COMMUNITY OWNERSHIP SUPPORT SERVICE
Development Trusts Association Scotland

BEYOND THE USUAL SUSPECTS

An introduction to a range of alternative approaches to raising finance and fundraising

The Community Ownership Support Service, delivered by the Development Trusts Association Scotland, is funded by the Scottish Government to support the sustainable transfer of publicly held assets into community ownership. This adviser led service provides specialist advice and information on all aspects of asset transfer on a Scotland wide basis.

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INTRODUCTION

Fundraising for the development and ongoing management of your community asset will be a key part of your early planning. If you haven't done it before it can seem daunting. This guide aims to help you to establish a funding package which encourages the inclusion and involvement of your community and develops a sense of local ownership.

These are challenging fundraising times and included are suggestions for alternative methods of raising funds beyond the more traditional grants and loans.

This guide:

- Takes you step by step through the different methods of raising funds from alternative sources.
- Explains the advantages and disadvantages of each method.
- Provides links to other sources of more detailed advice and information.
- Provides inspiration to help you generate income which you can use without the restrictions placed on funds from grant giving bodies and government

A bit about the Usual Suspects

When a project is in its early stages, and it looks likely that you are going to need a lot of money to make it work, the first place people tend to look for money are the big funders. This includes Big Lottery and all of its associated funding programmes like Heritage Lottery, Sports Scotland and Creative Scotland - depending on the focus of the project you are considering. Funders may also include the larger charitable trusts and foundations such as Comic Relief, Esmee Fairbairn Foundation, The Robertson Trust and many others who may be interested in the benefits your project delivers. You may also want to look at Government funding and/or European funding. If your project could sustain repayment then loan finance would also be an option.

It is very important to set your aims and objectives at an early stage of a project. This will help you to avoid going to funders that are not appropriate and keep you on track when you may be tempted to change to fit with a funder that might just be right but not quite. If you are not sure then they may not be the right funder for you. It's always best to call and discuss before you submit an application.

Write down your project plan, aims and objectives, outline budget and share it with as many people as possible to get feedback on your ideas. Once you know the aims and objectives of your project and have a project outline then you need to do your research to determine which of the 'usual suspects' will best fit with your plans.

When applying to funders you will need to pay particular attention to their application rules and once you've secured funding it is likely that you will be required to provide monitoring information. This type of funding is referred to as '<u>restricted</u>' which means it must be spent on the project you have explained in your application. If any changes happen once you have started then you will generally require written approval from the funder before changes can be made.

These large funders are extremely important so should be included in the 'cocktail' of funding you will seek for your project. However, including alternative funding for some elements of your project will be advantageous and will strongly support the applications to the 'Usual Suspects' for the following reasons:

- There are few funders who will consider funding 100% of a project and those that do will look more favourably on projects that have secured some of the funding.
- Most funders will not fund 100% of a project and they will want to see a mix of funding options in your proposal.
- Depending on who you apply to, the process of submitting funding applications takes from 2 months to 12 months from the date

you submit your application. Having some funds coming in from alternative sources will help you to keep moving forward with developing your project while you wait for the larger funders to take decisions.

- Showing that you have public support, particularly from your local community, through people donating their own money will demonstrate community involvement.
- Having alternative funding from those 'Beyond the Usual Suspects' will allow you to take decisions on how you spend the money as it is 'unrestricted' although you must agree to spend the money on fulfilling your aims.

However, you must ensure that independant, alternative funds raised are not used for any elements of the project contained within the major grant applications. It could be considered that you have started your project before a decision to award a grant has been given and this may compromise your application.

What you need to have in place before you get started?

Before you begin any kind of fundraising you need to be sure you can answer a range of questions about your organisation. You also need to ensure you are able to answer any legal scrutiny that may arise.

Ensure you are fundable

To be fundable you will need to have several things in place, or be working towards them. If you are gathering money from people, many will be informed and want to ask questions about your credibility and legal status.

The table opposite outlines the things you will need to consider to allow you to answer these questions.

Requirement	
Documented evidence of need	Can you provide evidence of a wider community need for your project?
Options Appraisals	Have your carried out an appraisal which assesses other alternatives to address the need you have identified? Do you have a written document that you can show people if asked?
Capacity	Do you have enough volunteers and skills to allow you to develop and deliver your project?
Project Planning/ Management	Can you demonstrate the skills and experience to successfully plan and manage your project?
Finances	Have you worked out all the costs for your project and can you show a detailed budget if necessary?
Good Governance	Can you demonstrate that the management group is well run and correctly constituted?
Accounts	If your organisation files annual accounts will any online investigations show that they have been filed on time?
Appropriate Policies and Procedures	Have you made sure all health and safety, child protection/ vulnerable adults policies, insurances, etc are in place?
Diversity	Are any sections of the public excluded from your project? If so, can you justify why?
Community and Stakeholder Engagement	Can you demonstrate strong support from the local community and those benefiting from your project? If not, then consider collecting written evidence of support during your fundraising not just collection of money.
Registered Charity	Are you a registered charity? If it is appropriate for you to become a charity it could give your fundraising a boost through gift aid and other charity schemes.

THE BENEFITS OF LOOKING BEYOND THE USUAL SUSPECTS

Although most organisations will understandably, and quite rightly, look to traditional forms of funding such as trusts and foundations, loan finance and the Big Lottery Fund when planning an asset acquisition or considering how they can meet their running costs or project costs, there can be real benefits in looking beyond these forms of fundraising.

Challenges typically presented by relying on traditional grants fundraising

- Grants are commonly "restricted" or ringfenced to a specific purpose. This can limit your group's flexibility if for example certain project costs are higher than predicted or unanticipated costs arise.
- It can be difficult to secure grants for ongoing running costs and core costs
- There are limited sources of funding for developing very early stage ideas, allowing groups to do the work that is required to establish and evidence need, or to conduct early exploratory work or feasibility studies.
- A funder may not allow contingency costs within a grant application.
- The timescale: a decision might take 2-3 months and a decision time frame of 5-6 months or even longer is not uncommon. You may want to start work before this.

Other benefits of looking beyond the usual suspects

- Some funders require organisations to demonstrate that they have community buy-in. A degree of locally fundraised income can help evidence this.
- Unlike grants, other types of fundraising will typically generate unrestricted income giving you much more flexibility in what you can use the money for.
- Some types of fundraising can be completed relatively quickly.
- Fundraising can be used as match funding where funders require this.
- Can help achieve community buy-in.
- Increases your profile.
- Broadens your fundraising base and reduces your dependency on a few income streams (this in itself might make you more attractive to funders)
- Could attract new volunteers who may bring new skills and experience to your organisation.
- Potentially creates valuable useful links e.g. with local businesses, community groups and schools.

So as well as raising valuable additional funds for your organisation, developing a broader fundraising strategy can also strengthen your grants fundraising and bring other benefits.

Many organisations find that having even a small proportion of income from non-traditional sources provides very useful flexibility and independence.

Used well, even quite small sums of fundraised income can be used to help leverage much larger sources of funding.

It should be borne in mind that if you are a registered charity you must use any funds raised solely for your charitable purposes as agreed with OSCR.

GETTING STARTED WITH A PLAN

READY, STEADY, GO

GETTING STARTED WITH A PLAN

The starting point for any fundraising plan should always be your organisation's own needs – not what funding or support is or may be available.

1. **Define how much you need:**

- Agree your targets internally
- Get proper costings/estimates – any donor or funder will want to know you are seeking best value(though you don't have to go for the lowest price)
- Include project costs and also professional fees
- Who will manage the project - will they be paid, or need expenses?
- Remember the costs of finance/bridging
- Factor in inflation – and some contingency costs
- Will there be costs of community engagement and consultation to consider?
- Remember fundraising costs
- And the costs of changing your mind!
- What will your running costs be over the first few years?

TIP: It is usually much easier to include the first few years' running costs into a major fundraising plan than to complete your capital project/asset transfer and then begin to consider how to fund ongoing revenue costs. Taking advantage of the buzz and excitement around a new project can significantly increase your fundraising success, as well as giving your major capital funders confidence that the project will succeed.

TIP: Rather than factoring in contingency costs as a separate budget line, another approach is simply to budget cautiously. So if you think you might need 2 public meetings, perhaps budget for 3. Or for 5 days' legal work to be on the safe side rather than optimistically hoping 3 will be enough. What if something unexpected crops up? It's easier to return any unspent grant money than it is to suddenly have to raise an additional £1000 or £10,000.

