



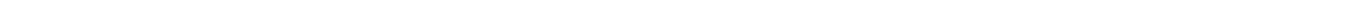
COMMUNITY
OWNERSHIP
SUPPORT SERVICE

Development Trusts Association Scotland

Beyond the Usual Suspects

A practical guide to a range of alternative approaches for raising finance and fundraising

www.dtascommunityownership.org.uk





**The Scottish
Government**
Riaghaltas na h-Alba

The Community Ownership Support Service is funded by the Scottish Government to support the sustainable transfer of public assets into community ownership. This advisor-led service provides communities and public bodies with advice and support on every stage of the asset transfer journey.

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► 1. Introduction

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

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

This guide:

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

A bit about the Usual Suspects

When a project is in its early stages, and it looks likely that you are going to need a lot of money to make it work, the first place people tend to look for money are the big funders. This includes The National Lottery Community Fund and all of its associated funding programmes like The National Lottery Heritage Fund, SportScotland and Creative Scotland - it all depends on the focus of the project you are considering. Funders may also include the larger charitable trusts and foundations such as Comic Relief, Esmée Fairbairn Foundation, The Robertson Trust and many others who may be interested in the benefits of your project. You may also want to look at the NHS, central and/or local government funding opportunities, and/or European funding (if still available as UK may exit the European Union). If your project could sustain repayment, then loan finance would also be an option.

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

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

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

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

- There are very few funders who will consider funding 100% of a project, and those that do will look more favourably on projects that have secured some of the funding from other sources

- Most funders will not fund 100% of a project; they will want to see a mix of funding options in your proposal
- Depending on who you apply to, the process of submitting funding applications takes from 2 to 12 months from the date you submit your application. Having some funds coming in from alternative sources will help you to keep moving forward with developing your project while you wait for the larger funders to take decisions
- Showing strong evidence that you have public support, particularly from your local community, through people donating their own money as well as their time, will demonstrate community involvement
- Having alternative funding from those 'Beyond the Usual Suspects' will allow you to take decisions on how you spend the money as it is 'unrestricted'; although you must agree to spend the money on fulfilling your aims

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

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

Ensure you are fundable

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

The table below outlines the things you will need to consider in order to answer these questions.

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

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► 2. The Benefits of Looking Beyond the Usual Suspects

Most organisations will quite rightly, look to traditional forms of funding such as trusts and foundations, loan finance and The National Lottery Community Fund when planning an asset acquisition or considering how they can meet their running costs or project costs. However, there can be real benefits in looking beyond those forms of fundraising.

Challenges typically presented by relying on traditional grants fundraising

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

Other benefits of looking beyond the Usual Suspects

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

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

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

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

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▶ 3. Getting Started with a Plan

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

1. Define how much you need:

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

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

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

2. Then:

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

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

3. Next: Consider if you can reduce your costs

- Are any of these costs for things you might be able to get 'in kind'? Maybe free venue space for a community consultation event, or catering for a fundraising event or printing for some community surveys?
- Support programmes from Highlands and Islands Enterprise, Business Gateway, COSS and the Third Sector Interfaces offer free business support

- You can also apply to organisations such as the Development Trusts Association Scotland and Community Shares Scotland for free specialist consultancy support on things like community shares
- Or could you reduce your costs by buying through a local business or buying group? This can work for anything from snacks and drinks to design & print

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

4. Identify your funding gaps

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

This is the starting point for your fundraising plan.

5. Packaging

Break down your total into achievable ‘bite-size’ elements.

This can be done in three main ways:

- **One is using a full cost recovery model**
Full cost recovery means calculating the total costs of running a service that includes not just the direct costs of a project (like salaries, travel costs and so on) but also a relevant proportion of the overheads and management costs that are needed to deliver a piece of work. For example, insurance, governance costs, heating, lighting, rent, HR and costs for staff time.
- **The second way to package things up is to think in terms of the difference you make**
So a year round lunch club for older people that costs £10,250 per year to run (including a proportion of overheads) could be packaged as ‘£854 would fund our Seniors’ Lunch Club for a month – enabling 38 isolated and vulnerable older people to enjoy a cheap hot meal and friendship twice a week’.

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

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

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

For more information on full cost recovery see:

Big Lottery <https://www.biglotteryfund.org.uk/funding/funding-guidance/full-cost-recovery>
Community Accounting Plus <https://www.caplus.org.uk>
NCVO’s Knowhow Nonprofit <https://knowhownonprofit.org/>
UK Fundraising <https://fundraising.co.uk>
New Philanthropy Capital - <https://www.thinknpc.org/>

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► 4. Raising money from individuals

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

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

- Public collections, for example house-to-house, at events, in supermarkets or shopping centres
- Regular giving, including friends schemes and membership schemes
- Ad hoc donations - in person, online, by text or email
- Crowdfunding
- Buying shares in a community project/asset

Public Collections

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

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

TIP: Make sure that you can accept donations in cash, or cashless debit or credit card donations. The average donation in cash is £1, the average cashless donation is £3. Contact your bank to enlist their help with the right facilities.

