

# THE GOOD FUNDRAISING GUIDE

WHERE TO START...



**“The Institute represents over 4,000 fundraisers and 250 fundraising organisations, providing a wide range of information and support services for Individual and Organisational members”**



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# Foreword

**Fundraising in the UK has never been stronger or more successful than it is today. Whether you are a professional or volunteer fundraiser, a consultant or first-timer, your role is absolutely essential in raising vital funding for the good causes that you work for.**

However you go about it, fundraising is the public face of charity. It is not just a case of delivering essential resources, but about communicating the cause effectively and building relationships with supporters. As a fundraiser, you represent the charity's brand and reputation. And, let's face it, that is a big job!

But, people in the UK are hugely generous. They recognise what a vital role charities play in UK society and contribute over £8 billion out of their own pocket each year. Your task is to capture that generosity by taking a planned, strategic and professional approach, coupled with passion for the cause.

Successful fundraising campaigns can turn a charity around. This guide and the Institute of Fundraising's wider membership and support services are designed to support you in making this happen. **Good luck!**



**Lindsay Boswell**  
**Chief Executive**  
**Institute of Fundraising**

# About the Institute of Fundraising

**The Institute of Fundraising is the professional and membership body for fundraisers, working to develop, promote and champion excellence in UK fundraising.**

Committed to raising standards in fundraising practice and management, we engage with charities, Government, media, the general public and other bodies to positively influence the UK fundraising environment. We work to nurture the knowledge and standards of all those who undertake fundraising, offering an extensive range of training and networking opportunities.

The Institute represents over 4,000 fundraisers and 250 fundraising organisations, providing a wide range of information and support services for Individual and Organisational members. As the professional body for fundraising, Individual membership supports fundraisers in providing tools to help you raise more effectively, opportunities to share and discuss common issues, as well as professional development support and advice.

Membership benefits include a free subscription to Third Sector magazine, the Codes of Fundraising Practice, a monthly email briefing covering key fundraising issues, access to a free legal helpline\*, substantial discount packages on training and networking events including the Institute's flagship event – the National Convention – and more.

The Institute of Fundraising also offers a range of practical tax-effective giving support services to charities across England, including cost-effective training courses, a free advice centre, guidance materials and a comprehensive online resource centre.

*\*Legal helpline kindly provided by Bircham Dyson Bell.*

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# Introduction

**Fundraising is big business! 45% of the UK voluntary sector's total income – that's £11.8 billion<sup>1</sup> – comes from generous individuals, groups and businesses who choose to give to charity. But this money does not appear by magic – donors need to be asked for donations. And before that happens they need to know that there is a cause or organisation that needs their support, whether it be a monetary gift, or some of their precious spare time.**

This Guide, produced by the Institute of Fundraising, aims to give charities and fundraisers a clear and comprehensive overview of the fundraising process, from planning activities, engaging volunteers and staff through to, most importantly, encouraging donors to give by using a variety of fundraising techniques. Though much fundraising activity is voluntary, fundraising is a burgeoning profession, with more and more people using their

professional fundraising skills to bring about positive change. You too can develop the skills to raise money for good causes and the aim of this Guide is to provide inspiration and advice about how to make the most of your resources to run successful fundraising activities. It is a starting point for organisations that are new to fundraising or are not quite sure what fundraising entails.



As planning is such an important part of fundraising, the Guide begins with the essential plans that need to be in place before you begin to raise money, moving on to look at specific techniques to raise funds from individuals, businesses, trusts and local communities in more detail. The Guide also points you in the direction of further advice, training and more detailed information.

<sup>1</sup> NCVO, *The UK Voluntary Sector Almanac 2006*

## Terms used in this Guide

This Guide uses the terms 'charity' or 'organisation' but the information included is relevant to all voluntary and community organisations and not-for-profits who fundraise or are interested in doing so.

Equally, the term 'donors' is used for individuals who might donate to such an organisation, but the terms 'supporter' and 'member' can also be used for such individuals (though 'member' sometimes carries a legal meaning).

Other terms (highlighted in bold) are explained in 'Key words and phrases', in Part 7 of this Guide.

# Part 1// What to do Before You Start Fundraising





## What is fundraising?

**The principle of fundraising is to raise money by asking for it. Fundraising is not itself a charitable activity but many charities invest time, effort and resources in fundraising to enable them to conduct charitable activities and support their beneficiaries. There are many ways to raise funds and though there are some legal requirements and recommended best practice, these aside, fundraising is only limited by your imagination!**

To begin, think how fundraising activities can complement your charitable work. Often, donors want to give to a charity to help solve a problem and support the charity's beneficiaries. It is important that fundraising activities and charitable activities operate in tandem. First of all, check your Constitution, Memorandum and Articles of Association or founding document to make sure that your organisation has specific 'powers' to raise funds from the general public. If there is uncertainty, please take legal advice.

One of the key skills of fundraising is communication. Telling donors and potential supporters about the work of the charity and thereby encouraging them to give is fundamental to fundraising; good communication skills will be integral to the success of all of the fundraising activities described in this Guide. A good fundraiser should be able to show donors how their gift will transform the ability of the charity to meet the needs of its beneficiaries, and make a positive change.

Everyone within an organisation is a potential fundraiser and you should try to ensure that everyone supports your fundraising activities, from your trustees and chief executive down. Fundraisers should make sure they have a real understanding of the charity's cause. The same principle applies to service providers within the charity, who should incorporate the needs of fundraisers and fundraising activities within their work.

For many smaller charities, the lines between fundraiser and service provider will be blurred and, in many cases, will be one and the same person. In such organisations, individuals responsible for fundraising are in a unique position and have a real opportunity to influence not only the income stream of their charity but also its brand and reputation.

## TOPTIPS

- ✓ Good communication is a primary function of the fundraiser.
- ✓ Charities must be accountable to both their donors and beneficiaries.
- ✓ Fundraising is not itself a charitable activity but it does link donors with beneficiaries.
- ✓ Everyone in the organisation should have an understanding of fundraising.

## Preparing to fundraise

Before you begin to plan and implement fundraising activities, consider the following four questions:

### Does your charity have a business or strategic plan?

If not, before you think about fundraising, you should make sure that your trustees and staff put together a plan to develop the organisation, including **objectives** such as new projects, improving services or increasing the number of beneficiaries or whatever is relevant for your organisation. The plan should usually cover at least the next three and include realistic financial income and expenditure projections.

### How up-to-date is your charity's strategy and business plan?

If you do have a plan in place, take the time to review it. Fundraising is unlikely to be successful if an organisation does not have a robust plan, is not in good shape operationally, nor does it make sense to fundraise for fundraising's sake. You should be clear about the key objectives and **outcomes** you want to achieve, and how fundraising will help achieve these goals. Building fundraising income takes time – it is unrealistic to expect a fundraiser to immediately save an organisation from financial disaster!

### What is your charity's experience of fundraising?

Consider your charity's current funding situation, available resources and past experiences of fundraising. For example:

- Do you have a database of contacts or members that might yield potential donors?
- Has your fundraising been successful in a particular area, such as trusts or event fundraising in the past?
- Who might be potential donors – individuals, businesses or local communities? Could your trustees or board help you to identify potential donors – individuals, businesses, trusts or local groups?
- Does your charity have local, regional or national appeal? How far should you spread your fundraising net?
- Who are your charity's competitors? Are there other local or national organisations which provide similar services to your organisation?
- Could a partnership or joint project with another charity work?
- How much money is available to 'invest' in fundraising?
- Do you have staff, volunteers or other resources to support fundraising, or are you on your own?
- Are funds needed for a major project (**capital**) or a regular income stream to support day-to-day activities (**revenue**)?
- Are there any ethical considerations to think about, for instance, are there some companies you would rather not be associated with?
- Most importantly, do you have a **fundraising strategy**? If not, one needs to be developed.

Thinking about these kinds of issues helps to identify areas where fundraising could prove most effective or indicate what else needs to be put in place before you begin to raise funds.

## Do you have a plan and a budget in place for fundraising activities?

Before you start to fundraise, a plan and budget should be drawn up for the fundraising activity. The detail and depth of a plan will depend on the specific activity. For instance, a three-year fundraising plan will look different from

a timetable of actions to ensure a fundraising event runs smoothly. Plans shouldn't prevent organisations from responding to opportunities and unexpected developments, so do not be afraid to change the fundraising plan if necessary but do remember that fundraising plans should always fit with your charity's overall objectives.

# HOW TO...

## Develop a fundraising strategy

### 1 Organisation's Mission and Objectives

You should have an organisational plan in place, which defines your overall mission and objectives on which the fundraising strategy should be based.

### 2 Internal and External Influences

Think about the internal and external influences that might affect your organisation. Try a STEEP analysis and SWOT analysis

#### STEEP analysis

Use a STEEP Analysis to consider factors outside your organisation that may influence your fundraising activities but which you cannot change. STEEP stands for social, technical, economic, environmental and political. Using each in turn ask, 'What is the impact on our fundraising and other similar organisations?' For example, if the economy is flourishing, then individual giving may be buoyant. There may be a new political initiative funded by the Government to which you could apply or a development in technology could offer a new way to fundraise.

#### SWOT analysis

SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and Weakness are internal to your organisation. For example, you may have the strength of 25,000 members but a weakness in having no dedicated fundraising staff member to optimise volunteer effort. Opportunities and Threats usually come from outside the organisation. For example, an opportunity might be the development of a new fundraising technique; a threat might be a larger UK organisation starting to fundraise from amongst your members.

### 3 Fundraising Aims

The next step is to establish fundraising aims using the information you have gained from your organisation's needs and from the analysis. Examples of aims might be to, 'Raise the capital to establish a new centre by July 2007' or to, 'Secure the match funding for the salaries of a five person team.'

# HOW TO...

## Develop a fundraising strategy continued

### 4 Income Sources

Next you need to consider the sources of funds and their characteristics. There are four funding partners: trusts, foundations and statutory; companies; individuals, and community organisations. Further information about the sources of funding is included in Parts 3, 4, 5 and 6 of this Guide.

### 5 Fundraising Methods

What fundraising methods will help to achieve your Aims? The techniques you choose will be influenced by your SWOT Analysis, the nature of the funding prospect, and the length of time you have to raise funds. For example, appeals and collections for emergency relief can raise millions within a few days. On the other hand, a legacy campaign is more appropriate for longer-term requirements. It is also important to think about ensuring a sustainable income stream, by having income for the short-term and the long-term. Given all the influencing factors, knowing what optimum portfolio of fundraising methods to use requires skill and experience. If your organisation lacks such experience then it may be wise to seek assistance.

### 6 Resources and Budget

To be effective, fundraising needs to be adequately resourced. For each fundraising method, draw up a list of resource requirements. Requirements should be considered under three headings: human, material, and financial. For example, under human resources you might list, a person to develop the project, a researcher, someone to write the application, a person who has contact with the funding agency. Material resources might include business equipment, directories of donors, and internet access whilst financial resources will refer to salaries, consultancy fees, subscriptions, costs of equipment, and so on.

Finally, you need to develop a budget. At its simplest a budget is the best estimate of your organisation's financial future. It is usually easier to estimate costs, especially if you have established the resource requirements. Don't be overly optimistic when estimating your income but rather consider some of the risk factors. Expenditure should include capital and running costs.

