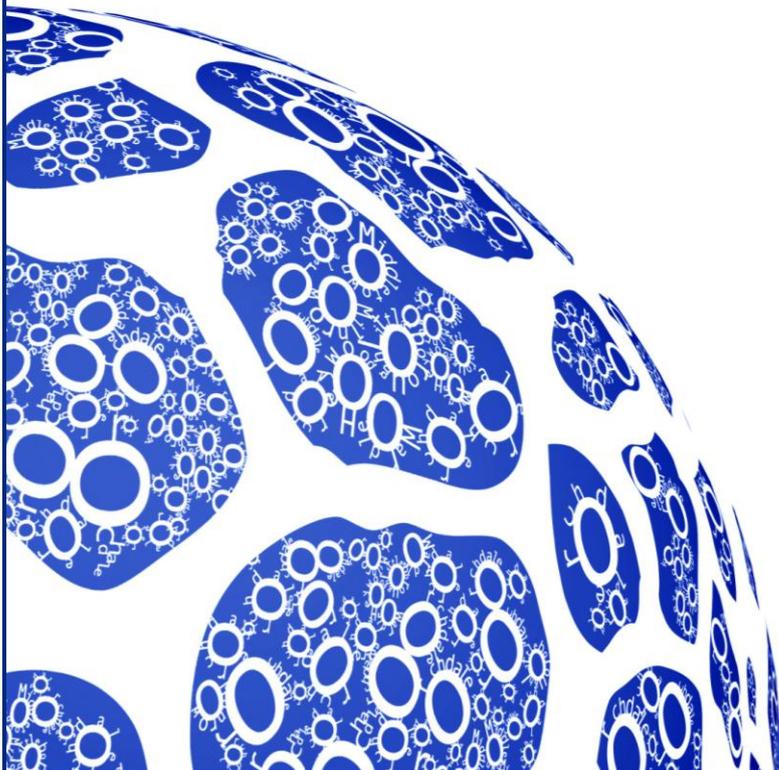


COUNCIL FOR VOLUNTARY SERVICE

Rochdale

Funding & Income Generation Strategy Handbook

A guide to planning fundraising for not
for profit organisations



Rochdale

Introduction

What is a Funding and Income Generation Strategy?

A Funding and Income Generation Strategy is a plan that sets out the funding need for an organisation, project or event over a period of time (typically 3 to 5 years). It also identifies actions, timescales and possible funding resources to enable the successful delivery of a project or event.

Why develop a Funding and Income Generation Strategy?

A Funding and Income Generation Strategy will help the group reach its goals and provide a record of what has been successful in the past as well as providing recommendations for the future. It should be a useful working document, not just another piece of paper which is written and then forgotten about. The Funding and Income Generation Strategy will enable the organisation to: -

- Provide clarity about the organisation's aims, objectives and priorities
- Share a mutual understanding of the aims and priorities for the organisation
- Ensure that the priorities are realistic, achievable and that the overall project is costed appropriately.
- Assist trustees to consider the risks associated with any aspects of the project
- Allocate time, resources and staff effectively to successfully deliver a project
- Ensure better targeting of funders
- Ensure the highest possibility of funding success
- Encourage a shared responsibility for fundraising
- Look at the bigger picture – a good strategy will look ahead and plan fundraising for the next 3 to 5 years helping the organisation to manage risk by anticipating possible opportunities and threats to services

There is no specific format when it comes to develop a Funding and Income Generation Strategy however this document will aim to highlight some of the key information which should be considered. A Funding and Income Generation Strategy should be compiled alongside an organisational Business Plan.

[Insert Group Name]
**Funding and Income
Generation Strategy**

[Insert logo/picture]

**[Date – Typically 3 to 5 years
e.g. 2011 - 2014]**

Section 1 – Introduction

- Aims of the organisation - mission statement including a brief background and history to the organisation.
 - What services/activities does your organisation provide?
 - What needs does your organisation meet and who does it cater to?
- Objectives of the organisation.
- Background to the strategy – Who has written it and why.

The information in this section should be kept brief. More detailed information regarding a complete organisational profile and a strategic review should be included as part of the organisational "***Business Plan***".

- **Please contact Elaine Grace or Tariq Khandoker at CVS Rochdale for further support on Business Planning.**

Section 2 – Current Position

- Description of your organisation in relation to achieving its overall aim. This can be done using a SWOT Analysis – It will allow you to analyse your strengths and weaknesses alongside your opportunities and threats.