2. Then:

- Note what funding you already have in place - or is likely to be secured.
- Establish which elements are likely to be attractive to more traditional funders (equipment, buildings, capital costs?) and relatively "easy" to fund.
- Consider what other costs you might have.
- Estimate when each cost will be incurred? Draw up a timeline.
- Remember to factor in any time lag - cash flow is critical to any project. Might any of the funding sources you are considering pay retrospectively? If so, how will you finance the up front costs?*

  **some funds for example pay retrospectively, but don't allow applicants to include the costs of loan interest in the project budget.*

3. Next: Consider if you can reduce your costs

- Are any of these costs for things you might be able to get "in kind"? Maybe free venue space for a community consultation event, or catering for a fundraising event or printing for some community surveys?
- Support programmes from Highlands and Islands Enterprise, Business Gateway, COSS and the Third Sector Interfaces offer free business support.
- You can also apply to the Development Trusts Association Scotland – Community Shares Unit and Cooperative Development Movement for free specialist consultancy support on things like community shares.
- Or could you reduce your costs by buying through a local business or buying group? This can work for anything from snacks and drinks to design & print.

TIP: *remember to include these costs in your overall budget – you can then show that you have already secured this necessary funding (which may be in kind). This reassures other supporters that you already have some funding in place, and also that you have not overlooked any key budget lines.*

4. Identify your funding gaps

You will now have a clearer picture of what elements you need to fund, over what timescale.

This is the starting point for your fundraising plan.

5. Packaging

Break down your total into achievable “bite-size” elements.

This can be done in three main ways:

- **One is using a full cost recovery model.** Full cost recovery means calculating the total costs of running a service that includes not just the direct costs of a project (like salaries, travel costs and so on) but also a relevant proportion of the overheads and management costs that are needed to deliver a piece of work. For example insurance, governance costs, heating, lighting, rent, HR and finance staff time.

- **The second way to package things up is to think in terms of the difference you make.** So a year round lunch club for older people that costs £10,250 per year to run (including a proportion of overheads) could be packaged as “£854 would fund our Seniors’ Lunch Club for a month – enabling 38 isolated and vulnerable older people to enjoy a cheap hot meal and friendship twice a week”.

  Talking in terms of the difference your work makes is a much more attractive way to describe your work than presenting a donor with a list of costs (e.g. staffing, venue hire, minibus, food). A supporter is much more likely to be interested in what the activity achieves.

- **A third approach is to break down an overall cost into smaller more accessible elements.** This is particularly useful when thinking of targeting individuals or for example schools or community groups who will probably not be able to give large donations in the way that trusts and foundations can.

So a weekly youth club costing £5460 a year (remembering to calculate this on the basis of full cost recovery) could be presented as “£105 will run our youth club for a week.” So could you recruit 52 individuals each giving two pounds a week? (£2 x 52 = £104) If so, this would fund the youth project.

For more information on full cost recovery see:

Community Accounting Network
- http://www.communityaccounting.org/

Cash on line
- http://www.cash-online.org.uk/

New Philanthropy Capital
- http://www.thinknpc.org/

Big Lottery Fund
- http://www.biglotteryfund.org.uk/fcr

RAISING MONEY FROM INDIVIDUALS

Local people in your community or people who have a connection to your cause such as regular visitors, holidaymakers or people working in local businesses are all potential sources of support for your organisation.

Individuals support charities and good causes in a range of different ways.

- House-to-house collections
- On street collections
- Public collections, for example at events or in supermarkets or shopping centres.
- Regular giving, including friends schemes and membership schemes
- Ad hoc donations
- Crowdfunding
- Buying shares in a community project/asset

Public Collections

- You can collect cash from the public in a variety of ways. This is simple and straightforward and the only tools you need are time and a suitable collecting tin or secure collecting bucket that shows your charity name and number (and ID for your collectors).
- Door to Door.
- Public collections e.g. in town centres or shopping centres. Or busy car parks in beauty spots.

Please note key legal points at end.

TIP: Collections can work really well alongside mass participation events so that you can tap into the enthusiasm and interest of spectators. Or perhaps you have a high footfall through your town or village/local countryside which would lend itself to a static collection box?

Benefits:

- Can reach a lot of people
- Allows face-to-face contact and communication of key campaign messages and engagement with prospective supporters
- Unrestricted income

Disadvantages:

- Not usually suitable for Gift Aid (unless appeal envelopes are used to capture the donor's details)
- Usually small donations
- Time taken to count and bank the money

Key Legal Points:

Public collections, including door to door, require licenses from local authorities with the exception of collections taking place on private premises (e.g. within a shopping centre) or during the course of a public meeting. There are also specific rules on how the money must be accounted for.

www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/public-collections

http://www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/legal-appendices/fundraising-in-a-public-place/street-collections-scotland/

http://www.legislation.gov.uk/ssi/2009/121/made

RAISING MONEY FROM INDIVIDUALS

Regular Giving

You can use a range of different techniques to encourage regular giving:

- “100 club” type programmes
- Giving via direct debit
- Friends’ schemes
- Membership schemes
- Sponsor a child/sponsor a room type programmes.

Benefits

- Allows an organisation to plan ahead with some degree of confidence
- Allows a relationship to be built up with the donor
- Usually generates unrestricted income
- Useful for funding ongoing work and core costs
- Gift Aid

Disadvantages

- Takes time to build up so not suitable for short term or emergency type appeals
- Needs to be managed on an ongoing basis

Legal point

Care needs to be taken when designing a friends’ membership scheme. “Members” of an organisation have a different legal status to “Friends of”. A membership scheme may affect your organisation’s ability to claim Gift Aid.

TIP: *some organisations such as environmental charities sign up prospective supporters to direct debit fundraising schemes at beauty spots and in car parks or visitor centres. Is there somewhere on private land your organisation could approach prospective supporters?*

One Off Donations

Although regular giving may be your longer term goal, it may be more practical and successful for you to initially encourage people to give you a one-off donation.

You could ask for donations:

- At an event
- By phoning supporters and members
- By including a request and donation form within a newsletter or magazine
- By mail or email
- Via your website or social media
- Via text messaging
- Via a crowdfunding platform (see later)

You will need a secure method of handling online and offline donations. If you don’t have these facilities on your own website (or if you don’t have a website!) there are a number of platforms you can use for a small charge such as Just Giving, Virgin Giving, Local Giving (run by UK Community Foundations) *http://localgiving.com/charitysignup* or the free BTmydonate *www.btplc.com/mydonate*

Individuals: Text Giving

There are also free text to donate services available such as *http://www.vodafone.co.uk/about-us/just-text-giving/index.htm.* Your charity simply registers its online fundraising page and receives a specific code that your supporters text to donate a specific amount up to £10. This can work well especially if you use simple text message such as Text LAND to xxxxx or Text HALL to xxxx.

You can promote this on posters, banners, t-shirts, via social media, in email footers or in newsletters - anywhere.

Benefits of Text donating

- Quick
- Simple to communicate – and to do
- Fast growing method of fundraising
- Inexpensive (for charity and donor)

Disadvantages

- Not everyone has a mobile. Or good mobile coverage (e.g. at events)

Individuals: Crowdfunding

- Crowdfunding is raising money directly from a large number of people all putting in relatively small amounts of money. Businesses, social enterprises, individuals and charities all fundraise through crowdfunding.
- There are lots of different crowdfunding platforms with more launching all the time. Some are specifically aimed at people wanting to invest in social enterprises or charities. Others specialise in creative industries or IT type projects.
- NESTA reported in November 2013 that crowd funding and online donations platforms have raised £785m in the UK over the past three years for charities and social projects. This market has experienced growth of about 20 per cent year-on-year.
- Typically a crowdfunder receives rewards. Rewards can range from equity in a start-up business to a discount off products (e.g. from a community shop once it opens), free gift (bag, mug, limited edition print) or in the case of donation-based crowdfunding simply a feel good reward (e.g. Firstport's opportunity to attend an exclusive event and to be entitled to vote on which entrepreneur received start up funding).
- The maximum and minimum donation will vary according to the crowdfunding platform you use. In some cases investments and donations can be as low as £5, with no ceiling on the amount you invest; others may cap the total investment you make as a percentage of your net assets.

TIP: *Some crowdfunding platforms such as the Big Give or Local Giving provide match giving from corporate or anonymous donors from time to time. This could double the amount of money you can raise.*

Benefits

- Popular (and newsworthy) way of giving, suitable for all sizes of group.
- Very fast-growing market that appears to be capturing people's imaginations. Opportunity to reach a very wide audience.
- Donors feel part of a giving community.
- People who may only be able to give a small amount still feel they are making a difference alongside others.
- Offers the opportunity to fundraise nationally - and globally.