## What next?

As you read through this Guide, the process of developing a fundraising strategy should become clearer to you. Come back to this 'How to...' when you've finished reading the Guide and have a go!

## Fundraising Myths Busted – Targets for Fundraising

Be careful when setting targets for fundraisers and fundraising teams. Not all fundraising activities yield results straightaway. Certain fundraising activities are investment for the future, while others help charities develop their income in the short-term. For instance, many donors who leave substantial legacies to charities may have pledged their first gift years ago, perhaps after attending an event or receiving a newsletter. Yet a legacy received this year will contribute to this year's financial targets, although costs may have been incurred long ago.

In addition, income from fundraising activities depends upon a charity's cause, history, donor base and availability of resources. External factors such as consumer confidence also have an impact. Each charity will have targets unique to itself.

For successful fundraising, a charity needs to have a business plan in place, from which a fundraising plan can develop. If you are new to fundraising, and you break-even in the first year, your fundraising activities are going well!

Remember, fundraising activities contribute to an increase in public profile and awareness of the charity, alongside raising much-needed funds. As fundraisers also contribute to the wider work of an organisation, individual targets for fundraisers, assessed as part of their yearly appraisals, shouldn't be wholly financial. Include soft targets, such as improving awareness of the organisation, and targets that meet objectives for the whole organisation, such as team building, as well as hard financial targets in fundraisers' individual workplans.

## Longer term planning

Many organisations use a three-year rolling strategic or business plan to ensure that activities fit with their objectives. In that three year cycle, the first year plan will be detailed and set in stone, the second year plan will be reviewed and amended upon completion of the first year's activities, and the third year plan will set out general direction.

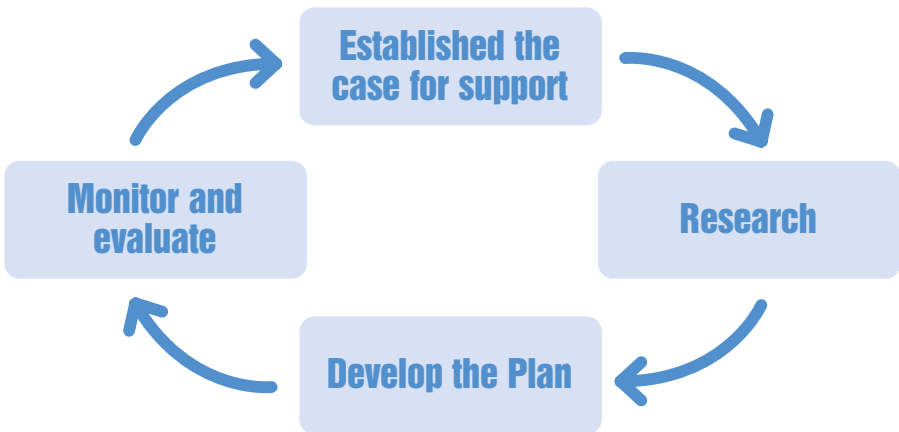
An additional 'third year' is then added annually. But even before charities can start to write a plan, the charity's long-term objectives need to be clear. In the fundraising plan, which should sit alongside the charity's strategic or business plan, **objectives** will usually relate to financial targets for the next three to five years.

## The Fundraising Cycle

Fundraisers use a planning tool called The Fundraising Cycle to help plan, monitor and develop fundraising activities. The Fundraising Cycle helps ensure a charity's fundraising activities benefit donors and beneficiaries to the utmost. Fundraisers

use many different fundraising techniques to communicate and interact with donors and potential donors, such as events, direct mail, competitions and lotteries. Specific detail is found further below. The Fundraising Cycle helps to knit all of these different activities together.

Figure 1 The Fundraising Cycle <sup>2</sup>



### The case for support

The case for support is a statement that explains in detail why a donor should give to the charity. The case for support should be clear, concise, and motivating. It must contain enough information to enable a donor to make an informed

decision to give to your cause. For a major capital appeal, the case for support may contain thousands of words, pictures and plans, but for other projects it may be a simple one side of A4 – this is covered in more detail later in the Guide.

<sup>2</sup> The Fundraising Cycle was developed by Redmond Mullin.

## Research

The second stage of the cycle, research, is essential to inform the charity about which donors might respond to the **appeal** outlined in the case for support. Research will help to identify the individuals, companies, or trusts most likely to respond to the **appeal** and make sure that their needs are met by choosing the most appropriate fundraising approach. Research might involve:

- web searches
- using reference books
- subscribing to specialist research databases
- searching through your existing database of donors
- testing marketing materials on a small group
- asking other organisations for advice or help
- investigating possible trusts that might have suitable grants
- researching local businesses.

## Planning

The third step is to plan and implement the fundraising activities in detail, taking into account any relevant internal and external factors which may influence their success. Planning organises activities to ensure that they are adequately resourced, happen cost effectively and efficiently and helps to reduce and manage any risks.

## Monitoring and evaluation

Finally, during and after the fundraising activity, it is important to monitor and evaluate the successes and failures of the activity. This helps you to understand how to make the activity bigger and better next time and what lessons to learn if it has not been as successful as you would have liked. The fundraising cycle then begins again, building on successes, minimising failures, developing relationships with donors and identifying lots of new fundraising opportunities to follow up.

## Case Study – Planning in Practice

### Crosslinks

**Crosslinks, a charity working in Tanzania, explain how they had to divert from their original fundraising plan to respond to an emergency.**

Karen Scutt, Individual Development Supporter Manager, said 'We heard of a worsening situation from some of our mission partners who told us of a looming famine, two weeks before we were about to go live with our Easter direct mail on

Tanzania. Although not in our budget and not part of our plans, we felt that the urgent need meant that we had to go with it. The first day that cheques came in we had more cheques than one of the finance staff can remember ever having come in during the last 18 years! As I said, it's not helped our budget, but we did have a number of other ways to get involved and people have shown interest in legacies, becoming mission partners, or have filled out standing orders.'

## HOW TO...

### Prepare a case for support

**A case for support sets out why donors should give to a charity and how donors can contribute to the charity's activities.**

It sets out all of the key information that needs to be communicated to a range of donors. A general statement can subsequently be adapted to meet the needs of specific donors or funders.

An effective case statement needs to be concise, coherent, urgent and motivating and will communicate:

- All about the organisation and its activities. The organisation's mission statement might help here.
- The level of the need and why it is important and urgent. Try to paint a picture, using case studies of real people or activities if possible, or use facts and figures.
- The specific objectives of the **appeal**. Explain how the charity intends to meet the needs of beneficiaries.
- The organisation's history or recent successes to illustrate why you are the most suitable organisation to make a difference.
- What would happen if you did not run this appeal or the appeal failed? Again, try to paint a picture.
- How much money is the appeal trying to raise and over what period of time? Stress the urgency of the need for funds, breaking down total sums into smaller amounts to form a 'shopping list' for donors.
- How will each donation make a difference? Show how a potential gift will translate into a tangible benefit.
- Who else is involved? Are any organisations (such as the local council or other funders) or individuals supporting the proposal?

## TOPTIPS

- ✓ Focus on benefits, describing what the charity does and include examples.
- ✓ Use clear and simple language.
- ✓ Check any facts used are correct.
- ✓ Include information so donors understand what they need to do to make a difference.
- ✓ Share the case for support with the whole organisation and seek views.
- ✓ Make sure that the case for support is regularly reviewed and updated.



### Using a case for support

Once the case for support has been written, use it as a basis for preparing fundraising materials, adapting it to suit the intended audience and the method that will be used to communicate with donors. See Part 2 for more on the different channels of communication.

The next step is to select the most appropriate method of approach. Think about whether to organise a fundraising event; whether to concentrate on applications to trusts and foundations, or whether to begin a programme to recruit donors to your cause. Fundraisers should consider:

- How much will the activity cost? Remember to include staff time. Is the cost acceptable compared to the anticipated income from the appeal?
  - The organisation's contacts and networks (for example, the networks of the organisation's trustees)
  - Who is the target audience?
  - What has been done before?
  - How does the organisation work with the press and media?
- When and where to recruit donors
  - Time available for planning
  - Accessibility for attendees or recipients
  - Staff and volunteer availability.

### Preparing a budget

The next step is to prepare a budget for the fundraising activity, based on its specific objectives and the financial resources (or amount of money) available to spend on the activity.

### Checklist of items to include in budgets:

- ✓ Staff time
- ✓ Travel
- ✓ Venue and equipment hire
- ✓ Marketing and printing costs
- ✓ Postage costs
- ✓ Catering
- ✓ Volunteers' expenses.

## HOW TO...

### Calculate the cost effectiveness of a fundraising activity

It can be useful to calculate the cost effectiveness of a fundraising activity and use the figure to help determine whether the activity should take place again or whether costs should be trimmed if the activity is conducted in future.

To calculate cost effectiveness, use this simple formula:

$$\text{Funds raised} / \text{Total costs of activity} = \text{Cost effectiveness}$$

Remember to include all costs such as staff costs when calculating the total cost of fundraising activities.

Cost effectiveness can be expressed as a ratio, either as a percentage or multiplier eg 25% or 4:1. That is, in this example,

- for every £4 raised, £1 (or 25%) has been spent to raise it
- for every £1 spent on fundraising £4 has been generated as income.

This is often called the 'Return on Investment', or 'ROI' of an activity. For example applications to trusts can have a return of £9 for each £1 spent on raising them, whereas direct marketing may, in the early stages of recruiting donors, have a 1:1 or lower return.

### Fundraising Myths Busted – 'Fundraising Costs are a Measure of Our Charity'

Not true! Fundraising costs vary from activity to activity and from organisation to organisation. Some charities find it much easier to raise funds from the public than others, perhaps because they have a bigger donor base, are a more popular cause or have been established for longer. The term 'fundraising costs' itself isn't always helpful – it's better to think in terms of investing money in fundraising activities, to ensure that your charity has a sustainable income base so that it can conduct its charitable activities.

There is no requirement to spend only a certain amount of funds raised on fundraising costs nor are charities required to state fundraising costs on fundraising materials. Anywhere between a few per cent to up to 30 or 40 per cent represent an acceptable fundraising cost. Charities should refrain from stating or implying that they don't have any fundraising costs, as this is very rarely the case.

## Who should carry out the fundraising?

Potentially, anybody with the right skills can carry out a charity's fundraising activities. In some circumstances, a member of staff will be the right person; in other cases, a volunteer or committee of volunteers. Other options include using an outside agency, a fundraising consultant or freelance fundraiser, or using the specific skills (such as printing and mailing, creative design or providing catering for an event) of a supplier. The choice of individual or organisation depends on your charity's resources, the activity to be undertaken, timescales, and the overall objectives of both the fundraising plan and the organisation's overall plan.

Essential attributes of any fundraiser include:

- Excellent communication with different audiences
- Planning and organisational ability
- Judgement, tact, diplomacy and an ability to excel under pressure
- Empathy with the cause
- Understanding of finance and budgeting
- Creativity and flair.

