

Good Practice in Rural Development

No. 6

Developing Projects and Securing Funding

Halcrow Fox Consultants

1998

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Foreword

The Scottish National Rural Partnership (SNRP) ¹ is charged with the task of promoting rural development. To do this, it is publishing a range of titles in a series under the heading '*Good Practice in Rural Development*'. These highlight principles of good practice in a number of aspects of rural development. The good practice notes are intended for the attention of all those involved in rural development, particularly local rural partnerships, as guidance which merits careful consideration. Whether or not to follow the guidance in all cases is, of course, a decision for each local rural partnership or other body to make in their particular circumstances.

This publication is the sixth of the series, and provides advice on developing projects and securing funding.

A list of other publications in this series is contained in the Annex.

¹ The Partnership comprises of representatives of The Scottish Office, Scottish Tourist Board, Scottish Natural Heritage, Rural Forum, Scottish Agricultural College, COSLA, Highlands and Islands Enterprise, Scottish Homes, Forestry Commission, Scottish Enterprise, Scottish Landowners Federation, Scottish Council for Voluntary Organisations, National Farmers Union of Scotland, CBI Scotland and Scottish Crofters Union.

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Executive Summary

This guide aims to assist local community groups and organisations in preparing rural development projects and securing funding for them. It will also be useful for local rural partnerships who intend to assist local communities in developing projects or to develop projects themselves. It follows a step-by-step approach to assist you in taking projects from initial ideas to getting them up and running. Its main findings are:

- There are many funding organisations that offer funding for rural development projects. Each has its own reasons for providing funding, as well as regulations and procedures which you will have to be aware of in the course of developing your project. Many will not fund the total cost of your project and will expect you to 'match' funding by putting together a package of funding.
- Gaining a thorough knowledge and understanding of the issue or problem is the first step in developing any project. Community consultations and working closely with local organisations and agencies involved in the topic will help you gather more information. You may also have to undertake further research
- Widespread community consultation is important at all stages in the development of a project to assist you in understanding the issue, deciding on your aims, searching for solutions and deciding on the best project. It can also bring valuable practical benefits such as gaining volunteers to help take the project forward. Most funding organisations will expect community support for the project, and often community participation in its development. Informal action groups should consider whether they need to become a legally recognised organisation or work closely with a 'lead agency'.
- You should be clear about what you are trying to achieve before you try to develop any solutions to the issue. Once you have decided on your aims and objectives, it can be helpful to identify possible funding organisations at this early stage to help you choose appropriate projects.
- In searching for possible solutions, a wide range of ideas and solutions should be considered, and these should gradually be reduced to a smaller number of more realistic options - which are then considered in more depth. It is often helpful to examine successful (and unsuccessful!) projects elsewhere to assist in thinking up solutions and finding out what makes a project attractive to funding organisations.
- You need to be sure that your project is the best way of achieving your objectives by taking account of a range of factors including: the costs involved; the benefits anticipated and the extent to which your objectives will be achieved. Carefully examining all the possible benefits and 'outputs' a project can bring can ensure that you are able to apply to a wide range of organisations for funding.
- There are a number of issues you will need to consider carefully to get to the stage when you are ready to submit a funding application and to get the project up and running. These include: the timing of the project and funding; phasing the project into a number of stages; the management of the project and its organisational structure; practical issues such as planning consent and licenses; procedures for reviewing progress or 'monitoring' the project and an 'exit strategy' for when the project is completed or funding ends.
- It is helpful to consult with funding organisations before submitting an application to clarify the rules and procedures that might affect your project. In submitting your application, you should follow closely the guidelines issued by the funding organisation and remember that you will have to provide enough information for them to be able to decide on your project, without flooding them with paper!
- If your application is unsuccessful, establish the reasons for its failure with the funding organisation and consider reapplying with a revised application or searching for another more suitable organisation.

1. Introduction

There are many organisations which can provide funding for rural communities and local organisations to develop solutions to local issues and concerns. All have their own rules and regulations, and the process of developing projects and securing funding can be complex. This Guide aims to help local community and voluntary groups (as well as community based local rural partnerships) understand this process and to assist you in developing projects and submitting successful funding applications.

This Guide provides practical advice on preparing rural development projects by following a step-by-step approach in taking projects from initial ideas through to getting them up and running. It:

- describes the stages involved in developing a project;
- provides pointers for good practice at each stage;
- identifies key actions and sources of information for each stage;
- explains how you put together a quality funding application.

The Guidance is intended to help you develop projects to tackle a range of local issues - such as transport facilities; leisure and social activities; to employment and training - and to cover a range of project sizes, from the provision of a local childcare officer to the development of a visitor centre. The advice will also apply to both short and long term projects.

A detailed list of funding organisations is not provided as this would go out of date very quickly. Instead, the guide provides general guidance to help you understand the process involved and a small sample of funding organisations for popular rural projects is set out in Annex B. Information on funding organisations is available from a range of sources and some of these are highlighted in Annex A. Some of the most frequently asked questions about getting funding are also answered in Annex A.

The Guide has been developed through a series of consultations with funding organisations, individuals and groups who have successfully secured funding for projects, and organisations who offer advice on developing projects and securing funding. Lessons are drawn from the experience of local communities who have successfully addressed issues of local concern through the development and implementation of appropriate projects.

A brief introduction to funding organisations

Funding organisations range from public sector organisations which may have a significant funding budget (e.g. Local Enterprise Companies, European Commissions Partnerships) to small private trusts which may only have modest amounts at their disposal. They also cover different geographical areas ranging from the whole of Scotland (e.g. The Princeís Trust, The Heritage Lottery Fund) to specific programmes covering a defined geographical area (e.g. E.U. Objective 1 covers the Highlands & Islands). There are even very local funding organisations - often private trust funds.

These funding organisations have different aims and objectives which will be reflected in the type and size of projects they will support. All generally have their own rules regarding the type of projects they can support (eligibility criteria), the level of contribution they will make, and the details of the funding arrangements. Many funding organisations will only pay a proportion of the cost of the project (such as 50%) and expect you to contribute the remainder, or to apply to other funding organisations as well. You may, therefore, have to

put together a funding 'package' and apply to a number of funding organisations. Some will only offer funding for a set length of time - regardless of the length of time you expect the project to run, and you will have to become financially 'self-sufficient'.

Some funding organisations run a 'programme' of funding - some you can apply to all year round, some open 'rounds' of funding once or twice a year. Some administer a number of different grant schemes and whilst some of these may be over subscribed, others may not.

Many expect you to work in partnership with other local organisations and agencies responsible for the particular issue you are tackling, and nearly all expect local community support for the project, or even local community participation in the project.

Although each funding organisation has its own way of deciding on suitable projects and funding them, there are some general features that will apply to all funding applications - and this guide highlights these general principles that you should follow in putting together a quality funding application for a rural development project.

The guide does not give advice on how to conduct more general fund raising activities such as seeking donations from the general public or private sponsorship.

2. Developing Projects

Developing a project involves a number of stages and this section explores each stage in the process. Following the process closely through each stage should ensure that your project has been properly thought through - and this in turn will help you to develop a high quality funding application. Often, applying for funding, and especially filling in the application form, is seen as the end of the process. Instead, this guide recommends that you think carefully about funding issues at each stage in the development of a project.

