

The Sustainable Funding Project

The Sustainable Funding Project is the sector's premier provider of tools and resources, encouraging and enabling voluntary and community organisations to develop and implement a sustainable funding income strategy.



www.ncvo-vol.org.uk/sfp

The Sustainable Funding Project

- Workshops, training and events
- Publications
- Consultancy & direct support
- Working with infrastructure organisations
- Public Service Delivery Network

www.ncvo-vol.org.uk/sfp

The Sustainable Funding Beacons

SFP is working with six umbrella organisations to help embed the sustainable income approach amongst frontline voluntary and community organisations.



Tameside Third Sector Coalition

Nottingham CVS

Herefordshire Voluntary Action

CommUNITY Barnet

CVS South Gloucestershire

Community First for Portsmouth



Aims of today

- **The Sustainable Funding approach**
- **Income options available to the voluntary sector**
- **Benefits and challenges of different funding streams**
- **What makes an organisation financially sustainable**
- **Identifying skills and knowledge gaps**
- **Next steps and practical help on the road to sustainability**



What is sustainable funding?



The 'three Ss' of sustainable funding

Stable

Suitable

Sufficient

Keep an eye on the future

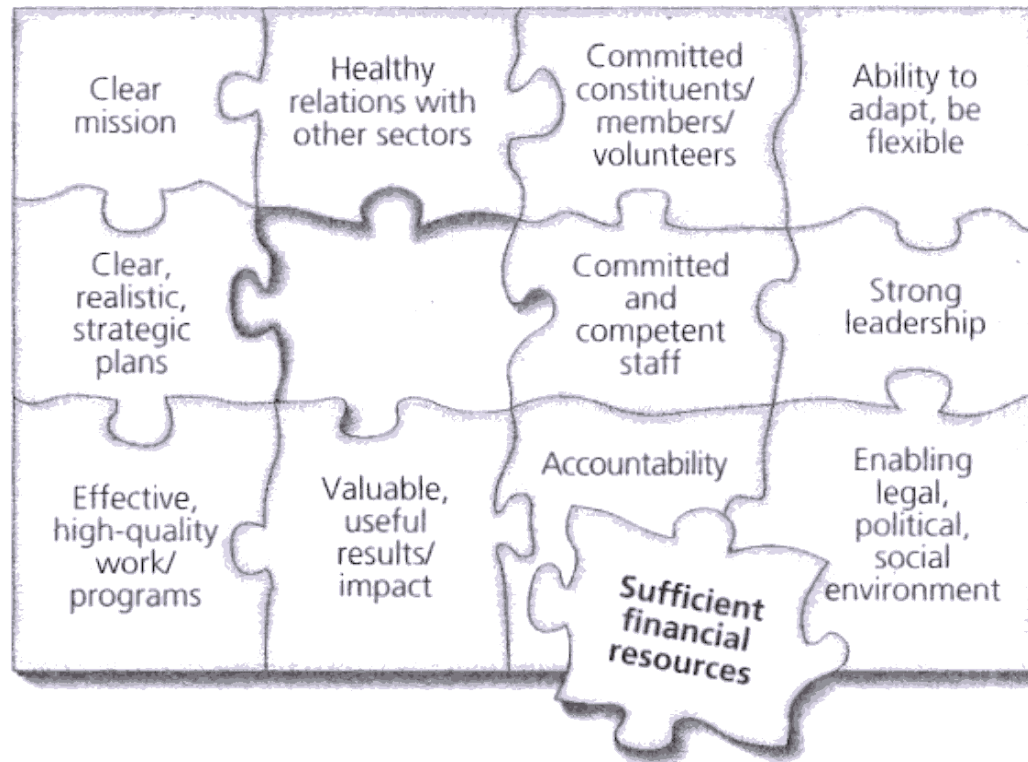


How will you respond to future changes in the funding environment?

