

ARE YOU FIT FOR FUNDING?

Purpose of this factsheet

- To give you a broad overview of the topic
- To help you understand definitions and terminology
- To be aware of the key steps
- To know where to access further support and information

This factsheet is aimed at clients accessing Dorset Community Action's free Information and Signposting Service. Further support is detailed at the end of the factsheet.

What does 'fit for funding' mean?

Being 'fit for funding' means that your group/organisation has:

- taken some basic steps to build the foundations for a successful project and
- put in place some sensible precautions to manage risk.

The vast majority of Funders require these steps to be taken before they will consider investing in your project/service.

How do we become 'fit for funding'?

There are a few key steps your group/organisation will need to take to be considered 'fit for funding'. Your group/organisation will need:

1. A Constitution or Governing Document

Definition: A constitution is a document that sets out the rules and principles by which your group/organisation operates.

A constitution includes information on your group/organisation's basic structure (there is usually a chairperson, secretary and treasurer) and provides the 'housekeeping' arrangements for how your group/organisation will operate.

Your group/organisation will need to produce a constitution if you're considering registering with a regulator such as the Charity Commission in the future, it would be best to adapt one of the model constitutions that they approve. The website One Click Orgs also provides model constitutions you can adapt (see:

www.oneclickorgs.com). Dorset Community Action can provide help with your constitution.

More information

Charity Commission: Guidance on registering as charity:

<http://www.charitycommission.gov.uk/start-up-a-charity/setting-up-a-charity/setting-rules-for-your-charity-governing-documents/>

2. An Understanding of 'Good Governance'

Definitions:

Governance provides the leadership, direction & supervision to ensure your group/organisation is well run and carries out the work it was set up to do.

Trustees are the people who serve on the governing body of the group/organisation. They may be known as trustees, directors, board members, governors or committee members. The principles and main duties are the same in all cases.

Your group/organisation needs to be able to present itself as a well organised and efficiently run outfit that represents a good investment for funder's support. A group/organisation will only be able to show evidence of good governance if all its trustees are aware of, and carrying out, their roles and responsibilities. Funders will also want to view the group/organisation's policies on key issues (i.e. Safeguarding, Equal Opportunities, Health & Safety, etc.) and it is the trustees' responsibility to ensure these are in place. DCA can provide help with trustee roles and responsibilities & key policies.

More information

National Council for Voluntary Organisation (NCVO): Good Governance:

www.ncvo-vol.org.uk/codeofgovernance

Charity Commission: Good Governance for charities

www.charitycommission.gov.uk/Charity_requirements_guidance/Charity_governance/Good_governance/default.aspx

3. A Bank Account

Most funders will only pay funds in to a bank account in your group/organisation's own name. Occasionally you may be able to accept the funds via another organisation but this may cause delays and other complications.

Many high street banks offer accounts which could be used by your community group/organisation. The best ethical options are Co-operative Bank, Charity Bank (sponsored by the Charities Aid Foundation) and Triodos Bank.

More information

Cooperative Community Plus bank account: www.co-operativebank.co.uk/servlet/Satellite/1196151412581,CFSweb/Page/Business-CommunityBanking

Charity Bank: www.charitybank.org

Triodos Bank: www.triodos.co.uk/en/business/#

4. Proof of Accounts & Financial Controls

Definition:

Accounts provide a record or statement of financial expenditure and receipts relating to a particular period or purpose.

Financial Controls are essential checks & procedures that help to: protect the group/organisation's assets; identify & manage risk; ensure financial reporting is robust & ensure trustees comply with financial law & regulation.

Most funders will want to see a copy of at least your last year's accounts. Do you have them in order? If you are a new group/organisation have you produced detailed financial information in your business plan?

Funders and regulators such as the Charity Commission will want to see evidence of financial controls. The Charity Commission produces Good Practice guidance. Their guide *Internal Financial Controls for Charities* contains a very useful 'Self Checklist for group/organisations'. One other good practice financial control is to avoid having the group/organisation's Treasurer involved in fundraising for the group/organisation – this ensures complete transparency in the financial running of your group/organisation.