Many funding organisations will want to see details of the steps you have taken in developing the project and putting together the funding application. This can include: how the project has been chosen; details of community participation and support for the project; and evidence that careful thought has been given to translating the project into action, both now and in the future. It is important, therefore, to follow through the steps carefully, to be clear about what you are doing and why, and to be able to report on the steps you have taken. Figure 1 illustrates this step-by-step approach.

For each stage, pointers for good practice and key actions are described. The pointers for practice should be adapted to fit the type of project you are developing. For example, carrying out community consultations into the nature of the problems facing your local community is recommended, but who is consulted and how, is likely to be determined by the size and nature of the project and the resources available.

Figure 1: The steps to developing projects

Project Actions	Funding Actions
Deciding what to do - Identifying issues and problems	
Deciding what you are trying to achieve - Clarifying your aims and objectives	Identify funding organisations
Assessing what can be done - Identifying all the possible options	Matching your objectives to funding organisations
Choosing the Best project - Assessing the best project from all the options	Assessing the benefits of the Project; checking this maximises funding opportunities
Taking the project forward - planning the project in detail	Consulting with funding organisations; assessing project management arrangements, viability & sustainability
Applying for Funding - putting pen to paper	Submitting the application (s) and demonstrating project suitability for funding
What to do if your application is unsuccessful - rethinking	reconsidering project design and resubmitting or finding new funding organisations
Reviewing progress - Monitoring and evaluating your project	meeting financial targets (forecasts) and deadlines
Ending the Project - applying the exit strategy	ending the project or securing financial self-sufficiency

2.1 Identifying The Problem

Projects are often developed because of concern over a local issue by individuals or groups within the local community, and local communities are frequently the best placed to develop their own solutions.

Although you may already have a clear idea of the major issue facing your area that you wish to tackle, before you take any action or decide what needs to be done, you will need to gather together information that will give you a better understanding of the issue - this is sometimes called, defining the problem. You will need to ask:

- what is the problem and who is affected?
- how big a problem is it?
- does everyone agree that it is a problem/ issue that needs tackling?

There are several different ways to investigate the problem. Much information may already be available from a variety of local organisations such as the local council, the community council, your local Council for Voluntary Services, or your local rural partnership (see Annex A). You will also be able to get information from an agency or organisation with responsibility for your particular topic - for example, from Scottish Natural Heritage for environmental projects, your local Area Tourist Board for tourism projects. In addition, you may also have to carry out some research to gather more information on the issue. The Douglas Valley community, for example, formed a Transport Working Party to tackle their transport needs and conducted their own research - by gathering information on local transport providers, bus time-tables, population statistics and by carrying out a community survey.

In gathering together more information or carrying out your research, you will need to decide: what you need to know; how will you find out the information; who will you ask and how? You may decide that you want to question particular types of people, rather than everybody - depending on the issue and these are sometimes called 'communities of interest'. Information can be gained through a range of exercises including household and sample surveys, public meetings and petitions. There are lots of sources of advice on how to carry out community consultations (see Annex A) and working closely with groups such as your Local Rural Partnership, Council for Voluntary Services and local Council can help with this².

Securing wide agreement within the local community and from agencies and organisations on the issue is a vital first step in developing projects. Most funding organisations will require applications to demonstrate clearly the nature of the problem you intend to tackle and to have established community agreement on the problems faced. They will also expect an agency or organisation that deals with the particular topic you are tackling to be supportive of the need and aims of the project.

Even if you are a community group, it is helpful to consult with the wider community - to establish community views on the particular issue and whether concern is widespread, and to confirm that the information and views you have are correct. Although this may be time consuming, it may also bring considerable practical benefits such as encouraging people to get involved in the project and securing volunteers to form a steering or working group (this

² You may find the *Scottish Rural Transport Action Guide: practical advice on how to address your community's transport needs* by Stephanie Herbert, The Scottish Office Central Research Unit (1996) helpful. Although it deals with developing solutions to transport problems, it provides general advice on carrying out research and working together as a group.

is discussed below in section 2.2). It can also be a valuable way of beginning to collect ideas about possible solutions and initiatives that could be developed and worked up into projects to tackle the problem.

Case Study 1 illustrates a project where both the need for transport facilities and the opportunity to improve them was identified through community consultations.

Case Study 1 - Better Evening Transport for Islay - A Local Solution

Background

A public meeting on Islay highlighted that participation in community activities and further education could be increased by better evening transport provision to allow people to attend recreation activities, evening classes and visit people in hospital. An unused resource was identified in that six privately owned minibuses were used for daily school journeys but little else.

Project Development

Islay and Jura Council of Voluntary Service took the lead in seeking financial assistance for such services along with eight key community groups. A survey was undertaken to assess whether people would actually use such a service. The initiative was progressed by a Study Group including the owners of the vehicles involved, various community organisations, a Community Council and Islay and Jura Community Enterprise (operate the local leisure centres).

Funding was obtained from a range of sources including the Rural Challenge Fund, the Local Authority, Leader II and Rural Initiatives Scotland together with help in kind from the Local Authority. After an initial period of running the services some adjustment has taken place to reflect demand and fare reductions have been introduced for the elderly and young. In an eight week period, over three hundred passengers were carried on the minibuses, allowing people access to a whole range of activities they were previously unable to access.

Lessons

- The problems and opportunity were identified by the local community
- The scale of the problem and the viability of a solution were confirmed by a survey
- Reviewing a project following initial operational period will allow alterations to be made to improve the project

Key Recommendations

- identify and measure the level of agreement on the existence and scale of the perceived problem;
- involve other sections of the community to form a common view on the nature and scale of the identified problem and the need to act;
- find out whether the problem is considered as one of the most important issues facing the community, or if there are more pressing issues, and;
- in the light of these consultations review the problem identified as the focus for the project.

2.2 Forming A Group Or ‘Partnership’

Even if you are already a community group, it is important that you consider how you can work in partnership with others - this is becoming an increasingly common criteria for funding. It is often better to secure the involvement of a number of people in a working party or steering group who can bring a wide range of skills, ideas and energy to the project. Your early consultations with the local community and relevant organisations and public agencies will have identified interested parties who may wish to be closely involved in tackling the issue. Often working groups come together after a public meeting. Alternatively, you may have to invite people to join the group - the Douglas Valley Transport Working Group, for example, was formed by sending a letter to all the community councils in the area requesting a representative to join their group³.

If you are a community group working together for the first time you may find it helpful to read the Scottish National Rural Partnership guides on this⁴.

You will also need to consider whether you should remain as an informal group or develop a more formal, legal structure. Funding organisations will generally require that all applications are submitted by a legally formed organisation - some will only fund registered charities, for example. Informal groups such as local action groups may, therefore, need to become a legal organisation in order to submit applications themselves. Alternatively you may wish to appoint a lead agency to submit the application on your behalf and even to manage the project once is up and running - the body required to manage the project could be different from the one that submits the funding applications. You may wish to reconsider this issue once you have decided on the project you intend to develop (see section 2.6).

The exact structure of the legal organisation can be important for a number of reasons including:

- organisational and management aspects of the project;
- different treatment of tax and rates;
- range of grants which are accessible;
- number of partners to be represented on the organisation;
- personal liability, and;
- accountability to local community.

