



GRANT APPLICANTS



About our mini-guides

These mini-guides are written with you in mind if you are:

- a grant manager or administration at a funding body;
- a fundraiser or grant applicant;
- a manager running a grant funded project; or
- an internal or external auditor, or an accountant reporting on claims.

These advise you of what you should consider at each stage of the grants 'lifecycle' and outline the benefits for you when:

1. A new programme or project is proposed.
2. Applications are invited and grant offers made.
3. Projects are managed and delivered, with progress reported and payments made.
4. Activity is evaluated and good practice disseminated. Successful projects may become normal activities while other projects end, maybe with grant recovered.

Here are our mini-guides:

- Funders – programme planning and preparation
- Funders – management of active grants
- Applicants – fundraising and grant applications
- Recipients – management of active grants
- Auditors and Reporting Accountants – risk and reporting

Grant Applicants

This mini-guide aims to help you plan your fundraising from grants, develop project proposals and make successful applications.

It complements our other guide – for grant recipients – which covers what happens once you are awarded funding and your grant ‘goes live’.

The guides lead you through a series of questions intended to help you think about what you might need to do at every stage of the grants lifecycle.

Grants are usually time-limited and conditional offers of financial assistance from an external body, often a public sector funder, a Lottery distributor or a philanthropic trust. Grants can vary enormously in size, complexity and risk. In each case, however, the grant funder will expect you to spend the money you receive in accordance with the terms and conditions of the award.

Good planning and getting things right from the very start will go a long way towards ensuring the eventual success of your fundraising. You will benefit by knowing which grants are available, which projects should be your priorities and how to prepare persuasive and credible applications. Before looking for money, however, check that you have powers to actually deliver your intended project as there can be restrictions, especially for charities.

By the way, we have other guides for grant funders and for auditors and reporting accountants. You are welcome to take a look at those as well.

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Stage 1. Organisational fundraising

Firstly, let's look at how your organisation goes about obtaining grants and other funds.

1.1 Do you have an External Funding Strategy?

Your organisation may already have an external funding strategy. A strategy brings many benefits as it:

- provides direction to ensure your organisation uses grants and other external funding to meet priorities and well-being objectives;
- provides clear aims and objectives, showing the issues needing to be addressed and the means of meeting them;
- identifies and allocates resources to ensure that fundraising activities are coordinated and supported appropriately;
- identifies actions and responsibilities (usually in an accompanying action plan); and
- aids sustainability and the continuity of services in a challenging financial climate.

Having a strategy will increase your chances of success as you will have given proper thought and planning to fundraising issues. It also allows your organisation to focus on how fundraising will help it achieve its overall mission and objectives. Your strategy should include:

- your overall aims and well-being objectives, with your main areas of work
- and identified priorities;
- a review of current funding;
- mapping of additional sources of grants and other funds;
- an analysis of fundraising strengths, weaknesses, opportunities and threats ;
- benchmarks with comparable organisations;
- partnership working and views of external stakeholders;
- income needs and targets;
- resources needed for fundraising (money, staffing, materials and assets);
- detail of policies and procedures for securing grants and external funds;
- an action plan for raising the funds – who needs to do what and when, especially in the year ahead;
- exit strategies; and
- a plan for how the strategy will evolve and develop in the medium-term.

Consultation and engagement with partners and other stakeholders will help you produce a good and effective strategy.

1.2 Is your Funding Strategy linked to corporate well-being objectives and resources?

As explained above, your External Funding Strategy should contribute towards achievement of your organisation's well-being and other objectives in the light of any expected developments in circumstances and services.

Nowadays, you should also focus on the long-term as well as the immediate future. In Wales, the Well-being of Future Generations (Wales) Act of 2015 requires public bodies here to think about the long-term impact of their decisions, to work better with people, communities and each other, and prevent persistent problems from occurring or getting worse. The Act requires public bodies to carry out 'sustainable development' which means 'the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the well-being goals'.

The economic, social, environmental and cultural well-being of Wales is captured through seven national goals, which give a legally binding common-purpose to public bodies in Wales.

