



REVENUE FUNDING

a funding information leaflet from *funderfinder*

The purpose of your fund raising efforts is to get the money you need to cover the costs of your activities. Most of your costs will probably be day to day running costs like rent, photocopying, telephone and perhaps wages : i.e. revenue costs. Some of your costs may be capital, such as items of equipment or work needed on buildings.

However, it is far easier to raise money for something specific, like a piece of equipment or a particular activity or project, because funders want to feel that their money is doing something: and to be able to see what their money is doing.

This presents a problem for many groups. The main need is often for ongoing revenue yet many charitable funders are not interested in this.

The way through this is to ask funders to pay for things which contribute towards your general running costs but which are clearly defined and specific. You need to be able to think about your work in "project" terms: in terms of "chunks" or "pieces" of work which can be clearly defined and measured, and importantly, costed.

Those areas of work which are less attractive to funders, like photocopying or rent, need to be "packaged" up within projects so that these costs can be met.

There are several issues to bear in mind when approaching your fund raising in this way:

- You can include an allocation of general costs or overheads in any project. The allocation of costs should be made on a sensible basis which you can explain - e.g. if the project represents 20% of staff time then it would be reasonable to expect it to also pay 20% of the rent. This is called Full Cost Recovery and has become an important issue for voluntary groups over recent years. There is now help available in the form of a book, CD and website to assist in calculating and understanding the total costs of projects. See *Useful resources* below.
- You need to cost your projects realistically. Make sure you include all the costs you are likely to incur.
- If you receive some core income from grants or fundraising activities, look at using this to cover your general costs and ask new funders to pay for the interesting bits.
- Have you tried all the potential statutory sources (local authority, health authority, government departments etc.). These sources are more likely to be interested in funding revenue costs such as wages than charitable sources.

Be creative in your project thinking. Design projects in ways which are attractive to funders.

A "fundable" project should be:

<i>Specific</i>	an aspect of your work or item of equipment which is clearly identifiable
<i>Meeting a need</i>	you should be able to identify and describe the need you are meeting and to say how your work will address the need
<i>Important</i>	to you, your users and the potential funders
<i>Of benefit</i>	the outcome should be effective and worth while
<i>Realistic</i>	the project must be achievable
<i>Cost effective</i>	the project should demonstrate value for money. While this is not the same as cheap, you need to ensure it is not needlessly expensive
<i>Topical</i>	if possible it should reflect current concerns and practices
<i>Relevant</i>	to the funders concerns
<i>Bite-sized</i>	it should be an appropriate size for the funder: neither too large nor too small. Larger pieces of work can be broken down into smaller parts if necessary.

When you have a project or a piece of work you are looking for funding for, take it through the above check list and see if you can improve its "fundability".

Problems and pitfalls

- Beware of fundability taking over from your original aims and objectives and becoming the driving force of your group. You need to aim to strike a balance between what you want to do and what funders will pay for.
- Developing such a fundable project that you are offered too much money! If this does happen you will need to ask some of the funders if they would be willing to let you spend their money on another project or activity, or to let you use their money next year. They will usually agree to some arrangement like this having already decided that they want to support you.
- If a project is not fundable you may need to re-think it, re-design it or re-present it to make it more fundable. If you can not find a way of making it more attractive to funders you may have to do something else that is and find alternative ways of covering your original project. You may have to leave it for the time being - trends in funding may change allowing you to pick it up at a later date.

Useful resources

The Complete Fundraising Handbook, by Nina Botting & Michael Norton, pub. DSC, 4th ed., 2001, £19.95, ISBN 1 900360 84 5.

Full cost recovery: a guide and toolkit on cost allocation, pub. New Philanthropy Capital and acevo, available from DSC, £20 (book), £35.25 (CD) or £44.20 (both), ISBN 0 954565 28 2.

Writing Better Fundraising Applications, by Michael Norton & Mike Eastwood, pub. DSC, 3rd ed., 2002, £18.95, ISBN 1 903991 09 9.

www.fullcostrecovery.org.uk/ - website set up by acevo giving further details about the benefits of full cost recovery, case studies, and other sources of information. The site provides information for funders, local infrastructure organisations and development workers as well as third sector organisations.

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