Strengths: characteristics of the organisation or team that give it an advantage over others in the sector.

- What advantages/strengths does your organisation have i.e. what does it do better than anyone else?
- What do people in the sector see as your strengths?
- What are your organisations Unique Selling Points (USP)?
- **Examples could include** - reputation of your organisation, the fundraising skills of staff, commitment of volunteers.

Weaknesses: are characteristics that place the organisation at a disadvantage relative to others.

- Are there any aspects of your organisation/service could you improve? What should you avoid?
- What are people in the voluntary sector/project beneficiaries likely to see as weaknesses?
- **Examples could include** – lack of experience in running a new project, lack of equipment and resources.

Opportunities: chances to make a bigger difference in the area in which you operate.

- What good opportunities can you spot?
- What interesting trends are you aware of?
- **Examples could include** - positive relationships with funders, the potential for your organisation to diversify its services, good links with local councillors.

Threats: factors that could cause trouble for your organisation

- What obstacles do you face?
- What are your competitors doing?
- Do you have low reserves or cash-flow problems?
- **Examples could include** - organisations carrying out similar work in your areas, poor take-up of the services offered.

Strengths and Weaknesses are usually internal to your organisation, while Opportunities and Threats generally relate to external factors. The SWOT analysis does not need to be exhaustive; however it should be concluded with a summary of the findings explaining how your strengths will enable opportunities to be exploited, how you aim to alleviate weaknesses and your plans for tackling potential threats.

Section 3 – Current Income

- How has your organisation been funded until now? What is your existing funding situation? This should be broken down to show each funding source and the amount received or pledged.
 - Start by looking at your existing funding situation - Outline **past** and **current** sources of income. This should cover all types of income from grants, contracts, donations, loans, sponsorships, membership fees etc.
 - Also include any income that may be generated from the sale of current products or services.
- Detail how secure each funding stream is, what activity it supports, when it is due to end and the likelihood of obtaining further funding from current funding sources. Refer to the example below: -

Income Source	Activity/Service Funded	Amount (£)	End Date for Funding	How Secure is the funding source?	Does an alternative funding source need to be identified?	Priority
GRANT - BIG Lottery - Reaching Communities	Salaries for Manager	£22,000	01-Apr-13	Secure - Fixed till 2013.	Yes	Medium
GRANT - Wooden Spoon Charity	Room hire, equipment, youth worker costs	£10,000	01-Apr-12	Secure - Fixed till 2012.	Yes. Although we can apply again in 2012.	High
...
...
	Total	...				

- Include information on any unsuccessful fundraising attempts including reasons why they were unsuccessful.

Section 4 – Proposed Sources of Income

- How will the funds be raised to cover the project costs? Aim to outline details of exactly how the money will be raised for each aspect of the project and provide details of the funders that will be approached (e.g. statutory bodies, charitable trusts and foundations, Lottery, European funding, businesses etc) or the fundraising activities that will be carried out.
- When identifying funders, their criteria and the types of costs they cover e.g. equipment, salaries, rent etc. The funder should be matched against the breakdown of costs for each aspect of the project. The level and type of support they provide should be listed next to the aspects of each project, stating the amount that you will be applying for.

Look at the **Income Spectrum Tool** -

http://www.ncvovol.org.uk/uploadedFiles/Sustainable_Funding/Diag%20Toolkit%20%20pages.pdf and identify the funding mix of your own organisation, project or service.

- Project costs should be calculated using what is known as the “***Full Cost Recovery***” approach – i.e. not only the direct project costs, but also a relevant proportion allocated for overheads.
 - Applying **Full Cost Recovery Principles** - http://www.biglotteryfund.org.uk/index/funding-uk/full_cost_recovery.htm
Contact Emad Uddin or Ros Hayes at CVS Rochdale for further support.
- Relying too heavily on one source of funding could leave the future of the project or service uncertain - if that funding source ceases to be available. To combat this and ensure sustainability, voluntary organisations should aim for a mix of funding sources (grants, loans, commissioning, donations, business sponsorships, income generation from any new products or services).
 - For a wide range of fundraising ideas - <http://www.better-fundraising-ideas.com/charity-fundraising-ideas.html>



TIP - Contact CVS Rochdale and see whether you can access their GrantFinder database to identify possible funders.