The goals are:

- A prosperous Wales
- A resilient Wales
- A healthier Wales
- A more equal Wales
- A Wales of cohesive communities
- A Wales of vibrant culture and thriving Welsh language
- A globally responsible Wales

In order to take action in accordance with the sustainable development principle, public bodies need to apply the 'five ways of working'. These are:

- Looking to the long-term so that we do not compromise the ability of future generations to meet their own needs;
- Taking an integrated approach so that public bodies look at all the well-being goals in deciding on their well-being objectives;
- Involving a diversity of the population in the decisions that affect them;
- Working with others in a collaborative way to find shared sustainable solutions;
- Understanding the root causes of issues to prevent them from occurring.
- In order to deliver the Act, public bodies need to set and publish well-being objectives that are designed to maximise their contribution to the goals and take all reasonable steps to meet them.

Therefore, you will need to consider how grants and other external funding will maximise your contribution to the well-being goals and how you will apply the five ways of working through your grant-funded projects. Thinking about sustainable development will help you prioritise what must be done and make the best use of resources. Thinking this way may let you see new ways of working, opportunities for collaborations and encourage innovation.

The funding strategy should be integrated with general business and financial planning. If applicable, take account of capital investment plans and their revenue implications.

1.3 Do you use annual funding plans?

The fundraising action plan should set out income targets for the medium term. It can be updated annually to make it a 'rolling plan'.

Your plan should also reflect the costs of existing and proposed projects over several financial years (three years is a common profiling period for revenue projects, though the profile for capital projects may be longer). Don't forget to include any ongoing revenue costs connected with capital projects. Profiles of income and expenditure need to be linked into your organisation's formal revenue and capital budgets.

A supporting annual funding plan can detail the first year activities.

1.4 Do you have effective internal communication?

Many of your colleagues will have experience of managing grants and valuable information of benefit to all. This can be brought together into a corporate 'skills bank'.

By taking a corporate approach to managing external funding, bids are less likely to be knee-jerk reactions to funding availability. Be wary of an opportunistic 'dash for cash', lacking corporate coordination and little input from your finance team! Effective internal communication makes it less likely that individuals will compete with each other (as enthusiastic and well-meaning colleagues may unwittingly undermine each other's activities resulting in wasted effort, frustration and, in extreme cases, outright confrontation). Poor internal communication may lead to problems arising from inconsistent sharing and use of good financial, legal, programme and project management practice.

Communication and cooperation also ensures that the applications you submit are appropriate and made in order of their priority. When organisations fail to consider which project ideas should lead to developed bids, project development and delivery can become dislocated from corporate strategies and plans. So bidding needs to be aligned with other financial planning processes.

In a large organisation, it isn't possible to share all knowledge with everyone – information overload must be considered! However, it should be practicable for a small number of the people who have the most extensive involvement with grants to meet on a regular basis. Some organisations set up a 'Grants or External Funding Forum' and this can be very helpful when submitting 'cross-departmental' applications.

In view of risk and sensitivity, ask your Audit Committee what it wants to know about your organisation's grants (whether received or paid).

1.5 Do you have a Funding Manager and Team/Working Group?

A Funding Manager, supported by a wider Grants or External Funding Forum, can meet regularly and exchange information at other times by e-mail or video-links. The Manager and the Forum should keep an overview on grant activity and coordinate progress to maximise your organisation's potential to secure grants.

They can ensure that bids are given maximum effort, input and forethought, making use of best practice, personal knowledge and resource efficiency so that your organisation makes the best of every opportunity presented.

1.6 Do you have a Grants Coordinator?

It's useful to have someone act as your organisation's Grants Coordinator. Their role can include collection of information about all grant schemes relevant to it.

The Coordinator will support the Funding Manager and can have a very useful role to play in liaising with auditors and reporting accountants.

1.7 Have you established effective relationships with funders and working arrangements with partners?

If you work for a local authority, you might find it provides services as a lead or accountable body to myriad partnerships without properly understanding the resource implications. List all current partnerships and networks and your organisation's involvement in them – these should be found in your External Funding Strategy. Also look out for developing ones. Review how your partnerships are actually working.

Where appropriate, involve minorities' representatives, faith groups and community organisations. Take up opportunities for workshops and networking offered by funders.