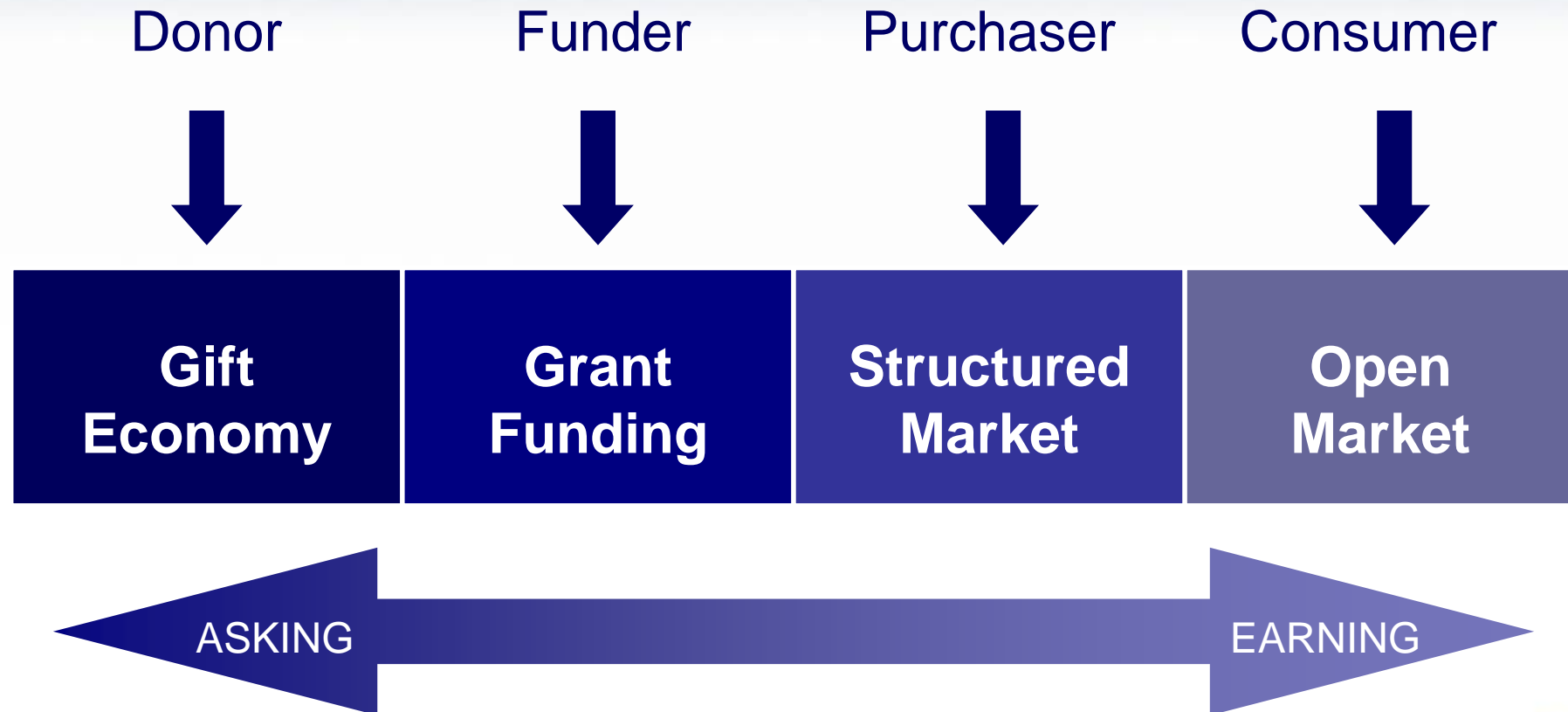
- Funding cuts
- New philanthropy
- Social investment

Money is important but...

