

## SUSTAINABLE FUNDING

### WHAT IS SUSTAINABLE FUNDING OR SUSTAINABLE INCOME?

#### You've heard the term but what does it mean?

Sustainable Funding is **not** about getting a long-term grant or improving your fundraising! It's about changing your approach to income, being open to new ideas and planning for the long-term future.

When organisations depend on one funder or one or two sources of income it causes problems when a funding application or income source fails. Thinking about a wider range of grants and funds and even other ways of raising money can help you to be more sustainable in the long term.

Being dependant on one funder can also cause "mission drift", meaning you deliver projects that meet the funder's aims rather than your own. Being more sustainable helps you take back control of your projects and make a real difference to your community. There are many options and ways of becoming more sustainable; a few are highlighted below:-

#### Mixing your income

See what other funds and grants are available and think about other methods of income. For example, rather than relying on one large Big Lottery Fund grant you could think about approaching Lloyds TSB Foundation, Comic Relief or a local Community

Foundation. Community Foundations manage a variety of grant schemes from public and private purses

There are other, very simple ways of generating your own income, for example membership fees, training fees, room hire fees, charges for newsletters, fundraising events such as charity bingo and raffle ticket sales, summer fayres, street collections, collection tins in public areas, legacies and private sector sponsorship. There are some recent changes in legislation regarding fundraising please check The Finance Hub where you also can analyse your funding mix online.

### **Hidden Assets**

Underused equipment, spare rooms and staff skills can be used to raise income. You could rent out that spare office as public meeting space, allow members of the public to use your photocopier or fax for a small fee, turn that unused computer room into a resource centre for the community with internet cafe and library or provide secretarial and administration services for other organisations or individuals in the area.

If your Development Worker has good spreadsheet design skills which aren't being used why not sell this as a service to other organisations? Could your Office Manager provide paid mentoring and support to another, less-experienced Office Manager in another organisation?

### **Full Cost Recovery**

Guesstimating" management costs and overheads is not only bad practice but it can cost you your organisation. Claiming the **real** costs of managing a project will help you to get out of the under-funded cycle and will impress funders.

If you are employing a new member of staff you not only need to think about their salary, National Insurance and Employer Tax Contribution, you also need to consider pension, maternity pay, sickness pay, contingency costs (if they need a temp to cover

their post for long-term illness), training costs, travel expenses, subsistence, a computer, desk, chair, extra office space, additional lighting, telephone costs, additional administration support, postage, stationery and additional management costs. Cash Online provide factsheets and a full cost recovery spreadsheet to help you work out the **real** costs of your project. The Full Cost Recovery website also provides a free toolkit for download.

### **Public service delivery/procurement/commissioning**

The voluntary sector has a long history of delivering services for central Government, local authorities, the NHS, universities, colleges, the Police and the Fire service. Organisations deliver services such as education, training, care, health and environment. Public Sector delivery offers many opportunities and longer contracts than traditional funders and puts voluntary and community groups in a stronger position. However, the process is legally binding for both parties and you should choose contracts carefully, making sure the terms and conditions and intended outcomes are in line with your organisation's mission and aims. You should also make sure your organisation has the right skills and resources to tender for and manage public sector contracts as accountability and reporting processes are very different. You can see what opportunities are available at the Public Sector Contracts: How to Find Contracts pages.

### **Loans**

Loans are a touchy subject in the voluntary and community sector and loans aren't suitable for every organisation. Only when an organisation has strong financial and monitoring systems in place should it consider loan finance. However, loans can be useful if you need a large sum of money quickly and there are many charitable banks

and organisations that provide loans to charities and voluntary/community groups. Do bear in mind that many funders do not fund the repayment of loans or loan interest.

## Trading

Trading goods and services can seem very private sector and nothing to do with the voluntary and community sector. In reality you already run a business although you don't make a personal profit. You will need to think about what you have to sell, how you will sell it and who will buy it. Before you even start to think about trading you should have identified your market and drafted up a marketing and selling strategy. You also need to make sure you have the training, skills and experience to start trading. An excellent read for further ideas is Forth Sector Scotland's Business Planning Guide to Developing a Social Enterprise.

There are legal and structural issues around trading and you should read the OSCR Charity regulation guidelines "Overview", even if you are not a registered charity. Moving into social enterprise territory can be daunting but there is help available through organisations such as Voluntary Action **ER**, Forth Sector Scotland , CIS, Ready for Business, Just Enterprise and Scottish Social Enterprise Academy.