

Sustainable Funding

Third Sector Workbook 3



Improving support
for a stronger third sector



LOTTERY FUNDED



ACTion

with communities
in cumbria

The Third Sector Workbook Series

This publication is one of a series of workbooks that have been developed to help organisations to manage their activities and finances effectively.

The workbooks have been developed by a group of organisations working together. These are:

- Action with Communities in Cumbria
- AWAZ (Cumbria)
- Cumbria Disability Network
- Cumbria Youth Alliance
- Young Cumbria

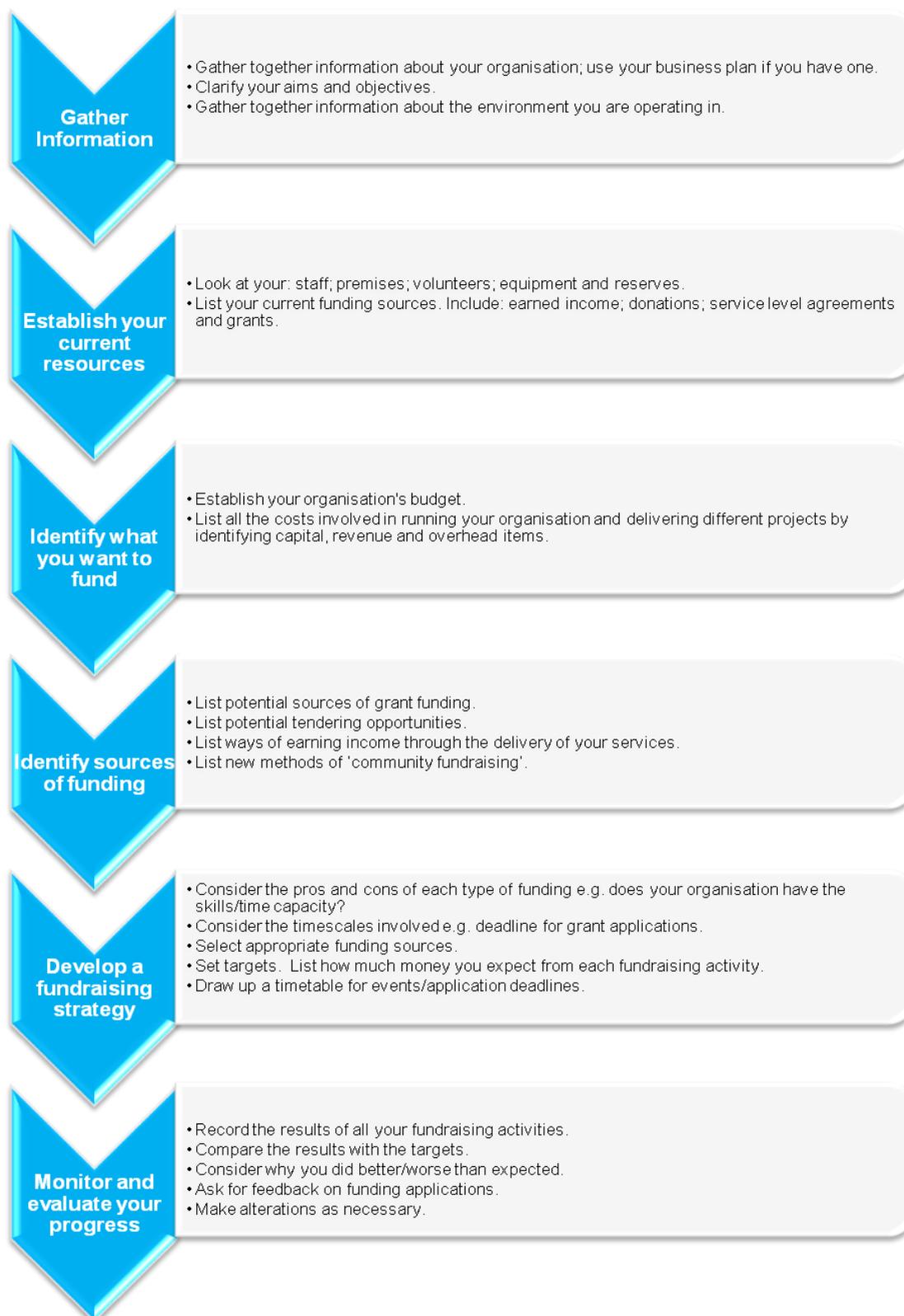
Their joint work has been funded by Capacity Builders (Improving Reach) and the Big Lottery Fund (BASIS).

Throughout the workbooks we have tried to use some terms consistently. The glossary below should help when you use them.

When we say ...	We mean ...
Third Sector	Community groups, charities, social enterprises.
Organisation	Your group, club, society, village hall committee, trust, charity, etc.
Stakeholders	All the people with an interest in your organisation including clients, users, members, staff, volunteers, trustees, committee members and funders.
Governing Document	The rules that set out what your organisation can do, who its members are and how it will be run e.g. constitution, articles of association, deed of trust.
Infrastructure Group	Organisations, including those involved in developing this workbook, which provide advice and support to other Third Sector organisations.
Management Group	Your managing committee, Board of trustees, directors – those people legally responsible for your organisation and its work.
Activities	Your projects, services, village hall facilities etc.

Note: The contents of this workbook are accurate only at the time of writing. Groups are advised to check with the latest good practice guidance from their local Infrastructure Group or by visiting the Charity Commission Website.

A quick guide to sustainable funding



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Part 1 - Information

1. Introduction to the workbook

This workbook has been produced to help your organisation develop a sustainable funding strategy.