## Employing a member of staff as a fundraiser might be the best option if you are looking for:

- An individual to carry out day-to-day fundraising activities within the charity.
- To develop relationships with donors and funders.
- To build for future fundraising needs and contribute to the charity's wider work.

Employing a fundraiser is no different to employing any other member of staff. Employment law applies of course, and the fundraiser will expect to be paid a salary. Make sure that references are followed up carefully where appropriate. Salary reviews and appraisals should be conducted regularly and appropriate management provided. Further information about employment is available at [www.ukworkforcehub.org.uk](http://www.ukworkforcehub.org.uk).

## TOPTIPS

- ✓ Have a contract of employment.
- ✓ Have monthly line management meetings, yearly appraisals, salary reviews and a mix of hard and soft targets.
- ✓ Remember that employing a fundraiser for the first time is not a quick way to bring in income. Establishing successful fundraising activities takes time and requires commitment from the whole organisation.

**A volunteer might be suitable if:**

- There are specific activities that could be carried out by willing volunteers
- There are appropriate supervision structures or committees in place
- Somebody has offered to volunteer for the organisation or the organisation is aware of someone with the right skills who might be willing to help out.

Volunteers can be a great asset to a charity, especially as fundraising activities can be time consuming. If there are a number of willing volunteers prepared to roll their sleeves up and help stuff

envelopes, help out at events, process donations or even contribute to planning, it can be a real boon.

Further information on working with volunteers is available at: [www.volunteeringengland.org.uk](http://www.volunteeringengland.org.uk). Adverts for volunteers can be placed in local newspapers or newsletters or try [www.timebank.org.uk](http://www.timebank.org.uk) and [www.do-it.org.uk](http://www.do-it.org.uk). Local Councils for Voluntary Service or volunteering offices should also be able to provide information and advice. To find your local council for voluntary service, see [www.navca.org.uk](http://www.navca.org.uk).

## TOPTIPS

- ✓ Have a clear idea of what you want the volunteer to do.
- ✓ Select activities which match the skills, interests and abilities of volunteers.
- ✓ Remember that volunteers should not be seen as a substitute for paid staff.
- ✓ Reimburse expenses, with a receipt.
- ✓ Supervise, train and support volunteers adequately.
- ✓ Thank volunteers.

For more information, see the Institute of Fundraising's Code of Fundraising Practice 'Volunteer Fundraising'.

**A consultant might be suitable if:**

- Advice and guidance on fundraising strategy or planning is required, or specialist advice on a particular form of fundraising
- You want a fresh and objective perspective or new ideas
- Your charity is new to fundraising.

A consultant can help your charity to look again at their fundraising activities or help you to get started. A consultant is usually contracted for a short period of time, to deliver a set piece of work. The Institute of Fundraising has a searchable directory of fundraising consultants on its website, [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk).

## TOPTIPS

- ✓ Remember that consultants are usually contracted for a certain period of time or piece of work.
- ✓ Sometimes consultants are professional fundraisers too. This means they also ask for funds on a charity's behalf, for example, by asking major donors or writing a grant application. If this is the case, they must, by law, have a contract with the charity. A contract helps to clarify the terms of the consultant's activities and it is always recommended to have one in place anyway.
- ✓ Brief the consultant and have regular review meetings.
- ✓ Don't use consultants to fill long-term skills gaps within the organisation.

See the Institute of Fundraising's Code of Fundraising Practice 'Best Practice for Fundraising Contracts.'

### Fundraising Myths Busted – Paying Consultants and Professional Fundraisers

It is best to agree set fees with consultants or professional fundraisers for specific pieces of work or payment for hours worked. It is possible to agree a fee for the whole of the work and pay on completion, but to help manage budgets, many consultants and professional fundraisers (and charities) prefer to stagger payments over the course of the project.

It is not recommended only to use commission-based payments, where payment is determined by calculating a percentage of the total money that is raised. The Institute of Fundraising's belief, informed by its member base of fundraising practitioners, is that this is not ethical practice. Payment of commission runs the risk that donors may be pressurised into giving or that fundraisers may receive inappropriate remuneration, compared to the work conducted. The Institute recommends the following payment methods are used instead:

#### Possible payment methods

- 1 Paying a fixed amount monthly, or on completion of the project
- 2 Paying a fixed amount on delivery of pre-agreed targets or portions of work
- 3 Paying a percentage of income if targets are exceeded, as well as another non-commission based form of payment
- 4 Set fee and payment of bonus on top, capped if necessary
- 5 Payment on basis of number of donors signed up. Though this is a form of commission, success relies upon engaging and communicating with donors and as such it does not carry the same risks as commission only payment.

### **A professional fundraising organisation (PFO) or professional fundraiser might be suitable if:**

- You want to outsource a particular fundraising activity to an outside agency so you do not have to implement the activity itself. Such activities might be conducting face to face recruitment of donors or telephoning potential donors. The fundraising activity will still need to be managed by the charity and, by law, charities are required to have a contract with the professional fundraising organisation

- You want to use the services of an experienced fundraising professional to conduct a particular fundraising activity or you need to get a fundraising activity off the ground quickly.

'Professional fundraiser' is a legal term and applies to any individual or organisation that does not directly work for a charity but does ask donors for gifts on their behalf. It can cause confusion – most fundraisers that work directly for charities consider themselves to be 'professional' fundraisers!

## **TOPTIPS**

- ✓ Agree a contract with the professional fundraiser. This is a legal requirement.
- ✓ Ensure the professional fundraiser is properly briefed.
- ✓ Remember to oversee the fundraising activities carried out by the professional fundraiser.
- ✓ Establish clear objectives/targets/timescales with the professional fundraiser so that both parties know whether the arrangement is working effectively or not.
- ✓ Good communication leads to good fundraising.

See the Institute of Fundraising's Code of Fundraising Practice 'Best Practice for Fundraising Contracts'.

**A supplier might be suitable if:**

- Your charity wants to do a large mailing or printing, provide refreshments at an event or design fundraising materials and doesn't have the skills or equipment internally.

It is not always possible for one organisation to do everything. Just as charities use other businesses to supply them with paper or printers, suppliers can be anybody who, as part of their job, help to deliver a particular activity or service. They may be internal or external and may provide something simple, like printing, or complex, like a call centre. They may be a fundraiser, as discussed above, or have other special skills or resources.

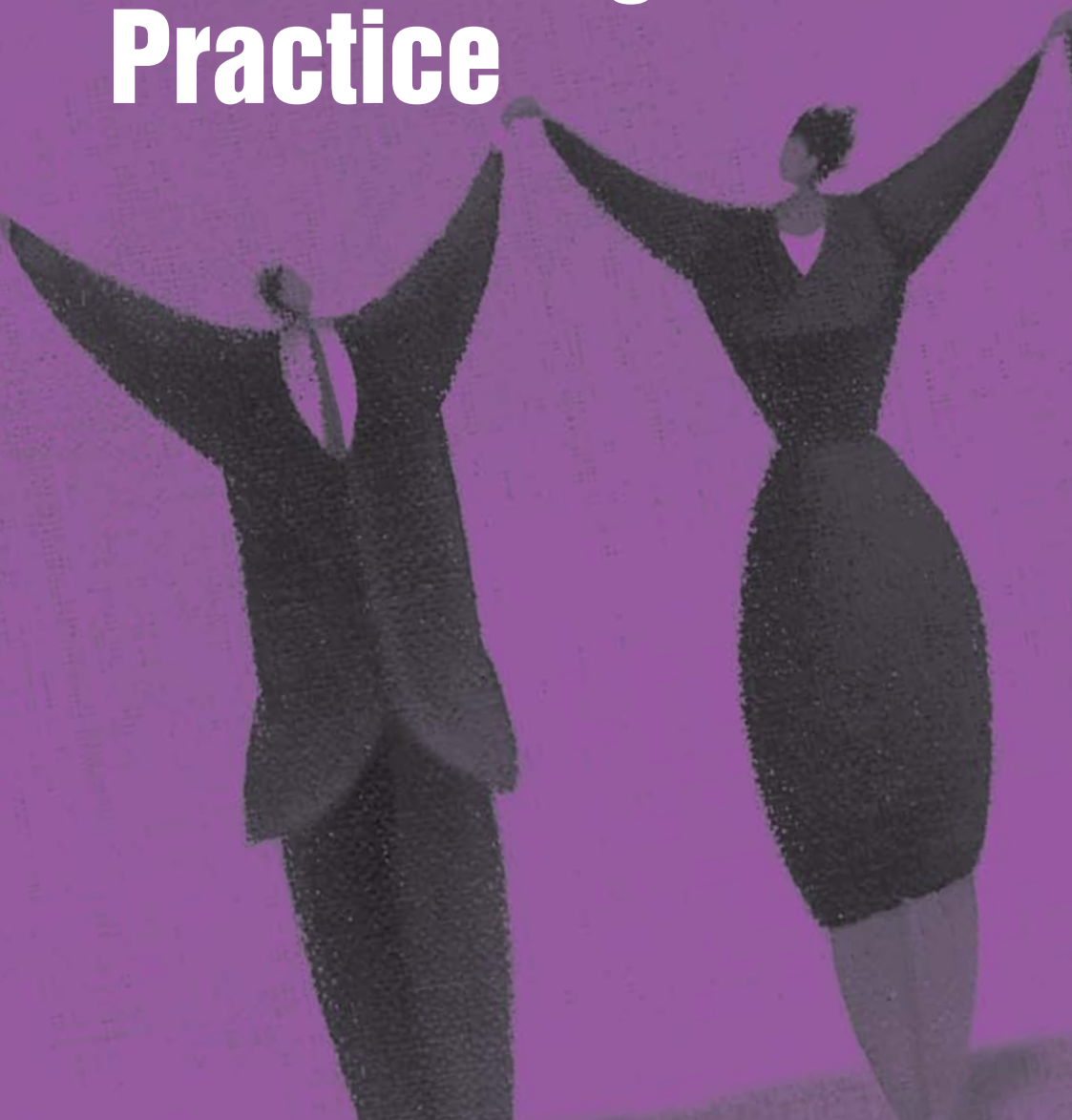
Activities that suppliers commonly provide include:

- Printing
- Advertising
- Mailing letters
- Providing a venue, catering, or entertainment
- Providing lists of potential donors in a database
- Supplying software including databases
- Website management.

**TOPTIPS**

- ✓ Make sure suppliers are properly briefed.
- ✓ Put in place an order form, letter of agreement or contract as appropriate.
- ✓ Communicate with the supplier during the delivery of the activity.

# Part 2// Fundraising in Practice





## What are the best fundraising activities for raising income?

There is no magic formula for raising funds, and one fundraising activity might prove very successful for your organisation but less so for another. When preparing a fundraising plan, try to have a diverse range of fundraising activities, some which will bring in money in the short-term, such as an event or competition, and others that are more long-term. Think also about available resources, including staff and volunteers, and remember that some activities take longer to plan than others. For instance, for a fundraising event, invitations or tickets will need to be sold, a venue hired and entertainment booked. Often fundraising activities contribute to the awareness of an organisation as well as raising money. This awareness may well reap dividends in the future, maybe by someone leaving a legacy to your charity, for instance.

