



Fundraising

Section four Understanding how funders work

Once your organisation is ready to fundraise, the next step is to undertake some research to help identify potential funders for your work. If you understand how funding organisations work, you will be able to target only those funders that support the kind of work you do. This means that you will not waste time applying to funders who are unlikely to support you.

4.1 Choosing the right funder

Often funders give money to projects and organisations that promote certain issues or causes. These include social issues, such as the welfare of refugees and asylum seekers, and also issues like the promotion of artistic activity, sport and education. Therefore, it is important to recognise that different funders will have different aims and objectives of their own, and to carefully study the funders' criteria, such as the priority area of work and beneficiary group before starting to complete the application.

4.2 Getting to know funders

You can find out about different funders and their criteria by contacting them directly [see **Section ten, Useful contacts**]. When you contact the funders, request an application pack for their different funding programmes and any guidelines that they produce about how they fund their work.

Another way of getting to know funders and their criteria is by consulting funding guidebooks, such as *The Complete Fundraising Handbook* published by Directory for Social Change, (www.dsc.org.uk/Publications/@2613) which will have information about all the major funding organisations. You should be able to find copies of these books at your local Council for Voluntary Service (CVS), or at some local libraries and other voluntary and community organisations (VCOs). There are a number of useful websites that you could also visit to find out about funders and their criteria. [See **Section ten, Useful contacts** for some of the most popular ones.]

4.3 Issues to consider when choosing a funder

In order to choose the right funder, there are a number of issues you need to keep in mind. Make sure you have considered the following:

<p>The broad areas that the funder will fund</p>	<ul style="list-style-type: none"> • Areas of funding could be by geographical area, age group or particular disadvantaged group, such as refugees. Other categories may include social welfare, education, research, arts, women, health, elderly, youth, racial justice, and so on. It may be that the activity for which you are seeking funds covers more than one of the areas mentioned in their guidelines.
<p>More specific priority areas</p>	<ul style="list-style-type: none"> • Within these broad areas, mental health, for example, may be a priority within the general health category of giving, or refugees could be a priority within the general category of 'socially excluded' groups.
<p>Examples of past projects, items, and organisations that the funder has funded in the past</p>	<ul style="list-style-type: none"> • This will give you a good idea of the range of activities and the kind of organisations that have been funded before.
<p>The minimum and maximum amount that a funder will give, and sometimes an idea of the average size of the grant</p>	<ul style="list-style-type: none"> • This information, as well as the annual amount that a funder gives out, provides some indication of how much to apply for. Do not ask for £20,000 from a funder who has a £50,000 annual turnover; do not request £30,000 from a funder whose grant-giving limit to any organisation is £25,000.
<p>Deadlines for applications</p>	<ul style="list-style-type: none"> • Many funders have a deadline date for applications, although some do not. Some funders base their deadlines on the meetings of their management committee (MC), although it will not be the same as decisions that are made and announced. Decisions may not be announced until two months later or longer in some cases. Therefore, it is important that you plan well ahead. For example, if your organisation wanted to host a cultural festival in January 2009, it is no use sending an application to an MC's meeting scheduled for December 2008.

<p>What the funder will or will not fund</p>	<ul style="list-style-type: none"> • It is essential to carry out research into what the funder will or will not fund when you are choosing a funder. Some funders will have a list of work and type of organisations they will or will not fund. For example, many funders will not give money to organisations that are not registered with the Charity Commission or to those that do not have a governing document.
<p>Types of grant that a funder will consider giving</p>	<ul style="list-style-type: none"> • For example some funders will not give out funds for capital costs but will consider running costs. An explanation of these terms is outlined in the financial management toolkit.
<p>Core costs or running costs</p>	<ul style="list-style-type: none"> • One of the most common areas of need expressed by VCOs is to secure core-funding. • These are the basic costs needed to run your organisation. For example, it may include rent, stationery, salary for a co-ordinator and electricity bills. • Unfortunately, only a handful of funders offer grants to cover the full core cost of an organisation. • However, a majority of the funders would be happy to offer part/reasonable amount of the core cost that may arise as a result of running a project related to the funding application in question. Therefore, when you are developing a project, it is important that you carefully consider all the options on how best to cover the core cost of your organisations that may arise as a result of running a particular project.
<p>Project costs</p>	<ul style="list-style-type: none"> • This separates the cost of a particular piece of work or project from the main work of your organisation. Most funders prefer to fund project costs as opposed to core costs because the results are clearer to see and it is time limited.

4.4 Preparing the information funders need

All funders require certain information about the projects and organisations that they fund. This is to ensure that the money is going to a credible organisation and that the money will be spent on issues that meet the funders' own criteria for giving. A funder will want to have the following information from any organisation:

Background information about your organisation	<ul style="list-style-type: none"> • What are your aims and objectives? • Why were you set up?
Proof that your organisation is capable of managing the amount of money	<ul style="list-style-type: none"> • Do you have any past experience of managing a budget, or will you be able to receive help from other organisations to do this?
An explanation of why you want to run this particular project	<ul style="list-style-type: none"> • What community need will it address and how do you know this need exists? • What will the project do to meet this need?
Details of the project work	<ul style="list-style-type: none"> • What will the project do to meet this need? • What changes are you expecting as a result of your project?
Details of how much it is going to cost	<ul style="list-style-type: none"> • What are you going to spend the money on? • Is the amount realistic? Is it cost effective? • How much are you requesting?
Details of other funders involved	<ul style="list-style-type: none"> • How much have you raised from other sources?
Details of how you will manage the project	<ul style="list-style-type: none"> • How will you ensure you achieve your goals (monitoring and evaluation)
Details of what you plan to do after the grant is finished	<ul style="list-style-type: none"> • Think about sustainability issues. Do you think you will want to look for other funding to continue the project?

