

Funding: an overview

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This factsheet is part of a series of three. The other factsheets are **Factsheet 7: Funding Sources** and **Factsheet 8: Funding: making applications**

The aim of this factsheet is to give guidance on the whole process of fundraising from deciding what you need funds for to making the application. It is designed for groups that have not yet begun fundraising, and as a useful tool for more experienced fundraisers.

Fundraising is a vital part of your organisation. It involves getting the resources (money, equipment, premises, etc.) that your organisation needs to carry out its work. Fundraising should therefore be an organised, planned activity. There are a number of stages:

Stage 1: Appoint a fundraiser or fundraising group

Stage 2: Make sure you're ready to be funded

Stage 3: Decide what you need funds for

Stage 4: Make a budget

Stage 5: Locate funders

Stage 6: Make applications

Stage 7: Follow up

These guidelines go through each of these areas one by one. You may want to follow this process step-by-step, or refer to one section that interests you.

IMPORTANT: PLAN AHEAD!

The time from when you decide you need funds to when you get them paid into your account is likely to be a few months. As a guideline **allow 6 months** (it might be less, it could be more).

1 | Appoint a fundraiser or fundraising group

It is essential that a person, or group of people, see fundraising as their responsibility. Fundraising requires time and effort to be successful, so a person or team should commit themselves to it. Fundraising doesn't have to be full-time (most fundraisers have other tasks in the organisation) but it should be seen as an important and separate piece of work. This person or group should oversee all the following steps:

2 | Make sure you're ready to be funded

All funders require a minimum level of organisation on your part, so that they can feel that their money will be properly spent and managed. They usually require that:

- You are a non-profit organisation with charitable or benevolent aims;
- You have a set of rules or constitution, stating your aims and how you operate;
- You have a bank account and keep financial records.

You should also be sure that you are ready to manage the amount of money you will request, and that you will successfully complete the work or project that the funding is for. Certain things you might want to fund – a worker, a building, a vehicle – give you legal obligations. You need to understand these rules, and take steps to comply with them.

3 | Decide what you need funds for

Decide whether you want to cover your organisation's general running costs, or have a particular project, with costs of its own. Make a list of **all** the items that you could need to pay for, for your organisation or project. Divide the list into two categories – capital and revenue. **Capital** means items of equipment that you

usually pay a fixed one-off amount for – a building, a computer, a vehicle, for example. **Revenue** is on-going costs like wages, expenses, bills, core funding.

Decide when you need the money for, and how long it has to last. For a project, there will usually be a start and finish date, or at least an idea how long it will last. If you are looking for general running costs, you should include all your expenditure for 1 year, or 2 or 3 years. It is up to you how far ahead you can accurately plan, but 1 year is a usual minimum.

4 | Make a budget

Budgeting is simply putting amounts to all the things you'll need to spend money on. Budgets should not be guesswork – get as near as you can to the actual amounts you will have to pay. For example: get quotes for building work, get exact prices for equipment, ask how much rent people pay for similar offices to yours, find out how much people get paid for the kind of posts you want to fund. Don't forget to include in your budget realistic amounts for contingencies and reserves.

Funders will know if your budget is not accurate – your figures will be too rounded, or unrealistic. **A properly worked out budget is one of the most important elements of successful fundraising.**

For more details of covering the costs of your project in your budget see **Factsheet 25: Full cost recovery.**

5 | Locate funders

Once you have made a budget you can start to look for funders. All the options are covered in **Factsheet 7: Funding sources.**

6 | Make applications

After finding appropriate funders, the next stage is to make a good application. This important area is covered in **Factsheet 8: Funding applications.**

7 | Follow up

You should think of fundraising as a long-term, ongoing process, not a one-off. How you treat your funders is therefore important. You might want to go back to funders in future, or may need to show new funders that you have a good track record of managing funds.

So once you have succeeded in getting your funds, there is a vital first step – say thank you! Many beneficiaries simply accept the money without acknowledging it. Funders are human beings too, and will respond well to gratitude for the help they have given. A phone call may suffice, a letter will be much appreciated, or you could invite them to come along and see the project they have funded in progress. Make sure that you do all that the funder requests in terms of monitoring your work, reporting and accounting. You may need to fill in a form or forms to show how you have spent the money, or how the project or organisation is progressing.

If there are no particular forms to fill, it is a good idea to send a report to your funders. This will build a stronger relationship with them, which could lead to more support in future. This may not be just facts and figures but also photos of your work, to bring to life how the money is being used.

Further help

Ask BVSC Helpline

0121 678 8888
askbvsc@bvsc.org

Development Agencies website

Links and information for developing voluntary and community organisations.
www.birmingham-da.org

Finance Hub

www.financehub.org.uk

Budget Yourself

A very simple and useful tool to putting together a project budget, provided by Funderfinder.
www.funderfinder.org.uk/budgetyou.php

The Charities Information Bureau

01924 239063
www.fit4funding.org.uk
info@fit4funding.org.uk