## Are there any general principles or legal requirements for fundraising?

Fundraisers undertake many different fundraising activities to raise funds but there are some general principles and legal requirements that apply across all fundraising activities. Probably the most important principle is always to ensure that fundraising materials and literature are clear about the activities of the charity and the purpose of the fundraising activity.

In particular, if organisations choose to fundraise for a particular project or cause, then any monies raised must be used for that specific project or cause and the income raised put into a '**restricted**' fund and used only for that purpose. In case more (or less) money is raised than is required for the particular project (for instance, if £100,000 is needed but £110,000 is received), make sure that fundraising materials state that funds will be used for general charitable purposes if targets are not met, or are exceeded. Charities should also state that they are a registered charity, usually complied with by including their registration number on all fundraising materials.

There is no requirement to state the costs of fundraising on literature or during an event or fundraising activity if the charity is undertaking the activity. However, if another organisation is being paid to conduct the activity, or a participant is taking part in an activity where the charity is covering some of the costs (for example, a trek overseas or a parachute jump) then fundraising literature should state the arrangements, and fundraisers should make sure that they verbally tell donors of the arrangement if they meet in person **face to face**.

### Fundraising Tip – Keeping Fundraising Legal

Due to the wide range of activities that fundraising includes, there are an array of laws that can apply. The Institute of Fundraising produces **Codes of Fundraising Practice** to help charities ensure that their fundraising activities are legal and carried out to the highest standards. The Codes of Fundraising Practice can be downloaded for free from [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk).

The Charity Commission for England and Wales and OSCR (Office of the Scottish Charity Regulator) have powers to investigate the activities of charities and this includes fundraising activities. Both organisations can provide you with advice regarding legal requirements for both charitable and fundraising activities.

A scheme for the self-regulation of fundraising is being set up in 2006/07. Run by the Fundraising Standards Board (FSB), the scheme will require charities formally to sign up to the Institute's Codes of Fundraising Practice and put in place a complaints system for donors. Donors will be able to refer any complaints on to the FSB if they feel the charity has not resolved their complaint to their satisfaction and the FSB will investigate further. See [www.fsboard.org.uk](http://www.fsboard.org.uk) for more information.

There are currently ongoing reviews of charity law in England and Wales, Scotland and Northern Ireland. Contact the Institute of Fundraising to find out more.

### Data protection

Charities have to comply with data protection regulations. To check whether your organisation needs to register, contact the Office of the Information Commissioner (the regulator and enforcer of data protection law). It is likely that you will need to register if you intend to hold information on your donors or beneficiaries either in a database or file system. You are also required to include a statement about the processing of information on marketing materials. For further information look at [www.ico.gov.uk](http://www.ico.gov.uk).

At first, data protection might seem daunting, for both charities and donors, but if charities make it clear to donors how they will use donor's contact details, problems should be avoided.

When charities communicate with donors and potential donors, be it via post, email or phone, you should provide donors with the opportunity to opt-out, or choose not to, hear from the charity again, either by a particular method (e.g. email) or at all. This doesn't mean that the charity should delete the donor's details entirely from record but instead should record the request of the donor so that their wishes can be complied with. Try to keep donors' details in one central database so everybody in the organisation can make the best use of donor information. Charities should always ask and obtain permission from donors before sharing donors' information with other organisations.

Individuals may register their details on a variety of preference services, which include the mailing preference service ([www.mpsonline.org.uk](http://www.mpsonline.org.uk)) and the telephone preference service ([www.tpsonline.org.uk](http://www.tpsonline.org.uk)). These preference services log that an individual does not want to receive communications they have not requested. Charities should check any lists of individuals against these preference services if they are not sure whether the individual wishes to be contacted. In practice, if a charity uses a list of names it has bought from another organisation, then the list should be checked. Regular donors will not need to be checked as they have indicated that they are happy to be contacted by the charity by donating to it, unless they have told the organisation otherwise.

See the Institute of Fundraising's Code of Fundraising Practice, 'Data Protection', available at [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk).

## TOPTIPS

- ✓ Always state that the charity is registered with the Charity Commission, or OSCR in Scotland, or put the registered charity number on fundraising materials.
- ✓ Make it clear what the donor's money will be used for, especially if the money will be used for a particular fund or project.
- ✓ Comply with data protection regulation.
- ✓ Remember to ask donors how they would like to be communicated with, and thank them!

# **Part 3//** **Fundraising from** **Individuals**



## What are the best ways to approach individuals for donations?

The public donated over £8 billion to charities in 2005<sup>3</sup>, a staggering amount of money. People give in many different ways, from giving their spare change to a person collecting cash in the street. People give for different reasons, perhaps because of an empathy with the cause or because a friend is taking part in an event. Most people have been asked to give to charity at some point in their lives and in fact almost 60% of the population say they have given to charity in the past month<sup>4</sup>.

Successful fundraising requires donors who are willing to donate money to a cause. Most donations in the UK come from individuals giving one-off cash donations but a growing number – 10 million donors – give regularly, via monthly direct debits or other methods. These regular givers are called ‘committed givers’ by fundraisers. It’s easy to decide which is preferable – lots of different fundraising activities and one-off, probably smaller donations, or a loyal database of donors who give regularly to the cause?

In practice, charities use a mix of fundraising activities to attract and retain donors. Income from one-off donations is just as valuable as income from committed givers and a mix of fundraising activities helps to smooth out ebb and flow in donations. The benefit of money from individual donors is that it is often unrestricted, which means it can be used for any charitable purpose the charity wishes, unlike funds from a trust or

foundation, which usually must be used for specific projects. Individual giving is often tax-effective, too, which means that either the donor or charity can benefit from tax incentives offered by the Government. More information on tax-effective giving is provided further on in this Guide.

The term ‘**acquisition**’ is often used to describe attracting new donors and ‘**retention**’ refers to the process of ensuring that donors continue to give to an organisation.

Think creatively and imaginatively about how to inform donors of the work of your organisation and encourage them to give. Try building a fundraising ‘appeal’ around a specific urgent need, or a significant anniversary. Could you recruit a willing volunteer to give talks to groups like Rotary Clubs, churches or Women’s Institute? Or, do you have an individual who is a creative whizz who could help with the production of regular newsletters, or design your website?

Once an organisation has established a list of donors, whether they give regularly or have only given once before, it can be helpful to analyse their giving habits, to help identify whether any particular fundraising activity is working especially well. For example, do your donors like to give to your Christmas appeal or newsletter, but don’t seem so keen at other times of the year? Do some prefer to support particular projects, like outings or to purchase specific items or equipments? By analysing this information you can begin to build up a ‘picture’ of your donors and begin to understand what they will support, or ways to express your charity’s needs that will motivate them to give.

<sup>3</sup> ‘UK Giving 2004/05’, National Council of Voluntary Organisations (NCVO) and Charities Aid Foundation (CAF)

<sup>4</sup> ‘UK Giving 2004/05’, National Council of Voluntary Organisations (NCVO) and Charities Aid Foundation (CAF)

## HOW TO...

### Analyse the giving habits of your donors:

Some questions to consider:

- How much is given each month/year?
- How many donors gave each month/year?
- Where are most of your donors based?
- What fundraising activities are successful in recruiting donors?

Two helpful calculations:

**Attrition rate** is the number of donors who stop giving within a certain time period after they were first recruited. It can help to tell whether an initial activity

to recruit donors worked, and whether the subsequent activities to keep the donors engaged with the organisation worked. If you find that you are losing a significant percentage of donors a year, you might wish to take steps to address this.

**Lifetime value** is related to attrition and is the number of months or years that a typical donor gives for, multiplied by the average donation value. For example, the 'lifetime value' of a donor giving £5 each month by Direct Debit would be, roughly, £769 based on a lifetime of ten years, and including Gift Aid reclaimed. Relatively small, regular donations can add to significant sums for your organisation!

Analysis can help to indicate successful fundraising activities, and help to estimate the likely return of a potential activity when planning new fundraising activities – is it more effective to recruit donors by asking your current donors to send you the names and addresses of people who they think would like to hear from you, or is it more effective to run an event that people can attend and collect their details directly? Different techniques will produce varying results for different organisations, so you need to 'test' which techniques are the most successful for your charity.

### What's the best way to ask donors for a donation?

There are many different ways of asking individuals to make a gift. The key thing is to ask and to keep on asking! Remember to tell donors about your beneficiaries and how their support can make a difference to your charitable activities. Use the case for support to underpin the fundraising appeal.

Equally important is to thank donors for their donations and to tell them what their gift has enabled the charity to do for its beneficiaries, which it wouldn't have been able to do if it weren't for them. Many donors are interested in finding out how their donations are used and charities should make sure they are able to answer any questions from donors.

### Direct mail

Many charities ask their donors for donations by using postal or email newsletters or mail shots. Many organisations approach their database of **'warm donors'** three or four times a year to ask for a donation but others do so more or less frequently. (A warm donor is the name for a donor who is already on your database because they have expressed interest in your charity and have donated to your organisation in the past.) Newsletters are a great way of informing donors about the current activities of the organisation, showing the impact of their donations. They can be produced relatively cheaply using a computer and printer and are a great way to keep your donors informed about other ways in which they can support your work, for example, you could highlight the benefit that a particularly large donation has made to your work and thereby encourage other donors to give similar gifts!

### Telephone fundraising

Calling donors and potential donors on the phone is another way of communicating with donors. It allows donors to have direct conversations with representatives of the charity and lets fundraisers ask donors if they wish to upgrade their donation or whether they wish to Gift Aid their supporters if they haven't already done so.

### Radio and television

Using radio and television advertising is a great way to reach a large audience but can be quite expensive. One option is to ask a local radio or television station to run a feature on the work of the charity,

which could help to raise awareness of the organisation at much less cost than direct advertising. Many radio and television stations have a regular appeal slot which can be booked by charities, for example Radio 4's 'The Week's Good Cause'. Getting one of these slots on local or national radio or television can boost your profile and generate funds, as well as provide you with a professionally produced piece of television footage or radio appeal that you can use for other promotional purposes.

### SMS and text messaging

With the increased use of mobile phones by both young and old, even very small organisations are using SMS and text messaging to inform their donors of their activities, and requesting donations. When collecting information from your donors, make sure that you ask for their email address, and mobile telephone number!

### Press and media

Could a local newspaper, radio station, magazine or newsletter cover a fundraising event or write a story about your charity's activities? Local media coverage can reach a range of people in the community and is a relatively cheap way of generating donor interest. Local newspapers often like 'good news' stories. They are less likely to cover a standard presentation of a large cheque so try to be creative and media-friendly and build relationships with editors and journalists. You can download press release templates and tips sheets at [www.mediatrust.org](http://www.mediatrust.org).

## Case Study – Using local media

### First Step

**In January 2006, children’s charity First Step, based in the London Borough of Havering, celebrated the end of a successful appeal to raise £1.1 million, achieved in just 18 months.**

First Step is a pre-school playgroup for children with special needs and their families. It took its first step in 1988 and had wanted to relocate to larger premises for years. Their mission to relocate to a larger but dilapidated old school would enable them to expand their services and help more young children and their families.

The appeal was adopted by the local paper which launched it in November 2004 with a four page wraparound together with a page each week. The local community took the charity to its heart and money flooded in from individuals, clubs, groups, events and donations.

