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Introduction to Fundraising

CVS South Gloucestershire 2009

Introduction to Fundraising

The principle of fundraising is to raise money by asking for it. This might be from individual donors (e.g. through street collections, events, or appeals), private businesses (e.g. through sponsorship) or grant funders (e.g. Big Lottery Fund, Esmee Fairbairn Foundation)

Fundraising should complement voluntary organisations objectives and, ideally should combine raising funds with effective promotion of the organisation. Organisations also need to ensure that money raised is enough for what is needed and is received by the time it is needed. So integrating fundraising into your wider organisational plans is important.

There are many ways to raise funds, from collection boxes, raffles, events and sponsorship, to legacy donations and applying for grants. A key skill to fundraising is communication. Good fundraising requires being able to show donors how their gift will enable an organisation to meet the needs of it's beneficiaries, or for grants that delivery will meet funder objectives.

However, ongoing financial sustainability is not just about money or improving your fundraising skills. It involves your organisation taking a well-planned, comprehensive approach that looks at where your organisation is now, and where it wants to be in the future. It then needs to consider what skills and capacity it will need in order to fulfil its aspirations and to access appropriate funding opportunities. As part of this approach, it is useful for your organisation to have an overview of the bigger funding picture – this will help you to consider all available options. The following current funding trends, for example, might influence your organisation's financial planning:

- ⇒ Most sources of funding are becoming increasingly project focused.
- ⇒ The growth of stricter and tighter reporting mechanisms and budgeting requirements.
- ⇒ The Government is moving away from grant funding towards awarding contracts to charities for delivering public services.
- ⇒ Local authorities have less money to offer due to cuts in central government spending.
- ⇒ General fundraising is increasingly competitive

Fundraising is a vital part of your organisation. It involves getting the resources – money, equipment, premises etc. – that your organisation needs to carry out its work.

Fundraising should be an organised, planned activity. There are a number of steps to successful fundraising:

Step 1: Make sure you're ready to be funded

Step 2: Agree on a person or a group to take on the fundraising task

Step 3: Decide what you need funds for and make a budget

Step 4: Identify where you will get funding from

Step 5: Undertake funding activity

Step 6: Follow up

Step 1: Make sure you're ready to be funded

Anybody that is willing to give money usually wants to have a clear idea of what it is they are funding; that the funds will help to meet a real need and that the money will be spent wisely. So you need to look at your group/organisation and consider whether you have a range of things in place to show you can be spend money in an honest way that benefits the community or individuals you aim to.

Go through the Fit for Funding checklist

(Adapted from Wiltshire Charities Information Bureau: Mary Waters)

Fit for Funding Checklist

	YES	NO
Constitution /Terms of Reference		
Committee members		
Bank Account <i>Do we have a bank account and if so are there two signatories for cheques?</i> <i>Is another organisation going to hold the finances?</i>		
Mission statement <i>Do you have a clear statement that clearly sums up what you aim to do, who benefits, and how you achieve your aim?</i>		
Client group <i>Do we target a specific group of people? (For example particular age, gender, ethnicity, sexuality, disability, faith)</i> <i>Do you work in a particular geographic location?</i>		
Evidence of need <i>Do you know there is a need for the project?</i> <i>Does the client group they have specific needs?</i> <i>Are there either poor or no existing facilities?</i> <i>Are there cultural barriers?</i> <i>Is there a historical lack of provision or support?</i> <i>Is there a lack of transport?</i> <i>Have you got evidence that is from National/regional/local sources?</i> <i>Consultation – did we ask if people wanted and needed this service/project?</i> <i>Development – did a previous or existing project highlight a need?</i> <i>How did we make sure that we are not duplicating another service in the area?</i> <i>How will we complement/work with our competitors?</i> <i>Were we asked to fill a gap?</i>		
Project Activity <i>What will you do?</i> <i>How will it meet the needs?</i> <i>Are there any other project doing this already?</i> <i>What makes your project different?</i>		
Resources <i>What do you need to carry out the activity?</i> <i>What do we have?</i> <i>Who will work in kind?</i> <i>Free services e.g. company support/pro-help</i> <i>Do you know the particular skills of trustees, staff and volunteers?</i> <i>Will you have volunteers?</i> <i>Have you got a list of equipment that you need to do the activity/project?</i> <i>Will you be working closely with other agencies?</i> <i>What do we not have?</i>		

