



HAVS INFORMATION No.3

APPLYING FOR FUNDING

What makes a good funding application?

Presentation or 'packaging' an application 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 the funding you are applying for 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 Governing Document and Mission Statement. What does your organisation want to achieve? What are the main services you provide or new initiatives 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. 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).
- To successfully fundraise you need to stop thinking about 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. However, some funders (including the National Lottery Charities Board) will only accept costs which are actually *additional* expenditure incurred.

- You now need to develop your project areas into something that people will want to support. You need to have a well-constructed project which is 'packaged'. You need a clear plan of *why* your projects need to be set up, how they will be carried out, what they will cost, and what the (measurable) benefits will be.
- 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? Make it as clear as possible – statistics, not waffle. Remember that these are not your organisation's needs, but the needs of your beneficiaries. You apply for funding to help others, not to help your organisation. 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, remember to 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 (e.g. 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.
- How will the project be funded? You may be applying to other trusts or are looking for 'match-funding' (where one funder agrees to pay a certain amount on condition that a similar amount is raised from other sources). You may want to divide your project into different areas, in order to appeal to different funders.
- Remember also to include the 'in-kind' costs. In-kind funding means working out 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 as a result of your project? How many people? What will be the long-term benefits? How will you measure the benefits? Have clear output and evaluation indicators. '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.

- Exit strategy – what will you do when the money runs out? Make sure the project fits in with your overall, long-term plans. Remember that trusts don't like open-ended projects. So package it – perhaps as a pilot scheme.
- 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. This means you are aware of them, and identifying weaknesses is the first step to tackling them. Do not hide weaknesses – funders can spot them!

Researching your funders

- 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. HAVS 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 in the form of a printed list – and it is then up to you to use the directories 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.

Selling yourself

Now that you have identified what you want to do, and who might be interested in funding you, you now need to make sure that the message gets across. It is not just a case of knowing ‘what’ you want money for, but also ‘why’. 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.
 - Show off your track record of past successes.
 - If you are a new group, you can emphasise the particular skills or previous experience amongst the people involved in your organisation.
 - You can also demonstrate your credibility by the quality of your project planning and costings, and show that you have effective structures for managing funds and accounting 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 (for example, you could also appeal for volunteers). This does not have to come out very frequently or be a 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'.

Your application

Here are a few extra tips:

- Ensure you are familiar with the application process and timetable for your funder, including deadlines for applications, the type of assessment of applications (is a site visit included?) and the dates which the decision-making committee meet. Leave plenty of time.
- In your application you need to communicate the need, the project, its benefits and your credibility to carry it out. Be clear and concise. Do not assume the funder knows anything about your organisation or the work you are doing.
- Remember that some funders (including the National Lottery Charities Board) will not negotiate over applications and amounts – you either receive the amount you asked for, or nothing – so make sure that your application fits fully within their criteria.
- 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 thank you.

It is very important to be aware of the grant conditions which you have signed. Some funders require detailed monitoring and evaluation of your activities, and may have requirements such as sending your annual accounts to them. If you need to change parts of your project you may need to contact your

funder for approval. 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 was the fund simply oversubscribed? Often funders receive more applications than they can fund, and your application may just have been one of the unlucky ones. 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.

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)

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

These are all available for reference at HAVS.

If you need to book an appointment to use the *Funderfinder* package or you need help with fundraising or form filling you can contact HAVS at:

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