



Types of Funding

A quick guide to different types of income

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Fundraising events

It is possible to raise significant amounts of money through sponsored events, fetes, fairs, or social activities such as quiz nights or musical performances. It is, of course, equally possible to lose money if an event is badly organised, or not publicised thoroughly.

There are so many different types of events that you could organise, it is worth considering whether you want to use a tried and tested idea, or try something more imaginative to catch people's attention.

Here are some ideas to get you started:

- Sponsored activities such as a walk, fun-run, litter pick, abseil, etc. The rise of online fundraising sites allow for people to set up their own fundraising page linked to your event.
- An event you will charge entry for, such as a musical performance or karaoke night
- An activity people pay to take part in, with prizes, such as a quiz, race night or bingo
- A fair or fete
- A sporting event – but make sure you are insured and liaise with the relevant authorities
- An unusual activity, such as a mystery tour or treasure hunt.

Collections and donations

You will need permission to do some of these, but this is generally easy to get.

Collections

Try having a stall, or asking to collect, at someone else's event – many theatres will support this kind of fundraising.

Register with an online service that allow people to donate by text

Register with an online such as <https://www.nationalfundingscheme.org/> that allows people to donate by text.

Hire or buy contactless donation boxes, such as those from <https://www.goodbox.com/> so that people can donate by debit or credit card. This is quite expensive though, and the companies that make and loan the boxes will take a percentage of each donation.

You can also organise a street collection. You will need a permit from the local council for this.. You can make your collection more appealing by dressing up, having musicians or performers with you, having information about your group available, or having materials to give to those who donate.

Raffles

You could hold a raffle at an event, or even on the coach if you are going on an outing. For this kind of raffle you can buy books of cloakroom tickets from a stationery shop. This is called an incidental non-commercial lottery, and it does not need to be registered, although there are some conditions and limits.

Some online services, such as Donate enable you to organise raffles that people can enter by text, as well as (or instead of) buying a ticket with cash.

Alternatively you could hold a draw over a longer period, and print draw tickets. You can ask local businesses to donate prizes, for example, a box of chocolates, a meal for two, a food hamper, or a haircut. This type of raffle is called a Society Lottery and it does need to be registered, but this is quite easy to do. An application should be submitted to the local authority where the head office of the society is located.

Regular donations

You can ask supporters to make a regular donation directly to your bank account. Even just £1 a month can make a big difference if enough people do it. There are a few ways to set this up:

Direct debit

A direct debit is an arrangement in which someone gives an organisation permission to transfer money from their bank account on a particular day each month. It is how lots of bills are paid. You can set up direct debits using an online service like [GoCardless](#) or [Golden Giving](#). If your group has a website, you can provide a link for people to set up the direct debit online.

Standing orders

A standing order is when someone asks their own bank to make a regular payment. You just need to give supporters your group's bank details (account name, number and sort code) so that they can ask their bank to set it up. Ask them to tell you that they have done this, so you know where the money has come from when it appears in your bank account.

Payroll Giving

Payroll Giving enables employees to give to any UK charity straight from their gross salary (before tax is deducted), giving immediate tax relief on those donations. This means that £1 donated each month costs only 80p for employees paying standard rate tax (60p for higher rate taxpayers).

Fundraising from online shopping

You can ask supporters to register with a service such as [Easy Fundraising](#) and when they make purchases online, your group will receive a percentage of what they spend.

Pledge fundraising

Pledge fundraising is when you ask people to make a promise of a donation, which they give once you have enough promises to meet your target.

This kind of fundraising is for a specific appeal or project, with a set target amount you want to raise. So, if you need £2,000 to buy a new minibus, there's no point in anyone making a donation until you have commitment from enough people to know that you will be able to buy the minibus. Only then do you actually collect money.

Be careful when collecting and storing people's contact details

Fundraising from local businesses

Businesses may like to sponsor your group, especially if they are based in your local neighbourhood. They might give money, or they might donate goods that you can use. For example, if you are running a gardening project, a local garden centre might donate tools or plants. You could also ask businesses to donate raffle prizes.

Fundraising appeals (including crowdfunding)

A fundraising appeal is a specific publicity drive in which you ask for donations for something in particular. A good appeal will give clear information about why you need the money, what you will use it for, and how people can make donations. You can ask for people to give whatever they can, or a specific amount as a one-off payment, or as a regular donation, depending on what your needs are.

Think about how you will publicise and promote your appeal: you could email (or write to) regular supporters and members; put information in the local press; promote it via social media; distribute flyers and leaflets; ask local businesses to donate and to publicise the appeal, and many other ways.

You could set up your fundraising appeal online using an [online fundraising tool](#) and publicise it on social media or by email.

This is generally referred to as crowdfunding.