	YES	NO
<p>Project budget <i>How much will it cost overall? How did we decide on this amount? Have we allowed for inflation? Contingency plans? Have we taken 'hidden' costs into account? (planning/writing applications/research/recruitment etc) Is Full Cost Recovery appropriate? Have we worked it out properly?</i></p>		
<p>Financial systems <i>Do you have someone responsible for dealing with finances? Do you have a finance system that records income and expenditure? How will we make sure the money is managed effectively?</i></p>		
<p>Records <i>Do we keep the appropriate records of what we are doing? Where is relevant information kept? Minutes of Management committee meetings, policies, job descriptions, staff contracts, project plan/ reports all in one place? Who is responsible for it? Do we have a clear statement of responsibilities in relation to funds received? Do you write an annual report?</i></p>		
<p>Quality <i>Do we have the relevant policies, e.g. Equal Opportunities; Health and Safety, Child Protection, etc Job descriptions and staff contracts Do you have written plans? Do you monitor and evaluate whether you achieve what you aim to do?</i></p>		
<p>Monitoring <i>Do you have ways in which your success will be recorded? What methods will be used? Who will be responsible for those records? Outputs? Outcomes?</i></p>		
<p>Evaluation <i>How will we evaluate the project? Who will evaluate? How will we report this?</i></p>		
<p>Sources of money <i>Do you know where you will get the funding from? Fundraising for grants from Trusts/ foundations/ local or national government funds? (Large? Small? Mixture?) Loans Donations Trading</i></p>		

Adapted from Wiltshire Charities Information Bureau: Mary Waters

Step 2: Agree on a person or a group to take on the fundraising task

It is essential that a person, or group of people, see fundraising as their responsibility. Fundraising requires time and effort to be successful, so a person or team should commit themselves to it. The most successful fundraising will have involved a range of people from within the organisation. This is because a successful fundraising involves communicating the vision of your organisation to funders. That vision is, or should be, a collective vision.

It is useful to consider the skill of individual members of your organisation and allocate tasks accordingly. You need people who can:

- ⇒ write well
- ⇒ prepare budgets
- ⇒ speak to funders
- ⇒ persuade people of the value of your organisation and its work
- ⇒ keep files and records.

A good idea is to form a fundraising group where members can support and learn from each other, and make sure that things get done on time.

If you do not have people with the skills or experience in your organisation, talk to us at [CVS-South Gloucestershire](#) for advice and support.

Step 3: Decide what you need funds for and make a budget

Getting started:

Having completed the **Fit for Funding questionnaire** make sure that you have clear information on the needs for your project and you know what activities you want to do in order to meet those needs.

Make sure you have a budget that includes all the items that you will need to pay for, including any running costs (this includes things like office space, telephone and travel expenses; (☺ [See Budgeting information sheet](#)) and particular costs related to the activity you are doing.

Budgeting is simply costing all the things you'll need to spend money on. Budgets should not be guesswork – get as near as you can to the actual amounts you will have to pay. For example, get quotes for building work, get exact prices for equipment, ask how much rent people pay for similar offices to yours, find out how much people get paid for the kind of posts you want to fund.

Divide the budget into two categories – capital and revenue. Capital means items of equipment that you usually pay a fixed one-off amount for –

buildings, computers, vehicles, for example. Revenue is on-going costs like wages, expenses, bills, etc.

Don't forget to include in your budget realistic amounts for contingencies and reserves.

