in identifying the suitable funders. Some funders might look to fund primarily for revenue costs, while others might fund capital costs or a combination of both.

It will be difficult to convince funders to part with their money without a detailed and realistic budget that shows you can use the money wisely and have thought your project through. The budget should include expenditure, any projected income, the target to be raised and any 'in kind' contributions. If applying for a project which will last a couple of years, remember to include inflation at around 3%.

## Funding

In the following pages you will find an outline of sources to consider:

### Statutory Agencies

#### Central Government

Central Government funding is distributed not just directly by the government departments but by regional offices and local authorities who are closer to where the money will be spent. Central Government funding is an ever changing source of various sized funding opportunities which includes Single Regeneration Budget (SRB) and New Deal. For up-to-date information, keep an eye on all the Government and the NCVO (the National Council for Voluntary Organisations) websites. Sources of funding include the Department of Health, Education and Skills, Works and Pensions, Communities and Local Government as well as the Home Office and other government departments. For further information check out [www.governmentfunding.org.uk](http://www.governmentfunding.org.uk)

#### Local Government

Local Government funding includes grant aid from a variety of sources including district, county or town/parish councils - social services, children's and learning departments, community services and other local pots of money that become available from time to time. The money available is normally smaller amounts. It is worth building up good working relationships with councillors and council officers who could help in identifying sources of funding in case of an under spend in any areas or to support your cause. It might also be possible to negotiate "in kind" donations such as free or

low cost rent and occasionally worker time. Other sources of statutory funding could be the local Primary Care Trust (PCT), Learning and Skills Council, Police Authority etc.

For further information about what funds are available from your Local Authority please look at our Information Sheet on *Local Government Funding* or call us on 01525 850559.

#### European Funding

European funding is cyclical with current programmes operating from 2000-2007. To apply for European money groups need to be well organised and usually need to be able to find at least fifty percent match funding (money given on condition that other funds of equal or greater amount are raised). Co-financing opportunities - where other funders already contribute the fifty percent match funding - may also be available, often through Local Authorities or other Statutory Agencies. Projects and funding are often quite large and beyond small voluntary organizations and community groups. The exception is Global Grants (known locally as Aspirations) - for more information see our *Grant Schemes in South Bedfordshire* Information Sheet. Discussions are currently under way about the structure of programmes for the next cycle 2008 - 2014. For more information, help and advice please contact us.



**'A NON-PROFIT ORGANISATION THAT IS RUN FOR PROFIT SOUNDS LIKE A CONTRADICTION IN TERMS. BUT IT DOESN'T HAVE TO BE.'**

**"SPEAK TO OTHER ORGANISATIONS THAT HAVE BEEN SUCCESSFUL IN THEIR FUNDRAISING OR SPEAK TO OUR FUNDING ADVISER FOR TIPS ON RUNNING SUCCESSFUL FUNDRAISING EVENTS"**



## Lottery Funding

The National Lottery raises money to invest in people and places all across the UK. For every £1 ticket sold 28p goes to good causes involving arts, heritage, sports and film through the Arts Council, Sport England, Sports Council, Heritage Lottery and the Big Lottery Fund. Awards for All is the small grants programme which covers applications from £300 to £10,000. For more information about applying for Lottery Funding please refer to our Information Sheet on *National Lottery Funding*.

## Trusts and Foundations

There are around 10,000 charitable trusts and foundations that are set up to support many different causes. These could be independent grant making trusts and foundations or community foundations. The following should be considered before applying:

- it is important to research carefully before applying so as to better target those whose guidelines fit the project closest and can fund a reasonable amount of your work
- trusts and foundations usually like to fund specific areas of work rather than giving general contributions
- look at who they have funded in the past and how much they have given to get an idea of their preference
- prepare your application carefully and follow the guidelines given by the trust or foundation you are applying to.

For more information on local trusts and foundations and other local funding sources please refer to our information sheets on *Local Trusts and Foundations* and *Grants*

*Schemes in South Bedfordshire.* We also have *A Guide to Local Trusts in the South of England*, *Fundraising from Grant-making Trusts and Foundations* and other resource materials in our library.

## Earned Income

Voluntary organisations and community groups looking for sustainable alternatives to grant funding often earn income by selling goods and services or through charging service users a nominal fee. Earned income can be a good way to cover some of your core costs; could be a valuable source of unrestricted, independent income and a means of supporting organisational independence and growth. Earned income could be through:

- session fees
- subscriptions
- memberships
- room/equipment hire
- consultancy
- training
- selling goods
- entering into contracts to deliver services.