Crowdfunding can be a very effective way to raise money, but works best for specific projects or short-term fundraising appeals, and is most effective if you have good and wide-reaching social media networks.

There are many different crowdfunding websites. You will need to find the one that is best suited to you. Things to bear in mind:

- They are likely to charge you a fee, and this can vary quite substantially. Paypal fees, if you use this, will be on top.
- On some sites you only get the money if you reach your target
- Look for a site that has other campaigns similar to yours
- Crowdfunding is used all over the world, so find a site that has lots of other successful appeals in your country

Legacies

For many not for profit organisation Legacies are a major source of income. However, it can also be a challenging area of work – legacy fundraising will by its very nature lead to some sensitive topics and conversations with an individual and potentially his/her family or next of kin. It's also a complex area because of the regulatory and legal considerations of leaving Wills and the administration of estates. This means charities and fundraisers have to take care to ensure they are acting appropriately.

There are 3 kinds of legacies:

- Pecuniary legacies: where someone leaves a specific amount of money to another person or an organisation.
- Residuary legacies: where after all pecuniary legacies have been paid, the remaining estate is given to an individual or organisation.
- Specific gift: this may be an item of furniture, a property, a piece of jewelry etc. for use by the organisation or sold for the organisation to then use the proceeds.

How to promoting legacies for your organisation

The best place to start seeking legacies is with your current members, supporters or service users.. The institute of fundraising has a set of key principles they are to be: Legal, Open, Honest, Respectful and can be applied to all types of fundraising, not just legacies.

They also encourage:

“Charities to ensure that all legacy fundraising activity, marketing and administration, maintains a balance between:

- the duty of trustees to optimise the benefit to the charity;
- the potential legator's freedom to provide for her/his family and others; and
- the sensitivities of the individual supporter and his/her family and friends.”

For good practice guidelines, please see:

Institute of Legacy Management's <https://legacymanagement.org.uk/training-and-events/good-practice-guidance/>

Charity Commission guidance on legacy giving <https://www.gov.uk/guidance/wills-and-charitable-legacies>

Corporate Fundraising

Corporate fundraising - partnerships or relationships with businesses - can bring many benefits to both parties.

However, if your organisation wants to move beyond very small requests, it takes time and effort to build a good working relationship, and it's important to get the foundations right from the very beginning. Be clear what you expect, and, in return, what advantages there will be for the corporate partners, including good PR.

There are many different forms of corporate partnerships, which can include:

- Staff fundraising
- Charity of the year
- Supplier fundraising and fundraising from other stakeholders
- Licensing - i.e. use of charity name and/or logo in conjunction with the sale of goods/services
- Cause-related marketing – i.e., a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit
- Sponsorship - i.e. cash or in kind fee paid in return for access to exploitable commercial potential
- Payroll Giving
- Donations/matched giving
- Secondments
- Employee involvement and volunteering
- Gifts in kind
- Royalties
- Affinity relationships
- Product endorsement
- Events
- Recycling

It is important to regard the relationship as a joint endeavour, and one that needs to work for both parties. Both parties will have scope to negotiate. A charity should not just accept without questioning the terms proposed by the company. It is important to be aware that the value of a partnership may far outweigh the direct cost to a company.

Grants

There are numerous sources of funding available but it is important to know where to look and how best to approach the funders. Establishing which options are right for your organisation is an important first step.

Defining the need

Before you make any applications, be clear about what you need funding for – what is the need your require funders to help you meet. Without doing this, you will not be able to identify the best funders for you to apply to.

Research

First, if you've made funding bids before, check your own records and see what has worked, and what hasn't. Next, carry out external research (for example, in published directories) to identify those trusts and foundations whose objectives and policies match the need for which the grant is required. The more research undertaken, the greater the chances of success; for example, this can include looking at the trust's past grant recipients, trustee backgrounds and influences.

If possible, try and obtain a funder's guidelines, through directories, websites or by asking for them. If there are no guidelines, it will be useful to undertake research to find out the funder's interests and preferences, geographical area and the typical size of grant awarded. Since grant making bodies sometimes change their criteria, it is advisable to revisit these sources from time to time.

Make sure you are a good fit

Don't waste your time, or that of the funders, by applying to those who don't fund what you do, or want to do.

And make sure that your application fits your own objectives and strategies.

Applying

Read – and follow – the funder's procedures. Provide what they ask for in the way that they ask for it. This doesn't mean your application can't be creative and interesting, but for a good application, information will be as relevant and brief as possible, using clear and concise, non-technical language. Make sure that your proposals are clear, accurate, and above all, honest.

When applying to more than one funder for the same project, it is good practice to inform each trust approached whether targets may be exceeded if more than one grant request is approved if possible.

Make sure applications are submitted in good time, are in line with funders' deadlines, and are done before the money is needed.

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Simply contact info@voluntaryimpact.org.uk in the first instance.

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