Benefits:

- Can reach a lot of people
- Allows face-to-face contact and communication of key campaign messages and engagement with prospective supporters
- Unrestricted income
- Can be eligible for Gift Aid through the Small Donations Scheme

Disadvantages:

- Usually small donations
- It can be tricky to keep track of volunteers, cash and collecting boxes
- Time taken to count and bank the money

Key Legal Points:

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

<https://www.gov.uk/public-charitable-collection-permit-scotland>

<https://www.fundraisingregulator.org.uk/code>

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

Regular Giving

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

- Giving via direct debit
- Friends schemes
- Membership schemes
- '100 club' type programmes
- Sponsor a child/sponsor a room type programmes

Benefits

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

Disadvantages

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

Legal point: Care needs to be taken when designing a friend's membership scheme. 'Members' of an organisation may have a different legal status to 'Friends of'. A membership scheme may be eligible to claim Gift Aid.

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

One-Off Donations

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

You could ask for donations:

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

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

Individuals: Text Giving

There are also free text to donate services available from a wide range of providers such as <https://www.vodafone.co.uk/about-us/just-text-giving/index.htm>

Your charity simply registers its online fundraising page and receives a specific code that your supporters text to donate a specific amount up to £10. This can work well especially if you use simple text message such as Text LAND to xxxxx or Text HALL to xxxx.

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

Benefits of Text or Online donating

- Quick
- Simple to communicate – and to do
- Donor contact details can be captured
- Fast growing method of fundraising
- Gift Aid administration is done by service provider
- Inexpensive (for charity and donor)

Disadvantages

- Not everyone trusts giving by mobile, or has good mobile or broadband coverage (e.g. at events)
- Monthly fees usually need to be paid to the giving platform

Individuals: Crowdfunding

- Crowdfunding is raising money directly from a large number of people all putting in relatively small amounts of money. Businesses, social enterprises, individuals and charities all fundraise through crowdfunding
- There are lots of different crowdfunding platforms with more launching all the time. Some are specifically aimed at people wanting to invest in social enterprises or charities. Others specialise in creative industries or IT type projects
- Crowdfunding can be very effective when there is an urgent need or a specific project. NESTA reports that giving through crowdfunding is still significant, but notes that it is important to find the right funding platform for you. Typically, a crowdfunder receives rewards. Rewards can range from equity in a start-up business to a discount off products (e.g. from a community shop once it opens), free gift (bag, mug, limited-edition print) or in the case of donation-based crowdfunding simply a feel-good reward (e.g. FirstPort's opportunity to attend an exclusive event and to be entitled to vote on which entrepreneur receives startup funding)
- The maximum and minimum donation will vary according to the crowdfunding platform you use. In some cases, investments and donations can be as low as £5, with no ceiling on the amount you invest; others may cap the total investment you make as a percentage of your net assets

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

Benefits

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

Disadvantages

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

More information on crowdfunding

NESTA gives guidance on a variety of crowdfunding platforms, check out their blog: <https://www.nesta.org.uk/blog/9-crowdfunding-platforms-for-charities-community-groups-and-social-entrepreneurs/>

Examples of platforms to check out include Yimby (run by justGiving), Crowdfunder and the Scottish site Bloom VC <http://bloomvc.com/>

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

Fundraising from Individuals: Key to success

Having a compelling ask

What does your community need? What difference will it make? How do you know that the community agrees? What other groups/partners are involved? Keep the language simple and straightforward. Make sure the people asking are knowledgeable and passionate about the cause.

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

Stories from the community that illustrate the difference your organisation has made to them or will make to their lives; a short 'case study' can be very compelling. You could include a photo of your service in action or building being used. An image of derelict eyesore/leaking roof that needs to be upgraded, alongside a drawing of what the building/service could look like can bring your 'ask' to life.

Keep it short and sweet

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

Start close to home

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

Stewardship

- One of the main principles of successful fundraising is good stewardship i.e. thanking your donors and looking after them well. So, before you start fundraising, have a plan for how you will 'bank and thank' and how you will try to engage and involve your supporters further (before you ask them). Think of it as building a relationship with your donors
- Good clear communication with your donor, particularly after their first donation, will hopefully lead to future donations, possibly to regular giving or even large gifts and legacies. Evidence shows that how a donor's first gift is handled is critical in determining whether future donations are made. The rules are simple: acknowledge that donor's support within 48 hours (and the amount); address them by name; tell them what difference their donation has made. Say 'thank you'
- Good communications don't have to be expensive. A prompt handwritten personal 'thank you' can be far more effective than an expensive professional document crafted by a marketing agency. As can a 'thank you' post-it (for a small donation) on the back of a photo showing something the donor has helped to make possible. Is this something volunteers could help you do?
- Alternatively, perhaps you could just pick up the phone and say 'thank you'? Or for sizeable donations, perhaps you might ask your Chair or a Senior Manager to make the call, and perhaps invite the donor to see your project

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

Gather intelligence:

- The more you know about your supporters the more you can tailor any future communications to them. So try to collect information by using, for example, a welcome pack or member survey form which can generate valuable insights. What you really want to know is why the person chose to support you? What is their motivation? If you know this, you can ensure that your future communication with the donor is relevant, targeted and addresses their interests
- Some organisations also take the opportunity of the first donation to proactively ask supporters if and how they would like to be communicated with in future. You will always have to comply with data protection legislation so this type of communication could fulfil both purposes

Think of fundraising as long-term journey:

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

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

TIP: Gift Aid can currently increase the value of a donation by 25p for every £1 donated by a UK taxpayer at no cost to the donor. See the later section on Gift Aid.

