Develop a

FUNDRAISING STRATEGY

Tower Hamlets CVS
www.thcvs.org.uk
info@thcvs.org.uk
Registered Charity No.1137143

This resource is aimed at all voluntary and community groups looking to make some longer term, strategic plans for their fundraising. However, the reality is that finding funding for your work can be difficult, and many groups may not really have the time or capacity to do all the things suggested in this resource.

The key is to create a plan that is practical and manageable, thinking of your organisation's resources and the time you have available to develop a fundraising strategy.

What is a fundraising strategy and why do you need one?

A fundraising strategy is simply a plan that sets out how your organisation will raise funds. It is important because it helps you ensure that you raise money for the right things and maximize resources by targeting the most effective fundraising activities. It also helps you to build long-term donor relationships, diversify funding streams and provide measurable goals to track your progress. It also demonstrates professionalism and planning, which funders will appreciate.

Elements of a fundraising strategy

- Your organisation's overall strategy and values.
- Budgeting and prioritising.
- Context.
- Fundraising objectives.
- Fundraising principles.
- Fundraising practice.
- Sources of income.
- Action plan.
- How you will know if you are successful.
- Communications.

Your organisation’s strategy and values

Start your fundraising strategy with a summary of your strategic objectives and organisational values. Your strategic objectives define what you aim to achieve, while your values guide how you work towards those goals. Clearly outlining these will strengthen your fundraising efforts and help potential funders understand your vision and why your work matters. If your organisation doesn’t yet have these it’s important to take some time to consider, discuss and agree them.

Budgeting and prioritising

Decide how much you need to raise and for what, based on what you need most to meet your objectives. Even if your main aim is to keep your projects and services running at a similar level it is still useful to have a simple plan and a budget that sets out, for example, staff costs, rent and direct delivery costs.

Context

Review past fundraising efforts to identify what worked and what didn’t, including where your funding came from. Assess income diversity—are you relying on a single source? Have a look at the ‘sources of income’ section below for ideas to guide you.

Consider potential risks, funding trends, and your team’s skills and capacity. A graph showing income and expenditure over the past 3–5 years can highlight growth, challenges, and key costs, giving your readers a visual idea of whether your organisation is growing or shrinking and which activity costs the most.

Fundraising objectives

What are the objectives of your fundraising strategy? They might include:

- The amount you need to raise in order to carry out the activities in your business plan, e.g. ‘Raise £50,000 within the next 12 months to support after-school programmes for local young people’.
- What you want to focus on, e.g. covering core costs, longer-term funding, increasing income diversity or stability.

Align your fundraising efforts with your strategy and mission. Your fundraising goals should build on the strategy, your budgeting and prioritising. They might include things like ‘reduce over-reliance on a large council contract by diversifying your grants base’, ‘maintain current staffing levels to ensure consistent delivery’ or ‘not to seek funding for new projects unless they contain a contribution to core costs’. This should be led by the board of trustees with input from the staff team and backed up by evidence from service users.

Fundraising principles

The Charity Commission sets out Key Fundraising Principles for Trustees which all trustees should be aware of. It covers the following principles:

- Plan effectively.
- Supervise your fundraisers.
- Comply with fundraising law.
- Protect your charity's reputation and other assets.
- Follow recognised standards.
- Be open and accountable.

Your fundraising strategy should also include your contingency plans and exit strategies for cases where funding is not awarded and/or when projects come to an end and no further funding can be found. This should include redundancy costs.

Further, more detailed guidance from the Charity Commission is here: Charity fundraising: a guide to trustee duties - GOV.UK.

Fundraising practice

This section of your fundraising strategy should set out:

- Where overall responsibility for fundraising sits. This could be with the CEO or the board of trustees. Include who writes funding bids and how other staff or volunteers are involved.
- How you report on fundraising. This might be at staff meetings or in a report to the trustees. It should be part of your risk register and budgeting process.
- How you conduct regular horizon-scanning to identify grants, deadlines and areas of opportunity.
- How you will provide training and support to help staff and volunteers develop fundraising skills.
- Think about the questions you need to ask when applying for funds, to ensure that they are a strategic fit. To help you see Tower Hamlets CVS's business planning resource.
- How you get ideas for projects, and who decides if a bid should be developed.
- State your ethical fundraising practice. This might include not accepting donations from organisations or individuals who take part in activities which are not aligned with your organisation's values or work.

The Code of Fundraising Practice sets out the standards that apply to fundraising. You should read it and include how you will comply with it in your fundraising strategy: Code of Fundraising Practice - Fundraising Regulator.

