



Section 4

Money

This section has information about:



- getting money



- budgets



- reserves



- looking after the money



- writing and understanding financial reports



Getting money



All organisations need money



Most groups get their money from:



- grants



- fundraising



- service level agreements



- selling your services



Grants



You can apply for grants from:



Llywodraeth Cymru
Welsh Government

- Welsh Government



- local council



- charities and trust funds



- companies



People who give grants are called **funders**.



Funders decide what they will give money to.



Most funders have an application form.



Use the application form to say what you want to do and how much money you need.



Tips for apply for grants



1. Find out about the funder



- Check their website.



- Do they give money for what you want to do?



- Phone the funder and talk about what you want to do



- Talk to other groups that have had money from the funder



- Check the closing date or deadline



2. Read all the questions on the form



- If there are notes that say how to answer the questions, read them!



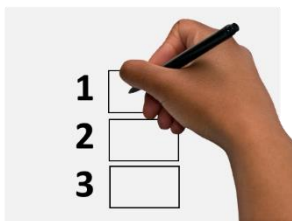
- If you do not understand a question ask for help.



3. Photocopy or print off the form



Practice on the copies until you are happy with your answers.



4. Answer all the questions



5. Get someone else to check your application



- The funder only knows what you write on the application form.



- Ask someone to see if you have left out any important information.



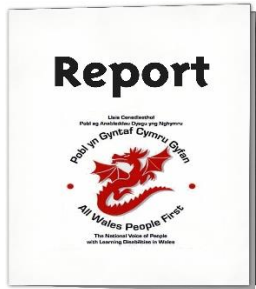
- Ask someone to check the budget



6. Get all the right signatures



7. Include all the extra things the funder wants



- annual report



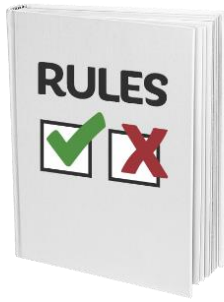
- annual accounts



- job descriptions



- letters of support



- your rules



- diversity and equality policy



- Welsh language policy



8. Choose your contact person



The funder may want to talk to someone from your group.



Make sure the contact person is:



- easy to get hold of



- knows about the application



- is good at talking on the phone



9. Photocopy or print off the form when have filled it in.



Make sure the contact person has a copy



10. Keep in touch with the funder



Sometimes the funder will ask for more information



Send them what they want immediately



Tell the funder if your circumstances change



11. Meet the closing date



Funders mean it when they give you a closing date!



Leave plenty of time for problems.



If you need information from other groups, give them plenty of time to find the information.



There is more information about being 'funder ready' in
Section 6: Tenders, Projects, Plans and Funders.



Fundraising



Fundraising can be fun.
It is also hard work.



First you must decide what you want the public to think about your group.



People First is about being strong people
It is about your rights.

It is about having an equal voice and
being treated equally.



Holding events



Holding events is good.

You make money **and:**



- learn to work as a team



- make choices



- learn to organise things



- show the public you are good at things



- get to do more



- get more confident



- practice speaking up



Making and selling things



This can give you the same good things as holding an event.

You need to:



- make something that people want to buy



- sell it for more than it cost to make



- think how people pay you, and how to keep that money safe



You must make sure things are Safe for people at your event.



You must make sure food you make and sell is safe.



You may need licenses or insurance.



See the GOV.UK information on [Organising an event](https://www.gov.uk/organising-an-event)



Advertising



You can ask local companies to pay money to advertise at your events or in your newsletter.



Asking for money



If you ask the public for money, they will want to know why.

You can:



- say your group helps people learn to speak up for themselves and get their rights



- tell people about the interesting things your group already does and what you want to do



Service level agreements



Sometimes an organisation wants to pay you to run a service. They agree how much to pay you.



You agree what services you will provide.

This is called a **service level agreement**.

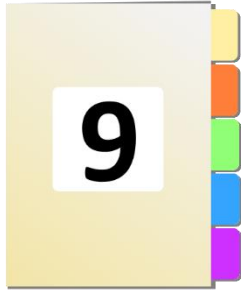


Before you sign a service level agreement you need to think:



- is this what the group does?
- can we deliver the services the way we want to for the money they will pay us?





There is more information in **Section 9: Using the Acts** for ideas about what sort of service level agreements your group can get.

Tenders



Sometimes the organisation announces they are looking for someone to run the service.



Then anyone can apply to run the service.

This is called a tender.



There is more information about tenders in **Section 6: Tenders, Projects and Funders**



Selling your services



People First organisations can sell some very important services

People First organisations can:



- train staff



- train other people with learning disabilities



- consult other people with learning disabilities



- represent people with learning disabilities at meetings



- advise services on how to improve



- advise services on how to consult



- take hard information and make it easy to understand



You should be paid a fee to do any of these.



You can find advice on selling your services on the Business Wales website.



