**Funding guide**

**A guide for small community groups in Southampton**

Southampton City Council Stronger Communities Team

This guide has been produced for use by community groups in Southampton who may need funding to start up or grow their group.

The guide aims to give clear, straight forward help and information. It covers a wide range of information from how to look for funding and write successful funding applications, to learning about funder’s priorities and fundraising events.

**October 2022**

Index

[Getting started](#Gettingstarted)

[Guide to different types of funding](#Guidetodifferenttypes)

[Finding an appropriate funder](#Fundingappropriatefunder)

[Awareness of funder’s priorities](#Awareness)

[Match funding](#Matchfunding)

[Funding applications](#Fundingapplicaitons)

[Time](#Time)

[Forms](#Forms)

[Prepare supporting documents](#Prepare)

[What to do when you receive funding](#whattodo)

[Thinking about the future and exit strategies](#Thinking)

[Jargon dictionary](#Jargon)

[Template for project budget](#TEMPLATE)

**Getting started**

# Overview

This guide has been written for small community groups that need funding to run activities, organise events, training sessions, etc.

Community groups exist for many different reasons, but they all serve the community, and all the **money that the group makes has to be used for the benefit of the community.** It is essential that people understand the time commitment which might be involved in writing funding bids, and that they are actually free to undertake this work.

Each section will try to give you a basic outline of what is required of you if you are applying for funding.

This guide cannot contain everything you might want to know but it may give you some assistance to get through the maze of funding systems.

# First Steps

Once you decide your group needs to fundraise, or apply for funding, think of these things:

* Planning a project
* Is there enough interest/need for the project in the community?
* Is your group strong enough to undertake this activity?
* Do you have enough time to raise the money?
* What exactly do you need the money for?
* How much money do you need?
* Do a budget for your project
* Decide on the way you are going to raise the money: apply for grants or fundraise
* Do funding research/identify potential funders
* Collect all the supporting information that funders ask for (such as quotes, budget, copies of your policies, bank statement, recent annual accounts)
* Get someone not connected to your group to check your application form critically before sending it out

[Back to index](#Index)

# Guide to different types of funding

There are a few main types of funding available to community groups:

* Community fundraising
* Earned income
* Charitable trusts and foundations
* The National Lottery
* Company giving
* Statutory grants
* Statutory funding via procurement or tendering

Which one you apply for depends on what your group is proposing to do. The following descriptions of these funders may help you to find those which are appropriate for your group.

## Community Fundraising

These are fundraising events which your group can organise itself. It has many advantages; as well as raising vital money it also raises the profile of the organisation locally. In addition, there will be fewer restrictions on how the money is spent. It is important to tell those attending the event what you intend to do with the proceeds or any donations made to the group. You could be raising money to fund anything from a community event to the purchase of vital office equipment.

You can find guidance on how to plan an event by visiting our Community Groups webpage [Community groups (southampton.gov.uk)](https://www.southampton.gov.uk/people-places/community-involvement/community-groups/). See the ‘How to plan an event’ guide which will give information on practical considerations, laws, possibly additional insurance, and licences. Southampton Voluntary Services also provides useful information on community fundraising [www.southamptonvs.org.uk](http://www.southamptonvs.org.uk).

There is an array of laws and legislations that applies to fundraising. For more information, please check Community Charity for England and Wales website: <https://www.gov.uk/government/organisations/charity-commission>; Public Fundraising Regulatory Association website: <http://www.pfra.org.uk/> or the Institute of Fundraising: <http://www.institute-of-fundraising.org.uk/>.

**Types of donations**

Donations can be made of money, goods or your time and expertise.

There are rules to accepting donations; contact Charity Commission for England and Wales: <https://www.gov.uk/government/publications/charities-and-fundraising-cc20> or the Institute of Fundraising: [Chartered Institute of Fundraising - New and popular guidance and resources (ciof.org.uk)](https://ciof.org.uk/guidance-and-resources/new-guidance-and-resources).

* Famous individuals – helpful to have them as supporters of the group; it is good free publicity
* Legacies – this is a donation provided by someone leaving a bequest in their will
* Regular giving – specific amount given regularly
* Gift Aid allows a charity to reclaim the basic rate of tax on a donation. Gift Aid reduces the tax bill of a donor.
* Payroll giving – direct deduction from an employee’s pay cheque
* Shares giving – supporters receive a generous tax relief for giving some shares to charity
* Sponsored events – sponsored runs etc. can be helpful at getting the group known as well as raising money

## Earned Income

There are two main types of earned income. The first being money raised from membership fees or annual subscriptions. This money is normally used to pay for things like hire of venues, refreshments or insurance. The second type is income earned from selling the group’s services. For instance, an arts group can earn a large proportion of its income from events. Others may sell services, publications, or products. Again, it is essential to ensure that there is appropriate insurance cover.

