



# Association of Inland Navigation Authorities

[www.aina.org.uk](http://www.aina.org.uk)

## AINA DEVELOPMENT & FUNDRAISING TOOLKIT

**A good practice guide for inland navigation authorities**

<p>AINA would like to thank The Waterways Trust for their assistance with this guide. For more information about The Waterways Trust and its consultancy services telephone 0151 373 4387.</p>	The logo for The Waterways Trust, featuring a stylized green hand holding a white bird, with the text "The Waterways Trust" to the right.
--	---

## CONTENTS

- 1 Introduction
- 2 External funding - the basics
- 3 Before the bid – strategic planning
  - 3.1 Introduction
  - 3.2 What your organisation does and what it is
  - 3.3 Putting in place a Vision and a Mission for your organisation  
CASE STUDY: Mission & Vision  
CASE STUDY: The Waterways Trust Vision and Aims
  - 3.4 Organisational management structure
  - 3.5 Governance
  - 3.6 Development strategy  
CASE STUDY: Linking Vision to a Development Strategy
  - 3.7 Relationship management and communication relationship
  - 3.8 Bringing it all together – an organisational business plan
  - 3.9 Executive Summary
  - 3.10 Summarising why the work of your organisation matters
  - 3.11 Sustainability and review
- 4 What can be funded and what are the funding sources?
  - 4.1 What can be funded?
  - 4.2 What are the funding sources?

- 5 Fundraising Strategy
  - 5.1 Do you need a fundraising strategy?
  - 5.2 What does a fundraising strategy do?
  - 5.3 Your fundraising strategy should include
  - 5.4 Funding plan
- 6 Developing Projects
  - 6.1 Introduction
  - 6.2 Over-riding principles
  - 6.3 How to develop a project successfully – creating your project business plan
  - 6.4 Project title
  - 6.5 Feasibility Study
  - 6.6 Produce a Project Synopsis
  - 6.7 Why you want to do it (evidence of need)
  - 6.8 Who and/or what it will help (beneficiaries)
  - 6.9 Where will it happen?
  - 6.10 Consultation and partnership
  - 6.11 Aims and objectives
  - 6.12 What you expect to achieve (outcomes, outputs, impact and change)
  - 6.13 Outputs
  - 6.14 Identifying & quantifying outputs
  - 6.15 Outcomes
  - 6.16 How it will be done & resources needed (input, people, project management and partners)
  - 6.17 Costing your projects and writing budgets
  - 6.18 Project management
  - 6.19 Keeping records
  - 6.20 Managing risk
  - 6.21 Options appraisal
  - 6.22 Exit strategies
- 7 Converting your Project into a Good Funding Application
  - 7.1 Before you put pen to paper
  - 7.2 Overview – getting your application right
  - 7.3 Types of application
  - 7.4 Applying by letter
  - 7.5 Applying through a project proposal
  - 7.6 Applying using funders' standard forms
  - 7.7 CASE STUDY: Powys Canal Tourism
  - 7.8 Why applications fail

- 8 Individual and Corporate Giving - An Overview
  - 8.1 Introduction
  - 8.2 What are you raising funds for?
  - 8.3 Acquiring donors and retaining donors
    - CASE STUDY: Appeals - Barge Lock, Droitwich Canals
  - 8.4 Fundraising techniques
  - 8.5 Business or corporate giving
- 9 Using Fundraising Consultants - An Overview
  - 9.1 Introduction
  - 9.2 Selecting a consultant
  - 9.3 Working effectively with consultants

## Appendices

- APPENDIX 1** Glossary
- APPENDIX 2** Funding sources
- APPENDIX 3** Evidencing need & project 'value'
- APPENDIX 4** Monitoring & evaluation
- APPENDIX 5** Writing budgets
- APPENDIX 5a** Sample budget (pdf)
- APPENDIX 6** Writing a good press release
- APPENDIX 6a** Press release template (pdf)
- APPENDIX 7** Procurement
- APPENDIX 8** Project Management
- APPENDIX 9** Keeping up to date – resources, links, help & advice
- APPENDIX 10** Case Studies – model applications and projects

Why this guide has been produced:

### **AINA's Mission:**

*“AINA’s mission is to provide high quality products and services to Members and to be a valuable and constructive partner of government and its agencies in developing initiatives that will contribute to establishing a favourable operating environment for navigation authorities”*

### **AINAs Planning for Growth:**

*“By bringing navigation authorities together to share good practice, expertise and professionalism ....., AINA can deliver significant benefits for the sector as a whole.”*

This Guide is one example of a high quality service to members, helping members to share good practice, expertise and professionalism and so helping them optimise their chances of accessing external funding to assist their organisational development, deliver projects and extend their range of services.

## **1. Introduction**

AINA has commissioned this Development & Funding Guide to provide a source of good practice for AINA members in the identification of development projects, fundraising to deliver those projects and ensuring the appropriate organisational and administrative systems are in place to optimise the success of funding applications. This Guide is aimed at providing AINA members with a resource they can turn to throughout the Development and Fundraising process, from putting in place a Development Strategy to identifying sources of funding, making good applications and managing the entire process professionally and effectively.

It is recognised that the AINA membership represents a wide range of organisations, large and small, public, private, and charitable, voluntary and professional. This guide is intended to service the full range of the membership – what may be second nature to some members may be valuable guidance to other organisations. Our approach is ‘better in than out’ – the Guide has been designed in a way that allows you to dip into the appropriate section, offering a resource for all.

### **Be strategic**

We cannot overstate the importance of developing your projects from the strategic level. The first part of this Guide explains the strategic planning work you need to go through to demonstrate first to yourselves and then to funders that your organisation is sustainable and credible and your projects are similarly valuable and sustainable. Funding is increasing competitive and fundraising ever more professional - your approach needs to reflect this reality.

### **Work in partnership**

Similarly we emphasise the importance of partnership. A credible, effective, well designed, well organised partnership can often deliver a more effective response to a need than an individual organisation. When developing your strategy and your projects we encourage you to look outside your own organisation and see how you can add value to your approach by harnessing the strengths of partners with particular expertise or experience. Funders are rarely impressed by organisations insisting on offering an independent solution to a need that another organisation may already be tackling, or which can be more comprehensively met by a partnership solution.

### **Meet proven need**

We explore these overriding principles in more detail in this guide but in developing a strategy and projects that are seeking external funding, you will have to start from the basis that you are looking to meet a recognised need or demand through your project rather than to simply service the needs of your own organisation. A well developed funding bid can perfectly credibly assist you in meeting your organisations aims but in doing so it must first meet a wider, usually public, need.

You are looking to align your organisations aims with the policies of other organisations – partners and funders – so that a happy consequence of reflecting those policies in your own strategy can be a positive impact on your organisation.

### **Positive communication**

Finally a positive communication culture in your organisation is one of the cornerstones of successful fundraising. Informal, word of mouth is always the most effective tool - if every member of your organisation is an advocate for the good work of your organisation then you are working from an excellent baseline. Ally this to good quality consistent formal communication about the positive role of your organisation and you are already well placed to begin the process of promoting the positive outcomes of your existing work and proposed projects.

### **More help**

As you work your way through this guide it may be helpful to remember that at the end of this guide we provide a glossary of development and fundraising terms that can be usefully referred to at any time.

Similarly at the end of this guide we offer schedule of further resources to help you in your work, together with a series of appendices on specific topics.

## **2. External funding – The basics**

### **Do**

- Your strategic planning – organisational business planning including a fundraising strategy
- Have up to date accounts
- Have appropriate legal documentation and proof of good governance
- Produce an annual report
- Show effective financial controls and good management

- Demonstrate good organisational management with robust policies and procedures.
- Ensure stakeholders, Board and Trustees agree and support your projects or bids
- Share: everyone affected by the proposed work should be asked to contribute
- Produce evidence of need before you start - information and statistics to show the project is needed
- Ensure effective monitoring systems will be in place to evaluate your work
- Plan time and resources to write the application
- Identify the inputs, outputs and outcomes – develop your project around these three essential elements.
- Use a bid template or standard letter template if there is no application form
- Use your template to develop the bid, even where there is an application form
- Leave time for editing, proofreading and rewriting - leave your final draft for 48 hours before re-reading and editing it
- Use the list of questions that an assessor is likely to ask as a checklist when writing and for final review
- Give the final draft to a third party proof-reader
- Ensure you have internal approval to submit a bid, including your accounts team agreeing the project budget
- Take a copy before submitting
- Get it right first time - many funding bodies only give you one shot so get everything right first time
- Comply - check the terms and conditions attached to the grant carefully. If you don't comply you may have to pay it back

**Avoid these top reasons for failure:**

- Missing the deadline - it's not negotiable
- The proposed project is not relevant to the funder or donors you are approaching
- The project does not represent value for money
- The plan of action - how ideas will be converted into practice - is unconvincing
- Proposed outputs or outcomes - statements or claims about the impact of your project are not properly explained or backed up with facts
- Plans lack clarity
- Information supplied is not up to date
- The importance of the funds to the projects success or failure is not sufficiently clear
- You are not able to prove you have match funds and a balanced budget
- You have made errors in your application
- You haven't answered all the questions
- You haven't submitted everything required – check, check, check again, then get somebody unconnected with the project to check it for you again!
- Failure to review the application from the funder's point of view. Is it clear? Is it concise?

- The presentation is poor – use bullet points and lists rather than lengthy text

## **Feedback**

- If you are unsuccessful ask for feedback to inform future requests or bids
- Use the feedback – you may not agree with the reasons but don't waste your time fighting, use it to get it right next time!

## **3. Before the bid – strategic planning**

### **3.1 Introduction**

The primary focus of this guide is to access grant funds from statutory sources (e.g. Regional Development Agency Funds or European Funds), non statutory Public Funds (e.g. Big Lottery), Foundations and Trusts. A simple overview of the potentially very complex process of raising funds from individuals and businesses is provided at the end of this guide.

Whoever you are seeking funds from there are three cornerstones to a successful fundraising strategy:

- forward planning
- a clear, well articulated picture of your organisation and its objectives
- a compelling case for support

### **3.2 What your organisation does and what it is**

It follows that your specific funding bids are the final part of the fundraising jigsaw. It is your Strategic Planning - the organisational development work and development strategy work that you undertake ahead of your bids - which will govern your success or failure.

Fundraising is about much more than simply writing bids or asking for money - it is about presenting a comprehensive picture of a well managed organisation with clear aims, ready to do business in a way that matches the aims of the funding bodies you are targeting.

Similarly, individual projects will need to show that they meet proven need and demand and can be delivered effectively by your organisation.

In summary funders will want to see:

- what your organisation does
- the difference that work makes and how it aligns with their aims
- evidence that you have a credible business plan and a strategic approach to your work
- how your organisation is managed
- details of your project

The starting point for your fundraising work must be a clear picture of your organisation, its purpose and its approach. Once these are in place it is logical to produce a Development Strategy identifying where you want your organisation to go, what it will look like when it gets there, how it will get there and the set of short, medium and longer term projects that will be undertaken to achieve that aim. Your Development Strategy can be part of an overall business plan or a separate document.

In summary you should consider developing:

- a clear Vision for the organisation
- a readily understandable Mission
- a credible and clearly documented Organisational Management structure including robust governance
- a plan for future development or Development Strategy
- a Fundraising Strategy
- financial forecasts and modelling
- a comprehensive Business Plan assembling the above information

With that set of work undertaken the projects within your Development Strategy can be converted into credible bids for funding, confident in the knowledge that your Strategic Planning has been undertaken effectively and successfully so those projects are valid, deliverable, sustainable and thus worthy of support.

The process of developing individual projects into effective funding bids is described in Section 6 of this guide, following more detailed guidance on the higher level work needed.

### **3.3 Putting in place a Vision and a Mission for your organisation**

You will gain clarity for yourselves and potential funders if you organise your goals and objectives into a Mission Statement and a Vision Statement:

- a Vision Statement outlines what the organisation wants to be, concentrating on the future and acting as a source of inspiration.
- a Mission Statement tells you the fundamental purpose of the organisation. It concentrates on the present.

A Vision Statement is not the same as a Mission Statement. The Vision describes a future identity while the Mission describes why you exist – your purpose. The Mission describes why it is important to achieve the Vision. A Vision Statement is more specific in terms of both the future state and the time frame. Vision describes what will be achieved if the organisation is successful.

Which comes first - the Mission Statement or the Vision Statement?

If you are a new organisation or offering a fundamentally revised service, then the Vision will guide the Mission Statement and the rest of your strategic planning. If you have an established business where the Vision is established then the Mission can guide the Vision Statement and the rest of the strategic planning.



Either way, you need to know:

- your fundamental purpose - your Mission
- where you want to go - the Vision for the future. It's important that you keep that goal in sight from the start

## CASE STUDY

### MISSION & VISION

#### **Mission, Vision & Values**

Our mission, vision and values outline who we are, what we seek to achieve, and how we want to achieve it. They provide a clear direction for our Company and help ensure that we are all working toward the same goals.

#### **Our Mission**

Our mission declares our purpose as a company. It serves as the standard against which we weigh our actions and decisions. It is the foundation of our Manifesto.

Company X's Mission:

- To refresh the world in body, mind and spirit.
- To inspire moments of optimism through our brands and our actions.
- To create value and make a difference everywhere we engage.

#### **Our Vision**

Our vision guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable growth.

Company X's Vision:

**People:** Being a great place to work where people are inspired to be the best they can be.

**Portfolio:** Bringing to the world a portfolio of quality brands that anticipate and satisfy people's desires and needs.

**Partners:** Nurturing a winning network of customers and suppliers, together we create mutual, enduring value.

**Planet:** Being a responsible citizen that makes a difference by helping build and support sustainable communities.

**Profit:** Maximizing long-term return to shareowners while being mindful of our overall responsibilities.

## **Our Values**

Our values serve as a compass for our actions and describe how we behave in the world.

Company X's Values:

**Leadership:** The courage to shape a better future

**Collaboration:** Leverage collective genius

**Integrity:** Be real

**Accountability:** If it is to be, it's up to me

**Passion:** Committed in heart and mind

**Diversity:** As inclusive as our brands

**Quality:** What we do, we do well

*Did you guess the identity of the company? Coca-Cola!*

## **Writing a Mission Statement**

A Mission Statement is a brief statement of the purpose of the organisation.

Features of a Mission Statement:

- defines the purpose or broader goal for being in existence
- keeps members and users aware of the organisation's purpose
- concentrates on the present.
- defines the customers or beneficiaries of your service.
- informs you of the desired level of performance.
- defines the purpose or broader goal for being in existence
- time independent - can therefore remain the same for decades if well written
- describes the importance of achieving the Vision

So your Mission Statement should:

- define what the organisation is - purpose and values of the organisation
- describe products, services, or market; or, who are the organisation's main stakeholders
- define what the organisation aspires to be
- limited to exclude some activities
- broad enough to allow for creative growth
- distinguish the organisation from others
- serve as framework to assess current activities
- be understood by all

## Writing a Vision Statement

A Vision Statement outlines what the organisation wants to be, concentrating on the future and acting as a source of inspiration. It provides clear decision-making criteria.