Gift Aid

- When an individual donates to a charity, Community Amateur Sports Club (CASC) or voluntary organisation that is registered with HMRC, that body is able to claim back the tax that the donor has paid on the donation. This mechanism is called Gift Aid and amounts to an extra 25p for every £1 that an individual gives
- If you give £10 to a charity and you are a basic rate taxpayer (20%), you will have paid £2.50 in tax on the gross donation (to take home £10, you will have earned £12.50 before tax). Charities are able to reclaim this £2.50 back from HMRC
- Only donors who are UK taxpayers qualify for Gift Aid. Donors must have paid, or will pay, an amount of Income Tax and/or Capital Gains Tax for the current tax year (6 April to 5 April) that is at least equal to the amount of tax that will be reclaimed
- Gift Aid can only be paid on donations freely given. Buying tickets for a fundraising event would not qualify as a donation. However, think about claiming on volunteer expenses; donated goods sold in shops; charity auctions and sponsored events. Membership subscriptions where the supporter receives a clear 'benefit' in return; - for example, use of facilities or equipment; free access - may not be eligible for Gift Aid. Check the donor benefit rules from April 2019
 - the benefit threshold for the first £100 of the donation is 25% of that amount
 - charities can offer an additional benefit of 5% to donors on the amount of the donation that exceeds £100
 - the total value of the benefit that a donor can receive is £2500

Further information

More information about tax-effective giving is available on HMRC's website: <https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid> and that of the Institute of Fundraising: <https://www.institute-of-fundraising.org.uk/guidance/managing-fundraising/tax-effective-giving-and-vat/>

Make sure you know all the facts so that you can maximise your income.

TIP: Wealthy donors in particular may expect you to be reclaiming Gift Aid so not being familiar with this opportunity may deter some from giving.

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

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

Make sure to check you will not be breaking the law or the Code of Fundraising Practice, which applies to areas such as direct marketing, telephone fundraising, street fundraising or advertising. You should check the Code, which is held by the Fundraising Regulator: <https://www.fundraisingregulator.org.uk/code>

The Institute of Fundraising is a useful source of free guidance on fundraising matters, and has useful resources on its website on many areas of fundraising activity:

<https://www.institute-of-fundraising.org.uk/guidance/>

You can also get a free check done on any advertising copy you might be thinking of running for fundraising purposes from the Committee on Advertising Practice.

<http://www.cap.org.uk/Advice-Training-on-the-rules/Bespoke-Copy-Advice.aspx>

Data Protection regulations apply to all organisations holding or using an individual's personal data – no matter how small your group is. You must check whether any data protection considerations apply. With the increase in the rights of individuals to know how and what their data will be used for, it is easy to fall foul of the regulations. Have a look at the guidance which the Information Commissioner's Officer has produced for charities: <https://ico.org.uk/for-organisations/charity/> and on the website of the Institute of Fundraising for specific information of fundraising: <https://www.institute-of-fundraising.org.uk/guidance/managing-fundraising/data-protection/>

Sources of further information and advice

Charities Aid Foundation: Fundraising Fundamentals Toolkit <https://www.cafonline.org/charities/fundraising/fundraising-fundamentals>

SCVO:Funding <https://scvo.org.uk/running-your-organisation/funding>

The annual UK Giving survey provides the latest research on individuals' donations to charity – how much is given, who the donors are, where the donations go, and the trends over time <https://www.cafonline.org/about-us/publications/2018-publications/uk-giving-report-2018>

CAF also publish occasional reports on giving in Scotland.

<https://www.cafonline.org/about-us/media-office-news/scotland-giving-report-2018>

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► 5. Legacies and In Memoriam Giving

Legacies

- A legacy is a gift made to an organisation (or person) in someone's will
- Legacy income was worth £3bn to UK charities in 2017
- 35% of people say they'd happily leave a gift in their will once family and friends had been provided for, but only 7% actually do
- Legacies to a registered charity are free of Inheritance Tax (currently 40%) – this may be important to someone leaving a sizable estate

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

- Pecuniary Bequest. This is a gift of a specific sum of money left to an individual, group or charity. In 2017, the average pecuniary legacy to charity was £3300
- Specific Bequest. This is the gift of a specific item to an individual, group or charity e.g. house, car, vintage LPs
- Residuary Bequest. This is the remainder of the estate after all other bequests have been made. 87% of legacies to charities are residuary bequests. In 2017, the average was £60,600!

