

Effective Fundraising

**An informal guide to getting
donations and grants**

Luke FitzHerbert

DIRECTORY OF SOCIAL CHANGE

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Published by
Directory of Social Change
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www.dsc.org.uk
from whom further copies and a full books catalogue are available.

Directory of Social Change is a Registered Charity no. 800517

First published 2003
Reprinted 2007

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ISBN-10 1 903991 40 4
ISBN-13 978 1 903991 40 4

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Cover and text designed by Sarah Nicholson

Typeset, printed and bound by Page Bros., Norwich

All Directory of Social Change departments in London:
08450 77 77 07

Directory of Social Change Northern Office:
Federation House, Hope Street, Liverpool L1 9BW
Research 0151 708 0136

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About the series

Series editor: Alison Baxter

This series of starter guides is aimed primarily at those who are new to the voluntary sector. The series is designed for people involved with charities or voluntary organisations or community groups of any size. All the titles offer practical, straightforward advice to enable readers to get the most out of their roles and responsibilities.

Also available in this series:

The Charity Treasurer's Handbook

Gareth G. Morgan

2002

The Minute-taker's Handbook

Lee Comer and Paul Ticher

2002

The Charity Trustee's Handbook

Mike Eastwood

2001

For further information and to order books, please contact the Directory of Social Change (see page 85 for details).

About the author

Luke FitzHerbert, who worked at the Directory of Social Change for over 20 years, was killed tragically in 2007. He was deputy director of the organisation from 1984 to 1995 and went on to work as a senior researcher. He was the founding editor of *Guide to the Major Trusts* and *National Lottery Yearbooks* and ran DSC's courses on effective fundraising for 18 years.

Foreword

Over the last 15 years people from more than 2,000 organisations have come to the Directory of Social Change's basic courses on effective fundraising. This book is dedicated to them because it is based almost wholly on their experiences, which they have generously shared with the rest of us. In particular, of course, I thank those who have made specific contributions to the text.

During these years we have enjoyed a cascade of new statutory funding. Welcome though the money is, it also brings a threat to the independence of many charities. Government priorities may overlap with our own, but they will seldom be exactly the same. Only our own independent resources guarantee our ability to stick to our priorities, rather than those of our funders. Indeed I see our donated income, along with our use of voluntary donated time, as the core of what gives us our particular value and importance.

I hope this little book helps some of you to raise the money to fulfil some of your own dreams.

Luke FitzHerbert
November 2003

The Directory of Social Change thanks the Robert Gavron Charitable trust for its support for the writing of this book.

1 The fundraising background

Fundraising and other forms of funding

People use the word ‘fundraising’ differently, but in this book I am talking about persuading people or institutions to give donations to your charity. A donation is a gift – one that is normally made without the giver, or donor, expecting anything back in return, beyond the satisfaction of supporting what you do.

This book does not cover other ways of funding your work, either through contracts or agreements for the supply of your services, or by charging people for what you do. In such cases, there is no gift involved; your charity is ‘selling’ its services.

The book is about fundraising for charities (whether registered or not). It does not discuss raising money for the benefit of individuals, nor for private as opposed to public institutions such as, say, golf clubs or privately owned historic buildings. The box below explains what a charity is, and highlights the benefits of being registered as such.

Charitable status

If your organisation is non profit and for public benefit, it is likely to be a charity. If you have an income of £1,000 in a year or more, you should register with the Charity Commission if you are based in England or Wales – it is one of the country’s silliest criminal offences not to do so, though fortunately this rule has never been enforced unless there has been some kind of misrepresentation (the rule is likely to be changed in the promised new Charities Act to £5,000).

However there is no law to prevent you asking for money for a good cause – or indeed for any cause. You can get on with it without waiting for the formalities, though of course you must not say that you are a registered charity if you are not. You will just need to convince those you ask that what you are doing deserves their support.