Features of an effective Vision Statement include:

- description of a positive future – what you aspire to be
- alignment with organisational values and culture
- realistic aspirations
- inspiring, captivating, memorable language
- clear and unambiguous

To become really effective, an organisational Vision Statement should become part of the organisation's culture so that all members are advocates for the organisation and its vision.

Your organisations leaders have a responsibility to:

- communicate the Vision - acting as role-models by living the Vision
- develop examples and practice that illustrate the Vision
- create targets in line with the Vision
- encourage their people to develop personal visions in line with the organisation's overall Vision

The Vision Statement should inspire your people to achieve your goals.

### CASE STUDY

#### THE WATERWAYS TRUST VISION AND AIMS

Since 1999 The Waterways Trust has worked to enrich people's lives through waterways. The Trust's vision is to see the UK waterway network supported, valued and enjoyed by everyone. By identifying need, building partnerships, raising funds and delivering projects, the Trust is helping communities to become greener, healthier, safer, smarter and wealthier. We do this as a charity and partnership organisation always working with others.

**Greener** – projects and activities that provide people with new insights into heritage and the environment, its care, improvement and interpretation and sustainability.

**Healthier** – projects and activities that promote and encourage healthy activity and lifestyles, provide new and innovative experiences, are inclusive and improve access to waterways for all.

**Safer** – projects and activities to promote safe use of the waterways, discourage anti-social behaviour, promote respect for others and the environment and strengthen communities.

**Smarter** - provide new and innovative learning experiences, particularly for young people, that are fulfilling and encourage achievement, relevant to employment and tailored to personal needs.

**Wealthier** - projects and activities that create the conditions for inward investment, employment and economic prosperity by improving the waterway for all, raising participation and appreciation of the waterways in the community, improving the local skill base, and engendering ownership and pride.

### **The Waterways Trust Vision and Mission:**

**Vision** - to see the uk waterway network supported, valued and enjoyed by everyone.

**Mission** - to enrich people's lives through waterways

### **3.4 Organisational management structure**

Funders will want to be clear you have a credible organisational management structure. Ensuring you have an appropriate, sustainable structure will ensure you are ready to do business. So even if your organisation is operating satisfactorily it may be worth documenting your structure and reviewing it to check it is fit for purpose.

Organisations are essentially resource (primarily people) management systems. They range from simple hierarchies along traditional lines to complex networks. Kates and Galbraith define organisational design as follows:

"Organisational design is the deliberate process of configuring structures, processes, reward systems, and people practices to create an effective organisation capable of achieving the business strategy. The organisation is not an end to itself; it is simply a vehicle for accomplishing the strategic tasks of the business. It is an invisible construct used to harness and direct the energy of the people who do the work."  
(Designing Your Organisation 2007)

Many organisations will be happily established with an effective structure but you may want to think about the nature and effectiveness or establish a more appropriate structure. At the highest level you might want to consider either a functional structure (which groups employees together based upon the functions of specific jobs within the organisation) or a matrix structure which groups employees by both function and product. A matrix organisation will use teams of employees to accomplish work, in order to take advantage of the strengths, as well as make up for the weaknesses, of functional structures:

There is not necessarily a right structure for any given organisational type but what is important is that you can demonstrate to funders that you are clear about the structure of your organisation, which should:

- be fit for purpose

- have the resources in place to deliver core work and proposed projects
- cost-effective
- be flexible
- enjoy employee commitment
- be sustainable
- be reviewed as appropriate

### 3.5 Governance

Governance is the planning, influencing and conducting of the policy and affairs of an organisation.

Every organisation should be led and controlled by an effective Board (usually of trustees in a charitable or voluntary organisation) which collectively ensures delivery of its objects, sets its strategic direction and upholds its values – that is governance.

Funders need to see evidence of good governance that can be independently assessed and verified. They want to fund sustainable, well managed, representative organisations that show appropriate experience and reflect good practice in equality and diversity as well as in their specific field of work. Good governance is the basis of such an organisation.

The NCVO Code of Governance sets out best practice for voluntary organisations and can provide useful guidance for commercial organisations. It is not mandatory but organisations that comply with the Code are invited to state this in their Annual Report and other relevant published material, and pledge their support for the Code by signing up to the online charter.

Smaller organisations with limited resources and with few or no staff are invited to focus on the principles set out in the Code, and to state their compliance with the principles rather than the detail of the Code.

This Code is underpinned by seven main principles that underpin the Code. Underlying each of these is the additional principle of equality – that of ensuring equity, diversity and equality of treatment for all sections of the community. The Code is created in a full and pocket version

**Good Governance - A Code for the Voluntary and Community Sector (NCVO)**  
**Good Governance – Pocket Summary - A Code for the Voluntary and Community Sector (NCVO)**

### 3.6 Development Strategy

With your Vision, Mission and Organisational Structure in place you can assemble your route to the future, and achieving your Vision, in a Development Strategy. This document can provide more detail on where you want your organisation to go and how you will get there, ultimately detailing the individual projects and ongoing work that will take you in your desired direction. This document is likely to include a re-articulation of your Vision and explain how your Development Strategy supports it and delivers against it.

It might describe the issues you face or plan to tackle, plans for growth and regeneration, additional or different services or facilities you will provide and how you are going to undertake that work. One way may be to identify a series of themes and the proposals you have to deliver against those themes.

High level areas you may want to cover in your Development Strategy:

- identifying target 'markets'- areas for growth or development through themes, issues, needs or demand to be met
- researching opportunities – how you will identify changing policies and thus opportunities for growth and funding that you can align yourself with or access (the results of this work may end up in your Fundraising Strategy)
- identifying potential partners
- consultation, communication, marketing, lobbying and PR (how you will influence and gain support for your strategy and projects with relevant potential partners, funders, stakeholders and those of influence)
- strategic targets
- timescales
- mechanisms for checking the synergy of proposed projects with this strategy

Second level areas you may want to cover include:

- programmes and specific projects
- implementation - delivery mechanisms and resources needed
- measuring success
- ensuring sustainability and/or exit strategies for time-bound initiatives

## CASE STUDY

### LINKING VISION TO A DEVELOPMENT STRATEGY

The London Economic Development Strategy

“This **Economic Development Strategy** is one of a series of strategies to deliver the Mayor’s Vision for London. The vision is of a city:

- **With strong, long-term economic growth which can be sustained for future generations**
- **Where people and the environment are protected and cared for.**

To support this vision, the strategy supports the development of London’s economy, promotes employment, helps people participate in London’s economy and supports businesses to be more competitive, all within the context of economic development being fair and sustainable.

This strategy focuses on four major investment themes. These are investing in:

- **Places and infrastructure**
- **People**
- **Enterprise**
- **Marketing and promoting London.**

Proposals for each theme are set out in the following pages. These are proposals that we will be asking public and private sector organisations to support and, importantly, to help fund and deliver.”

### **3.7 Relationship management & communication relationship**

As noted above you should use your Development Strategy to identify your plans for consultation, liaison, communication and relationship management. If you want to develop successful projects consistently you have to be engaged with key stakeholders, decision makers and policy makers. The same applies if you are developing a single project – make contact with your Local Authority, key relevant local agencies and community groups. Stay on their radar; ensure you understand their strategies and the impact on your plans and ensure they understand and appreciate the value of your work.

Make plans for effective, consistent relationship management with the right level of people. Your Director or Chief Executive may arrange to see the relevant Local Authority Senior Manager at least annually, your Development Manager might arrange to see the relevant Officer (e.g. the Recreation Officer or Countryside Services Officer) every 4 months to update them on the work of your organisation, and more regularly when you are establishing or delivering a relevant project. Also see the item on building relationships with funders in the Fundraising Strategy section of this guide.

You cannot afford to work in isolation – listen, talk, learn and evolve!

### **3.8 Bringing it all together – an organisational business plan**

Later in this guide we explain the process of developing discrete Project Business Plans. Here we describe the process of assembling your Strategic Planning into a Business Plan.

So, whilst you may have developed your Vision, Mission, Structure and Development Strategy as separate (but related) projects, it may be appropriate to pull them all together in your Business Plan. Indeed for many organisations it may be that a developing a Business Plan with individual sections covering the issues referred to above is the most appropriate route to positioning the organisation with clarity and a real sense of purpose rather than a set of separate documents.

What is important is that this work is undertaken – once you have real clarity of vision and confidence in your organisations fitness for purpose then regular review of your corporate documentation ceases to be onerous.

More importantly still, you will have clear evidence for funders or supporters as to why you are an organisation they should “do business with”

A business plan is a written document that describes:

- the organisation
- the business function(s) and how it will develop
- its objectives
- its strategies
- its people
- timescales
- the market it is in
- financial forecasts & managing the money

It has a range of functions, from helping secure external funding to measuring organisational success – there should be a clear focus on and outcome of demonstrating that your books balance - you, your plans and your projects are sustainable.

Clarity on these issues is particularly important if you're looking for funds. The process of building your plan will also focus your mind on how your business will need to operate to give it the best chance of success.

So your plan should include:

- executive summary - this is an overview of the business. Many potential supporters may make judgments about your organisations based on this section of the plan alone so get it right
- mission
- vision
- a short description of the business – who you are - what you offer - why - to whom
- organisational structure - management team and personnel - your credentials and the people who work with you
- operations - your premises, facilities, your management information systems and IT
- financial forecasts - this section translates your plans into numbers
- copies of recent annual accounts
- fundraising strategy
- development strategy including your relationship management, marketing, communication and 'sales' strategy

### **3.9 Executive Summary**

A good Executive Summary is often the most important part of your Business Plan. At the front of the document, it is the first part to be read. However, as a summary it makes more sense to write it last.

The Executive Summary is a synopsis of the key points of your entire plan. It should include highlights from each section of the rest of the document - from the key features of the organisation through to the elements of the financial forecasts.



Its purpose is to explain the basics of your organisation in a way that both informs and interests the reader. If, after reading the executive summary, a reader understands what the organisation is about and is keen to know more, it has done its job.

It should be concise - no longer than two pages at most - and interesting. It may be the only part that will be read. Faced with a long list of funding requests, potential supporters may form a strong opinion or even make a decision based on this section alone.

What an Executive Summary is not

- a brief description of the business and its products – it is a synopsis of the entire plan
- a table of contents – very uninspiring! Instead it should show the highlights of the plan, rather than restating the details the plan contains
- hype - the executive summary should inspire the reader sufficiently to read the entire plan, potential supporters will recognise hype and this will undermine the plan's credibility.

### **3.10 Summarising why the work of your organisation matters**

As part of your Business Plan it is worth crystallising your thoughts on what is often described by funders as, “The difference your organisation makes”. It is suggested you articulate ‘the difference’ in your Development Strategy or the development section of your business plan.

In other words if a funder invests in you they want to know what effect this will have on the issues they are seeking to deal with. Clearly individual projects will meet specific issues in specific ways but as part of your strategic planning it is worth capturing a summary of the ‘difference your organisation makes’ which can then be moulded into more detailed objectives for individual projects.

One way of looking at it this is thinking what you might want to say about your organisation if you were granted a five minute audience with a wealthy philanthropist. At this stage a philanthropist doesn’t want to know about specific projects but about your organisation, its aims and why they matter.

If you can demonstrate you have a clear Vision of where you want to go, a clear Mission describing your aims and objectives and how you will get there, an organisation that is fit for purpose, financial and organisational sustainability and can clearly articulate the difference an investment in your organisation would make to the issues that concern your audience you would have all the ingredients of a winning presentation.

This approach means that when you return with your request for funds for a specific project you have the credibility that is more likely to generate success.

### **3.11 Sustainability & review**

All elements of your organisational planning work should be checked for sustainability. Review mechanisms should be built into your work to ensure you remain clear about your purpose and fit for that purpose.

Business Plans are usually set for three to five years. Fixed term Business Plans will need a comprehensive review at the end of that period in addition to inevitable annual adjustment. An alternative approach that builds in ongoing review is to have a rolling Business Plan that adds a new third or fifth year at each annual review. That way your organisation stays fresh and well aligned to respond to change. Nevertheless a full review say every three to five years should still be built into the process to cope with the speed of change.

## 4 What can be funded and what are the funding sources?

### 4.1 What can be funded?

#### **Eligibility**

There is a wide range of funding sources that can support waterways projects. In many cases the extent to which you can access these funds will depend on a number of factors:

- the nature of your organisation – the legal status and/or track record of your organisation will determine your eligibility - some funds will only be available to charitable organisations for example
- proposed activities – most funds or programmes will be directed at specific areas of work, objectives or activities
- your creativity and effort – whilst a funding programme may not at first appear to match your development programme, some imagination regarding the way your project works and expanding its range of beneficiaries and/or partners may help you to develop a project that enjoys multiple positive outcomes
- your willingness to be flexible – for example many funders like to see partnerships. Think about your expertise, where you have gaps and how these may be met by partners. Increased numbers of partners or stakeholders often make a project more attractive to a funder or can bring in additional or match funding from another source.

#### **Projects**

In general funders are unlikely to support what they see as your, or others, statutory responsibilities but it pays to be creative and flexible.

The type of projects and activities for which you may be able to generate external funding from grants may include:

- multi-use waterways – developing walking routes or cycle ways
- sustainable transport – walking and cycling routes or water-based freight initiatives
- healthy living – walking programmes
- access – improvements to gates and paths etc to increase and enhance use
- interpretation – ‘storyboards’ explaining the history or features of your project
- environmental works or conservation works
- eco boating
- access to nature – encouraging people from all backgrounds to understand, access and enjoy the natural environment
- protecting or enhancing habitats and biodiversity

- restoration – of waterways and/or associated structures and buildings including works to heritage structures (eg a 'listed' bridge or historic waterway)
- volunteer development
- regeneration - economic development, enhanced social inclusion or cohesion, job creation, training & skills development, community health and well-being
- arts and culture

### **Being creative**

It may not be immediately apparent how you can access a funding stream. The key to regular success with external funding is creativity. That does not mean bending or breaking the rules, it means lateral thinking to see how a programme can be accessed to meet funder's objectives that also meets your aims. Often it will mean a partnership with another organisation.

Examples of a creative approach to using external funding to help solve your problems may be:

Problem – towpaths and footpaths in disrepair

Solution – develop a programme that both repairs the path, increases access to your waterway and markets the route as a healthy living opportunity and/or an alternative route to schools or work thus accessing Healthy Living Grants (e.g. from your local Primary Care Trust) and sustainable transport grants (e.g. Department of Transport grants). Could you partner a local school or business organisation?

Problem – fly-tipping and environmental problems on rough land

Solution – develop the site as a nature reserve, perhaps in partnership with a school, youth group or local Wildlife or Conservation Trust, with well managed access thus opening up a bid to Natural England's Access to Nature programme (supported by Big Lottery)

Problem – un-restored waterway

Solution – as well as the obvious targets such as heritage grants (e.g. Heritage Lottery Funds) look at the opportunity for the restored waterway to drive economic regeneration (even if only on a small scale) or alternative sustainable transport and so access your Regional Development Agency funds (e.g. Rural Development Programme Axis 3 - improving the quality of life in rural areas and promoting diversification of the rural economy) or Sustainable Transport funds from the Department for Transport.