To start on the path to generate income, groups may need to think what their organisation does, who it does it for, and what it could sell to generate income. Before embarking on any initiative to earn money, it is also vital that organisations find out whether their governing document allows them to operate in this way. Consideration should also be given to whether it would be detrimental to the other work you are doing. Earning income may not be for everyone and it might not be the best course of action for your organisation at this particular point

**"IF PLANNED WELL, A FUNDRAISING EVENT CAN BRING SUBSTANTIAL REWARDS IN TERMS OF FUNDING, PUBLICITY AND FUN."**



in time. Nevertheless, there is further support available from us and, for those organisations for whom this is an option, earned income can be a big step towards sustainability.

### Corporate Support

Corporate support refers to both financial and non-financial support from private businesses, companies, high street stores, banks etc. Companies sponsor charities to enhance their image or align themselves with a cause they represent by associating themselves with voluntary organisations and community groups. Local businesses, and businesses with significant links to your community - headquarters in your area, past or present employees who are your members, trustees or clients can be considered while fundraising. Corporate support can also be in the form of Company giving or sponsorship. Stores often support community projects through giving cash, services or goods, allowing collections in store, encouraging staff support. It can be useful for raffle prizes, free products, arranging discounts, use of

redundant equipment rather than large sums of cash. Building good relationships with businesses, companies and stores working in your area can be useful as they are the people most likely to be interested in the work you are doing.

For ideas on how to sell the benefits of supporting your organisation to companies, or to browse through *The Guide to UK Company Giving* please contact our Funding Advice service.

### Fundraising Activities

Holding a fundraising event is one of the most popular ways that groups raise funds to support activities they carry out in their local communities. If planned well, a fundraising event can bring substantial rewards in terms of funding, publicity and fun. But there is a lot more to planning a local fundraising event than meets the eye! An event could also be staged as an awareness raising exercise. If it raises your profile with other organisations as well as giving positive press coverage it could reap dividends when applying for funds.



**“RESEARCH SHOULD ALSO TAKE INTO ACCOUNT THE FUNDRAISING PATH CHOSEN IS THE BEST WAY TO RAISE THE AMOUNT OF MONEY AT THIS PARTICULAR TIME, THE COST OF FUNDRAISING, IF IT IS GOING TO BE PROFITABLE, THE ASSOCIATED RISK AND WHO COULD BE OF HELP.”**

### Public Fundraising

Public fundraising can be very labour intensive and must be organised properly to ensure that they are legal. Before you go ahead with any activities, it might be useful to think about rules and regulations that may affect your fundraising efforts, like:

- if you are holding an event in a public place - check the Local Council or the owner of the property for permission and to find out how to go about it
- contact the police if it will affect traffic in any way
- you need a permit from your Local Council if collecting money in public places
- children under 16 are not permitted to collect money
- you may need to think about insurance while organising an event.



**“ACCORDING TO THE INSTITUTE OF FUNDRAISING, CHARITIES ARE CURRENTLY MISSING OUT ON MILLIONS OF POUNDS EACH YEAR BY NOT MAKING THE BEST USE OF TAX-EFFECTIVE FUNDRAISING TECHNIQUES.”**

*Giftaid it*

### Lotteries and Raffles

Lotteries and raffles are other potentially lucrative ways of raising money for local community groups. However, the rules of running a lottery or raffle are complicated so you do need to be aware of them before organising your own. Please contact us or your local council for more information.

### Collections and Car Boot Sales

Street collections, car boot sales, jumble sales have also been a traditional way of raising funds. In recent years more sophisticated ideas like promise auctions have emerged. A promise auction is an auction of promises. A bidder will make a set donation to secure a promise. The tougher the promise the higher the donation. Promise auctions are suitable for social settings, in large groups as well as small groups. Street collections need a license from the local authority and there are certain rules that groups need to keep in mind. Do not assume that you are able to collect in what you think is a “public space” without permission. Most shopping centres and some parks/gardens for example are privately owned, and whilst they are very receptive to allowing collections or events, may not take kindly to you approaching customers without permission. Building a relationship with the venue’s management may also open up other fundraising opportunities.

### A Public Appeal

These can also be successful given forward planning which ensures the appeal is promoted and publicised and that you engage the local media, celebrities (if appropriate) and your community in the aims of your appeal to make it as big a success as possible. Public appeals

are a targeted effort to encourage individuals and organisations to donate money or support to a particular good cause. Public appeals aim to attract publicity and raise awareness of the need that you as an organisation are trying to meet. Public appeals tend to secure funding for specific items such as a church roof or for any emergency relief. Children in Need, Comic Relief and other TV appeals provide very important funding for many small and new charities.

### Direct Mail, Email and Internet

Direct mail, email and internet fundraising are also becoming increasingly popular in raising funds. Groups are using the internet more than ever to maximize their chances of raising funds and to give them the benefit of reaching thousands of prospective donors. Benefits of using the internet to communicate with prospective donors are many:

- its cost effective
- has an immediate effect (an urgent message can be sent in hours rather than days by post)
- can be personalised
- fast results (responses to email campaigns usually come in within three days).