However there are substantial advantages in being registered with the Charity Commission (or being recognised by the Inland Revenue in Scotland and Northern Ireland with a registration number to prove it. Registration as an Industrial or Provident Friendly Society comes to the same thing. Again, all this may change with a new Charities Act).

1 It is seen as a seal of respectability

In fact supervision by the Charity Commission is extremely light and, for charities with an income of under £10,000 a year (over half of all charities), it scarcely exists. Any investigations by the Commission are generally the result of outside complaint. However the Commission does require that properly audited or checked accounts are produced and it is beginning to demand proper annual reports as well.

2 You get Council Tax relief

Registered charities with their own premises get at least an 80% reduction on this tax – a very important saving.

3 You become eligible for tax reliefs on donations

These are described later in this chapter (page 9).

Some people and institutions, including many trusts and foundations, either can or will give their money only to registered charities. If you are too small to be registered, or have not yet got around to doing so, you will need to find a charity that is already registered to receive the donation or grant and then pass it on to you. This charity has to accept the responsibility for seeing that the money is indeed used for a genuinely charitable purpose. Various 'umbrella' charities are used to performing this function. They include many national associations and also local councils of voluntary service (CVSs). For details of these, go to www.nacvs.org.uk.

Should we fundraise for our charity?

Not necessarily. Donations or grants are just one way of funding what you do. Perhaps it would be more appropriate to charge for your work, like a charitable theatre company probably will. Maybe it makes more sense for your counselling service to be funded by a contract from one of the NHS's new Primary Care Trusts. Perhaps your national association of whatever would be best funded by subscriptions from member organisations in return for the services you give them. Perhaps, like my own organisation, DSC, you are best suited to being a trading organisation – in our case,

selling books like this to you! It is perfectly normal and proper for charities to be trading organisations though, of course, any profits must stay within the organisation.

But if you think that donations are an appropriate source for some or all of your funding, go for it. There is no shortage of money and there are people out there only too happy to support almost every cause if you can identify them, if you have a good case and if you ask them nicely.

However if you, or a substantial proportion of your committee or trustees, have any doubts about it, perhaps you should not do it. If you would be embarrassed to be asked to support the cause yourself, then asking the public, let alone your family or friends, to pay for it will be uncomfortable and usually unsuccessful. No-one should fundraise unless they are convinced that what they are doing is proper and appropriate.

Aren't there easier ways of getting money?

Sometimes there may be, especially at the present time. Government, national, local or through the NHS, seems to be almost hurling money at many kinds of charity, with scheme after scheme calling for massive levels of voluntary sector participation. If you fit their priorities – which is likely if you are in a 'disadvantaged' area – you may well be able to get funding through one of their many 'partnerships'.

It will need a willingness to engage with the bureaucracy, but many people are very good at this, and some actually get a kick out mastering the procedures.

But where there is no other funding available you will have to fundraise; and even when there may be a choice, having at least a substantial proportion of your own fundraised income may be hugely desirable.

The Charity Commission register

There are over 190,000 registered charities and perhaps as many again that are not registered. Usually charities do not register because they are too small but sometimes they are exempt from registration, like universities and churches. (In Scotland and Northern Ireland there is, as yet, no Charity Commission, though organisations can register as charitable with the Inland Revenue to get access to charitable tax reliefs.)

To get a feel for what is out there, why not try a browse through the Charity Commission register on its excellent website at www.charity-

commission.gov.uk/registered-charities? For a quick idea, you might go to 'Search the Register', choose 'Search by name' and 'Search by area', and enter the name of the place you live. You will probably be surprised by the number that show up. For example there are 25 charities that include the name of my home town of Totnes and 200 based in our local South Hams district.

What are the advantages of having fundraised income?

Having its own unrestricted income gives a charity its freedom and independence. Reliance on contracts or service agreements, or even on grants from just one or few government bodies, puts you very much in their power. And without independence, why be a charity in the first place? Would it not be more sensible just to work either for the public sector directly or as a business in the new and growing 'social economy'?