Different funders will ask for this information to be presented in different formats. For example, some funders will send their own application form, others will ask you to submit a two page summary briefly describing the proposed project and some will require a more in depth project proposal explaining in detail what you want the money for and how you will use it. It is important to check the requirements of each funder before applying.

4.5 Understanding funders' questions

When you are presented with a funding application, it can sometimes be an overwhelming and daunting experience, particularly if English is not your first language. As you will have started to realise, there is specific 'funding language' that is used, for example, outcomes and outputs. There is a glossary at the end of this

toolkit which will also help you to familiarise yourself with common funding terms. You cannot escape from them!

4.5.1 How do you explain your project's outcomes and outputs?

Funders will be interested in the difference your project will make to your community. Differences are often called 'outcomes'. Funders want to know many other things! These include what activities or services you are delivering and how many (outputs) and how you will record these activities/services and how you will measure their success (monitoring and evaluation).

There are different ways of expressing this. To make it easier to understand what the funder is asking about, below is a selection of funder's questions with some notes to explain what the funder might want to know.

Questions relating to the outcomes of a project:

1. How will you record what you do, how will you know it is working?

This question is asking about monitoring and evaluation – but to evaluate something so that you know it is working, you have to know what changes or 'outcomes' you were aiming to achieve at the beginning.

2. What do you plan to do, who will benefit, what will be the timetable?

The first part of this question is asking about activities and planning (outputs). The second is about beneficiaries and timing (this is an opportunity to talk about outcomes as well by briefly adding in **how** people will benefit from what you are planning to do).

(Question from Northern Rock January 2008)

3. How will you judge the success of your project?

This question asks about monitoring and evaluation. Like question 1, you will need to show how you will monitor the outcomes you were aiming to achieve at first as well as how you are judging this.

(Question from Birmingham Foundation January 2008)

4. What are you going to do? What difference will the work make?

This question asks about activities (outputs) first then about the difference your activities and services will make (outcomes).

5. How will you know you have achieved what you have set out to do? What will you do with the findings? If relevant, how will you share your learning?

This asks about monitoring and evaluation relating to the project outcomes. How will you know you have achieved the outcomes you expected from the project and how will you a) improve your services as a result of the evaluation and b) let others know about successes you have had.

(Questions from City Parochial, Funding bid letter January 2008)

6. Who are the beneficiaries of your service?

This question is about the people your services have been designed for. They want a brief description of the cultural background, age, and gender of the groups you intend to serve.

7. What do you want to achieve as a result of the funding? We will ask a 10% sample of successful applicants who get a grant over £5,000 to complete an evaluation form within a year of the grant being awarded. The Foundation will compare the information provided here with the information provided in the evaluation form.

Here the funder tells you how they will measure what you intend to do (and the related outcomes) against what you actually did. This question involves both outputs and outcomes. Clearly the Foundation wants realistic answers!

(Question from Lloyds TSB Foundation for England and Wales January 2008)

8. What projects or activities will take place if you receive this grant?

This question is asking about activities and this relates to outputs – try to estimate how many activities/services will be implemented within a specific time.

9. Impact? How will the work be documented and evaluated? How will you ensure that the lessons learnt from your work will become known by others? What difference will the work make?

This question is three questions in one. The first is asking about monitoring and evaluation (when a question asks about documentation it is asking about the recording of work which relates to monitoring). The second is about reporting outcomes to other people. The last question asks what difference something will make so it is asking about outcomes.

(Question from Awards for all, January 2005 version 7)

10. We are interested in the positive changes which your work will bring about.

This is another way of asking about positive 'outcomes' (changes).

11. How will you gather the information you need to help you assess whether you have made these changes? (for example, the use of focus groups, questionnaires, and so on)

This question is asking about monitoring and evaluation. Gathering information is monitoring, analysing and getting feedback. Arranging meetings with people who use your services (focus groups) is part of the evaluation.

(Question from Comic Relief)

12. What difference will this project make to these children/young people's lives? (please be specific)

This question is about outcomes: how your project will improve the lives of the beneficiaries, in this case children/young people. To be specific talk about how many children you will provide services to.

13. How will your project achieve this difference?

This question is about outputs – what you are going to actually do and how do those activities/services link to the outcome.

14. How will you measure that your project is making a difference? (What signs will you look for in the children/young people's lives? What evidence will you collect?)

This question is asking about monitoring, evaluation and outcomes. Collecting evidence and then analysing it and measuring the difference the project makes basically means evaluating the outcomes of the project. For example, they may be interested in signs such as a rise of attendance at school or higher attendance at the local community social club.

(Question from BBC Children in Need)

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