Your project may end up a little different than you first thought it might but be creative and flexible - look at the project through other people's eyes. See how it can align with their priorities rather than just your own and you may find a solution.

Where you have carried out independent fundraising (through appeals etc), rather than applying for grants or formal support, then you may be less restricted but the

reality is that successful fundraising from individuals and businesses depends on clarity about the proposed use of the funds raised (for example a Public Appeal will usually be directed at a specific project). Certainly for your fundraising to be sustainable you will need to effectively and efficiently deliver the outcomes promised to those from whom you sought support.

### **Statutory obligations**

Frustrations may arise by virtue of project costs rising due to statutory obligations, planning obligations or the requirements of a third party whose advice is sought by potential funders. For example conservation issues may drive up costs, 'listings' may complicate heritage projects, meeting the needs of a local agency may involve more work.

Broadly speaking do not try and fight these requirements as you may harm the credibility of your project, your organisation and potentially waterways in general. Instead work with them, work in partnership, evolve your project so its ability to meet external requirements represents best practice and/or innovation – use them to make yours an exemplar project.

### **4.2 What are the funding sources?**

Fundraising is very competitive so you need to stay aware of all possible funding sources, do your research to find the most appropriate source to approach and be sure about the cost effectiveness of each approach. For example raising funds from individuals may initially appear an easy way to generate income but more research will show that it usually requires a significant investment in materials and resources.

For all fundraising methods be clear that the cost/value relationship works and you are using your resources wisely. Just because you use volunteer time to run an appeal it does not mean you should not check that that volunteer effort can't be used more effectively.

The secret to sustainable fundraising is a focus on more than one way of generating income. That way if one route dries up you are not left without a source of income. Information on how and where to find more information under each heading is given in Appendix 2 but the key funding sources can be broken down as:

#### **Grants**

- Statutory funds – include funds from European, national, regional or local government, usually processed by a government agency
- Lottery – through the Heritage Lottery Fund and Big Lottery, the National Lottery supports a regularly reviewed and wide range of funding programmes
- Trusts & foundations – there are almost 9,000 Foundations and Trusts in the UK giving grants to projects or activities that align with the trusts own objectives and meet their qualifying criteria (e.g. some only support charities)

#### **Commercial income (trading)**

If you are trading (selling goods or services at a surplus to reinvest in support of your organisations activities) that is commercial income. Examples include trading through sale of goods, the hire out of rooms, charging people to use the services or an aspect of the services provided by your organisation. These can range from

tickets for a performance to the provision of educational services or interpretation. Social Enterprise is trading within a not for profit ethos.

### **Individual & Business giving**

- individual giving which can take several forms such as one of donation or regular 'committed' giving
- business or corporate giving

Your Fundraising Strategy will help you determine which funding sources you are eligible for and which you can most efficiently target.

## **5 Fundraising strategy**

### **5.1 Do you need a fundraising strategy?**

Now you know what can be funded and what funding sources exist you may want to consider developing a Fundraising Strategy to optimise your ability to cost-effectively tap into suitable sources and develop sustainable services.

If your organisation is simply looking for a specific pot of external funding to fund a new, one-off, standalone project then you may not need a Fundraising strategy.

Standalone projects should be a product of your Development Strategy, or the Development Section of your business plan, so you can move straight to the sections on Developing Projects and Writing Good Funding applications and/or Giving - raising funds from individuals (appeals and events etc).

However if you are a charity, trust or some kind of community or voluntary based organisation that needs external funds to both remain in business, fund core activities and fund existing and future projects, or if you are fundraising for a large project which will rely on several sources of income, then you need to have a Fundraising Strategy in place. In other words if you intend to rely on fundraising as an essential element of your future cash flow then you need a strategy in place to ensure you have reliable sources of income.

So your Fundraising Strategy will be a credible plan to raise income in a sustainable manner, developed, adopted and embraced by your organisation.

### **5.2 What does a fundraising strategy do?**

A successful fundraising strategy will:

- enable you to confidently plan a sustainable future for the organisation and its services
- generate the resources you need to maintain existing work and develop your ability to rise to new challenges
- establish what sources of funding are right and can be accessed most (cost) effectively by your organisation
- avoids 'fire fighting' - fundraising in advance of when the money is needed
- help develop an ongoing relationship with funders and supporters

- show funders that your organisation understands the need to secure ongoing funding for the work it hopes to deliver in the long-term
- help to prioritise fundraising work
- communicate the cause in a way that engenders practical and financial support.
- help develop and disseminate your organisation's brand.

All Board/Trustee/ Management Committee members should recognise the importance of fundraising and their role in delivering sufficient funds to enable the organisation to function effectively. It is advisable that two to three key people in each organisation develop fundraising skills and knowledge. In smaller organisations at least one of these should be a Trustee, Board member or Management Committee member. This ensures that if one person leaves the fundraising activity remains sustainable.

### 5.3 Your fundraising strategy should include

- evaluation of your current fundraising position, assessment of past performance and lessons learned, including sustainability check
- analysis of external and internal issues that will affect your fundraising – strengths, weaknesses, opportunities, threats
- analysis of the fundraising options (e.g. focussing on public giving or focussing on grant applications) and the combination that is right for your organisation
- assessing your fundraising needs:
  - > core costs to be funded inc target income
  - > projects to be funded inc target income

### How to evaluate your current position and assess past performance

- what sources of income do you currently have? How are they performing? What is the cost-value relationship?
- what experience and resources do you have? What is missing? Is the organisation committed
- is the organisation clear on business targets and Development Strategy?
- have you been setting yourself targets? Have you met them? If not why not?
- are there obstacles to success? What are they?
- what is the cost to keep going (regular, core costs), to expand (development funds)?
- how effectively are you spending your income
- do you optimise existing sources of income? Communicate with regular givers?
- what funding sources are you eligible for?
- what aren't you eligible for?
- would a change of (legal) status improve this position?
- assess potential sources of funding that have not yet been approached by your organisation.
- are you making the most of tax effective giving and changes in law and regulations?

- are there other fundraising techniques you could use?

**Sustainability check - do you have a stable, reliable overall income base that can sustain your organisation into the future:**

- is your income viable short & long term and spread across a range of sources, or are you particularly dependent on one source?
- can you diversify?
- who are the donors (or funding sources) that you depend on most and for how long do you expect to retain them?
- do you have techniques for maintaining good relationships with donors in your organisation?
- how much of the income you receive is restricted and how much is unrestricted?
- do you monitor the costs to income ratios of your fundraising activities?
- are you building in contingency plans when you develop your strategy?

**How to analyse external and internal issues that will affect your fundraising**

Carry out a SWOT analysis (alternatives include STEEP analysis) to identify your fundraising:

> **S**trengths

> **W**eaknesses

> **O**pportunities

> **T**hreats

Consider the likely effect on your fundraising:

- > How should you react and plan, protect or exploit these positions and knowledge?
- > Stay still (keep doing what you)
- > Expand (take on the projects identified in your Development Strategy)
- > Contract (move back to a less risky position)

**Analyse the fundraising options**

- assess the fundraising options identified above (e.g. focussing on public giving or focussing on grant applications).
- assess the existing or potential suitability of your organisation to access these sources.
- assess the cost effectiveness of each approach or combination of approaches.
- If you do not have much experience or knowledge, talk to others who have.

**Assessing your fundraising needs:**

- establish your income needs:
  - > core costs to be funded inc targets with cash flow to show what you need and when you will need it.

- what are these costs and when will they fall due:
  - > projects to be funded including targets with cash flow to show what you need and when you will need it.

#### 5.4 Funding plan

You now know what you need and when you need it, have a good idea of your capability to undertake it, including lessons learned through experience, what income sources there are out there, and the resources you need to target them.

As a result you will arrive at a funding plan to deliver your development strategy, including:

- proposed methods to generate income and meet targets – the how and the when
- identify a series of fundraising projects against each funding source to meet your income targets
- resources and actions required to do this, including:
  - >staff
  - >premises & office equipment
- financial controls
  - >skills and knowledge.
  - >administrative support
  - >time, including volunteer time
  - >relationship management, marketing & communication
  - >partner and/or stakeholder support
  - >reporting to Board
- timescales - when are you going to undertake this work and these projects?
- risk assessment
  - >what are the risks to your plans?
  - > who controls them?
  - > what are your methods for managing them? Who is responsible?
- sustainability
  - >what methods do you have to ensure the organisation is sustainable (this is different to the sustainability of the projects you are looking to fund)
  - >will your project fundraising projects be sustainable?
- delivery
  - >who is responsible for the strategy - monitoring and evaluation, checking progress, reviewing?
  - >keeping records
  - >action plan
  - >funder communication, relationship management

#### Who does the fundraising?

Your fundraising strategy will help you identify who does what in the fundraising process. Dependent on the scale and nature of your organisation and its reliance or otherwise on fundraising, fundraising activity might be carried out by one or more of:

- Directors, Trustees or management committee
- a fundraising working group – made up of people from a range of areas in your organisation including Director or Trustee representation



- staff with part of their job description and time allocated to fundraising
- volunteers
- dedicated Fundraising Department

Think about the skills of individual members of your organisation and give people jobs to do. If you form a fundraising group with diverse members they can support and learn from each other. You need people who can:

- arrange and manage events, appeals and sponsorship
- leaflet distribution
- write bids and marketing releases
- prepare budgets and manage money
- speak to funders
- network – use contacts and lobbying to help persuade people of the value of your organisation and its work
- attending meetings or making presentations, as the friendly, voluntary face of your organisation
- manage record-keeping, finance, grant claims and have office admin skills

Your strategy should clearly identify whose responsibility fundraising is overall, targets to be met and mechanisms for monitoring of the success of the strategy. Be aware of the potential tensions of mixing volunteers and professional staff and allocate clear lines of responsibility, accountability and agreed areas of operation.

### **Building relationships with funders**

Developing mechanisms for building and maintaining relationships with your funders is important, as you may want to go back to them for more money in the future, and they will of course talk to other funders and agencies.

Always acknowledge any communication from funders promptly. Have one or (at most) two named contact people in your group who funders can deal with so that they get to know people and names.

Keep them regularly updated about progress in the piece of work they have supported. Where appropriate (especially Trusts, Foundations and smaller funding sources) send them annual reports, email newsletters, audited accounts, press releases, and photos, etc.

Invite them to visit your project, or to special events like your Annual General Meeting or open days.

Remember to acknowledge their support on documents relating to the project and follow the rules on acknowledgements (e.g. funder logos on project signage). By doing this you are making them feel involved and giving them a sense of ownership of your project.

Keep yourselves informed of any changes in their funding policies or staff and trustees.

The same approach applies to regular communication with donors (especially regular, committed donors) if you are going down the route of 'giving' as a fundraising stream (e.g. through appeals).

It is very easy to spend large amounts of time and energy raising money and then forget to say 'thank you' and keep in touch with those people who have given you funding or support.

### **Review your fundraising strategy**

You should review your fundraising strategy from time to time, particularly if your business planning review is taking your organisation into different areas of work. Use results against your existing strategy to assess how successful you have been, progress made and trends. Be honest about failures.

This review will inform your future fundraising strategies

- did we meet our targets?
- should we revise our plans and targets?
- do we need to do more research into possible funders?
- do we need to develop our fundraising skills?
  - >more accurate budgeting
  - >improving our applications
  - >widening our research

### **Do your research**

(see **APPENDIX 9** on Keeping up to Date & Further Resources)

As part of your review you should establish responsibility in your organisation for ongoing research into funding and fundraising opportunities, including:

- what are the latest policy drivers coming from local or national government that will affect your organisation?
- is there any money attached to these policies?
- are there regulatory changes that will affect your organisations costs? Can you find a source of income to meet these costs?
- reviewing key funders grant programmes e.g Lottery or European funds
- Charitable Trusts and Foundations to target?
- have their grant programmes changed?
- when is the next 'call for proposals' i.e request for funding bids - have deadlines changed?
- how much is available and to whom?
- the name of the key contact?
- which local or relevant businesses are supporting the voluntary and community sectors?
- what successes or failures are other similar organisations experiencing
- are there established, changing or new organisations whom you could usefully partner?

You may want to build a fundraising database of potential funders and details of their criteria, likely grant, application deadlines etc – if so make sure an individual is responsible for maintaining this service.

## 6 Developing projects

### 6.1 Introduction

In this section we give an overview of how to develop a good project, demonstrate its quality and relevance, align it with funders' requirements, evidence need, write good quality outcomes, identify and quantify outputs, write budgets and identify exit strategies.

### 6.2 Over-riding principles

Before we get into the details there are some overriding principles to follow:

- **Be driven by your strategy and projects, not the funding** - the seemingly bottomless (it isn't!) pit of external funds available can tempt organisations to find or be directed towards a source of funding and then try and think up a project that meets the criteria of the awarding body. This approach can and sometimes does work but to be consistently successful better practice is, through the strategic planning work outlined in Section 3, to develop a project first then look for potential sources of funding. As a result you will be working on a project in which you really believe, is right for your organisation and in the best position to evidence need and demand, target potential users, deliver a successful project and ensure sustainability. Pragmatism dictates that you may have to mould your project towards a funders aims but simply opportunistically 'chasing funds' is rarely a successful long term approach.
- **Be realistic** - just because an awarding body offers grants up to a million pounds and just because you have what you think is a good idea do not be tempted to develop a million pound project. Be realistic about the scale of what you are looking to do, the evidence of the scale of need, the credibility and ability of your organisation or partnership of organisations to deliver.

Similarly just because an awarding body will fund up to 80% of project costs don't be tempted to assume you should bid at 80%. There is nothing wrong with being bold but the reality is that with limited funds and extensive competition for those funds then a lower level of bid (either in overall scale or funding percentage requested) may increase your chances of success.

By contrast it is vital you bid for what you need. Unrealistic project costings could lead to a failed project and a demand to repay grant so do not be tempted to 'take a flyer' and hope for the best. Similarly you must be aware of the need to source match funding – i.e. bringing the funding up to 100% of costs.

- **Talk early** - the section on strategic planning describes the importance of consultation, partnership, liaison and lobbying at an organisational level. The same principle applies at a project level. Are there potential partners out there, organisations that can guide or assist you, politicians or others whose support may help? Most importantly of all talk to potential funders about your ideas so that you can get an early understanding on the realistic potential.

But do your homework first; read their guidance, visit the website – don't expect an awarding body to explain its funding programmes if you haven't tried to understand them first.

- **Additionality** - funders are looking for positive change delivered as a result of their intervention or involvement. Innovation is often preferred to good practice. Good practice is rarely good enough – work to best practice.

So in appraising an application, funders will assess whether the project will bring additional benefits over and above what would have happened anyway in its absence.

Additionality may relate to:

**Scale:** a greater quantity of tourist visits or jobs may be delivered in an area.

**Timing:** activity may happen earlier than would otherwise have been the case.

**Specific area or group:** the extent to which the target beneficiaries actually benefit from an intervention. For example, for a volunteer project to improve a waterway, will all of the volunteers be from the target demographic groups the funders are aiming for?

**Quality:** where the outputs and outcomes of an intervention cannot easily be valued, then the quality of the outputs and outcomes may be different because of a funding award.