Deciding on the best legal structure for a group can be rather complex and assistance with this is available from a range of organisations including the Scottish Council for Voluntary Organisations (SCVO), Council for Voluntary Services, Local Enterprise Companies and Local Councils. The registration of documents to form a legally registered/recognised company will generally need the professional assistance of solicitors.

Key Recommendations

- identify individuals, local groups and agencies that could work together as a group to tackle the issue;
- consider whether you should form a legally recognised group.

³ *Scottish Rural Transport Action Guide: practical advice on how to address your community's transport needs* by Stephanie Herbert, The Scottish Office Central Research Unit (1996)

⁴ *New Ideas in Rural Development No.4 : Community Involvement in Small Scale Tourism Initiatives* by Stephanie Herbert, The Scottish Office Central Research Unit (1997). The *Scottish Rural Transport Action* also provides advice for newly formed groups.

2.3 Clarifying What You Are Trying To Achieve

It is important that you are clear about what you are trying to achieve before you start thinking about possible solutions or even exploring what funding may be available. Deciding on the aims and objectives of your project is best agreed in the consultations you will undertake to find out more information on the nature of the problem. *Aims* set out the general goals of the scheme, while *objectives* describe the more detailed points. Agreeing aims and objectives is about what you would like to see in the future. Again, funding organisations will want to see evidence not only that there is agreement about the problem or issue, but also that there is agreement about what should be done about it.

For example, in the village of Crail (see Case Study 2) and the surrounding villages there was concern with the quality and accessibility of existing childcare facilities. This resulted in restricted employment and training opportunities for many parents. The *aims* of the Crail Children's Centre Project were to improve the quality of, and accessibility to low cost childcare and to enhance the training and employment prospects of parents in the area. This gave rise to the following *objectives*:

- to develop a community childcare centre for the area;
- to make the improved facilities accessible to those parents without access to a motor vehicle, and;
- to provide better information and guidance for those parents seeking to enter training and employment.

Case Study 2 - Crail Children's Centre

Background

This project involved the restoration of the Old Burgh Depot in the village of Crail in Fife to form a community childcare centre, thereby ensuring the provision of high quality, low cost childcare. An outreach arm of the project, with a funded minibus and driver/co-ordinator, was proposed in order to maximise the involvement in Centre activities of families from surrounding activities. The project was developed by Crail Children's Centre Trust, who initiated a number of Local Authority and community partnerships, especially with the local Preservation Society.

Project Development

A feasibility study indicated strong support for both the facility and objective of helping parents return to work and training. Funding for the repair and renovation of the Old Burgh Depot and for the childcare project was secured from a range of sources including the Rural Challenge Fund, the National Heritage Memorial Fund, National Lottery Charities Board, the Local Authority, Local Organisations and the Architectural Heritage Fund.

The centre had its official opening in November 1997 and is now providing a much needed local service with benefits in terms of employment, childcare and building conservation. The project also helped address key priorities of the Fife Rural Partnership and the Local Authority in terms of tackling disadvantage, economic regeneration and local commitment and partnership.

Lessons

- A feasibility study was useful in assessing the depth of community support for the initiative
- With clear and focused aims and objectives, a project can gain considerable support from a wide variety of funding organisations - who are able to see their role in the project - and lead to successful funding applications.

At this stage it is important that the objectives of the project are set out clearly without being too prescriptive about the way in which they might be achieved. This will be considered in the next stage - *Choosing Project Options*. In some cases, the objectives of a range of similar organisations can be brought together to assemble one larger project with, for example, wider geographical coverage. This would lead to the submission of one overall application for funding assistance as opposed to a number of small individual applications.

It is helpful at this stage to identify the range and nature of potential sources of funding. The aims and objectives of the project should direct your search for funding sources. Annex A provides details of the information and advice available to help you with this - and your local Council for Voluntary Services will be particularly helpful (they can provide advice on a range of funding issues and possible funding opportunities and operate 'Funderfinder', a database of charitable trusts).

The use of a Funding Diagram (as shown in Figure 2) which identifies possible sources of funding can be a helpful way to highlight the key objectives and general rules and regulations (or eligibility criteria) of the relevant funding organisations. This is of course only an example to illustrate how you might use the diagram, and the possible funding sources for your project may be very different.

Figure 2: Identifying Possible Sources of Funding

Funding Organisation	Name of Fund	The Broad Objectives of the Fund	The Funding Cycle	The level of support	The proportion of funding	type of assistance
National Lottery	Millenium Commission	Capital Projects to Mark 2000	Third Round Opens 1.7.96; Closes 16.9.96; Application by 11.11.96	Minimum £100,000; Maximum £15m	Typically 50%; more only in exceptional circumstances	-
The Scottish Office	Rural Challenge Fund	rural development including enterprise, transport, childcare and others...	application forms available from ; submit by 28.11.97; Funding from 1.4.98	maximum £50,000	maximum of 50%	capital and revenue; minimum of 1& maximum of 3 years.
local Council	Community grants scheme - seedcorn grant	help for community groups exploring new projects	continuous	Set amount of £150	full	must not have applied previously; help with room hire, postage, travel etc.
Local Private Trust	The 'small villages' Fund	community development	once a year - June	maximum £200	up to 100%	for villages of less than 500 population in District X
etc.....						

Remember, you may well have to put together a package of funding from a number of different funding organisations, and having identified possible funding organisations at this stage can help you when you begin to consider different project options.

Key Recommendations

- the aims and objectives should be clearly stated at an early stage in the project development;
- they should address the identified problems;
- they should be understood and owned by the local community group promoting the project and the wider local community, and;
- at this stage the range and nature of possible funding available in the project area should be identified.

2.4 Considering Project Options

There will be many different ways of achieving a solution to meet your objectives. For example, a concern over local transport could lead to increasing local bus services, developing a car sharing scheme or even establishing more mobile services (such as shops).

The possible solutions and project options should be generated by your group and the local community through community consultations. The first step involves considering a wide range of solutions and then reducing them to a smaller number of more realistic options which are then considered in more depth. It is important to consider as many ideas as possible at first so that nothing is overlooked.

“In the early stages of your search for solutions it is good to generate ideas and not make anyone feel that their contribution to that list is not valid. Only later when you get to a point where you have established what is realistic and what is not in relation to your resources should you place limits on the group’s imagination.”⁵

Many groups have found it helpful to examine other successful (and unsuccessful!) projects undertaken elsewhere to assist in thinking up solutions and finding out what makes a project attractive to funding organisations. Local community organisations and agencies that deal with your particular topic may be able to put you in touch with similar groups elsewhere (see Annex A).

In reducing the number of options to those that are more promising, you should eliminate those suggestions which are clearly:

- unacceptable to the local community or key supporting organisations;
- unachievable because they are too expensive or unlikely to fit with possible funding sources;
- poor performers in terms of delivering the specified objectives.

Drawing up a brief description for each project option is often helpful in considering these issues.

Once a small selection of more promising options has been identified, you will need to explore these in more detail. These options will vary in the extent to which they achieve your objectives, their likely cost and the factors that will be needed for it to work. The more detailed assessment of these options should look at all the anticipated benefits and costs to assist in choosing the best project - and should be compared to the situation where no action is taken (the ‘Do Nothing’ situation). The benefits resulting from a project are often referred to as **outputs** - *the measurable benefits which will accrue from a project*. It may be helpful to think about the types of outputs in terms of three broad categories: *economic*, *social* and *environmental*, to help ensure that the full range of potential costs and benefits are considered.