- A brief statement can also be included detailing methods you’ve identified to cut costs and save you money (e.g. reducing staff hours, reduction in delivering activities, car sharing, cheaper premises, cheaper suppliers etc) – This will highlight that you have undertaken some contingency planning and are prepared should there be shortcomings in your funding.



TIP - Groups can also include volunteering time, gifts in kind and other resources that will help meet the costs of the project e.g. volunteer expertise, free office space and room hire, free training etc.

Section 5 – Monitor and Review

- Describe what tools and measures you have in place to successfully monitor (collect information regarding the project) and evaluate (make informed decisions using the information collected) the project.
- Your Funding and Income Generation Strategy should be the subject of a regular review (typically every 12 months), so that it may be updated and modified. When will the review take place and by whom? Ask yourselves: -
 - Does the plan need revising?
 - Is it too ambitious?
 - Do we need more help or training?
 - Are the projects financially feasible?

Section 6 - Conclusion

- Summarise the key points and any considerations that have arisen from the Funding and Income Generation Strategy, for example: -
 - Do you need a dedicated fundraiser/fundraising team in the organisation?
 - Do staff/volunteers need additional training?
 - Does more time need to be allocated to a particular project?

Need Further Support?

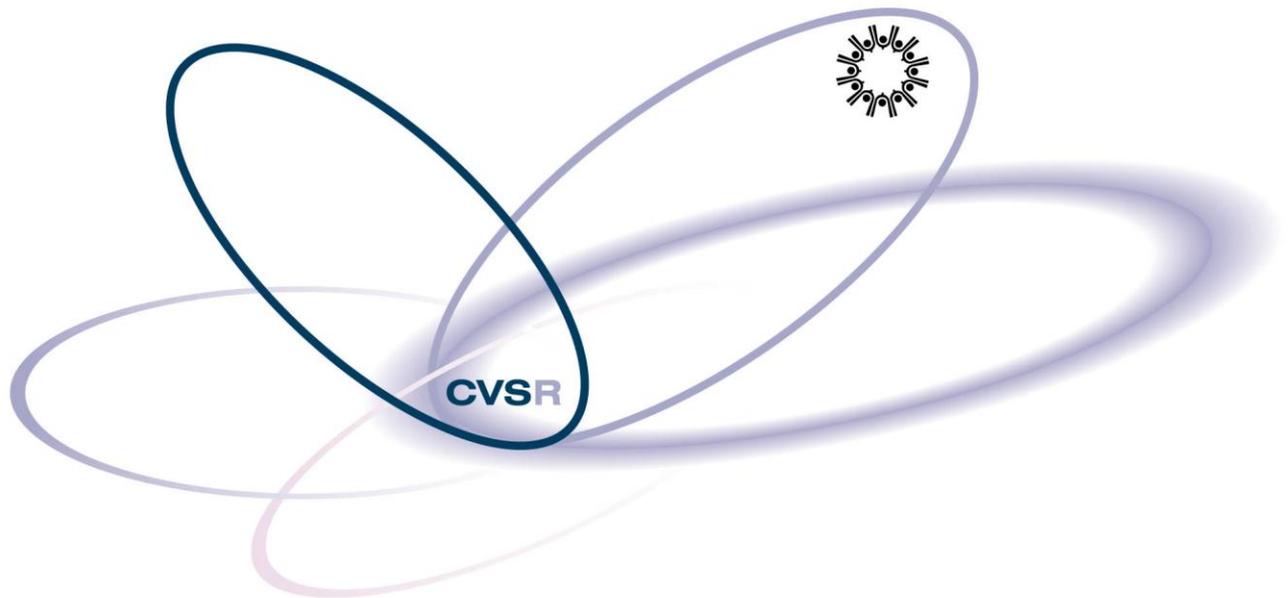
Training Available from CVS – “How to Plan & Secure Future Funding”

Course Overview: This half day course is designed to help organisations understand the importance of planning for financial sustainability. It will provide you with the tools and techniques necessary for raising funds and generating income. In addition to this, our top tips will help you ‘hit the spot’ when funders are allocating grants.

Who the course is aimed at: Treasurers, Paid staff and members of governing bodies of not for profit organisations.

Further Information: CVS Rochdale Training Schedule

Visit: <http://www.cvsr.org.uk/cvsr-training-bulletin-2011-2012>



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