Developing a funding strategy will help you to be clear about:

- How much money you need to raise.
- The skills and resources you have to raise funds.
- Your current funding sources.
- The environment you're working in.
- Potential funding sources.
- The timescales involved.

This will help you prepare so you can:

- Be proactive rather than reactive.
- Increase the types of fundraising activities you engage in.
- Be more professional and efficient in your approach to fundraising.

Sustainable funding is about getting better at fundraising **and** diversifying into new areas of fundraising so that you don't become over reliant on one source of income.

Having read this workbook and completed the Action Sheets in Part 2 you will have done most of the work needed to produce an effective sustainable fundraising strategy. You can then implement your plan to build a portfolio of funding streams.

Appendix 1 provides details of other organisations providing support to Third Sector Organisations and useful websites.

2. What is sustainable funding?

Sustainable funding is all about ending over reliance on one source of funding so that you always have enough money to run your organisation.

Sustainable funding means:

- Developing a good understanding of the external environment in which you operate, so you can identify the opportunities and risk that could affect your organisation.
- Getting better at managing your organisation and delivering your services, so you build a reputation for quality and reliability.
- Getting better at communicating what you do, so you can write better bids.
- Exploring different ways of bringing money into your organisation through undertaking different activities.

2.1. Why do you need a sustainable funding strategy?

To be sustainable your funding needs to:

- Consist of a variety of sources so that you can keep operating if one funding stream dries up.
- Match your funding sources with your objectives e.g. small scale projects may be funded by community fundraising events, but larger projects may need grant funding.
- Cover all the costs involved with running the organisation and its activities.

In writing a funding strategy or plan you get to:

- Step back from day to day work to consider different types of funding.
- Work out how much you need and the timescales involved.
- Plan your activities so that you don't end up desperately chasing funding.
- Monitor which fundraising activities work for you.

Remember

Timing your funding so you don't have problems with cash flow is essential for the survival of your organisation. Planning ahead can help avoid a crisis.

2.2. Who is involved in developing a strategy?

In a small organisation, the Treasurer usually takes responsibility for writing the funding strategy, possibly with help from others on a sub-committee. In a large organisation, the task may be delegated to a member of staff with fundraising skills.

Various fundraising activities may be carried out by a variety of staff and volunteers, the strategy can help to co-ordinate these activities.

Remember

The funding strategy needs to fit with the organisation's overall objectives and activities.

3. Gathering information

Before you sit down to write your strategy, you need to gather together key information about your organisation and the context in which you are working. This will help you to decide how much money you need and where you can get it from.

3.1. Your organisation

The Third Sector in Cumbria is extremely diverse. It ranges from small voluntary organisations with no paid staff to larger service providers with many paid employees. It therefore follows that the kinds of sums that each organisation requires for its activities will vary enormously. Some will need to raise hundreds of pounds for funding provision and running costs and others will need to raise hundreds of thousands for employing large delivery staff teams or to undertake capital projects. Your fundraising needs to be appropriate for your needs.

If you have already written a business plan work from this, if you haven't please refer to the workbook on *Business Planning* for guidance on how to do this. If you don't want to write a full Business Plan for your organisation, look at your organisation's activities, the resources it needs to operate and the environment it operates in, to give you an overview.

You need to be clear about what your organisation does i.e. its aims and objectives so that you can communicate them to the people you are getting money from e.g. grant funders or the general public.

So that funders can have confidence in your ability to handle their money wisely, you need to be sure that your organisation is being run properly and that it complies with legislation.

Understanding how your organisation works will help you cover all the running costs so that you can adopt a 'Full Cost Recovery' approach i.e. you make sure you include all the costs associated with running your organisation when you set your budgets.

Remember

If a funder asks for a Business or Project Plan – send one with your funding application.

3.2. The external environment

The external environment in which the Third Sector operates has changed dramatically over the past few years. The economic climate has meant there are fewer resources to go around, so competition for funding has increased.

Many organisations have seen a move away from dependency on Charitable Trust monies, towards the delivery of public services, through tendering and commissioning processes, usually originating with local authorities or the health service.

In many ways, these changes have favoured "the big and the brave" because competing for contracts is time consuming and requires that you have quality systems etc in place. Public service delivery is not for all and many smaller organisations have decided to continue as they have for many years, fundraising through a variety of events, grant applications and local patronage. However, smaller organisations can still become involved in "the brave new world" by becoming part of a consortia led by a larger organisation.

The introduction of the 'Big Society' may also lead to refinement of tendering, commissioning and reporting systems to reflect the size of the contract being offered. Simpler systems will make it easier for smaller organisations to tender and compete.

You need to be aware of these changes so that you can take advantage of new opportunities and prepare for circumstances that could reduce your income.

Circumstances and priorities vary from locality to locality, and within different sectors. Shared priorities for the County are described in the Sustainable Community Strategy. Local priorities are included in individual Council corporate plans. Public sector resources focus on these priorities so you need to be aware of them. You also need to be aware of any national policies or trends which tie into your specialism e.g. the Every Child Matters agenda.

Fundraising is an increasingly competitive field. Groups with limited capacity or experience may be disadvantaged as they try to compete with larger organisations. Smaller groups, especially those that have only recently been formed, often have an over reliance on one funding source which can prove difficult to replace should it dry up. Many funders regard having a spread of income from different sources as indicative of a more sustainable organisation, leading to reluctance on their part to be the only source of money for your work.

You need to be aware of grant application deadlines and times scales. It may take three months for smaller charitable trusts to make decisions and up to 6 -9 months for the larger trusts who may operate a two stage application process. Some sources of larger grants, such as the Big Lottery, may take even longer.