Legacies are a sensitive area that have significant legal and tax implications so it is vital to follow best practice. You must never be deemed to be giving legal or financial advice, but do have a look at the ways that you can encourage legacies on the Institute of Fundraising's website: <https://www.institute-of-fundraising.org.uk/guidance/fundraising-with-individuals/legacies/>

'Remember a Charity' is a consortium of charities which have come together to increase legacy giving. Their YouTube channel has hints, tips and examples for legacy advertising: <https://www.youtube.com/user/rememberacharity?spfreload=5> and you can find examples of legacy materials on their website: <https://www.rememberacharity.org.uk/>

Key to success

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

- Stories in a newsletter or on your website about the difference that a legacy can make to your cause, usually with a 'pledge form' or prompting people to contact the charity for information on how to write a will to include a charity
- Creating a specific legacy leaflet (see SOFII or Remember a Charity for examples: web address in appendix). This might be mailed to specific supporters or used as an insert within a publication or newsletter. Or you may just reactively send it to people who respond to your articles or adverts promoting legacies as a great way of giving to ensure that the cause, that they have supported during their lifetime, can continue after their passing
- By approaching professionals who are advising clients such as solicitors and will writers, or accountants. Again, having some simple leaflets you can leave with them would be helpful. Beware of paying for expensive advertising in legal journals – it doesn't work for every cause

Key Legal Points

- Charities should not give legal or financial advice or anything that could be construed as legal or financial advice
- If incentives are used, they should be of appropriate value, which would normally mean very low cost
- If a charity offers a free will writing service (in conjunction with a legal professional or law firm)- it cannot be a requirement of the service that any charitable request is made with the will
- Sometimes potential legators want to give a legacy to a charity subject to a requirement that the legacy is used for a specific purpose. If there is a condition on the legacy gift, the charity must comply with it. Alternatively, the purpose may be expressed as a non-binding wish, with which the charity can choose whether to comply. In relation to such legacies, it is advisable for charities to:
 - Make clear that the potential legator is free to make the legacy subject to a condition as to its use if he or she so chooses;
 - Suggest that the potential legator considers expressing their preference as a wish rather than as a condition and explain the difficulties that can arise if the charity cannot, or ceases to be able to, comply with a condition and that the legacy might then fail;
 - When a charity receives a legacy subject to a requirement that it is used in a specific way or for a specific purpose, e.g. endowments, consider whether legal advice is needed about whether or not the specific purpose is a condition or a non-binding wish, particularly if there is any doubt.

Benefits

- Legacies may often be the largest gift that an individual will ever make to charity
- Legacy bequests can be transformational for an organisation
- Legacy donations can act as a trigger for community purchase
- Legacies need not be cash. They can be gifts of land or property which an organisation or community would like to acquire, or shares
- Allows asset-rich but cash-poor supporters to plan support to your organisation

Disadvantages

- By their very nature it is impossible to predict when a legacy pledge might be fulfilled
- Sensitive handling is needed to ensure that supporters or potential legators aren't offended by discussion about wills

In Memoriam giving

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

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

This is an important means of giving to a charity or cause.

- In memoriam giving is increasing year on year
- People can now 'live on' after their death through their social media profiles. Friends and family often make gifts to a chosen charity on the death, birthdays and anniversaries of their loved one

You can promote In Memoriam giving by:

- Suggesting to members and supporters that they consider this means of donating to your organisation – and that they let their family and friends know their wishes
- Developing a means to link and aggregate donations so that you can report back to the family the total amount that has been raised. This is often done through means of a named fund. This is not a separate charity or bank account, simply a way of aggregating donations from a variety of sources
- Providing simple information leaflets, donation cards and gift envelopes (remembering to include Gift Aid declarations) for use at funerals
- Use of online platforms such as Just Giving which now has a dedicated In Memoriam product (and estimates it will have 30,000 individual In Memoriam pages by 2021)

Keys to success

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

Benefits

- Offers supporters a way of leaving a lasting legacy to your organisation or a cause they care about
- Suitable for your existing supporters
- Can be very comforting to friends and family to know that some benefit is being achieved in the name of their loved one
- Can be an opportunity to link with a person's colleagues, employer, family, friends and wider networks who could go on to become long-term supporters. To achieve this requires good stewardship
- Can be relatively easy to administer through online giving platforms. JustGiving are at the forefront of this: <https://www.slideshare.net/JustGiving/your-charitys-guide-to-justgiving-in-memory>
- Gift Aid can usually be claimed on donations given at a funeral through the Gift Aid Small Donations Scheme

Disadvantages

- Requires effective systems to be able to aggregate and connect donations (although these can be quite simple)
- Only likely to attract people who are already connected to your cause

For more information:

Institute of Fundraising <https://www.institute-of-fundraising.org.uk/home/>

Remember a Charity <https://www.rememberacharity.org.uk/>

For trends and benchmarking in Legacy fundraising <http://www.legacyforesight.co.uk/>

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► 6. Major Donors

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

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

Keys to success

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

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

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

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

Have a range of gift levels available.

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

Research. Try to find out as much as possible about your prospective donor: their interests, who they know and the groups and organisations they are part of. Ultimately, your aim is to try to understand what their motivation might be so you can talk to them in terms of their interests and concerns (not yours). However, when gathering this information be careful not to breach the individual's rights under data protection.

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

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

Start close to home: with existing supporters and volunteers, suppliers and partners – your stakeholders. There are some specialist agencies who will conduct a free initial screening of your membership or donor database (if you have one) to identify existing supporters who have the potential to make a large gift e.g. 'TheFactory and 'Prospecting for Gold'.

