

What to do in a funding crisis

To Do

Stage 1

- Call an emergency meeting of your management committee
(Do not expect or rely on project staff to do this. Financial management is a responsibility of the management committee and liability lies there)
- Review your budget and cancel all non essential spending
(This may be difficult for you to do but it is an essential first step. You will have to take some difficult decisions here, try to be brave. Remember you are acting to protect the interests of the organisation in the longer term. Payment of wages and inland revenue payments must be made)
- Determine if the situation is temporary or is likely to be longterm
(Shortterm blips in cashflow and finance happen to every group from time to time. If the situation has happened before, or seems more serious it will require your full attention)
- Contact your group support worker or the CVS for assistance
(Facing a funding crisis is an unsettling time. Support workers are there to give advice and help. The CVS is happy to work with any local organisation needing assistance)
- Determine how the problem has occurred
(Was it unforeseeable? Has funding failed to come through? Is it a cash flow issue? Is it a result of bad financial management?)

Stage 2 – The crisis is due to reduced funding

- Contact the funder to establish if the funding can be reinstated
(Always remember to explain the impact on your service, the number of people who cannot be helped etc. Do not just talk money)
- Determine how long the situation will continue
(Is this a year end blip for the funder or is this the new level of funding)
- Speak to your local councillor, MSP, MP or council officers
(If council funding is the issue this may directly help. Alternatively the officials may be able to write letters of support or assist in other ways)
- Contact the CVS for help
(The CVS can give impartial advice and support)

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What to do in a funding crisis 2

To Do

Stage 3 – Additional funding did not come through

- Try to establish why the funding did not come through
(Is there a delay from the funders point of view? Is it definite that the funding will not come through? Were there issues with the application? Did you apply to late? Can you reapply?)
- Do you have sufficient funding to operate until new funding can be sourced
(It can take 6 months to source new funding, what level of service can you operate in the meantime)
- Is there anyone who could provide bridging support ?
(This will depend on your relationship with current funders.)

Stage 4 – Seeking short term support from current funders

Before meeting potential funders, you must know

- What happened and why?
(Funders will want to know that you are a good risk!)
- Why you had not prepared for this situation occurring?
(Funders need to know that you are taking the situation and your role Seriously before they will consider support)
- How you will prevent a recurrence in the future
(Funders will need to be reassured that you are acting to rectify things)
- What needs to be done to save the project
(You must be clear on what you are asking them to do)

Stage 5 – If funding/support is not forthcoming

- Contact your support worker or the CVS to look at your options
(It's vital you consider all options, including closure. Remember as a committee member you must ensure the organisation operates sound financial management. If you do not, you may be liable for any debts incurred)

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