

How to sustain your organisation

A guidance pack for small voluntary organisations and community groups



*Dudley CVS
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INFORMATION AVAILABLE IN LARGE PRINT CALL 01384 78166

This pack has been developed to help community groups and voluntary organisations become more sustainable. It is designed to inform groups about how to diversify their funding sources, how to raise their own funds and the key factors to consider when trying to sustain their organisation. The contents of this pack are:

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What is meant by the term 'sustainability' and why is it important?



Sustainability - trying to maintain, to keep going, to support the life of or to keep up.

Trying to maintain a group can be hard work and challenging. Many community groups and voluntary organisations rely on money from funding bodies, for example, the Lottery, Charitable Trusts and Foundations, National and local Government schemes. As more groups compete for funding, competition is high and it can be de-motivating when you get turned down. This can then have implications for the sustainability of groups. It is not to say that applying for funding from funding bodies is not a good way of raising income, after all, it can help groups deliver key aspects of their work and help towards achieving the aims of their group.

It is important to point out that sustainability is not just about funding. In order for a group to grow and develop it needs to think about its current position, the direction it wants to go, what it wants to achieve, how it is going to achieve it and what skills and resources are needed. It is also important for an organisation to establish how it will measure its progress and show that what it is doing is valuable. A good way that a group can identify all the above is by developing a written plan for the organisation. Dudley CVS can help groups in developing such a plan.

Sustainability is also about partnership working, developing the skills of staff and volunteers, considering whether its current legal structure is appropriate and much more. For the purpose of this document focus will only be given to identifying how groups can diversify their funding streams. Support in other areas can be accessed through contacting Dudley CVS directly.

Diversifying an organisations funding streams

There are over 9000 charitable trusts and foundations in the UK and a variety of different grant programmes all of which fund innovative, valuable and much needed projects and activities. However, if you are an established group many funders are reluctant to pay for the general running costs of your group. You have also probably found that funders are reluctant to fund the same projects or activities more than once.

If a group is dependant on a few or even one source of income, it puts itself at risk when the funding ends or a particular project underperforms. In order to help sustain your group it is important to consider diversifying your income. This basically means identifying different ways to raise income for your group and not solely rely on one funding method. A key element of sustainability is to know what income streams are available and be open to new approaches. This guidance pack will inspire new fundraising ideas and help your organisation diversify its income base.

Advantages of diversifying your income:

- Some funders will be more likely to fund you if your group can raise some of its own income.
- Any income earned through your own fundraising techniques can be put towards the costs that grant-givers are unlikely to fund, e.g. insurance, room hire, telephone costs, gas, electricity etc.
- Your group will have a higher chance of being around for some time, if that is the intention of the group.
- You will build up credibility with funders as you will be able to demonstrate that you have skills in diversifying your income and have a range of fundraising techniques.

The income spectrum

The income spectrum (see table below) illustrates the range of money available to community groups and voluntary organisations:

