



## Fundraising

### Section two Different ways of raising funds for your organisation

There are many ways of raising funds and the approach you choose will largely depend on what and how much is needed, and for what purpose. For example, small amounts of cash may be raised by holding a cultural event or a car boot sale or by seeking donations from individuals and small businesses. For larger amounts you may need to make an application to a funding organisation or seek sponsorship. Another common way to receive income is from membership subscriptions.

**Figure one** (next page) illustrates possible resources to consider when fundraising.

#### 2.1 The main funders of voluntary and community organisations (VCOs)

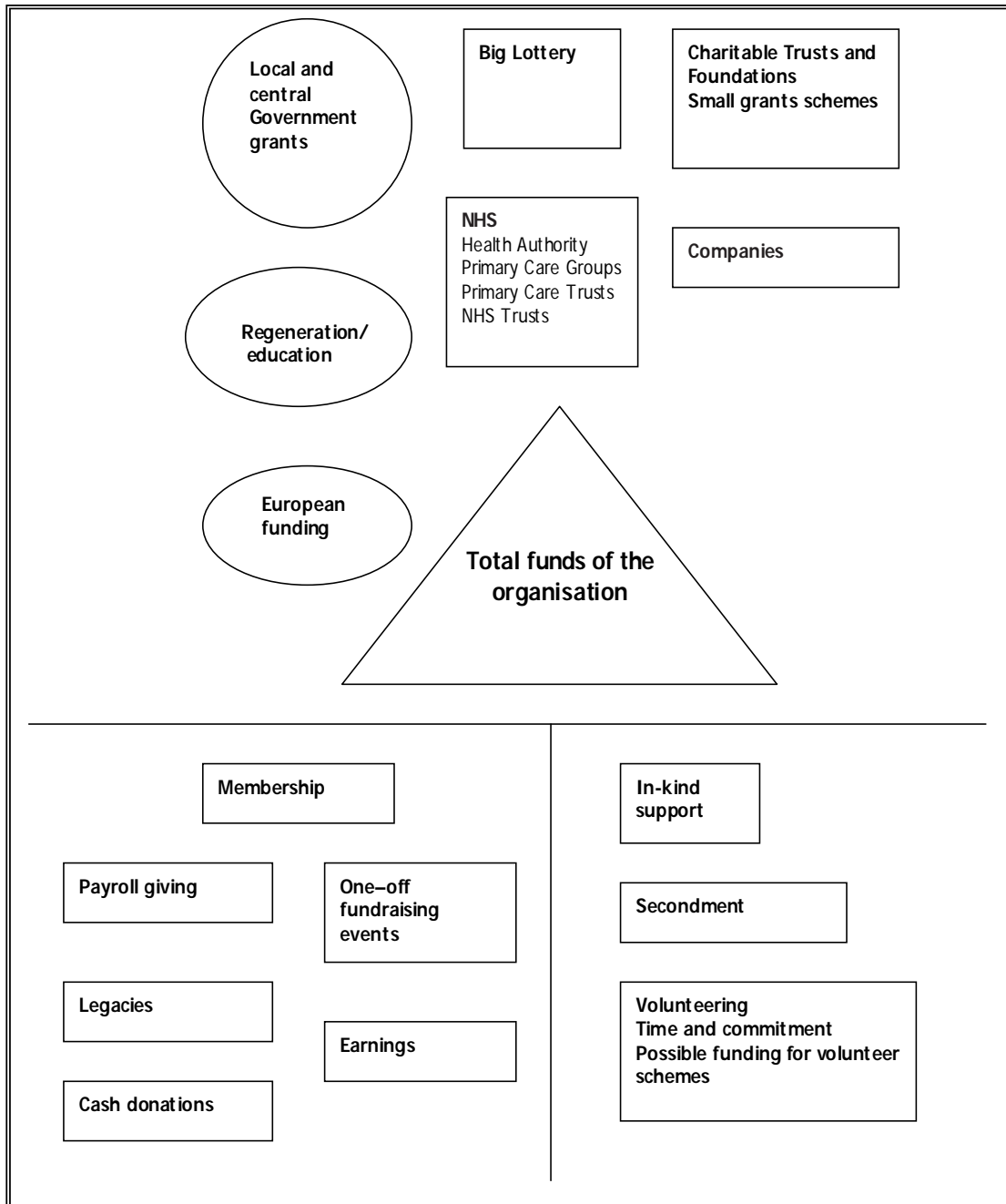
VCOs receive funds and grants from two main types of funding organisations: statutory and charitable trusts and foundations.