Making successful funding applications involves:

- Communicating what you do and the benefits of your activities.
- Understanding the funder's priorities.
- Demonstrating how the work you do will contribute to the outcomes and outputs the funders want to achieve. You are only likely to be funded when your work and the funder's priorities match.

When you are looking at the external environment you may find it useful to conduct a Political, Economic, Social and Technological (PEST) analysis. This is best done by a group of people, possibly a mix of the Management Committee, staff and volunteers, this way you generate ideas and can discuss the points that come up.

A **PEST** analysis looks at a range of external factors to inform your planning. It groups together different issues under four headings: Political, Economic, Social and Technological to see how they affect the organisation. Sometimes people add other groups such as Environmental or Legal, the same principles apply - you want to know how to plan for the effects they have.

Political factors include: laws or rules you have to follow e.g. your duty of care to young people and vulnerable adults; licensing laws; Government policies; funding initiatives; environmental issues. Include any relevant national, regional or local strategies that you know about. If you need any help in identifying these contact your Infrastructure Group.

Economic factors include: the UK economy e.g. recession; market trends; seasonal influences; availability of funding.

Social factors include: lifestyles (what are people doing in their spare time, how are they spending their money?); demographics (how many young/old; employed/unemployed people there are, is this changing?); fashions; traditions; cultures.

Technological factors include: developments in technology e.g. broadband, the internet, mobile phones.

The example below shows a PEST Analysis for a fictional Youth Group.

Political		Economic	
Issue	Impact	Issue	Impact
Vetting and Barring legislation introduced.	Financial. New procedures.	Recession. Funding opportunities reduced because of recession.	Less money around. Less grant money around, harder to secure funding.
Every Child Matters Framework & Children Act 2004.	Government commitment to improve children's lives provides potential leverage for funding.	Higher unemployment.	Increased demand on youth provision e.g. training young people to increase their employability.
Social		Technological	
Issue	Impact	Issue	Impact
More people unemployed.	More time on hands, potentially more volunteers? More young people wanting to join clubs?	Access to resources via the internet.	New activities- media project?
Aging population 'Cool' to be involved in group? Fewer young people in coming years?	More/less young people want activities.	New ways of delivering services for young people? Problems with accessing Broadband in rural Cumbria.	Potential to reach more people. People in rural areas can't access information/services.

You can see from this that the groups are linked. The recession can affect the number of people employed, which affects the money available, which in turn affects social habits. Increased unemployment may be an opportunity for increasing volunteers and members. An increase in membership could be a threat if enough volunteers can't be found. All can influence the amount of money you need to raise and where funding can be accessed.

At this point you might like to complete Action Sheet 1 *PEST Analysis* (page 24).

Remember

Sustainable funding needs to be seen in the context of your organisation. A small organisation is likely to need a modest amount of funds to provide its services. A larger organisation with a high turnover may need to develop a permanent team of fundraisers.

4. Your existing resources

Developing a funding strategy involves:

- Looking at where you are now - establishing what resources you have.
- Looking at where you want to be – establishing what resources you will need.
- Finding the missing resources.

You should have a budget for the current year and be keeping your records up to date so that you know how much money you have. If you haven't set a budget please refer to the workbook on *Developing Your Budget* for guidance on how to do this.

You need to look at how much money you have and how much is restricted to a particular activity e.g. you may have been given money to buy equipment, this can't be used to pay a salary unless you have permission, in writing from, the funder.

Once you know how much money you have you can compare this with what you need.

Look at all your current sources of funding; make a note of funders who can be approached again.

In addition, look at the other resources you have, so that you can make use of all your assets.

Consider:

- Your premises – can you rent out space?
- Your staff and volunteers – what skills do they have that you can utilise?
- Your area of expertise – can you diversify into new areas?
- Your activities – can you introduce a charge for some of your services?
- Your equipment – do you have assets you can rent to others?
- Your donors – can you increase the number of donors who support you?
- Your current community fundraising activities – can you increase the variety?

At this point you might like to complete Action Sheet 2 *Existing Resources* (page 26).

5. The case for support – what you want to fund

In order to determine the resources you need and their associated costs you will have had to look at the activities you want to carry out. Any grant funder you approach will want to know:

- Why your activities are needed.
- How you know they are needed.
- Who will benefit from your activities.
- How they will benefit, and what difference your project will make.

Forget funding for a moment and consider how important these questions are anyway...

- Do you really know whether what you are providing is what is needed?
- How can you evidence this?
- Do people have a say in designing the services and activities you provide?
- Do you keep an eye on whether your project or service continues to meet the needs of the people? If not, then how do you know if it's making a difference to their lives?
- Should we just pack up and go home?
- Should we ever have been here in the first place?

You need to ask these questions to make sure your work is relevant. People who are passionate about their work tend to be very aware of their service users needs and are excellent at responding to them. However, needs tend to be communicated to others as anecdotes or stories.

You don't have to perform yet another lengthy 'consultation exercise' with the people you work with. You do, however, have to provide some form of evidence. Most organisations or groups consult with service users and potential service users as a matter of course – often informally through chatting or in group sessions. The outcomes of these discussions need to be recorded.

By developing some form of evaluation for your current activities you can establish:

- What works well for your service users.
- How people feel about your organisation and its activities.
- What areas you need to develop.

Returning to these same questions over a period of time will enable you to see if anything has changed in the way they feel about things as a group or individually. It also builds the evidence you need for your funding applications.

See what information exists to support your case. Try looking at statistics relevant to your activities.

At this point you might like to complete Action Sheet 3 *The Case For Support* (page 27).

6. Types of funding

The more fundraising you do, the better you get. The only way to learn how to be a successful fundraiser is to get out there and start fundraising. It's worth familiarising yourself with the various types of fundraising available so that you can select the most relevant types, as described in this section.