Disadvantages

- Works best for tightly-defined and tangible projects.
- Mainly for a limited amount of income.
- There is usually a time limit on how long the campaign can run for. Sometimes as little as 30 days.
- Some platforms require projects to return donors' money if the full target is not achieved within a specified timeframe.
- There are lots of platforms to choose from, some work better for different types of projects. The market can be difficult to navigate.
- Requires a lot of online promotion via social media to succeed.

More information on crowdfunding

NESTA produced a summary of different crowdfunding platforms *http://www.crowdingin.com/*

Another summary of UK Crowdfunding platforms and charges *http://crowdfunduk.files.wordpress.com/2013/02/crowdfunding-sites2.pdf*

Examples of platforms to check out include Yimby (recently launched by justGiving) Buzzbnk, Crowdfunder and the Scottish site Bloom VC

TIP: *Even if you don't plan to use crowdfunding, these sites are excellent examples of how other charities and organisations sell and promote their projects. Why not check out the competition?*

RAISING MONEY FROM INDIVIDUALS

Fundraising from Individuals: Key to success

Having a compelling ask

Why do you need money? What is the need and what impact will it have? Keep the language simple and straightforward. Make sure the people asking are knowledgeable about the cause and passionate about it.

Being able to quote some salient statistics to evidence this need.

Quotes from beneficiaries that illustrate the difference your organisation has made to them or a short 'pen portrait' can be very compelling. Or could you include a photo of your service in action or building being used? An image of derelict eyesore/leaking roof that needs to upgraded can also bring your ask to life.

Keep it short and sweet

Most television adverts last 30 seconds or less. Be able to communicate the key messages succinctly, both verbally and in writing. You can always give more information once you have captured someone's attention and interest.

Start close to home

People most likely to donate to your organisation/project are those you already know. It could be people in your local community, your volunteers and trustees. Starting close to home, both literally and metaphorically, is almost always the best place to start.

Stewardship

- One of the main principles of successful fundraising is good stewardship i.e. thanking your donors and looking after them well. So before you start fundraising have a plan for how you will "bank and thank" and how you will try to engage and involve your supporters further (before you ask them).

- Good clear communication with your donor, particularly after their first donation, will hopefully lead to future donations, possibly to regular giving or even large gifts and legacies. Evidence shows that how a donor's first gift is handled is critical in determining whether future donations are made. The rules are simple: acknowledge that donor's support within 48 hours (and the amount); address them by name; tell them what difference their donation has made.

- Good communications don't have to be expensive. A prompt hand written personal thank you can be far more effective than an expensive professional document crafted by a marketing agency. As can a thank you post it (for a small donation) on the back of a photo showing something the donor has helped to make possible. Is this something volunteers could help you do?

- Alternatively perhaps you could just pick up the phone and say thank you? Or for sizeable donations perhaps you might ask your Chair or a Senior Manager to make the call.

TIP: *You can browse some great examples of donor communications, welcome packs and stewardship programmes free on line at SOFII: The Showcase of Fundraising Innovation and Inspiration www.sofii.org*

Gather intelligence

- The more you know about your supporters the more you can tailor any future communications to them. So trying to collect information by using for example a welcome pack or member survey form which can generate valuable insights. What you really want to know is why the person chose to support you? What is their motivation? If you know this you can ensure that your future communication with the donor is relevant, targeted and addresses their interests.

- Some organisations also take the opportunity of the first donation to proactively ask supporters if and how they would like to be communicated with in future. You will always have to comply with data protection legislation so this type of communication could fulfil both purposes.

Think of fundraising as long term journey

Don't discount the value of small ad hoc donations. Instead see them as an opportunity to engage prospective supporters further. Very few of an organisation's major donations will be from a first time supporter. The process of cultivation, getting to know your donors and building trust can, and should, pay dividends in the medium to longer term.

Keeping track of your supporters, how much they are giving you and how often is a great platform for ongoing and future fundraising. Make sure you put a process in place before you start any fundraising campaign. For smaller organisations a simple database or even a spreadsheet may be all that is needed - although there are much more sophisticated fundraising databases available.

TIP: *Gift Aid can currently increase the value of a donation by 25% at no cost to the donor.*

Gift Aid

- When an individual makes a donation to a charity, Community Amateur Sports Association (CASA) or voluntary organisation that is registered with HMRC, that body is able to claim back the tax that the donor has paid on the donation. This mechanism is called Gift Aid and amounts to an extra 25p for every £1 that an individual gives.

- If you give £10 to a charity and you are a basic rate taxpayer (20%), you will have paid £2.50 in tax on the gross donation (to take home £10, you will have earned £12.50 before tax). Charities are able to reclaim this £2.50 back from HMRC.

- Only donors who are UK taxpayers qualify for Gift Aid. Donors must have paid, or will pay, an amount of Income Tax and/or Capital Gains Tax for the current tax year that is at least equal to the amount of tax that will be reclaimed.

- Gift Aid can only be paid on donations freely given. Buying tickets for a fundraising event would not qualify as a donation. Membership subscriptions where the supporter receives goods, services or other benefits, such as discounts on goods or services in return are not eligible for Gift Aid unless the following donor benefit rules are followed:
    - If the total donation is £100 or less, the benefits should only be worth up to 25% of the total Gift Aid donation (net of tax) in the tax year.
    - If the total donations are from £101 to £1,000, the benefits can only be worth up to £25.
    - If the total donations are from £1,001 to £10,000, the benefits can only be worth up to 2.5% of the total donations.
    - If the total donations are over £10,000, the benefits can only be worth up to £250.
    - If the benefits received total more than the amounts stated above, the charity will not be able to reclaim the tax on the donation. **Please do note that there may be VAT implications and you should seek advice from HMRC or from a professional expert**.

Further information

More information about tax-effective giving is available on the Tax-Effective Giving section of the Institute of Fundraising's website. Make sure you know all the facts so that you can maximise your income.

RAISING MONEY FROM INDIVIDUALS

Legal Points

The Charities and Benevolent Fundraising (Scotland) Regulations 2009 apply to any benevolent fundraising (so would include social enterprises and community groups) not just registered charities.

www.legislation.gov.uk/ssi/2009/121/made

Make sure to check you will not be breaking the law or the codes of practice that apply to areas such as direct mail, telephone fundraising, street fundraising or advertising. The Institute of Fundraising is a useful source of free advice on legal matters related to fundraising and produces a range of free helpful codes of practice and guidance. *http://www.institute-of-fundraising.org.uk/guidance/about-fundraising/direct-mail/*

You can also get a free check done on any advertising copy you might be thinking of running for fundraising purposes from the Committee on Advertising Practice. *http://www.cap.org.uk/Advice-Training-on-the-rules/Bespoke-Copy-Advice.aspx*

You must check whether any data protection considerations apply. Fundraising is treated differently from administration of membership when determining whether an organisation needs to register with the Information Commissioner's office.

Sources of further information and advice

www.how2fundraise.org
www.knowhownotprofit.org.uk

The UK Giving survey provides the latest research on individuals' donations to charity – how much is given, who the donors are, where the donations go, and the trends over time *https://www.cafonline.org/publications/2012-publications/uk-giving-2012.aspx*

LEGACIES AND IN MEMORIAM GIVING

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Legacies

- A legacy is a gift made to an organisation (or person) in someone's will.
- Legacy income is currently worth £2 Billion to UK charities.
- 35% of people say they'd happily leave a gift in their will once family and friends had been provided for but only 7% actually do.

Bequest

This is a term for a gift that you leave to a person or organisation in your will. There are quite a lot of different types of bequest. The main ones are:

- Residuary bequest - A gift made out of the residue of your estate. More than one gift out of the estate can be made either in equal portions or unequally by percentage. Around 87% of charitable legacies are residual legacies.
- Pecuniary bequest - A gift made of a fixed sum of money. Unfortunately, the effect of inflation means that the value of a pecuniary gift will decrease over time, although with appropriate wording this can be avoided.
- Specific bequest - A particular named item left as a gift in your will. For example, a piece of jewellery, furniture or a painting. Or it could also be a property or piece of land.