Links with partners and funders will help identify and share information on funding opportunities and identify existing knowledge and awareness. Effective relationships and close working will help your organisation meet the needs and objectives of the wider communities you serve.

The Well-being of Future Generations (Wales) Act 2015 stresses 'collaboration' as one of the five 'ways of working' to meeting well-being objectives in Wales.

1.8 Do you have sufficient up-to-date training/support?

Always take up training and other support offered by the bodies paying grants you receive or foresee applying to.

Look to provide regular training on grants administration and management, especially for the induction of new or promoted staff who will be working with grants for the first time.

Training could be broken down into specific modules covering matters such as 'bid-writing skills', project management, financial accountability and record-keeping, monitoring and evaluation.

Stage 2. Identifying funders and obtaining advice

Let's move on to look at your project idea. Once you are sure that your idea is well-linked to corporate strategy, you can then identify the most promising funders and look for helpful advice.

2.1 Does your proposal fit into the Funding and Corporate Strategies?

Before investing effort in preparing a project proposal and a grant application, you should test whether your proposal fits into these strategies and consider the scale of its impact.

Consider if your project is really needed and will be supported by the rest of your organisation.

2.2 Can you access a knowledge base of grants?

There are various sources of information about grants, including commercial and web-based grant-finder services. Your organisation, or a supporting 'umbrella body', may have a subscription to these or its own register of grants. There is also a market in consultancy in 'Funding Advisory' services.

Make use of internal and external information sources, review publications and the websites of government departments regularly, and keep in touch with other grant-paying bodies and professional associations for news of developments.

All this will help you create and maintain a comprehensive database of grant schemes.

2.3 Can you identify all potential funders?

To maximise your fundraising from grants, you need to identify all of the schemes for which your organisation may be eligible. Clearly, not all schemes are open to everyone and it is a challenge, particularly in the case of new funding sources, to identify those which your organisation may be entitled to.

This is why your register of grant schemes and your contacts will prove valuable.

2.4 Do you have a model application guide?

Can you refer to guidance on ‘preparing and applying for external funding’? This would inform staff of the procedures to follow in applying for grants, including the planning, preparation and presentation of applications and the appraisal and authorisation processes.

A model guide will save time – helpful when bids need to be submitted to tight deadlines – and ensure that all key matters are properly considered. Bids which are credible, professionally presented and targeted at the paying body’s objectives will have a better chance of acceptance than poorly prepared ones.

A model application guide will often cover project issues such as:

- strategic fit and impact, with reference to corporate well-being objectives;
- economic rationale, affordability and sustainability;
- legality including any planning permissions or property matters;
- project aim and identification of the unmet needs intended to be addressed – and the underlying evidence;
- which activities should be done to meet the needs the project is meant to address;
- costs, identifying how they will be funded (from grant, other external funds, internal resources or income);
- partnership arrangements;
- financial arrangements such as responsibilities for expenditure and accounting;
- the specific changes which the project will bring about [the ‘differences’ or ‘outcomes’ (expected) and their achievability];
- how progress towards those changes can be measured and recorded;
- equalities, diversity, safeguarding, the Welsh language; and
- the credibility of any exit strategy.

2.5 Do you know your organisation's controls (including financial and legal ones) and coordination protocols?

Discuss your idea with your Grants Manager and Coordinator.

Your finance function will have an important role, providing appropriate input and analysis for matters such as effective risk assessment, appraisal of options, cash flow forecasts and testing affordability.

Comply with any internal protocols, as those for recruitment of project staff and any acquisition of property or IT.

Particular attention needs to be paid to arrangements for partnership grants – it is best to set out agreed procedures, responsibilities and any delegations in a formal written partnership agreement. Normally the grant recipient will act as the 'lead' or 'accountable' body for the whole partnership – with this comes heavy responsibilities so the partnership needs to be well managed and compliance observed.

Controls need to ensure that applications are appropriately authorised.

The Grants Coordinator should receive copies of all correspondence about new, revised and ongoing grant schemes received by anyone working in your organisation.

2.6 What resources can you use as match-funding?

There is always a value to whatever your organisation already does. Identify any existing resources (staff, volunteers, property and other assets) which can be used to maximise the benefits and opportunities of match-funding.