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

TIP: Use a gift table to plan out how many donations at what level, and therefore prospects you might need to approach. Details on Major Gift Fundraising and how to build a Gift Range Chart/Table of Gifts on the StudyFundraising website: <https://studyfundraising.info/major-gift-fundraising/>

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

Benefits

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

Disadvantages

- Valuable time can be spent researching prospects who may then decide not to support your cause
- If the research isn't done well, the prospect can be offended by being asked for too much, or too little!
- Can seem daunting and high risk if you get it wrong. The worst that can happen is you don't get a donation which is exactly what will happen if you don't even try!

Legal points:

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

- Social services law authorises local authorities to seek repayment of some gifts made in advance of a person moving into local authority accommodation, if the gift was made with the intention of avoiding accommodation charges
- Gifts by bankrupts or in anticipation of bankruptcy
- Gifts by those incapacitated at the time permanently (e.g. hearing impaired) or temporarily (e.g. drunk) can be set aside, broadly speaking, where there is a lack of understanding on the part of the donor or unfair advantage is taken of the donor
- Some donors may have limited or no capacity to make gifts out of property they control (e.g. trustees of private trusts and attorneys); and gifts in wills can be set aside or varied by the courts if the deceased is found to have made insufficient provision for his or her family or dependents
- If you feel that the donor is in any way vulnerable, refer to the Institute of Fundraising's guidance on Treating Donors Fairly: <https://www.institute-of-fundraising.org.uk/library/treating-donors-fairly-understanding-vulnerability/>

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

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

The donor must be absolutely clear about who is asking them for the gift, so be aware of the requirement for 'Solicitation Statements' as required under The Charities and Benevolent Fundraising (Scotland) Regulations 2009

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

If the donor is offering a large sum of cash, make sure that you comply with The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

Similarly, if fundraisers create a tax-effective plan, with the intention of offering it to major donors, then legal advice should be sought to determine whether the details of the scheme need to be disclosed to the tax authorities.

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

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

For more information

The Charities and Benevolent Fundraising (Scotland) Regulations 2009:
<http://www.legislation.gov.uk/ssi/2009/121/contents/made>

Institute of Fundraising guidance on the Acceptance & Refusal of Donations:
<https://www.institute-of-fundraising.org.uk/library/iof-acceptance-refusal-return-guidance/>

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 <http://www.legislation.gov.uk/uksi/2017/692/made>

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

TheFactory - <http://factory.com/>

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▶ 7. Events

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

1. Events your organisation runs itself
2. Events other people organise for you:

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

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

3. 'Piggy backing' other events

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

Keys to success

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

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

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

Benefits

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

Disadvantages

- Can be very time-consuming
- Financial risk. An events plan should always set a clear cut-off point at which the decision to proceed or cancel is taken
- Reputational risk. If something goes wrong; if the event is cancelled – all it takes is a disgruntled individual on Facebook or Twitter
- The return on investment can be lower than other types of fundraising, especially when staff costs are included
- Regulatory requirements around areas such as insurance, risk assessment, health and safety, licensing, food etc.

Legal Point

Refer to the Events section in the Code of Fundraising Practice:
<https://www.fundraisingregulator.org.uk/code>

Look at the guidance on Events and Community Fundraising on the IoF’s website:
<https://www.institute-of-fundraising.org.uk/guidance/events-and-community/>

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

- All promotional materials supplied to potential participants and, particularly, material sent to them as part of ‘fundraising packs’ **must** indicate clearly if any part of the funds raised by the participant in the name of the organisation are to be used towards the participant’s expenses or otherwise to benefit the participant
- Recruitment materials designed to attract potential participants and, in particular, press advertisements, **must not** mislead readers into believing that their commitment would be limited to any minimum personal registration fee
- If an individual or group contacts the organisation in order to put on a third party event there **ought** to be clear identification of the body responsible for the event and that the event is ‘**in aid of**’ and that the organisation will not accept any responsibility or liability for these events
- Challenge events that include travel and accommodation come under the Tour Operators Margin Schemes. Be sure to check out the rules.

VAT is a complex area. Some fundraising events are exempt from VAT but you will need to check the rules carefully. It’s worth checking though if you are VAT registered as you could save 20% on the costs of running your event. Check out HMRC’s guidance on VAT for Charities: <https://www.gov.uk/vat-charities>

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► 8. Company Fundraising

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

Sponsorship

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

Employee fundraising

- If you already run events or challenges these can usually be adapted to appeal to a company's employees
- Bear in mind that the simpler these are to take part in – and communicate, the more likely you are to persuade a company to participate
- Dress down days, entering a team into a challenge event or quiz, tray bake mornings and Wear a Kilt/Christmas jumper/red/pink to work are all simple and popular ways of employee fundraising
- It can really help if you know someone (a volunteer, staff member's family or a trustee) who works for the company. They can help from the inside

Donations

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

Company Adoption/Charity of the Year

- Some companies, even small and medium-sized ones, may choose to ‘adopt’ a particular charity or organisation and will focus their fundraising efforts toward a single cause over a year
- The chances of becoming an adopted charity with no prior connection to the company are quite small, so you may want to start with other opportunities, and work towards this as a longer-term objective
- In the same way that you should have a donor development programme for individuals, you should also be thinking about a company development programme. How can you continue to engage, and preferably increase, the level of support a company might offer you? What do they need from you? How can you convince them to support you above everyone else?

