

Funding Advice Bureau

SYFAB guide to...

**Fundraising for
projects**

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Fundraising for projects

Generally, funders want to see the tangible results of what their money has paid for so they can see what their funding achieves (and feel good about it). So when you apply for a grant, you should plan your work accordingly because it is easier to raise money for something specific.

This is more straightforward to show when you need money for capital items like equipment or building refurbishments because the funding will be paying for something physical. But for many groups, the main need is for ongoing revenue for things like rent, salaries, electricity bills etc. The good news is, you can get funding for revenue costs by thinking creatively about what to ask for. You need to think about funding for your services rather than for your running costs. You should break your work down into specific projects or services and apply for funding for fixed term, measurable pieces of work.

What is a project?

A project is a discrete piece of work with clear aims and outcomes that can be measured. The work of your organisation could be divided into projects which might be new pieces of work; or a development of an existing piece of work; or the repackaging of existing work.

For example, an advice centre could break down its work into projects like this:

- Debt advice project, employing two specialist advisers
- Running a volunteer scheme, including training and expenses
- Legal advice project, employing one specialist adviser.

Costing your projects

Packaging your work up into projects allows you to better match your work to funders' criteria. It allows you to seek funding for ongoing work that you repackage into 'new' projects. And it allows you to package up your organisation's general running costs (core costs) with the direct costs of delivering activities into one fundable project.

In the example above, none of the advice centre's projects could take place without the organisation paying for:

- A fully equipped office, including computers
- Office running costs
- An administrator
- A manager
- Insurances.

But those sorts of core general running costs are far less attractive to funders since they don't have obvious tangible community benefits. So, the advice centre would look to package up its activities into projects. The organisation would then produce a budget for each project that covers:

- the direct costs of running the project, such as staff costs, equipment, publicity, volunteer expenses, and;
- the indirect costs needed for the project and organisation to run, such as management time, insurance, rent, utilities. Costs like these are known as overheads, core costs, or general running costs.

Ideally, each project budget would include a percentage of the indirect costs in proportion to the amount of 'core' resources the project takes up. This is known as full cost recovery.

By fundraising like this, each project looks more attractive to funders since it has specific outcomes that benefit the community. And if you are successful in fundraising for a project, the funding will pay towards the less attractive but necessary core costs of the organisation.

When you include a share of your general running costs in your project budget, the amount you allocate must be a sensible and realistic figure that you can justify. For example, if the project represents 20% of your total staff time then it would be reasonable to expect it to contribute 20% of the rent and other running costs.

Funders are getting better at funding the indirect costs of projects as well as the direct costs, but within limits. Some funders and commissioners only want to pay for the direct costs of your activities. If you are offered funding that will only pay for direct costs, you will have to make a decision about whether you think you will be able to raise the (less 'fundable') general running costs from elsewhere. Bearing this in mind, if you do receive any unrestricted funding (that your organisation can use for any purpose), you should always put it towards the costs that are most difficult to fundraise for, i.e. your core costs.

Packaging your work into projects allows you to be creative in presenting your work in different ways to different funders. This re-packaging of your work allows you to better match your aims and outcomes to the aims and outcomes that a funder wants to achieve, and improves your chances of success. As with all fundraising, you need to strike a balance between what you want to do, and what a funder will pay for.

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