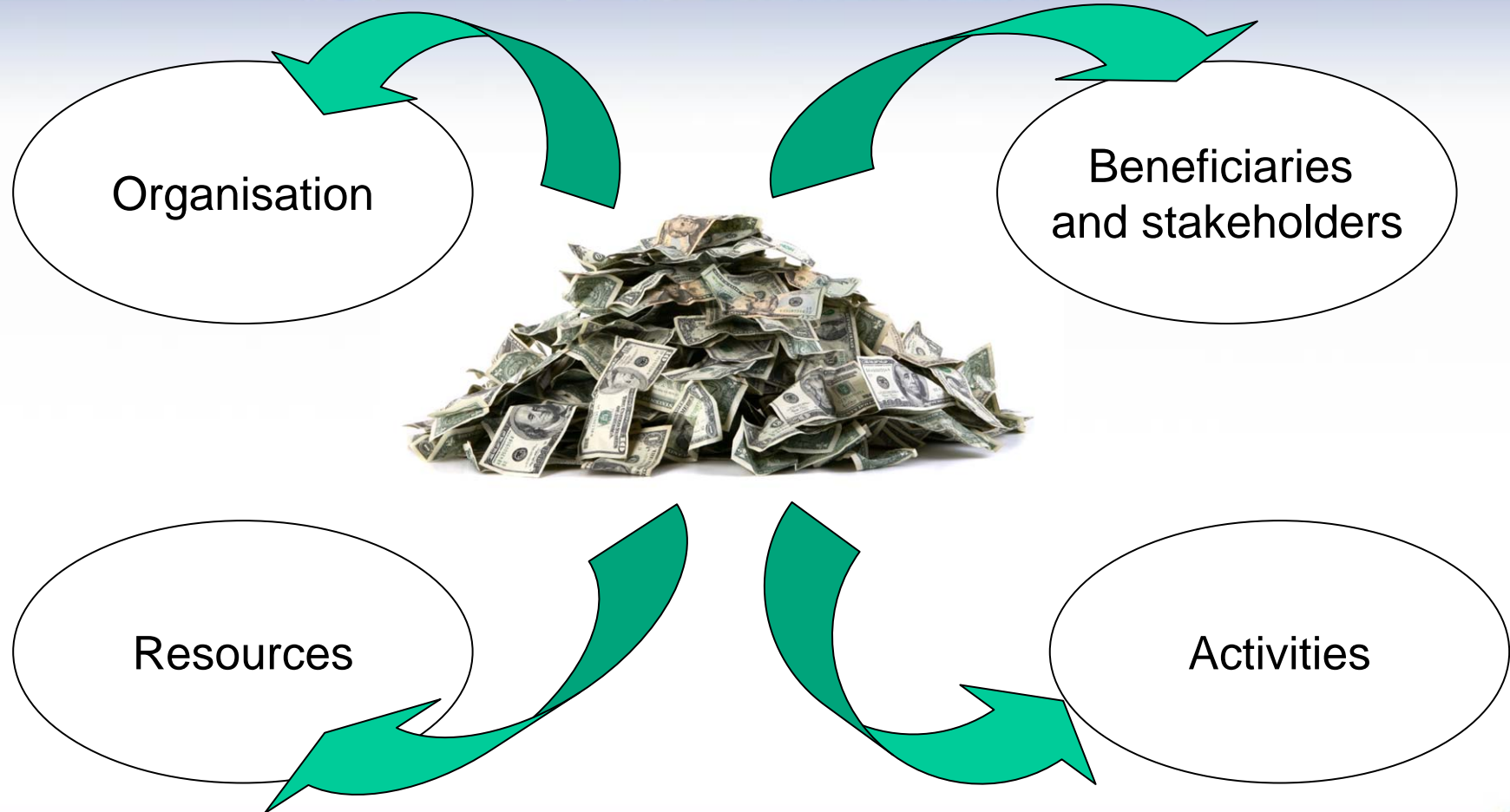
...it is only one piece of the puzzle



Funding streams and relationships



The impact of new income streams



Gift economy: benefits and challenges

Benefits

- Unrestricted income
- Lots of different potential supporters
- Could help recruit ambassadors for your projects
- Builds long term trust relationships with supporters
- Service users can engage in fundraising and 'give back'

Challenges

- Unreliable – can be high risk
- Takes a long time to build up donor base
- Fundraising effort can cost more than money raised
- Can be competitive
- Requires relationship management to retain donors

Grants: benefits and challenges

Benefits

- Often paid in advance
- Promotes monitoring and impact reporting
- Longer term grants offer 'breathing-spaces'
- Helps to raise profile as you can use funder's logo on publicity
- Potentially small amount of work for high return
- Can often keep surplus

Challenges

- Risk of complacency or dependency on one funder
- Application and reporting can be complicated and time-consuming
- Competitive
- Restricted income – have to stick to agreed outcomes
- Risk of 'mission-drift' when chasing funding
- Requires robust structure

Structured market: benefits and challenges

Benefits

- Promotes good financial management and budgeting
- Can build up relationship with commissioning body
- Can make a surplus (costed into budget)
- Lots of different sources
- Highlights commercial viability to other funders
- Promotes collaboration and new partnerships

Challenges

- Tender process is competitive, complicated and time-consuming
- May not be paid if service is not delivered to agreed standards
- Often restricted income
- May require new skills (e.g. tendering)
- Requires robust structure
- Need identified by external agency

