Community Fundraising

What is community fundraising?

Community fundraising is about mobilising communities to support your cause. It is what many people think of when they think of the term 'fundraising' and can comprise events, bake sales, raffles, table sales, and much more! The basis of community fundraising is that a large audience gives small donations, and a key feature of community fundraising is that it is largely unpaid and carried out often by volunteers in the local community.

For all the popularity of community fundraising it is also one of the least cost-effective means of generating income for your cause. This is because the donor often gets something in return. For instance, for a charity raffle the organisation might have the outgoing cost of paying for the prizes; or the cost of booking bands and food for a fundraising ball. Only 1% of all charity income comes from community fundraising. So what other benefits are there?

Benefits of community fundraising:

Your group may have a certain amount of money that it wants to raise from community fundraising, but as mentioned above, this form of fundraising is not always cost effective, so what other benefits can it have for your organisation?

- It is an opportunity to raise awareness of your group in the local community
- It can help you to find new individual donors and volunteers
- It can help your group to build up credibility within your community
- It can be used to give recognition to donors and volunteers
- It can educate the public about your cause and your work
- It can provide unrestricted income for your organisation.

Good Practice from the Institute of Fundraising

For small groups, community fundraising is often an attractive proposition. Small groups have a strong relationship with the local community and community fundraising provides an opportunity to engage volunteers in a meaningful way and also build relationships with the communities that they exist to serve. But it shouldn't be assumed that fundraising in the community is without its own good practice. Community fundraising done badly can damage the reputation of the organisation, lose volunteers and potentially leave groups open to legal challenge.

Even for small groups that are not registered with the Charity Commission, abiding by good practice in fundraising is really important to protect the trustees and the name of the group. There is legislation such as the Data Protection Act, the Gambling Act, Equality legislation and Health and Safety requirements that any group holding an event that deals with the public should be mindful of. But this doesn't have to take the 'fun' out of your community fundraising. Knowing the key areas of good practice can ensure that you run a safe event that values volunteers and the principles of charity and protects the reputation of your group.

The **Institute of Fundraising (IoF)** writes the **Code of Fundraising Practice**, which represents good standards in all types of fundraising. Below are a few key points to keep in mind for good practice in community fundraising.

Events

There is a lot to take into consideration when running a fundraising event. See the Community Southwark **Fundraising Event Checklist** for more information. For full details of good practice to consider when running an event read the [IoFs Code of Fundraising Practice – events](#) page. Below are a few key points:

✓ If you are holding an event make sure the venue is accessible
✓ Carry out a risk assessment for volunteers and staff involved. Do you have a health and safety procedure?
✓ Make sure you have the necessary public liability insurance and any other insurance you might need
✓ Make sure you have the necessary licenses you need. You can obtain licenses from the local authority. The Southwark Website has more information: [Southwark Council Licensing and permissions](#). Some licenses need to be applied for up to two months in advance so make sure you allow enough time!
✓ All marketing materials should have clear details of the event and state how the money raised will be used.
✓ Sponsorship forms should state clearly if the sponsorship money is given subject to conditions (e.g. sponsored walk must be completed for organisation to receive money). If conditions apply and the event is cancelled, then all donors must be asked whether they are still happy for their sponsorship money to go to the organisation.

There is more guidance on running events here: [IoF events guidance](#)

Raffles and Lotteries

This area of fundraising is heavily regulated. Prize competitions and free prize draws are free from statutory control under the gambling act. For a raffle to be exempt from legislation it must meet the following conditions:

✓ The lottery MUST be incidental to a non-commercial event, where none of the sums raised is to be used for private gain;
✓ Tickets MUST only be sold during the event, on the premises where the event is held;
✓ The draw MUST take place during the event;
✓ The draw MUST not rollover; and
✓ Deductions from the profits going to good causes MUST NOT exceed £100 in costs and £500 in prizes.

Please note: the term MUST in capital letters above, denotes a legal requirement. Taken from [IoF Guidance Raffles and Lotteries](#)

If your raffle falls outside of the criteria above it may be classed as a lottery. If you want to carry out a lottery there is stricter regulation. You can find out more here: [IoF Code of fundraising practice](#)

Working with volunteers

If Volunteer fundraisers are paid anything more than out-of pocket expenses, they can be classed as professional fundraisers and then other conditions apply to how you work with them ([IoF Professional fundraisers and agreements](#))

Below are some key points from the [IoF fundraising Code on Working with Volunteers](#):

- ✓ Personal details of the volunteers must be stored safely and in accordance with the Data protection act.
- ✓ Volunteers should only have their out of pocket expenses reimbursed
- ✓ The health and safety of the volunteer should be considered.
- ✓ Organisations OUGHT to make it clear to all volunteers that anyone raising money MUST ensure that the organisation receives all that money.
- ✓ Where appropriate, organisations should check the suitability and credentials of volunteer fundraisers to act as responsible people on the organisation's behalf.

Recruiting volunteers: Volunteer fundraisers can be difficult to recruit. Spread the word amongst colleagues and the local community about what the work will involve and the time commitment.