Legacies are a sensitive area which have significant legal and tax implications so it is vital to follow best practice in this area. This can be found at *www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/guidance/legacy-fundraising-guidance*

Key to success

To be successful in generating legacy income you do need to prompt your supporters and potential supporters to make a will, and to include your organisation within it.
Legacies can be promoted in several ways:

- Articles in a newsletter or on your website, usually with a 'pledge form' that asks people to let you know they are planning to donate to you; or promoting people to contact the charity for information on how to write a will to include a charity.
- Creating a specific legacy leaflet (see SOFII for examples- web address in appendix). This might be mailed to specific supporters, used as an insert within a publication or newsletter. Or you may just reactively send it to people who respond to your articles or adverts promoting legacies as an option and who are requesting further information.
- By approaching professionals who are advising clients such as solicitors and will writers, or accountants. Again, having some simple leaflets you can leave with them would be helpful.

Key Legal Points

- Charities should not give legal advice or anything that could be construed as legal or financial advice.
- If incentives are used they should be of appropriate value, which would normally mean very low cost.
- If a charity offers a free will writing service in conjunction with the legal professional it must not be a requirement of the service that any charitable request is made with the will.
- This section has been written within the context of Scots Law.

- Sometimes potential legators want to give a legacy to a charity subject to a requirement that the legacy is used for a specific purpose. That the legacy is used for that specific purpose may be a condition of the gift and, if so, the charity must comply with it. Alternatively, the purpose may be expressed as a non-binding wish, with which the charity can choose whether or not to comply. In relation to such legacies, it is advisable for charities to:
    - Ask the potential legator to consider expressing their purpose as a wish rather than as a condition and explain the difficulties that can arise if the charity cannot or ceases to be able to comply with a condition and that the legacy might then fail.
    - Make clear that the potential legator is free to make the legacy subject to a condition as to its use if he or she so chooses.
    - Inform the potential legator if it is not possible or it is unlikely that the charity can comply with the proposed condition(s).
    - If the potential legator proposes to make the legacy subject to an expressed wish as to its use, the charity should be honest and open about whether it is likely that the charity will comply with the wish.
    - When a charity receives a legacy subject to a requirement that it is used in a specific way or for a specific purpose, e.g. endowments, to consider whether legal advice is needed about whether or not the specific purpose is a condition or a non-binding wish, particularly if there is any doubt.

Benefits

- Legacies may often be the largest gift that an individual will ever make to charity.
- Legacy bequests can be transformational for an organisation.
- Legacy donations can act as a trigger for community purchase.
- Legacies need not be cash. They can be gifts of land or property which an organisation or community would like to acquire, or shares.
- Allows asset rich but cash poor supporters to plan support to your organisation.
- Tax efficiency for the donor. Subject to certain rules, bequests made to charities can influence the value of the estate for inheritance tax liabilities.

Disadvantages

- By their very nature it is impossible to predict when a legacy pledge might be fulfilled.

In Memoriam Giving

When someone dies often their friends and family will request donations to be made to a named charity or organisation as a way of remembering the deceased – often as an alternative to a traditional floral tribute.

Sometimes a person has decided in advance, and has indicated as part of their funeral wishes, which cause they would like to support; at other times family and friends make the decision.

This is a fast growing means of giving to a charity or cause.

- In memoriam giving is up 32% year on year
- The UK “Market” is now worth £27 Million

You can promote In Memoriam giving by:

- Suggesting to members and supporters that they considered this means of donating to your organisation – and that they let their family and friends know their wishes.

LEGACIES AND IN MEMORIAM GIVING

- Developing a means to link and aggregate donations so that you can report back to the family the total amount that has been raised. This is often done through means of a named fund. This is not a separate charity or bank account simply a way of aggregating donations from a variety of sources.
- Providing simple information leaflets and gift envelopes (remembering to include gift aid declarations) for use at funerals.
- Use of on-line platforms such as Just Giving which now has a dedicated In Memoriam product (and estimates it will have 30,000 individual In Memoriam pages by 2021).

Keys to success

- It should go without saying that the family or friends' grief and loss should be acknowledged promptly and sensitively.
- Good communications with the family e.g. letting them know how much has been raised and what you will do with the donations is really important.
- Being aware that with this form of giving the main motivation in supporting your organisation is the connection to the individual who has passed away rather than the cause itself. Ensure that your communications reflect this.
- Remember too that in memoriam support can carry on over a number of years. For example on the anniversary of the person's death or on their birthday friends, family and colleagues often undertake a fundraising challenge or an activity to remember their loved one. Research shows that many charities failed to capitalise on this potential for longer term support by failing to provide good personal stewardship.
- So consider simple touches such as a card to mark the anniversary or a note on the approach to the person's birthday reminding the family what has been achieved with the fund or donations.

Benefits

- Offers supporters a way of leaving a lasting legacy to your organisation or a cause they care about.
- Suitable for your existing supporters.
- Can be very comforting to friends and family to know that some benefit is being achieved in the name of their loved one.
- Can be an opportunity to link with a person's colleagues, employer, family, friends and wider networks who could go on to become long-term supporters. To achieve this requires good stewardship.

Disadvantages

- Requires effective systems to be able to aggregate and connect up donations (although these can be quite simple).
- Only likely to attract people who are already connected to your cause.
- The opportunity to reclaim gift aid is often lost if donations at a funeral made ad hoc i.e. without gift aid declarations.

For more information:

Institute of Fundraising
www.institutefundraising.org.uk

HMRC
www.hmrc.gov.uk/individuals/giving/will

For trends and benchmarking in Legacy fundraising
www.legacyforesight.co.uk

MAJOR DONORS

MAJOR DONORS

A major donor is simply someone who makes a significantly larger donation than is typical for your organisation. One group might consider a major gift to be £500, a large national charity or university might only consider gifts above £1 million to be major gifts. The point is that these donations need to be solicited in a different way and the donors treated in a very personalised way.

There can be lot of unnecessary mystique around major gifts. But many small groups including churches and community organisations fundraise very successfully through major gifts. They are by no means only the preserve of larger charities.

Keys to success

Face-to-face asking. Whilst initial contact may have to be made by telephone or by letter wherever possible the ask should be made face-to-face as this will typically produce a much higher success rate.

Peer-led approach. Ideally someone who knows, or is known to, the prospect should be involved in the asking process. This could be a trustee, an existing or former supporter or volunteer or someone from within the prospect's wider social or professional network.

- People asking for major gifts should also ideally have made a significant (for them) donation themselves. It is much more effective to ask a prospective donor to "join me in making a donation to this project" than it is to ask someone to make a substantial donation to a cause that the person asking for the gift has not contributed to themselves.
- A common and successful approach is to recruit a development or appeal committee of volunteers who help by suggesting contacts, meeting prospective donors - and ideally giving to the appeal themselves. But make sure they know what their role is, and what support your organisation will offer them. A simple role description can be useful here.

Clearly costed and compelling "case for support". Why should a person support you (what is the need/problem?), what will the donation be used for (what is the solution) and what difference will this make?

Have a range of gift levels available.

Recognition and thanking. Often a major donor will be offered the opportunity to be recognised in some kind of permanent way (e.g. on a plaque or sign, or on a brick/paving stone, seat or whatever). These costs will need to be factored in to your overall budget.

Research. Try to find out as much as possible about your prospective donor; their interests, who they know and the groups and organisations they are part of. Ultimately your aim is to try and understand what their motivation might be so you can talk to them in terms of their interests and concerns (not yours).

Cultivation. It is important not to rush towards asking for major donation. Common sense suggests that someone who doesn't know your organisation at all is highly unlikely to commit to a major gift. Major gifts are usually the result of a process of cultivation (some of the research referred to above can take place during this cultivation process - often simply by asking the person some open questions).

Asking. It can be tempting to spend weeks, months or even sometimes years researching and planning approaches to prospective major donors but never actually getting out and asking (which can seem quite scary). Research is important but you may already have supporters or "warm" prospects that are already in position to make a big gift. In these circumstances there is no need to spend months on an additional cultivation process.

Start close to home. With existing supporters and volunteers, suppliers and partners. There are some specialist agencies who will conduct a free initial screening of your membership or donor database to identify existing supporters who have the potential to make a large gift e.g. the Factary and Prospecting for Gold.

Practise. Create opportunities for staff and volunteers to practise asking for gifts, explaining the case for support, answering questions and overcoming objections before they go out to meet donors. This builds confidence and increases your chance of success.