**Innovation:** a new way of doing things may be trialled that would not otherwise have happened

So you need to be clear about the additionality your project delivers both in terms of the work you will do (aims, scale, place, people, timing and quality) and the way you will do it (innovation).

Funders will generally not fund projects or activities that are a statutory responsibility or a substitute for statutory funds that have been or will be withdrawn.

### 6.3 How to develop a project successfully – creating your project business plan

Your projects should flow from your Development Strategy. So you know what is you want to do and why you want to do it. You now need to develop it as viable, credible project ready for conversion into a funding application. You need to create a Project Business Plan

Your project business plan will be made up of:

- project title
- project synopsis
- evidence of need & beneficiaries
- who and/or what it will help (beneficiaries)

- where it will happen
- consultation & partnership
- aims & objectives
- what you expect to achieve (outcomes, outputs, impact and change)
- how it will be done & resources needed (inputs, people, project management & partners)
- budget
- timing & timescale
- project management
- managing risk
- options appraisal
- exit strategies

#### **6.4 Project title**

It may be helpful at this stage to think of a good, relevant name for your project. Alternatively wait until your application is complete and you may find the development and application process naturally throws up a suitable project title.

Whichever way you do it ensure your project title is:

- succinct
- intelligible
- easy to say
- relevant and representative
- inoffensive
- accurate
- easily remembered

Don't try too hard to be clever. Resist tortuous acronyms - just because 'Reed Intervention Very Effective Restoration Solution' shortens to 'RIVERS' it doesn't make it a good title for your natural banking restoration project!

#### **6.5 Feasibility study**

For all projects, but particularly for larger projects, you should consider undertaking a feasibility study to establish the viability of your proposed project before you outlay excessive effort on developing a full project. This process will also give you the opportunity to test demand and need at a high level and explore the interest in your project from funders, donors and the agencies whose support you need. You can use your feasibility study to create your project synopsis below.

See the advice on outline drawings and working with consultants 'at risk' in the 'Contract costs and fees' paragraph below.

#### **6.6 Produce a project synopsis**

Before you get too immersed in the detail, develop your project idea into a short summary. Then when you are seeking initial advice on eligibility from funders and generating support for your idea this will assist you in:

- being clear what it is you are really trying to do

- measuring local interest and enthusiasm (demand)
- establishing a case for the project (need)

Try and keep your synopsis to a maximum of two sheets of A4 containing:

- what you want to do (your project in a paragraph)
- why you want to do it (need)
- who it will help (beneficiaries)
- what you expect to achieve (aims, objectives, outcomes and outputs)
- how it will be done & resources needed (inputs, project management, partners, and people)
- when it will happen and how long it will last (timing & timescale)
- cost estimate (budget)
- where it will happen (place)
- what happens when the funding ends (exit strategy)

### **Now summarise your synopsis!**

Crystallise your project into one bite-sized, easily remembered paragraph. You can do it. Then, when your members, staff or supporters are acting as advocates for your organisation they can explain your project simply and effectively.

### **6.7 Why you want to do it (evidence of need)**

(See APPENDIX 3 for detailed advice on evidencing need)

Before you go any further with your project you need to be clear that you can demonstrate the need and demand for your project. 'Inventing need' is an easy trap to fall into. Just because you want to undertake a project and because you believe it will meet a need does not prove it is a good idea to funders. Just as a new business will need to prove demand for its products or services before investors will loan it money, so an organisation must provide evidence of real need for their proposal.

Similarly, just because you have been doing something for a long time doesn't mean it is still relevant.

So funders will insist that you prove that:

- your work makes a difference
- your work is needed
- your work will
  - > help to alleviate that need
  - > enable change to happen.

Think about what facts and figures you need to know about the area of work you undertake in order to support your case. Think about your area of work and who you might approach to get statistics to back up your arguments. You may need to undertake your own research or access up to date research undertaken by others.

You may need to conduct your own survey of proposed beneficiaries to demonstrate need and lack of provision. Your sources must be credible. Funders want to know that the problems are real, significant and pressing and that their money will deliver a viable solution.

Once you have evidenced need you will need to prove that no other organisation is meeting that need locally. This area of research may drive you to a partnership. If another body is partially meeting the need then a partnership may be the way forward.

So for example if a local conservation volunteer group already has a good structure for volunteering but does not have a means of accessing land on which it wishes to work, as a waterways owner you may be able to form a partnership that transforms your waterway (meeting environmental need) in partnership with a volunteer organisation that meets people based needs by providing training or health benefits.

To form a successful partnership you may need to compromise and be clear about adopting that compromise. You will compromise delivery and your financial health if you enter into a partnership of convenience rather than one of commitment

### **6.8 Who and/or what it will help (beneficiaries)**

Funders are increasingly interested in people based projects. So even if your project is to restore a heritage bridge or develop a reed-bed based sewage system you need to show who you intend to support as well as what you are working on.

You might identify beneficiaries by:

- employment status
- disability
- ethnic origin
- age group
- gender
- family situation
- geographic area (eg electoral ward or a particular housing estate or village)
- deprivation
- status (eg single parents)
- voluntary or community groups

Describe the issues faced by your proposed beneficiaries and how your project will overcome those issues. If your organisation's view of needs differs from those of the target groups or established agencies you need to have very clear evidence for your work and may need to consider a smaller pilot project first.

Funders will need reliable estimates of the number of people who will benefit from your project. Provide a breakdown according to target groups. Show how the figures have been arrived at to prove that your estimates are realistic and achievable.

Similarly, be clear about the value of what you are working on – is the heritage structure you want to restore listed? Is the structure mentioned in historical records?

Remember your estimates will be used for monitoring and evaluation purposes - your funder will assess the extent to which your original objectives have been achieved. See APPENDIX 4 on Monitoring and Evaluation.

## 6.9 Where it will happen

Be clear on where your project is to be delivered. In practical terms you will need postcodes and addresses for locations (which is not always easy for a length of water – GIS systems will usually include a postcode search!) but equally for say a nature reserve you need location maps, accurate drawings.

Your consultants working 'at risk' should be able to provide you with sufficient location drawings for a first stage funding bid.

## 6.10 Consultation and partnership

Before you develop your project in detail you should consult with all stakeholders (you may well undertake this exercise as part of evidencing need). The result of the consultation should inform your project and may well redirect it to a greater or lesser degree. You may want to consult with:

- users
- local authorities
- statutory agencies
- relevant charities and peer groups
- specialist organisations
- existing providers
- funders
- volunteer groups

The result of your consultation may well be the development of a partnership approach to delivering your project. A credible, effective, well designed, well organised partnership can often deliver a more effective response to a need than an individual organisation. When developing your projects look outside your own box and see how you can add value to your approach by harnessing the strengths of partners with particular expertise or experience. Funders are rarely impressed by organisations insisting on offering an independent solution to a need that another organisation may already be tackling or which can be more comprehensively met by a partnership solution.

When working with partners you must be clear:

- the partners are an effective match
- division of responsibilities
- management of responsibilities and accountability
- equally robust, well managed organisations satisfying funders requirements
- clarity on division of costs and revenue
- agreement on exit strategy
- stakeholder sign-up in all partner organisations

## 6.11 Aims and objectives

Aims and objectives are the focus of the project. Written well, they give you real clarity on what it is you are doing and allow realism on what is achievable, and so ensure that the project is not over- ambitious.



You should identify a key aim. This takes the form of a overall statement of intent. This is where you can weave your aims into funders aims to create a fundable project such as:

- to increase access to employment and training opportunities for residents of Waterplace through restoring the restoration of 1.3 kilometres of waterway and creation of 30 mooring spaces
- to create access to nature for twenty young people and deliver one hectare of nature reserve to Natural England standards.

Objectives are the quantifiable steps that your project will take to achieve the overall aim. Use 'SMART' objectives:

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealistic
- **T**ime-based

### **6.12 What you expect to achieve (outcomes, outputs, impact and change)**

Your project will only be successful and attract funding if you can be clear about the results generated by your project and can align those results with the strategic objectives of funders and/or the hopes and ambitions of potential donors.

All projects are essentially made up of a set of what funders call inputs (resources needed) and the results can be measured as outputs, outcomes and longer term impact. The outputs, outcomes and longer term change should align with your project aims and your SMART objectives.

Defining your work against each of these headings is crucial to making a good case, demonstrating value for money and enabling effective monitoring and evaluation of the project. Whilst there may be some merit in initially developing your project in isolation from a specific funder's desired outcomes, if you are reasonably clear as to the funding streams you are hoping to access it may be more sensible to develop your projects outputs and outcomes in line with the funder's aims and objectives.

### **6.13 Outputs**

These are the services and activities you deliver. They are quantitative. Outputs include training courses, support sessions, an advice service, publications, workshops, and newsletters. Identifying outputs helps to create an accurately costed project budget to accompany an application.

### **6.14 Identifying and quantifying outputs**

What you are doing here is showing the funder exactly what they will get for their money.

Your outputs must be real, credible, and measurable and aligned with the funder's objectives but that should not stop you being creative in identifying all the outputs of relevance and significance generated by your project.

It may be helpful to define your outputs under three main headings:

- economic impact
- social and community impact
- environmental impact

Within the three main headings, you may want to break outputs down into:

- innovation
- best practice

Examples of outputs under these headings might be:

- economic impact - numbers of jobs created
- economic impact - numbers of small businesses established or assisted
- social and community - numbers of visitors (pedestrian counter figures, ticket sales, boat movements, user surveys)
- social and community - number of information panels erected or leaflets printed and distributed
- social and community - number of new facilities (conveniences, benches, art installations, length of towpath repaired)
- environmental – species protected

### 6.15 Outcomes

The changes and effects that happen as a result of your work, the difference your work makes to the beneficiaries. They are qualitative. Outcomes are expressed as changes in or for individuals, organisations or community groups and are defined as: “A change over time that can be measured or evidenced”. Outcomes are changes that indicate whether an organisation has made progress towards achieving its aims. Outcomes help to measure to what extent your intervention, your work or the project makes a difference to your beneficiaries and therefore are directly linked to your monitoring and evaluation:

- **Hard outcomes** This is a term used for indicators of change that can be seen and measured – attending a training course, getting a qualification or job. For example, in the case of an economic impact project the number of jobless reduced by 20%.
- **Soft outcomes** This term is used to talk about more subjective and qualitative indicators of change. Soft outcomes are measures that indicate that positive change has occurred, for example increase in self-esteem, self-confidence, greater independence, decreased aggression, better ability to cope positively with stress. Examples may include improved capacity of a team of volunteers to work independently.
- **Long-term change** Whereas an outcome is a change resulting from project outputs, broader longer-term change may relate to your overall organisational mission. Long term change is often difficult to assess in the lifetime of a short project. However, your work can aspire to achieve particular long-term change and you can therefore articulate what you anticipate this to be.
- **Writing outcomes and identifying longer term change** Similarly it is important to identify outcomes in funding applications as it helps the funder to understand the purpose of your work and what you are aiming to achieve.

Identifying outcomes will help you plan your project in line with the aims of the target funding body before you start writing a funding application. The type of language that expresses outcomes might include:

Our project will:

- > increase (wellbeing)
- > improve (e.g. community cohesion)
- > reduce (anti social behaviour)
- > enable (young people to access the countryside)
- > maintain (good community relationships between ethnic groups)

In identifying outcomes you need to think what is the best monitoring mechanism to collect the information you seek to prove the degree to which your work makes a difference.

One way may be to agree a development plan with a beneficiary group then regularly assess progress against the development targets identified in that plan. For example if your project involves training volunteers who will work on improving your waterway you might set a series of milestones for volunteer ability and regularly assess performance against those milestones, e.g. by Month eight 80% of our volunteer group will be capable of undertaking and delivering risk assessments and HSE project plans.

## **6.16 How it will be done and resources needed (inputs, people, project management and partners)**

### **Inputs**

These are the resources you put into your project to deliver its outputs. Inputs include time, money, premises and staff. Identifying inputs help to create an accurately costed project budget to accompany an application.

The resources you use must be procured with probity and transparency and you must be able to demonstrate this is the case as grant funded projects may be audited. See APPENDIX 7 for good practice guidance on procurement and probity.

### **Identifying & quantifying inputs**

These are the 'things you will do', resources you will use, and activities you will undertake to deliver the services your project offers. They can usually be quantified financially through identifiable costs or measured by agreed scales (e.g. volunteer time 'in kind' – see APPENDIX 5 Writing Budgets).

Examples include:

- employing staff including recruitment, training, insurance,
- volunteer time
- premises costs
- equipment costs
- admin costs
- travelling
- contract costs (for example a building or repair contract)
- venues booked

- displays commissioned
- leaflets printed

### 6.17 Costing your projects and writing budgets

(see APPENDIX 5 for detailed advice on writing budgets)

You can now convert your inputs into a budget that will go into your proposal or application

Fundraisers can be guilty of trying to develop projects where the costs of delivery are not accurately costed. Often fundraisers do not ask for enough money to deliver their proposed work properly.

Be clear about your project and thus the costs of delivering it. If you have accurately established the inputs you need then you are halfway to accurate costing.

Going back for more funds is best avoided and rarely popular so try and get it right first time by:

- establishing total project costs, accurately itemised and cash flowed (or timetabled)
- establishing qualifying and non qualifying costs
- identifying income to match 100% of costs i.e. balancing your budget

There are several ways in which an organisation's work can be costed. There is no one model of budgeting that works in every situation, much is dependent upon the size of the organisation, the different types of costs that it encounters and the cost structure that is used - but each of your inputs should be costed.

Decisions on every project, service or activity have to be made on the basis that they cover the real costs to the organisation by covering both the direct costs and by making a contribution to the overall running or indirect costs.

Some projects, services and activities may be subsidised from within your organisation but this can only be allowed to happen if the element of the subsidy is covered by income from elsewhere. A source should be clearly identified in your fundraising strategy and the appropriate amount allocated to the project.

#### Contract costs & fees

Your project may involve significant costs that, to ensure probity, are put out to competitive tender (check your internal rules and/or funder guidelines on what should, or must, go to tender).

It is not usually appropriate to tender a project, or elements of a project, before grant funds are confirmed but your cost estimates must be professional and reliable. Some consultants will work 'at risk' in exchange for agreement that they will be appointed if the bid is successful. However they will only do this if your project is credible so develop your project to a level which allows you to judge its likelihood of success before you seek professional advice.

Agree any such 'at risk' arrangements in writing and agree in advance the fees that will be paid if the project succeeds. Loose arrangements almost always end in tears. Do not be afraid to negotiate on fees. Use, but don't abuse, the 'at risk' arrangement. 'Outline drawings' for a construction project will normally be sufficient for a Quantity Surveyor or Cost Consultant to generate an accurate cost estimate but in addition make sure you include for:

- fees
- interest
- overheads
- funds outlaid in advance (sunk funds - European funders refer to these as prelims) - if you do outlay funds in advance check with the funder whether these can be claimed retrospectively (they often can't).