Think about volunteer motivations: Why would someone want to volunteer with you. Is it to be a part of their local community? To try something new? Or to gain new skills? By knowing why someone is volunteering with you, you can ensure that they have a good experience

Being clear with volunteers: Volunteers should know exactly what their role is, the time commitment ad who they can speak to if they have any problems. They should also have a good understanding about what the fundraising event is for and what the funds raised will be going towards so that they can communicate well with the public. A good induction for volunteers can make sure that they have all of this information.

Looking after volunteers: Make sure that volunteers are familiar with the environment in which they will be volunteering, that they know where fire exists are and what to do in an emergency.

You can get advice about working with volunteers from the [Community Southwark Volunteer Officers](#)

Handling donations

In order to show good practice and to protect the reputation of your group it is important that money donated to the cause is handled correctly. Here are some key points from the [IoF Code of Fundraising Practice on handling donations](#)

- ✓ Records should be made of donations for specific purposes (certain appeals/projects etc) to ensure that you can ensure that the money is spent on what it was promised to be spent on.
- ✓ Professional fundraisers (those being paid more than out of pocket expenses) and commercial participators (business sponsors) must not make any deduction from cash received for the organisation. Other fundraisers must not make deductions from cash received unless agreed with the organisation.
- ✓ Expenses must be met (where previously agreed) by the organisation after receipt of the donation
- ✓ Under the model regulations for street collections, donations must be placed in **sealed collecting receptacles**. It is not necessary to give a receipt.
- ✓ Cash should be banked as soon as is practicable. To aid this, organisations should have a procedure on banking donations, such as who does it and when.

- ✓ Cash ought to be collected, counted and recorded by two unrelated individuals, wherever possible. (Collection boxes MUST only be examined and opened by the promoter of the collection (.e.g. a charity's fundraising manager) and one other responsible person or by an official of a bank).
- ✓ Children under 16 should not be left with overall responsibility for handling money and/or responsibility for counting collected money.

Making sure you raise some funds!
So how can you make sure that your community fundraising is cost-effective?

For starters, it is really important to know how much you will need to spend! Once you have identified a target amount you want to raise through a fundraising event, spend some time calculating how much the entire event is going to cost you. For example if you are organising a table sale there will be, venue hire, staff costs, refreshments to name a few. Don't forget to account for your hidden costs such as support, administration, printing etc.

The total you will need to raise must include the costs of the event, if you are to truly meet your fundraising targets. So if you are aiming to make £500 and the event costs £200 to put on, you will really need to make £700 from the event in order to have met your target.

Target + Costs = real fundraising target
Funds raised – Costs = real funds raised.

Once you have an idea of how much you are spending and how much you want to make you will need to make a judgment call about whether you are likely to generate the income you are aiming for through this event. Also consider where you can get anything you need for the event donated to drive down costs (e.g. donated raffle prizes, free venue hire etc.)

Keeping a good clear budget, a simple spreadsheet, showing all of the costs of the event will help you to calculate clearly how much funds you have been able to raise from the event.

Final tips!
- Fundraisers are project managers – think of your fundraising event as a mini project that you need to plan thoroughly and monitor.
- Take care to coordinate efforts – a donor doesn't want three different volunteers from the same organisation approaching them!
- Community fundraising involves a level of exchange where the donor receives something back. Fundraising events offer an opportunity to socialise, meet people and get to know the local community; sales auctions and raffles provide an opportunity for the donor to buy and sell goods or get something they want. Think about the motivations of why people would want to be involved in your community fundraising event and what you can offer them.
- If community fundraising will be an important source of income for your organisation, make a plan for the year of where you will target, what activities you will hold, they types of volunteers you will need and the types of donors you would want to attract and finally, what is needed to make the plan work?
- It would be difficult to rely on community fundraising as income for running costs in your group. If you need ongoing running costs (e.g. premises hire, insurance, administrator salary) then looking at diverse sources of funding is best.
- Any type of fundraising is resource intensive and you will need committed people to help make it happen. You will need to make a judgment about how realistic it is to put an

event on and whether it is worth the time and resources you will have to put in to make it happen.

- You might have financial targets for your community fundraising activities but you might also have non-financial targets such as raising awareness of the cause you work with, recruiting more volunteers or letting people know about the services you offer.

- Finally how will you monitor the effectiveness of the event? It is easy to see if a profit has been made or if you have raised the funds that you intended, but what about monitoring those other things such as whether the event has raised people's awareness of the cause, or recruited future volunteers and donors. Think of how you can get feedback at the event to help you improve it in the future.

Resources:

- Institute of Fundraising Codes of Fundraising Practice: This provides good Practice standards for all types of fundraising
- Institute of Fundraising Public collections: Good practice standards for involving volunteers in collecting money for charities in public places or house to house.
- Charity Commission guidance on fundraising: The Charity Commission has various guidance notes from working with professional fundraisers, to guidance on claiming gift aid and having alcohol at meetings and events.
- KnowHow NonProfit – guidance on funding: This website has various how to guides and explanations of different types of fundraising
- Gift Aid – what donations charities and cascs can claim on
- Southwark Council Licensing and Permissions: Links to apply for licenses' to run particular types of events
- Community matters guide on insurance for volunteers: A guide to different types of insurance that you might need.

Support

If you would like any support with proving need, writing funding applications or any other issues facing your organisation, please contact the Development Team at Community Southwark: development@communitysouthwark.org.uk or 020 7358 7020.