Funders will know if your budget is not accurate – your figures will be too rounded, or unrealistic.

Decide when you need the money, and how long it has to last for. For a dedicated project, there will usually be a start and finish date, or at least an idea of how long it will last. If you are looking for ongoing running costs, you should include all your expenditure for one year, two, or three years. It is up to you how far ahead you can accurately plan, but one year is usually the minimum.

Step 4: Identify where you will get funding from

Once you have made a budget you can start to look for ways to raise the necessary funds. There are 6 different types of funding available to voluntary organisations:

- i) Charitable Trusts & Foundations
- ii) The National Lottery
- iii) Statutory Funds– Local and National Government and European Funding
- iv) Company Giving
- v) Fundraising from the Public and Individual Donors
- vi) Income Generation through Charging for Services

i) Charitable Trusts & Foundations

Trusts (sometimes called Foundations) are set up by companies or individuals as a way of giving money to certain causes. Some target very specific causes, or particular geographical areas; others give more generally, to all kinds of groups that deal with community, disadvantage or conservation and environmental issues. There are local trusts, however many more are national, giving around the country. Amounts can range from a couple of hundred pounds to tens of thousands, or more if you match their aims closely and can show a big impact. Applications to Trusts are often as simple as a 2-page letter or basic application form. More details might be requested for larger requests.

You can find details of charitable trusts from the CVS who have access to a national database of funders or have a look at Charities Information Bureau www.cibsouthandwest.org.uk

ii) The National Lottery

Lottery funding is distributed through 4 bodies,

- a) **The Big Lottery Fund;**
- b) **Heritage Lottery Fund;**
- c) **Sport England;**
- d) **Arts Council for England**

There is other specific funding offered through other award bodies. There is also the general small grants scheme, **Awards for All**, that offers grants up to £10,000 using money from all the 4 distributing bodies (Telephone 0845 600 2040 or visit www.awardsforall.org.uk). Competition is particularly high for Big Lottery Funding and Sport England Funding, though small grants from Heritage Lottery Fund up to £50,000 and Awards for All are less competitive.

a) **BIG Lottery Fund**

This fund hands out half the good causes money from the National Lottery. For up-to-date information contact: Big Advice Line on 0845 4 10 20 30 or visit: www.biglotteryfund.org.uk

b) **Heritage Lottery Fund**

The Heritage Lottery Fund (HLF) was set up by Parliament in 1994 to give grants to a wide range of projects involving the local, regional and national heritage of the United Kingdom. It offers large grants through a number of key schemes including:

- ⇒ **Heritage Grants** (grants of more than £50,000)
- ⇒ **Your Heritage** (grants of between £3,000 and £50,000)
- ⇒ **Young Roots** (grants of between £3,000 and £25,000 for young people celebrating heritage)
- ⇒ **Townscape Heritage Initiative** (grants of between £500,000 and £2,000,000 that help communities to regenerate the historic parts of their towns and cities)
- ⇒ **Landscape Partnerships (£250,000 to £2 million)**
Landscape Partnerships (LP) is our grant programme to support schemes of between £250,000 and £2million led by partnerships of local, regional and national interests which aim to conserve areas of distinctive landscape character throughout the United Kingdom.

Repair Grants for Places of Worship:

£10,000 to £250,000 in England and Scotland

This programme is designed to help sustain and conserve heritage at risk, through urgent repairs to places of worship.

For more information visit: www.hlf.org.uk.

c) Sport England:

Sport England is the government agency responsible for developing a world-class community sports system. Due to the Olympics their new strategy is designed to get more people playing and enjoying sport and to help those with talent get to the very top. The strategy commits Sport England to deliver on a series of demanding targets by 2012/13.

For more information visit: www.sportengland.org.uk

d) Arts Council for England:

The Arts Council has a range of Grants the one aims small voluntary organizations is called Grants for the arts - individuals and organizations. Grants for the arts are for individuals, arts organisations and other people who use the arts in their work. They are for activities carried out over a set period and which engage people in England in arts activities, and help artists and arts organisations in England carry out their work.