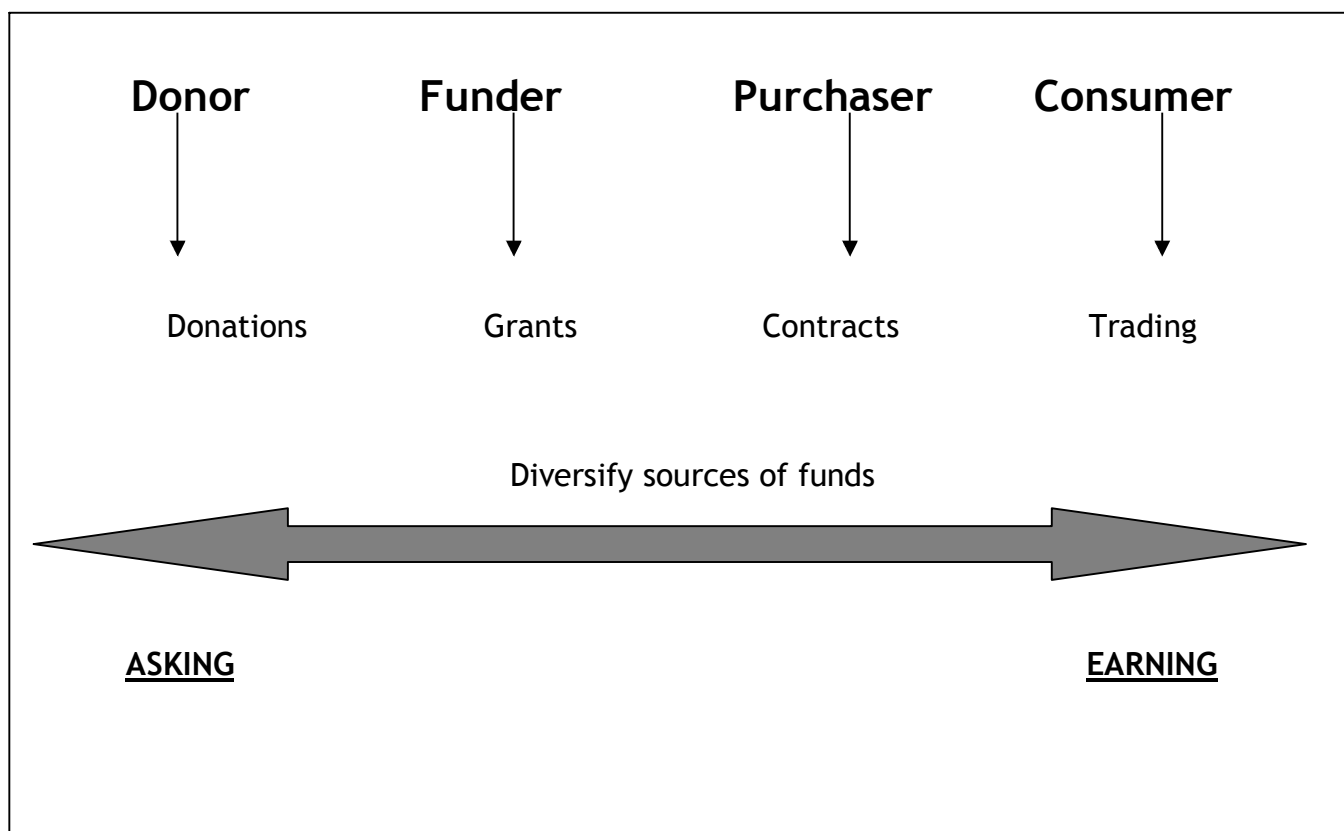
Money can be accessed through:

- Gifts
- Grants
- Earning money through contracts or Service Level Agreements
- Earning money through trading

Sustainable organisations are those that diversify as broadly as possible across and/or within the income spectrum. Groups should identify whether it is possible for them to source funds

from the all or some of the options listed in the chart. In order to become more sustainable groups should be identifying how they can balance asking for funds and earning money themselves through other ways, for example, their own fundraising events and charging for services, if possible.

The income spectrum



You can find out to which extent a group relies on a particular income stream or funder by completing the template on the next page. Groups can then assess whether a more diverse funding approach could benefit the organisation and its beneficiaries. Consider diversification across the income spectrum or, if that is not possible or appropriate for the size of your group, within a particular stream.

The income specification diagnostic tool

Income Stream	Number of providers	Funding length	Amount £	Level of dependency Low/Medium/High
Donations				
Individuals				
Private sector				
Grants				
Trusts and Foundations				
Public sector agencies				
Private sector				
Contracts/SLAs				
Voluntary organisations				
Public sector agencies				
Private sector				
Trading				
Individuals				
Voluntary organisations				
Public sector agencies				
Private sector				

Raising funds by 'asking'



There are a variety of different ways that groups can ask for money to support their group. These usually include; asking individuals for donations and/or asking funding bodies to fund particular projects or activities. Below is information and guidance about asking for funds from different sources for your group.

Individual donors

Individual donors are people who sympathise or support the aims of a group and give money to help. There are different ways that you can ask people for donations but it is important not to put pressure on people to give their money. The personal approach is best when asking for donations and it is better to talk to people face to face.