More information

Charity Commission: Internal Financial Controls for Charities
www.charitycommission.gov.uk/publications/cc8.aspx

Charity Commission: How to keep accounts
www.charitycommission.gov.uk/frequently-asked-questions/faqs-about-running-a-charity/finance-and-trading/how-long-do-we-have-to-keep-our-charity-records-for/

5. Evidence of Need

Definitions:

Evidence of need is proof that your project or service is needed, that it will solve a problem, that your solution is one that beneficiaries will want and that it is very likely to work

Beneficiaries are the people that directly benefit from your project or service.

Proving that your project is needed is a critically important aspect, especially if you are intending to raise money from foundations and other grant-making trusts; many applications fail on this point alone. It is essential you convince funders your project is needed; i.e. that your community has a problem that is not being addressed by anyone else.

To prove your project is needed, you will need to provide some statistics about your community and their need, and also back this up with eg. community consultations, focus group, surveys, case studies. The more funding you're asking for, the more concrete and specific your evidence will need to be. DCA can help with community consultations, surveys & developing your evidence of need.

More information:

Big Lottery Fund: Evidencing the need for your project
www.biglotteryfund.org.uk/pub_evidence_need.pdf

Census – helps to build a profile of the population
www.ons.gov.uk/census/index.html

Office for National Statistics – information about the UK's economy and society
www.ons.gov.uk/ons/index.html

Google Scholar – works the same as 'Google' but just searches for research relating to your area of interest: <http://scholar.google.com>

Department for Education: www.education.gov.uk

Department of Health: www.dh.gov.uk/en/Publicationsandstatistics/index.htm

Home office: www.homeoffice.gov.uk

Dorset for you – Statistics (council website) : www.dorsetforyou.com/statistics

6. A Business Plan

Definition: A Business Plan sets out your goals as a group/organisation and how you plan to achieve them in a structured, organised and logical manner.

This is a document describing your activity. It covers objectives, strategies, resources, marketing and financial forecasts. A business plan helps you to:

- clarify your activity
- spot potential problems
- set out your goals
- measure your progress

A business plan needs to answer the following questions:

- Why does our organisation exist? (Purpose or mission statement)
- Where are we now?
- Where do we want to be? (Objectives)
- How will we get there? (Actions, Timescales and Resources)
- What will it cost? (Budget)
- How do we know when we've got there? (Monitoring and Review)

DCA can provide help with developing your business plan.

More information

Dorset Community Action: business planning support:

www.dorsetcommunityaction.org.uk/business-planning-support

Prince's Trust: business plan pack: www.princes-trust.org.uk/need_help/enterprise_programme/help_with_your_business_plan.aspx

7. Well Planned Project

Definition: A project is a new activity, with measurable outcomes and benefits. Normally has a limited lifetime, although many become incorporated into normal activities.

Whether your project is large or small, all potential funders will want to see that it is well planned, achievable and deliverable before they consider investing in it. You must be able to tell the funder:-

- What you plan to do;
- What research you carried out to identify the benefits of your project to your beneficiaries;
- The location of the project;
- The time-scale of the project – or each stage in the case of larger ones;

- How you're going to carry out your project and what resources you need to do so;
- Who will have responsibility for co-ordinating the project;
- The milestones you've identified to demonstrate progress is on course;
- How you will monitor and record the number of users of your project;
- How you will monitor and record expenditure to show that money has been spent correctly;
- Effective methods for monitoring and evaluating the success of the project in achieving its aims.

8. Accurate Project Costs

You will need to justify the exact amount of funding you are requesting therefore do not guess at figures – work them out! You will need to:

- Obtain three estimates / quotes for all parts of the project so that you can illustrate how you have worked out the costs.
- Draw up a budget that includes all the aspects of your project – even the hidden costs like:
 - Cost of staff involved in the administration of the project;
 - Premises and related expenditure such as rates/rent/fuel;
 - Communications costs e.g. telephone/postage;
 - Travel costs and training costs.
- Tell prospective funders over what period of time the project will run for.
- List details of any match funding you've applied for or raised already.