Examples of some outputs are:

- **economic outputs**: number of jobs created, increased sales and increased spending;
- **social outputs**: increased access to opportunity and improved local facilities, and;
- **environmental outputs**: improvements in the quality of the local landscape and amenity.

⁵ *Scottish Rural Transport Action Guide: practical advice on how to address your community’s transport needs* by Stephanie Herbert, The Scottish Office Central Research Unit (1996)

Whilst it is important to identify all the anticipated outputs at this stage, measuring or 'quantifying' these in detail should be left until the project has been clearly defined. The method used for estimating the potential outputs and impacts will depend on the type of project that is being considered. Funding organisations themselves will often have guidelines which recommend how the project benefits should be estimated and presented. In some cases it is advisable to get professional assistance, and your Local Enterprise Company or Local Council would be the first place to seek advice. Your Local Rural Partnership and LEADER Local Action Group may also be able to help. The resources required to establish the potential benefits of the various project options may require the use of consultants, and financial assistance may be available towards the cost of a feasibility study (see Annex A).

Examining all the possible outputs can help you in identifying possible funding for the proposal - by carefully examining the outputs, and the additional benefits that your project might achieve, you may be able to apply to a wide range of funding organisations. For example, your project may aim primarily to improve the quality of a local woodland area by investing in footpaths and a regular maintenance programme. While the environmental and social benefits to the local community may be central in your view, and indeed the main aim of the project, you may be able to apply to your Local Enterprise Company for funding because of the additional benefits based on the anticipated economic impact of your project - such as an increase in numbers of visitors to the area, increased levels of spending, or even associated employment opportunities.

Considering the aims and concerns of funding organisations alongside the development of your project can help ensure that the project objectives and anticipated outputs will maximise the funding opportunities. In other words, think carefully if there is scope to develop an additional or ancillary part of the project in order to make it more relevant to a funding organisation. Having clear and focused project objectives and outputs will enable the funding organisations to see what the effect of their funding contribution to your project will be. As one funding organisation put it:

“Look at it from the funding agencies point of view. They will be required to support projects which will assist them in meeting their objectives and targets, and therefore if your project can be demonstrated to contribute to meeting these objectives and targets then it is likely that support will follow.”

Sometimes it can simply be a matter of terminology. For example,

“Can your work with unemployed people be regarded as vocational training? If renamed, it may attract money from the European Social Fund. For example, although the European Social Fund makes no provision for assistance for literacy programmes, operations of this type have in the past nevertheless received assistance when integrated into vocational programmes. Therefore, even if your project does not seem to fit, do some more checking”⁶

It is important, however, to remember that you do not have to “think big” just because a funding organisation may give large grants - or indeed, to just ‘go for the money’. You need to think carefully about what you are trying to achieve and the best way of doing it. Remember, funding brings with it a number of responsibilities and you will need determination and commitment to get your project up and running.

⁶ *Grants from Europe: how to get money and influence policy* (8th Ed.) by Ann Davison for ERCIA: European Research into Consumer Affairs. NCVO publications: London (1997)

At the end of this stage you will end up with a short list of a small number of projects - say about 3 and you will have a general idea of how each one will contribute towards your objectives (their anticipated outputs).

Key Recommendations

- the project options considered should initially be wide ranging with opportunities for all parties to contribute their ideas;
- the range of options should be reduced to a manageable number for more detailed examination by excluding those which are clearly unacceptable, too expensive or not deliverable, and;
- it is important that the solutions are considered on the basis of their ability to address the agreed objectives. This helps to avoid a solution being chosen before proper consideration of all project options;
- a small number of options (say 3) should be identified and put forward for a more detailed assessment.

2.5 Deciding On The Best Project

The options short listed in the previous stage now need to be investigated further to decide which is the best project. Many funding organisations will want to see details of the process used to develop a project and the way in which the preferred option was chosen. It is important, therefore, that this is done carefully and you are clear about why you have chosen your project.

The preferred project should be chosen as a result of a detailed assessment of a number of factors, and should not be based on only one factor (such as the availability of funding). This should include (not in any order of priority):

- the costs involved - bearing in mind the capital (one off) and revenue (on-going) costs;
- the benefits anticipated in relation to the project's main aims and objectives, as well as additional or 'ancillary' benefits;
- the benefits predicted in relation to the objectives of potential funding organisations;
- the financial sustainability over the life of the project, and;
- the ability to deliver the project in terms of the likelihood of securing funding.

In carrying out your more detailed assessment of the options, you will also need to think carefully about how long you will need funding for: Does the project have a set 'lifetime'? Does it need to be in place in 1/2/3+ years time? What will you do when the funding ends? Can the project become financially self-sustaining?

It is also important that realistic estimates are made of the anticipated cash flow of the different project options including the capital and revenue elements. Not all projects, of course will have both these elements - you may not want any capital funding (for the purchase of premises or equipment) if you are intending to run a training scheme, for example. However, funding organisations often find that projects are developed with considerable emphasis on initial capital costs and with little thought given to the on-going (or revenue) costs over the life of the project. You might for example, be thinking of applying for funding to purchase a community mini-bus - and you will need to think about the costs of maintenance, garaging the vehicle, road tax and insurance, petrol and perhaps the salary of a driver (or training of volunteers). It is important, therefore, that due consideration is given to both the capital and revenue elements of your project and that these are clearly demonstrated in your funding applications. You will also have to think about the 'Value For Money' of the project - are the anticipated benefits significant for the amount of effort and resources that will be put into the project?

The use of professional help, perhaps in the form of a feasibility study carried out by consultants, is sometimes the easiest way of assessing the benefits and financial requirements of the project - depending on the project and the experience of your group. The Eastgriggs and Gretna communities, for example, set up a working group to explore the setting up of a Wartime Heritage Centre and secured funding from the local council for a feasibility study⁷.

In deciding on the best option, it is useful to compare both the objectives and benefits (anticipated outputs) of each project option with the objectives of the potential funding organisations. Where appropriate, **minor** alterations might be made to the project's **ancillary** aims and objectives to fit better with those of the possible funding organisations - provided

⁷ 'New Ideas in Rural Development No.4 : Community Involvement in Small Scale Tourism Initiatives' by Stephanie Herbert, The Scottish Office Central Research Unit (1997)

this does not prejudice the main aims of your project. This approach was adopted in Case Study 3 (overpage). This is not to suggest, however, that bids should be written simply to prise out funding. The main aims of the project must be based on your assessment of local needs and agreed priorities. Funding organisations can usually spot projects that are developed simply as a response to funding and assess the project accordingly!

Case Study 3 - Sandhaven Harbour Development - Matching Projects to Funding

Background

This small fishing village suffered from the decline in the fishing industry in recent years and is currently home to only a fraction of the number of fishing vessels it once knew. The physical deterioration of the harbour (related in part to ownership difficulties) and the poor economic situation were of concern to the local community. The Community Council took the initiative to approach the Local Authority and Local Enterprise Company with a view to undertaking a study to look at diversifying the economy and regenerating the village.