Take advantage of any training programmes that may be available so you can pick up tips and advice.

Attend the "Funding Fairs" organised by Cumbria CVS as these provide an opportunity to meet funders and talk face to face with them about the work you do and want to gain support for. Alternatively ring up funders, talk to them and ask them if your project is something they would be interested in funding.

Join a membership organisation such as Action with Communities in Cumbria, AWAZ, Cumbria Disability Network, Cumbria Youth Alliance or Young Cumbria. These organisations will be able to give you advice and guidance and provide you with information on funding opportunities.

Remember

You need to show the passion and commitment that you have for your organisation and client group in all your fundraising activities.

6.1. Grant Funding

Most organisations you approach for funding get more requests than they have funds available. They have limited resources in terms of people who can come and visit you to see your activities, so most assess your applications based on the information which you send them.

You need to follow a few common sense principles when applying for grants:

- Follow the guidelines on the application form. Read all the guidance notes thoroughly.
- Only complete application forms when you meet the funder's criteria.

- Answer all the questions.
- If the funder hasn't published guidelines, or you are not sure if you meet the criteria, contact them to discuss your application before you start.
- Emphasise how your activities meet the funder's criteria.
- Make sure your budget adds up. Incorrect figures will be noticed and can raise doubts about your organisation's ability to handle money.
- Adopt a full cost recovery approach to your budgets.
- Avoid using estimates by getting accurate costs/quotations. Keep copies of your research in an organised way so that you can show them to funders if they ask for them.
- Allow plenty of time to complete the application form to ensure you meet the funder's deadline. Late applications won't be considered.
- Work from your business plan as you can save time and effort by cutting and pasting information. However, make sure the text remains in context.
- Tell anyone who has to provide information exactly what you need from them and give clear deadlines.
- Make sure anyone who has to sign/counter sign the application is available in advance of the deadline. They need time to read and understand the application.
- Ask someone to read over the application to check for spelling mistakes and to ask questions about areas that are not clear.
- Supply all the information the funder asks for with the application e.g. annual accounts.

If there are no specific guidelines, the following advice may help you make your case:

- Include a short statement about your organisation and what you do.
- State the need you have identified, how you identified this need and how your activities meet the need.
- What difference will your activities make?
- Be clear about how much money you need to raise. Break down what could be achieved with different donations or contributions for example with £50 we can provide emergency accommodation for a young person in crisis for two nights, or with £250 we can send a young person on a potentially life changing personal development residential for a week etc.
- Make it clear if you need the money urgently. Specify what will happen if you don't raise the funds.
- State why you are the best placed organisation to do this work. Include past successes, awards and quality standards you have achieved.
- Provide a short case study to show how you have made a difference.
- Use good quality images and inspirational quotes from people you have made a difference to.
- Provide supporting statements or 'testimonials' from other people or organisations who admire your work.
- Provide a list of other organisations who are involved with your project as this increases people's confidence in you.

Involving different people (and especially the service users or beneficiaries) from your organisation in the application process can be a great learning experience for everyone. It also results in a greater pool of people who can confidently communicate and promote your organisation to others.

When you are awarded a grant you need to keep in contact with your funder. This should include:

- Supplying all monitoring reports requested punctually and efficiently.
- Thanking and acknowledging the funder in all of your publicity materials e.g. annual reports, newsletters.
- Inviting them to celebration events; public meetings etc.

Many grant funders and trusts like to build a relationship with an organisation over a number of years. You should therefore communicate openly and work to build their confidence and trust in the work of your organisation. Try to arrange to meet for occasional informal updates on how the project is going, or invite the funders and their trustees to visit your projects and events. Always check with your funders before making alterations to your spending.

At this point you might like to complete Action Sheet 4 *Are you ready to apply for a grant* (page 28).

6.2. Trading Activities

Earned income now accounts for over half of the income of the Third Sector.

Income can be earned through delivering services under a contract, sometimes called a service level agreement (SLA) or from trading in the open market. You may earn an income by charging your beneficiaries for accessing your services e.g. paying £1 to attend a youth club. Small amounts will not cover all your costs, however they do show that people value your services enough to contribute to them and they can add up to form part of your 'match funding' for grant applications.

Trading on the open market can be on a small scale e.g. selling calendars or on a larger scale which may involve establishing a separate trading arm e.g. opening a charity shop.

Trading allows an organisation to bring in more 'unrestricted' funds i.e. money which can be used in any way as long as it furthers the objects of the organisation.

You need to balance business objectives e.g. making a profit with your social objectives; benefiting your members/users. This requires a good deal of skill and experience.

The national drive towards encouraging more charities and voluntary organisations to adopt a 'social enterprise' model is strong. These types of organisation operate under different rules concerning the source and application of their financial resources. Please refer to the *Getting Going* workbook for information on the types of legal structures available to organisations.

Charities can usually trade fairly freely in pursuit of their charitable objectives, however there are restrictions for trading to generate an income for the charity. In particular, charities may not engage in commercially-oriented trades if trading involves a significant risk to their assets. This type of trading should be undertaken by a trading subsidiary. As well as minimising risks for the Charity, this can have tax advantages e.g. trading subsidiaries can make donations to their parent charity as 'Gift Aid', so reducing or eliminating the profits of the subsidiary which are liable to tax. Further information on trading is available at the Charity Commission website: www.charitycommission.gov.uk

6.3. Commissioning and Tendering

Commissioning services is a way in which public bodies can deliver public services through independent organisations. Anyone can enter this area as long as they satisfy the conditions set by the commissioning body. That means Third Sector organisations can compete against private businesses.