## Charitable Trusts and Foundations

There are thousands of charitable trusts in the UK, some of which are over 100 years old. The trusts vary enormously in size and scope and only a few hundred have paid staff. Most have a board of trustees who usually meet once or twice a year to consider requests for funding. It is important to find out when their deadline is for applications. Many were started by philanthropists to help people in a wide variety of ways, including health care. Today such trusts are still an important source of funding for voluntary and community groups and they distribute millions of pounds each year to groups who meet their individual criteria.

## The National Lottery

There are a variety of main distributors of Lottery money including, Sport England, Arts Council, and National Heritage Lottery Fund [Distributors - Funding - National Lottery Good Causes](https://www.lotterygoodcauses.org.uk/funding/distributors). Each distributor has its own small grants programmes and larger programmes and so it is important you apply to the most appropriate one for your project as distributors cannot pay for what another distributor is set up to fund.

The National Lottery Community Fund

The National Lottery Community Fund distributes over £600m a year to communities across the UK, raised by players of The National Lottery.  Funding goes to community groups and projects towards good causes including:

* bringing people together and building strong relationships in and across communities
* improving the places and spaces that matter to communities
* helping more people to reach their potential, by supporting them at the earliest possible stage.

## Company Giving

Another source of funding can be to approach local businesses to ask for money or resources (e.g. a computer or perhaps some used office furniture). The advantage of this is that you may get a quick answer. If you are successful, you could develop a long term relationship with the company. Amounts given by companies will vary depending on the size of the firm. Also, it may be that the company is already committed to another charity so are unable to help. Sponsorship may be another avenue to consider, if applicable. This involves your group offering a service – such as publicity at your events in return for funding. Contact local companies directly and ask if they have someone who deals with community affairs or someone who can deal with donations.

The main points to remember about company giving are:

* Many companies only give very small amounts
* Most only give to well known, established charities
* Some companies will only donate in their own local area
* Few companies are prepared to fund controversial work
* Most companies give one-off grants, rather than long term support
* Large companies are likely to have a social responsibility budget
* Some companies only provide things like raffle prizes
* In some instances, if employees of the company raise money for your group, the company may agree to match that amount

## Statutory Grants

Statutory funding includes local councils, health funding, regional and central government. The main features of statutory funding are as follows:

* Statutory funders only give grants which meet their own current priorities and objectives as well as their statutory responsibilities. They do not make grants because they are sympathetic to a cause.
* There may be rules and regulations and complex monitoring systems to put in place. Plan the start up date for your project well, to leave enough time for the money to arrive. Also, funding will normally have to be used within a specified time period and cannot be ‘carried over’ into the next financial year
* The process of decision making may be longer and more complicated than you expect, with different stages to the application process.
* There will be publically available guidelines/criteria and information about the way your application will be dealt with.

**Community Chest**

Community Chest is Southampton City Council’s small grants scheme. Grants of between £100 and £2,500 are available for small, volunteer led community groups. Priority is given to organisations with an annual income of less than £50,000. More details can be found here [Community Chest (southampton.gov.uk)](https://www.southampton.gov.uk/people-places/grants-funding/community-chest). Guidelines and application forms are available at particular times. For further details, contact [grants@southampton.gov.uk](mailto:grants@southampton.gov.uk).

Southampton Voluntary Services are also available to advise you on your applications and/or check whether you have completed the form correctly [Contact Us – Southampton Voluntary Services (southamptonvs.org.uk)](https://www.southamptonvs.org.uk/contact-us/).

## Statutory Funding on a Procurement or Tender (Contract) Basis

It still appears to be the case that this avenue of funding is mainly appropriate for larger, established groups. Part of the reason for this could be that the group would have to undertake a great deal of highly detailed work in order to be considered and can still be unsuccessful. This situation may, of course, change in the future. As this guide is aimed at smaller community groups no further information about contract based funding will be provided here.

