



# **How to Write a Funding Strategy**

## What is a funding strategy?

A funding strategy is a written and agreed plan that determines the financial requirements of an organisation or group over a length of time. Generally, a funding strategy covers a three to five year timescale and details the plans for the end of that period. It is a document that should outline how you are going to raise money and resources in order to carry out the objectives of your organisation or group. Your funding strategy should be a practical, working document that can be understood by Trustees, staff and fundraisers. A funding strategy should be based on a long term action plan and adhere to the aims, timescales and resource requirements outlined in it.

## Why have a funding strategy?

- It enables an organisation to ensure that there is a clear plan for delivering the service in the future and a shared understanding of how this will be achieved.
- It will demonstrate to potential funders that an organisation has carefully thought through the process of securing ongoing funding for the work it hopes to deliver in the long term.
- It helps to prioritise fundraising work and avoid wasting time and resources.

## How to write a funding strategy

Initially you will need to consider these six key questions:



### 1. What are we going to do?

Be clear about the aims and objectives of your organisation or project and what it is that you are trying to achieve. Decide what is special or unique about your project so that you can demonstrate the reasons why you should be funded to carry out your work. Also find out who is doing similar work and consider whether it would be possible to build partnerships with other organisations to combine efforts and resources.

### 2. Why are we doing it?

Ensure that you have established a need for your project and can demonstrate this to potential funders. Think about who will actually benefit from your activity and what would happen to them if your organisation did not exist.

### 3. Who will do it?

Decide who is responsible for fundraising and the most appropriate fundraising structure for your organisation. For example; Trustees / management group, sub group (e.g. 'Friends of...'), volunteers or key staff.

### 4. Where will we do it?

Consider the location of the project, the area that you will be covering, who you are hoping to reach and how this will affect potential sources of funding (e.g. will the project be based in an affluent area or perhaps an area experiencing regeneration?)

### 5. How will we do it?

Determine the methods and resources needed for you to fundraise effectively (e.g. staff, volunteers, admin support etc.) - It can help to draw up a shopping list of requirements. Organising your own fundraising activities can be an effective way of bringing in additional resources and demonstrating to funders that you have sustainable sources of income in place. However, it is important that anything you do is done properly and in compliance with the law which the Fundraising Standards Board (FRSB) will be able to advise you on ([www.frsb.org.uk](http://www.frsb.org.uk)).

Once you know how much you will need to raise you need to research the possible funders for your project.

Funding comes in

**BITS:**

**B**usiness – sponsorship, donations

**I**ndividuals – membership, donations, events, legacies

**T**rusts & foundations

**S**tatutory – Government, Europe

Make sure that you do not put all your eggs in one basket by relying on one funder – This would put your organisation at risk if the fund is cut back or withdrawn. RVA's Funding Advisors will be able to advise you on this.

## 6. **When will we do it?**

Have an agreed timescale or ongoing plan and consider what you will need to do to maintain current funding as well as securing funding for the future. Make sure that you are aware of the deadlines for funding applications as each funder has their own timescales for providing funding, therefore you will need to timetable your applications and work out when the funding will arrive.

## **Action Plan**

Before embarking on your funding strategy it is a good idea to produce a plan of action detailing the developments your group or organisation will undertake over a period of time – usually two to three years, although they may need to be adjusted each year. Essentially, an action plan will explain what your organisation wants to do in the future and a funding strategy explains how you will raise the funds to carry out your plans, which is why it makes sense to have your action plan in place before you begin your funding strategy. Increasingly, funders are asking to see these documents from voluntary organisations before making any commitments to fund.

These four key questions will form the structure of your action plan:

1. Where are we now?
2. Where do we want to be?
3. How do we get there?
4. How do we know if we've got there?

**1. Where are we now?** State the current position of your organisation. You should have a mission statement and clearly defined aims and objectives. Remember:

- A mission statement is visionary and describes your future long term aim. For example: 'Rural Youth is committed to eliminating youth unemployment in rural communities by providing training and support for young people.'
- Aims set direction and detail the changes you will make to achieve your mission.
- Objectives are practical and detail the actions you will take in order to make the changes and achieve the aims.

## **Before you start...Think SMART**

Once you have identified the main aims and objectives of your organisation, you will need to set out in detail what you expect to do over the next 12 months as well as setting out what you expect to do in the following 1-2 years.

Objectives set out what your organisation needs to do to achieve the overall changes it wants to bring to your client group or environment. However, for objectives to be really useful they need to meet certain criteria – they need to be

# SMART

**S**pecific – about what you want to do and how you will do it.

**M**easurable – can you see when your objectives have been achieved?

**A**greed – with all stakeholders.

**R**ealistic – about whether your objectives are achievable.

**T**imetabled – set deadlines and keep reviewing.

In this section you should also include:

- Legal status and current financial position.
- History – why, how and when did you start? Also include past achievements.
- Location – the area you cover, e.g. Ryedale.
- The services and activities you provide.
- Current resources including premises, equipment, staff and volunteers.