When you apply for a grant, you are working to the criteria the funder has set; the funder usually considers any viable project that contributes to meeting their objectives; you have to provide a detailed budget and account for your expenditure. Many organisations receive grants through a rolling programme. Commissioning relates to a specific contract and states what activities have to be delivered and what outcomes are required. You submit a price for the service you are going to provide so there is an opportunity to make a profit, although the commissioner is looking for value for money. Deadlines are strict and there is often only one contract awarded, although this may be delivered through a number of partners working together.

Public bodies are required to follow certain procedures for commissioning services where the aggregate value exceeds a prescribed limit (currently £156,000); below this figure the rules vary. Because of the value of the contracts, competition tends to be fierce and favours the 'big and brave' organisations. Smaller organisations usually have to work as a consortium to bid for such large pieces of work.

There are two forms of tendering:

- Open tendering invites all interested parties to submit bids in response to a statutory body request. Everyone who expresses an interest is sent full details of the tender/quotation.
- Restricted tendering is a two stage process where interested parties are assessed via a pre qualification questionnaire (PQQ); only parties meeting the PQQ requirements are sent details of the tender/quotation.

You need to consider carefully whether you have the capacity to deliver a commissioned contract.

While partnership working has many advantages it can bring new challenges. You need to consider how you develop a consortium or partnership:

- How much time will be spent developing the consortium.
- What are the resource implications for your organisation e.g. how much time will it take up.
- Which organisation will take the lead.
- Are your systems and working practices compatible.
- Who will deliver each activity.
- How will each organisation report outcomes.

You also need to be able to identify tendering opportunities. Find out who is responsible for procurement in your area and make contact with them. Regularly check the websites listed in Appendix 1 this workbook.

At this point you might like to complete Action Sheet 5 *Do you have the capacity to deliver a contract?* (page 30).

Remember

Commissioning is a strategic activity where needs are assessed and available resources are used to meet the needs. It involves procurement.

Procurement is the acquisition of goods or services, at the best cost, for the benefit of organisations or individuals, usually via a contract.

Tendering is the making of an offer to undertake to supply particular goods or services.

6.4. Corporate Sponsorship

Organisations are often surprised that businesses are not more forthcoming with direct financial support in response to letters or approaches for help. This may be because the approach has been made in the wrong way or insufficient thought has been given to who is contacted.

However, more businesses are becoming aware of the positive impact they can have in the communities in which they work. Many now consider their Corporate and Social Responsibility and formalise this in a written policy.

When you approach a business, bear in mind the fact that they need to be profitable before they can provide financial assistance to anyone else. Think of ways in which supporting your organisation will benefit their business. What can you offer them in return for their investment in you?

For example, funding the lease of a minibus for your organisation at a cost of £500 per month may be worth more to a local business in terms of the positive advertising than the same sum being used to finance a less high profile part of your operation.

Check that the culture and objectives of the business you plan to approach are compatible with the aims of your organisation. Make sure you tell them how and where you will promote their business e.g. by putting their logo on all your leaflets; providing a link to their website; issuing a press release.

Corporate sponsorship is all about looking for a win-win partnership in which both the sponsor and sponsored organisation gain equal benefits. For further information please refer to the Big Lottery publication *Alternative funding for your project* which is available at: www.biglotteryfund.org.uk

6.5. Sponsored Events

Sponsored events e.g. sponsored swims, are a great way to promote interest in your organisation, raise your profile and provide an opportunity for social activity. The event in itself might also be a personal development opportunity for the people you work with e.g. a challenge event such as a bike ride or a mountain journey.

A good, well planned, sponsored event can help you to attract wider publicity for your cause through the local media, and may allow you to increase the value of all of your donations through 'gift aid' (see below).

You need to undertake a thorough risk assessment as part of the planning process. This will help to identify any actions you need to take e.g. employing suitably qualified outdoor instructors. You must also ensure that appropriate insurance is in place to cover all aspects of the event.

6.6. Gift Aid

Gift aid is tax relief on money donated to charities by individuals, sole traders or partnerships. Under the arrangement, HM Revenue and Customs treats such donations as if the donor has already deducted basic rate tax from them. The charity can then reclaim this tax to increase the value of such donations by 20%.

To reclaim the tax you need to obtain a gift aid declaration with any donations. The declaration needs to include:

- The donor's name and home address.
- The charity's name.
- Details of the donation saying that it is a gift aid donation.
- Confirmation that the donor has paid UK tax.

In the 2011 Budget, the Chancellor promised to "bring [Gift Aid] into the 21st century" by cutting bureaucracy to encourage donations by companies and individuals. Up to £5,000 of small donations a year – typically given in collection tins and buckets – may no longer need a declaration. Further information is available from the HM Revenue and Customs website www.hmrc.gov.uk/individuals/giving/gift-aid.htm

6.7. Community Fundraising

You can engage your community in a huge number of events; some of which are mentioned in this section. When you arrange an event:

- Carry out a risk assessment.
- Establish the costs – make sure you are going to make a profit.
- Make sure you have any necessary licenses.
- Send out a press release.
- Advertise the event.
- Mention your funders/sponsors on all your promotional material.
- Invite the local press to join you.
- Check you have enough volunteers.
- Co-ordinate activities so everyone knows; when they should arrive/leave; what they need to bring; what they need to do.
- Provide some leaflets to give to your supporters so they can: read about you at home; find out how you got on through your website; perhaps support you again in the future.
- Try to involve some beneficiaries so they can tell potential supporters more about what your organisation has done for them.

Auctions

There are two types of charity auction, silent auctions and live auctions. In a silent auction you publish a list of items (donated by supporters) ahead of time and accept bids in writing. At the end of a pre-determined time period, the highest bidder wins the item. In a live auction you gather people together at a venue to bid for items. An 'auctioneer' is needed to oversee procedures.