### **Establishing qualifying and non qualifying costs**

Not all costs are 'qualifying costs'. The work done by an organisation on a day to day basis is its 'core activity', and the expenses incurred are usually termed running costs or core costs. Funders usually look to support project costs rather than core costs. So in developing your project you need to carefully separate out the specific costs relevant to your proposed project.

Funders may contribute to certain clearly identified running costs where they are additional to the project (for example extra administrative costs). Funders differ in their approach so ensure your apportionment of costs meets the individual funder's criteria – if in doubt ask the funder. As a rule of thumb 10% is considered appropriate but depending on project value and funder, this may need to be adjusted.

### **Match funding**

Identifying income to match 100% of costs & balancing your budget.

Your budget must balance, both to protect your project and your organisation and to convince your funder of project viability. You must be able to show income to cover 100% of costs. As noted above you may be willing to internally subsidise a project but if so you must clearly identify the source of the subsidy.

Few funders offer 100% project funding. 50% is more typical. So before you get too far down the line with a project you need to be clear about your sources of the 'match funding' that will deliver the other 50% of project costs. This could be the existing internal funds identified in your plans, work or materials in kind (perhaps through volunteer effort), funds to be raised through 'donor' fundraising such as a philanthropic donation, appeals or events, or further grants from another awarding body. However be aware that often 'statutory funders' or quasi-statutory funders (e.g. Lottery) may not permit a match from another statutory funder so check first with your target awarding bodies about what maximum percentage of funding they will allow and matches they will permit. A good fundraising strategy will have identified projects and funding sources, identifying shortages and the need for a match and the source for the match in advance

### When it will happen and how long it will last (timing & timescale)

This part of your project plan is closely linked to your budgeting and cash flow as it will affect when you will need the resources and inputs you have identified. You must be realistic on timescales, including what can be a lengthy grant application and appraisal process as well as time taken to find a match. Similarly you must be clear about the flow of resources as this will directly impact on your budget and cash flow. Use your timetable to help you budget accurately by accurately estimating your required cash flow both in terms of the breakdown of amount and timing.

A simple high level timetable is shown below for a restoration and conservation project:

Example - high level project timetable for a restoration and conservation project																											
Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>Restoration work:</b>																											
<b>Pre-contract</b>																											
Work up detailed specification	■	■	■																								
Tender completion & acceptance				■	■																						
Agree contract & start on site						■	■																				
<b>Contract:</b>																											
On site								■	■	■	■	■	■	■	■	■											
<b>Post contract:</b>																											
Plant reintroduction																		■	■	■	■	■	■	■	■	■	■
Defects & struct. monitoring																		■	■	■	■	■	■	■	■	■	■
Ecological monitoring																		■	■	■	■	■	■	■	■	■	■
<b>Activities programme:</b>																											
<b>Activities development</b>																											
Activities develop. work	■	■	■																								

## 6.18 Project management

(see APPENDIX 8 on Project Management)

Evidence of good project management is a crucial element of your project plan for two reasons:

- to deliver your project on time, within budget and delivering the promised outcomes and outputs
- to demonstrate to funders that not only is your application credible but your ability to successfully deliver it is credible

A funder must be convinced that your organisation has the capacity to manage and deliver your project, based on the information you provide your application. They will use this to establish if you have people in your organisation or on your committee with appropriate skills and experience to deliver the proposed work.

A dedicated Project Manager plays the key role in the implementation of the project. Consideration can be given to the skills of your volunteers or supporters to deliver smaller projects together with evidence of your in-house track record in working with projects which have received External Funding before. But you must be realistic at the level to which volunteers can work and where you need professional input. If your project needs a dedicated Project Manager then you must include full costs, including recruitment and any contract termination costs.

Remember - the amount of money requested for your project must remain realistic and relative to the financial size and infrastructure of your organisation so keep reviewing the scale of your proposed project, scaling back to a smaller project or trialling a pilot project initially.

## 6.19 Keeping records

Maintaining good records is essential both for accounting purposes but also for management of relationship with funders, grant claims, audit and effective planning/implementation of fundraising.

In addition, some funders specify that a specific time period must elapse before another application can be submitted. You need to be able to easily check how much has been given previously to guide further requests. Maintain up to date records of contacts and addresses.

Feedback - you will need processes to record any feedback e.g. change in criteria, didn't like your focus on xyz etc.

## 6.20 Managing risk

Funders will want to know you have identified risk and have plans in place to manage it.

**Identifying risks** Risks are issues or problems that may never happen but they have the potential to occur. Project managers have a responsibility to assess risk and be ready to manage the implications.

Risks can be assessed by:

- probability - likelihood of the risk occurring
- effect - the effect if the risk does occur

As a result risk should be categorised as follows.

- low probability low impact – risk you need to identify but may well be prepared to live with
- low probability high impact – because of the potential impact, risk against which you may decide to take mitigating action just in case
- high probability low impact - you may decide to take action because you know it is likely Alternatively because the impact is limited you may opt to take action only when the risk becomes reality
- high probability high impact – risk that is very likely and will have a significant impact. You cannot ignore these risks and funders will want to see clear evidence of risk management

**Risk management** You should identify all possible risks, analysed according to probability and impact, and identify proposed action, who is responsible for identifying the risk manifesting itself and taking action to deal with it. You should review your risk management as the project progresses and circumstances change. Options for addressing risk include:

- mitigation – taking action to minimise impact. A flood management plan won't prevent risk from happening, but it does reduce the impact of a flood.
- avoiding the risk - preventing the risk from occurring. By contrast, moving your site office to higher ground prevents the risk of flooding. Because of your action the risk is no longer an issue.
- retain the risk - accepting the risk and dealing with the consequences. So if the flood occurs you will manage the costs of clearing up afterwards.

For example:

Heritage Lottery (HLF) ask you what are the main risks to developing and delivering your project and how you will manage those risks.

This information is presented in tabular form where risks are identified in narrative form, the likelihood assessed as low medium or high and the consequence similarly expressed as low medium or high.

You are then asked to detail the consequence, the action you will take to prevent it and who is responsible for managing the risk. Self evidently you need to establish in advance how you will prevent risk and/or deal with the risk arising so completing an HLF style table in advance can help you identify and manage risk. You must be honest with yourselves about risk, blind optimism can have unforeseen consequences!



Risk	How likely is the event?	How serious would the effect be?	Consequence	Action you will take to help prevent risk?	Who is responsible for dealing with the risk?
Lower grant awarded by than requested	Medium	Medium	The project will be reduced and delayed	The Canal Partnership would prioritise the scope of the conservation works above construction works	Development Manager
Organisational - change in personnel	Low	Low	Handover period - notice period will prevent delay	Ensure The Canal Partnership are informed at all stages, Draw on skills and expertise within The Waterside Co.	Project Manager
Change in project costs - unexpected findings	Low	Medium	Reduced scope of works and/or necessity to seek further third party funding	Extensive pre-project development work. Contingency has been built in to the costs. Project to be tightly managed. If necessary review specification during preparation of works information package / tender documents. The current tender climate indicates reduction rather than increase in tender costs.	Project Manager
Negative feedback or lack of interest	Low	Medium	Re-appraisal and redesign of project	Extensive community consultation over many years. A fully adopted Conservation Management Strategy from which project methodology is taken	The Canal Partnership

### 6.21 Options appraisal

For any project it is good practice to undertake an options appraisal – some funders will insist on one. This process should give details of all the options explored, for example:

- partnering other organisations
- outsourcing - buying a proposed service in
- rebuilding rather than re-instate, or buying existing premises
- renting or leasing additional facilities

It should also consider the 'do nothing' option - leaving things as they are - which can help you quantify the 'difference your project will make'. Alternatives include 'delivery on a reduced scale' or 'deliver to a different timescale'.

In terms of risk assessment around each option, this may not be a requirement in the application process but it is a useful exercise to undertake anyway. When you have selected the best approach from a range of options (which will include a risk analysis of each option), consult again with local partners, stakeholders and beneficiaries on your proposed project outline and take their comments and suggestions into consideration when developing your final project proposal.

Ultimately, the options appraisal will explain which option is the most appropriate and why you have chosen to select it.

## 6.22 Exit strategies

If you are applying for money for a fixed term project, say one to three years, and then you need to show what will happen at the end of that time. This is your exit strategy.

You could consider one of the following strategies:

- another organisation (or possibly a statutory authority) will take over the work.
- having proved the need and success of the project you will find new funding for it.
- it is a one-off piece of work that will end when the funding ends.
- the project will be gradually wound down (for example if you were targeting a particular group which may grow up or move away)
- in the case of a structure, premises, land or waterway another body will assume long term maintenance liability

Whatever exit strategy you choose, it will need to be planned early on in the life of the project, especially if you want to find ongoing funding for it. In any event your project funder(s) will want clear evidence of a coherent, credible exit strategy.

## 7 Converting your project into a good funding application

You now have a well developed project. As explained in the Developing Projects section, if you are clear about the funding streams you hope to access you may have developed your project with reference to the needs of that funding stream and will be ready to convert the project into a good funding application.

### 7.1 Before you put pen to paper consider

Asking the funder to informally assess your Project Synopsis (or project plan) and offer guidance

Meeting the funder to discuss your proposed application

Arranging a site visit or project visit

Appropriate lobbying to encourage support for your project. However:

- many funders, especially statutory funders have to remain absolutely impartial and may not wish or be able to meet you
- many funders, especially statutory funders, may be obliged to resist inappropriate lobbying which could jeopardise an application
- those lobbying on your behalf may have their own agendas that may not match your own – be careful who you ask for support, especially politicians!
- check if letters of support are required or will support your application. These should be specific and focussed not general. Clear evidence of why the work matters to the organisation or individuals supporting you should be included in their letters
- check funders previous awards to gain a sense of a realistic amount to bid for

## 7.2 Overview – getting your application right

Grant programmes are very competitive. Funders receive far more requests than they can fund. So you need your request to be appropriate and as articulate and succinct as possible whether on a standard form or, in the absence of standard forms, using an application template you have developed internally.

However you apply you should follow this guidance:

- use the correct forms and the latest guidance
- read the guidance notes carefully (then read them again!)
- check deadlines for application and time boundaries on funding programmes
- seek advice & help
- allow yourself sufficient time
- draft your answers first
- answer every question
- answer the question you've been asked
- avoid jargon
- avoid repetition
- get the answer right first time
- include good supporting documentation
- reference your attachments
- send everything asked for
- sign the application
- submit it and get a receipt
- be available to answer queries
- take care on lobbying

## 7.3 Types of application

Dependent on the nature, size and constitution of the funder, funding 'applications' will usually be in one of three forms:

- applying by letter
- applying through a 'Project Proposal'
- applying using standard application forms

Always follow the form of application stated by the funders. If they only want a short letter, write a short letter, if they want a two page proposal then distil your project plan into two pages. If they have standard application forms use them properly rather than trying to tailor them to fit your organisation – put your information in the application forms rather than half-completing the forms then trying to squeeze your application into a letter. In other words – follow the funder’s rules!

#### 7.4 Applying by letter

Smaller funders, trusts and foundations may only want a short application in the form of a letter, particularly for smaller sums of money.

What needs to go into a letter?

- project title and an introduction to your organisation. What you do - what your aims and objectives are; how long you have been going; number of members or supporters; what makes you special; any significant achievements; what support you have received from other bodies or relevant well known individuals or groups.
- a summary of the project proposal. Use your project synopsis to clearly and concisely spell out what you are applying for. What you intend to do to meet the needs you have identified; what method you will use; what your objectives will be. Outline the timescale and your evaluation methods.
- why you want the money. Give specific information about problems you have identified, supported with statistics and evidence. Explain the beneficiaries.
- a breakdown of the costs involved – your budget. Show income and expenditure.
- ask for a specific amount of money.
- Why should they fund you? Explain how your proposal fits within their funding policies. Emphasise different aspects of your work for different funders. For instance some may be interested in you because you are working in a particular geographical area, others because the project falls within their area of interest, such as the natural environment.
- conclude positively - offer more information if needed, or invite them to come and visit you or offer to visit the funder.

Make sure your letter is:

- short and to the point. Give enough information to allow the reader to understand your work, what you want to do and why it’s worth funding. Keep your letter to a maximum of two sides of A4.
- well presented. Type your letter on your headed paper. Divide the text into short paragraphs to make it easier to read.
- free of jargon and abbreviations. Use straightforward, plain language to avoid misunderstandings. Trusts and foundations may well be put off by your industry jargon and abbreviations.
- addressed personally to the named correspondent of the funding body. Never write Dear Sir/Madam. Find the correct name and check the spelling.

Attach relevant supporting evidence, such as:

- your latest annual report and accounts
- facts and figures supporting your case
- visuals including drawings and photographs

- detailed budget and project plan for the project
- list of financial supporters (match funding)

Where key information is contained within an attachment ensure you briefly summarise that information in your letter and provide clear directions to finding the source document and its key content.

The following example gives you an idea of how a short letter can be written containing all the information you need to give.

**Sample letter**

Somerset Waterways Volunteers  
8 Nogsworth Road,  
Swidgeam  
ZZ2 AOB  
Tel: 0123456789  
Email: [dibble@swvolunteers.co.uk](mailto:dibble@swvolunteers.co.uk)  
Web: [www.swvolunteers.co.uk](http://www.swvolunteers.co.uk)

Mrs J Donlon  
The Riverboat Trust  
12 Arun Walk  
Pondsville  
Somerset  
ST1 4TT

1st January 2009

Dear Mrs Donlon

I am writing on behalf of Somerset Waterways Volunteers to ask for support for our work.

Somerset Waterways Volunteers have been operating now for over 15 years across Somerset. We have 274 registered members, are run by a voluntary Management Committee operating in line with the NCVO Code of Practice on Governance and are a registered charity no. 123456789.

We involve a wide range of local people in practical volunteering projects with a focus on unemployed younger people in rural villages. We work closely with young people, recruiting volunteers, providing practical training that offers a route into employment and developing pride and ownership in their local environment. As a result we have initiated and supported many local projects, including most recently a project restoring the towpaths of the Somerset Canal through the town of Poundstock. Three of our young volunteers have gone on into full time employment in the past 12 months using skills they have gained with Somerset Waterways volunteers.

More information about our work can be found at [www.swvolunteers.co.uk](http://www.swvolunteers.co.uk)  
We received start-up funding from Somerset County Council for basic equipment and to pay volunteers' expenses, and are now seeking new funding to maintain our project.

We need to buy further materials and tools for more volunteers who are unemployed and to train them in new skills to tackle improvement projects on waterways across Somerset. I am attaching a summary of proposed projects over the next 12 months, a breakdown of costs involved and a letter of support from Somerset Youth Services explaining the difference our work makes to their clients. As you will see the total amount we need for our work over the next 12 months is £15000 of which we are requesting £3000. We have approved applications in for funding totalling £9000 with other bodies. The remaining £3000 has been raised from fundraising appeals and events.

This budget will support four projects on three different waterways, and allow us to involve 10 volunteers including training 4 new volunteers. We monitor our projects using industry standard techniques and generate a project evaluation report annually which is available to funders.

I hope you will support the work of the Somerset Waterways Volunteers and look forward to hearing from you. Please let me know if you need any further information.