In March work began on the new building and later this year the charity will move in and continue to improve the quality of life for even more local families.

*This case study was supplied by a consultant with whom the charity worked to raise the funds.*

### Internet and email

More and more people now have internet and email access and it’s another way of reaching donors. It is possible to produce a simple website using templates, or a web designer could produce a bespoke site for anything from a couple of hundred pounds. If you intend to collect donations through your website, the site needs to be secure and this will cost more. You could use the services of a supplier that has set up a website to

allow donors and charities to fundraise tax-effectively, though they do charge a fee for their services. All charities registered in England and Wales are also featured on **[www.guidestar.org.uk](http://www.guidestar.org.uk)** and charities are free to add more detail and information to their own individual entries on this website. In Scotland, the Scottish Council for Voluntary Organisations (SCVO) provides a facility for setting up a website for individual charities for a fee, **[www.workwithus.org.uk](http://www.workwithus.org.uk)**.



### The donor development pyramid

Fundraisers use a concept called the 'donor development pyramid' to explain how to take donors up to the next level of giving. The pyramid illustrates the many methods by which donors may first learn about a charity and choose to give their support in the form of a donation for the first time. The goal is then to ensure that these new donors give again to your charity and to move donors 'up' through the pyramid. The donor development tool is a pyramid shape because as you continue to engage your donors up, the number of donors decreases, though the value of the monetary gift increases.

The rest of Part 3 is structured to take you through the donor development pyramid, starting with techniques that will help you to attract many new donors and then looking at techniques that may generate larger gifts. Of course, if you manage to develop all of your donors so that they all leave your charity a legacy, that is great! In reality, you will need to focus attentions at all levels of the pyramid, to ensure that you build a sustainable income in the long and short term.

Figure 2 Donor Development Pyramid



### Fundraising Tip – Making the Most of New Technology

Keep an eye on the latest developments in technology and think about how they could be turned into a fundraising opportunity. Recent developments in technology have enabled the following fundraising activities, which have proved attractive to new, younger donors:

**SMS:** Donors text a message saying 'DONATE' to a telephone number, in response to an advert. The donor receives a thank you message back and the charity receives a proportion of the cost of each text in return.

**Viral email:** This involves designing and writing an attractive email, that people will wish to pass on to friends and family. It can be a good method of raising awareness of the work of a VCO, for relatively little cost, as it can reach a wide-ranging audience within a short space of time, hence the name 'viral'. Include a link to an organisation's website so that people can make donations.

## Case Study – Technology in Action

### Wood Green Animal Shelter

**Dodger the dog was involved in a road traffic accident in October 2005. Wood Green Animal Shelter needed to raise the funds for his surgery.**

The operation was estimated at £3,000 and whilst the charity spends over half a million pounds each year on vets fees, did not have sufficient budget to allocate this amount to one dog.

Wood Green had already mailed their supporters in August, sent a reminder appeal in mid September and were planning to launch a Christmas appeal!

Sharon Evans, Director of Fundraising and Communications explained 'We therefore e-mailed all our suppliers and

contacts, asking them to spread the word and set up a Just Giving website to make it very easy to donate and allow well wishers to send a message of encouragement. We also gave a few radio interviews. Within two days we had secured the funds – all of it from new donors. Money continued to come in, office collections were still going on so we opened up the appeal to include Dodger's friends. Post operation, Dodger was on a live web cam (he was living in the fundraising office and going home with a team member). He appeared on national television, made local press and has made several guest appearances at our events. Our 'new donors' have continued to support the charity, including participating in community fundraising.'

### How much should donors be asked for?

It is impossible to tell exactly how much a donor might wish to give to a cause. It's a good idea to offer examples of possible donation amounts, particularly as donors are not always sure how much might be appropriate. Try to build a 'shopping list' of items that donors might wish to 'buy' – for example, '£8 would cover the cost of buying a toy for a child; £12.50 would enable us to equip another child with art materials to develop fine motor skills' and so on. Using real costs and examples, if you can, will help your donors to become better informed and hopefully more supportive of your work. Bear in mind that the habits of previous donors are a good indication. If someone has regularly given £5 for the last 12 months, consider asking for £8 or £10 next year. Amounts may also differ depending on the fundraising activity. Larger sums might be donated by donors attending a dinner than during a cash collection on the street, for example.

## TOPTIPS

- ✓ Suggest a set amount, but don't be too greedy! Ask your donors for larger amounts as they get to know you and your work.
- ✓ Breakdown a large amount into smaller units – 'four donations of £25 would enable us to meet the vet's costs for treating Mabel'.

## Coins or commitment – collecting house to house or on the street

Collecting money from passers-by or by knocking on doors is a traditional method of fundraising. Such collections are a good way to raise the profile of your charity within your community and to raise one-off donations from people's loose change. An army of volunteers to collect the monies and to hand out stickers as a 'thank you' to donors can make this activity a cost effective way of fundraising, though it is not the method to raise large sums of money. Another option is to ask shops to place a sealed collecting tin (called a 'static collection box') on shop counters, to which customers can add their change from purchases. Ask permission from the shop manager first and once a month or so return to the shop to collect the tin. Another practice is to ask individuals to sign up to give a regular donation via direct debit during a street or house to house collection.

## TOPTIPS

- ✓ Contact your local authority well in advance to obtain a permit or licence to collect.
- ✓ Equip volunteers with secure sealed and labelled collecting tins plus identification badges.
- ✓ Open and count the monies raised in the presence of at least two individuals.

See the Institute of Fundraising's Codes of Fundraising Practice 'House to House Collections' and 'Face to Face Fundraising'.

## Winning ways – competitions, raffles and lotteries

**A competition, raffle or lottery can be a useful way to interest and acquire new donors or add spice to an event.**

### Raffles and lotteries

A lottery is a game where prizes are distributed by chance, after individuals have bought tickets for entry into the game. 'Raffle' or 'Tombola' are just other names for a lottery. There are three different types of charitable lotteries and charities must make sure that any lottery fits within one of the definitions below, otherwise it will be illegal.

### Small lottery

A small lottery is a useful additional fundraising tool during an event and if you are running events, why not include a small lottery during each one? Tickets do not have to be specially printed and there is no limit on price but '4 for 5' offers should not be promoted. The value of donated prizes is limitless but no more than £250 should be spent on prizes if purchased and cash prizes should not be offered. Small lotteries must be run as part of another event or entertainment, for example, pub quiz, garden fete or dinner and the sale and draw of tickets must take place during the event. Only sell tickets to people attending the event.

### Private lottery

A private lottery can be offered only to people who live or work on the same premises or belong to the same membership organisation. All proceeds must be split either between prizes or the membership organisation. Tickets can be printed but a sweepstake is also permissible.

### Society Lottery

To sell tickets to the general public over a period of time, charities must run a society lottery. Either the charity's local authority or the Gambling Commission, depending on the size of the lottery, regulates these lotteries. If sales of tickets will exceed £20,000 for a single lottery, or £250,000 in one calendar year, then the lottery should be registered with the Gambling Commission, otherwise contact the licensing office of the local authority. £2 is the maximum permitted price of the ticket and tickets should not be bought or sold by young people under 16. Society lotteries can be a great way of reaching a large swathe of the public who might buy tickets.

The Gambling Act 2005 will change some of the rules for society lotteries. Charities should check the current rules with the Gambling Commission at [www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk) before proceeding.

### Competitions

There are fewer legal restrictions on competitions and charities are really only limited by their creativity when devising a competition. To comply with the law, there must be sufficient skill involved so that

the competition does not inadvertently become an illegal lottery but unfortunately there is no definition of what constitutes sufficient skill. Consider including a question about the activities of the charity, which requires a little research, or a tie

breaker. A competition can be conducted via email, a newsletter or at an event and there are no regulations on the cost of entry. Make sure clear terms and conditions are included.

## TOPTIPS

- ✓ Research similar charities' experiences of running lotteries.
- ✓ Make sure that the lottery fits exactly with the rules for small, private or society lotteries.

- ✓ If not, consider running a competition instead.

See the Institute of Fundraising's Code of Fundraising Practice, 'Raffles and Lotteries'

## Committed giving – a continuous income stream

A stable, regular income is the ultimate goal of most charities as it allows them to plan for the future whilst continuing and developing day to day activities.

Committed Giving is the term given when donors give regular amounts to a charity. Often, committed giving arises via direct debits or standing orders but regular gifts

by cash, cheque or a membership scheme are also examples of committed giving. Instead of asking for a one off donation of, say, £5 or £10, ask donors for a regular sum each month. Include a direct debit form in your newsletter or ask donors over the phone if they would be willing to give regularly. It is not difficult to set up a direct debit and a charity's bank should be able to provide all of the paperwork.

## TOPTIPS

- ✓ Ask donors on the database if they would consider setting up a direct debit to support your charity.
- ✓ Thank donors and keep them up-to-date with your work, perhaps via a regular newsletter.

- ✓ At a later date, ask donors if they would be willing to increase their donation.
- ✓ Respect the wishes of donors who ask not to be contacted again or wish to cancel their direct debit.
- ✓ Ask donors if they wish to Gift Aid their donations.

## Tax-effective giving – making giving go further

In 2000, the Government introduced a generous range of measures to encourage individuals and organisations to donate to charities through the provision of various tax reliefs. At present, charities are currently missing out on around £600 million that could be theirs, simply by making the most of tax-effective fundraising techniques.

The Institute of Fundraising is running a tax-effective giving initiative, including a free comprehensive guide, training and one to one support, until 2008. Visit the website, [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk), call 0845 458 4586 or email [taxback@institute-of-fundraising.org.uk](mailto:taxback@institute-of-fundraising.org.uk) to find out even more about how to make the most of tax-effective giving.

### Gift Aid

If a donor is a UK taxpayer and if the donor agrees, a charity can claim back any basic rate tax the donor has paid on the donation from Her Majesty's Revenue and Customs (HMRC). This means that any donation from an individual could be worth nearly 30% more to your charity!

The principle of Gift Aid is that any basic rate tax the donor has paid on the donation is given to the benefiting charity, instead of HMRC. One-off and regular donations are eligible, and though there are a few rules to comply with, it is easy to ensure that a charity is making the most of Gift Aid.

## Case study – The power of Gift Aid

### Action Water

**Action Water is a unique, innovative charity working on a shoestring in delivering aid right where it is needed; straight into the hearts of impoverished communities.**

Neil Battersby, spokesperson for Action Water, says:

'To tell the truth, I have surprised myself by totting up the total amount of Gift Aid we have generated over the past six years. Up until April 2006 we have claimed a total of £26,162!

'What have we done with the money? We have refurbished and shipped 2 water tanker trucks to Africa and drilled 50 bore wells in India. Many people think Gift Aid only applies to one-off donations, forgetting that we can claim back tax on regular gifts such as monthly orders. We've converted 37% of our donors to Gift Aid, and this has made a fundamental difference to the level of aid we can afford to supply.'

### Payroll Giving

If an employee gives to a charity through their payroll, they automatically receive tax relief on the donation and the method provides a charity with a regular, reliable income stream. For more information see Part 4.