Bag packing

Most supermarkets allow organisations to raise money by packing bags. Contact your local supermarket to see what their policy is. Busy times e.g. the run up to Christmas, where lots of customers are all shopping at the same time, can increase the amount you make.

Bingo nights

In short, bingo involves someone calling a series of random numbers pulled from a sack or by a bingo machine. Players have cards containing a set amount of numbers. If a number is called which matches one on their card they can cross it off. The first to cross off all of their

numbers wins. A licence is required to run a Bingo night and there are rules surrounding the value of the prizes given.

Bob a job

Invite volunteers to undertake small tasks in return for a donation. Tasks could include: gardening, window cleaning, washing cars or helping people with their shopping. Supervise young people so no one is put at risk.

Busking/street performances

Busking or street performance involves entertaining the public in a public place, in return for donations. Performers may; sing, dance, play an instrument, juggle or engage in any number of activities people may find enjoyable. A street licence may be required, so check with your local authority. Let people know who you are collecting for and be mindful of any other collections taking place on the same day.

Buy a brick

If you are undertaking a building project you can invite people to 'buy a brick'. In return for their donation the individuals name is included on a public display, once the building is completed.

Coffee mornings

These can simply involve organising a get together to sell drinks and biscuits or can include selling other produce. They are a great way of engaging with the community and getting people together to socialise.

Collecting coins

Ask your members to fill a tube with 2p or 5p coins. Every little helps.

Duck race

This event involves racing rubber ducks down a local waterway. People sponsor a duck, the winner receives a prize. Ducks can be bought or hired. You need access to a stretch of water, preferably with good public access so that spectators can watch the race (or heats if there are more sponsors than ducks!). You also need to be able to capture the ducks once they have crossed the finish line. Ducks need numbering with a waterproof pen so that tickets can be allocated. As this is a small lottery you will need a license from your local authority.

Events

Large scale events require a lot of planning and a separate guidance sheet produced by Cambridgeshire ACRE is available from Action with Communities in Cumbria.

You need to consider:

- Who will come to the event.
- Where it will be held.
- When it will be held.
- Activities e.g. stalls, displays, climbing walls, go carts.
- The costs involved versus the expected return.
- Insurance.
- Health and safety including risk assessments.
- Food and drink.

- Alcohol.
- Toilets.
- Marshalls and stewards.
- Parking/highways.
- Emergency services.
- Electric/gas supplies.
- Byelaws.
- Entrances and exits.

Film nights

Charging for tickets to show a film in a public building is allowed, providing you have the correct licences. You need to decide:

- What film you want to show and who will pay to see it.
- When the film will be shown.
- Where the film will be shown.
- What licences you require to show the film.
- What premises licences you need.
- What equipment you need.

A separate guidance sheet produced by Cambridgeshire ACRE is available from Action with Communities in Cumbria.

General appeals

You can simply ask for donations. If you are appealing for funds for a specific purpose e.g. buying equipment, you should consider including a secondary, wider charitable purpose, so you know what to do with the money donated if the appeal fails. For example:

'We are raising funds to buy a bus for our youth group. If for any unforeseen reason we are unable to purchase a bus, or there are surplus funds left over, we will use the donations to purchase other much needed equipment for the youth group.'

Alternatively, you can make a general appeal. For example:

'This is one of the projects we run to support our beneficiaries. To support this and other projects that we run, please donate to our charity.'

Funding appeals can fail in two ways:

- **Initial failure** - where insufficient funds are raised and/or the purpose of the appeal was not achieved.
- **Subsequent failure** - where the purpose has been achieved and there are surplus funds.

If you haven't said what would happen to any unused money, you have a duty to try to return donations to donors who can be identified.

One hundred clubs

The club takes the form of a regular draw. They are classed as a small lottery and have to be registered with your local authority. Participants pay an agreed sum (weekly, monthly or annually) and there is a monthly draw which pays out an agreed amount.

Raffles (also known as lotteries)

There are a variety of different types of lotteries. These are the ones most relevant to charities and fundraising.

- **Large society lotteries** - single lotteries that have ticket sales over £20,000, or where an organisation sells more than £250,000 worth of tickets a year. These must be licensed by the Gambling Commission.
- **Small society lotteries** - where ticket sales in a single lottery are £20,000 or less or where an organisation takes £250,000 or less from all lotteries in the same calendar year. These do not require a license, but must be registered with the relevant local authority.
- **Incidental non-commercial lotteries** - held at events where all tickets are sold and the winner is drawn at the event, and all money raised at the event goes to purposes that are not for private or commercial gain. They do not require registration, but must be run in accordance with the relevant regulations (The Gambling Act 2005 (Incidental Non-Commercial Lotteries) Regulations 2007). These restrict the total costs that can be deducted for prizes (currently £500) and administration costs (currently £100).

Race nights

These events involve participants staking money on the outcome of a recorded or virtual race. The Gambling Act places some restrictions on certain types of race nights; please visit www.race-night.co.uk or contact Action with Communities in Cumbria for further information.

Recycling

Collecting paper and card, old clothes, mobile phones or ink cartridges for recycling can raise funds. You need to make sure you have a buyer for the recycled items and somewhere to store them. You can provide a continual collection point or provide bags and collect items over a short period of time.

Remember

Encourage people to use Gift Aid wherever possible.