Budgets



Writing a budget tells you:



- how much money you need



- how much money you can spend



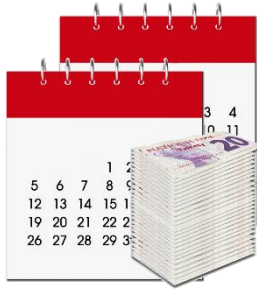
- what activities you can do



- if you may have to stop activities



There are 3 sorts of budget



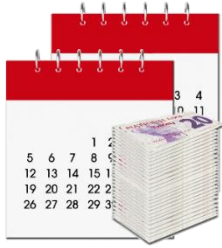
- core budget



- project budget



- crisis budget



Core Budget



The core budget says how much money you need for day to day work



It is about things you will always need to pay for like:



- office



- meetings



- staff



- insurance



- phone and internet



If you cannot get enough money to pay for everything in the core budget you must:



1. try to cut the costs



2. if that doesn't work, use a crisis budget



3. if that doesn't work, you have to close the group



Project budget



Every group has extra things it wants to do.



Projects are things you do for a short time. They are things that make your group stronger or more useful.



Project examples



- hold a conference



- consult people with a learning disability who are not part of your group



- visit a People First organisation in another country



You should write a budget for each project.



Think if the project needs:



- travel expenses



- meetings



- training



- equipment including mobile phones, computers



- video cameras, photocopiers



- management fees



- office space



- videos and books



- recruiting paid staff





- staff pay, national insurance and pension

- volunteer expenses

- financial fees (accounting)

- insurance (Professional indemnity, public liability, building and contents)

- stationery and postage

- phone and internet



- printing and related costs



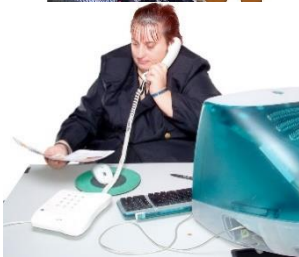
- promotional or social event



- Annual General Meeting



- team building activities



- admin support



- project report or evaluation.



For the budget you should put down the **full cost** of the project.



To work out the full cost, pretend your group does not exist and think of everything would need to be paid for.



If you do not think about **all** the costs, you will not have enough money for the project.

You might start to use your core money on your project. This is risky.



It is hard and it takes a lot of time to work out the full cost of the project



Another way is to work out the cost of the project and then add a percentage to this.

If you add a percentage this is called **overheads**.



This is so your project can pay some money towards your core costs. This is easier, but not as accurate.



Some grants say you cannot charge overheads.



Then you have to work out the full cost.



Crisis Budget



This is working out what to do if you do not get all the money you want.



A crisis budget is about what you must do to keep the group alive. If you do not get this money, you will have to close the group completely.



You must make hard choices.



For example, you may need to stop meeting for a while.



You may need to make paid workers redundant.



Looking after the money



Some groups get into trouble with money.



Usually that is because people got in a muddle.



Sometimes it is because someone tries to steal money.



If you have good policies and procedures it is harder to get in a muddle, and harder for someone to steal money.



The MIRROR pack has an example of a Financial Handbook.

The most important rules are:



- **never** leave it to 1 person to handle the money and keep the accounts



- **always** have 2 people to sign every cheque



- do not be embarrassed to ask questions



- always write things down straight away



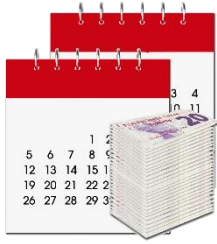
- make sure everyone knows the rules about claiming expenses



- check if everyone is doing what it says in the policies and procedures and the Finances Handbook



- Keep an eye on the **cashflow**



Cashflow

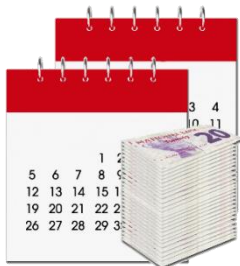


Cashflow is about how much money your group has in the bank and when.



It helps you keep control of your money.

Cashflow helps you decide:



- when to pay bills



- when you need to invoice people (to get money in)



- if you will need an overdraft

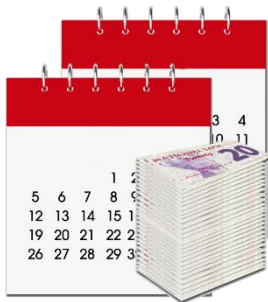
	jan	feb	mar
1	£200.00	£300.00	£100.00
2	£125.00	£55.00	£50.00
3	£212.00	£445.00	£444.00
4	£24.00	£451.00	£800.00
5	£0.00	£75.00	£20.00
6	£561.00	£1,326.00	£1,414.00

The easiest way to do cashflow forecasts is in an Excel spread sheet

Write:



1. how much money is already in the bank



2. all the bills you need to pay and the dates you need to pay them



3. all the money you will be getting in, and the dates you will get it.



Now you can see if there are any dates when you will not have enough money in the bank to pay your bills.



If this happens, you need to think about



- paying a bill later (you cannot do this with salaries!)