9. A Group of People Who are Ready to Run the Project

Funders want to ensure that when they give you their money that your group/organisation is the right one to invest in and that you are ready to run the project. This means having trustees and staff that understand your existing work and also have the right skills to ensure the project's success. Questions to consider are:

- Can you communicate a clear and detailed understanding of the project and what it is going to achieve.
- Can you provide funders and supporters with information to illustrate the scope of your current work and capability?
- Can you demonstrate it's well run and efficient?
- Can you demonstrate that running costs are kept to a minimum and that a reasonable proportion of donations reach beneficiaries?
- Can you provide a proven track record in delivering projects and in attracting and maintaining support?
- Can you show that beneficiaries find the group/organisation's work effective?

- Do you have a clear Mission Statement, which is easy to understand?
- Do you have a good reputation; in the community, with funders and with other stakeholders?

10. A Fundraising Strategy

Definition: A fundraising strategy is your plan to raise the money you need to run your projects.

A fundraising strategy will often cover the next few years, but it can be shorter-term, for example, for one-off projects. If you can, it is worth spending time on this and involving your team and board of trustees. Many small groups struggle to find time to write a detailed strategy, but it is worth giving some real thought to the variety of ways you can raise the funds your group/organisation needs. Drawing up a plan detailing how much you will generate by when with fundraising goals.

A sustainable fundraising strategy will include foundation and government grants, contracts, earned income (trading), fundraising from the community and corporate fundraising. DCA can help with a fundraising strategy, finding funders and checking your applications.

More information

NCVO: Sustainable Funding: www.ncvo-vol.org.uk/advice-support/funding-finance/sustainable-funding

Funding Central: www.fundingcentral.org.uk

GrantFinder (accessible for free at Dorset Community Action):
www.grantfinder.co.uk

TrustFunding: www.trustfunding.org.uk

11. Fundraising Compliance

Definition: Compliance ensures the group/organisation does not breach any of the requirements or rules set out in its governing document, by regulators (if any) and relevant legislation.

All fundraising activity carried out by your group/organisation needs to be compliant. Fundraising is predominantly a self-regulating activity; however there are many different bodies involved in the regulation of charitable activity and different fundraising methods.

The Fundraising Standards Board is the independent self-regulatory body for fundraising. They help members comply with fundraising best practice and

provide support with complaint handling and help keep them up to date with best practice.

The Institute of Fundraising provides a 'Code of Fundraising Practice' which represents the standards set by and expected of all their members.

The Charity Commission produces a guidance document: *Charities and Fundraising*, which states the legal requirements and good practice expected of charities.

Both publications are written in an easily accessible way and follows a 'must' and 'should' model, so group/organisation's know exactly what is legally required of them. Examples of questions included are;-

- What are trustees' legal duties in relation to fundraising?
- What should they consider when choosing a method of fundraising?
- How can charities assure members of the public that they're giving to a genuine cause?
- Which fundraising activities are subject to specific regulation?
- Can a charity accept a donation that has conditions attached to it?

More information

Charity Commission: Charities and Fundraising: www.charity-commission.gov.uk/Publications/cc20.aspx

Institute of Fundraising: Codes of Fundraising Practice: www.institute-of-fundraising.org.uk/guidance/codes-of-fundraising-practice/

Fundraising Standards Board: www.frsb.org.uk

Once we are 'fit for funding' what do we do next?

Once your group/organisation is ready for funding you will need to:

- Produce a Case for Support
- Find funders
- Check the funding criteria and select a good match
- Write a winning application
- If successful: ensure you have the systems ready to monitor & evaluate, develop a good relationship with the funder and keep them up to date.
- If unsuccessful, find out why

DCA can help with all of these areas.

Further Support and Information

More specific and in depth advice and information can be accessed through DCA's training advice, guidance and consultancy support services:

- Introduction to training on Successful Fundraising and/or Bid Writing
- 1 to 1 action planning for all aspects of funding
- 1 to 1 advice with supported toolkits on including 'steps to financial sustainability' 'developing an income strategy' 'developing financial controls'
- Bespoke services including: bid checking; financial controls checking; writing an income strategy; and bid writing.

To access these services please contact: info@dorsetcommunityaction.org.uk or call 01305 250921

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