**2. Where do we want to be?** Outline your future plans and detail where you intend your organisation to be in the long term.

Points you will need to consider:

- How external influences (e.g. political and economic factors) could affect your work and demonstrate how you can overcome them.
- Use information and research to demonstrate the need for your service and show how you will meet those needs.

**3. How do we get there?** This will be covered by your funding strategy once you have written it.

**4. How do we know if we've got there?** This can be monitored through feedback from those who have benefited from the services that you have provided; establishing whether needs have been met, as well as regular progress reports on the projects. You will need to evidence this information by providing case studies which will demonstrate the success of your work in both quantitative and qualitative terms. You should include testimonials, quotes, press releases, DVD's etc and you will need to ensure that all your data is recorded, e.g. the number of users, amount of carbon saved, number of dogs re-homed and so on.

An action plan should work alongside your funding strategy which will enable you to understand in financial terms where you are now and how you can find the resources to get to where you want to be.

## Budget

For individual help and advice on budgeting and accountancy contact Ryedale Voluntary Action's Community Accountant who is a member of the Community Accounting Network North Yorkshire

(CANNY) project - CANNY provides free community accounting financial advice, support and training services for Ryedale based groups.



### What is a budget?

A budget is your group's plan for the next twelve months laid out in monetary terms. It will help you to communicate and set targets, maximise and allocate resources and identify financial problems or gaps in funding. The budget will change as the project develops so you need to review it on a regular basis to make sure it is realistic and accurate. As soon as your group has produced an action plan, detailing your aims and objectives and how you intend to achieve them it is time to prepare a budget. You may find this step by step guide useful:

### Preparing a budget in three simple steps:

1. Consider what finances you will need in order to achieve the aims of your group and begin by drawing up a list of your basic expenditure. Local authorities and most trusts divide their grants into '**Capital**' and '**Revenue**'. Capital is the one-off expenditure such as equipment, vehicles, buildings or setting up costs – mostly physical items. Revenue is the ongoing expenditure which remains throughout your project such as rent, wages, insurance, electricity, travel costs etc. By dividing your budget in this way it will enable you to decide where to apply for what.
2. Draw up a list of estimated income required which can include grants and donations, fundraising activities and generated income. The income is an estimation of how much you could possibly get from each source during your project. They need to be realistic targets and not guess work, therefore it is a good idea to speak to similar organisations, learn from their experiences and do some research before you put the figures down on paper. You will need to be clear with funders what is definite income and what is aspirational.
3. Once you have a draft budget set out (see example template on p.9) you will need to discuss the budget with everyone on your Trustee Board or Management Team and key staff inside the organisation to make sure that nothing has been left out.

### Exit Strategies



If you are applying for funding for a fixed term, i.e. one to three years then funders may want to see what strategies you have in place for the end of that time. Therefore you will need to plan your exit strategy before your project starts, especially if you want to find ongoing funding for it. There are a number of options available to you and you will need to decide the most appropriate one for your organisation. They could include:

- Having proved the need and success of the project you will seek new sources of funding for it. Remember that future funding should be considered at least nine months before the end of the project.

- Another organisation or local authority could take over the project.
- Proposal for creating sustainability for the project through generating income.
- The project may have been a one off piece of work which will not require any further funding.

Whatever strategy you decide on, it will need to be planned at the beginning of the project, especially if your aim is to find ongoing funding for it.

## **Monitoring & Evaluation**

You should treat your funding strategy as a working document that can be reviewed and updated when necessary. It should be considered as one of the most important documents that you will write for your organisation as it will enable you to easily monitor your fundraising efforts and how successful you have been. In turn, it will also enable you to keep on track with your fundraising and determine which type of funding is most effective. Whilst evaluating your strategy ask yourself these questions:

- Were we over ambitious or not ambitious enough?
- Do we need to change our plans?
- Do we need to do more research into possible funders?
- Could we do with more training on developing budgets and writing better applications?

You should always consider funding as a long term, on-going process. How you treat your funders is also important and developing good relationships with them could lead to more support in the future. Some useful tips are:

- Always say 'thank you'. A letter of gratitude for the help they have given will always be appreciated.
- Make sure that you do everything that the funder requests in terms of monitoring your work, reporting and accounting.
- Try to have one or two dedicated contacts in your group who funders can deal with.
- Keep them updated on your progress with annual reports, press releases, photos etc.
- Remember to acknowledge their support on documents relating to the project.

## **Further Help**

For more information on creating a funding strategy and sourcing funds for your project, Ryedale Voluntary Action's Funding Advisors offer free advice, information and guidance in all aspects of funding. They will be able to support you on a one to one basis; helping you to develop your project, plan a funding strategy and give advice on any funding applications that you wish to submit.

For further information go to the RVA website: [www.ryedaleva.org.uk](http://www.ryedaleva.org.uk)  
Or telephone 01653 600120 and ask to speak to one of our Funding Advisors.

