

Developing a Funding Application

Disclaimer

The following guidance will give you a steer on the sort of information that should be included in funding applications. This information will be transferrable between applications and if you are able to provide/develop/answer the questions or guidelines below then you should have all the information required for a typical funding application.

It is VITAL that you read the specific funding guidance and understand the aims and objectives of that fund so you can tailor your application appropriately.

You should also note that each funder will pose different questions - you will need to read and understand the specific question and then develop your answer based on the information suggested below.

Developing a Funding Application

Once you have developed a project outline document and validated your ideas with a feasibility study, you might be looking for grant funding to develop the project further.

This document will help you think about the additional information you might need for funding applications and give you a steer about what information to include in your application(s).

The most important thing to do is fully read any guidance notes that the funder has released.

Most funders will have a series of questions they want answering in a bespoke application process.

The following information will be broken down according to the 5 cases found in a business case:

- Strategic Case
- Economic Case
- Commercial Case
- Financial Case
- Management Case.

However, not all funders will follow this format, and there may be some questions by funders which straddle multiple cases or elements, so again, it is important you fully read the guidance and questions.

Some public sector funding applications may follow a more formal business case structure. In this situation, to develop a full business case for funding, you should follow the HM Treasury 5 Case Business Model. Follow the QR code for detailed guidance on the process.

Strategic Case

The strategic element of a project is important for setting the scene, explaining why you're doing this project, talking about it in a wider context, talking about what you want to achieve and how you

will achieve it, as well as some of the risks that might prevent you from delivering the project as planned.

Project Scope - You should have an idea of the scope of your project by now - it's the boundaries of your project. Setting out a scope early is very important; without a clear idea of what the project is you may find it growing and changing in ways you haven't planned or budgeted for!

Project Objectives - If you know what you want to do, you should have a good idea as to why you want to do it. These are your objectives. Why are you doing this project, what do you hope to achieve, and how are you going to achieve it? Don't forget that your objectives need to be SMART!

Project Outputs- Outputs are the thing(s) that will actually be delivered, this could be a technology or process, new jobs or carbon reducing actions.

Project Outcomes - Outcomes are the change that will result from the outputs, this could include jobs created or carbon savings.

Project Benefits - The measurable advantage/gain/positive 'thing' achieved because of the project, for example new income generation or cost reduction. The benefits need to be tangible and realistic. You should be thinking about how you are going to keep track of them as the project develops to make sure they are achieved.

Project Context - Your project should link to local, national and regional policies as much as possible. Think about the Wellbeing and Futures Generation Act, Net Zero targets and other initiatives that are happening in your local area.

Project Community- This is also a good time to talk about the community – how do they feel about the project, and have they had a say? Will they benefit from this project? This is as important for private sector projects as it is for community projects.

Project Dependencies- You should also note anything your project is dependent on – if your project is to develop an after-school club, then you are dependent on the school remaining open. Without it, the justification for your project is significantly weaker.

Project Risks- You should have a risk register from your project outline work, highlighting key risks and mitigations- it's important to keep this updated.

Economic Case

The economic case of a project looks at value for money. Any funding you apply for is competitive and has to be justified – will the money generate more benefits and opportunities with your project than others?

Firstly, you need to explain how you came to the decision to do whatever it is you're proposing.

What were the other options you explored and why did you discount them?

Were they:

- Too expensive?
- Not enough to meet your objectives?
- Not possible due to planning or regulatory concerns?
- Not what the community/wider audience wanted?

Equally, you should be able to justify why you've chosen this way forwards and explain how it will deliver the objectives you've previously set out.

It is important to think about value for money.

- Is it worth spending the money on this?
- Is it going to make a significant difference to enough people for it to be justifiable?
- Will the project be sustainable or is it just going to need more funding when this first pot runs out?

Don't forget - value for money doesn't necessarily have to be measured in £!

Commercial Case

The commercial case looks at how you are going to deliver the main body of the project and the logistics of all this. There are legal implications in this case in particular, so it's incredibly important that you are up to speed with these requirements, especially procurement, planning and ownership.

You may find that there aren't always a lot of questions on these things because it is assumed that you have all of these legal obligations in place.

If you do not have the appropriate things in place, even if you are successful with the initial funding, it is highly unlikely your project will ultimately be funded.

Consent/Planning

- Do you have the correct planning permission in place?
- Are you aware of all planning restrictions (e.g. AONB, listed status)
- Do you have all the correct permits/consents in place?

Procurement

You need to make sure you have a procurement procedure in place to ensure you buy things in a fair and transparent way.

General Public Sector Procurement Rules:

- Under £5k – you may go directly to one supplier
- £5-25k – generally speaking 3 quotes are required
- Over £25k – a formal tendering process should be followed (this will likely involve the use of the Sell2Wales platform)

If you need to tender for work - support and advice can be found on the Sell2Wales [website](#).

Financial Case

The financial element of a project needs to be completely understood and evidenced to provide awarding bodies with the confidence that their funding is going to be appropriately managed. Whilst grants have been specifically referred to throughout, much of this information is applicable to Loans too.

You will need to develop a robust financial process which includes income and expenditure over the course of the whole project, or a certain number of years specified by the funder. This is important because funders will want to know how the project is going to be sustained financially once the grant funding has been spent. Will the project bring in additional revenue or save money that will help it keep running for example? They are usually looking to invest in long term projects, not short-term interventions.

Cashflow– Most, if not all funds will be paid in arrears, meaning you won't be able to claim the money until you have spent the money and have submitted the appropriate evidence.

Company Information- Funders may ask for figures on the previous years' net worth, financial turnover, or bank balance. They need to check if you have the financial liquidity to deliver the project.

Quotes- You need to be able to evidence all significant financial projections and asks you include in your application with quotes.

Underspending- If you underspend, you need to understand the specific funding rules for that. Some funders will allow you to spend on other elements (vire between categories), but you will need their express written permission to do so.

VAT- Set by the UK Government, currently at 20 %, and unless you are VAT registered, is an unrecoverable 'tax' that has to be paid on all goods and services. Only unrecoverable VAT can be claimed against a Grant. If you are VAT registered, then you should be able to claim back the VAT costs – this is usually done quarterly so again you need to think about the implications on your cashflow!

Evidence- You need to be able to evidence what you have spent for all claims, this will include invoices and sometimes bank statements.

Contingency- It is good practice to have a contingency budget so that if there are unforeseen challenges or issues, you have a buffer.

Match Funding- If you are able to provide some match funding then this is usually looked upon favourably. Think about including staff time, internal funds through fundraising, or other loan/investment schemes.

Management Case

The management element of a project is all about how you are going to make sure your project is a success. It is important to make sure you demonstrate to the funders that you have robust and credible processes and policies in place.

You should have all the correct policies in place, having developed them as part of the project outline.

- What is the constitution of your organisation?
- Do you have the appropriate structures in place to accept funding?
- Do you own the building/land/resource that you plan on using in this project, or have a long-term formal rental agreement in place?

The appropriate insurances and official bank accounts, with separate signatories, are usually also required.

Governance

You will need to have clear and robust management plans in place. You should have a formal board with the appropriate authority to deliver the project and regular meetings with a clear responsibility and remit. You should also include information on the skills and capabilities of the board members, including their capacity to support the project. Are there succession plans in place for if key



volunteers leave or board members change? You need to demonstrate to the funder that you have a strong, stable and capable board who can successfully deliver the project.

You should also cover here details of any staff the project has or is likely to have and what the roles and responsibilities of that individual will be. Don't underestimate the time it takes to deliver a project!

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