Regular donors

You can encourage people to give money regularly to your group. Regular donors may be recruited by letter, email, radio appeal, leaflets or by building relationships with people. You may want to include on your publicity material that your group is willing to accept donations and provide information about how people could donate regularly to your group, for example, direct debit, cheque or cash. Remember donations does not always mean cash, people may be willing to give items such as furniture, IT equipment etc.

Ideas about how to ask for donations

- Have a stall at an event and have a collection tin for members of the public to make donations.
- At an event you could have large labelled buckets or use a paddling pool or a water feature to make a wishing well for people.
- Spend the day in a supermarket with a collection tin asking the public for donations.
- Place collection tins in stores, office reception areas - anywhere where people congregate. The donations can then be collected on a regular basis.
- Organise a street collection. You can grab people's attention by dressing up, having musicians or performers with you, having information about your group available or having stickers to give to those who donate.
- Do a car boot sale.
- Hold a coffee morning and ask participants for a donation.
- Hold a raffle at an event.



Please be aware of the following rules:

Events

If organising events on council owned property, for example, in a park or on the streets, you will need to have a permit from the council.

Collections

If you want to ask the public for donations in supermarkets or place collection tins in public places you will need to get permission from the owners in advance. It is also illegal to ask people for money or to even shake the money tins. You have to wait until people come to you to donate money.

Please note that if you are a registered charity there is no restriction on the number of fundraising events you can do as long as the weekly gross takings for such events do not exceed £1000.

Raffles

If you are selling raffle tickets or organising a competition small lotteries are exempt from the Lotteries and Amusements Act 1996. The sale of tickets and announcement of results must take place during an event such as a fete, dinner or dance.

You must not spend more than £250 on prizes and cash prizes are not allowed. However, the £250 limit on the value of prizes applies only to those for which you have paid. There is no value limit on prizes which have been donated. In general you do not need a liquor licence to include alcohol among the prizes but you should check with the local authority.

Social clubs and faith based groups

Many clubs that people join for social purposes also undertake fundraising projects for good causes, for example, scouts groups, rotary clubs or other civic groups. The club itself may adopt a voluntary organisation or community group and make a donation from its own funds or organise events in aid of the community group, or it may allow the group to solicit donations from its members. Club members also may take on practical projects, for example, helping to refurbish a building, repairing fences, litter picks etc. It is worth seeing if such clubs will help your group.

Faith based groups

Faith based groups such as churches and other religious congregations could be approached for either direct financial support or for the constituents to undertake a project. The group may have a number of volunteers who may wish to help with an event or asking members of the public for donations for you.

Charitable Trusts and Foundations

Charitable Trusts and Foundations are bodies whose main purpose is to give funds to charitable causes. They have usually been set up by an individual, family or company who establish an endowment fund and spend the interest earned on this specified charitable objectives. There are thousands of Charitable Trusts and Foundations but in order to be successful you must target trusts whose aims match your groups work. There are several books available from which you can get the information on trusts and foundations. These are available from Dudley CVS. There are also computer packages called FunderFinder and GrantFinder that help you to identify trusts and foundations. Dudley CVS also have these available where staff can do the searches for you.

Please be aware that some Charitable Trusts and Foundations will only give money to registered charities.

Companies

Companies give to voluntary organisations and community groups for a variety of different reasons. These may include:

- To raise the profile of the company
- To improve its image

- Increase sales
- Motivate its staff

When approaching companies you need to target companies who you think may be interested in your cause. This may be because:

- You are based in the same neighbourhood
- You have a personal contact within the company
- There is a link between what you do and the company's product e.g. a baby care product company may decide to support a moms and tots group.

You must give a company good business reasons why they should give you a donation. You need to show what the company will get in return, for example, you could advertise on your publicity material that the company supports your group.

Support from companies may be given in a number of ways including, cash donation, sponsorship, staff time or gifts in kind - second hand furniture and/or equipment.