[Back to index](#Index)

**Finding an appropriate funder**

Southampton Central Library is an excellent source of help. It holds books on funders and fundraising. Amongst the most useful are the ‘guides to major trusts’, ‘local trusts’ and ‘company giving’. One very successful local fundraiser always rings potential funders before working on an application so that they can discuss their project and how it can be developed to better meet the criteria and increase the likelihood of being funded.

The Stronger Communities Team produces a regular monthly funding bulletin which contains many open grant opportunities. You can also join the mailing list to view the monthly funding newsletter for updates on the newest opportunities. Email [grants@southampton.gov.uk](mailto:grants@southampton.gov.uk) or visit [Funding bulletins (southampton.gov.uk)](https://www.southampton.gov.uk/people-places/grants-funding/funding-newsletters/) to sign up/view our monthly bulletins.

Southampton Voluntary Services produces a ‘small grants guide’ to help identify local sources of funding [SVS release our updated Small Grant Guide – Southampton Voluntary Services (southamptonvs.org.uk)](https://www.southamptonvs.org.uk/news/svs-release-updated-small-grant-guide/). Support and information can also be found through Southampton Voluntary Services, [information@southamptonvs.org,uk](mailto:information@southamptonvs.org,uk).

## Examples of Grant Finding Websites

**GrantFinder**

Support services to help you and your community access funding, with a large database.

Website: [Easy access to grants for charity organisations - GrantFinder](https://www.grantfinder.co.uk/funding-central/)

**GrantsOnline**

Multiple categories of grants advertised including Arts, Culture & Heritage; Children and Young People; Community Development; Education and Training.

Website: [Grants Online](https://www.grantsonline.org.uk/)

[Back to index](#Index)

**Awareness of Funders’ priorities/criteria**

It is essential to find out what the priorities of each funder are at the time you are applying, and whether your project fits their criteria.

Priorities can change radically from year to year, particularly with the larger funders such as the Lottery, and funding from both local authorities and national government bodies. Political changes in local and national government often mean that priorities are changed quite quickly. Trusts are more likely to have ‘set’ priorities which do not change but it’s still a good idea to check.

If you are unsure if your project fits the funders criteria contact them**.** They will be able to tell you if your project fits the criteria and it will save you from wasting your time filling the forms.

Read the funders guidelines and criteria carefully. You have to prove to funders that your project meets their criteria.

Apart from checking direct with funders, you can use the funding websites, such as those listed above. Southampton Voluntary Services can help you tailor your search so that they will only look for funders who are potentially willing to help your specific project. If you are trying to set up a group for older people, the funders will probably not be the same as those who would fund sports projects.

[Back to index](#Index)

# Match funding

Some funders will not fund 100% of the cost of a project but require “match” funding. This means the grant applicant must already have or be seeking other additional funding for the project or work. Even where “match” funding is not required applicants who can demonstrate they can make a contribution have a greater chance of success.

It simply means that the funder awards some money and you find the rest. Some funders want you to get the money (grant or donation) and others would accept in kind contributions.

**There are two types of match funding:**

1. **Actual match funding (money):** such as cash, other grants, income from the goods sold, membership fees, money in reserves
2. **In kind match funding:** non-cash contributions; calculating the value of any service or product which is provided free of charge. It could be anything from the donation of equipment, materials, free venue and resources, to volunteer time. Some funders specify what is eligible to be considered match

Examples include:

* Time spent by the match funder’s staff or volunteers whilst working on the project
* Free premises
* Administration costs undertaken by a third party

There are a number of points to be considered when estimating your in kind match funding:

* The organisation (or individual) providing or funding the product must agree to it being used as match funding for the specific project
* There must be a clear record of the actual cost
* If staff and volunteer time is to be used as in kind match funding, the costs must be supported by time sheets showing the amount of time individual staff members and volunteers have spent on the project

## Calculating volunteering time

## There are many different ways of calculating volunteering time:

**1. Using average hourly rate:**

**a) Using average hourly rate depending upon qualification:**

|  |
| --- |
| **Volunteer hours X relevant hourly rate for qualification required for work** |

Average Hourly pay 2010 according to qualification:

|  |  |
| --- | --- |
| **Qualification** | **Median hourly rate** |
| No qualification | 6.93 |
| Other qualifications | 8.07 |
| GCSE grades A\*-C | 8.68 |
| A Levels | 10.00 |
| Higher education | 12.60 |
| Degree | 16.10 |

(For more information follow these links: <http://www.theguardian.com/news/datablog/2011/aug/24/earnings-by-qualification-degree-level#data#data> or <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/november-2011/index.html>)