The value of these non-cash contributions in kind can be multiplied many times over if they are offered as match-funding within a bid for grant.

2.7 Have you considered state aid limits?

Even if your organisation is a public authority rather than a business, you need to be aware of the European Community's rules on 'state aid'.

You need to satisfy yourself whether state aid rules apply to your project, consulting if necessary with the grant-paying body.

Note that in certain circumstances, the European Commission will need to be informed or give its permission for grant aid. This is a very technical area and further specialist guidance should be sought.

Stage 3. Making the best application

Let's look at what you need to consider when you prepare your application for grant. It's vital to provide all of the information which the funder requires and to meet the application deadline. The tips provided here will help you avoid basic and commonly-made mistakes.

3.1 What's the business case for your project idea?

Make sure that you can set out – clearly and concisely – why your project is needed.

Think about the problem, issue or situation you want to address and what needs to change to make things better. You will need to understand what citizens and stakeholders need and want.

Unless the situation is an emergency, refer to any recent and relevant evidence which shows that unmet needs exist. Is that evidence reliable? Can you bring that to life by providing stories and case studies?

What effect are you hoping for? You need to have a clear vision of what you want to tackle and how that might be best addressed.

You can then set out details of what your project intends to achieve, being clear about the needs it will address and the differences you are aiming for – these are your project 'outcomes'. These expected outcomes should help achieve your organisation's well-being objectives and support the 'well-being' goals listed earlier.

The outcomes are the identifiable changes and differences to people and communities which your project can make over its life. 'Outcomes' are the results you bring about and must not be confused with the products, services or activities (the 'outputs') which you will deliver. Outcomes are best described using words which relate to change, such as more, better, improved or less. Outcomes can arise at different levels, depending on your project's aim: they might relate to people and families, local communities, the environment, organisational capacity or to civic infrastructure and services. Ideally, you should be able to identify signs or 'indicators' which will show you what progress you will make towards achieving your hoped-for outcomes.

Think, too, about the means of project delivery. How can you involve others? Are there opportunities to work with partners? How can you apply the 'five ways of working' listed earlier? Are there new ways of working and opportunities for collaboration and innovation?

3.2 How will you complete your application form?

Follow the instructions and guidance set out in the funder's application pack. Make sure that all sections are completed properly. An application form will usually ask you for:

- an outline of your project;
- basic background information on your organisation;
- an assessment of the needs your project will address;
- project objectives and outcomes;
- the activities or services to be funded and how these relate to your outcomes;
- detailed project delivery arrangements (start and end dates, locations, staffing, use of volunteers and safeguarding);
- numbers of beneficiaries and referral/recruitment arrangements;
- project budget (which may include match-funding from others or your own) profiled over its lifetime;
- details for the arrangements for monitoring and evaluation (such as what information you will collect to measure the differences arising);
- succession or legacy arrangements;
- contact details for a referee;
- bank account details; and
- a final declaration (often that you have authority to submit the application and that all of the details provided are correct to the best of your knowledge).

Usually, several supporting documents must accompany the application form. These will often include copies of your organisation's constitution and annual report with accounts; copies of relevant policies (equalities, safeguarding); and any job descriptions and work plans for your project.

Always take up any offer of application advice from the funder. This may be via telephone or through 'funding roadshows or surgeries'.

3.3 Is your application costed correctly?

Costing is important at both the application and claim stages.

When applying for grant it is essential that the project is accurately costed to ensure that the grant being received actually covers the costs which it is required to. If this isn't the case, then it's likely that any additional costs over the amount of grant received will have to be met from internal funds. Robust costing is also important for the purpose of budget monitoring over the project, ensuring that the correct amount of funds have been allocated.

When grant is then claimed, costing is also important for the entries within the claim form, in relation to apportioned or allocated costs, such as overheads (where applicable). These must be on a reasonable basis, and the costing methodology must be both robust and fair, being able to easily justify the amounts included.

Always consider the gross costs of your project over its whole life, normally on the basis of 'income and expenditure' (the accruals or resource accounting basis) unless the grant works on the 'receipt and payments basis'.