Yours sincerely

**David Dibble**

Chairman, Somerset Waterways Volunteers

**Enclosed:**

1. Summary of proposed 2009 projects
2. Project Budget and match funding breakdown
3. Letter of support – Somerset Youth Services

## **7.5 Applying through a project proposal**

Some trusts, businesses and sponsors often will not have application forms but require a more detailed proposal than a short letter. When there is no application form it is suggested that you create a template that will provide a framework for writing any funding application that can be adapted to suit future projects. It is much easier to start writing under established headings than on a blank piece of paper. It will also help you to document your ideas and evidence logically, order your work and make effective use of your time.

### **Developing an application template**

Good practice suggests that you arrange your proposal under five headings, effectively as a Project Business Plan:

- what your organisations does and the difference the work makes

- organisational management
- project information
- project financial information
- enclosures

This will give funders the key information about you and your project they need in order to decide to give or not.

If you have effectively undertaken the strategic planning work described in Section 3 and developed your project as outlined in Section 6 then much of this information should be readily available and well organised for converting into a funding application

For each heading the level of information the funder will require will vary dependent on the amount of money you are seeking and/or the requirement and nature of the funder. Always follow the funders guidelines and (unless they request a summary pre-application) always provide everything they ask for first time round.

Check funders guidelines on the length of a proposal they prefer. If they ask for two sheets of A4 ensure you organise your information so that you keep to their limit.

Any longer and you may not get past the Admin department! Even where there is no limit you are better editing and re-editing than sending too much information. You may well be able to include information via enclosures but be sure to reference and summarise each enclosure in your proposal – do NOT assume enclosures will be read!

The following ideas will help you get the contents right under each heading. For a short proposal you need to pick out the key items and work hard summarising you and your proposal

#### **What your organisation does and the difference the work makes**

- your objects, organisational aims and activities
- the beneficiaries
- summary of your work or service, how it's delivered and why it is needed
- the difference you make
- time & place - when and where it is delivered
- sustainability of the organisation and its work

#### **Organisational management**

- name of the organisation
- legal status, organisational status, mission, age,
- management, governance and organisational structure - staff structure, numbers of trustees and their skills & experience, policies, financial management structure, business plan
- organisation's annual budget & accounts
- corporate risk and how it is managed

- competence – staff and volunteer professionalism & experience, numbers of volunteers and how you support them i.e. supervision/expenses/training
- how you address equality and diversity in your work
- where you get your money from including other funders
- credibility and competence:
  - > are you a member of, or affiliated to, an industry body like a national charity that funders may be familiar with?
  - > what other support do you have?
  - > can you show evidence of recent successes and achievements?

**Project information** (use your project synopsis from your project development work)

- purpose of the work i.e. what you need the money for
- how the project fits with funders policies
- the aims, objectives (SMART) and project targets
- evidence of need and the issues addressed
- who will benefit? Target groups, numbers of beneficiaries (outputs)
- consultation with (and involvement of) participants and beneficiaries
- options appraisal
- innovation
- equal opportunities
- resources to deliver the project (inputs) including staffing and how it will be managed
- implementation - project management, project plan, timescale and timetable
- the activities/objectives (outputs)
- what difference this project will make to the beneficiaries(outcomes)
- risk assessment
- monitoring and evaluation measures
- exit strategy
- sustainability
- publicity and credits
- how the project fits with the rest of your work.
- partnerships or links with other organisations

**Project financial information**

- project budget – what you will spend the money on – summary (full budget as an enclosure)
- the amount of money you want
- the elements of the project budget you are asking the funder to support
- match funding – other funders you have approached
- value for money
- project risk and how it is managed

**Enclosures**

- governing document
- detailed project budget



- latest accounts (audited and approved) or current financial statement if you do not have accounts
- annual report
- business plan

### 7.6 Applying using funders' standard forms

Larger charitable trusts, and government funders have application forms that ask clear, direct questions to establish the information they need to know. The variety of questions on these forms generally fall within the four headings detailed above so if you have your information available under those headings you are ready to make a good application.

Questions won't be neatly listed under each of these headings,. However, if you read carefully you will be able to identify which of the headings is being addressed.

#### Completing the form

Every application form is different. Get a copy of the form and any guidelines, and read it carefully, paying special attention to any information about the criteria the funder uses both in relation to the project and the organisations it will support. Check the deadline for returning the form.

Make a copy of the application form before you fill anything in and draft a rough copy first. You can then copy or type your answers onto the original form when you are satisfied with your rough copy. Do not repeat yourself or put information in the wrong place.

Answer every question on the form. If you can't then explain why not. It is better than leaving a question blank.

- type your answers or at least use black ink.
- don't state 'see attached' - accompanying documents may not get read. Explain and summarise what the attachments detail.
- the application form is often all that will be considered. Don't send a letter when there is an application form, and be careful too about sending a covering letter which contains information that should be in the form.
- if in doubt about a question and having checked funding documents and guidance, ask the funder
- keep to the funder's deadlines for returning the form. Late applications will be ignored.
- answer the question – if you don't have an answer say so
- avoid repetition – break your response up into the answers to the specific questions the funder asks

#### Check the application

- does what you are applying for fit into the funder's policies and criteria?
- is the amount of money you are seeking appropriate - in line with the size of funding stream and usual level of award? Could you break a large project down into smaller projects?

- does the timing work? What is the funder's deadline and when do you need the money by?
- is it addressed to the right person? Have you spelt their name correctly?
- have you got the most recent address and name for the funder and their correspondent?
- have you got an appropriate title for the project?
- have you removed industry jargon or abbreviations?
- if in doubt edit your application? Keep to recommended word counts

### Check the content

- have you clearly stated who you are and what you do – the nature of your organisation and how long you have been going?
- have you included contact details - name, address, phone number and title of the contact person?
- have you accurately described your legal and or charitable status?
- have you detailed your project proposal – what you need the money for and why?
- have you evidenced the need you are identifying?
- have you shown effective monitoring and evaluation
- match funding - have identified full project funding?
- have you demonstrated that your group has the experience, skills and resources to deliver the project or allowed sufficient costs to buy it in?
- exit strategy – have you identified a route to continuing or closing the project once this funding has expired (if appropriate)?

### Check the budget (See APPENDIX 5 on detailed budgeting)

- do your figures add up?
- have you included all the costs, and are they realistic?
- have you included contributions to overheads and core costs where appropriate?
- does your proposal represent 'value for money'?

### What to enclose

Funders will tell you what they want you to enclose - follow their advice.

If there is no guidance then enclose with discretion - many organisations, especially trusts, dislike receiving unsolicited material. If in doubt advise the funder what additional information is available and the relevance of the content and leave it to them.

Remember to reference your enclosures and briefly summarise what they tell the funder

- annual report
- latest accounts (audited and approved) or current financial statement if you do not have accounts
- governance

- project budget
- letters of support – these must be specific not general – see above
- lease details on land etc
- background reports (e.g. evidencing need, demand or viability)
- partnership agreements
- evidence of match funding
- input from beneficiaries
- business plan

### Check your records

- have you listed all the forms and enclosures you have sent
- have you taken a clean copy for your file?

### Review your application

Look at it from the funder's side. It will help you to check your application by considering what a funder looks for in a good application. Statutory funders (government grant programmes) Lottery and most medium to larger charitable trusts employ grant assessors who will make a recommendation to a grant panel or board. If you understand what the grant assessor and grant panel is looking for to make a positive recommendation it will improve your application. A grant assessor will have to summarise your bid in a half page report and make recommendations to a board or a panel of trustees. In making a recommendation to fund your work or not, the assessor will comment on the extent to which your application fits the funder's criteria. When you have drafted your bid, re-read it and pretend you are a grant assessor. How would you judge your own bid?

To enjoy consistent fundraising success you have to understand what funders need to know and on what basis they make a decision.

### Key questions asked by funders

- what does this organisation specifically intend to do with this grant?
- what is their experience and ability that enables them to undertake the project - what is their track record?
- is this organisation well managed and financially sound?
- what are the arrangements for the management, reporting and supervision of the project
- how exactly will they know that the project is successful - how will the project be monitored and evaluated?
- what risks are there in the project, how will they be managed?
- do they deal effectively with equal opportunities in their work?
- does the organisation reflect the diversity of its community?
- are beneficiaries and service users be involved in the project and if so how?
- has the project been made fully accessible to all beneficiaries?
- does the project show clear objectives and a viable project plan?
- is there an evidenced need?
- is the project additional to statutory provision?

- does the organisation have a clear exit or continuation strategy that is timetabled in advance of grant expiration?
- how do they plan to finance that exit strategy?
- does this application clearly and concisely answers the questions?

So make sure you provide the necessary information to enable the grant assessor and panel to make their judgement:

### Final check - third party review

Finally, have somebody, preferably not from your organisation or familiar with your work, to read it through to check it is clear, readable, makes sense with no obvious errors or omissions.

Ask them to check whether the project comes across as:

- specific – a recognisable project, piece of work or equipment?
- meeting a clear, evidenced need, and how?
- important – to you, to beneficiaries, to funders?
- of benefit – can they see, recognise and understand the outcomes?
- realistic – does your organisation come across as credible and your project as deliverable?
- cost effective - demonstrating value for money?
- appropriate scale - to deal with the real level of need?
- passionate – have you written with the right combination of enthusiasm, belief and credibility. It is easy to become ‘dwarfed’ by bureaucratic processes and forms. Have you stayed passionate?

## CASE STUDY

### Anatomy of a successful project :

#### **Powys Canal Tourism Project Genesis**

Eleven miles of the Montgomery Canal in Wales is restored to navigation, but isolated from the national network, and consequently has been under-used. As well as boating, the canal offers other attractions for a range of other interests. The canal is exceptionally important for wildlife and the built heritage, and also part of the Severn Way and Offa's Dyke national trails.

A Development Strategy (Conservation Management Strategy) was created for the canal - the long term aim is to complete a sustainable restoration, and reconnect the canal in Wales with the national network, in the meantime more could be done to promote and maximise tourism and use of the canal in its existing state.

The Powys Canal Tourism Project evolved from this strategy, with the objectives of:

- increasing visitor numbers
- contributing to and creating jobs in the local economy
- increasing community involvement in the canal
- encouraging healthy living through access to recreation
- encouraging access to nature

Thereby building support for further major restoration work in the future.

### **Project partnership and development**

The project was led by British Waterways (BW), with partnership support from Powys County Council, the Environment Agency and Countryside Council for Wales. All organisations are members of the wider Montgomery Canal Partnership and work together on a variety of projects to manage and promote the Montgomery Canal.

Major funders were WEFO (E.U. Objective 2 funding) and Welsh Assembly Government (Pathways to Prosperity), with minor contributions from local partners. The project also integrated with other tourism schemes operating in the area, including Adfywio, a Countryside Council Wales “Access to Water” programme, and a wider cycling scheme promoted by the County Council and Sustrans.

The scheme was developed from previous similar work undertaken on the Montgomery Canal in Shropshire and other locations, but was driven by a knowledge that the numbers of non-boating visitors could be increased significantly.

### **Evidence of demand**

BW pedestrian monitoring data indicated towpath improvements can double the number of walkers along a canal. Demand and need for better access and facilities for recreation had been shown over a number of years, notably following an extensive and detailed community consultation in 2003.

### **Project outputs and outcomes**

- Over 5km of towpath resurfaced at five key locations
- 1.3 km off-road cycle route established through partnership with Powys CC, as part of National Cycle Route 81.
- 3 car parks upgraded
- Interpretation panels installed at eight locations.
- Seating and customer signage improved.
- Business network development – continuing with joint marketing of local businesses
- Artwork: eight sculptures installed.

- Promotional literature included Canoeist Guide, brochure for Monty 08 Campaign Event, leaflets for Llanymynech Wharf Visitor Centre, and a contribution to the Montgomery Canal Explorers Guide
- Active participation increased through support to Friends of Montgomery Canal (canoe hire, school event materials e.g. costumes), Duchess Countess Trust (Visitor centre promotion and projector etc for talks programme) and Montgomery Angling Association (fishing training for youngsters and fishing facilities). This also offered an ongoing exit strategy for continuing planned work

### **Funding**

These projects were delivered over a 15 month period on the ground, with an overall project budget of £582,000.

Funding sources were:

Pathways to Prosperity	£287,000
WEFO, Objective 2	£261,000
Powys County Council	£ 14,000
Environment Agency	£ 10,000
British Waterways	£ 10,000
<b>TOTAL</b>	<b>£582,000</b>

Finding a match for the main 'Pathways to Prosperity' funding proved challenging. In conjunction with Powys County Council the Partnership approached the 'funder of last resort – WEFO – which agreed to find the match in view of the multiple positive outcomes from the project.

### **Project delivery and management**

The funding covered a project officer recruited on a 15 month contract (direct costs), to deliver this project, supported by a BW project manager, who worked circa one day per week on the project (indirect costs). A steering group of partners met on three occasions during the project, but this was supplemented by individual contacts for specific works throughout the programme. BW also provided grant administration support.

### **Post project evaluation information**

Full evaluation is outstanding but:

- The Business Network Development is functional with the intention of being self-sustaining by March 2010 demonstrating improved local visitor spend.
- Healthy living and access to nature:
  - > pedestrian counter information provided a pre-project base-line. Monitoring to date shows a significant increase in use

> canoe use monitoring shows a significant increase  
> the improved canal towpath has been adopted for use by the “school walking bus”

- Increased community involvement – canoe hire, visitor centre management, fishing coaching

#### **Why were the bids successful**

- A good partnership
- Project in line with established Development Strategy for the waterway
- Clear delivery mechanisms including split between ‘professional’ and community delivery
- Clear outcomes
- Measurable outputs
- Close match with funders priorities – positive and sustainable development, environmental, social and economic impact

#### **Lessons learned from bid, delivery and project?**

- Although this project did not get the canal restored it did make significant, long lasting improvements to infrastructure (towpaths, access furniture etc). Thus a project rooted in access contributed to capital costs.
- Funders like Partnership.
- Get a Development Strategy in place first
- Keep looking for funding – seek a match and you may find!
- Be realistic on obtaining funding - delays in securing match funding meant the very tight delivery timescale was a constraint. The project was planned to last 30 months, but had a delivery period of only 15 months.
- Consequently the project was reliant on working with community groups to deliver the activities programme, which they did very well - out of strife can come improvement!
- Your plans and budgets must be flexible to funder’s timescales rather than your own
- Be realistic on complex outcome delivery - the Business Network development requires longer than planned to become self-sustaining.

#### **7.8 Why applications fail**

- you didn’t fill the forms in correctly or answer all the questions
- you used the wrong forms
- you developed the project you wanted to do rather than one with proven need
- you missed the deadline
- your organisation isn’t eligible
- your project isn’t eligible

- your project doesn't meet funders aims and objectives
- somebody else is already meeting the need
- poor planning or budgeting
- poor project management
- project unlikely to achieve outcome
- poor quality or missing information
- monitoring and evaluation proposals are unconvincing
- lack of credible exit strategy

If your application fails, ask for feedback and whether a revised submission is permissible and has some prospect of success if you overcome the deficiencies of the original project and application.