### Leave a legacy

If an individual leaves a legacy to a charity, then the donation will be exempt from inheritance tax. Further information is provided on page 38.

### Gifts of land and shares

If an individual donates land and/or shares to a charity, then the donation will be exempt from capital gains tax and the individual will also receive income tax relief.

### Donating through the self-assessment tax return

Taxpayers who fill in self-assessment tax returns can choose to donate any tax rebate that may be owed to them to a charity. Individuals select their chosen charity from a list provided by HMRC, so make sure that your charity is included in HMRC's list for this reason. HMRC's reference number is different from your Charity Commission or OSCR number.

For much more information on making giving go further, check out the tax-effective giving section of the Institute's website, [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk).

## Big gifts – making the most of major donor fundraising

Many charities will have some donors who may be able to donate significant sums of money. You might notice that, typically, 80% of funds raised comes from 20% of your donors and this concept drives major donor fundraising. Focussing some fundraising resources on a few individuals who can make a significant gift, rather than lots of donors who might make a smaller gift, is a sensible part of fundraising strategy. Major donor fundraising involves identifying donors who might be capable of making a substantial gift, developing a relationship with these potential donors (perhaps through meetings, events or letters) to build a rapport before asking the individual for a large gift.

Think about what you consider to be a major gift for your organisation. Above what threshold will a donation make a really substantial impact on your activities? Your definition of a major gift will be different to another organisation's threshold. Once you have determined your figure, you can then begin to identify donors on your database who might be willing to make a major gift to your organisation.

One way of involving major donors with an organisation is to set up a major donor volunteer committee, where the individuals involved are responsible for contacting other potential donors to encourage them to give to the charity.

## TOPTIPS

- ✓ Think about the implications of a major gift for the charity and what might constitute a major gift for the organisation.
- ✓ Pick out individuals from your database or files who have donated relatively significant sums regularly. Consider asking these individuals for a larger gift than your more regular supporters.
- ✓ Try to involve potential major donors in the work of the charity where possible.
- ✓ Make sure that the donation is given tax-effectively.
- ✓ Remember that it can take time for a major gift to materialise.

## Legacy fundraising – income for the future

Leaving a legacy to a favourite charity or cause is a popular way of giving. Latest figures show that £1.6 billion was given to charities via legacy giving<sup>5</sup>. Any gifts left to charities in wills are exempt from inheritance tax, enabling donors to reduce the tax payable on their estate. Inheritance tax is payable if the value of an estate exceeds a certain amount, in which case inheritance tax is charged at forty per cent on the excess. The current threshold for inheritance tax is £285,000; it will increase to £300,000 in 2007/8.

Three types of gift are commonly given: if a donor specifies a set sum is donated, then this is called a **pecuniary** gift; if the donor leaves a particular item like a piece of jewellery, house or other item, this is called a specific legacy; and if the donor decides to leave a percentage or remainder of their estate to a charity, then this is called a **residuary** gift. The average value for a pecuniary gift is £3,800 and the average value for a residuary gift is £35,000, so try to encourage your donors to leave you a residuary gift if they can<sup>6</sup>.

<sup>5</sup> 'Charity Trends 2005', CAF

<sup>6</sup> CAF



## Case Study – The value of legacies

### Suffolk Wildlife Trust

**Legacies are one of the most valuable ways to help The Wildlife Trusts protect and secure the UK's wildlife for future generations to enjoy.**

Legacies have helped the Trusts to buy and protect nature reserves, to rescue countryside from development, to protect endangered species, to educate and inspire children about the wonders of nature and to develop green and sustainable initiatives.

The majority of legacies are left to The Wildlife Trusts by everyday supporters who have loved wildlife and nature during their lives; these, in many cases, modest bequests can often provide missing pieces of a natural jigsaw puzzle, their value being amplified by the ability of the Wildlife Trusts to secure 'matched' funding from grant giving bodies.

A legacy from William Payne, a local bird lover, enabled the Suffolk Wildlife Trust to secure a 'matched' grant from the Heritage Lottery Fund to purchase Micklemere, a small wetland area close to Bury St Edmunds, which attracts a rich variety of birdlife.

Encouraging donors to leave a legacy can be done using any marketing method, such as a letter from a beneficiary or trustee, an email or in person. It can be an uncomfortable topic for some fundraisers but remember that legacies are the biggest source of voluntary income and donors are usually receptive to the concept. Charities should not write or amend wills but you can suggest to donors that they might like to include a legacy gift next time they revise their will. Further information about legacy fundraising is available at [www.remembercharity.org.uk](http://www.remembercharity.org.uk).

## TOPTIPS

- ✓ Think about which donors have shown ongoing commitment to your charity by giving money or time and might be interested in leaving a legacy. Think about what might be the best marketing method to reach them.
- ✓ Encourage donors to inform the organisation if they do leave a legacy, perhaps by using pledge cards.
- ✓ Thank any donors who leave a legacy and thank the family when a legacy is received.
- ✓ Make sure that donors take their own legal advice. Charities should not take part in the will-writing process at all.

See the Institute of Fundraising's Code of Fundraising Practice, 'Legacy Fundraising'.

# HOW TO...

## How to...Make sense of key legacy fundraising terms

### Legacy

A gift in a will to a person or organisation. There are different types of legacies. The main ones are:

#### ■ Residuary legacy

A gift of the remainder of the estate after all other gifts have been made and debts cleared, either the total of the remainder or a percentage of it.

#### ■ Pecuniary legacy

A gift of a fixed sum of money. The value of a pecuniary gift will decrease over time, as the cost of living increases.

#### ■ Specific legacy

A particular named item left as a gift in a will. For example, a piece of jewellery, furniture or a painting

#### ■ Contingent legacy

A gift that is dependent upon the occurrence of an event which may or may not happen. For example, a gift to a charity which applies only if other beneficiaries named in a will die before the individual dies.

### Bequest

Another term for a legacy.

### Codicil

Any change or addition that is made to a will. However, nowadays it is considered best practice to effect changes by getting a new will drafted rather than by making a codicil to an existing will.

### Estate

The total sum of any possessions, property and money left at death after debts have been paid.

### Executor

Person(s) appointed by an individual to ensure the wishes in your will are carried out.

### Pledge

A promise or statement that an individual intends to include a legacy in their will or has already done so. It is not a binding contract.

### Testator

A person who has made a will.

# Part 4// Fundraising from Businesses



**Businesses are increasingly keen to contribute to their local community and this often involves supporting charities. Corporate Social Responsibility (CSR), where businesses consider their social, environmental and other responsibilities, is now an important part of many companies' activities, especially as it brings benefits such as recruiting and retaining motivated staff, improving brand awareness and helping to increase sales or profits.**

This means there are opportunities for charities to think about how they might work with any businesses with which they have links, for mutual benefit but do bear in mind that the private sector is the least generous donor to the voluntary sector, giving only 5% of the total voluntary income to the sector<sup>7</sup>.

### Payroll Giving

Payroll Giving raises over £84 million for UK charities each year<sup>8</sup>. Although it is promoted by companies, it is employees who can take advantage of Payroll Giving. Employees can give to any UK charity straight from their gross salary (before tax is deducted), and receive immediate tax relief of up to £4 for every £10 donated. Payroll Giving donations are processed by Payroll Giving Agencies, which have special permission from HMRC to process donations made through the payroll.

A form of Committed Giving, the beauty of Payroll Giving is that it provides charities with regular, reliable donations, allowing them to plan ahead and budget for the future. Once a donor has signed up, they often support the charity for several years to come, and may go on to offer support in other ways.

From an employee's perspective, Payroll Giving is an easy, tax-effective way to give, and it costs them less to give more. For employers, it is a great way to demonstrate commitment to the causes their employees care about. It can also aid retention and recruitment of staff, and enable them to generate a sustainable income stream to charities.

January 2006 saw the launch of the Payroll Giving Quality Mark, which recognises and rewards businesses and charities for making Payroll Giving available to their staff. The Quality Mark comprises a certificate and logo, as well as Bronze, Silver and Gold Awards and is an extra incentive to persuade employers to set up Payroll Giving and to continue promoting it to their staff.

### How can your charity benefit from Payroll Giving?

First, charities should set up a Payroll Giving scheme if one doesn't already exist. The next step is to make contact with employers, so you should research organisations where your charity already has a relationship, however tenuous it might be. Could suppliers or major donors provide possible business contacts? Once contact has been made, seek permission to make a presentation to the staff and managers. Alternatively, consider joining forces with other charities to promote Payroll Giving jointly through a consortium or ask a professional fundraising organisation to visit employers on behalf of your charity.

To find out more, contact the payroll giving centre on 0845 602 6786 or at: [www.payrollgivingcentre.org.uk](http://www.payrollgivingcentre.org.uk).

<sup>7</sup> Source: NCVO 2004 Almanac

<sup>8</sup> Association of Payroll Giving Agencies

## Case Study – Payroll Giving in practice

### The Royal Hospital for Neuro-disability

**The Royal Hospital for Neuro-disability provides specialist assessment and multidisciplinary clinical rehabilitation services that transform the independence, confidence, dignity, and quality of life for patients with brain injury and neurological diseases.**

The Royal Hospital for Neuro-disability is not funded by the NHS, and relies heavily on voluntary donations to continue its pioneering work.

The Royal Hospital signed with a Payroll Giving Agency in December 2005. The scheme was promoted internally by

incorporating prizes. 15 employees signed up in the first month and £230 was raised in the first two months of the scheme. The average donation is £115, £65 of which is donated directly to the hospital.

Adam Gallacher, Direct Marketing Executive at the Royal Hospital for Neuro-disability, says: 'From our point of view, Payroll Giving means that we can care and rehabilitate our patients safe in the knowledge that we have a sustainable source of income. From the point of view of staff, they feel appreciated that the scheme is offered, and can give to their favourite charities tax-effectively with no effort.'

## TOPTIPS

- ✓ Ensure staff and volunteers understand Payroll Giving.
- ✓ Ask corporate supporters to introduce Payroll Giving in their workplaces.
- ✓ Thank every donor who gives through the payroll and stay in touch.

## Sponsorship

Sponsorship involves a business providing money or gifts in kind to support a charity's fundraising appeal, awareness campaign or event. Is there a local business that might be interested in supporting a fundraising event? Could the business provide funding

to cover costs or provide a room or support an activity? If their business is promoted during the event, a business may be willing to cover the costs of the advertising, for instance, in exchange for their logo appearing on advertising materials.

## TOPTIPS

- ✓ Think about any potential businesses that might be willing to sponsor an event, newsletter, banner or other activity.
- ✓ Agree the scope of the sponsorship, in a simple agreement.
- ✓ Invite some employees along to the event and remember to thank them afterwards.
- ✓ Charge the business separately for the use of their logo and include VAT.
- ✓ Promote the partnership to the local media.

## Cause related marketing

Another popular method of raising funds is for a business to give some of the profits of any product or service they are selling to a charity. For example, a local restaurant could agree to donate 5% from every bill or a hairdresser could

donate a pound from each haircut. Such arrangements are commonly called 'cause related marketing' or 'commercial participator agreements' and there are a few legal requirements which must be followed.