For more information visit: www.artscouncil.org.uk

iii) Statutory Funds (Local, Regional and National Government bodies) and European Funding

a) Statutory means that the grant or fund comes from a local, regional or national Government body such as the local Council, Health Authority (or Primary Care Trust), central government Department of Children, Schools and Families. Strategic grants are given to voluntary groups and organizations for work that the Government or local agencies have identified as a priority.

To find out more about local council funding look at: www.southglos.gov.uk/_Editorial/gateway/grants.htm and get advice from CVS-SG

Also look at: www.governmentfunding.org.uk which provides details of grants to the voluntary and community sector through various government departments.

b) European funds are generally for projects involving regeneration, training and employment. Groups usually access them through a local office. European grants can be large, but require time and effort due to the large amount of paperwork involved in applying for, monitoring and reporting on your project.

The money can take a long time to arrive, and you often need to find match funding (grants will only cover part of your project costs, perhaps 45% and you need to find funding to match that which you get from Europe). The

Charities Information Bureau can provide advice on different types of European funding.

For further information see www.welcomeurope.com/guide

iv) Company Giving

An alternative to grants is approaching a local company to ask for money or resources. The advantage of this approach is that you may get a very quick answer, as there may be no official application process. Additionally, you could develop a long-term relationship with the company.

More often companies will give 'in-kind' contributions. This may involve contributions like staff time, rather than cash donations. For more information contact Business in the Community who may be able to find a company who is interested in supporting your group in this way.

Businesses may be willing to enter into a sponsorship deal. This involves you offering a service, usually publicity for the company in your publications or at events, in return for money. It is more of a business deal than a donation, so you have to be able to deliver your side of the bargain. You may want to read the Charity Commission's guidance on their website entitled 'Fundraising through partnerships with companies'.

To find out more contact companies directly and ask for the Community Affairs or Marketing department, or a person who can deal with donations.

For further information:

www.financehub.org.uk

Introductory Pack on Funding and Finance: Guide to Fundraising. NCVO and Institute of Fundraising

v) Fundraising from the Public and Individual Donors

This is the funding source most frequently used by VCF organisations and charities large and small. The ideas and approaches for accessing this funding source are endless and often the most fun and rewarding. Some of the key approaches are: -

- a) Community Fundraising:** these can include community events, door-to-door/street collections, sponsored activities lotteries, raffles and bingo nights, etc. The feature of them all is that they generally generate a lot of small donations on a one-off basis. They can be the most time consuming but with a team of dedicated volunteers you can make a good profit! These activities often help to raise your profile as well!

b) Memberships: it is often a goal of charities to get ‘one-off’ donors to sign up as members so that they can then be kept up to date on the work of the charity and asked to donate on an ongoing basis. Membership lists can be targeted for appeals or specific requests, but the main thing is that they are ‘committed’ to giving on a regular basis, which can give greater return than a one-off event or collection.

c) Tax Effective Giving is an additional feature of this funding source. For each donation given to a registered charity, the HM Revenue and Customs will offer a further 28p to the charity for every £1 donated at no cost to the donor through the **Gift Aid Scheme**. Individual donors can also give to charity through **Payroll Giving**, which brings tax benefits alongside it.

www.tax-effective-giving.org.uk

d) Legacies: ultimately, legacy fundraising is a key feature of charities with established public fundraising approaches. This means that individuals (usually members) will offer a donation within their will to support the charity of their choice. This brings significant long-term returns for charities large and small that have built a strong membership and promoted the idea to their supporters.

e) Income Generation through Charging for Services

Whether it be charging someone to use the photocopier, installing a vending machine or renting out a room, right up to delivering training or another specialist service, not-for-profit organisations, large and small, can benefit from income generation through this approach. Any ‘profits’ made from your activity/service simply get ploughed back into the organisation rather than get distributed to shareholder as with a private company. It is important to get the balance right between making your services accessible for your main beneficiaries and generating money to support the work you do. Registered Charities are restricted in the amount of ‘trading’ they can do – the Charity Commission issues guidance on this issue.