But remember many funders will not give you a second chance, so work hard to get it right first time

### **Don't**

- invent need – prove it!
- write a bid without a plan
- ignore what grant assessors need to know
- write long sentences
- repeat yourself
- use jargon
- forget to convey your passion for your project, balanced with credible evidence
- ignore the funder's criteria for giving
- undercost your budget
- include non qualifying costs or add costs that you cannot justify to the funder
- use inappropriate lobbying
- forget the importance of partnerships
- mistake enthusiasm for relevance – just because you want to do something doesn't make it a good project – prove it!

## **8 Individual and corporate giving – an overview**

### **8.1 Introduction**

This section is intended to provide only an overview of the potentially very complex process of raising funds from individuals and businesses. You may well want to take specialist advice, particularly as this work can be time consuming with variable cost-effectiveness. Appeals, events and mailing campaigns are all potentially good sources of funds but should not be approached lightly. Treat them as projects and develop them along the lines described in Section 6 - Developing Projects - and manage them in line with APPENDIX 8 - Project Management.



The income we are discussing here is money given directly to an organisation or cause by an individual or business. It can be cash placed in a collection pot, a large donation, a standing order or a legacy. It might be given because the giver is a member of the organisation or supports the cause or a particular project it is pursuing. It may be given because a friend is running in a marathon to support the cause or because a relative has enjoyed the benefits of say a boat trip service for the disabled.

Unlike grants, this income stream can have the benefit of being unrestricted. It is important to understand the distinction. Restricted funds have to be used for the purpose for which they were given. This purpose may be narrower than the organisation's objects. A donor can require the organisation to spend their donation in accordance with their wishes and thus creates the restriction.

Unrestricted funds are funds an organisation receives to further its objects. Even if the donor specifies that it expects funds to be treated as restricted, if an organisation has narrowly defined objects, then funds it receives may be a perfect fit for its objects and so effectively be unrestricted. The recipient may have to judge whether new incoming funds are restricted or not.

If you are applying for grants these may only cover say 50% of costs and you need 'match funding' for the difference. It may be another grant source can provide the match but having unrestricted funds of your own improves your options and flexibility.

Whilst many organisations see individual giving as an easy source of large amounts of income for core costs or projects this is generally not the case. Recruiting individual supporters on any scale costs money and resources. It can take several years before return on investment is seen. You need to carefully consider whether it's right for your organisation and or project.

The key to fundraising through giving is sustainability – acquiring a new donor is harder than keeping hold of an existing supporter. So to enjoy sustainable giving to your organisation, in addition to a professional approach to the fundraising itself you must be able to succinctly explain to potential supporters:

- who or what is asking for money – the organisation
- why you are asking for money – the organisation, its aims, maybe a specific project
- how it will be spent – where will the money go, breakdown of projected income and expenditure
- how it actually is spent – where did previous donations actually go – describe previous projects or programmes

Good strategic planning expressed in a credible business plan, demonstrating good organisational management and a clear development strategy will ensure there is clarity what your organisation is, what it does, the difference that it makes, how it performs and where it is going.

Distil this information into the right sized package for the audience and your message will be clear and your chances of success improved. In other words it is about the right information, well communicated to the right target audience.

## **8.2 What are you raising funds for?**

When raising funds it can be helpful to separate your efforts between:

- fundraising for the organisation
- fundraising for a specific cause or project

It may be that your fundraising covers both headings but creating a funding appeal around a specific cause or project may encourage more giving or new giving which, if you follow the donor cycle identified below, can be a route into retaining and developing your donors.

## **8.3 Acquiring donors and retaining donors**

Fundraising is to a large degree about effective, well organised communication. Effective communication will ensure your existing supporters continue to donate and penetrate new markets to help you acquire new donors.

However your supporters give and whatever communication and fundraising techniques you intend to use you need you need to think about your work under two headings.

- acquiring donors - the process of attracting new donors to your cause
- retaining or renewing donors - the process of ensuring those new donors you have attracted stick with your cause, hopefully become regular givers (and potentially legacy givers) and act as advocates for your organisation, causes and projects.

Not for profit organisations are doing well if 85 percent of donors renew their support each year, so if no more than 15 percent of donors leave each year you are performing well. In practice it is more expensive to acquire new donors than it is to retain existing donors, so your fundraising needs to strike a balance between retaining and developing existing donors and acquiring new ones. You need a well-planned, annual donor acquisition program. You cannot afford to simply communicate with your existing donors only. You need to replace the donors who don't renew. Without a steady influx of new donors, you will be moving backwards each year, not forwards.

Following this donor cycle will help you optimise your fundraising activity:

- acquire new donors
- convert one-time donors to repeat donors
- renew your donors
- upgrade your donors
- reactivate your lapsed donors
- acquire regular donors
- raise major gifts

Underpinning this work is a well managed, constantly updated supporter database which must:

- comply with data protection rules
- record full correct name
- identify donors contact details – mobile phone, landline phone, email, address
- record donor details – length of involvement, previous donations, key characteristics
- provide records of contacts – how, when, results

You can then use one or more of the fundraising techniques identified below to communicate and make the ask. A well managed database will allow you to record how and when you communicate with each donor so you can ensure this is professionally managed and allow you to record the relative success of individual approaches or campaigns.

In the case of all techniques you can ask for both a one-off donation or regular donation and, where appropriate, take the chance to introduce Gift Aid, Payroll giving, increased donations or, only where absolutely appropriate, legacy giving. Finally, a commitment to saying thank you and to publicise what was achieved with the money raised can make a real difference to future donations – use your database and communication techniques effectively to do this.

## 8.4 Fundraising techniques

### Appeals

Many of the individual fundraising techniques described below might be used to support an appeal for a specific project. In developing your fundraising strategy you could identify the need for an appeal, do an assessment of the various fundraising techniques possible and select those most cost effective and suitable for your organisation to deliver the appeal.

### **CASE STUDY: APPEALS** **BARGE LOCK – DROITWICH CANALS**

#### **Introduction**

The Waterways Trust is a partner in the Droitwich Canals Restoration Partnership project to restore the Barge and Junction Canals.

Lead funding is being provided by Heritage Lottery Fund, Advantage West Midlands, the local authorities and British Waterways.

The Trust is working to raise £459k of match funding for the project from a range of sources including lottery, landfill, charitable trusts and individuals.

In preparing a fundraising strategy and plan, the Trust had identified waterway enthusiasts as a potential source of income for the project. The Trust's experience of past restoration appeals had highlighted that an appeal which specifically focussed on the interests of this group was likely to be more successful than a general approach.

Discussions with the Inland Waterways Association confirmed their support for the project and their willingness to work with the Trust to fundraise effectively from its members and other waterway supporters.

The Trust and IWA agreed that an appeal to waterway supporters which focussed on a specific structure was likely to be much more compelling than, for example, asking for donations to support the restoration in its entirety.

The Barge Lock was identified as a suitable focus for an appeal. £100k was needed for the restoration of this structure and from past experience, this was felt to be a realistic target. Waterway Recovery Group volunteers were planning to complete most of the restoration work on Barge Lock, making this a particularly relevant project to waterway supporters.

### **Objectives**

To raise £100k over one year for the restoration of the Barge Lock.  
To raise the profile of the Droitwich Canals Restoration amongst waterway supporters.

### **Techniques and Tactics**

#### Appeal Leaflet

The Trust worked with a specialist charity direct marketing agency to design and produce a six page appeal leaflet. The leaflet described the importance and significance of the Lock as the vital link between the Barge and Junction Canals. It stated clearly and repeatedly that £100k was needed to complete the restoration. It provided details of the work which needed to be done.

The IWA's support for the appeal was strongly promoted by the use of their logo and the inclusion of a passionate request for support from John Fletcher as the current Chairman of the IWA.

Three levels of giving were set out with associated benefits. For example, an individual or organisation giving £120 became a Bronze Supporter. To recognise their contribution, their name will appear on a 'Brindley' post alongside the Lock and they were invited to a special event to celebrate the opening of the Barge Lock. Silver and Gold Supporters (£2k and £5 gifts respectively) will also be invited to the opening of the Droitwich Canals in 2010.

#### Events

Waterway Recovery Group also organised a cycle challenge and race night to raise funds for the Barge Lock Appeal.

### **Distribution**

129,000 appeal leaflets were distributed via:

- inserts in specialist publications e.g. Waterways World

- mailing to IWA members with covering letter from Chairman of the IWA
- displays at waterway events

Leaflets were coded to enable an analysis of which distribution channels were most productive and cost-effective.

### **Promotion**

The Barge Lock Appeal was launched with a photo call at the National Waterways Festival in August 2007.

Press releases and direct contact with waterways press generated editorial coverage.

### **Supporter Communications**

The Trust processed all donations and acknowledged gifts. All donor details were recorded on the Trust's specialist fundraising database. Supporters were sent updates on the progress of the appeal and the restoration. An update mailing in Spring 2008 was used to ask existing supporters for further donations.

All Bronze, Silver and Gold Supporters were invited to an event in September 2008 to celebrate the opening of the restored Barge Lock.

### **Results**

680 individuals and organisations supported the appeal. 300 of the responses were initiated by the mailing to IWA members. £100k was raised between August 2007 and August 2008.

### **Evaluation**

Knowing the audience and working with the IWA helped to ensure the success of this appeal within the tight timeframe. The details of the appeal were discussed and agreed in advance with the IWA to help ensure a good response from recipients of the leaflet.

Careful planning of the leaflet distribution helped to ensure cost-effective use of the leaflets.

The agency employed to organise the production and distribution of the appeal materials made some errors in co-ordinating the work of their suppliers. These were unexpected and difficult to foresee given that the agency was used to working on larger and more complex appeals and campaigns.

## 8.4 Fundraising techniques

### Cash collections

Raising money on the street or through house to house collections is a well established route to raising funds. It is not easy to convert this work into acquiring regular donors but regular collections at reasonable intervals may generate regular donations in this way or you may be able to ask donors to sign up to a direct debit.

Consider:

- a short, simple script for your collectors
- a uniform (a standard T-shirt or cap may do)
- thank you stickers or cards to spread the message which should include contact details and web address to allow later conversions
- collection boxes in pubs, clubs, shops, cafes etc

Make sure you

- get consent from pubs and shops etc where you make collections leave collection boxes, ensure they are safe and secure and emptied regularly
- get a license or permit from your council in advance
- provide collectors with id. cards and badges and sealed collection boxes
- count funds collected under a set procedure in a safe place. You should ensure at least two people are always present
- bank cash promptly

### Email, direct mail & newsletters

A newsletter gives you a chance to tell supporters about what's new in your organisation, how existing campaigns and causes are performing and how their contribution has helped. The focus is on informing and reinforcing giving although it should be used as an opportunity to ask for more support – if you can show what existing donations are doing you should have more success in asking for more. Direct mail is increasingly shifting from postal newsletters and requests to email approaches but direct postal mail inserts and mailings are still relevant. You may want to take specialist advice on what is a complex and potentially expensive enterprise.

Emails are particularly useful in encouraging supporters to visit your website where they can sign up, make a donation etc. and can be inexpensive. A clear link or links in your email newsletter will take supporters straight to what should be an up to date informative site. Or you can link direct to the donations page where one-off or regular donations can be made online and you can offer the chance to become regular givers online.

Key elements of a successful email are:

- an interesting subject line
- address the reader by name or a sender's ID that the reader recognises
- a strong opening sentence and paragraph,
- short sentences and a punchy style that feels easy and quick to read
- HTML rather than text for ease of layout and visual appeal, with the facility to send text emails to people whose computers can't read HTML.

- in layout terms, it pays to have all the most attractive points in the top half of the first page, as the lower part will be out of sight when the reader first opens the email.

However be aware of legislation on email newsletters, including legitimate use of mailing lists and the need for clear, effective unsubscribe options. Be aware of the potential negative reaction to email approaches as ‘spam’ expands daily. The same principles apply as to postal approaches – many organisations feel that a maximum of four approaches per year is probably a safe approach. Ensure it is clear that your email is what it says it is or it may be deleted unread anyway.

### **Follow these guidelines:**

- *Never ‘Spam’* - if recipients haven’t given you permission to email them, it’s spam. And that little email could get you into a lot of trouble (even if it’s just to a few people), and can create a very negative impression of you and your cause
- *Collect addresses in a responsible manner* - while unsolicited mails don’t work, opt-in emails do. These are email lists created because the donor asked to be added to the list. But there are methods that are considered ethical and responsible for collecting email addresses, and others that aren’t. Be ethical, and use permission marketing techniques (your customers ask to be added to a list, or willingly give you their email address in return for a service you provide them with, and for which you indicate that they will receive regular emails). Your supporters will appreciate it, and you’ll see much better response rates and fewer negative feedbacks and spam warnings.
- *Provide contact information* - let folks know who you are. It’s good practice, and reassures them that you are a real, ethical, responsible organisation they want to engage with. When you provide them with a clear email address or (free?) phone number that they can reach you on in each of your email communications, you’ve helped establish your reliability.
- *Provide a link to your web site* - the real purpose of email marketing is increasingly to bring people to your web site where you can ‘make the ask’ and give responders the chance to sign up or make a donation. Include a clear link to your web site in each and every email communication that you send out, even if it’s a donor survey. This way, you’re giving potential customers a chance to contact you, and learn more. And encourage them to do this: make your link entice them. Instead of a plain link, why not say, “Read about our latest campaign” for your link.
- *Keep it short and simple, use good grammar, get your spelling right and be polite* - it’s not complicated is it! Thank your contacts; let them know that you appreciate them
- *Be honest in your communication* - don’t try and “trick” supporters into opening your emails; instead, get them curious, or state clearly a benefit or opportunity that your email will provide them with, and then deliver it in your email. This creates a “win-win” situation: they’ve received real, honest information, and you’ve maintained positive contact with your donor base.

You may want to work with an email/internet fundraiser such as Euro DM Ltd <http://www.eurodm-drfgroup.co.uk> who provide basic email and direct mail guides at their website (other suppliers are available!).

If you are considering buying mailing lists, take specialist advice and ensure the list is particularly targeted at the special interest of your project or the demographic it is relevant to. Buying mailing lists is a short term fix which can be anything but cost effective – the reality is the hard slog of building your own database and keeping it ‘clean’, well managed and efficiently used is the way forward.

### **Internet**

A good well designed website can be developed for a few hundred pounds. By all means use a volunteer but a badly designed website can be actively off-putting – get it right or don’t do it at all. If in doubt use a professional – Baigent ([www.baigent.net](http://www.baigent.net)) specialise in fundraising web sites (other suppliers are available!).

It is increasingly easy to equip your site to take donations online either directly or via a provider such as Worldpay.

Links from newsletters encouraging donations should take the user direct to the right page – either a further information page which has a link to the payment page or straight to the payment page.

Remember the golden rule – if it takes a user more than three clicks to get to where they want to be then they will leave!