In fact according to *First Monday*, the UK’s fastest growing email newsletter on fundraising techniques, there are more reasons to consider e-fundraising as an integral part of your total fundraising effort. To download a free sample of *Email and Internet Fundraising - an Essential Guide* please go to [www.eurodm-drfgroup.co.uk/publications/](http://www.eurodm-drfgroup.co.uk/publications/). You can also use our resources library for other books on various topics and ways of fundraising.

**Philanthropy**

For the voluntary and community sector, donations by the general public is the largest single source of income but disturbingly, it has been in the decline in the last decade. There are lots philanthropic groups who could be approached for funding, for instance: local Lions and Rotary clubs, local Round Tables, women’s groups, religious bodies, pubs and clubs. Groups could consider approaching Student Unions and carnivals about funding from the rag week and events. Local choirs, bands and other variety clubs may also be prepared to hold a charity concert to raise money on your behalf with the provision that you publicise and promote the event within your community.

Some individuals are willing to make personal donations while some come together as groups. Projects should consider people from within their own community - who might support your work or people having similar interest in the kind of activities that you do. It is worth trying to find out from groups about people who support them, looking at the local paper for pictures of people handing over cheques. For further information on philanthropy please visit websites like the Institute of Philanthropy, [www.instituteofphilanthropy.org.uk](http://www.instituteofphilanthropy.org.uk) and Philanthropy UK, [www.philanthropyuk.org](http://www.philanthropyuk.org), who encourage giving in the UK or contact us.

Some donations have added tax advantages which are discussed under Tax Effective Giving.

**Tax Effective Giving**

According to the Institute of Fundraising, charities are currently missing out on millions of pounds each year by not making the best use of tax-effective fundraising techniques.

**Gift Aid**

Gift Aid is a simple scheme that enables charities to claim an additional 28p from every £1 donated by UK taxpayers. Gift Aid simply allows charities to reclaim the basic rate of tax on donations from individuals. It doesn't matter how small or large the donation is, Gift Aid can apply to one-off donations as well as sponsorship donations and gifts through Direct Debit.

**Payroll Giving**

Payroll Giving is a flexible scheme that enables donors to make charitable donations straight from their gross salary (before tax has been deducted). For a basic rate taxpayer wanting to give a £10 donation, it will only cost £7.80, or just £6 for higher rate taxpayers. Many employers are encouraging the scheme by matching their employees' donations. Payroll Giving offers charities a unique way to combine fundraising with building relationships with their donors as well as with the corporate community.

The Payroll Giving Grants programme is rewarding employers (charities and businesses) that sign up to Payroll Giving before the end of 2006 with a cash grant of between £300 and £500 and is matching each employee’s donations by as much as £10 per month.



**GROUPS SHOULD HAVE A SEPARATE BANK ACCOUNT IN THE NAME IDENTIFIED IN THE CONSTITUTION, WITH AT LEAST TWO SIGNATORIES WHO ARE AUTHORIZED TO SIGN GROUP'S CHEQUES**

**ORGANISATIONS ALSO NEED TO BE AWARE OF THE LEGAL REQUIREMENTS LIKE A CONSTITUTION OR ARTICLES OR A LEGAL STRUCTURE WITH AIMS AND OBJECTIVES THAT ALLOWS THEM TO APPLY FOR THE FUNDING THEY ARE LOOKING FOR.**

**Share Giving**

One of the best-kept secrets in fundraising - giving shares can cost donors less than giving cash. There are two types of tax relief available to donors who give shares: income tax relief on the value of the shares and exemption from Capital Gains Tax. While fundraisers do not need to be experts on shares or tax relief, it is a good idea for you to understand the basics.

**Legacies**

Legacies are amounts of money people leave in their wills - this can be to any charity, voluntary organisation or community group of their choice. Religious organisations linked to your culture may be able to encourage this type of giving. Charitable bequests are completely tax-free and can be an important source of income for a charity or voluntary organisation. There are two types of legacies:

- **Residuary Bequests** - this means that once family and loved ones have been provided for, the remainder or a proportion of the deceased's estate is pledged to one or more charities.

- **Pecuniary Bequests** - this means that the deceased pledges a specific sum of money to a particular charity.

Charitable legacies reduce the total amount of inheritance tax due from the estate. Legacies are left through the donor's will or simply by a declaration to the executors with instructions as to how and to which charity a legacy is to be distributed. Promoting your organisation's cause through local solicitors and to own members may help to increase this form of giving.



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**How can our Funding Advice Service help?**

We can help you discover which grant making trusts, foundations or funders are the most appropriate for your organisation to approach for funding, help you to fill out the application form or provide help and support with any funding related issues.

Please give us a call on 01525 850559 to arrange a meeting so we can guide you through the maze of funding opportunities available.