## TOPTIPS

- ✓ Ensure that the contract between the charity and business sets out the terms and conditions of the agreement in full. A model contract can be downloaded from [www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk).
- ✓ Make sure that the amount or percentage that the VCO will receive from the sale of the product or service is stated clearly on the product and on any advertising or printed material.
- ✓ Promote the product.
- ✓ Consider the promotional activity's fit with the charity. Don't agree to a commercial participation activity with a business or product that conflicts with your cause or values. It would not be sensible for a charity that worked with children to receive funds from the sale of alcohol, for example.

## Case Study – A successful corporate partnership

### Breakthrough Breast Cancer

**Breakthrough Breast Cancer is a charity committed to fighting breast cancer through research and education.**

The charity teamed up with The Bingo Association to create a corporate partnership allowing both the charity and corporate organisation to benefit. Since its inception in 2003, Bingo for Breakthrough has raised over £1.6 million. This partnership was so successful that it won the award for 'Most Effective Corporate Partnership' at The Fundraising Awards 2006, run by the Institute of Fundraising and Professional Fundraising magazine.

Breakthrough's campaign intended to attract the interest of the whole bingo industry. During one week in October, clubs promoted special games of Bingo for Breakthrough, offering players the chance to win pink prizes in return for donating their usual game fee. Customers were encouraged to play bingo whilst raising money, and were also educated through Breakthrough's 'TLC' – Touch Look Check breast awareness campaign during bingo sessions.

Adam Colling, Head of Corporate Partnerships at Breakthrough Breast Cancer commented: 'What have we achieved as a result of this partnership? Not only significant funds but also the opportunity to boost bingo club employee morale, communicate important messages about breast cancer and highlight bingo as a fun and fashionable game through a linked PR programme.'

'Our partnership has worked because we've ensured buy-in from all the stakeholders involved and transparent communication, shared ideas and honest, open dialogue has, and continues to be, central to Bingo for Breakthrough.'

### Top Tips from Breakthrough Breast Cancer

- ✓ Take time to build relationships with employees as well as head office contacts.
- ✓ Have a PR plan in place at the start.
- ✓ Set regular, realistic targets for fundraising and PR to manage expectations.
- ✓ Be honest if you do not think a fundraising idea will work.
- ✓ Be transparent about what you can feasibly deliver to avoid future disappointment.
- ✓ Don't underestimate how valuable regular contact is in terms of encouraging employees in their fundraising – ensure that you build time into your workload to do regular phone-rounds to all clubs/salons/stores.
- ✓ Incentivise staff with prizes/certificates for top fundraisers.
- ✓ Meet face to face with main contacts regularly.
- ✓ Make employees feel valued and appreciated by giving them a chance to visit the work that their money is funding.

# **Part 5//** **Fundraising** **from Trusts,** **Foundations and** **Statutory Sources**





**There are about 8,800 trusts and foundations in the UK, ranging from the Big Lottery Fund, which funds projects across the UK from National Lottery money, to regional funders such as the Lloyds TSB Foundations and Community Foundations, to locally specific funders. For many fundraisers, particularly from smaller organisations, grants from trusts and foundations can be a significant part of their income.**

Trusts and foundations give grants to charities that have projects or activities that match the trust's funding objectives. Some trusts are limited by their own charitable powers, so can only give grants to charities supporting specific groups like children or women. Trusts and foundations are usually charities themselves but they may also be a Government body, such as the Big Lottery Fund. Government departments and bodies also provide funding (known as statutory funding) – visit [www.governmentfunding.org.uk](http://www.governmentfunding.org.uk) for further details of statutory sources.

Trusts and foundations are a hugely diverse group of funders. They can be set up by: individuals either during their lifetime or after their death; companies; organisations; or even charities – for example, Oxfam is a grant-maker as well as a fundraising charity. Larger trusts, like the Esmée Fairbairn Foundation, have very clearly described methods of making applications, and are very specific about what they will and will not fund. These trusts have staff employed to assess applications, before making recommendations to their trustees on which applications to support. Other trusts are managed by a group of volunteer trustees who get together once or twice a year to make decisions on which charities to support. Therefore research is essential before you make an application to a trust or foundation.

Trusts support organisations in a variety of ways – they could offer project funding over a number of years; capital funding towards a building or piece of equipment; they may support 'start-up' funding to enable you to try out a new project or pilot a service. Increasingly trusts are supporting revenue and salary costs, or offering loans or matched funding of projects. Trusts tend to prefer a specific proposal where they can see that their support will make a tangible difference to an organisation.

## Case Study – How trust funding can help

### Survivors Poetry

**Arts charity Survivors Poetry was one of around 100 groups to lose its Arts Council funding in 2005, immediately putting the future of the organisation in jeopardy. Little funding was available beyond March 2006 and the charity faced the prospect of either closing down or scaling its operation right back.**

The charity worked with consultants to raise emergency funding to keep it afloat.

Focusing on charitable trusts, the consultants carried out research to identify potential funders, developed the case for support and helped make contact with the best prospects.

After meetings with funders and an agonising wait, the results started to come in by March. £20,000 from one foundation and £40,000 from another were enough to secure the immediate survival of the charity, giving it space to plan its future and regain some stability. With other results pending and a lottery bid being developed, Survivors Poetry has seen a good return on its investment with the firm of consultants.

Usually, a charity applies to a trust or foundation by filling in an application form, detailing the project or activities that the charity wishes to conduct. Funders consider applications against their funding criteria and will award funds to the organisations whose applications match the funding criteria.

If the funder does not have an application form, then you should consider including the following information in your application.

Most trusts will expect to also receive a copy of your most recent annual report and accounts – you may also wish to include more information about the specific request that you are making, for example photographs or plans. Make

sure you send them what they need, but avoid sending too much information. It is better to let the trust ask you for more detail, rather than inundate them. Offer to meet with trustees or staff; invite them to visit the site or view your services, if appropriate. Try to build up a relationship with them!

A list of trusts and foundations is included in 'Useful resources', or you could subscribe to a research database like [www.trustfunding.org.uk](http://www.trustfunding.org.uk). The Association of Charitable Foundations ([www.acf.org.uk](http://www.acf.org.uk)), the umbrella body for the major trusts and foundations, has links from its website to individual trust websites, and also includes some useful hints and tips on making applications.

## HOW TO...

### How to...Structure an application to a trust or foundation

Use the following structure if the trust or foundation does not have an application form of its own.

#### Summary

A brief paragraph that gives a clear and concise picture of the proposal.

#### Introduction and Background

This section should give the background to your organisation:

- Mission
- Aims
- Structure
- Track record.

#### The Problem

- What is the problem?
- How has it arisen?
- Why and where is it occurring?
- Who is affected by it?

#### The Solution

This is where you should show the outcomes of the project and the specific, measurable objectives you expect to achieve.

#### Measure

How will you know if the project is successful?

#### Budget

- How much will it cost?
- When do you need the money?
- Who else is involved in funding or delivering the project?

#### Future Funding

- Is this a pilot project, a one-off piece of work, or an ongoing activity?
- How will you continue to fund the project?

## TOPTIPS

- ✓ Ensure your application matches the criteria set out by the funder.
- ✓ Fill out the application form accurately, including full details of the project, any required information (e.g. annual reports and accounts) and cost the project correctly, not forgetting to include the appropriate proportion of overheads (office rent and telephone charges, for example).
- ✓ If the application is successful, remember to thank the funder and comply with any reporting criteria they require.
- ✓ Make sure to apply the principles of full cost recovery when applying for a grant or contract.
- ✓ Keep the funder up to date with developments and, if everything works out well, ask them for funding again.

# Part 6// Fundraising from Communities



## Entertaining and exhilarating! Event fundraising

**Large or small, dinner or trek, events are a popular way of raising funds. £351 million was raised through fundraising events by the top 500 charities in 2004<sup>9</sup>.**

Events do require good planning and the input of committed staff or volunteers and resources. Think about the kind of events that your charity could put on – would a sponsored run, garden fete or dinner and dance be most suitable? Does the organisation have some staff or volunteers that could help out?

Keep fundraising costs low if possible. Successful fundraising involves finding ways to reduce the costs of the fundraising activity. Could a local company donate a prize for a raffle? Think creatively about how to fund the fundraising and this will help you to stick to your budget.

### Sponsored and challenge events

The London Marathon is the biggest example of a sponsored event, raising millions for UK charities each year but there are many other runs and events that take place all around the UK, and participants are usually welcome to raise funds for charity in the process. Another popular way of raising funds involves individuals taking part in a trek or cycle ride overseas, with participants usually paying their own costs and asking friends and family for sponsorship as well. Charities can also organise their own sponsored events, although if so, do check your charity's insurance and consider the organisation's potential liability if anything goes wrong. Make sure you carry out a full risk assessment.

## TOPTIPS

- ✓ Think about whether any of your donors might be interested in taking part in an activity where they could also be sponsored in aid of your charity.
- ✓ If your charity is organising a sponsored event, check that the event meets health and safety regulations and does not impact adversely on the local environment.

<sup>9</sup> CAF Charity Trends 2005

## Case study – Integrating events, a local community and local media

### Action Medical Research

**Davina's Day Out is an example of a community fundraising event using the techniques of celebrity support and corporate sponsorship to create a highly successful fundraising event on a local scale.**

The walk, based on the Millennium Trail in Portsmouth, was fronted by TV star Davina McCall, and helped to raise money for the Action Medical Research Touching Tiny Lives campaign, which aims to help sick and vulnerable babies. As a celebrity mum, Davina had the right

image for the campaign, and drew in the crowds. Support from a local radio station raised awareness of the event, together with great publicity in local papers. The event raised over £55,000 in 2005, with over two thousand people turning out to walk 5 miles with their favourite star. This year, the event takes place in July and the charity expects that these numbers should double, thanks to corporate sponsorship from local company VT Shipbuilding.

Find out more at  
[www.davinasdayout.com](http://www.davinasdayout.com).

### Dinners and entertainment

Other events your charity could hold include a dinner and dance, a garden fete, cheese and wine party or other event where individuals buy tickets to

attend. Other fundraising activities can be incorporated into the entertainment, such as a raffle (see also Part 2 Fundraising from Individuals) or fundraising auction.

## TOPTIPS

- ✓ Check whether an entertainment licence is required by contacting the local authority.
  - ✓ Ensure volunteers and staff attending the event are fully briefed.
  - ✓ Ensure the venue complies with health and safety regulations and is accessible for all.
- See also the Institute of Fundraising's Code of Practice 'Event Fundraising.'

## Local schools and youth groups

Local schools and youth groups can be a rich mine of committed and energetic volunteers. Many local schools and youth groups might be eager to help by

organising an event to support your charity. Benefits include raising awareness of your activities, as well as possibly recruiting future supporters.

## TOPTIPS

- ✓ Seek permission from the head teacher first.
- ✓ Bear in mind the ages and capabilities of the young people when designing fundraising activities.
- ✓ Try to make sure your proposals fit within the school curriculum where possible.
- ✓ Ensure that activities are safe and legal.

## Case Study – Encouraging fundraising by using direct mail

### Harvest Help

**Every year, Harvest Help sends a free Harvest Festival resource pack to 2,500 churches to encourage donations. In 2005, this raised £60,000.**

Publicity starts in April with a flyer mailed to church bodies asking them to market the campaign through church newsletters and clergy mailings. PR is also generated in church media, Harvest Help's newsletter and website.