Where to get information about companies

- The local Chamber of Commerce may have a directory of local companies
- Local paper - to see who is advertising heavily
- Website - www.companygiving.org.uk
- "The Guide to UK Company Giving" published by the Directory of Social Change.
- Think about companies you may already have contact with e.g. companies that friends and family work for.
- Visit: www.fit4funding.org.uk. They have a list in their publications of the top 100 UK companies, supermarkets and high street stores, banks and building societies that give funds to charitable purposes.

Gift Aid

The Gift Aid scheme enables UK taxpayers (both individuals and companies) to make tax effective donations to charities. Where donations are made by individuals, charities can reclaim from the Inland Revenue the basic rate of tax paid. With basic rate tax at 22%, the

charity can reclaim £2.82 for each £10 donation. Donations can be regular or one-off and of any amount.

To enable the charity to reclaim the tax, an individual donor must give the charity a Gift Aid declaration. The declaration can be made in writing, by email or orally. It can cover one or more donations, can be backdated to cover all donations since 6th April 2000, and can also cover future donations. Charities must send the donor a written record of an oral declaration. A model form is included in the Inland Revenue's Gift Aid Toolkit, which can be downloaded from www.inlandrevenue.gov.uk/charities/.

Charities that want to recover tax on donations made by individuals must write to the Inland Revenue Charities, with proof of their charitable status. They must keep sufficient records to show that their tax reclaims are accurate, otherwise they may have to pay back tax reclaimed, with interest.

Lottery funding

The Big Lottery uses money made through National Lottery ticket sales to help make positive changes for communities. They provide grants for small and large voluntary and community organisations to help regenerate areas and tackle disadvantage.

For more information about the Big Lottery grants programmes please call their helpline: 0845 4 10 20 30 or visit: www.biglottery.org.uk or contact Dudley CVS.

Government grants

Grants are available to community and voluntary groups from Central Government through the following:

- Department for Education and Skills
- Department of Health
- Home Office
- Office of the Deputy Prime Minister
- Government Offices for the Regions

Information about Government grants can be found through searching the following website: www.governmentfunding.org.uk. Registration is entirely free and when you register a personalised profile will be created which will allow you to:

- Receive email alerts on new and updated grant schemes
- Apply online for grant schemes relevant to your group
- Add your group to a membership list
- Look up other groups who are on the membership list
- Post messages on the bulletin board
- Save specific grant searches and information

Statutory funding

Local Authorities often administer small grants for voluntary organisations and community groups that help to achieve their aims and which help to meet local targets.

For information about various funding opportunities from Dudley Council, please contact the following:

Carers Grants

Grants may be used to provide services to a group of carers or, in some cases, following assessment, to individual carers. Groups must provide services for carers which the Local Authority would not normally provide. The grants are available to groups supporting carers of children and adults or both.

Contact: Christine Rowley, Directorate of Adult, Community and Housing on 01384 818723

Small Grants to Voluntary and Community Groups.

Small grants are available to groups that support specific needs of vulnerable members of the community, promotes peoples independence, promotes social exclusion and addresses the broader aspects of health improvement.

Contact: Doreen Hughes, Directorate of Adult, Community and Housing on 01384 816162 or email: Doreen.hughes@dudley.org.uk.

Youth Opportunities Fund and Youth Capital Fund

An opportunity for young people, aged between 13-19 years (25 if they have learning difficulties) to access funding to spend on projects that young people want. Young people themselves apply for the funding.

Contact: Jodie Pritchard, Dudley Youth Service on 01384 815172 or email: jody.pritchard@dudley.gov.uk

Area Committees

Dudley Council's Area Committees each have a budget for allocation on capital schemes within their areas. Voluntary and Community organisations are welcome to apply for funding from their relevant Area Committee for or towards the costs of capital equipment.

Contact: Democratic Services, Directorate of Law and Property on 01384 815240/1/2.

Directorate of Children's Services

To access small grants from Dudley Play Association and Voluntary Organisations Grant Aid all VCOs must register with Children's Services. The maximum grant for both is £500 and the application must show clear evidence of young people's involvement in the planning process.

To find out about how to register about these small grants please contact Julie Davies on 01384 813951.