Open market: benefits and challenges

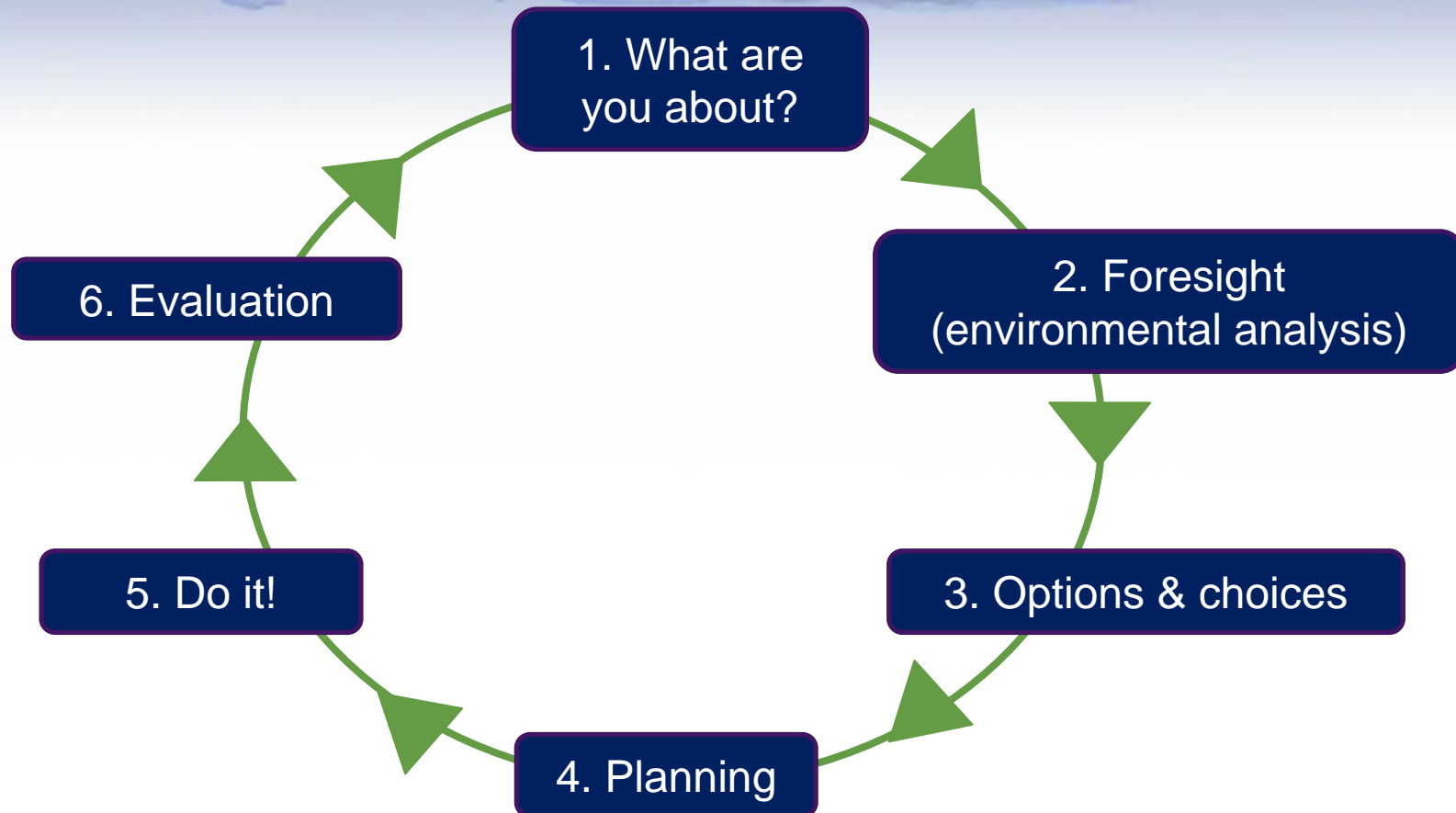
Benefits

- Unrestricted income
- Helps you to reengage with users or new customers
- Promotes good business management and planning
- Self-sufficiency and sustainability
- Promotes innovation
- Promotes quality checking

Challenges

- Risk of 'mission-drift'
- Risk of negative perception of your organisation
- Involves greater financial risks
- May require new legal structure and / or new skills
- Requires saleable product or service
- Requires robust structure