**b) Using hourly average rate across all jobs:**

|  |
| --- |
| **Volunteer hours x median gross hourly earnings** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Earnings in 2010 were** | **Full time** | **Part time** | **All** |
| **£ per hour** | 12.50 | 7.97 | 11.09 |

*Source: Annual Survey of Hours and Earnings, Office for National Statistics* <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2010-results/index.html>

**c) Using the national minimum wage rate:**

|  |
| --- |
| **Volunteer hours x relevant national minimum wage** |

* £9.50 the main rate for workers aged 23 and over
* £9.18 - the 21-22 rate
* £6.83 - the 18-20 rate
* £4.81 - the 16-17 rate for workers above school leaving age but under 18
* £4.81 - the apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship

<http://www.direct.gov.uk/en/Employment/Employees/TheNationalMinimumWage/DG_10027201>

**2. Using the wage equivalent for the type of work performed:** matching an average hourly wage to the type of work performed:

|  |
| --- |
| **The number of volunteers X number of volunteer hours x hourly rate for the specific type of work** |

For example, an average hourly rate for:

* Event organiser: £15 - £20
* Admin: £6 - £11
* Accountancy: £20 - £35
* Tutoring: £17 - £21+
* After school classes teacher: £15 - £40+
* Cook: £7 - £10
* Web designer: £50+
* Carpenter: £15 - £25

There are many different types of work paid at a different average hourly rate: the advice is to go online and do your own research for specific activity.

[Back to index](#Index)

**Funding applications**

A funding application is the way you tell a funder about your project and how much money you need.

Funders do not know your group or your project, so you have to make sure you describe it well.

If possible, type your application form: funders do not like if they cannot read your hand-writing. Increasingly, application forms have to be filled online.

Use plain English.

If you decide to apply for funding, you should:

* Plan the project and have the plan in writing. Make sure everyone involved knows about the plan
* Give your project an appropriate name as some funders might find it useful
* Check your project fits the funder’s criteria and priorities
* Check the funder’s forms and guidelines and read them carefully
* Decide who is going to do the funding application forms
* Give yourself enough time to complete the form
* Include all the paperwork/supporting documents requested
* Answer all the questions in the form – if you have a problem ask for advice
* Ensure that the application is delivered before the deadline and keep a copy
* Think who will benefit from the project
* Think how you will evaluate the project

## Time

Check the funder’s deadline: give yourself plenty of time. Do not apply if you do not have enough time to complete the form. Set aside some time to consult with your community before you apply for funding: most funders will ask you to prove you have decided to do a project after you consulted with your community; and to collect supporting documents.

Make sure you send the completed form in time. Most funders will not accept late arrivals.

Usually you can expect an answer within four to eight weeks, but it could take up to six months before you find out if you are successful – so time your project accordingly.

## Forms

Make sure you answer all the questions simply and as accurately as possible. Most common questions funders ask in their application forms:

* **Does your project meet funders’ criteria and priorities:** Check the funders’ guidelines and criteria very carefully; you do not want to waste your time filling in the form if you are not eligible. Increasingly funders include an eligibility check-list within their forms – if you cannot answer questions in this list, you are probably not eligible to apply for that particular fund.
* **Questions about your group:** write down what you did/do clearly so funders get to know you better. Let the funders know what your group’s aims and objectives are: you can find those in your constitution.
* **Questions about your project and what are you applying for:** Describe the event or activities you plan to carry out using the money from the grant you applied for.

Costs: be clear how you define your costs. Funders want to see clearly what you want them to pay for:

* + Running costs will include stationary, rent, insurance, utility bills, volunteer’ expenses – all the basic costs of running your group. The funders usually want to have every expense listed individually.
  + Volunteer expenses – any extra expenses a volunteer has in order to volunteer for your group. For example: if you ask a volunteer to go and buy biscuits for a meeting, and they need to take a bus to get to the shop, the cost of the bus is a volunteer expense, but the biscuits are just part of your regular running costs.
  + Project costs: any expenses you will have for running a specific project. Some funders may not want to pay for running costs, but will fund the group to hold an event. For example: a residents’ association holding a community fun day. A fun day is not a part of their standard running costs; it is a separate project with its own budget.

Be very specific about what you will do, how you will do it and what you would spend the grant on: should include the number of sessions planned, when you plan to do them, the costs, how many volunteers will be involved and who will benefit from the project, your group’s contribution to the project, the difference you plan to make, how will you advertise the project etc.

