

VAN Briefing

The voice of the Voluntary Arts

Trustees and fundraising

As most people who work within the voluntary arts sector will know, finding the funds to keep your organisation going can be very challenging. With the amounts available from national arts funding streams decreasing, there is increasing reliance on, and competition for, funds from other sources. These include membership subscriptions, attendance fees and public donations, funds raised from grant-making trusts and business sponsorship.

No matter who is tasked with the day-to-day business of fundraising within your organisation, as a trustee or committee member you are ultimately responsible for its overall financial health and for minimising the risks involved in relying too heavily on a single source of funding. It is your job to ensure that the fundraising strategy of your organisation is sustainable in the long term.

So if you are a trustee or committee member, chances are that fundraising will be high on your agenda sooner rather than later. Whether you have to do the fundraising yourself, or have staff to do it, this briefing aims to give you an overview of your role in relation to fundraising, and how to address the issue strategically.

A. The trustees' perspective

As a trustee or committee member, it is important for you to have an overview of what your organisation does, what its priorities are, and how it will go about resourcing that activity. Whether or not you are directly involved in finding the funds,

as a trustee or committee member you have specific responsibilities – and therefore interests – in the fundraising carried out in your name. Your interests can be summed up in three R's:

- **Resources** – trustees and committee members often have the ultimate responsibility for the finances of their organisation – you need to be confident that your organisation will have enough funds to support its work.
- **Risk** – trustees and committee members have to report on major risks and how they are being managed – over-reliance on one form of income could well make the organisation (and yourself) vulnerable.
- **Reputation** – as a trustee or committee member, you shouldn't just be interested in the viability of your organisation today, or meeting this year's targets – you should be looking to its sustainability in the future. Quite often fundraising activities put your organisation in the public eye, and can build or damage its reputation accordingly. *How* you fundraise can be as important as *how much* you raise.

Taking responsibility – without treading on toes

If you have employed paid staff or volunteers to fundraise, then you may feel that you should allow them to get on with what they are tasked to do. On a day-to-day basis, this is quite right, and they won't thank you for breathing down their necks. However, you retain the responsibility for the organisation as already mentioned, so you need to maintain some two-way communication and monitoring of fundraising activity and achievements. The following table is intended as a helpful guide to the sort of things trustees or committee members will retain responsibility for, and what is the responsibility of paid staff or volunteers tasked with fundraising.

	Board/committee responsibility	Fundraising staff/volunteers' responsibility
Planning	Agreeing an overall fundraising strategy as part of setting a realistic business plan	Providing accurate and thorough information to the board or committee as part of the business planning process; may also be involved in creating the strategy
Staffing	Making sure you have staff/volunteers with the appropriate skills and expertise (or if you don't employ staff, ensuring there is expertise/access to expertise on the board or committee)	Keeping skills and knowledge up to date through continuous professional development; employing suitable senior and junior staff/volunteers and managing them appropriately

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	Board/committee responsibility	Fundraising staff/volunteers' responsibility
Monitoring	Ensuring that fundraising goals are realistic, and that progress is reported	Flagging up difficulties and obstacles to over-ambitious fundraising goals; putting plans and activities into place to try to achieve agreed goals; regularly reporting progress, especially if goals have to be revised
Compliance	Ensuring that the legal obligations of the organisation are complied with	Complying with the legal obligations around fundraising and ensuring that all staff/volunteers and contractors are trained sufficiently to do so
Championing	Supporting the staff/volunteers in maintaining the longer term reputation of the organisation, through adhering to best practice principles	Developing awareness of the principles of best practice in fundraising, and championing these in the team

B. Strategies for sustainable fundraising

Sustainability is a great buzz-word at the moment, and it's an important one. What happens when that one pot of money you relied on is empty or taken away, or ticket sales don't cover all the costs? Finding and latching onto a single source of funding is a dangerous route. To be truly sustainable, you have to be strategic – that means looking ahead not just one year, but three and five years, taking into account possible external and internal trends and constraints that might affect your organisation. For example: the demand for your organisation's activities and the cost of providing them; changes in legislation or arts and social policy; new technology or the wider economic picture. The potential impact on voluntary arts sector funding by the 2012 Olympic and Paralympic Games is a case in point.

Too often fundraising can slip into fire-fighting mode – finding funds at the eleventh hour to continue a project, or only taking up piecemeal projects when funding has been found. This is stressful and de-motivating for paid staff, volunteers and beneficiaries alike, and leaves the organisation with no clear sense of direction. Without taking the time to step back and think about the wider funding picture, organisations might find that they miss the best funding opportunities, since potential funders will not be filled with confidence if they find there is no well thought through long-term funding plan.

1. Planning

It's worth taking a regular, strategic look at your funding. Carrying on the way you always have may have the benefit of comfort and familiarity, but you may miss out on more than you'd expect. Regular reviewing will also prevent you from finding yourself on the brink of disaster.