The main objective was to stimulate economic activity within the village - initially through the provision of range of physical improvement projects related to the harbour and waterfront area. However, in the light of the recent availability of E.U. PESCA funding, the project focus was shifted to facilitate the diversification of the economy into community leisure developments to support small scale industry and, as a consequence, to encourage further growth in the self confidence of the local community. The project was therefore recast in these terms with a view to targeting a wider range of funding partners than initially envisaged.

Implementation

A comprehensive plan was prepared for the village including transferring of the ownership of the harbour, and component projects identified with due regard to the objectives of those organisations from which financial support was to be sought. The local community are now assembling applications to various funding agencies including E.U. PESCA with a view to regenerating the village through a series of improvements to the harbour area (including the setting up of a trust to purchase its freehold), essential structural repairs, provision of pontoon berths, construction of a permanent slipway, property conversion to provide workshops/ gear stores and environmental improvements to form a village square.

Lessons

- to consider novel solutions;
- to be aware of the current status of funding sources when formulating plans and prioritising projects.

Key Recommendations

- decide at an early stage whether your group requires professional help in assessing the options;
- make sure that your assessment of the options clearly defines the costs, benefits and risks involved in achieving each option;
- consider minor amendments to the ancillary aims of the project to increase its funding potential;
- the experience of successful (and unsuccessful) projects elsewhere should be used to develop the project and to inform the selection of a preferred project option;
- the reasons for choosing the your preferred project must be clear.

2.6 Taking The Project Forward

Once the best project option has been agreed, there is usually a wide range of other factors to be considered in getting to the stage when you are ready to submit a funding application - planning for action! These include (in no particular order):

- the management required to get the project up and running;
- the management of the project once it is up and running with respect to issues such as staffing, cash flow, etc.;
- the timing of different elements (a programme) of the project; including its end if appropriate;
- the timing of securing funding
- securing necessary statutory consents, such as planning permission, and;
- the organisational and management structure for the project
- how you will measure progress of the project (monitoring and evaluation).

Consulting with potential funding organisations at this stage will be extremely beneficial. Although most produce guidelines and booklets to provide you with information and help on applying to the fund, you will find that most funding organisations are happy to discuss any points or queries you may have before you put in a formal application. It is helpful to clarify with them that your project does indeed meet their regulations, especially their 'eligibility criteria', and to discuss the detailed financial procedures (such as when payments will be made).

The on-going management and financing of the project once it is up and running will require careful consideration. Although you will already have thought about these issues in deciding on the best project, you will now need to produce **detailed** estimates of the cost and level of any staffing required, on-going cash flow arrangements and the level of demand required to make the project feasible. It will be necessary to provide cash flow projections when submitting funding applications to demonstrate the likely success of the project and its financial viability.

The implementation of the project (particularly a capital project) may require significant resources to manage the project effectively and ensure that close financial control is maintained. This will include approving invoices for payments, submitting progress reports to funding organisations and drawing down monies for the payment of invoices. Many funding organisations will only release funds in arrears, that is after payment has actually been made to the contractor. This may create significant problems if your group is a small organisation with limited funds. Such cash flow problems can often be resolved by involving the Local Authority or Local Enterprise Company at the outset of the project because these organisations often have the ability and resources to provide administrative support and act as a banker whilst you plan your project. Many funding organisations will prefer the local community group to submit applications themselves, rather than a lead public agency and if possible, you should establish this with them in your discussions.

The programming (timing) of the project will be important to its success. Setting out the work programme in a diagram - that sets out the tasks to be undertaken and the timescale - can help you plan out the work required to take the project up to the stage when you are ready to submit funding applications and can also be helpful in planning the management of the project once it is up and running. This will also demonstrate that the project has been planned properly when you submit your application for funding.

Some projects will be designed to address a local need for only a limited period of time and it will be important that due consideration is given to the arrangements for ending the project. An example of this could be the provision of a specialist to run a number of training courses, or to draw up an information pack. It is important therefore that an appropriate 'exit strategy' for the gradual closing of such projects is considered. On some occasions support for a project may only be provided for the first few years to allow it to develop and become self financing; alternatively you may wish to consider other sources of continued funding or if a mainstream service provider could continue to provide the service established by the project - these should be demonstrated in the exit strategy.

If your project will involve the provision (or alteration) of a building or other physical facilities you may need to meet a range of legal requirements such as planning consent, licenses and health and safety legislation. In addition, you will need to consider other issues which may prevent the project going ahead such as securing ownership of (or access agreements to) land or premises. Funding organisations will ask you to provide evidence that these issues have been addressed such as providing a title deed or legal agreement.

It will be important that you find out the timetables for submitting funding applications to funding organisations, as well as the timing for receiving funds (they will often be quite different) to ensure that funds will be available at the times you need them when implementing your project. Many funding organisations will specify time limits on when you can 'draw down' or receive funds - some work on calendar years and some on financial years. The precise timing for making and receiving payments can be a crucial factor in the success of a project. Failure to consider the different procedures can result in not receiving funds or even being asked to return some of the funds which your project may have already received.

It will also be helpful at this stage to think again about the organisational structure for the management of the project once it is up and running - now that you know more details about the project. Will it be better for you to appoint a lead agency with a legally recognised structure to submit the applications and manage the project on your behalf; or to set up a new management body? This will depend on the project and the regulations of the funding organisation you intend to apply to.

It is also important that you think about how the progress of the project will be monitored once it is up and running - most funding organisations will want to know how you intend to review progress and will expect regular reports if you receive funding. More advice on this is given in section 4.

Key Recommendations

- Consult with potential funding organisations about regulations and procedures;
- ensure that a sufficiently detailed project plan is produced to demonstrate the likely success of your project. It should address issues of financial control, lead agency and necessary statutory consents;
- the on-going sustainability over the life of the project should be considered carefully and you should provide outline income and expenditure forecasts to demonstrate the sustainability of the project;
- seek advice on the most appropriate legal structure for your project or consider appointing a lead agency to manage the implementation of your project as lead agency. This organisation must have sufficient resources to manage the project effectively and ensure that close financial control is maintained.

3. Applying For Funding

When you apply to funding organisation, you will be competing with many other groups for limited funds, and you must convince potential funders of the merits of your project. A project which you think could deliver significant benefits may fail to gain funding if potential funders are not convinced by the content or presentation of the funding application. Having undertaken the extensive preparatory work recommended, you will now be in a position to provide the information required for a quality funding application. The factors which are likely to make for a successful application are:

- the clear support of the wider local community, local agencies, and acknowledged experts for the solution put forward;
- the clear fit of the project aims and objectives with the strategic aims of other relevant agencies for the area;
- a demonstrable and genuine fit between the project objectives and those of the funding organisation(s);
- a clear, concise description of the project content, and the scale and type of benefits which will be attractive to the funding organisation(s);
- evidence that the project is able to fulfil the planning and legal requirements necessary for its implementation;
- evidence that the project is well thought out and viable in terms of its long term financial and management arrangements. This involves the provision of cash flow projections and the description of the form of organisation which will control the project;
- clear demonstration that matching funding has been/is being secured from other organisations, and;
- a careful adherence to the funding application procedures laid down by funding organisations.

The remainder of this section gives more detail on these key requirements and gives practical advice on submitting an application.