**Project aims:** some funders will ask you about your project aims (or purpose of the project, and how are you going to achieve them) and outcomes (or changes you want to achieve with your project). It is important to be as specific as possible when explaining what your goals and objectives are.

**Before you fill the funding form you could write down:**

* + The aims of the project
  + Objectives
  + Outcomes

To have this information ready at hand will save you time in writing an application form.

For clear explanation of these terms, please check the jargon dictionary at the end of this guide.

**Target group:** It is important to explain who will benefit from your project. Talk aboutnumbers, gender, age – any demographic/statistical information you can provide will be helpful.

* **How do you know there is a need for your project, what difference is it going to make and to whom**: funders want to know that you have consulted your community before you applied for funding. It could be the information you got from talking to people directly, do a simple questionnaire or find previous reports, or check the city statistics which can support your claim. Explain the issues the project will address, and the difference the project will make to the local community.
* **Financial information:** Funders generally like to see your project budget, copy of the group’s annual accounts and a recent bank statement. They want to know if you are managing your finances well, and how much money you have in your account: if you have large amounts of money held in reserve for no particular reason, then funders will want to know why you ask for more money. You just have to prove to them that the money has been allocated for other activities already, and cannot be spent on your new project.

Example budget for cookery sessions:

|  |  |  |
| --- | --- | --- |
| **What do you need money for** | **Cost** | **Total** |
| Kitchen hire | £10 per hour x 3 hours per month x 10 months | £300 |
| Equipment hire | £5 per session x 10 months | £50 |
| Cooking equipment | £20 pot + £30 set of knives | £50 |
| Cleaning equipment (washing up liquid, sponges | £10 (you can write down on a separate sheet all the cleaning equipment needed | £10 |
| Ingredients | £30 per session x 10 months | £300 |
| Insurance | £200 per year | £200 |
| Volunteer travel expenses | £2.50 per volunteer x 3 volunteers x 2 times per session x 10 sessions per year | £150 |
| Volunteer training – food hygiene | £58 x 5 volunteers | £290 |
| Volunteer phone expenses | £10 per month phone voucher x 12 months | £120 |
| **Total:** |  | **£1470** |

Please see the end of this document for an editable project budget template.

If you are a new or small group and you are requesting a large grant, funders will want reassurance that you will be capable of managing the money. It might be a good idea to ask a larger organisation to act as a guarantor for your group, and maybe help you manage a budget.

Funders will want to know how much money you are asking for: you will need to be able to write an itemised budget for your project – funders need to see clearly all the costs associated with your project.

Some funders might ask you to write a cash flow forecast: you simply split the full amount of money you plan to spend on one project and divide by the number of weeks or months it will take to complete the project. It shows that you are thinking ahead and capable of managing your own finances.

Templates for project budgets, cash flow forecast, annual accounts, etc. can be found on [Community groups (southampton.gov.uk)](https://www.southampton.gov.uk/people-places/community-involvement/community-groups/) under ‘Community Group Templates’.

Make sure you include all the costs - do not forget to include costs such as volunteers' expenses, travel, printing, phone bills, evaluation, etc.

Funders will not pay for anything retrospectively, so do not start your project hoping you will get the money later.

**Estimates and quotes:** Be realistic with your estimates and quotes.

You might be asked to provide estimates for everything you would like funders to pay for – how many depends on the individual funder and the amount of money you are requesting. Funders want to know you are being reasonable with your requests. This could be a printout from a webpage, the quote from a supplier, a previous invoice, photocopy from a catalogue, etc. It has to come from someone outside your group. The funders will check the estimates and if they cannot tell who the estimates come from and they are genuine, they will not accept them.

The terms ‘capital’ and ‘revenue’ are used when doing budgets:

* ‘Capital’ expenditure is money to be spent on large, more permanent items such as desks, furniture and computers.
* ‘Revenue’ expenditure is money to be spent on every day items such as postage, refreshments, rent and salaries, if you have paid staff.

It is important to differentiate between capital and revenue costs when you are writing a bid for funding. Funders have rules about how much they will give for capital items. These items are necessary for setting up, so it’s worth looking for this type of funding as one of the first things you do. Again, it is important to realise that almost all funding will be time limited (e.g. often funding is for two or three year’s maximum) and will not necessarily be renewed. You may need to take this into consideration from day one and plan long term.