Fundraising possibilities and constraints have to be an integral part of your overall business planning. So when you make decisions about your organisational strategy you also need to consider how you're going to fund it. Trustees or committee members and the paid staff or volunteers tasked with raising funds need to be clear about what funds the organisation, what it wants to achieve, what it needs, and what the money will be spent on. You need to know what you want to achieve in order to know how much you need to raise and who's likely to support various activities. For example, if you want to expand your activities, or even market the ones you are already doing, where is the money going to come from, and what impact will

the change in emphasis of your activities have on the organisation and on those likely to fund you?

At the same time, what you do can affect your ability to raise funds – some causes are more attractive to funders than others. Involving everyone at an early stage, and pooling the knowledge and experience of your trustees or committee members with that of your paid staff or volunteers, along with any outside help you can get, will help to ensure you have a well-rounded and robust plan, with reliable fundraising methods and realistic targets with no surprises. You need to ask probing questions and really test how robust the plans and projections are.

Don't forget to plan for the cost of raising the funds – it can be a false economy to cut back on investment in this area. And make sure you keep a close eye on the returns from that investment over the agreed periods of time, to make sure that it is paying off.

As well as your main activity and income plan, ensure you have a contingency budget – what will you do if projected levels of income are not achieved, or achieved later than hoped for? It is risky to spend money you haven't yet raised, so many organisations set their forward budgets based on last year's income to ensure they don't grow their activities too far ahead of actual income to support them.

2. Monitoring

If you have paid staff or volunteers tasked with fundraising, they won't thank you for micro-managing or constantly looking over their shoulders, but if you've agreed timescales for reaching certain milestones then the board or committee should receive regular reports to update on progress achieved. Additionally, any major changes in the funding environment should be reported to the board/committee. If you are well informed of progress, you are in a better position to question and plan for contingencies in a measured and timely way, thereby avoiding the stress of crises!

Look at all your current sources of income, and see if there are any you are particularly reliant upon. How much of a risk might this pose for your ongoing activity? If you have one major funder, what will happen when the funding runs out, or if the criteria change?

3. Sources of funding

How you obtain funding can have an impact on what you do. If you are dependent on contract or sponsorship funding, for example, you risk having the organisation's direction set and



limited by the constraints of the contracts. Income from membership subscriptions or trading, on the other hand, could give you unrestricted income, giving you more freedom to decide what priorities to fund, or whether to invest in innovations or take more creative risks.

You may also need different types of funding at different stages of your organisation or programme development – grant funding might finance early stages or capital projects, but for continued funding you may want to build more regular income through membership schemes, corporate sponsorship, or even trading.

Developing a range of income sources can help to spread the risk and provides a cushion to enable your valuable work to continue while other funding is sought. It can also help to balance your organisation's sense of direction avoiding the 'chasing funding' approach to activity planning!

If you have a regular stream of self-generated income, a loan may be one strategy you could investigate to get the project off the ground.

4. Staffing

As part of your planning, both for your activities and the fundraising to support them, you or your senior staff (if you have them) should review the existing skills and knowledge within the organisation, consider what you need to achieve your goals, and identify where there are gaps. If you are developing both your activities and your fundraising base, you may need to invest in paid staff and/or volunteers (whether through training or new recruits) to ensure you have the appropriate skills to help you achieve the income levels you need. For example, you may need people with marketing or event management skills, negotiating skills, or good relationship builders.

Being tax-effective

In the UK, GiftAid offers an extra 28 per cent of the value of donations received by charities. To see if it might suit your organisation, go to the Giving Campaign website or the tools and resources on the Tax Effective Giving part of the Institute of Fundraising website (see *contact details on back page*).

C. Compliance

There are certain laws and regulations surrounding the money matters of voluntary arts organisations, especially if they are registered charities. This can include many fundraising activities – because you may be taking money from public funds, and because sadly there are unscrupulous people who will take advantage if the activity isn't regulated. As a trustee or committee member you need to be aware of the key areas of law likely to affect fundraising. The following is by no means exhaustive – and you don't need to be an expert on the legislation, but you do need to be confident that the board or committee and the staff are competent and aware of the requirements that apply to the activities being carried out in your nation.

- **Charities** – if you use professional fundraisers or raise money through arrangements with commercial partners (e.g. selling products, with the incentive of a proportion of the sales price going to your organisation), there are

regulations relating to what the contracts should contain, and how the relationship should be relayed to the public in the form of a public statement.