Forward planning

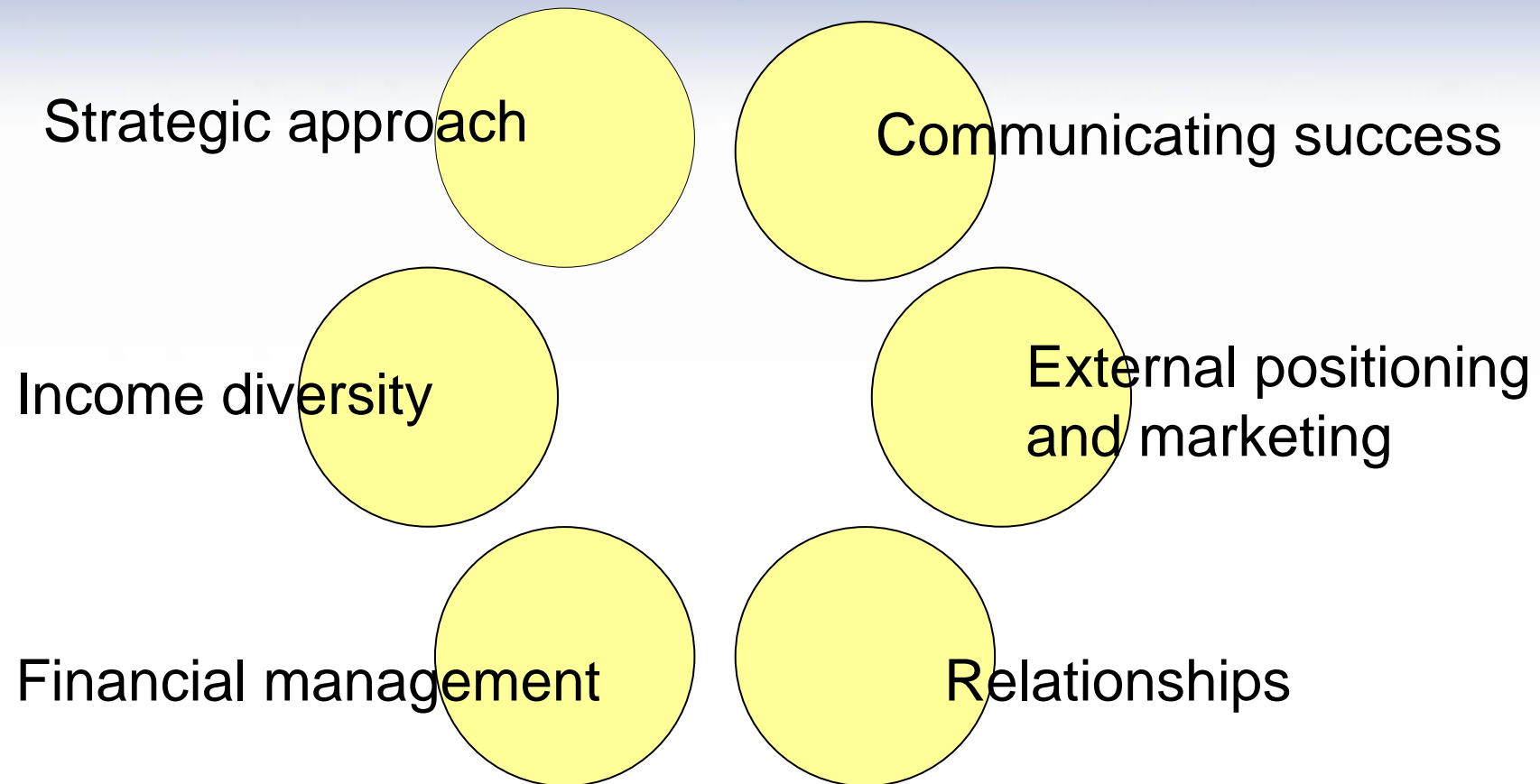


Costs and Strategy



Project costs
+
Overhead costs

Key areas for financial stability



Sustainable Sun Needs Analysis

A A STRATEGIC APPROACH TO FUNDING

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2 We react to situations: if a plan exists it isn't shared or understood. We may make decisions in response to available money or personal interests, rather than mission.

3-4 We are frustrated by the lack of a plan or big picture of where we are heading, but are not sure how to be strategic about funding, especially within a changing context.

5-6 We have a clear mission and aims and are developing a planning process. We are working on how to assess and choose funding options more strategically.