When you finally receive a grant, it will contain conditions setting out what the money is to be used for. If you are fortunate enough to have been awarded the full amount, the grant will be to pay for the project as described in your application. Please check these conditions carefully. If the grant is less then you applied for, again check how the money is to be used. Most funders will check that their money is being used appropriately. The budget and accounts are a good way to monitor that the money is being spent correctly.

You cannot use grant funding to pay for other projects. If for any reason, the project costs less than anticipated in the project budget, contact funders before you spend any surplus: ask if you can spend it on anything else, or if you can modify the budget. Only with their permission should you spend money outside the project budget.

It is important to keep a copy of all funding applications and associated paperwork.

* **What is your group’s contribution to this project:** Most funders want to know about your group’s contribution to the project. This could be your volunteer time as an in kind contribution, or membership fees, fundraising, etc.

If your project is receiving any free goods or services to help with your project these items should be included in the total cost of your project as ‘payment in kind’ contributions. Examples could include donations of materials, volunteer labour or free use of office facilities. Calculate how much these items would have cost if you had to pay for them, this amount can be included as part of your local fundraising. This should be realistic, and you may be asked to explain how you worked out the costs.

* **Is the project sustainable:** funders want to know what you plan to do when the money runs out. Unless you are applying for a one off project/event, you will have to prove to them you are planning for the future. Tell funders if you will continue to apply for other sources of funding for the same activity. The best would be to show that you are making the project more sustainable. For instance – a badminton club might become more sustainable by charging a membership fee and training a group member as a badminton coach who will deliver training sessions, and thus, dramatically reducing the running costs of the group.
* **How you plan to evaluate the success of the project:** most funders will ask you in their application forms to tell them how you know if your project was successful. It could be as simple as writing that you plan to do a feedback questionnaire at the end of the project, talk to people directly, monitoring numbers of people attending an event, or a training session. It is important to explain to funders you have included monitoring in the planning stage of your project.

The evaluation results are very useful for the group too: they can tell your group what worked well, what did not and what the community would like to see in the future.

## Prepare supporting documents

Most funders will ask you to send them documents that will support your funding bid.

Some of the documents you may need are:

* Copy of the signed and adopted group’s constitution
* Copies of adopted safeguarding children policy (especially if the project involves children) and of safeguarding vulnerable adults policies
* Copies of other policies your group has, such as equal opportunities, code of conduct, health and safety, etc.
* Annual report and accounts
* Project budget
* Cash flow forecast
* Quotes and estimates
* Project plan/business plan
* List of committee members
* List of bank signatories
* Consultation reports
* Statistical information that supports your application
* Evidence of the group’s successes –such as photos from events, newspaper articles, reference letters, proof of any awards received

Read carefully which documents you need – do not send documents they did not asked for.

Preparing all the necessary documentation might take time, so start early.

[Back to index](#Index)

**What to do when you receive funding**

The first thing to do is to ensure that the money goes into the group’s bank account. The next thing is to write a thank you letter as soon as possible and express the group’s appreciation and what the funding means to both the group and to the beneficiaries. Perhaps you could also consider saying that you will keep in touch and let them have updates of progress, even if they do not specifically ask for this or any kind of monitoring.

At this point, call a committee meeting and go over your budget as it can now be updated to show the new funding and how it is allocated under the various agreed budget headings e.g. how much each month for rent; how much for telephone, stationery etc. It is vital that there is agreement about the allocation and distribution of the funding. This is the financial basis for all the group’s future activities. Also keeping accurate financial records is a legal requirement for charities, limited companies and other not-for-profit organisations. The treasurer should ensure that up to date financial information is given to the committee at least once a quarter.

It is good practice to send all funders a copy of your annual report and accounts, at the time of your annual general meeting. This should also include thanks to each specific funder, unless, of course, they have asked to remain anonymous.

**Conditions of grant letter**

If you receive the full amount you applied for, you can spend the money as described in your project budget.

However, more often than not, you will only receive a partial amount you asked for, so you might need to amend your budget.

The letter from your funders will tell you exactly what the money is to be spent on.

If you spend less money than anticipated on any item listed in your project budget, do not spend it on anything else unless you get the agreement from your funder (in advance) to do so - contact the funder and ask them for a permission to use the money for a different purpose.