3.1 Submitting Applications

Discussions with Funding Organisations

You should already have had some discussions with the funding organisation (s) to ensure that the project is eligible and attractive to the potential funders. Discussions can also help ensure that the content and level of detail of the application is appropriate for the funding organisation concerned. Most funding organisations are willing to engage in such discussions in order to assist in quality applications, and to save you (and themselves!) time and effort if your project is clearly ineligible for funding.

Filling in Application Forms

Although you may have had on-going discussions with funding organisations, a formal application will be required which will be assessed against other projects. This assessment will generally be carried out by a management group or committee who may not have heard of your project before. It is important, therefore, that when filling in application forms you assume they do not know anything about your project.

Funding organisations will generally receive a large number of applications for consideration. Applications should, therefore, be kept focused, clear and concise and follow the guidance issued by the organisation. You should provide sufficient detail to allow a proper assessment of the application, without proving too lengthy an application and it is often helpful (or even required) to produce a short executive summary. The project description is of particular importance because this will be the basis for first impressions and may be used to short list projects for further consideration. The project description for each application should demonstrate clearly how the project will reflect the objectives and priorities of the funding organisation. Funding organisations have different aims, objectives and priorities, and the applications will need to emphasise those project strengths and benefits which will be most relevant to each organisation. Striking the right balance between too much and too little information can be difficult, and again it is useful to review other successful applications which have been submitted. Your Local Rural Partnership and Council for Voluntary Organisation can often give help with filling in forms and your Local Rural Partnership might also be able to show you successful applications from other groups (e.g. former rounds of Rural Challenge Fund).

Timing of Funding Applications and the Project Programme

The deadlines for the submission of applications to various funding organisations will vary. It is important therefore that the application and financial year constraints are established at an early stage so that these do not prevent the implementation of a project according to the planned programme (timing). For example, one funding organisation may decide very quickly to support a project but require that funds are 'drawn down' before the end of the financial year. This may coincide with another funding organisation which has a slower decision making process, putting the date of the decision beyond the deadline for accessing the first contribution. In addition, some funding organisations will provide a greater proportion of the funds at the beginning of a project and gradually reduce this as the project gets established (e.g. 50% of costs in year 1 and 33% in year 2 - sometimes called 'tapered funding').

These timing issues must be identified, and if possible resolved, before the applications are submitted. If you are a community group, working closely with your local Council and other agencies may help with this (as described in section 2.6).

Fitting in with Local Strategies and Views

In many areas there will be existing strategies in place to provide a framework for the long term development of the area - such as the Local Plan, a Tourism Strategy, an Economic Strategy and Local Rural Development Strategy developed by the Local Rural Partnership. A project should be shown to fit within the strategy for the area. For example, an important criterion for The Scottish Office Rural Challenge Fund is how well the project fits with the strategy and priorities of the Local Rural Partnership and LEADER Local Action Group for the area.

Funding organisations will often consult with locally based groups and agencies to establish that the project is needed and supported by the local community, as well as relevant agencies (if not already involved in the application). For example, in considering an application for assistance with a sports hall, the funding organisations are likely to consult with local sports clubs. Establishing community opinion and support early on in the choice of your project will help ensure that consultations carried out by potential funders will be favourable. Most funding organisations are happy to accept petitions and letters of support to demonstrate the

community's support for your proposal - again, the published guidelines and your discussions with the funding organisations will clarify this.

Obtaining Funding from Several Sources

Many projects will have to gain funds from several sources, and many funding organisations will only contribute if funds are also secured from other sources. This is called 'matched funding'. Some organisations will be willing to consider help-in-kind (such as the contribution of voluntary staff time) for a project rather than financial contributions as part of the 'matched funding' element. Again consulting with the funding organisations will clarify their rules and procedures on this.

A particular difficulty with securing funding from a number of different organisations may be their procedures with 'matched funding'. Some may wish to know that another organisation has agreed to fund the project before giving their own agreement. Gaining European funding, for example, must usually be the 'last brick in the wall'. You will need to time your applications accordingly.

Key Recommendations

- funding bids should closely follow the Guidelines provided by each funding organisation;
- discussions should be maintained with the funding organisation(s) to ensure that the content of the application and method of presentation best represent the strengths of the project;
- the application should be tailored to meet the aims and objectives of the funding organisation(s) targeted, and;
- examine applications for similar projects which have been successfully implemented elsewhere.

3.2 What To Do If Funding Bid(S) Are Unsuccessful

Many projects will require that funding is secured from a range of organisations and therefore the success of the project will depend on successful applications with a number of organisations. There is increasingly fierce competition for the limited resources that funding organisations have to administer and it is not possible for them to support all projects. As a result there will inevitably be *winners* and *losers* within each funding round.

The reasons for unsuccessful applications are often that:

- the project does not fit within the aims and objectives of the funding organisation;
- the inadequate consideration of on-going financing;
- other funding contributions have not been secured, or;
- the project was viewed favourably by the funding organisation, but they were unable to support it because funding for that project type was exhausted for that funding round.

If your application has been unsuccessful, it is essential that the reasons for this are established through discussions with the funding organisation(s) - and most will be happy to discuss this with you. You may receive a letter setting out the reasons for their refusal - if it is still not clear enough, request more information. By finding out exactly what went wrong, you can try to overcome this next time. Once you know why funding was refused, you can consider:

- re-submitting an amended application to the same funding organisation which addresses the short comings of the original application, or;
- targeting an alternative, more appropriate, funding organisation.

The reasons for failing to gain support from funders can often be addressed through minor amendments or additions to your project. In particular, you could think about redesigning the project such as splitting it into parts or phases of development. Be sure, however, that each part is self-contained - there's no point leaving a wall half built! If amendments are made to the design of your project, make sure it still meets the aims and objectives agreed at the outset.

It is important that your group takes a longer term view if the initial funding application is refused. Although you will obviously be disappointed, it does not necessarily mean that your project will not go ahead. Trying to maintain the enthusiasm and motivation which gave rise to the project can sometimes be a problem, and chasing funding can seem like your main aim, but it is important to recognise that your project may take some time to come to fruition and that you may have to endure some disappointments along the way. Having the support of the wider community and links with other similar projects elsewhere can help in maintaining enthusiasm and you may find "*New Ideas in Rural Development No. 4*" helpful. The important point is that the lessons of failure are learned and applied, so that the application may be improved or redirected towards successful implementation. Finally, remember:

"If a project is of sufficient quality and has been thought out properly it is often a matter of where the funding will be secured from rather than if".

Key Recommendations

- consult the funding organisation to establish clearly the reasons why your application was unsuccessful, and how the application can be improved, and;
- determine whether to take the project forward by either, amending the application and submitting it again, or by applying to other (more appropriate) funding organisations.

Case Study 4 - The Rural Housing Design Project

Background

This project will support the development of a new standard of rural housing in the Scottish Highlands and Islands by developing, demonstrating and promoting low cost house designs which are sympathetic to the traditions, indigenous materials and environmental conditions of the area. This will be carried out through three project components as follows:

- developing local sources for building products and skills;
- providing support and advice for a network of demonstration buildings, and;
- producing technical and promotional information.

By improving the use of local resources the project will link the activity of house construction with wider environmental, social and economic issues.