Matched Giving

- Hundreds of companies such as Royal Bank of Scotland, Tesco, Legal & General, Aviva, Esso, Mobil and Barclays, match the fundraising that their employees carry out in their own time (usually up to a maximum amount)
- It is well worthwhile compiling a list of these companies so that you can alert your volunteers and event participants. A quick online search will also highlight these (including lists that other charities have compiled and published)
- Even if the company doesn’t have a specific policy, they may still respond positively to a request from an employee to match their own fundraising efforts

Employee Volunteering

- This could be ad-hoc, for example, the business allows each employee to use one or more days per year to undertake voluntary work. Sometimes companies prefer team challenges where a team of people will work on a project together on a given day
- Typically challenges will include physical work such as tree planting, clearing a site, litter picking or decorating. It is also possible to set them challenges for example increasing the income of a charity shop, running fundraising events, trying to place as many collecting cans as possible at local businesses and so on
- Think creatively about what your organisation needs and resist the temptation to create opportunities just to keep a group of volunteers entertained

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

In-Kind Support

- Companies can also be a valuable source of in-kind support. When setting your budget, try highlighting some of the items or skills that company may be able to provide in-kind and so reduce your income requirements. For example:
- Office equipment
- Web design
- Printing
- Provision of office space with a useful event space
- Professional advice such as tax or HR
- Access to training (project management, accountancy packages, book-keeping, sales skills, IT software)

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

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

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

Joint Sales and Marketing Promotion

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

- Affinity deals – the company donates to a charity for every person that becomes a customer such as energy supply/takes out a credit card/switches phone supplier
- Joint marketing promotions, for example suggesting customers add an optional £1 to a restaurant bill or hotel bill in aid of a charity
- Taking a collection box in aid of a charity
- Including a charity insert in a customer magazine or featuring your cause on their website
- Donate to your charity for every carrier bag sold. One local Spar shop in a small Perthshire village raised £800 in under six months by charging customers 2p per carrier bag (minimum price now 5p). This was donated to the local school. So don't just think Tesco, think local

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

Keys to Success

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

Benefits

- There are many ways to fundraise with companies
- Many corporate fundraising methods involve skills and methods used in other types of fundraising e.g. events, community and trusts. It's just a different way of approaching prospective supporters
- Companies are increasingly expected to have a commitment to 'Corporate Social Responsibility', to be a real partner in their local community – you can help them to achieve that
- Businesses that engage with charitable activity have lower staff turnover and happier staff teams, thereby saving on recruitment costs. Win, Win?
- In-kind support can be very valuable, possibly more so even than cash
- May allow access to a wide customer or employee base which can raise your profile and provide a platform to engage new donors

Disadvantages

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

Key Legal Points

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

Sources of further information and advice

Association of Charitable Foundations provides an annual update on the performance of UK corporate foundations in its Foundation Trends reports <https://www.acf.org.uk/policy-practice/research-publications/foundation-giving-trends-2018>

Institute of Fundraising guidance on Corporate Fundraising: <https://www.institute-of-fundraising.org.uk/guidance/corporate-fundraising-trusts-and-foundations/corporate-fundraising/>

Directory of Social Change Guide to Company Giving <http://www.companygiving.org.uk/>

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► 9. Schools and Community Fundraising

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

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

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

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

Schools

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

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

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

Simple ideas for involving schools are:

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

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

Benefits

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

Disadvantages

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

Key Legal Points

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

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

In the latter case, you should give volunteers suitable guidance and support whenever possible, but equally it is accepted that in many instances an organisation will not know about 'in aid of' fundraising until they are presented with the proceeds

In both instances, you are responsible for ensuring that the volunteers are aware of their duties under the Code of Fundraising Practice

- For volunteers who regularly handle cash, background checks may be considered suitable. Policies on handling of cash donations and financial reporting should be put in place
- Particular care needs to be taken when working with children – they should not seek sponsorship door to door, younger children should not undertake public collections and school children should be advised not to ask strangers for money

Further information and advice

Code of Fundraising Practice: <https://www.fundraisingregulator.org.uk/code>

Professionally, effectively, ethically: accreditation for fundraising in schools: <https://www.institute-of-fundraising.org.uk/blog/professionally-effectively-ethically-fundraising-schools/>

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▶ 10. Recycling & Reuse

As well as being a good thing to do from an environmental perspective, recycling and reuse activities can also generate income for your community. There are a number of established community-based reuse and recycling organisations (as well as charity shops) across Scotland doing this already but you do not have to be a large organisation to get involved and you don't need a shop.

What can be recycled for cash?

- **Aluminium cans**

Aluminium drinks cans can be collected and taken to your local scrap metal dealer although be aware that there is a cash ban at all UK scrap dealers. For help with setting up a more organised can collection system in your community check out the Every Can Counts website.