**Please be aware you might be asked to return the money if not spent accordingly.**

[Back to index](#Index)

**Thinking of the future and exit strategies**

Although this guide is about getting funding, the sad reality is that funding is almost always time limited – usually one to three years, or project limited. So, even as you start the group up and obtain the funding you need to do the work, you also need to start thinking about when the funding runs out. Put plans in place as to how you might deal with a situation where further funding is not forthcoming from your current sources.

The good news is that there are literally thousands of funders out there but you need to make funding an on-going piece of work. You could have the basic information needed for a funding bid drawn up as a document that you can adapt for different funders, thus saving a lot of effort. It may not always be suitable to funders (particularly the larger ones) who do not accept a ‘pro forma’ type of request with a covering letter. Often funders require applications to be made on-line using their own format.

[Back to index](#Index)

**Jargon dictionary**

This is also a short dictionary of jargon you may come across as you bid for funds.

[Back to index](#Index)

|  |  |
| --- | --- |
| Jargon | The specialised or technical language of any group |
| Accruals | An accounting term which just means an amount that needs to be estimated in your budget: either income or expenses. For instance you have earned some money (renting your community centre), but you have not been paid yet; or If you do not know how much you will spend on charges for electricity for the next year when you are preparing the budget, then you put in an educated guess/estimated figure based on what has been paid in the past (if possible) |
| Accounts | General overview of the financial position of the organisation. Money you get in and money you paid out |
| Advocacy | Speaking or acting in support of another person in accordance with their wishes |
| Aims | What do you want to do? |
| Baseline | Information about the situation that a group is trying to change. Showing what it is like before the group starts work |
| Best value | System through which local authorities improve services and reduce costs. |
| BME | This refers to people from Black and Minority Ethnic groups |
| Budget | A budget explains, in money terms, what the group plans to do in the next year. What you plan to do? How much will it cost? What money you think you could raise?  Budgets are also made for individual projects too. It shows what money you plan to spend on one project |
| Capacity building | Actions to build up the ability of the group to do more work and expand services |
| Capital costs | One-off purchases such as equipment |
| Cash flow forecast | Split your annual budget into twelve months and predict when the money will come into your account and go out again. A cash flow forecast will show when you are in danger of going into the red |
| Constitution | An important legal document which sets out the rules and regulations about how the group will operate: Its aims, objectives, powers and gives a framework for the group’s activities |
| Core funding | The money to cover running costs of the organisation |
| Evaluation | How can you show what people think of the work you are doing? |
| Exit strategy | What will you do when the grant funding ends? |
| Governance | Guidance and supervision of a charity or other organisation in accordance with its constitution |
| Leverage | Using more than one source of funding for one project |
| Match funding | A type of funding which is dependent on the group raising the rest of the amount in some other way. By getting a grant from another funder or by using funding ‘in kind’ which could be costing the market value of volunteers’ and trustees’ time |
| Milestones | A well defined, significant step towards achieving a target |
| Mission statement | A phrase that says why an organisation exists and the effect it wants to have |
| Monitoring | How will you keep track of progress? |
| Networking | Getting to know people and making contacts with other organisations |
| Objectives | How will you do this? |
| Outcomes | What will be the result? |
| Outputs | Measures of results of a piece of work e.g. ‘five volunteers trained in basic food hygiene’. These are also known as ‘quantitative’ results. Also ‘qualitative’ results are used these measure the benefits of or the difference made by a piece of work |
| Partnerships | Where organisations work together to achieve shared objectives |
| Performance indicators | Measurement of trends and standards or performance. They also measure costs, economy, efficiency, and effectiveness |
| Project | Work which is funded for a limited time |
| Public sector | Government services, local authorities, NHS, education, social services etc. |
| Revenue | On-going running costs |
| Revenue funding | These grants cover on-going costs such as rent or heating |
| Resources | Everything a project needs to carry out its activities |
| Seed money | Usually a small amount of money to get a group started – e.g. money to pay for room hire so that the group can meet and get set up |
| Soft outcomes | An outcome that is difficult to measure or which involves some kind of change in people’s attitude, the way they see themselves |
| Vision | The ideal state of a project or organisation |

[Back to index](#Index)

**Template for project budget:**

|  |  |  |  |
| --- | --- | --- | --- |
| **What do you need money for** | **Cost** | **Total** | **Where the money came from** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Total:** |  |  |  |

* **Where the money came from: write down where you plan to get the money for this item. Will it come from donations, membership fees, specific grants (such as Awards for All), in kind, etc.**