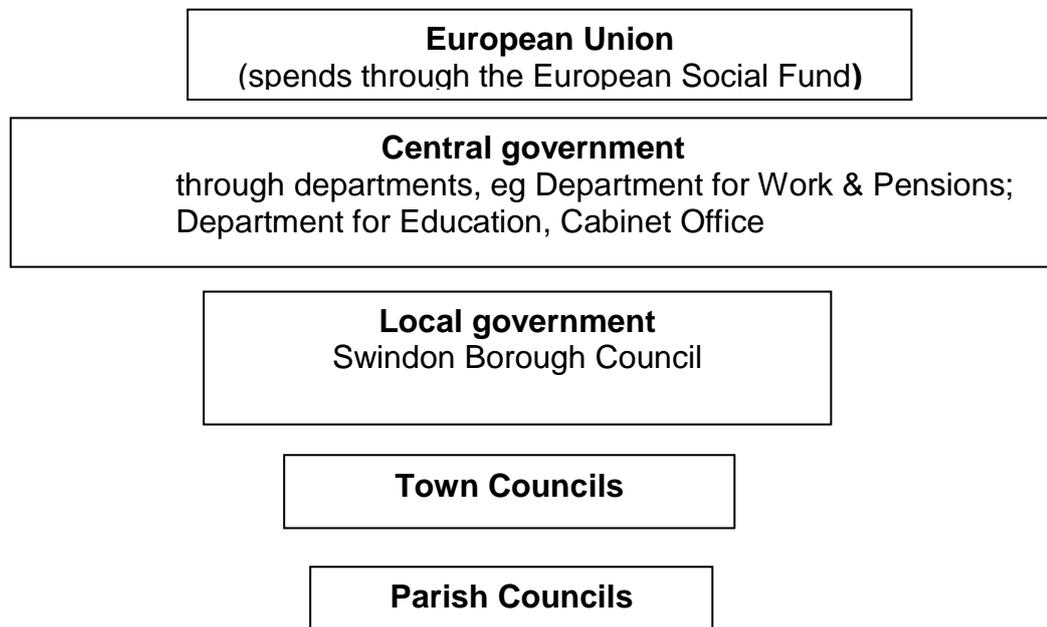


Where can you find funds? A Guide to Types of Funding

Government

There are many levels of Government and each spends some money with charities and community groups.



Other organisations also spend government money with charities and community groups
For example:



Government used to make grants to charities, but this is now less common. Instead, government buys services through a process of commissioning and tendering. Charities can bid (in competition with other charities or businesses) to secure contracts to deliver specific services in return for payment. This can be an onerous process and charities need to be sure that they can afford to invest in the tendering process and fulfil all the delivery and reporting requirements of any contract.

Lottery funds



Money raised by the National Lottery (£25million each week) is given out by a number of organisations. The main ones in England are:

- **Big Lottery**
- **Heritage Lottery Fund**
- **Sports Council**
- **Arts Council**
- **Awards for All**

Together they give money to a huge range of charities and community groups, large and small, providing all sorts of activities.

The Big Lottery gives out 40% of all Lottery funds and has a very broad remit to do with bringing improvements to communities and the lives of people most in need. Funding is available through a number of programmes, the largest of which is “Reaching Communities”

Awards for All is aimed at local communities and is based around community support, improvement and empowerment

Awards for All gives grants **of less than £10,000**. The others give grants **starting at £10,000** and upto several million £.

The Lottery funders provide lots of information on how to apply, particularly on their website - www.lottery.org.uk.

The Lottery funders each have their own application process. They want to know in detail what you want the money for and, afterwards, how you have spent it. Awards for All has the simplest application form because its grants are the smallest. Applying for other Lottery funding can be hard work and is often very competitive.

Charitable Trusts and Foundations

Charitable trusts are charities who give money. There are around 9000 in the UK.

The funds of many trusts has been donated in the past by wealthy individuals. The money is invested and the investment income is given to charities and community groups or to individuals in need. Other trusts are funded by company profits (eg. Lloyds TSB Foundation has money from the bank's profits each year). A few trusts receive their money from public support (eg Children in Need, Comic Relief).

Each charitable trust gives money for a specific type of charitable activity in a specific area. For example:

- some help children; others help animals
- some give internationally; others give within one parish

Charitable trusts are only allowed to give money for the purpose they were set up for. So you have to choose the right one for your work, your location, and your type of organisation. Also, many only give to registered charities

Charitable trusts vary in size. A few give out £millions and many give less than £1000 each year. On average, about 20% of applications to charitable trusts are successful.

Each trust has unpaid trustees who decide who to give grants to. They may only meet once a year. Many are too small to employ staff, so all the administration is done by a volunteer too.

To ask a charitable trust for money, speak to them first to find out if they would be interested in you. Then you need to write a letter or fill in their application form. They will want to know what you want to achieve, how you know it is needed and how much it will cost.

It is difficult to find out which charitable trust to apply to because there are so many. There is a database of funders available free at www.fundingcentral.org.uk or you can ask VAS funding advisor for some suggestions

Companies

Companies often like to help local charities and community groups because it is good for business to be seen as a generous local citizen. Supporting the local community gets them good publicity and makes their employees feel happy about working for the company.

However, companies do not usually give large sums of money to local charities and community groups. They are more likely to make smaller donations or help with fundraising events, for example donating gifts for raffle prizes or food for refreshments. They may give unwanted computers or office furniture. Volunteering by employees is growing, particularly with teams helping to decorate or to garden, but may also provide business advice..

Companies give to charities or community groups if they can see a connection with their business. They help groups who are on their doorstep or groups in which an employee is involved. They rarely respond to unsolicited requests from groups that have nothing to do with their company.

Individuals

Over half the adult population give some money to charity every month (on average £10), usually giving cash.

The most popular causes supported by individuals are medical research and children.

Charities can ask individuals to give through the gift aid scheme. This means that the charity can claim back from the government the tax which the individual has already paid on the money he/she is giving you. This makes a donation of £1 worth £1.28 to the charity.

Individuals also give by leaving legacies to charities and by taking part in **fundraising events**.

Fundraising Events

There are hundreds of imaginative activities that will raise funds for your charity or community group. You need to make sure that your event is legal. For example there are regulations about running large raffles or about street collections. You need to bear health and safety in mind and make sure you have adequate insurance and sufficient volunteers.

Some events take a lot of work and investment to organise. You need to look carefully at how much money an activity is likely to raise and decide if the effort is worth it or the risk too great. Alternatively, events are a good way of raising the profile of your organisation with potential users or supporters. Check VAS's factsheet on Planning Fundraising events.

Trading

Selling goods and services is an increasingly popular way for charities to raise funds. You can charge for your service to your clients or look for ways of selling what you have, know, make or can acquire. Being a charity does not mean that you have to provide your service at no cost, although you need to ensure that any charges do not mean that you no longer operate for the benefit of the public (which is a requirement of a charity). Trading by charities is covered by a number of regulations. These are published by the Charity Commission and broadly ensure that charities do not place their charitable funds at risk through setting up business activities which may fail. VAS can advise you on the do's and don'ts of charity trading

The advantage of generating income through trading is that it is "unrestricted" income. In other words, you do not have to account to any funder for how you spend it.