- **Bikes**

Donated bikes in good condition could be sold for reuse locally or online. There are a number of community bike projects that already do this successfully and promote cycling in general; there may be one in your area already.

- **Cars**

You can organise scrap collections for cars yourself or use a social enterprise such as giveacar.co.uk that offer a scrapping service and can support local charities.

- **Clothes & Textiles**

Selling clothes and textiles by the bag to private recycling companies is a popular way of raising funds and they should be registered with the Textile Recycling Association UK. Organising a community-wide collection of old towels, bedding, curtains etc. can be quite lucrative but be aware that market prices do fluctuate.

If you have a supply of good quality boutique or vintage clothing for reuse then consider organising a Swishing event (a type of high-quality "bring and buy sale" for higher end items, vintage clothing and accessories) to raise money.

- **DVDs, CD's, Computer Games, Mobile Phones & IT Equipment**

All of these types of items in good condition can be traded online via eBay, Gumtree, local Facebook groups, Music Magpie, CEX(UK), Schpock, Zapper, Ziffit or other similar websites. Be aware that the terms and conditions for each site will vary.

- **Household Furniture & White Goods**

There are many established reuse projects that trade in donated furniture and white goods to raise funds for charitable causes. The challenge for smaller community groups is having the appropriate resources to deal with larger items.

Small quantities can be traded locally or online, but if there is a regular supply of items being donated, then storage space and transport logistics have to be managed more closely. The national support network CRNS may be able to give more advice and signpost your nearest reuse project for more assistance.

- **Inkjet Cartridges**

The company recycle4charity.co.uk offer an inkjet cartridge recycling service and (at the time of writing) they were offering £1 per cartridge to charities. Why not ask local businesses to save them for you too?

- **Jewellery & Watches**

There are companies like Recycling for good causes.org.uk that accept jewellery and watches for re-sale/recycling to raise funds for charities. However, it may be better to sell the more valuable items directly yourselves online to maximise income.

- **Scrap Metal**

Scrap metal has a value but it will depend on what metal it is, where you are in Scotland and the current market price. You should get some quotes from local scrap merchants to buy and take away your scrap first.

Anyone have old chairs with metal legs? A small Scout group recently raised £800 just by scrapping around 20 broken chairs. Or you could organise a community-wide 'Donate Some Scrap Day', perhaps even as a part of a community clean-up? It's amazing what people have lying around in their sheds and garages.

- **Stamps**

Stamps can raise around £2.50-£5.00 per kilo unsorted if traded to dealers. For collections or rare individual stamps then eBay or more specialist stamp traders may be a better solution. Recycling for good causes.org.uk may also be interested in your stamps and supporting your charity.

Wood

There are a small number of Scottish social enterprises that specialize in wood recycling and upcycling. They have specialist workshops, trained staff and vehicles that deal with significant volumes of waste wood from the private sector. Again, the challenge for a small community group is having the resources to deal with a large enough volume of good quality wood to generate an income.

Other Reuse & Recycling Suggestions

Pop-up Reuse Shops

A local 'pop-up shop' is an income generating opportunity that is becoming more popular with community groups. If there is an empty shop unit in your area, find out who owns the property and ask if it could be used as a short-term retail pop-up shop by the community. It is less risky than taking on a long-term lease and costs could be shared with a number of local community groups. It can be used to sell reuse and donated items as well as raising public awareness for your activities.

Upcycling & Repair

You can maximise the value of some donated items you receive by refurbishing and repairing them before looking to sell them on. You could go further and consider 'upcycling' or 'repurposing' some donated items into a something new and bespoke which can then be traded on.

Further Information and Advice

Community Resources Network Scotland – the membership body for community reuse & recycling
Recycle For Scotland – for general recycling advice

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► 11. Community Share Issues and Bonds

Community Shares and Bonds can be used to raise part or all of the finance needed for a project and are often linked to a physical asset; a building, land or renewable energy development. They can also work for a valued community service such as a shop, bakery or pub.

Crucially, there needs to be a sound business case before considering any form of equity or debt finance. Trading needs to be at a level to repay bonds or to allow people to withdraw their shares, as well as offering shareholders interest on shares (if this is offered in the investment prospectus) and bond-holders will usually expect interest on their loan. Before offering either bonds or a community share offer, organisations should seek expert, independent and professional advice.

CommunitySharesScotland, funded by the Scottish Government and BIG Lottery, can support organisations intending to do a community share offer (www.communitysharesscotland.org.uk). Check their website for information and training events throughout the year.

What are Community Shares?

Share issues are a way of obtaining long-term risk (or patient) capital. Community, or withdrawable shares, can only be offered through a community benefit society or a cooperative. Instead of the profits going to benefit individual members (as it would in a bona fide cooperative society), they are reinvested in the goods and services important to the community.

Community shares are a way for supporters, or customers, to invest in an enterprise that they want to save or to see developed. In turn, the enterprise is owned and governed by the members and shareholders.

A Community Benefit Society (CBS) is the most democratic of structures, enshrining a 'one member one vote' principle, regardless of how many shares a member holds (investments range from £25 to £10,000: there is an upper limit of £100,000 that any one individual can invest).