- **Data protection** – if you have a database of supporters or potential supporters, or collect any information on members of the public (for example for the purpose of reclaiming GiftAid), then you need to make sure the organisation complies with the requirements of the data protection legislation in your nation.
- **Alcohol and entertainment licensing** – many fundraising events will involve musical performances of some kind, and may involve the sale of alcohol – in which case you need to make sure that they are covered by any necessary entertainment licenses applicable in your nation.
- **Lotteries and amusements** – likewise, fundraising raffles and lotteries need to comply with the relevant legislation for your nation.
- **Public collections licensing** – if you undertake collections in public, whether on the street or door-to-door, whether cash or direct debits (face-to-face fundraising), you will need a Public Collections license (usually issued by your local council) and to comply with other regulations, such as the Police Factories and Miscellaneous Act 1916 (UK) and the House to House Collections Act 1939 (UK). Both these acts and the licensing provisions have been updated in the Charities Act 2006 (England and Wales), but the new provisions are unlikely to come into force before 2009, so the old law still applies.

Championing best practice

Signing up to best practice in fundraising is about a commitment to going over and above compliance with the minimum letter of the law. It's about striving to be the best that you can be, maintaining a positive reputation, respecting prospective funders, buyers, sponsors and donors, and not jeopardising public confidence.

There is now a self-regulatory body for fundraising in the UK, the Fundraising Standards Board (see *contact details on back page*), which gives charities a chance to demonstrate their commitment to best practice by signing up to the Fundraising Promise, a public declaration of key principles of best-practice behaviour.

Remember, you don't have to go it alone! Funding and fundraising are huge and important areas of activity for most organisations. It can seem daunting at times, but don't forget to use the many resources available to you:

- **Find someone who can** – ask around; use the fundraising experience in your own organisation, including that of paid staff, volunteers and trustees or committee members; employ a fundraising consultant or find a consultant who is willing to volunteer to help you.
- **Networking and peer to peer support** – often offered through existing networks at local, regional and national level (see *contact details on back page*). These offer a good place to raise specific questions about your own situation and what you should do as a trustee, as well as to share your own experiences for others to learn from.
- **Literature and websites** – there is a lot of information out there, but pick and choose as often it is quite detailed and technical and aimed at professional fundraisers.



Further Resources

VAN briefings

These are available to download for free from the VAN website at www.voluntaryarts.org/briefings:

- 69: *What do trustees do? Part I – An overview*
- 70: *What do trustees do? Part II – Managerial, legal and financial roles and responsibilities*
- 87: *Applying to trust funds*
- 91: *How to write a successful funding application*
- 110: *Whose Board? Whose Agenda? Including disabled and deaf people in your management committees*
- 112: *Why should I become a trustee?*

Publications and websites

- *Trustees Guide to Fundraising* – on the Institute of Fundraising website – www.institute-of-fundraising.org.uk
- *Tax-effective giving* – from the Institute of Fundraising at www.tax-effective-giving.org.uk and on the Giving Campaign site www.givingcampaign.org.uk
- *Introduction to Fundraising* – from the National Council for Voluntary Organisations website – www.ncvo-vol.org.uk
- *Introductory Pack on Funding and Finance: Guide to Fundraising* – from the Finance Hub and NCVO – www.financehub.org.uk
- *DIY Committee Guide* – online resources and guidance including 'Management Committee Responsibility' – www.diycommitteeguide.org
- *A Practical Guide for Board Members of Arts Organisations* – on the Arts Council/An Chomhairle Ealaíon website – www.artscouncil.ie

Networks and organisations:

- **Voluntary Arts Network** – has a network of nationwide voluntary arts umbrella bodies – www.voluntaryarts.org
- **Charity Trustee Networks** – an online forum for questions and discussion with other trustees, plus resources and advice on setting up your own networks – www.trusteenet.org.uk
- **Fundraising Standards Board** – www.frsb.org.uk
- **The Charity Commission for England and Wales** – www.charitycommission.gov.uk
- **The Office of the Scottish Charity Regulator (OSCR)** – www.oscr.org.uk
- **Companies House** – www.companieshouse.gov.uk
- **Fundraising Ireland (Republic of Ireland)** – www.fundraisingireland.ie
- **Revenue Commissioners (Republic of Ireland)** – www.revenue.ie
- **Companies Registration Office (Republic of Ireland)** – www.cro.ie
- **The Wheel (Republic of Ireland)** – www.wheel.ie
- **Northern Ireland Council for Voluntary Action** – www.nicva.org
- **Wales Council for Voluntary Action** – www.wcva.org.uk
- **Scottish Council for Voluntary Organisations** – www.scvo.org.uk
- **National Council for Voluntary Organisations** – www.ncvo-vol.org.uk
- **HM Revenue and Customs** – www.hmrc.gov.uk/charities

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Information contained here may go out of date and you are therefore advised to check its currency. Updated information may be available on the VAN website: www.voluntaryarts.org

Disclaimer: Reasonable precautions have been taken to ensure the information in this document is accurate. However, it is not intended to be legally comprehensive; it is designed to provide guidance in good faith at the stated date but without accepting liability. We therefore recommend you take appropriate professional advice before taking action on any of the matters covered herein.

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