Raising funds through 'earning'



Trading

There is sometimes the perception that voluntary organisations and community groups cannot charge clients or members for services or activities they provide. In order for groups to be able sustain themselves there are costs that need to be paid for and there is no reason why groups cannot raise their own income through charging fees. After all, no community or voluntary group can maintain itself with nothing. There are a variety of different ways that groups can raise income through earning. These include;

Subscriptions

Subscriptions mean charging a small fee to members of a group in order to raise money. In order to do this a group must have this written into their constitution. You can charge different fees for certain people, for example pensioners and other unwaged people could pay a reduced rate. Anyone willing to donate more than the standard amount could be given a title such as 'friend', 'patron' or 'life member'.

Before a group starts charging a membership fee the group needs to consider the administration involved. The easiest way to charge membership fees is to have a set membership period. This could be the calendar year, financial year or the year starting from the annual general meeting. This way, members are all notified of the new yearly fees at the same time. Remember that groups will also have to keep a record of members names, addresses and dates of payment. You may wish to keep these details on a computerised system.



You **MUST NOT** give out the names and addresses of your members to other groups or organisations without prior consent from them.

Merchandise

A community group could sell merchandise with its name on it, for example, mugs, badges, Christmas cards, t-shirts, key rings, baseball caps, stickers, pens etc. You could design and make your own merchandise at quite a low cost and sell them to supporters to raise money.

Before doing this it is worth thinking about where you are going to be able to sell your products, how and who too. Are you going to have a stall at an event? Are you going to rely on personal contacts? As well as merchandise there are other things your group could sell, for example, home-made cakes, pickles, jams, plants, books, CDs, crafts and second hand clothes.



If you are selling food make sure you have the necessary insurances in place.

Customers

Many community and voluntary organisations provide a service to its members free of charge or at a reduced rate but also offer their service at full price to the corporate sector and to individuals who can afford to pay. An example of this would be training courses.

Sponsored activities

Individuals can earn money for a group by taking on a challenge or activity through which they can raise sponsorship. Some examples could be walks, bicycle rides, bungee jumps, having a beard shaved off or abstaining from doing something for a period of time. Generally, the participant asks friends and family for a donation on completion of the task. Your group may wish to organise a sponsorship event where many people take part. However, finding sponsorship money can take a lot of organisation. If your group decides to do a sponsored activity keep a record of the names and addresses of everyone who is being sponsored.

Include the following information on sponsorship forms:

- A description of the event
- Its purpose and date
- The name, address and age (if under 18) of the sponsored person
- Each sponsor's name, address and amount pledged
- The statement 'I certify that....has walked... miles/danced forhours', followed by the organiser's signature and the date.

Remember to keep a record of the value of the sponsorship on each form and whether the money has been handed in.

Service Level Agreements

Increasingly local funders are entering into Service Level Agreements with organisations that they have grant aided for a number of years. SLAs set out what is required in a service and the basis for delivery, quantity, quality and payment. Flexibility is built into arrangements so that decisions on detail can be negotiated case by case, driven by circumstances and individual needs. Service Level Agreements commonly include sections to address: a definition of services; performance measurement; problem management; duties; warranties; disaster recovery and the termination of the agreement.

The advantages of accessing money through Service level Agreements include:

- The provider is uniquely placed to influence the definition and specification of the service.
- It is a more secure source of funding as the funding will usually last for a few years.
- Diversification of funding sources can help sustain a group.
- Encourages partnership working.

Some disadvantages of accessing money through Service Level agreements include;

- The agreement is not legally binding and is based on trust and good faith between partners. Therefore, there could be some confusion or misunderstanding over the agreement which could later cause conflict.
- One partner may not adhere to the agreement.
- SLAs are usually available to larger organisations that have been grant aided for a number of years.

To enter into a Service Level Agreement it is firstly, important to try and build a relationship with a funder, for example, the local authority or Primary Care Trust. Many Service Level Agreements come about as a result of a statutory body having funded an organisation for a number of years.