TIP: *Use a gift table to plan out how many donations at what level, and therefore prospects you might need to approach. You can download a free example gift table at https://www.blackbaud.com/company/resources/giftrange/giftcalc.aspx*

TIP: *You could start simply by looking at your top 10 (or 20 or 50) donors over the last 2 years.*

Benefits

- Suitable for all types and sizes of organisations.
- Generate larger than usual donations.
- Can easily be done by volunteers. Indeed would ideally be done by volunteers (perhaps with some staff back up).
- Will usually attract Gift Aid (assuming the prospect is a UK taxpayer)
- Can be an excellent way to start large campaign and secure a sizeable proportion of the overall target before "going public".
- Cost effective.
- Can be quite quick to implement if you have some warm prospects - it can be as simple as a dinner for 10 hosted by your Chair.
- Especially suitable for capital but can also be used in revenue needs.

Disadvantages

- Very few.
- Can seem daunting and high risk if you get it wrong. The worst that can happen is you don't get a donation which is exactly what will happen if you don't even try!

MAJOR DONORS

Legal points:

The courts or other authorities can, in certain circumstances, set aside gifts made by vulnerable people or without due regard to the needs of others. When negotiating a major gift there are, therefore, certain circumstances that will require careful handling. For example:

- Social services law authorises local authorities to seek repayment of some gifts made in advance of a person moving into local authority accommodation, if the gift was made with the intention of avoiding accommodation charges.
- Gifts by bankrupts or in anticipation of bankruptcy.
- Gifts by those incapacitated at the time permanently (e.g. hearing impaired) or temporarily (e.g. drunk) can be set aside, broadly speaking where there is a lack of understanding on the part of the donor or unfair advantage is taken of the donor.
- Some donors may have limited or no capacity to make gifts out of property they control (e.g. trustees of private trusts, and attorneys); and gifts in Wills can be set aside or varied by the courts if the deceased is found to have made insufficient provision for his family or dependants.

Fundraisers should take care NOT to offer or be thought to be offering financial advice and should advise donors to seek independent financial advice.

Organisations need to check the VAT liability of any benefits that might be offered to major donors.

If a donor wishes to make their gift in a way that requires the charity to act in a way that is unusual or complicated, fundraisers need to give the charity the opportunity to seek legal advice to discover whether the arrangement is one that has to be disclosed to the tax authorities and if so, whether it is the donor, the fundraiser or the charity that is under an obligation to make the disclosure.

Similarly, if fundraisers create a tax-effective plan, with the intention of offering it to major donors, then legal advice needs to be sought to determine whether or not the details of the scheme need to be disclosed to the tax authorities.

If fundraisers suspect that a donation is part of a tax evasion scheme, advice from a tax specialist needs to be sought immediately. Accepting a donation when it is known that it is part of a tax evasion scheme is usually a criminal offence.

It is also an offence to accept goods where there is reason to believe that VAT on the goods has been or will be evaded. Do not accept donations in those circumstances

For more information

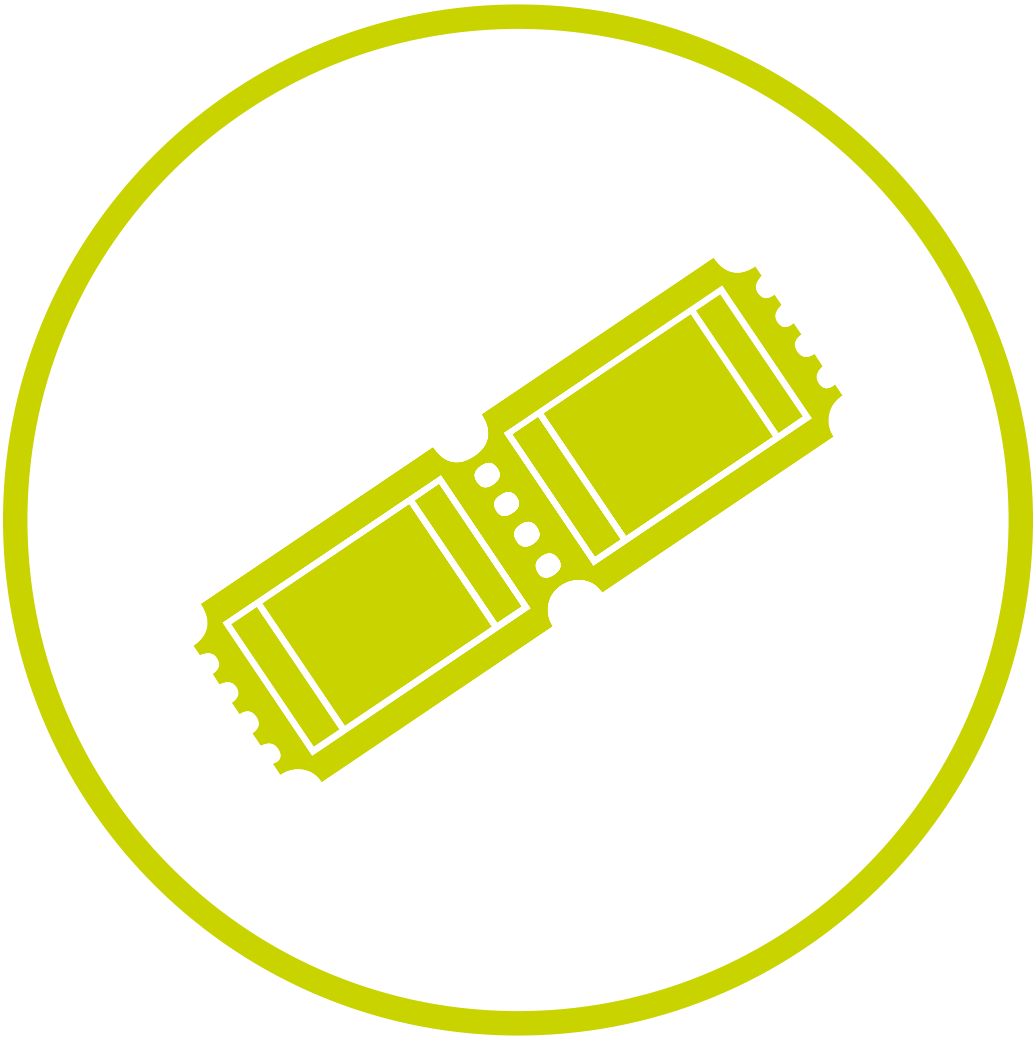
http://www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/guidance/major-donor-guidance/who-is-a-major-donor/

Prospecting for Gold
http://prospectingforgold.co.uk/

Factary
http://factary.com/

The Giving List – insights into UK major donors and their motivations 2012
https://www.cafonline.org/publications/2012-publications/the-giving-list-2012.aspx

EVENTS



EVENTS

There are three main ways to think about using events to fundraise for your organisation.

1. **Events your organisation runs itself**

2. **Events other people organise for you**

   So for example supporters might organise garden parties, sponsored walks, bingo teas, race nights, curry nights, coffee mornings, cake sales, arts and craft fairs, treasure hunts.

   Encouraging and facilitating supporter-led events is often a more practical and cost-effective solution for smaller organisations who do not have the resources to manage large numbers of events themselves.

3. **"Piggy backing" other events**

   You can buy places in popular event such as marathons, 10ks and overseas challenges. You can also approach events venues, businesses, conference venues and festivals to ask if you could be the beneficiary of their event. If you can provide some raffle or auction prizes, or a local celebrity or speaker, this can work well for little effort and minimal financial risk.

Keys to success

- **Planning and Organisation.** Successful events rely on effective planning, including contingency planning. Try to sell tickets and places in advance and set key review dates so that you can cancel events without incurring significant costs if take-up is less than you anticipated. Events usually also require significant amount of resource so make sure you have enough volunteers recruited.
- **Attractive Event.** While some people will attend an event just to support your cause, the main reason most people attend events is because the events are fun, interesting and enjoyable in their own right. For most people, fundraising is the icing on the cake rather than the reason for attending.
- **A Clear Budget.** You should set a target for your event and also a maximum amount you are willing to spend. Remember you can only use the net income raised, i.e. after all costs have been paid. Some types of events have significant costs attached to them so you should focus on the end profit not just the potential income. A good rule of thumb is that a fundraising event should raise three times the amount of money it costs to run (including staff time!).

  If you can provide some ideas, a simple toolkit or checklist and a means of paying in funds, your organisation may well find people who will rise to the challenge and organise an event "in aid of" your group.

- **Sponsorship.** Because events can attract a wide audience and often have advertising associated with them, they can be attractive opportunities for a sponsor. Using sponsorship can help reduce the financial risk associated with putting on an event. Are there local businesses you could approach to sponsor your event?

