

Funding sources - pros and cons

Funding sources analysis

This gives an overview of your options when looking for funding. All fundraising takes time and requires proper planning if you are going to be successful. To find out more email fundadvice@cvsnewcastle.org.uk

Trading

Pros

Profit/ Surplus = unrestricted income

Can try a number of ideas

Using a trading arm to fund charitable work is a well-established model

Can be ongoing and regular

Can try a variety of methods

Cons

Profit/ Surplus = not guaranteed you do have to work for it!

It could distract time and/or attention from your organisational aims

There is a risk breaching the powers of your constitution unless you use a trading arm

Can be risky unless you trade in your main areas of expertise only

Delivering services through contracts and commissioning

Pros

A form of trading so any profit/surplus = unrestricted income

Opportunity to deliver services that suit your beneficiaries

Can build credibility with Local authority

Chance of repeats

Cons

Tendering process not always clear and can require quick action

It is your responsibility to ensure you make a profit or at least have contingency built in

Sometimes the money on offer is insufficient to deliver the work in the way you prefer

Payment often in arrears

DIY/Community/Public fundraising

Pros

Unrestricted income

Opportunity to engage others enthusiasm in raising funds

Huge range of potential activities: race nights to tea dances; sponsored silences to fantasy football; talent shows to table top sales; raffles to auctions; bag packs to coin collections

Potential for gift aid for some activities

Useful PR tool

Potential for wide reach with online fundraising (especially if you come up with a gimmick that captures public imagination)

Cons

Time intensive

Legal/ ethical implications need to be considered

Potential to distract from main cause

Crowd funding

Pros

Can be an effective way to finance a specific project (people pay in advance for an end product/ project/ event). It has been used with success for many creative/arts projects including books, CDs and films with copies of the end product and VIP invites to launches on offer in return for investment,

There are a number of crowd funding platforms available

Cons

Marketing and promotions needs careful thought and planning

You need to take time researching the platforms

Loan finance

Pros

Can be used to get a capital project moving quickly or to manage cash flow

Cons

You must be able to pay it all back, including interest

Donor/Membership Development**Pros**

Unrestricted Income

Potential to be developed to be ongoing and regular

Can include different ways of donating on website

Gift Aid can increase benefits

Cons

Time intensive to set up, promote and maintain

Needs to be right type of cause (ahh factor is important)

Lottery**Pros**

Funding could be for up to 5 years

Range of programmes from Big Lottery, Heritage Lottery, Arts Council, Sports England etc

Easy to access info

Cons

Restricted income

Expectation that work will be sustainable from elsewhere after grant

Competition is fierce

Time consuming application and monitoring process for some programmes

Trusts and Foundations**Pros**

There are a lot of them so you are likely to find one whose criteria you fit

Funding can be for up to 3 years

Wide range of application processes, closing dates etc

Cons

Restricted income

Often look for innovation and many give one off grants only



Some don't have clear policies and can take time to get decisions

High levels of competition for many funds

Might have to wait for period of time before reapplying

Companies/Corporate sponsorship

Pros

Once established can be long term partnership

Right partnership can build credibility

Potential for Gift Aid

Cons

Drawbacks

Labour intensive to set up and maintain

More likely to suit higher profile charities

Have to take care that the company fits the charities ethos

Public sector (including Europe)

Pros

Funding available for specific issues/areas

Europe offers a number of different options

Cons

Moving away from grant funding/ less money available

Monitoring for European funds is onerous and must be factored in when planning

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