Sustainable funding

What does sustainable funding mean?

In order for your voluntary organisation to survive, thrive and prepare for the future you need to have sustainable funding. By this we mean that you are able to secure and generate reliable streams of income that enable your organisation to deliver its purpose in the short and longer term.

Generating income for your organisation can seem daunting, but if you take a rounded, planned approach with sustainable funding as your ultimate aim you will have a greater chance of ensuring the financial viability of your organisation.

The key to this is to develop a mix of funding in two ways:

1. Bring in income from multiple sources. This means that you use a range of fundraising or income generating methods and are not entirely dependent on one source of income.
2. Develop sources of unrestricted income (not just restricted income).

Restricted income means that conditions have been imposed on the income which limits the ways that you can spend it. Most grants and some donations are restricted income; they have been provided for a specific purpose and that money can only be used for that purpose.

Unrestricted income is free from any conditions and you can use it for anything that helps you meet your charitable purpose(s), on activities of your choice. Importantly, unrestricted income is often needed to cover the day to day costs of running your organisation. This could be to make improvements to any buildings you own, to cover salary costs not covered by grant funding or to invest in your income streams to grow them further.

Diverse income streams

Fundraising covers many things from sponsored events and charitable donations through to writing funding applications, charitable trusts and trading. You should aim to make use of a range of fundraising options to create diverse income streams for your organisation.

Every type of income generation you do will fall somewhere on the below table, no matter how big or small the activity.

Gifts	Grants	Contracts	Open Market
Donor relationship	**Funder relationship**	**Purchaser relationship**	**Customer relationship**
Gifts are made to further the mission of the organisation. This includes community fundraising, individual giving, regular donations, philanthropy, corporate support, legacies and much more. Often this income is **unrestricted**, as the donor trusts the organisation to use the money to achieve its aims.	**Restricted** funding to deliver specified outputs or mutually agreed outcomes. Most often there is an application process, the funder has clear expectations about what will be achieved and they will monitor how the grant is used.	Payment for provision of products or services according to agreed terms with a third-party purchaser. Contracts are legally binding – if either side fails to deliver, they can be sued in a court of law. Income is **restricted** to the point of needing to cover the costs of delivering the contract as a minimum.	Selling products or services to customers, not as part of a long-term structured contract. The open market includes trading and enterprise activity such as providing education, training, paid-for advice, selling publications or other retail. Trading can directly further the organisation's mission or can be purely to generate profit. Any surplus income is **unrestricted**.

A PDF version of this table is available here