Benefits

- Usually generate unrestricted income.
- Challenge events continue to be popular. Increasing trend for UK-based challenge events e.g. Tough Mudder, Cycling Etapes and triathlons.
- Flexible. There are a huge variety of events that can appeal to a range of audiences. You might want to consider options for "armchair fundraising" as well as active/ adrenaline events.
- Opportunity to attract cash as well as in-kind sponsorship.
- Can help raise your profile and engage a wider audience as well as generating income.
- Events, along with other types of community fundraising, can help demonstrate to other funders that your project enjoys local support.

Disadvantages

- Can be very time-consuming.
- Financial risk. An events plan should always set a clear cut off point at which the decision to proceed or cancel is taken.
- The return on investment can be lower than other types of fundraising, especially when staff costs are included.
- Regulatory requirements around areas such as insurance, risk assessment, health and safety, licensing, food etc.

Legal Point

See *www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/events*

If any party is a professional (i.e. paid) fundraiser or a commercial participator (e.g. a business or an events company), a written agreement **must** be in place. In some instances an event participant may be considered a professional fundraiser.

All promotional materials supplied to potential participants and, particularly, material sent to them as part of 'fundraising packs' **must** indicate clearly if any part of the funds raised by the participant in the name of the organisation are to be used towards the participant's expenses or otherwise to benefit the participant.

Recruitment materials designed to attract potential participants and, in particular, press advertisements, **must not** mislead readers into believing that their commitment would be limited to any minimum personal registration fee.

If an individual or group contacts the organisation in order to put on a third party event there **ought** to be clear identification of the body responsible for the event and that the event is **'in aid of'** and that the organisation will not accept any responsibility or liability for these events

Any entry fee or minimum sponsorship requirement must not be paid via tax effective means.

Challenge events that include travel and accommodation come under the Tour Operators Margin Schemes. Be sure to check out the rules.

VAT is a complex area. Some fundraising events are exempt from VAT but you will need to check the rules carefully. It's worth checking though if you are VAT registered as you could save 20% on the costs of running your event.

COMPANY FUNDRAISING

There are lots of ways that local business or a business that has some connection with your local area or your cause can support you. These include:

Sponsorship

- Perhaps of a fundraising event, key publication, your annual report, your website.
- You'll need a sponsorship proposal that spells out the benefits to the sponsor. Useful headings to consider would include publicity benefits, local name awareness benefits, employee involvement benefits, networking, PR and media benefits.
- The sponsorship fee should be based on the value of the sponsorship to the business rather than on the costs of what is being sponsored.
- Because sponsorship involves providing benefits to a company it is usually liable for VAT at the standard rate. It would also count towards your VAT threshold if you are not yet registered for VAT. The only exception to this would be sponsorship of a fundraising event that is exempt from VAT.
- A simple rule of thumb is anything that involves a sponsor's logo, use of the charity's logo by the sponsor or offers sponsorship benefits that have a commercial value such as advertising, public association, free tickets etc should be carefully checked to establish potential VAT liability.

Employee fundraising

- If you already run events or challenges these can usually be adapted to appeal to a company's employees.
- Bear in mind that the simpler these are to take part in (and communicate) the more likely you are to persuade a company to participate.
- Dress down days, entering a team into a challenge event or quiz, tray bake mornings and Wear a Kilt/Christmas Jumper/Red/Pink to work are all simple and popular ways of employee fundraising.

Donations

- It's quite common for larger companies (and sometimes also their local sites, branches or shops) to have a charity donation budget or perhaps its own charitable trust. You can research this is on the company's website. Your local Third Sector Interface (TSI) or Local Authority's external funding team may also produce regular funding newsletters that highlight these opportunities. Members of the Scottish Council for Voluntary Organisations (SCVO) can also access regular funding bulletins that sometime include companies.
- Remember that companies are not charitable trusts. They don't have to give money away and may well not be experts in your area of work. So make sure you use straightforward language and that you clearly identify the need, give some background context, and spell out clearly the benefit the work achieves.
- Often charity budgets are set (and spent) annually so don't leave it too late in the year to apply. You may need to apply well in advance of when you need the money.
- Sometimes companies have charity committees which decide on local or national charitable support. If so, this would be your first port of call. In smaller businesses it could be anyone from the Managing Director, Marketing Manager the HR Manager or even the person on the reception who deals with charitable enquiries. Try to contact the company by phone to establish who the initial approach should be made to (and get the correct spelling of their name).

COMPANY FUNDRAISING

Company Adoption

Some companies, especially, though not exclusively, larger ones, may choose to "adopt" a particular charity or organisation and will focus their fundraising efforts toward a single cause over a year.

The chances of becoming an adopted charity with no prior connection to the company are quite small so you may want to start with other opportunities, and work towards this as a longer term objective.

In the same way that you should have a donor development programme for individuals, you should also be thinking about a company development programme. How can you continue to engage, and preferably increase, the level of support a company might offer you? What do they need from you? How can you convince them to support you ahead of everyone else who is asking?

Matched Giving

Hundreds of companies such as Royal Bank of Scotland, Tesco, Legal & General, Aviva, Esso, Mobil, Barclays match the fundraising that their employees carry out in their own time (usually up to a maximum amount).

It is well worthwhile compiling a list of these companies so that you can alert your volunteers and events participants. A quick online search will also highlight many (including lists that other charities have compiled and published such as *http://www3.christs.cam.ac.uk/cms_misc/media/Matched_giving_2010.pdf)*

Even if the company doesn't have specific policy they may still respond positively to a request from an employee to match their own fundraising efforts.

Employee Volunteering

This could be ad hoc, for example the business allows each employee to use one or more days per year to undertake voluntary work. Sometimes companies prefer team challenges where a team of people will work on a project together on a given day.

Typically challenges will include physical work such as tree planting, clearing a site, litter picking or decorating. It is also possible to set them challenges for example, increasing the income of a charity shop, running fundraising events, trying to place as many collecting cans as possible at local businesses and so on.

Think creatively about what your organisation needs and resist the temptation to create opportunities just to keep a group of volunteers entertained.

TIP: *Increasingly companies are seeking, or even requiring, opportunities for employee volunteering before they will consider any wider support. So think about how you might be able to highlight opportunities as an intrinsic part of a wider package of support.*

In Kind Support

Companies can also be a valuable source of in-kind support. When setting your budget, try highlighting some of the items or skills that a company may be able to provide in-kind and so reduce your income requirements. For example:

- Office equipment
- Web design
- Printing
- Provision of office space may be useful for events
- Professional advice such as tax or HR.
- Access to training (project management, accountancy packages, bookkeeping, sales skills, IT software).

TIP: *Think creatively. One development trust has been offered used aggregates by a large power company that was using them for a local temporary installation. This could save around £50,000 of the cost of construction of a cyclepath.*

A mental health project in the West Highlands receives donated scraps of tweed from a local mill which it upcycles and then sells on as bespoke handbags and soft furnishings.

Approaching a company for in-kind support can be a useful foot in the door and a platform from which to build an ongoing relationship. So even if you have a longer term plan in mind this can be a useful first opportunity to build some mutual understanding and trust.

Joint Sales and Marketing Promotion

Companies might also be interested in your members and supporters as potential customers. You need to be aware of data protection considerations, and you may have your own ethical guidelines, but examples of ways companies and charities work successfully together are

- Affinity deals. The company makes a donation to a charity for every person that becomes a customer such as energy supply/takes out a credit card/switches phone supplier.
- Joint marketing promotions. For example, suggesting customers add an optional £1 to a restaurant bill or hotel bill in aid of a charity
- Taking a collection box in aid of a charity.
- Including a charity insert in a customer magazine.
- Making a donation to your charity for every carrier bag sold. One local Spar shop in a small Perthshire village raised £800 in under six months by charging customers 2p per carrier bag. This was donated to the local school. So don't just think Tesco, think local.

Quite a number of joint promotions, if examined carefully, actually cost the company little if anything. Often all the company is being asked to do is to provide access to its customer or employee base. So they can be suitable for small as well as large companies.

If you are based in a more rural area without any large employers, could you persuade small businesses to work together? A group of local business, mainly bed and breakfasts, in the Lake District joined forces to ask their customers to make an optional £1 donation to a consortium of local environmental charities. They raised £60,000 in six months.