7-8 We have a strategic plan and can identify risks and evaluate decisions strategically, but there are gaps and room for improvement. We are good at finding appropriate funding and reject funding that is not right for us.

9-10 Our mission is reflected in our work, values and ethos, and guides how we raise funds and what we use funds for. We plan strategically and our plans are flexible and regularly reviewed in a clear, transparent, inclusive process.

B INCOME DIVERSITY

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2 We rely on one source of income, or are dependent on inappropriate or costly income streams. We get caught off guard when funding ends, or treat repeating crises as normal.

3-4 We are concerned about the cost and/or vulnerability of our funding. We want to find new sources but lack the skills or are not sure what to do.

5-6 We are actively exploring new forms of income generation and investing in the skills needed. New ventures and approaches take time to establish so our income is vulnerable.

7-8 We have a range of income streams that are appropriate to our mission, and vary in how they are generated, level of risk, and timing. We have or are developing the skills to support new income streams, and planning exit strategies for those streams seen to be at risk.

9-10 We have multiple income streams, with a range of sources of income, levels of risk, timing, and costs. We are entrepreneurial, flexible and innovative in response to market changes and challenges.

C FINANCIAL MANAGEMENT

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2 We don't have clear records or controls for cash, income or expenditure. We may not know what assets need to be looked after, or when current funds will run out.

3-4 We have basic bookkeeping for income and expenditure, but need proper budgets and financial information to support our work.

5-6 We are in the early stages of budgeting and planning so that we can better review costs, manage expenditure alongside income, and forecast cash-flow.

7-8 We have up-to-date accounts, financial records and budgets and use them well. Improvements may be needed in some areas, e.g. costing new projects, assessing funding risks such as payment by results and lead in times for new ventures, and managing an active reserves policy.

9-10 We keep accurate and reliable financial records, budget and regularly review current and future risks and look after our assets securely. We use financial information effectively to plan for the future, manage risk and to inform and support income generation.

D COMMUNICATING SUCCESS

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2 We do not have plans to measure the results of our work: it is considered too difficult, or we do not see the need.

3-4 We can count what we do, and want to measure outcomes to demonstrate that we make a difference, but don't know how to or we lack the tools.

5-6 We gather some information about outcomes but need to improve how we do this, and may be investing in training. We are in the early stages of working out what the information tells us and our funders.

7-8 We mostly measure outcomes and analyse the data but need to improve how we use the information to learn internally and communicate externally. Starting to identify and address potential risks of this approach (e.g. staff wanting to work with "easier" service users).

9-10 We identify and plan for intended outcomes at the project development stage. We measure outcomes, use the data to review our progress, and learn and adapt what we do accordingly. We communicate how we make a difference and meet needs to those we work with and existing and potential supporters.

E EXTERNAL POSITIONING AND MARKETING

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2 We haven't given much thought to how we let people know about us or how we come across to the outside world.

3-4 We need more people to know about us or what we do, because we are missing out on funding, referrals and opportunities. But we lack the money or skills, (or marketing seems full of jargon and not right for us).

5-6 We are finding ways to get more people interested in our work and communicate to wider audiences. We are working out how to distinguish ourselves from other organisations that appear similar.

7-8 Mostly people who need to know about us do. We are good at saying what we do and how we are different, but we could be better at communicating to different audiences, forecasting external risks and adapting what we say as the context changes.

9-10 We clearly communicate who we are, what we do, and how we are different. We target our marketing effectively so we reach those we aim for. We regularly review how our marketing is working and adapt it as things change.

F RELATIONSHIPS

STAGE WHAT PEOPLE IN THE ORGANISATION MIGHT SAY

1-2 We only really talk to funders, commissioners or supporters when we need money. We don't have much contact with others in our field.

3-4 We need to communicate better with funders, commissioners or supporters and organisations which might work with us but we are not sure how to do this.

5-6 We are trying to improve relationships with funders or commissioners and tailoring communication with supporters. We are networking more and may be beginning to find possible collaborators.

7-8 We are improving our relationships with funders, commissioners and/or supporters and see this as important for income generation. We are also involved in some collaboration or are actively exploring potential collaborations, for example putting together joint bids.

9-10 We have a strategic approach to building relationships, networks and collaborations, investing time as needed, and monitoring our effectiveness systematically, so that we have the relationships we need for financial sustainability and to achieve and sustain our mission.