- asking for money earlier



- getting an overdraft from your bank.



Funders will have rules about keeping track of the money.



You must make sure you know their rules and stick to them.



Some organisations keep track of the money themselves.

There are a lot of easy guides to keeping track of money.



Big organisations may be able to pay a staff member to look after the money.



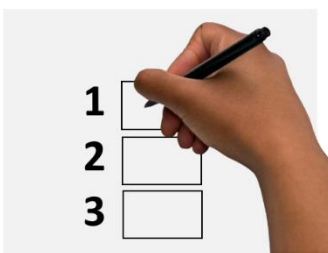
Some organisations pay for someone else to do it. This person is called a bookkeeper.



This is a good option for small groups



The Board must agree how the bookkeeping will be done.



If the bookkeeping is done well it is easy to write financial reports.

Reserves



Reserves is the name for money you keep on one side.



When people put money on one side, it is called savings.

When organisations put money on one side, it is called **reserves**



Here are some of the reasons you may need reserves:



- you need money for something that is not in the budget



- In case staff go long term sick. You need to pay their salary **and** pay someone else to do the work



- you lose a grant and want to keep the organisation running



- you have a cashflow problem



- you need to buy something new, like new computers



- You can only get a grant if you have **match funding**. Match funding a project means the funder puts in some money and you must put in some money



How to work out what reserves you need



You can choose how much you keep in reserves.



You can choose how to work out how much you keep in reserves.



Here are some things to think about:



- How much money do you spend each month?



- How sure are you that you will always get enough money?



- How long may it take to get a new grant, if you lose a grant you have now?



- How much income can be spent on whatever the organisation wants?





- How much income must be spent on what the funder says?



- Do you need to pay money out on things before you get the money for them?



- What plans do you have?



- Are you committed to paying back a loan?



- Are you committed to paying for something, like a 5-year photocopier agreement?





- Does the future look risky?



- Do you have enough money for unexpected staff costs?



- Do you have enough money to pay redundancy to staff if you make their jobs redundant?



It is a good idea for all organisations to have a reserves policy.



If you are a charity, you must have a reserves policy



Writing and understanding accounts



People First organisations need:



- annual accounts



- management accounts



The **annual accounts** are done every year. They look back at the year and tell you:



- how much money you got



- how much money you spent



- how much money is left



The annual accounts is a good way to check if a group is healthy.



CHARITY COMMISSION
FOR ENGLAND AND WALES



Charities: The Charity Commission have rules for how to write your annual accounts.



Companies: Companies House have rules for how to write your annual accounts.



Annual accounts cannot tell you how you are doing today.

You need to know how you are doing now.



A	B	C	D
1	jan	feb	mar
2			
3	£100.00	£200.00	£300.00
4	£125.00	£30.00	£90.00
5	£212.00	£455.00	£881.00
6	£24.00	£381.00	£800.00
7	£0.00	£75.00	£20.00
8	£561.00	£1,326.00	£1,414.00

This sort of financial report is called **management accounts**.



Management accounts let you



- check you have enough money in the bank



- check you have enough money coming in



- check what you are spending money on



- spot possibly problems quickly



- make decisions about money



The Board should see management accounts at every Board meeting.



Writing the accounts



Most organisations pay someone like an accountant to write and check their annual accounts. This is because:



- it is important to get it right



- most funders want the annual accounts to have an independent check



There are rules for charities and rules for companies about writing annual accounts.



It is very important to follow the rules.



You can get information from the Charity Commission website and the Companies House website about the rules for annual accounts.



Most organisations ask the person who keeps track of the money to write management accounts.

	jan	feb	mar
1	£200.00	£300.00	£100.00
2	£125.00	£55.00	£50.00
3	£212.00	£445.00	£444.00
4	£24.00	£451.00	£800.00
5	£0.00	£75.00	£20.00
6	£561.00	£1,326.00	£1,414.00

Good software makes it easy to keep track of the money and produce management accounts at the click of a button.



Understanding the accounts



It is very important that someone explains the annual **accounts** to the members, so they know what it means for the group.



It is usually the Treasurer.



It is very important that someone explains to the Board what the **management accounts** mean for the group. This is usually the Treasurer.





Tips for explaining the accounts



Don't just read out what it says in the annual accounts.



Make links between what it says in the accounts and what the group has been doing.



Explain why you need **reserves**, and when you might have to use it.



Some people like numbers. Some people like pictures. Some people like pie charts. Try different ways to write or draw the numbers, and ask members which is easiest for them.

	A	B	C	D
1				
2		jan	feb	mar
3	1	£200.00	£300.00	£100.00
4	2	£125.00	£55.00	£50.00
5	3	£212.00	£445.00	£444.00
6	4	£24.00	£451.00	£800.00
7	5	£0.00	£75.00	£20.00
8		£561.00	£1,326.00	£1,414.00
9				



It is important that all Board members can understand the management accounts and the annual accounts.



You may need to teach new Board members about accounts.



You may need to remind Board members how to read the accounts.