Keys to Success

- Ask the company about its business objectives at the outset and try and design opportunities to meet these objectives whilst at the same time benefiting your organisation.
- Sell the benefits of the partnership to the company. There should be a win-win. Don't you just tell them about your cause - tell them why they should be interested.
- Ideally target companies who have some kind of link (maybe geographical or thematic) to your cause. There's just more of a natural fit that will make sense to their employees and customers.
- Make it simple and easy to participate. Remember they have a business to run as a full-time job.
- Know your value and don't be afraid to say no if the opportunity is not right.
- Use existing contacts and customers of the business to make the initial introduction. Employees are an excellent route, so ask your supporters and volunteers or trustees who they work for and whether they could make an introduction. Some companies only consider charities suggested by their employees and won't consider cold approaches.
- Consider how you can provide suitable acknowledgement and publicity for your corporate partner.

COMPANY FUNDRAISING

Benefits

- There are many ways to fundraise with companies.
- Lots of corporate fundraising methods involve skills and methods used in other types of fundraising e.g. events, community and trusts. It's just a different way of approaching prospective supporters.
- In-kind support can be very valuable, possibly more so even than cash.
- May allow access to a wide customer or employee base which can raise your profile and provide a platform to engage new donors.

Disadvantages

- Can be time consuming to manage.
- Companies often will only support registered charities and may be less familiar with the different forms of social enterprise.
- Can create tax and VAT complications as well as raising ethical issues.
- Tends to be a lot of competition for business support.
- Can be difficult to know who to approach within a company. It varies company by company.

Key Legal Points

- It's a legal requirement to have written agreement when working with a company.
- Depending on the level and type of benefits that you offer a company (even something as simple as allowing them to use your logo) the arrangement may be liable for VAT.
- Your Board of Trustees or Directors should consider any ethical and risk issues that may arise.
- Companies can usually offset charitable donations against corporation tax liability.
- Any joint marketing promotion must make it clear to the consumer the level of donation which is being made to charity and how this is calculated.
- Some types of corporate fundraising may be considered non-primary purpose of trading and may have VAT and tax implications for a charity.

Sources of further information and advice

Charities Aid Foundation

- Has produced some useful reports on UK corporate foundations

  https://www.cafonline.org/publications/2010-publications/corporate-foundations.aspx

  https://www.cafonline.org/publications/2010-publications/revealing-the-foundations.aspx

- Corporate Community Investment

  https://www.cafonline.org/publications/2010-publications/cci-in-the-uk.aspx

Directory of Social Change Guide to Company Giving

http://www.companygiving.org.uk/

SCHOOLS AND COMMUNITY FUNDRAISING

SCHOOLS AND COMMUNITY FUNDRAISING

As well as thinking of local businesses as a way to broaden your support, you may also wish to consider local organisations such as Rotary Clubs, Round Table/Ladies Circles and Probus or groups of local volunteers as sources of fundraising for your organisation.

Although this type of fundraising is not likely to raise the types of sums you might generate from a charitable trust, it can be a really valuable part of the fundraising because it:

- Demonstrates community support. Even a small amount of voluntary income can help convince charitable trust or local authority that you have strong local backing for your project.
- Opens doors to prospective new supporters and volunteers.
- Might highlight opportunities for partnership working.

The standard ways that many smaller organisations fundraise e.g. bingo teas, gala days, ceilidhs, discos, art exhibitions, pub quizzes, sponsored cycles, supermarket bag pack, raffles and auctions of promises can all add small but valuable amounts of money towards your target.

Schools

Schools, and colleges if you have a local one, are another useful source of fundraising.

Charities and social enterprise are part of the national curriculum at both primary and secondary level. Could you offer to give a talk to the relevant classes, and in return they may well be willing to organise a fundraiser for your group as part of a school project?

TIP: *Don't forget your secondary school as a possible source of support. They may not be in your own town or village but nevertheless will consider your community as part of their wider community. It's not uncommon for secondary schools to raise £10,000- £20,000 a year for charities. The charities are often chosen by pupil committee so consider writing to them to tell them about your work and ask for their support.*

Simple ideas for involving schools are:

- Silver Miles. Pupils collect silver coins and aim to collect enough to create a mile of coins - often in the shape of a snail shell in the playground.
- Smarties tubes. Perfect size for collecting 20p coins. Each tube will hold £10.
- Events & concerts. Pupils charge friends family and wider community to come to the event.
- Dress as you please/non uniform/fancy dress days. Children bring £1 or 50p in return for not having to wear uniform

Schools often fundraise for their own purposes so another approach is to ask them to collect items rather than cash for example stamps, second-hand books or DVDs that you can then resell.

Benefits

- Usually generates unrestricted income.
- Can demonstrate valuable community backing to other funders.
- Provides an opportunity for wider engagement and possible recruitment of volunteers.

Disadvantages

- More likely to raise smaller rather than larger sums of money.
- Branches may be part of a large national initiative e.g. Rotary, so may not consider local charities.

Key Legal Points

- If working regularly with children or young people as a core part of their role, staff or volunteers may be subject to the Protection of Vulnerable Groups Legislation
- Organisations should be clear about whether it is using volunteer fundraisers who act 'on behalf of' the organisation or whether fundraising is being undertaken by volunteers "in aid" of charity.

  In the former case the organisation would have more control over how fundraising is carried out but would also have liabilities e.g. for risk assessment, health and safety, data protection, confidentiality and so on.

  In the latter case you should give volunteers suitable guidance and support whether possible but equally it is accepted that in many instances an organisation will not know about "in aid of" fundraising until they are presented with the proceeds.
- For volunteers who regularly handle cash background checks may be considered suitable. Policies on handling of cash donations and financial reporting should be put in place.
- Particular care needs to be taken when working with children – they should not seek sponsorship door to door, younger children should not undertake public collections and school children should be advised not to ask strangers for money.

Further information and advice

Code of Practice on Volunteer Fundraising

www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/guidance/volunteer-fundraising-guidance

Code of Practice on Fundraising in Schools

www.institute-of-fundraising.org.uk/guidance/code-of-fundraising-practice/guidance/fundraising-in-schools-guidance

Charities Aid Foundation Report 2013 into the attitudes of schools to working with charities and fundraising

https://www.cafonline.org/publications/2013-publications/schools-and-charities.aspx

RECYCLING

As well as being good thing to do for an environmental perspective, recycling can also now generate useful cash. It is worth bearing in mind that you do not have to be a large organisation to do so.

What can be recycled for cash?

- **Ink cartridges**
  See - *http://www.recyclingappeal.com/* or *http://www.eachonecounts.co.uk/*

  Typical amounts (time of writing) were £1 per cartridge. Why not ask local businesses to save them for you too?

- **Mobile phones**

- **Cars**
  You can organise scrap collections for cars yourself or use a social enterprise such as http://giveacar.co.uk/. They also accept ride on mowers, motorbikes etc.

- **Scrap metal.**
  Scrap is now surprisingly valuable.

  A small Scout group recently raised £800 just by scrapping around 20 broken chairs that had metal legs.

  Could you organise a community wide Donate some Scrap day? Perhaps even as a part of a community clean up? It's amazing what people have lying around in their sheds and garages.

  You could get quotes for local scrap merchants to come and buy and take away your scrap.

- **Stamps** – can raise around £2.50-£5.00 per kilo unsorted. For dealers see UK Fundraising website - search for "stamps"

- **DVDs and CDs** – try sites such as musicmagpie.co.uk (also buys clothes and some computer games)

- **Jewellery** – You may well have local merchants or try sites such as jewelleryrecycling.org.

TIP: *Have a good look through any jewellery donated. It may be better to sell more attractive or valuable items directly e.g. on Ebay rather than selling it on effectively as scrap*

- **Clothes** (can raise around £500 per tonne or 50p per Kilo). Again organising a community wide collection of old towels/bedding/ curtains can be quite lucrative.

  Alternatively you could organise a Schwapping event (a type of high quality Bring and Buy sale for higher end items, and vintage clothing and accessories) – to raise money.