HOW TO USE THE TOOL

This tool is designed for you to complete as a team or individually. First familiarise yourself with the Ten Steps to Sustainability described on the inner back cover. Then look at each scale and decide between you which stage of the journey fits your organisation best at the moment. Within each of the five stages the first number indicates that your organisation is just at the start of that stage and the second that it may be nearly up to the next stage.

Mark your score for each scale on the sun sheet, then join up the dots and see what shape you are in. The further your points are from the centre of sun the better - are there any areas where you are still too hot for comfort?

Example (Communicating Success)
'We have just started measuring outcomes in one of our projects, but haven't got very far with it' would be a 5.
'We have completed a pilot project and are learning how to interpret the data we have collected' would be a 6.

The open market in action



[BrightKidz High Visibility Waistcoat \(UK\)](#)



[BrightKidz Waistcoat \(Import\)](#)



[Bright Basics Waistcoat \(Child\)](#)



[High Vis Family Travel Pack](#)



NEW!
[High Vis Rain Poncho \(Child\)](#)



[Eco Rain Poncho \(Child\)](#)



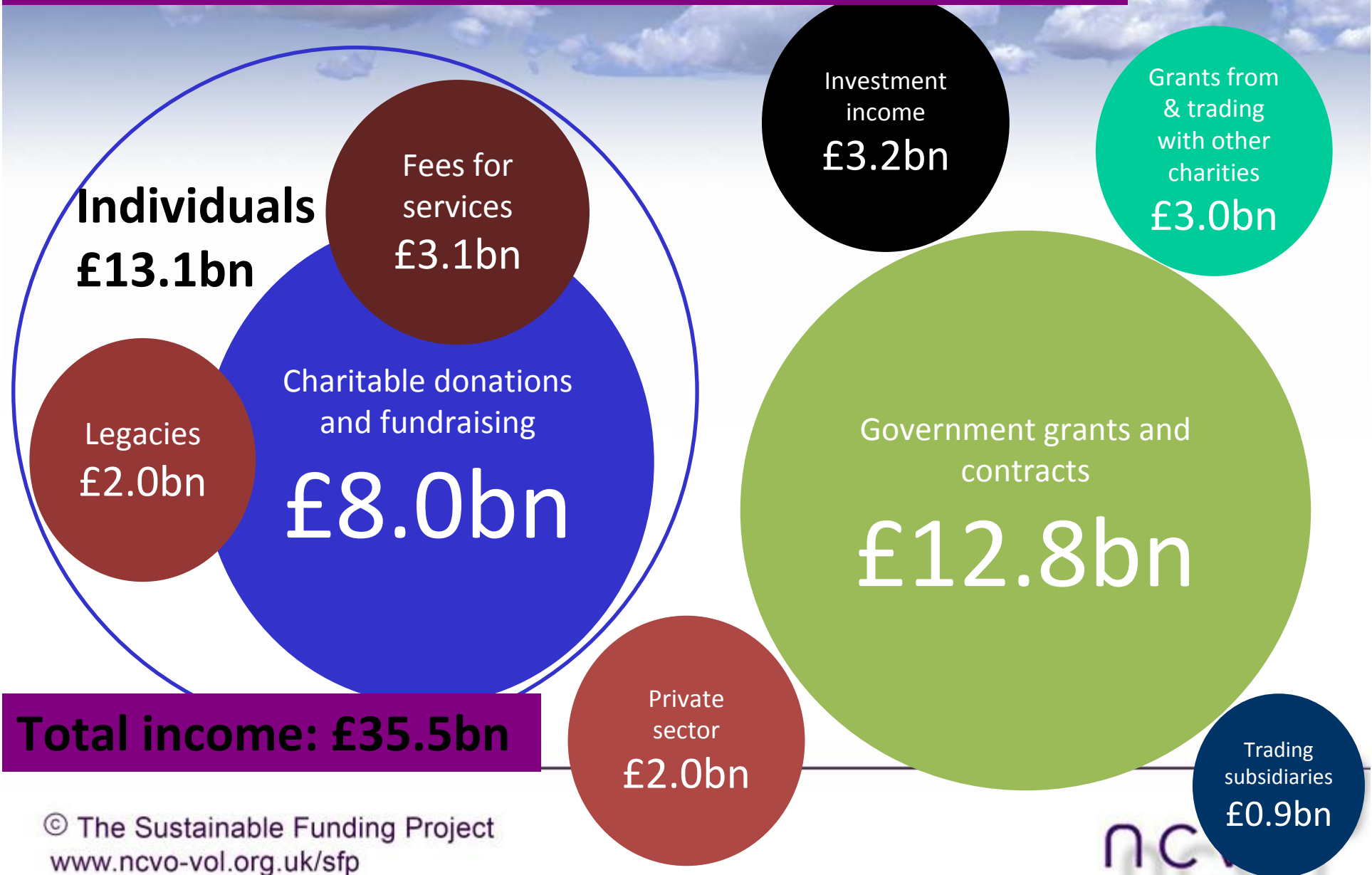
[Training Tabard](#)