7. Writing your strategy

Your fundraising strategy is based on:

- What you want to do – this has resource implications e.g. funding a paid worker for 3 years has cost implications.
- What resources you need – what has to be paid for.
- What resources you have – this has funding implications e.g. you may already have some of the equipment you need in which case you don't need money for this, however if equipment needs replacing you do.
- How much money you need to raise – raising a few hundred pounds is very different to raising half a million pounds.
- How much time you have to raise the money – applying for grants can be time consuming, especially if the funders have quarterly deadlines.

When you have considered the above you can assess your funding options and select the most appropriate ones. Be realistic and consider:

- The pros and cons of each funding source e.g. grants may be necessary for larger amounts of money, but the application process can be lengthy. Raffles are easy to organise but won't raise huge sums of money.
- The skills you have in your organisation e.g. is there an experienced community fundraiser willing to organise events or a volunteer who can complete grant applications?
- The time scales involved: funders have strict deadlines.
- What else is happening in your community – holding two duck races on the same day simply won't work!

Try to develop a variety of funding sources. Modest amounts from community events can support larger grant applications. Subscriptions or membership fees demonstrate continued support from the people who access your services.

Set targets. List how much you expect to make from each funding activity. Note how likely you feel you are to meet the target.

Draw up a timetable for events and application deadlines so that you can develop an action plan. Allocate tasks to individuals/sub groups.

Remember

The more fundraising you do the better you get.

It is sometimes easy to lose sight of your vision; mission or purpose through the pursuit of funds to help implement it! Do try to stay true to your organisational values when you are seeking funds to support your work.

At this point you might like to complete Action Sheet 6 *Drafting a Funding Strategy* (page 32).

8. Monitoring and evaluation

You need to monitor your funding activities so that you know what's working, what needs changing and how you are progressing against your targets.

Don't expect a 100% success rate from grant applications. When an application is declined, take a step back and look at why it's been declined:

- Did you meet the criteria?
- Did you submit the application on time?
- Did the budget add up?
- Were you clear about what you wanted the money for?
- Did you show why the project was needed?
- Did you state who would benefit from your work and how?
- Did you submit the correct supporting documents?
- Was the application signed?

Even if you did everything right, there is only so much money available and competition is fierce, so don't despair. Ask for feedback (unless the funder has asked you not to). Take on board constructive comments for your next application.

Review each community fundraising activity:

- Did you make more or less profit than expected?
- Were the costs involved in running the event too high?

- Was there an easily clear reason e.g. low attendance due to bad weather?
- Were there enough volunteers?
- Was the event well publicised?

Regularly review your strategy so that you can make adjustments quickly.

9. What the funders say

It is sometimes easy to lose sight of your vision; mission or purpose through the pursuit of funds to help implement it! Try to stay true to your organisational values when you are seeking funds to support your work.

In developing this workbook funders were asked to contribute, this is what they said:

“A lot of funding applications we receive don’t meet our priorities, in fact over 50% of the applications that we receive should not have been sent to us. Organisations could have saved so much time if they had read the guidelines before completing the application”

“Read the guidelines and read the exclusions, then read them all again only then if you are satisfied you meet all the criteria you should apply!”

“We are only able to fund about 15% of all the applications we receive- that means for every 100 applications 85 are rejected. Your application has to stand out amongst the rest”

“We ask organisations to enclose a supporting statement of up to 2 sides of A4 with their application. We only want the 2 sides of A4 we don’t want 25 pages. It’s all about being able to sum up what you want the funding for and communicating it to us”

“If you have previously been funded by our trust and you failed to complete the paperwork for the final report and had to be chased to provide the required information, that won’t look good when you apply in the future! “

“We know when applications are completed by funding consultants – we can tell by the language and the layout – what we really like is for organisations to tell us about the passion they feel for their work – you seldom get that with a bid completed by a funding consultant!”

“If you are unsure, talk to us before submitting the application, you can get the opportunity to talk through the application and save time if it is not something we are interested in funding”

Appendix 1 – Useful Contact Details

There are a number of infrastructure bodies in Cumbria who can provide information and guidance.

This workbook has been developed by a partnership made up by:

- Action with Communities in Cumbria (www.cumbriaaction.org.uk)
- AWAZ (CIC) Cumbria (www.equalitycumbria.org)
- Cumbria Disability Network (www.equalitycumbria.org)
- Cumbria Youth Alliance (www.cya.org.uk)
- Young Cumbria (www.youngcumbria.org.uk)

Each is a potential source of help to your organisation.

You may also access advice and guidance from Cumbria CVS which provides trustee training through their Trustee Network. Cumbria CVS has a network of offices in the County and can be contacted via its website www.cumbriacvs.org.uk or by telephone on: 01768 800350.

Useful sources of information advice and guidance

Association of Chief Executives of Voluntary Organisations provides information for Third Sector Organisations. Information on full cost recovery is available at www.fullcostrecovery.org.uk

Big Lottery Fund website carries step by step guide to considering approaches to potential sponsors – *Future Funding? Alternative funding for your project.* www.biglotteryfund.org.uk

Charities Aid Foundation helps to put individuals and companies in control of their giving, and enables charities to make the most of what they get. www.cafonline.org

Charity Commission provides up to date information on legal responsibilities and returns and it's a great place to keep up to date with changes in the law governing charities and their responsibilities for reporting, accounting, risk management, etc. www.charity-commission.gov.uk

Cumbria Community Foundation aims to improve the quality of life for people experiencing disadvantage in Cumbria by: 1) Making grants to local charities; 2) Promoting charitable giving by organisations and individuals; 3) Managing grants-making funds on behalf of individuals and organisations. www.cumbriafoundation.org Tel. 01900 820828/825760:

Cumbria County Council's website provides County Council statistics e.g. demographics, school attainment levels etc. www.cumbria.gov.uk or ring 01228 606060.