Fundraising packs are mailed out at the end of May. Each year, the pack is endorsed by a significant church leader. In 2005 it was the Rt Revd Rowan Williams, the Archbishop of Canterbury. The formula for fundraising is flexible – Gift Aid envelopes and donation sheets are supplied but churches fundraise in different ways. Some do collections after the service, some hold fundraising lunches and others make a donation out of their general budgets.

Harvest Help is an overseas development charity working in Zambia, Malawi, Ghana and Togo.

## Clubs and associations

Local community groups such as Rotary Clubs are often willing to fundraise for local or national charities. Or you might find an individual or group contacts you expressing an interest in fundraising in aid of your organisation. Often these groups already have an idea of how they wish to raise funds for you and your role is to make sure that the group does not do anything to damage your charity's reputation.

### TOPTIPS

- ✓ Do be clear about the level of support your charity can give to the group.
- ✓ Community groups often want good speaker to speak at their meeting. Consider training a willing volunteer to carry this out on your behalf.
- ✓ Bear in mind that the charity's liability for the event may depend upon the level of support given.
- ✓ Thank the group for their efforts.



# Part 7// Where Next?



# Where Next?

**This Guide is intended to give charities some guidance on where to start fundraising. Now you've read the Guide, start putting some of the 'How To...' activities into practice.**

Try using the planning tool of The Fundraising Cycle to begin a new fundraising activity or develop an existing one.

Start to develop your fundraising strategy, making the most of tax-effective giving initiatives as you implement fundraising activities.

Share this Guide with others in your charity so that the whole organisation understands the principles of fundraising.

If you want to develop your skills, consider taking a fundraising course or joining the Institute of Fundraising to tap

into the Institute's networks of fundraisers. The 'Useful Resources' section contains signposts to other sources of information, to back up the information in this guide.

But, most importantly, start asking! If donors aren't asked to give to your charity, then they won't know they can give or how to go about it! Tell donors and potential donors about the successes of your charity, and how they can help, using your case for support. Start putting the practical tips in this Guide into practice and you should reap the benefits!

## Useful resources

### Books

Order from your local library or purchase from [www.dsc.org.uk](http://www.dsc.org.uk).

Adirondack S. and Sinclair Taylor J  
*The Voluntary Sector Legal Handbook  
Second edition (2001)*.  
Directory of Social Change. London

Botting N. and Norton M.  
*The Complete Fundraising Handbook.  
Fourth edition (2001)*.  
Directory of Social Change. London

### CD ROM

To order a free copy of:

*Codes of Fundraising Practice (2006)*.  
Institute of Fundraising. London

*'Making Giving Go Further – The Definitive  
Guide to Tax-Effective Giving (2006)'*.  
Institute of Fundraising. London

### Information about the voluntary sector

[www.acevo.org.uk](http://www.acevo.org.uk)  
ACEVO (Association of Chief Executives  
of Voluntary Organisations)

[www.charityfacts.org](http://www.charityfacts.org)  
Charity Facts

[www.guidestar.org.uk](http://www.guidestar.org.uk)  
Guidestar

[www.navca.org.uk](http://www.navca.org.uk)  
NAVCA (National Association for  
Voluntary and Community Action)

[www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)  
NCVO (National Council for  
Voluntary Organisations)

[www.nicva.org.uk](http://www.nicva.org.uk)  
NICVA (Northern Ireland Council  
for Voluntary Action)

[www.scvo.org.uk](http://www.scvo.org.uk)  
SCVO (Scottish Council for Voluntary  
Organisations)

[www.wcva.org.uk](http://www.wcva.org.uk)  
WCVA (Wales Council for  
Voluntary Action)

### Information about fundraising

[www.aandb.org.uk](http://www.aandb.org.uk)  
Arts and Business

[www.acf.org.uk](http://www.acf.org.uk)  
Association of Charitable Foundations

[www.eapg.org.uk](http://www.eapg.org.uk)  
European Association of Planned Giving

[www.fundraising.co.uk](http://www.fundraising.co.uk)  
News about fundraising

[www.fsboard.org.uk](http://www.fsboard.org.uk)  
Fundraising Standards Board

[www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)  
Institute of Fundraising

[www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp)  
Sustainable Funding Project

[www.payrollgivingcentre.org.uk](http://www.payrollgivingcentre.org.uk)  
Payroll Giving Centre

[www.pfra.org.uk](http://www.pfra.org.uk)  
Public Fundraising Regulatory Authority,  
for face to face fundraising

[www.rememberacharity.org.uk](http://www.rememberacharity.org.uk)  
Remember a Charity

**Regulatory authorities****[www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)**

Charity Commission for England and Wales

**[www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)**

Gambling Commission

**[www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

HMRC

**[www.hse.org.uk](http://www.hse.org.uk)**

Health and Safety Executive

**[www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk)**

Information Commissioner

**[www.oscr.org.uk](http://www.oscr.org.uk)**

Office of Scottish Charity Regulator

**Fundraising training and conferences****[www.thefundraisingprogramme.org.uk](http://www.thefundraisingprogramme.org.uk)**

The Fundraising Programme

The Fundraising Programme brings together the strengths of two of fundraising's leading training providers: the Directory of Social Change and the Institute of Fundraising. The purpose of this partnership is to bring you the highest standards of fundraising training. The Fundraising Programme can be contacted on 020 7391 4805.

**[www.dsc.org.uk](http://www.dsc.org.uk)**

Directory of Social Change

**[www.institute-of-fundraising.org.uk](http://www.institute-of-fundraising.org.uk)**

Institute of Fundraising

**[www.nationalconvention.org.uk](http://www.nationalconvention.org.uk)**

Institute of Fundraising

National Convention

**Volunteers and volunteering****[www.csv.org.uk](http://www.csv.org.uk)**

Community Service Volunteers

**[www.do-it.org.uk](http://www.do-it.org.uk)**

Do-IT

**[www.reach.org.uk](http://www.reach.org.uk)**

Reach

**[www.timebank.org.uk](http://www.timebank.org.uk)**

Timebank

**[www.vds.org.uk](http://www.vds.org.uk)**

Volunteer Development Scotland

**[www.volunteeringengland.org.uk](http://www.volunteeringengland.org.uk)**

Volunteering England

**[www.volunteering-ni.org](http://www.volunteering-ni.org)**

Volunteer Development Agency

Northern Ireland

**[www.volunteering-wales.net](http://www.volunteering-wales.net)**

Volunteering Wales

## Fundraising activities for young people

[www.g-nation.co.uk](http://www.g-nation.co.uk)

GNation

## Funders

[www.acf.org.uk](http://www.acf.org.uk)

Association of Charitable Foundations

[www.cafonline.org](http://www.cafonline.org)

Charities Aid Foundations

[www.communityfoundations.org.uk](http://www.communityfoundations.org.uk)

Community Foundation Network

[www.dsc.org.uk](http://www.dsc.org.uk)

Directory of Social Change

[www.guidestar.org.uk](http://www.guidestar.org.uk)

Guidestar

[www.funderfinder.org.uk](http://www.funderfinder.org.uk)

Funder Finder

[www.governmentfunding.org.uk](http://www.governmentfunding.org.uk)

Government Funding

[www.lotteryfunding.org.uk](http://www.lotteryfunding.org.uk)

Lottery Funding

## Key words and phrases

### Acquisition

Term given to process of obtaining new donors.

### Appeal

Term given to a fundraising campaign.

### Attrition Rate

The number or proportion of donors who stop giving within a certain time period after they were first recruited.

### Beneficiary

The group, individual, activity or object that benefits from the work of the charity.

### Capital

Term used when fundraising for a major asset (which may make an organisation money in the long term) such as a building or endowment.

### Case for support

Statement setting out reasons why donors should donate to the charity.

### Codes of Fundraising Practice

The Codes are the best practice standards for UK fundraising.

### Donor

An individual, group or organisation that gives a gift (usually money but can be goods or services) to a charity.

### Face to face

Term given to fundraising that takes place in person.

### Full cost recovery

The principle of ensuring that all of the costs of an activity, including applicable overheads and staff costs, are included in contracts and funding applications.

## Key words and phrases (continued)

### Fundraising cycle

Planning tool to help fundraisers plan activities.

### Fundraising ratio

Term given to calculations of cost effectiveness of fundraising activities.

### Fundraising plan

An outline of activities to be undertaken for a specific fundraising activity, including a budget.

### Fundraising strategy

Outline of organisation's fundraising activities overall, based on organisation's business plan. Brings together individual fundraising plans.

### Lifetime Value

The donation value multiplied by the expected length of time that a donor will give for.

### Objectives

Help to assess how a charity is moving towards meeting its charitable aims or the aims of a particular project, objectives are usually expected to be SMART – Specific, Measurable, Achievable, Realistic and Timed. Practical steps or activities that are needed to accomplish an organisation's aims.

### Outcomes

The wider benefits or changes for intended beneficiaries. Outcomes tend to be less tangible and therefore less countable than outputs. Outcomes are usually planned and are therefore set out in an organisation's objectives. Information for donors and funders should highlight outcomes.

### Outputs

Outputs are countable units, and are the direct products of programmes or organisations' activities. They could be children immunised, animals relocated, classes taught, training courses delivered or people attending workshops. In themselves they are not the objectives of the organisation but some reporting appears to be confusing these with objectives. The outputs are often quantifiable and lend themselves to tables and charts.

### Restricted fund

Monies held as a result of fundraising activity to support a specific project or cause.

### Retention

Term used to describe the number of donors (usually expressed as a percentage of total donors) who continue to give over a one year, two year or longer period.

### Return on investment

Different fundraising activities have variable costs. The return is worked out by taking the amount spent and dividing it by the amount raised, and is usually expressed as a ratio, for example, 1:4 or £4 raised per £1 spent.

### Revenue

Term used when fundraising for regular income.

### Warm donors

Term given to donors or supporters who already give to an organisation.

## Codes of Fundraising Practice

The Institute of Fundraising's Codes of Fundraising Practice set out the law and best practice standards for fundraising throughout the UK. They are available to download for free from the Institute's website:

- Acceptance and Refusal of Donations
- Accountability and Transparency in Fundraising
- Best Practice for Fundraising Contracts (and Model Contract)
- Best Practice for Major Donor Fundraising
- Charities Working with Business
- Charity Challenge Events
- Committed Giving in the Workplace
- Data Protection
- Event Fundraising
- Face to Face Fundraising
- Fundraising from Grant Making Trusts
- Fundraising in Schools
- Fundraising Through Electronic Media
- Handling Cash Donations
- House to House Collections
- Legacy Fundraising
- Management of Static Collection Boxes
- Outdoor Fundraising Events in the UK
- Payment of Fundraisers on a Commission Basis
- Raffles and Lotteries
- Reciprocal Charity Mailings
- Scottish Charity Law in Relation to Fundraising and Public Charitable Collections in Scotland
- Telephone Fundraising
- Telephone Recruitment of Collectors
- Use of Chain Letters as a Fundraising Technique
- Volunteer Fundraising.



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