Your website should:

- tell your story in a short paragraph on the home page
- meet existing web design standards for access
- be easy to navigate
- be regularly updated ( your home page can usefully be a mix of a static ‘core’ message and regularly updated news with links to more information on each item)
- reflect your organisation in both style and content
- be well optimised – search engine optimisation (SEO) is a science in its own right but essentially unless your site is well optimised for Google then unless folk know its exact URL they won’t find it
- be secure – if you are taking money online you must use a secure payment provider (e.g. Worldpay, Protix)
- enable visitors to ‘register’ and volunteer to be added to your regular mailing list

### **Mobile devices - SMS and Text**

Effective use of modern techniques places ever more emphasis on effective, accurate collection of donor information, recorded in a good database with regular targeted approaches. Increasingly collection of mobile numbers is playing a part in fundraising. SMS and/or text can be used to hit donors with breaking news, new campaigns or activities and should include a web link to enable conversion into active support. This area of opportunity may develop significantly over coming months and years so should be kept regularly reviewed in your fundraising strategy.



## **Press, Radio and TV**

The most effective use of high cost media such as TV is through editorial content. Advertising at commercial rates is prohibitive for most organisations seeking to raise money. Instead an effective communication and marketing strategy will promote your work in a way that attracts the attention of the editor. The reality is that with the proliferation of media there is increasing demand for 'content'. So market your causes and campaigns effectively (see Appendix 6 on Writing Good Press Releases and a sample press release), be aware of any regular opportunities in local or national media to promote your organisation or cause (many local papers will have an 'Around your local Clubs' section or similar).

In particular you can focus on the specialist waterways press – Waterways World, Narrowboat World (online), Canal Boat, Towpath Talk, and Canal & River. The waterways press is usually keen to support fundraising for a waterway project or organisation. However if you want to expand your donor base beyond those who are naturally interested you need to ensure you penetrate mainstream media too.

## **Raffles, lotteries, auctions and competitions**

Consider 'traditional' fundraising techniques such as raffles or lotteries. A raffle normally involves donated prizes whereas a lottery may involve a prize of a sum of money proportionate to the total takings. You may require a license – check with your local authority but in all cases publicise clear rules and make core information publicly available:

- name & address of organisation
- clarity on the cause
- what are the prizes
- how will they be distributed
- if sales don't meet targets explain the pro rata method for distributing funds
- dealing with uncollected prizes
- ticket prices

## **Activities and events**

Many organisations raise funds through carrying out community fundraising activities. As well as raising valuable funds, these activities are a great way to involve more people and raise the profile of your group and your cause with the wider community. However, perhaps even more than other fundraising methods, these activities need careful thought and planning as it is easy to damage the reputation of your group through inappropriate requests for funds. So whilst this work may be particularly suitable for volunteer helpers, ensure the project is managed professionally and in line with your organisational standards.

Raising money through organised fundraising events can be hard work but they can also be fun and a good way of raising money quickly. They also provide great opportunities for publicity to raise the profile of the organisation and to attract new members or supporters.

Examples include sponsored walks, fun days, car boot sales, festivals and fetes. Right up to overseas treks or cycle rides, where the participants pay their own costs and raise money from friends and family. Some organise dinners and entertainment

or events, where individuals buy tickets to attend, supplemented by other fundraising activities such as a raffle or fundraising auction.

Put together an action plan outlining who's doing what and when, draw up a simple budget for any costs, plan how you will publicise your event, check out legal issues like permits and licenses, and think about health and safety, handling cash and insurance. For some events, your group may need to take out insurance against public liability, theft or damage and even against the possibility of bad weather for an outdoor event. Licenses may also be required for lotteries or serving drinks.

Local clubs, schools and youth groups can be a good source of help. They could organise an event to support your organisation, which also helps to raise awareness of your cause and may help to recruit future supporters.

Local businesses often get involved with fundraising events. Similarly, local groups and associations, such as Round Table, are often willing to fundraise for local or national causes. Often these groups have an idea of how they might wish to fundraise, and your role would be to ensure that the proposed activity is in line with the reputation of your organisation.

When working with clubs and associations, you need to be clear about the level of support that your organisation can give. Permission must also be obtained beforehand when young people are involved, whether that is from the school or from parents. All activities must be safe and legal:

- ensure any activity is within the aims of your voluntary or community organisation
- make a realistic plan to check the planned event will earn income, and to help you to manage the activity effectively
- do a risk assessment of the event for things that could go wrong. For example - if it's an outdoors event, what happens if it rains?

Events usually involve a high staff and/or volunteer input. Success can be difficult to judge, especially if it's a new activity or event – try and put in place monitoring mechanisms for measuring success of events (money raised, numbers of attendees, emails collected etc). Do your research. Ask others who have carried out similar activities for advice. Be conservative in estimating income!

### **Face to face - making the ask**

Making the ask - "the ask", is fundraising jargon used to describe the action of committing yourself to asking for a specific amount of money. It is a curious fact that many fundraisers are happy with their involvement in the entire fundraising process until the point where it all comes together, when the planning and communication comes to fruition and it's their job to 'ask' for the money.

So your organisation needs to develop an 'asking' culture whereby your fundraisers are comfortable with the process of actually asking for money. Techniques will vary dependent on the fundraising tool in use but for example equipping a fundraiser for a one to one visit with a potential supporter might include the following:

- a Case Statement: If you were to make a defence for your cause, what would you say? In a few paragraphs, powerfully express why someone should be

interested in giving their hard-earned money to this cause? Why is this the time? You might include a projected timetable for your organisational goals and how much it'll take to achieve those goals. You can use the 'What difference does the organisation make' work from the Strategic Planning section of this guide

- who? Who are the people undertaking the work? Why are they engaged with and enthused by this project? How are you changing the lives of people? Tell your story. Include a list your Trustees or Board and a brief explanation of any existing work and partnerships. People may be inclined to giving but they may need hard information to back-up an emotional inclination to give and its often people rather than things that makes the difference.
- The techniques:
  - good negotiating skills – let the donor decide! After a donation amount is mentioned, you should always wait for the donor's reaction, no matter how long it takes. Do not jump in with a smaller amount or an alternative. Philanthropy is about offering a donor the opportunity to make a gift so do it then shut up!
  - breaking down the ask - it's helpful to breakdown the amount you want to raise into different giving levels and/or sponsorship opportunities
  - how much to ask for - whatever fundraising technique you are using, think about your donor and their history of donating. Ask for a specific amount (If in doubt agree a set standard amount). Consider breaking down the ask into either specific items a donation would fund (e.g. £25 pays for one metre of upgraded towpath), different giving levels and/or sponsorship opportunities to give supporters the chance to select a particular option or interest that suits them

These issues relate to organised one to one meetings but also, face to face at events and identified locations and door to door require a similarly disciplined approach.

### **Telephone fundraising**

A more cost effective approach than personal visits, which can usually be reserved for significant donors or potential significant donors, phone calls still allow direct personal contact and should be approached like the personal visits detailed above. Telephone fundraisers must be properly trained before they start calling, with clear empathy for the cause, culture and style of the organisation they represent.

### **Legacies**

A legacy is a donation provided by someone leaving a bequest in their will. Larger charities are more likely to benefit from this source of income than smaller local voluntary and community groups but smaller groups with well established memberships can do very well.

Legacies represent a sensitive area of work and need handling carefully. Smaller organisations can attract some legacy income and it may be worth considering whether this form of fundraising is right for your organisation. Or you could consider offering some form of commemoration or memorial — such as providing a plaque, a waterside tree, bench or artistic installation paid for by a donation.

You will need to develop appropriate materials and leaflets to suggest that people could consider leaving a legacy in their will or donate to your organisation in the name of a loved one. This might just mean showing it as an option in your fundraising literature. Have a look at how some of the bigger charities approach this type of fundraising and think about what would fit with your organisation. Legacy fundraising is a long term commitment, is unlikely to be appropriate for organisations and projects which may have a shorter-term life cycle and, with the exception of legacies from established contacts, should normally be tackled by fundraising professionals.

Consider approaching local solicitors with your fundraising literature, encouraging them to include your organisation in any information they use for legacies. Remember a Charity [www.remembercharity.org.uk](http://www.remembercharity.org.uk) enables you to find and will to a charity that matches donor interests

Will to Charity [www.willtocharity.co.uk](http://www.willtocharity.co.uk) is aimed at those making or drawing up a will. It provides a search for charities benefactors might wish to leave a legacy to, by type of organisation, cause or location. Charities pay a subscription to be listed on the site.

### **Tax effective giving**

Gift Aid increases the value of donations to UK charities by allowing them to reclaim basic rate tax on your gift. If you pay higher rate tax you can claim extra relief on donations. If you claim age- related allowances or tax credits, Gift Aid donations can sometimes increase your entitlement.

Charities can recoup tax on donations from UK tax payers by registering with HM Revenue and Customs and using the Gift Aid scheme. The Gift Aid scheme is for gifts of money by UK taxpayers. Charities or CASC's take your donation - which is money you've already paid tax on - and reclaim basic rate tax from HM Revenue & Customs (HMRC) on its 'gross' equivalent - the amount before basic rate tax was deducted.

So if donors use Gift Aid they make their donation worth more. For every pound you give, your nominated beneficiary gets an extra 25 pence from the Inland Revenue. To qualify for Gift Aid, what you pay in UK income tax or capital gains tax must equal the amount we will claim in the tax year.

So a £100 donation could be worth £125 if you use Gift Aid – i.e. your gift could be worth an extra 25% if you use Gift Aid.

Find out more about Gift Aid from HMRC [www.hmrc.gov.uk/charities/gift-aid.htm](http://www.hmrc.gov.uk/charities/gift-aid.htm)  
Or from Direct Gov  
[www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/GivingMoneyToCharity/DG\\_078490](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/ManagingMoney/GivingMoneyToCharity/DG_078490)

### **Payroll Giving**

Payroll Giving is a unique way for people to give regularly to charity. It allows employees, or occupational pensioners, to give money to any UK charity directly

from their pay, before tax is deducted. This means that it costs the donor less and charities get more.

Currently, over £85 million is raised for charitable causes through Payroll Giving, but there is scope for much more.

Providing that your employer offers a Payroll Giving scheme it couldn't be simpler. Once your donation is set up, you don't have to do any more - each week or month your charity will benefit.

You authorise your employer to deduct regular charitable donations from your pay. Your employer then pays those donations to a Payroll Giving Agency approved by HM Revenue & Customs (HMRC). The agency then distributes the money to the charity or charities of your choice.

The agreed deductions your employer makes from your pay are done before you pay tax, which means that you get tax relief included in your donation at your top rate of tax and it is simple to do.

For example, if you pay tax at the basic rate it will only cost you £4.00 to donate £5.00 to the charity of your choice.

For more information about the scheme and how to get involved, see:

[www.hmrc.gov.uk/payrollgiving/donors/index.htm](http://www.hmrc.gov.uk/payrollgiving/donors/index.htm)

[www.payrollgiving.co.uk](http://www.payrollgiving.co.uk)

## 8.5 Business or corporate giving

### Introduction

Companies support voluntary and community groups and social enterprises in a variety of ways. Financial contributions from companies only makes up a relatively small percentage of voluntary sector income, but there are many other ways national and local firms can help. These include staff expertise, donated equipment and excess stock, or providing prizes to be used in raffles.

Companies give to charities or causes for a number of reasons. These might include:

- creating local goodwill
- improving staff morale
- associate themselves with particular causes (perhaps related to their sphere of business or geographical location)
- as part of a marketing strategy
- responding to appeals

However, companies rarely donate money out of simple philanthropy. There is usually some sort of 'trade' involved. Voluntary and community organisations must satisfy themselves as to the ethics of taking money, goods or help in kind from businesses. A company may use business practices or produce products that could damage the image of your organisation.

Agreements should only be entered into when all the implications have been carefully thought through. Be aware of the pros and cons of corporate support before entering into any agreements. Take as much expert advice as is available. Be clear about what your organisation is committing itself to. Be clear what the gains are for you and for the commercial company - are they reasonable to both parties? Be clear that the partners are a good 'match' in terms of ethics, values and principles.

### **How companies might help**

The ways companies give includes:

- support in kind, such as their products, materials , redundant equipment or premises
- advice, skill sharing and support. Local firms such as solicitors, accountants or architects may offer their services for free. See Pro-Help , Business in the Community, Law Works, REACH and In Kind Direct
- contacts - business people can be useful in identifying others in the local business community to fundraise from.
- employee secondment or volunteering. Companies may second staff to help local groups or organise voluntary activities with their staff, including fundraising. This may require extra work for your group in managing the people.
- enrolling for payroll giving – (see Tax Effective giving above)

The Charities Commission provides advice on the merits and risks in commercial partnerships and sponsorships - <http://www.charity-commission.gov.uk/publications/rs2.asp>.

### **Approaching a business**

Do your research and find out if the company supports or is interested in your particular project or your cause. Get a named contact and address them personally. Make it clear to the company how they will benefit - this is effectively a trade – you should think about what might be in it for them before you make an approach.

Adapt the letter template in Section 7 with more emphasis on the mutual benefits and allow enough time for their internal company approval systems which can be lengthy. The Company may have a formal application form – ask for it and for any guidance notes then follow the approach in Section 7 on writing applications and proposals.

## **9 Using fundraising consultants – an overview**

### **9.1 Introduction**

You may wish to consider using a fundraising consultant. Particular circumstances might include:

- lack of in-house resources or ability
- a specific project needing dedicated resources
- a specific area of fundraising e.g. talking face to face to (potentially major) donors – many people are particularly nervous of this area of fundraising

- a technical project requiring specific technical skills (e.g. a European Funding bid or a complex biodiversity project needing a combination of technical and fundraising/bid-writing skills)

Broadly, consultants will fall into two categories, although larger consultancies may offer multi- disciplinary teams:

- fundraisers
- bid writer

Fundraisers will normally work around the 'giving' side of fundraising, organising specific appeals or managing your entire donation based fundraising from creating and managing databases to approaching individual donors.

Bid writers will normally take a specific project aimed at a funding stream they are familiar with and convert your project business plan into a credible bid document. Use the contents of this guide to ask your bid-writer the questions we ask you to ask yourselves and this can be effective.

## 9.2 Selecting a consultant

If you are considering a fundraising consultancy the Association of Fundraising Consultants membership list is vetted and references are followed up every two years. Annual audits establish Members' compliance with the Association's Code of Practice - [www.afc.org.uk](http://www.afc.org.uk)

Charity Fundraising Ltd is a UK fundraising consultancy offering a range of fundraising services to all sized charities - [www.charity-fundraising.org.uk](http://www.charity-fundraising.org.uk)

The Fundraising Standards Board (FRSB) champions best practice in fundraising - [www.frsb.org.uk](http://www.frsb.org.uk)

## 9.3 Working effectively with consultants

The work any consultant in any field does for you is only as good as the brief you provide. So go through the Strategic Planning process first (Section 3), establish your Development Strategy, be clear about your priority projects, assess your capacity to undertake this work yourself or develop the capacity to do it and then, only then consider appointing a consultant.

Remember:

- be clear about the terms of engagement – develop a written contract specifying the services including explicit agreement on fees and when they are due.
- specify regular progress meetings with a clear agenda
- it is better to contract a consultant for a time bound period or to develop a specific project, rather than on a results basis which is generally viewed as unethical and could encourage misrepresentation of your organisation, damaging your reputation and sustainability
- you need clarity on the division of labour between your consultant and your in-house team