Most recently the term ‘Social Enterprise’ has become a common phrase in the sector. This is an organisation that generates income through the delivery of a service that supports a social aim. Significant government support is being focused on development of these structures as a solution to economic deprivation. Numerous regeneration schemes and loan finance initiatives are available to support these income generators to establish. Local charities are benefiting through establishment of ‘trading arms’ to their existing organisation in some cases.

Step 5: Undertake funding activity

Where you decide to seek funds will depend on what you need money for and how much money you need. Organisations which are new to fundraising will probably start with gifts – for example holding a sponsored swim or asking a local business for help. The next step will probably be to seek grant funding and then move onto earned income in the form of contracts and trading later.

When you need to raise larger sums of money then it is recommended to raise funds from a range of sources, and you may want to develop a fundraising strategy (see below).

For raising funds from:

- ⇒ **Charitable Trusts & Foundations**
- ⇒ **The National Lottery**
- ⇒ **Statutory Funds– Local and National Government and European Funding**

You will need to research appropriate sources with help from the CVS or and then apply in writing further guidance (*See Introduction to Making applications*)

For raising funds from: **Companies**

You may want to read the Charity Commission's guidance on their website entitled 'Fund-raising through partnerships with companies'. Research local companies and how an approach could be made.

For Fundraising from: **Public and Individual Donors**

You will need to choose what approaches to go for and plan what you need to do

For fundraising from: **Income Generation through Charging for Services**

Further information is available, you will need to check the Charity Commission guidance on trading if you are a charity, and/or can seek guidance from Social Enterprise Works www.socialenterpriseworks.org

Step 6: Follow up

This stage is easily overlooked, but is absolutely vital!! You should think of fundraising as a long-term, ongoing process, not a one-off. How you treat your funders is therefore important. You might want to go back to funders in future, or may need to show new funders that you have a good track record of managing funds.

Say thank you! Many beneficiaries simply accept the money without acknowledging it. Funders are human beings too, and will respond well to

gratitude for the help they have given. A phone call may suffice, a letter will be much appreciated, or you could invite them to come along and see the project they have funded in progress.

Make sure that you do all that the funder requests in terms of monitoring your work, reporting and accounting. You may need to fill in a form or forms to show how you have spent the money, or how the project or organisation is progressing. Even if there is no particular information to provide, it is a good idea to send a report to your funders. This might include facts and figures but could also include photographs of your work, to show how the money is being used, and to bring your work to life. This will build a stronger relationship with funders, which could lead to more support in future.

When is a Fundraising Strategy useful?

If it is only a relatively small amount you require, for example £250.00 for equipment, then you probably do not need a written strategy, it would probably be more simple just to ask ten of your members to do a sponsored event and raise £25.00 each. However, if you are looking for larger amounts or, need to raise money on an ongoing basis, you will be much better off having a well thought out funding strategy. A fundraising strategy does not have to be lengthy or technical, it is simply a written fundraising action plan for your group.

For further information visit:

www.financehub.org.uk/funding_fundamentals/developing_a_sustainable_strategy/what_is_a_funding_strategy.aspx

For further information:

See "Introduction to Making Funding Applications"

www.financehub.org.uk Here are a range of guides and tools for fundraising including a detailed toolkit that covers

- 1 Deciding who should fundraise
- 2 Applying to grant-making Trusts and Foundations
- 3 Raffles and Lotteries
- 4 Running charitable events
- 5 Hiring a fundraising consultant

Disclaimer

The information provided in this sheet is intended for guidance only. It is not a substitute for professional advice and we cannot accept any responsibility for loss incurred as a result of any person acting on or refraining from acting upon it.