[Waterproof Jacket](#)



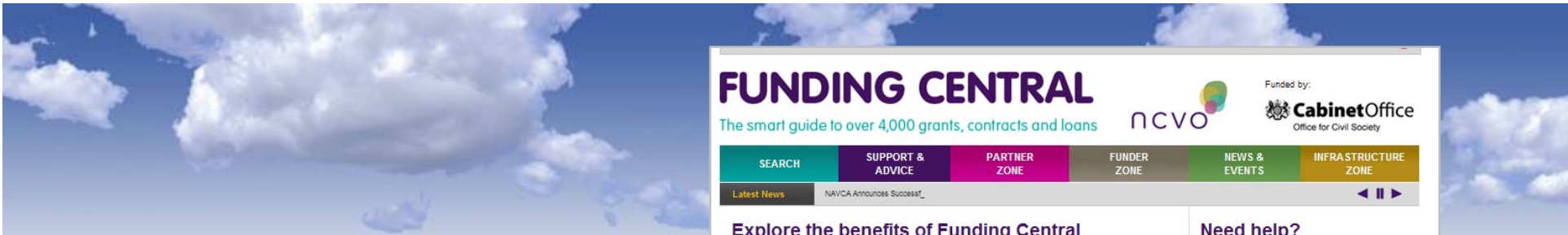
Where does our money come from?



More Sustainable Funding trainings

- **Sustainable Funding: Make it happen** - helping organisations move from theory to action
- **Grow Your Own...Income** - a practical workshop turning trading ideas into reality
- **Before Signing on the Dotted Line** - an introduction to tendering and procurement
- **Tendering for Better Services** - a unique training event for commissioners and voluntary sector providers
- **Innovation** - we also offer bespoke and off-the-shelf innovation training days.





FUNDING CENTRAL

The smart guide to over 4,000 grants, contracts and loans

ncvo  Funded by:  Cabinet Office
Office for Civil Society

SEARCH SUPPORT & ADVICE PARTNER ZONE FUNDER ZONE NEWS & EVENTS INFRASTRUCTURE ZONE

Latest News NAVCA Announces Success...

Explore the benefits of Funding Central

Funding Central is a free website for charities, voluntary organisations and social enterprises. The site provides access to thousands of funding and finance opportunities, plus a wealth of tools and resources supporting organisations to develop sustainable income strategies appropriate to their needs.

1

See what Funding Central can do for you:

Need help?

Watch our video



Learn how to get the most out of the features on the site - [watch our short video](#).

Did you know you can also receive our latest information via RSS.

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 - Support for infrastructure
 - Tools and resources
- Coping With Cuts
- Addressing Needs
- Strategy and impact
- Public service delivery
- Governance and leadership
- Compact Advocacy Programme
- Campaigning and influencing policy
- Collaborative working

Income sources





View Edit Revisions

Maintaining diverse and durable funding streams is key to achieving sustainability.

In this section you can find out about the different income sources that may be available to your organisation – don't forget, they are underpinned by good [planning](#) and [financial management](#).

First steps
Before you start, you may want to read our [introduction to fundraising](#), introducing the key themes that you need to be aware of when building a fundraising strategy.

The income sources
Ready to learn more? We think of income sources on a spectrum – from asking, on the left, to earning, on the right and we have produced a handy tool to help you analyse your organisation's income and think about the different demands of each income source – download the [Income Spectrum Tool](#) or click on the links below for more information about each income source.

			
'Gift Economy'	Grants	'Structured Market'	'Open Market'
Unrestricted donations	Subsidies for specified activities	Contracts, often to deliver public services	Trading goods or services

You might also be interested in learning about:

www.ncvo-vol.org.uk/sfp