Cumbria Intelligence Observatory website provides statistical information e.g. the population breakdown by wards, Joint Strategic Needs Assessment, Local Area Agreement details. www.cumbriaobservatory.org.uk

Gov.UK provides information for those considering developing trading activities or for support with the business planning process. www.gov.uk

National Statistics Online provides statistical information www.statistics.gov.uk

Primary Care Trusts website provides health statistics in your area together with Indices of Deprivation to Health Improvement Plans for each of the areas in Cumbria. www.cumbria.nhs.uk

The Directory of Social Change website contains lots of useful links and guidance on funding. www.dsc.org.uk

The Institute of Fundraising is the professional and membership body for fundraisers, working to develop, promote and champion excellence in UK fundraising. The institute has published "The Good Fundraising Guide" which is available to download from their website along with advice on tax effective giving. www.institute-of-fundraising.org.uk Tel. 020 7840 1000

Useful websites to source tendering opportunities

'Bluelight' Emergency Services eTendering provides notification of new tender opportunities issued by member authorities www.bluelight.gov.uk

TED (Tenders Electronic Daily) is the online version of the 'Supplement to the Official Journal of the European Union', dedicated to European public procurement. www.tendersdirect.co.uk

The Chest is the North West's Local Authority Procurement Portal. It has been created to bring together buyers and suppliers making it easier for businesses to find out about new sources of potential revenue. www.the-chest.org.uk

Public Tenders.Net provides the latest public sector tender announcements. www.publictenders.net

Contracts Finder lets you search for information about contracts worth over £10,000 with the government and its agencies – nationwide. You can use Contracts Finder to; search for current contract opportunities, find out what's coming up in the future, and look up details of previous tenders and contracts. www.gov.uk/contracts-finder

Part 2 – Action Sheets

1. Pest Analysis

See pages 7 - 9



Action – Take four pieces of paper

On the top of each sheet write one of the following headings:

- Political
- Economic
- Social
- Technological



Action - Under each heading list

As many things as you can think of, put everyone's suggestions down, discuss why you think each belongs where you've put them. You will probably find that some things are closely linked:



Action - Make a note of

The positive impact each item has on your organisation. How you can use any good opportunities:

The negative impact each item has on your organisation. How you can reduce any bad effects:

Transfer this information into the PEST analysis template.

PEST Analysis Template			
Political		Economic	
Issue	Impact	Issue	Impact
Social		Technological	
Issue	Impact	Issue	Impact

2. Existing Resources

See page 9



Action - Make a note of

Your current funders or service level agreements:

Your current donors:

Your current community fundraising activities e.g. sponsored walks, raffles:

Available space you could rent out:

Your staff and volunteer skills e.g. people who can arrange fundraising events or write funding applications:

Your activities:

Your equipment e.g. mini bus, sound system:

3. The Case For Support

See pages 10 - 11



Action - Make a note of

The evidence you have that the people you work with want your services e.g. evaluation sheets relating to current activities, numbers engaging in activities:

The evidence you have that shows your aims address a social issue e.g. the statistics relating to domestic violence in your area:

Letters of support you have from other groups/agencies e.g. the police:

Your competition. If there is another organisation doing similar work in your area, list why you are needed and how you are different:

4. Are you ready to apply for a grant?

See pages 11 - 13



Action - Make a note of

What you are asking for:

The benefits your activity provides:

The funding criteria:

Who you are applying to (if you expect to get grants from a number of different funders):

The evidence you have that the people you work with want your services e.g. evaluation sheets relating to current activities, numbers engaging in activities:

Your budget:

How much you can contribute 'in kind' or from community fundraising/reserves:

The policies you have to fulfil the funders requirements e.g. safeguarding policy, equality policy:

The documents the funder needs to see e.g. your governing documents, business plan:

The things that could stop the activity taking place e.g. lack of funding:

Actions you can take to ensure the risks identified **don't** stop the activities taking place:

How you will monitor and evaluate your activities:

5. Do you have the capacity to deliver a contract?

See pages 14 - 15



Action - Make a note of

The aim of the contract (does it match your objectives/do your governing documents allow you to do this activity?):

Pre Qualifying Questionnaire requirements e.g. quality standards:

When payments will be made:

If payments are made retrospectively do you have cash available to keep going?

Who will deliver the work:

How many additional staff will be required:

Training implications e.g. costs, staff time:

Reporting requirements:

Adjustments you need to make to your administrative systems to ensure you can meet the reporting requirements:

Possible partners for a consortia:

Time available to develop a partnership/write the bid:

6. Drafting a funding strategy

See pages 19 - 20



Action - Make a note of

The amount of funding you need for the next three years activities (include capital and revenue items separately):

The money you have in place (cash in the bank). Identify any restrictions e.g. money already allocated to specific activities:

Any regular income you can reasonably expect to receive e.g. membership fees, rental from leasing equipment or space to a third party:

Any funding already secured for the next three years but not yet received e.g. grants paid in instalments:

Potential Grant Making Trusts. Include: their priorities; amount of funding realistically available to you; timescales:

Potential community fundraising events. Include possible date; realistic anticipated profits:

Staff/volunteers available to complete funding applications:

Staff/volunteers available to undertake community fundraising activities:

Please note that the following workbooks are also available:

Third Sector Workbook 1 – Getting Going.

Third Sector Workbook 2 – Policies and Procedures.

Third Sector Workbook 4 – Robust Business Planning.

Third Sector Workbook 5 – Developing Your Budget.

Third Sector Workbook 6 – Marketing.

Third Sector Workbook 7 – Working with Volunteers.

If you require this information in another format, please contact 01768 840827 and we will do our best to meet your requirements.

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