Project Development

The project has been developed over the last few years through a partnership of a wide range of organisations including Highland Birchwoods, The Forestry Commission, Highland Council, Highlands and Islands Enterprise, Rural Forum and Scottish Homes. Funding for the projects has been secured from a range of organisations including Objective 1, Rural Challenge Fund, Forestry Commission and Highlands and Islands Enterprise.

In the process of securing funding a number of applications were unsuccessful which resulted in the project having to be re-drafted and alternative funding sought. Problems also arose in drawing down funds which were already secured due to match funding requirements (i.e. funds are not released until 100% funding is secured) and some of the funding was actually lost. This necessitated further funding applications and securing Rural Challenge Fund completed the funding package for the project.

Lessons

- Developing projects from initial idea through to reality can take a considerable length of time and it is important that enthusiasm and momentum for the project is maintained throughout
- Funding applications should be very focused and clearly linked to the objectives of funding organisations and national policy (i.e. you are the “*mechanism*” by which funding organisations can achieve their objectives)
- If at first you fail to secure funding, further applications to both the same and different funding organisations should be considered

4. Reviewing Progress

Monitoring involves reviewing the on-going progress of the project, checking progress against your aims and objectives. Many funding organisations require that periodic progress reports are submitted when drawing down grant funds since they will want to know that the funding they are providing is achieving its aims and that the benefits and outputs you anticipated are indeed occurring. Regularly reviewing progress can also help you ensure that the project is running as expected - by keeping track of what is going on and giving you the opportunity to address any problems as they arise.

If projects are not progressing as anticipated, particularly if timing has slipped, you should be aware that funding organisations may wish to reclaim or ‘clawback’ funding.

Evaluation involves assessing the project at a specific date to determine whether the project has met the targets and objectives set out in the funding application - often at the end of the funding arrangement. In many cases evaluations are carried out by local agencies or consultants and the arrangements for this should be highlighted when submitting the initial funding applications. Funding organisations will usually provide guidance relating to monitoring and evaluation, and these should be followed closely.

You may find the guide “Measure for Measure” helpful - although it deals with the subject of crime prevention initiatives, it provides general guidance on monitoring and evaluating projects⁸.

Key Recommendations

- the arrangements for the on-going monitoring and subsequent evaluation of the project should be clearly stated in funding applications;
- monitoring and evaluation guidance provided by funding organisation should be adhered to, and;
- make sure that the measures used by project funders for monitoring and evaluation are used as part of the project appraisal.

⁸ *Measure for Measure: a guide to monitoring and evaluation of crime prevention initiatives* by John Palmer Research and Management consultancy (1996) The Scottish Office

Annex A Frequently Asked Questions

What sources of funding are available?

There are a number of organisations who may be able to provide financial assistance, in the form of grants or *soft* loans for rural development projects. These range from Government departments and agencies, to local organisations (such as your local Council), to trust funds and private initiatives (e.g. Tudor Trust, etc.). Some will be able to offer more funding than others and all have their own regulations and procedures for deciding on suitable projects and administering funding (see section 1). Organisations which may be able to provide support for your project include:

- Structural Funds (e.g. European Regional Development Fund, European Social Fund, LEADER II);
- Local Enterprise Companies (e.g. Business and Community Development Grants);
- Local Authorities (e.g. Village Hall Grants, Business Development Grants);
- Scottish Office (e.g. Rural Challenge Fund, Local Capital Grants Scheme);
- Government Departments and Agencies (e.g. Scottish Homes, Scottish Natural Heritage, Historic Scotland, Forestry Commission);
- National Lottery (e.g. Heritage Lottery Fund, National Lottery Charities Board);
- Trust Funds (e.g. Tudor Trust, The Architectural Heritage Fund), and;
- Private Sector Companies (e.g. Rural Forum, Shell “Better Britain” Campaign, Project Sponsorship).

Where can I get information and advice ?

There are a number of organisations who may provide help you in developing a project, identifying appropriate funding organisations and securing funding. These include:

- your Local Enterprise Company
- your local Council
- your local Council for Voluntary Services;
- your LEADER Local Action Group
- your Local Rural Partnership
- Scottish Council for Voluntary Organisations (SCVO)
- Rural Forum

Contacts:

SCVO, 9 Ardross Terrace, Inverness IV3 5NQ. Tel: 01463 235633
or 18/19 Claremeont Crescent, Edinburgh EH7 4QD. Tel: 0131 556 3882
or 134 Renfrew Street, Glasgow G3 6ST. Tel: 0141 332 5660
SCVO will be able to put you in touch with your local Council for Voluntary Services

Rural Forum, Highland House, 46 St Catherine's Road, Perth PH1 5 RY. Tel: 01738 634565
Rural Forum operate a Rural Action Network and may be able to put you in touch with other similar groups, as well as providing advice on funding.

Local Rural Partnerships

If a Local Rural Partnership exists in your area they may be able to give help with developing your project at most steps along the way, as many aim to support projects initiated by local community groups. They may help with:

- advice on identifying problems/opportunities (e.g. community appraisal exercises);
- assisting with group formation;
- gaining widespread community support;
- identifying possible funding organisations;
- applying for funding, and;
- setting up feasibility studies.

To find out if a local rural partnership operates in your area contact Mr Kevin Philpott, The Rural Affairs Branch, The Scottish Office Agriculture, Environment and Fisheries Department, Room 028, Pentland House, 47 Robb's Loan, Edinburgh EH14 1TY. Tel: 0131 244 3159.

Useful Publications

There are a number of publications that list funding organisations - but these can go out of date very quickly as funds change. Some of these guides are specific to a geographical area (e.g. *Rural Tayside Grants & Advice Booklet*, Tayside Regional Council) and others cover Scotland in general (e.g. *Sources of Financial Help for Scotland's Historic Buildings*, The Scottish Civic Trust). The organisations noted above will be able to give you more information on relevant guides and a small selection of guides which provide general advice on securing funding is given here.

Directory of National Voluntary Organisations in Scotland by SCVO (1997) ISBN: 1870904 61 3

Directory of Councils of Voluntary Service and Other Community Development Organisations by SCVO (1995)

Directory of Scottish Grant Making Trusts by SCVO (1996) ISBN: 1 870904 44 3

The complete Fund-raising Handbook by Sam Clarke, Directory of Social Change, 24 Stephenson Way, London NW1 2DP. ISBN: 1 873860 49 8

Writing Better Fund-raising Applications by Michael Norton, Institute of Charity Fundraising Managers (ICFM), 1 Nine Elms Lane, London, SW8 5NQ

Developing European Social Fund Projects by SCVO (1997 ed) ISBN: 1 87090446 3

Getting Funds from Trusts by SCVO ISBN: 1 870904 55 9

Guide to Constitutions and Charitable Status (1995 ed) by SCVO ISBN: 1 870904 54 0

In Management and Control by SCVO ISBN: 1 870904 48 6

The Essential Advice and Information Manual for Scottish Voluntary Organisations (1996) by SCVO ISBN: 1 870904 62 1

see also the SNRP publications in Annex C

Is there a need for community consultation?