Since 2013 over £10 million has been raised through community shares in Scotland in over 20 successful share offers.

They are proving particularly helpful where there is a shortfall in development funding after all grant routes have been exhausted. They are also helpful to demonstrate to potential funders the level of interest, commitment and enthusiasm for a local project. In addition to the small amount of interest (which remains attractive when bank interest on savings is so low), investors who pay tax may be eligible for tax incentive schemes through HMRC. Depending on the activity, these may be available for up to 50% of the first £150K invested. Individual investors are responsible for claiming this back and an organisation can seek assurance of eligibility from HMRC prior to a share launch. This can be a very attractive investment incentive. (<https://www.gov.uk/guidance/venture-capital-schemes-tax-relief-for-investors>)

People invest in community shares largely to see goods and services developed in their community. They will also tend to get involved as customers and volunteers.

There is an asset lock in the rules of a CBS and a CBS can further enhance this by seeking charitable status, if the activities they are engaged in meet the Office of the Scottish Charity Regulator (OSCR) charity test. This obviously helps when accessing funding from grants and trusts that only give to charities, and for reducing an organisation's liabilities to rates and VAT (each case will be different and professional advice, particularly around the complex issue of VAT, is likely to be needed) <https://www.oscr.org.uk/guidance-and-forms/meeting-the-charity-test-guidance>

Again, Community Shares Scotland can advise on the governing rules and provide consultancy support for development and registration of model rules with the FCA (the Financial Conduct Authority).

A CBS is named, along with a CLG (Company Ltd by Guarantee) and a SCIO (Scottish Charitable Incorporated Organisation) by the Scottish Government in both the Community Empowerment Act (2015) and the Land Reform Act (2016) as being incorporated structures eligible for Asset Transfer and Community Right to Buy.

Bonds

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

Bonds capital is commonly loaned in smaller denominations, typically £50 or £100, and evidenced by a piece of paper, a bond, which promises to pay interest and return the capital to the bondholder on a set date. Bonds are usually transferable between third parties. Bonds are widely used by public authorities, credit institutions and companies, but are rarely used by smaller community enterprises – mainly because of the requirement to repay within a fixed period, and to pay interest. There are other disadvantages from a community investment perspective. Bonds do not provide for community engagement. Unlike shareholders, bondholders are not members, and they have no voting rights in the affairs of the society, so there isn't the same scope to engage bondholders in the business activities of the society as customers, volunteers or elected directors.

Bonds can also be more expensive, especially if they are issued with a high fixed rate of interest that turns out to be more than the cost of commercial debt over the same period. Bonds do not qualify for any personal tax incentive scheme. There are some situations where bonds may be appropriate. Because bonds offer greater security and certainty, they may be a more attractive financial proposition for investors. Registered charities cannot issue equity that bears dividends, so bonds may be an appropriate alternative, particularly if they do not want to change their structure to become a CBS.

Because bondholders have no voting rights, bonds may allow the core organisation or charity to retain control. A bond issue may work if you know you have a group of core supporters that can buy in and you need to raise money quickly. However, it is essential that a charity that issues bonds does not do so for an activity that is outside its charitable purposes.

Further advice: Community Shares Scotland A community shares support programme, funded by the BIG Lottery Scotland and the Scottish Government. The programme provides a comprehensive advice, information and support service to groups who are looking at developing community share offers. Web: www.communitysharesscotland.org.uk Tel: 0131 220 3777

Appendix 1:

Sources of further information and guidance

Institute of Fundraising

The key place to go for fundraising advice - has Scottish Special Interest Groups on topics such as Corporate Fundraising and Individual Fundraising alongside resources, videos and guidance on all areas of fundraising

<http://www.institute-of-fundraising.org.uk/>

Code of Fundraising Practice

The Code covers all areas of fundraising and applies to all fundraising carried out across the UK.

<https://www.fundraisingregulator.org.uk/code>

CAF Fundraising Fundamentals

This online toolkit will help you put the foundations in place for an effective fundraising strategy.

<https://www.cafonline.org/charities/fundraising/fundraising-fundamentals>

Know How Non Profit

Free website and lots of 'how to' guides and a forum for asking the experts

<http://knowhownonprofit.org/funding>

Third Sector

Weekly magazine and easy to navigate free website with access to many articles on good practice and latest fundraising research and insights

http://www.thirdsector.co.uk/go/fundraising_good_practice/

Third Sector Interface

Each local authority area in Scotland has a Third Sector interface that can provide fundraising support and advice to community groups, charities and social enterprises

SOFII: The Showcase of Fundraising Innovation and Inspiration

Really useful free searchable collection of fundraising campaigns and materials

<http://www.sofii.org/>

SCVO

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

<https://scvo.org.uk/running-your-organisation/funding>

Tiny Essentials of Fundraising

Short and very accessible series of books on a range of fundraising topics, including fundraising strategy and major donor. Published by White Lion Press. Available from Directory of Social Change website amongst others <http://www.whitelionpress.com/WLPTiny.html>

HMRC – for guidance on tax and VAT <https://www.gov.uk/vat-charities>

OSCR www.oscr.org.uk -for registered charities

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

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



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