Is getting grants 'fundraising'?

For me, it depends on the conditions that come with the grant. If the grant comes as money for you to do what you want to do, sure. But when it is given on the basis of 'if you do the following, we will give you a "grant"', we are no longer talking about a donation to your charity but about a payment for your services, which is something different. Many grants fall in a grey area somewhere in between.

Caution!

Either way, be cautious. Experienced fundraiser Gerry Beldon puts it strongly: 'Grants are bad for us. We need them in the early stages of our projects, but we should plan from day one to develop alternative funding that is within our control'.

Fundraised money

Where does fundraised money come from?

No-one knows at all precisely. Such figures as exist are unreliable, largely because there are no central records and no two organisations seem to use the same definitions in the same way. Here is the best I can do, largely from figures published by the National Council of Voluntary Organisations (NCVO) and the Charities Aid Foundation (CAF) – www.ncvo-vol.org.uk and www.cafonline.org.

Further reading

The Directory of Social Change aims to help voluntary and community organisations become more effective. As a charity ourselves, we are the leading provider of information and training for the voluntary sector. The following selected books are available from DSC. Prices were correct at the time of going to press but may be subject to change.

To order publications, or to find out about our courses and other activities, go to www.dsc.org.uk or call 08450 77 77 07 for a free books catalogue or training guide.

Fundraising guides

The Complete Fundraising Handbook Nina Botting and Michael Norton
Ever-popular title covering fundraising principles and strategies, sources of funding and fundraising techniques.

Published in association with the Institute of Fundraising, £19.95

Successful Fundraising

Thorough guide to raising money through membership and direct marketing to individuals.

Published by Bibliotek Books, £16.95

Tried and Tested Ideas Sarah Passingham

If you are short of ideas to raise money for your group or charity, this classic text will give you inspiration.

Published by DSC, £16.95

Making fundraising applications

Writing Better Funding Applications Michael Norton and Mike Eastwood
Best-selling practical workbook to help you produce applications that get results.

Published by DSC, £18.95

Avoiding the Wastepaper Basket: A Practical Guide for Applying to Grantmaking Trusts Tim Cook

Advice from the former Clerk to the Trustees of a major charitable trust.

Published by London Voluntary Service Council, £5.50

Trust information

A Guide to the Major Trusts

An essential reference tool for all fundraisers, this two-volume series brings you in-depth research and independent comment on trusts and how they operate. For each trust, the books give grant information, contact details, exclusions and applications advice.

A Guide to the Major Trusts 2005/06 – Volume 1 Tom Traynor and Alan French

Concentrates on the 400 largest trusts which together give over £2.1 billion each year.

Published by DSC, £34.95

A Guide to the Major Trusts 2005/06 – Volume 2 Dave Griffiths, Chris McGuire and Rebecca Ryland

Focuses on the next 1,200 largest trusts which together give around £159 million each year.

Published by DSC, £34.95

The Welsh Funding Guide 2005/06 Alan French, John Smyth and Tom Traynor

This bilingual edition provides information on funders who support Welsh causes.

Published by DSC, £27.95

A Guide to Scottish Trusts 2006/07 Tom Traynor

Contains details of around 350 trusts which concentrate their giving in Scotland.

Published by DSC, £27.95

Guides to Local Trusts

A Guide to Local Trusts in Greater London 2006/07 Alan French

Details over 360 trusts which concentrate their giving on Greater London.

Published by DSC, £29.95

A Guide to Local Trusts in the South of England 2006/07 Gemma Lynch

Provides details of more than 950 trusts which concentrate their grantmaking on the South of England.

Published by DSC, £29.95

A Guide to Local Trusts in the North of England 2006/07 Rebecca Ryland

Includes over 700 trusts which focus their giving on the North of England.

Published by DSC, £29.95