Projects which are initiated and supported by a wide cross section of the local community are more likely to be sustained into the future as the community will feel a sense of *ownership* with the project. Involving local communities from the outset of project development allows a wide range of issues and problems to be identified and prioritised, which can then lead to the most appropriate project being developed. In recognition of this, funding organisations often require that appropriate community consultation has been undertaken before they will support a project. By carrying out community consultation and involving the local community, you will satisfy potential funding organisations that an adequate level of consensus has been reached and that the most appropriate project is being taken forward. This should be clearly demonstrated in your funding applications and community groups should demonstrate that they have consulted the wider community rather than only their members.

Community consultation can take many forms such as:

- Public meetings;
- Community appraisals;
- Community Workshops;
- Focus Groups;
- Publicity Campaigns, and;
- Consultation with local interest groups, organisations and agencies.

The organisations noted above will be able to provide advice on the most appropriate type of consultation for your project.

What is meant by eligibility criteria?

Funding organisations will have a range of objectives and areas of interest and, therefore, support will only be provided for specific types of projects - those which they consider most will achieve their objectives most effectively. Funding organisations generally publish guidance on the fund which sets out clear *eligibility criteria* for projects - which may include:

- the type of project (e.g. arts, environmental, housing, etc.);
- the location of the project (e.g. wholly in Scotland);
- who can apply (e.g. legal status of applicant such as a charitable trust).

What is the best structure for the project organisation?

Funding organisations will generally require that all applications are submitted by a legally formed organisation and informal groups (such as local action groups) will either need to become a legal organisation prior to submitting applications or work closely with an organisation such as your local council or local rural partnership who may act as a lead agency and submit an application on your behalf. In choosing best structure for a legal organisation you will need to consider the:

- organisational and management aspects of the project;
- different treatment of tax and rates;
- personal liability of members;
- range of grants which are accessible,
- number of partners to be represented on the organisation and;
- accountability of the organisation.

Deciding on the best legal structure for an organisation can be rather complex - advice is available from a range of sources (e.g. your local Council for Voluntary Services, Local Enterprise Company, Local Council, and SCVO) and you will need to consult a solicitor.

You may find the guidance on structures for Local Rural Partnerships a useful introduction to the differences between informal and legally recognised companies⁹.

How much can we expect a funding organisation to contribute to the project?

The level of support that may be available from each funding organisations will be set out in its guidelines and vary according to the limits on the total level of funding (e.g. £50,000) and the requirement for ‘matched’ funding (e.g. maximum of 50% contribution towards project costs).

Funding will also limited by the competition from other projects - you may be able to discuss the level of support which may be available with funding organisations. They may, for example, be able to tell you if there is an under-spent budget within a specific category of project (See section 3).

When should we submit funding applications?

You will need to consider the proposed timescale for the project and how this fits within the timescales of each of the funding organisations. As each funding organisation usually has its own application and decision deadlines (as well as financial year , co-ordinating a project which involves a number of different funding applications can become rather complex. The guidelines provided by each will clearly specify when funding applications have to be submitted and you will have to plan your project carefully to deal with this. It can be helpful to divide you project into phases (see section 2.6).

When will we find out if our application has been successful?

The length of time needed for funding organisations to decide on applications varies considerably from a few days (generally for small projects) up to 6 months. Some funding organisations (e.g. E.U. Structural Funds) require that all other funding has been committed to the project prior to making a formal decision. Funding organisations will advise on the anticipated timescale for decisions.

How do we demonstrate our project is financially sustainable?

Demonstrating the sustainability of a project will involve estimating the likely demand for the project and the income which will be received (e.g. from ticket sales for a visitor centre) and comparing this to the cost of running the project. It is important that realistic estimates are made which are considered to be achievable. There should generally be a tendency to be conservative. In some projects it may take some time to get the project fully operational and carry out marketing to secure sufficient use to make the project self financing. Initial deficits may be met from bank borrowing, an endowment fund or occasionally revenue funding from the Local Enterprise Company or Local Authority, although it has become increasingly difficult to secure such support in recent years.

Can we use voluntary time as match funding ?

The opportunity to use the value of the time committed to a project on a voluntary basis is increasingly being recognised and you should discuss this with funding organisations at an early stage to establish the procedures for recording and using such time in funding applications. Voluntary time may include the services of a local architect, assistance from an organisation or professional time from members of the project management group, as well as members of the local community.

⁹ ‘*Good Practice in Rural Development No. 4 - Structures for Local Rural Partnerships*’ by Rural Forum (1998)

Annex B Popular Rural Projects And Funding Sources

Project type	Funding sources
Community arts project/centre	Objective 1 or 5b LEADER II PESCA Arts Lottery Scottish Arts Council Foundation for Sports and Arts Rural Challenge Fund Local Enterprise Company Local Authority The Tudor Trust Private Sector Sponsorship
Community Centres/Village Halls	Objective 1 or 5b LEADER II 21st Century Halls - SCVO Arts Lottery Rural Challenge Fund Local Enterprise Company Local Authority Carnegie Trust Private Sector Sponsorship
Forestry Initiatives	LEADER II Forestry Authority Shell Better Britain Campaign Rural Challenge Fund Local Enterprise Company Scottish Natural Heritage Millennium Forests for Scotland
Rural Outreach Projects	LEADER II National Lotteries Charities Board Shell Better Britain Campaign Rural Challenge Fund Local Enterprise Company Local Authority Scottish Homes The Tudor Trust
Visitor/heritage Centres	Objective 1 or 5b LEADER II Heritage Lottery Fund Historic Scotland Arts Lottery Rural Challenge Fund Local Enterprise Company Local Authority Private Sector Sponsorship/ Participation
Community Transport	Objective 1 or 5b LEADER II Rural Challenge Fund Local Authority Private Sector Sponsorship/ Participation

Annex C Scottish National Rural Partnership Publications

'Good Practice in Rural Development' Series

No 1: Effective Partnership Working by Bill Slee and Patrick Snowdon (with Robert Gordon, Bill Marshall and Andrew Wells), University of Aberdeen (1997) ISBN: 0-7480-6440-0 £2.50

No 2: Community Involvement in Rural Development Initiatives by Rural Forum and Rural Research Branch, The Scottish Office Central Research Unit (1997) ISBN: 0-7480-6482-6 £2.50

No 3: Preparing Local Rural Development Strategies: Frameworks for Action by Rural Research Branch, The Scottish Office Central Research Unit and COSLA (1997) ISBN: 0-7480-6107-7 £2.50

No 4: Structures for Local Rural Partnerships by Rural Forum (1998) ISBN: 0-7480-7067-2 £2.50

No 5: Consensus Building by Roger Sidaway, Independent Research and Policy consultant with Judith Annett, Countryside Consultancy and David Rothe, Rural Forum Scotland (1998) ISBN: 0-7480-7068-0 £2.50

No 6: Developing Projects and Securing Funding by Halcrow Fox Consultants (1998) ISBN: 0-7480-7069-9 £2.50

'New Ideas in Rural Development' Series

No 1: Promoting the Development of Effective Information and Advice Services for Rural Areas: A Framework for Action in Scotland by Juliet Harvey, The Scottish Office Central Research Unit (1996) ISBN: 0-7480-5599-1 £2.50

No 2: Action on Scottish Rural Transport - Helping Local Communities Tackle their Transport Problems by Stephanie Herbert, The Scottish Office Central Research Unit (1996) ISBN: 0-7480-5675-0 £2.50

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