

Investing in Communities Programme

Common reasons why funding applications fail

In September 2018, Colyer-Fergusson Charitable Trust launched its most recent 5-year strategy, which included its 'Investing in Communities' programme designed to fund smaller organisations' core costs. Since then the Trust has awarded nearly £1.6m, including £457k as part of its emergency response to the COVID-19 crisis. During this time, we have assessed over 230 grant applications from a wide range of organisations. Unfortunately, we are unable to fund every applicant and whilst over 60% of organisations made successful submissions, that still leaves around 40% unsuccessful. The aim of this article is to explain openly why some organisations did not succeed and give everyone the best chance of success next time.

When applications are submitted via CFCT's online portal, they are initially read by an assessor, who carries out a due diligence check and then writes a short report. This is presented at one of six trustee meetings each year which specifically consider Investing in Community submissions and decide whether a grant is awarded and at what level.

Below are some of the main reasons grant requests are turned down:

- **Poorly presented or incomplete financial information**

It is important that you provide the requested financial information and that the figures presented on the application form mirror those in the most recent published accounts. For example, mistakes are often made in respect of the stated unrestricted reserve level. Please ensure that you are clear about what constitutes unrestricted reserves before completing the application. Find a list of useful definitions, including unrestricted reserves, [here](#)

Please also explain and address anything in the published accounts that you think may cause confusion or raise concerns. This may include significant losses, a deficit position on the balance sheet, loss of major sources of funding etc.

For new organisations that cannot provide two sets of published accounts, it is important that you provide a clearly explained cashflow or budget outlining prospective income and expenditure.

Finally, if the published accounts do not reflect the current situation at your organisation, there is an opportunity to attach your latest management accounts which should come with an explanation regarding what has changed and why.

- **Large unrestricted reserves**

The Communities programme is aimed at helping smaller organisations that have limited resources remain solvent or improve their sustainability. Therefore, organisations with unrestricted reserves in excess one year's expenditure, are less likely to have their applications for funding approved. If your organisation does have more than one year of unrestricted funding available it is important that you address this in your application, providing an explanation as to what the resources have been put aside for. Similarly, if there are significant

funds resting in designated reserves please ensure that you refer to this and provide clarification of their proposed use.

- **Organisation has income over £500k**

The Communities programme is restricted to organisations with an annual income at or below £500k.

- **Budget does not give enough detail and has errors**

Please ensure that the budget submitted corresponds with the information provided in the main application and shows specifically how the funds applied for will be allocated. Please also ensure that the budget adds up to the amount requested.

- **Operates in areas outside of Kent**

If your organisation operates on a regional or national basis then it is unlikely that an application to this particular CFCT programme will be successful, unless you can identify how you will ensure any award will be ringfenced to benefit the Kent community. This can be problematic in respect of core costs, which, by their nature, tend to apply to the organisation as a whole. Please note that CFCT does not usually fund organisations operating in London Boroughs, even if those Boroughs are situated in Kent.

- **Does not show how the organisation supports vulnerable/marginalised client groups**

The Communities programme is aimed at groups supporting the most vulnerable and marginalised communities in Kent and your application should identify how your organisation addresses this key point. This is particularly important where the remit of a non-profit group is quite wide.

- **Unclear outcomes that do not relate to the request**

The outcomes detailed in the application form should relate to the proposed use of the grant applied for. As an example, if the funding will be used to cover core premises rent costs then the outcome can very simply relate to this i.e. organisation will remain in current premises for x months.

- **Application is for project costs rather than core costs**

Core costs are defined as all those central costs that are not directly applicable to delivering the front-line services. We provide a list of examples in the Communities programme guidance, though this is not exhaustive. It is important that the request should fall within the definition of core costs and is not for project/programme/front line costs. A good definition of core costs is provided in this [article](#). If your organisation requires funds to resource front-line work or projects, please refer to CFCT's other grant programmes.

- **'Organisation' applying is not a separately constituted non-profit entity.**

Applications are often submitted from projects or programmes that sit within larger organisations. These do not meet the criteria of the Communities programme which will only award grants to stand alone, properly constituted, non-profit organisations. If your

organisation is not a registered charity, then it is important that you attach the paperwork showing its non-profit status to the submission.

- **Application does not give enough detail on key areas**

The application should clearly explain what the funding is intended to cover and the difference it will make to the organisation. In the case of a Stabilising Grant, how will it help you continue to deliver services? If it is simply by helping the organisation keep going in the face of funding cuts/loss of income, then state this. You may also like to add how the organisation is proposing to move forward, tackling the current funding shortages by reviewing strategy or delivery. Where the applicant is a fairly new organisation looking for start-up core costs, it is important to provide detail of your previous experience in delivering services, how you have identified demand, what your delivery model might look like and also what local partners you have engaged with. In the case of an Extending Grant, how will the funding help you grow the sustainability/capacity of the organisation? This could be by bringing in new contracts or grants, reducing costs, improving efficiency, investigating new ways of working, delivering services etc. You may wish to quantify this by providing financial targets in the outcome section.

Other considerations

- **Amount requested should be proportionate to annual turnover of organisation.**
A rough guide is that any request should not constitute more than 50% of annual turnover, though exceptions can and are made.
- **CFCT usually does not fund requests for vehicles or capital projects/building work through the Communities programme.**
The Extending programme does list funding for capital items, but this is related to resources that are likely to improve the sustainability/capacity of the organisation, for example new, more efficient IT, software etc.
- **Where you charge for a service, show how it is accessible to all.**
Some organisations charge for services in order to remain sustainable. This is fine but when submitting a request for funding you may like to show how you ensure the service is accessible/affordable to those most vulnerable and on the lowest incomes.

We are here to help

We will do all that we can to support you during your application process. If you have any questions please contact Steve Boucher via email – sboucher@cfct.org.uk