

Funding

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This is only an overview of funding – for more information please refer to the list of publications and websites at the end of this section.

5.1 Business Plan

The process of developing your business/charity depends on having a robust business plan in place, and this in itself can be a long process, involving staff, trustees, partner organisations in developing your mission, and working out the objectives and actions that support it.

As part of this process it is vital to examine all the business opportunities available to you, and to identify your organisation's strengths for delivering each of these opportunities, which you can make the main feature of any funding application. The business plan process will also help to work out how many staff you will need for each opportunity, and supporting resources, such as office space. Being opportunistic about funding applications (within your objectives) is the only way many charities can survive.

5.2 Match Funding

If you are raising money you need to consider whether match funding is needed. Government grants and Lottery funding will only give you a certain proportion usually 50-80% and you will need to find the remainder as match funding. This sometimes can include the use of what is called 'in kind' funding by, for example, directors of the company or by volunteers. Remember however that 'in kind' is not cash and must appear in both sides of

the funding calculation, as an in kind expense and as in kind income.

5.3 Where to look for funding

There are a range of areas you can try for funding;

- Grants, for example from Natural England, government departments such as Defra and local authorities. AONB Partnerships are a further source, through their Sustainable Development Funds.
- The Landfill tax scheme and the aggregates levy are an unusual form of grant predicated on a tax on land fill operators and aggregates extraction companies. Landfill tax is usually accessible by charities which are registered environmental bodies, and the aggregates levy is distributed by local authorities and some national agencies
- Trust funds often prefer funding registered charities or community groups. See Further Information below.
- European funds are usually accessed through your regional development agency, and you will almost certainly need to be part of a significant regional partnership to be able to apply. A percentage of European development funds are delivered through Leader projects, developed to support local actions within a particular area, usually rural. Leader projects will usually agree to fund smaller projects relevant to the area.
- Business sponsorship is a way of accessing funds, although lead times with sponsors can be as much as a year long. You will need to have a marketing plan to persuade a sponsor

you are worth investing in. For example, if it is to do with branding and it is a large company, they will normally expect hundreds of thousands or perhaps even millions of people to see their brand. If it is a particularly small sponsorship then they just may want a logo to be put on posters for advertising, or flyers for an event.

- Membership income and gift aid is another form of potential income, but the cost of membership benefits can be significant for smaller organisations, and may use the majority of income generated.
- Donations and legacies are a further way of raising funds.
- Bids through the Regional Forestry Framework process to access public funding will be one other area in the future and it seems almost certain that partnership bids with a number of partners are much more likely to receive funding than single bids.

5.4 Reserves

The other issue that you need to take into account with funding is that if you do set up an organisation you will need a reserves policy. If you are going to employ staff you need between three to six months cash set aside in reserve to cover your statutory obligations, for example redundancy payments, if your project ever has to be wound up.

5.5 Funding Cycles

You will also need to take into account funding cycles, for example local authorities will often set their budgets for the year ahead in September/October of the proceeding year and if you miss that deadline then you will not be funded in effect for the next one and a half years ahead. Many grants will also have long lead times for funds and it is important to check out on their web sites or to contact the organisations involved and find out when the timings for funding are. With trust funds, often the Trustees will only meet every quarter and again it is important to know when these dates are.

5.6 Administration Requirements

The administration requirements of any funds should be researched. European funds, for example, can make heavy demands on your systems and staffing and will certainly need a finance officer/administrator to manage them effectively, either in-house or brought in on contract. This would need to be built into the funding application, unless you are part of a larger partnership of which you are not the accountable body. Audit requirements of these projects are onerous and only medium size organisations should consider applying. Obviously, some smaller funds such as from local authorities or trusts can be much less admin heavy.

5.7 Trading/Services

There are other ways of raising funds such as running training courses and offering consultancy services, and selling goods. Charities with over £200,000 total turnover can currently sell up to £50,000 worth of goods per year, before they have to consider setting up a subsidiary trading company. (Ref: Charity Commission publication, Charities and Trading: CC35 – version April 2007 www.charity-commission.gov.uk)

5.8 The Pitfalls

The final rule of thumb with funding is not to assume every application will be successful. SWA submits around 2-3 funding applications per month, and expects to be successful with at least one in five of those applications. Some of the applications can take up to a year to develop, so you need to build in the time and the cost of preparing these bids.

In England, with the establishment of the nine regions, funding is increasingly regionally focused. There are different rules in Wales, Scotland and Northern Ireland, so if you are a national organisation you will need to take account of the variations in funding in the different countries.

Other issues to take into account about funding are whether the grant, for example, is paid in advance or in arrears. If it is paid in arrears how will you manage to fund the project till the grant arrives. Is the grant paid quarterly or monthly? Monthly claims may reduce your cash flow problems but will it cause your finance staff too much work?

An example of the financial management system used by Small Woods is at the end of this section on page 4

Further information

www.biglottery.org.uk – the organisation which is responsible for allocating half of the National Lottery funding.

www.dsc.org.uk – The Directory for Social Change, they have a directory of Trust Funds on a searchable CD Rom

www.englandsrdas.com – England's Regional Development Agencies website.

www.grantfinder.co.uk – by subscription only and available to Government and Public sector organisations and industrial organisations (over 250 employees)

www.grantnet.com – a free website for start-up or small to medium enterprise (up to 250 employees) with links to Business Link, Business Gateway, Business Connect or Invest Northern Ireland.

www.governmentfunding.org.uk – free online information for the voluntary and community sector about Government funding, although currently not all Government departments are linked into the site, it does have links to regional government offices.

www.hlf.org.uk – The Heritage Lottery Fund

www.lotterygoodcauses.org.uk - information on how to get Lottery funding and the organisations that distribute Lottery money

www.trustfunding.org.uk – also part of the Directory for Social Change. An on-line, constantly updated, searchable website with Trust Fund information for which you need to pay an annual subscription.