Don't forget any Value Added Tax which you could not otherwise recover and any project management and administration costs (including any fee for auditor certification). A typical costing might include:

- staff costs (for project delivery staff and support staff), including employers' NIC and pension contributions;
- recruitment and training;
- publicity;
- accommodation;
- travel and subsistence and other transport;
- IT and other equipment, land and buildings;
- supplies and services;
- onward grants to partners and other supported individuals/businesses;
- other management and administration; and
- interest and other financing costs.

Include all partnership costs, if applicable.

Consider if costs will rise over time with inflation and uplift values accordingly.

3.4 Can you have a quality check on my application?

Appraisal should include an element of 'peer review' or some other form of quality assurance.

This provides an element of support to increase the prospect of success as well as proper challenge (as your organisation will be held to the costings and outputs set out in an application accepted by the funder. Having colleagues help you to rectify any weaknesses in your proposal (or any areas where you may have missed the mark) will be valuable.

Quality checks should also consider the degree to which the application meets well-being objectives and has embedded the principles of sustainable development.

The peer review process should ensure that the project proposal has been assembled carefully to show its quality (and that of your organisation's track record) and that the outputs are achievable. It is also worthwhile checking that the most common reasons for unsuccessful applications are avoided. These include:

- including activities which are ineligible or outside of the guidelines;
- incomplete or incorrect application forms;
- hastily conceived, unconvincing and poorly supported proposals;
- proposals having unclear objectives;
- little or weak evidence of the need for the project;
- projects which do not offer good value for money;
- doubts over whether match funding has been secured; and
- a poor track record of past success with similar projects.

Of course, some bids will not succeed simply because the funder does not have enough money to support all applications – but this makes it even more important to avoid the pitfalls listed here.

And always check that the 'exit strategy' is appropriate and workable. Similarly, check that you can comply with the proposed terms and conditions. If you aren't convinced, you should seriously consider ceasing work on your bid.

3.5 Have you designed exit strategies?

If you would like your activities to continue when grant-funding runs down or ends, you need to prepare your 'exit strategy' (the means by which activities will be sustained or further developed).

You need to show that either:

- your project and its costs will cease when the grant ends and that any 'exit costs' are included in your application, or
- that alternative arrangements for funding can be made, ideally without any call on your organisation's normal resources.

This avoids exposing you to unacceptable future risks.

3.6 Have you obtained approvals and match funding?

The application form will often require 'confirmation letters' for match funding and support from partners.

Check that an adequate project budget has been secured if the grant will not cover 100% of total costs.

As the last step before the bid is submitted, appropriate authorisation should be given and, for partnership grants, this may entail approval from the whole partnership.

3.7 Are applications recorded on a grants database?

A grants database can have many uses – it can cover all stages of the grants process from recording funding available to the final claims certified by auditors.

Recording proposals on it too will make an even more useful management tool. It will ensure that bid deadlines are not overlooked and that success rates can be monitored.

3.8 How does my organisation keep records of applications won and lost?

As 'time is money', you need to know what the organisation gained for the time spent in preparing projects and applications.

Keep track of the costs of your bidding process – this is needed to calculate your 'rate of return'. Costs will include staffing, overheads, project and bid development and training. When calculating returns, acknowledge the actual benefits and impact external funding has brought to your organisation and any community it serves.

Progress on the number of initiated bids, the proportions won and lost, and the results can be monitored corporately. Key performance figures could include:

- bids made and won by the organisation over a fixed period;
- bids made and won in which the organisation participated as a partner;
- time and resources needed for bidding;
- gross receipts from successful bids won by the organisation;
- gross receipts from successful bids won by partners;
- net value of all bids to the organisation;
- gearing ratios (planned and actual);
- leverage ratios (planned and actual);
- rate of return (as a percentage); and
- additionality.

3.9 Do we always obtain feedback on 'losses'?

It's also good practice to keep note of the 'lessons learned' from feedback from the paying body whenever a bid is not successful.

Doing so will provide valuable information on what worked poorly or was lacking (as well as what worked well). It may also be possible to use this information to submit a reworked proposal soon afterwards.

3.10 Are lessons captured and disseminated?

Share information widely so that future applications will be more likely to succeed.



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