

STEP 8

FUNDING AND FINANCE OPTIONS

This guide outlines some of the main funding sources and points to remember when applying for funding. Community led asset based projects generally need a mix of grant funding and finance.



WHAT ARE THE TYPICAL FUNDING SOURCES FOR COMMUNITY ASSET ACQUISITION?

- Public
- Private – Grants
- Private – Loans
- Private Donations Or Interest Free Loans
- In-Kind Contributions
- Local Fund Raising
- Shares
- Crowd Funding

HOW WILL YOU IDENTIFY APPROPRIATE SOURCES OF FUNDING?

Your feasibility study probably includes an outline funding package for your project. This is a good starting point. The chances are, you will be applying to one or two major funders which will contribute to the majority of your total project costs. However it's likely that you will have to raise additional funds from other sources.

Conduct a web search – enter keywords into your search engine to help narrow down your options such as 'community land project funding Scotland'.

If you are based in the HIE area, contact the Community Assets Team who will be able to signpost you to relevant funders. They may also offer support to help you develop good projects. HIE may also be able to offer financial assistance for certain community asset-based projects.

Also get in touch with your local Third Sector Interface or Council for Voluntary Organisations – they should be able to give you a list of possible funding sources.

SOME HINTS FOR FILLING IN APPLICATION FORMS

ASK FOR HELP. Application forms may appear straightforward at first glance, but you may come across sections you find impossible to fill out. Don't be shy to ask for help within your group, from friends, family and support agencies. It is also often a good idea to speak to funders directly before applying, if possible. They should be able to guide you along the right lines, and offer support and guidance.

DON'T WAIT FOR THE DEADLINE! Be aware of final dates for applications and get yours in as early as you can. However, make sure all the details are as finalised as they can be before submitting your final application.

READ THE GUIDANCE NOTES. Pay particular attention to eligibility criteria of the funding programme you are applying to (both for the organisation and the project) and ensure that your group and project fits. Check that all the costs are eligible. Also ensure you are applying for an appropriate amount of money at the correct percentage of total project costs. Be aware of rules/legislation, such as State Aid, that could restrict the amount of public money that can be invested in certain projects.

OUTCOMES are very important to many funding bodies. Make sure that the outcomes your project will deliver fit with the particular funding programme outcomes.

SUPPORTING DOCUMENTATION has to be provided correctly and will vary according to the fund you are applying to. Information requested may include a copy of your group's governing document (constitution); the latest financial statement or a recent bank statement; evidence of project costs such as quotes. They may also require you to complete additional forms such as a bank details form. You might have further information that will help make your case for funding, such as community survey reports, business plan, etc. If in doubt, include it!

MATCH FUNDING information to show where you think the rest of the money for your project will come from will also be sought by many funders. Try to be as honest as possible but remember things can, and probably will, change. Letters of comfort or evidence of support from private funding sources could be helpful to improve your chances of a successful funding decision.

CONSISTENCY. Make sure you provide the same information in all of your funding applications. Funders talk to each other! Also, it saves having to start from scratch each time a new application is filled in.



HOW WILL YOU CARRY OUT LOCAL FUND RAISING?

You could consider setting up a sub-committee to organise local fundraising campaigns. Be as innovative as you can and try to run events and activities that the whole community can get involved in. Some ideas include: organise a bring and buy sale, have a sponsor-a-tree or brick campaign, hold a car wash or run a pub quiz or raffle. Ask local businesses to donate prizes as a good will exercise and in exchange for some free promotion. Work in partnership with other groups and organisations where possible, for example run your raffle during another community event. If possible, run events during the busy tourist season – visitors are usually looking for things to do, especially families with young children.

Use your social media page, local newsletter, website and other communication channels to publicise fund raising events.

WHAT OTHER TYPES OF FUNDING HAVE YOU CONSIDERED?

LOAN FINANCE may be suitable for projects that will generate profits in the medium to long term. This might include commercial forests, housing or tourism projects. You could speak to your local bank in the first instance. Some lenders have a specific remit to provide loans to projects with a social purpose, for example Triodos Bank, Ecology Building Society and Social Investment Scotland. When considering loan finance, ensure that your project will generate sufficient income to cover repayments and interest.

PRIVATE ENTERPRISES that have a significant impact on the local community, such as wind farms, often establish community benefit funds to ensure that some of the profits generated can be invested in local projects. This is usually classed as private funding. There may be an application form to complete. Some community benefit funds may offer loans at reasonable rates, as well as grants.

CROWD FUNDING is an increasingly popular method to raise funds. For more information about the different ways to approach this, see our toolkit for crowdfunding for community enterprises - <http://www.hie.co.uk/community-support/community-assets/crowdfunding-pilot.html>.

DONATIONS can be requested by writing to local businesses, land owners, celebrities and benefactors with local connections. They can only say no! Consider different types of donation, such as offering a sponsorship opportunity or asking them to donate towards a specific aspect of the project. Offer them acknowledgement for their donation, such as a plaque, a free advert in the community newsletter or a name-check on your website.

IN KIND CONTRIBUTIONS can help to complete the funding package. Some funders will regard these as eligible but it is better only to use in kind contributions if they are essential to complete your funding package. Recording and evidencing this could be tricky and funders will normally require this evidence.

COMMUNITY SHARE ISSUES are normally suited for projects where investors will receive a return – for example in renewable energy projects. A new company may need to be set up specifically to issue and manage the shares. For more information about community shares, see the Community Shares Scotland website – <http://communitysharsscotland.org.uk/>

FOR FURTHER INFORMATION PLEASE SEE

www.hie.co.uk/ten-steps

or contact us on community.assets@hie.co.uk