Sources of income

Choose the most appropriate sources for your organisation:

Source of income	Pros	Cons
Trusts & foundations: A guide on applying for funding from trusts and foundations is attached to the bottom of this resource. There are many places to look for relevant funders, for example the Tower Hamlets CVS, London Borough of Tower Hamlets and Charity Excellence websites.	• Wide range of grants to apply for. • Some grants are multi-year. • Funders are generally responsive to the needs of voluntary and community groups (e.g. during COVID they were very supportive). • They usually have very clear guidelines to apply.	• Restricted income, meaning you cannot spend it on anything other than what you have applied for. • Very competitive, with fairly low success rates • Can be time and resource-consuming.
Public sector contracts: The Charity Commission has a guide to working with government. Opportunities from the London Borough of Tower Hamlets can be found on their tenders and contracts webpage. There are also public sector grants, for example the London Borough of Tower Hamlets, London Councils and the GLA.	• A useful source of funding if your work supports public sector objectives. • Income is technically unrestricted, meaning that you have more flexibility on how to spend it, and reporting can be simpler than with grants.	• Local authorities and health systems are under financial pressure so have less money available . • Deadlines can be very tight • Money is often paid after you have delivered, meaning that you have to be able to fund the work whilst it is being done.
Earned income: The Charity Commission gives guidance on selling goods and services. You could also consider charging for your services.	• Income is unrestricted. • You can test out ideas quickly. Income can be steadier and more controllable than unearned income.	• It could take your effort away from your strategic objectives. • There's a risk that you could be in breach of your charitable objects (unless you use a trading arm). • You may not have products or services you can sell or be working with people who are willing or able to pay.

Source of income	Pros	Cons
Charging for membership: Charging for membership creates regular income and also builds a community around your cause.	• Can be a regular, unrestricted income source. • Builds trust and engagement with members. • You may be able to claim Gift Aid.	• Can be time consuming to set up and maintain member engagement.
Corporates: local businesses often consider sponsorship, and larger corporations can provide either financial or in-kind support.	• Could lead to a long-term partnership • You may be able to claim Gift Aid.	• Loss of reputation if the business doesn't align with your ethos and values. • Time consuming to maintain the relationship, meaning that this usually suits larger organisations with the capacity to manage relations. • There can be tight competition.
Appeals/crowdfunding/donations: combine the use of platforms such as Just Giving and Space Hive with compelling social media storytelling. The Chartered Institute of Fundraising has some free resources for smaller charities.	• Unrestricted income. • Builds recognition of your organisation • Can be low cost. • You may be able to claim Gift Aid. • Particularly good when fundraising for a specific project.	• Can be time consuming to promote and have low returns.
Regular giving: asking supporters to support your organisation with a regular monthly donation is a very good way to get a regular income.	• Unrestricted income. • Builds trust and engagement with members. • You may be able to claim Gift Aid.	• Not useful for every organisation, particularly those with a very small user base, or users who aren't able to donate
Community events: hosting charity walks, fairs, or cultural events in Tower Hamlets to engage residents.	• Can be easy to organise and engage local community. • Builds recognition of your work • Unrestricted income.	• Could take effort away from your strategic objectives.

Source of income	Pros	Cons
Income from investments: Charity Excellence has a UK Charity Investment Policy Template.	• Easy, unrestricted income if you have a large amount of available reserves.	• Money may be tied up so that you cannot use it when you need it. • Your money can be at risk. • Reputational risk if the investment does not align with your values and strategy.
Legacies: The Fundraising Regulator has published advice on Legacy Fundraising, which is where donors leave you money in their will.	• Can be a large donation.	• It it time consuming to build relationships with donors, with no guarantee of any gifts.
Schemes like Easy Fundraising: Sign up here and get a small donation each time a supporter shops online with a participating retailer.	• Unrestricted income.	• Income is unlikely to be large.

Action plan

This section of your fundraising strategy sets out what you are going to do and when you are going to do it and should include:

- Costs for each activity, including staff time, costs of an external fundraiser (if you choose to have one) and promotional materials.
- Plan activities throughout the year to maintain momentum.
- Who is responsible for each action, with a timeline.
- Key milestones.

How you will know if you are successful?

This section of your fundraising strategy sets out what your measures of success are and how to monitor your progress. You should regularly review progress and refine your strategy based on performance. This section could include:

- A target for how much money you want to raise.
- A target for how diverse you want your income sources to be.
- An idea of how much of the core costs you will cover.
- Donor retention rates.
- Number of new donors.

Communications

How you communicate your work and the impact it has is an important part of any fundraising activity. You could:

- Use storytelling to show the impact of donations, highlighting your beneficiaries in Tower Hamlets.
- Keep donors updated with newsletters, events, and success stories.
- Acknowledge and thank donors publicly when possible.