Contracting

A contract is a written document that outlines what services will be delivered, by whom, how and for what payment. Public sector organisations/funding bodies invite bids from external organisations to provide a service that the funder either has to provide by law, or which it has made a local decision to provide. The funder says what the service will provide and how it will be delivered. Organisations bidding say how they will provide the service the funder has specified.

A contract usually involves an offer, acceptance, consideration, contractual intention which then leads to an agreement.

In both the above cases, funders will expect organisations to demonstrate that they have appropriate systems, policies and procedures in place to deliver the service to a high standard, for example, an appropriate legal structure, a governing document, necessary insurances, good financial accounting systems, employment policies and procedures, health and safety procedures etc.

Some advantages of having a contract are:

- The funding is guaranteed income.
- The outcomes are pre-agreed.
- Encourages partnership working.
- Discourages duplication.

Some of the disadvantages are:

- Encourage an over reliance of generating income through contracts.
- Contracts are not very flexible once they are in place.
- Groups need to have good systems and procedures in place in order to get a contract.
- Contracts are usually for larger VCOs who have the appropriate systems in place.

Support available from Dudley CVS



The Big Lottery has granted 3 years of funding to Dudley CVS to provide a Small Groups Development Officer to work with local people who are just forming new groups or are trying to take their small group onto bigger things.

This new Officer, Kate Green can help you with:

- Information and advice about setting up a new group
- Training
- Finding funding so your group can make a difference
- Getting the paperwork in place so your group can grow and be eligible for funding:

Some of the areas we cover are:

- Constitutions
- How to set up a Management Committee
- Roles and responsibilities of the Management Committee
- Policies including Equal Opportunities and Child Protection
- Developing Project Plans

As well as this start up guidance pack, Dudley CVS have a guidance pack on how to set up a new group and on fundraising. If you wish to have a copy of these packs, please contact Kate Green, Small Groups Development Officer on 01384 78166. Email: smallgroups@dudleycvs.org.uk

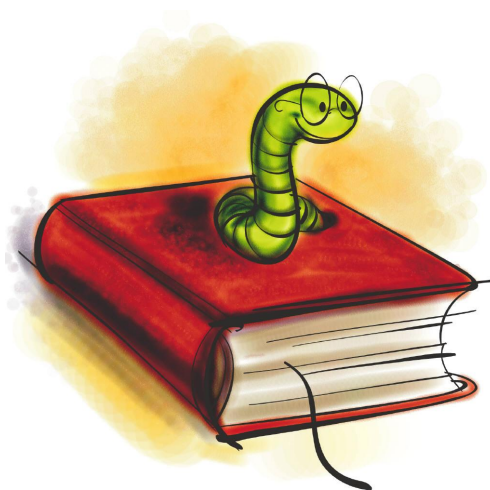
Resource room

Dudley CVS has a resource room where groups can access a wide range of information about the voluntary and community sector. For more information about using this facility, please contact Lynda Jenkins on 01384 78166.

Other support available from Dudley CVS

Support in areas of fundraising, policies and procedures, charity and employment law for groups with over £5000 income per year is available from Dudley CVS's Core team. To access this support please contact, Caroline Webb, Jayne Emery and Arnie Troxler on 01384 78166. Support is also available for voluntary sector groups who provide childcare. To access this support please contact Kevin Priest on 01384 78166.

Recommended reading



Quick guide: sources of funding

(Jill Ritchie, reviewed by Alison Woolley, Directory of Social Change))

Quick guide: preparation for fundraising

(Frank Opray, reviewed by Caroline Hukins, Directory of Social Change)

Voluntary not Amateur

(Jacki Reason and Ruth Hayes, Directory of Social Change)

Just about Managing

(Sandy Adirondack, Directory of Social Change)

Quick guide: Events Planning

(Caroline Hukins, reviewed by Jinny Gender, Directory of Social Change)

Some of these are available from Dudley CVS's resource room.

This guidance pack has been written by Kate Green (Small Groups Development Officer).

Some information in this pack has been adapted from the following:

- Quick guide: sources of funding (Jill Ritchie, Directory of Social Change)
- Charities Information Bureau www.cib.co.uk
- Finance Hub