## Example budget sheet

	2010/2011	2011/2012	2012/2013
<b><u>INCOME</u></b>			
<b>NYCC Grant</b>	<b>5,000</b>		
<b>Ryedale District Council Funding</b>	<b>1,000</b>		
<b>Donations</b>	<b>600</b>		
<b>Bank Interest</b>	<b>100</b>		
<b>Self generated Income</b>	<b>3,300</b>		
<b><u>TOTAL INCOME</u></b>	<b>10,000</b>		
<b><u>EXPENDITURE</u></b>			
<b>Wages</b>	<b>6,000</b>		
<b>Rent</b>	<b>1,000</b>		
<b>Phone</b>	<b>600</b>		
<b>Office Costs</b>	<b>1,400</b>		
<b>Sundries</b>	<b>500</b>		
<b><u>TOTAL EXPENDITURE</u></b>	<b>9,500</b>		
<b><u>ANNUAL SURPLUS/DEFICIT</u></b>	<b>500</b>		

## Funding Strategy Work plan – Example

<b>Introduction</b>	<b>Where we are now</b> - Introduce your organisation and explain what you do (include your mission statement) and how your organisation is managed and financed.
<b>Aims of the strategy</b>	<p><b>Where we want to be</b> - Briefly describe the overall aims of your organisation, stating who you will be benefiting and what particular issue you aim to deal with. For example:</p> <ul style="list-style-type: none"> <li>- <i>To enable the organisation to plan for the resources required to provide an adventure park for disabled children.</i></li> <li>- <i>To enable the organisation to recruit and train 10 volunteers in 12 months to fundraise and run activities for the park.</i></li> </ul>
<b>Objectives of the strategy</b>	<p>Explain how you plan to achieve these aims and the practical methods you will undertake in order to make them happen. For example:</p> <ul style="list-style-type: none"> <li>- <i>To create an action plan with timescales that will complement the strategy and help to identify ways of raising funds.</i></li> <li>- <i>To find and recruit people who are able to source the equipment and carry out the work required.</i></li> <li>- <i>To use local media and events to generate a greater awareness of the project and recruit volunteers.</i></li> </ul>
<b>Needs and targets</b>	<p>Make a list of what you need funds for and how much. (It is also helpful to funders if you attach a copy of your budget.) For example:</p> <ul style="list-style-type: none"> <li>- <i>We need to raise funds to cover the purchase of equipment for the park – £25,000</i></li> <li>- <i>We need to raise funds to cover the cost of completing the work - £10,000</i></li> <li>- <i>We need to raise funds to recruit and train volunteers to help with fundraising collections and activities - £1000</i></li> </ul>
<b>Resources</b>	<p>Make a list of all the resources that you will need to carry out your strategy:</p> <p><b>Human resources:</b>  <i>Trustees</i>  <i>staff</i>  <i>volunteers</i></p> <p><b>Other resources:</b>  <i>Admin &amp; office equipment</i>  <i>Stationary etc.</i></p>
<b>Sources of income</b>	<p>List your potential sources of funding here. For example:</p> <p><b>Fundraising events:</b>                      <b>Self generated Income:</b></p>



	<p><i>Local show</i> <i>Coffee morning</i> <i>Sponsorship</i></p> <p><b>Donations:</b> <i>Local companies</i> <i>Collections</i> <i>Grant Making Trusts</i></p> <p><i>Entry fees</i> <i>Fees for services provided</i></p> <p><b>Funders:</b> <i>BIG Lottery</i> <i>Local Authority</i> <i>National Park etc.</i></p>
<p><b>Strategy</b></p>	<p><b>How we will get there</b> - This is the integral part of your plan where you will need to demonstrate where you will get the money from, how much and in what timescale. For example:</p> <p><b>Grant Making Trusts – target £25,000 in 8 months</b></p> <ul style="list-style-type: none"> <li>- <i>Research a wide range of UK funders and consider which would be most likely to fund our project.</i></li> <li>- <i>Identify their deadlines, funding cycles etc.</i></li> <li>- <i>Record which funders we will apply to for the project, who will do it and when.</i></li> <li>- <i>Draft a generic funding application.</i></li> <li>- <i>Keep a record of all applications</i></li> </ul> <p>(RVA’s funding advisors can help you with this.)</p> <p><b>Collections – target £2,000 in 6 months</b></p> <ul style="list-style-type: none"> <li>- <i>Local shops and businesses will be approached and collection boxes placed in them.</i></li> <li>- <i>We have been offered help from the local scout and guide groups during the summer.</i></li> <li>- <i>We will use our fundraising volunteers to make collections outside supermarkets and operate street collections.</i></li> </ul> <p>And so on...</p>
<p><b>Timetable &amp; Action plan</b></p>	<p>This is where you will include your action plan which will detail what needs to be done when, in what order and by whom.</p>