Statutory funding comes from government sources. The London Councils, Local Authorities, Department for Communities and Local Government – Connecting Communities Plus, and Department for Children, Schools and Families – Children, Young People and Families Grant Programme, are some examples of the funding that are available from statutory bodies. [See [www.governmentfunding.org.uk](http://www.governmentfunding.org.uk) for more details of statutory funding sources].

Funding from charitable trusts and foundations come from non-governmental sources. Some of the major funders of the voluntary sector who fund VCOs are: City Parochial Foundation, Bridge House Trust, Comic Relief, Housing Association Charitable Trust, and Princess Diana Memorial Fund. These are often referred to as 'charitable trusts'. Funders' priorities and guidelines change, therefore it is important to always do some research.

Before deciding which funding source(s) to pursue, you should explore the advantages and disadvantages of the options available to you. **Figure two** (page 15) provides a clear overview of the advantages and disadvantages of a range of **funding sources**, including statutory and charitable trusts and foundations.

Figure one: Identifying and researching resources



**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

## **RESOURCES AND REFERENCES**

Some additional resources are provided on this page, most of which are available **free** of charge. Resources you have to pay for are marked with a £ sign.

### [South Yorkshire Funding Advice Bureau information sheets](#)

The South Yorkshire Funding Advice Bureau provides a wide range of information sheets in plain text and PDF format.

### [Lottery Funding](#)

A joint website run by all Lottery funders in the UK. The site allows you to search for information on current funding programmes across all Lottery grant makers.

### [The Directory of Social Change](#)

The Directory of Social Change provides web based services, CD Roms and publications of use to voluntary and community organisations seeking funds. Books are charged for.

### [Funderfinder](#)

Funderfinder produce a range of information sheets on funding and fundraising.

### [The National Council for Voluntary Organisations](#)

The National Council for Voluntary Organisations provides a list of the main sources of funding.

### [Details and criteria for different Big Lottery Fund](#)

The Big Lottery Fund provides details and criteria for different initiatives and their application processes.

### [Charities and Fundraising CC 20 PDF](#)

A downloadable pdf (100kb) of the Charity Commissions guidance on Charities and Fundraising.

### [Association of Chief Executives of Voluntary Organisations \(acevo\) publications list](#)

You can find the full list of ACEVO publications on this page. You have to pay for some of them.

### [Charities and Fundraising CC 20 PDF](#)

A downloadable pdf (100kb) of the Charity Commissions guidance on Charities and Fundraising.

### [Charity Trends 2006](#)

Charity Trends 2006, from CAF, provides up-to-date statistics and analysis on: current trends in fundraising, charity income and expenditure, details of the top 500 fundraising charities, and company donations.

### [Essential Guide to Preparing Successful Funding Applications](#)

This guide aims to help you identify what should be included in your application, and what you can do to make your application more successful.

### [Fundraising National Occupational Standards](#)

The National Occupational Standards (NOS) in Fundraising are aimed at people - either paid or unpaid - who raise funds and resources.

### [Summary CC 20A](#)

For a quick read see summary of the Charity Commission's guidance on charities and fundraising.

### [Tools for Fundraising](#) (491kb, .pdf)

Downloadable 33 page .pdf (491kb) produced for the Finance Hub by NCVO Sustainable Funding Project. It includes advice, checklists and a series of exercises that groups and advisers can use to work through the various methods of fundraising including fundraising from the public.

### [Guide to Fundraising](#) (721kb, .pdf)

Downloadable 38 page .pdf (721kb) produced for the Finance Hub by NCVO Sustainable Funding Project. The document introduces fundraising, and covers fundraising from the public, from businesses and from local communities.

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