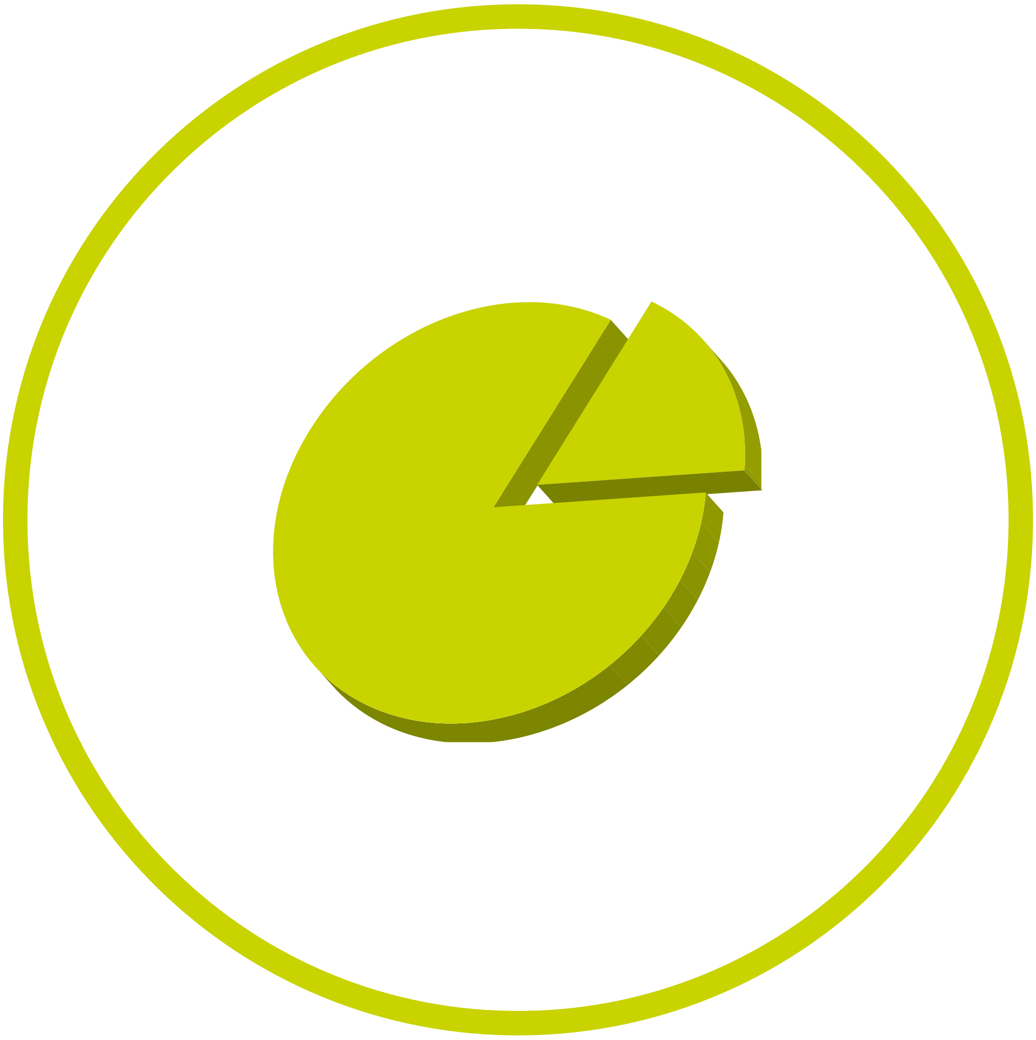
Sources of Further Information and Advice

Community Recycling Network Scotland - *http://www.crns.org.uk/*

Let's Recycle - *www.letsrecycle.com*

Zero Waste Scotland - Bursaries Support Team *www.zerowastescotland.org.uk*

COMMUNITY SHARE ISSUES AND BONDS



Community Shares and Bonds can be used to raise part or all of the finance needed and are often linked to a physical asset; a building, land or renewable energy development. They can also work for a valued community service such as a shop, bakery or pub. Crucially, there needs to be a sound business case before considering any form of equity or debt finance. Trading needs to be at a level to repay bonds or interest on shares (if offered) and to allow people to withdraw their shares.

Before offering either bonds or a community share offer, organisations should seek expert, independent and professional advice.

What are Community Shares and Bonds?

A share issue is an offer for shares by co-operatives or community benefit societies. Share issues are a way of obtaining long-term risk capital.

Bond issues or loan stock issues (the terms are interchangeable) are offers to several people to lend money to an organisation on similar terms for several years. It is long-term debt capital.

Shares

There is no legal definition of community shares. The term is used here to refer to a form of share capital called 'withdrawable shares' which can only be issued by co-operatives of community benefit societies registered with the Financial Conduct Authority. Co-operative societies are for the mutual benefit of their members, whereas community benefit societies are for the broader benefit of the whole community. Both types of society can issue withdrawable shares, and they work to similar principles. A withdrawable share can be withdrawn from investment, subject to the terms and conditions of the society concerned. This provides a straightforward way for investors to get their money back when they wish to cash-in shares.

Shareholders are members, and have voting rights, on the basis of one member, one vote, regardless of the size of their shareholding, so the society is democratic. There is a limit on personal shareholdings (currently up to £20,000, although this may change) and there is a limit on the interest paid on share capital, based on the principal that interest should be no more than is sufficient to attract and retain the investment.

Community benefit societies can adopt a statutory asset lock, which prevents the society being sold and the proceeds of the sale being distributed amongst shareholders.

There are tax incentive schemes available, provided certain conditions are met, to investors in community share offers.

Unlike bonds, there is no guaranteed financial return for a share offer; dividends can be paid, but this is dependent on the enterprise making a profit. Basically, no profit, no dividend.

Thus, community shareholders are also taking a risk, but it is a risk they can help to manage. They can be loyal customers, and many are willing to be volunteers and activists, using their skills, expertise and knowledge for the benefit of the enterprise and the wider community. Some community shareholders are prepared to get even more involved, acting as experts or advisers or even serving as elected directors. All of this can strengthen the business model, making the enterprise more competitive, resilient and sustainable.

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Bonds

Capital is commonly loaned in smaller denominations, typically £50 or £100, and evidenced by a piece of paper, a bond, which promises to pay interest and return the capital to the bondholder on a set date. Bonds are usually transferable between third parties. Bonds are widely used by public authorities, credit institutions and companies, but are rarely used by smaller community enterprises – mainly because of the requirement to repay within a fixed period, and to pay interest.

There are other disadvantages from a community investment perspective. Bonds do not provide for community engagement. Unlike shareholders, bondholders are not members, and they have no voting rights in the affairs of the society, so there isn't the same scope to engage bondholders in the business activities of the society as customers, volunteers or elected directors. Bonds can also be more expensive, especially if they are issued with a high fixed rate of interest that turns out to be more than the cost of commercial debt over the same period.

Bonds do not qualify for any personal tax incentive scheme.

There are some situations where bonds may be appropriate. Because bonds offer greater security and certainty they may be a more attractive financial proposition for investors. Registered charities cannot issue equity that bears dividends, so bonds may be an appropriate alternative. Because bondholders have no voting rights, bonds may allow the core organisation or charity to retain control. A bond issue may work if you know you have a group of core supporters that can buy in and you need to raise money quickly.

However, it is essential that a charity which issues bonds does not do so for an activity that is outside its charitable purposes.

Further advice:

The Practitioner's Guide to Community Shares from Coops UK

www.uk.coop/document/practitioners-guide-community-shares

Community Shares Scotland

A three year community shares support programme, funded by the BIG Lottery Scotland, will be available in Scotland from June 2014. The programme will provide a comprehensive advice, information and support service to groups who are looking at developing community share offers.

Web: www.communitysharesscotland.org.uk

Tel: 0131 220 3777

The Community Shares Unit
www.communityshares.org.uk

APPENDICES

APPENDIX 1

Sources of further information and guidance

Institute of Fundraising
The key place to go for legal and best practice advice - has Scottish Special Interest Groups on topics such as Corporate Fundraising and Individual Fundraising
http://www.institute-of-fundraising.org.uk/

Know How Non Profit
Free website and lots of "how to" guides and a forum for asking the experts
http://knowhownonprofit.org/funding

Third Sector
Weekly magazine and easy to navigate free website with access to many articles on good practice and latest fundraising research and insights
http://www.thirdsector.co.uk/go/fundraising_good_practice/

Third Sector Interface
Each local authority area in Scotland has a Third Sector interface that can provide fundraising support and advice to community groups, charities and social enterprises
http://www.vascotland.org/tsis/find-your-tsi

SOFII: The Showcase of Fundraising Innovation and Inspiration
Really useful free searchable collection of fundraising campaigns and materials/
http://www.sofii.org/

SCVO
Fortnightly members bulletin on funding and access to other free resources and guidance

Tiny Essentials of Fundraising
Short and very accessible series of books on a range of fundraising topics in including fundraising strategy and major donors

Published by White Lion Press. Available from Directory of Social Change website amongst others.

HMRC – for guidance on tax and VAT

Office of the Scottish Charity Regulator: OSCR
www.oscr.org.uk

The Charities and Benevolent Fundraising (Scotland) Regulations 2009 apply to any benevolent fundraising (so would include social enterprises and community groups) not just registered charities.
www.legislation.gov.uk/ssi/2009/121/made

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