

Fundraising

Figure two: Funding sources – advantages and disadvantages (adapted from the Finance Hub)

GOVERNMENT FUNDING

This is funding that comes from local authorities, government departments, primary care trusts, Europe and a range of government agencies. Payments and contracts do not have to be directly from the government themselves.

Advantages:

- √ large amounts of money may be available
- √ ongoing running costs may be funded such as rent, salaries, electricity
- √ lobbying (repeatedly asking for changes) can be productive – over some time!

Disadvantages:

- × applications can take a long time and ask for a lot of information
- × you may be restricted in what you can do or be asked to do extra for the money
- × grants can be in danger because of sudden and unexplained cuts (due to policy changes)
- × high levels of accounting and monitoring are required
- × long time to wait for a decision

CHARITABLE TRUSTS AND FOUNDATIONS

These are bodies set up to fund activities that meet a particular aim. This could be social policy research and development, as is the case with the Joseph Rowntree Foundation, or helping disadvantaged children, which is the case with Children in Need. Trusts and foundations can be local, regional or national.

Advantages:

- √ tend not to be very bureaucratic – applications may take less time/be less difficult
- √ some take risks and fund unpopular causes
- √ community organisations can build up long term relationships with particular trusts

Disadvantages:

- × most only give small sums of money
- × it can take a long time to get a decision
- × highly competitive – lots of people apply for the money
- × there can be strings attached to what they will give you

COMPANIES

Companies give in various ways such as donating materials or equipment, offering services for free and getting their staff to offer advice or training. Some companies also give donations or sponsorship but while donations are like any cash gift, sponsorship means the company expects to get something back such as advertising or positive publicity. Donations come from a department with responsibility for corporate giving.

Advantages:

- √ possibility to develop long-term relationships
- √ cash gifts can be spent on anything to do with the charitable organisation

Disadvantages:

- × they very rarely give cash gifts
- × difficult to get – very competitive
- × it can take a long time and a lot of effort for small returns (a small amount of money)
- × accepting donations from companies can carry ethical concerns (for example, the company is connect to a large pharmaceutical company with a poor reputation in developing countries)
- × there are trading and VAT implications around sponsorship (for example, use of logos)

INDIVIDUAL GIVING

This is money given by members of the public to your organisation or group through a variety of ways, including payroll giving (where donations are taken out of wages), gift aid or legacy payments.

Advantages:

- √ can provide a regular income

Disadvantages:

- × can take a lot of work to get it started
- × very expensive to implement – for example may need to spend £10,000 to attract members of the public to your cause
- × needs a long term approach
- × local groups may struggle against big national household names, such as Shelter or the World Wide Fund (WWF), who dominate this market
- × individual giving needs to have a decent IT support system and database

'DO IT YOURSELF' FUNDRAISING

This is a more informal way of sourcing money from individuals and can be done in many different ways – like jumble sales, summer fetes, raffles, sponsored walks and social evenings.

Advantages:

- √ can be a fairly quick way of raising small amounts of money and can be fun
- √ a good way of involving lots of people
- √ can cost very little to set up
- √ good way to use volunteers
- √ can gain your voluntary and community organisation valuable publicity.

Disadvantages:

- × can be unpredictable
- × can be hard work and time consuming
- × there are legal considerations to take into account, such as licences for street collections and rules on gambling and health and safety if using public spaces
- × events may lose money
- × return on investment is very low
- × possibility of reliance on volunteers

TRADING OR EARNED INCOME

This is money your organisation earns directly from selling goods or services, e.g. providing advice for local authorities, interpretation services or making and selling ethnic jewellery

Advantages:

- √ trading income has no strings attached – you can use it for anything for your charitable purpose. Income earned under contract would have restrictions on it
- √ developing new areas of work provides employment and development opportunities

Disadvantages:

- × some voluntary and community organisations are not in a position to charge for services
- × may need additional skills and expertise
- × trading may have complex financial and legal reporting requirements, for example, to sell books or Christmas cards you may have to set up an incorporated charity

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