

# searching for **other income** streams?

Too often 'sustainable funding' is seen as a question of simply getting better at fundraising or locating one ever-lasting source of income. In fact, it should be seen as an approach.

The National Council for Voluntary Organisation's (NCVO) Sustainable Funding Project promotes an approach that encourages voluntary and community organisations to explore opportunities for diversification across a spectrum of income streams (see inside).

However, a range of income sources is not the only answer. Moving towards sustainable funding requires thorough organisational management and planning, and an understanding of when loan finance can supplement grants and donations to help an organisation grow at particular points of its lifecycle.

To be sustainable, funding needs to be:

- **Stable** – it's important to have a mixture of income streams so that if one diminishes it doesn't threaten your organisation's viability overall. Also, being able to predict with confidence your future resource levels enables longer-term planning.
- **Suitable** – there are a wide range of funding and finance options which are appropriate for different situations. Understanding what each can offer and ensuring there is a good match between your objectives and the type of funding or financing you are seeking is essential.
- **Sufficient** – there's never enough money, but understanding your costs properly allows you to make informed decisions about accepting contracts or undertaking project work. This is critical for effective planning and growth.

## Want to find out more?

For further information about sustainable funding, contact:

**Sustainable Funding Project, NCVO**  
Telephone: 020 7520 2519  
Web: [www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp)  
Address: Regent's Wharf,  
8 All Saints Street, London N1 9RL

# Sustainable Funding: Accessing

Income options available to voluntary organisations

**Donor**



**Funder**



## Gift Economy

Philanthropic giving, voluntary donations, pure charity. Provides unrestricted income for an organisation to use at their discretion to further their charitable aims.

## Grant Funding

Usually restricted funding provided to deliver specified outputs and/or mutually agreed outcomes. Grant funders are likely to want to monitor what is done with their investment and have clear expectations about what will be achieved.

**ASKING**

Different income types are accessed and managed in different ways and involve different relationships with the individual or organisation supplying the funds. As you move across the spectrum from left to right – from asking to earning – the level of expectation regarding what is received in return for the income increases.

# ross the Income Spectrum

## tary and community organisations

**Purchaser**



**Consumer**



### **Structured Market**

Payment for goods or services according to the terms set out in a contract between an organisation and a third party purchaser, be it from the public, private or voluntary sectors.

### **Open Market**

Within the overall realm of trading, the range of services and goods that can be sold is potentially endless. Some types of trading are undertaken purely to generate profit, while other types can also contribute to the delivery of an organisation's mission. Income generated in this way is unrestricted.

A large, solid blue arrow pointing horizontally to the right, spanning across the width of the page. The word 'EARNING' is written in bold, white, uppercase letters inside the arrow's shaft.

**EARNING**

Within the range of options there is enormous variety and possibility. Sustainable funding can involve all these income streams, or a more limited range – diversification *across* the spectrum, or if that is not possible or appropriate, *within* a particular stream.

The key to sustainability is knowing which streams are the right ones for your organisation to explore and how you can develop the capacity to be able to secure and manage them.

# Do you need to diversify?

Take a few minutes to review your current income streams and assess whether a more diverse funding approach could benefit your organisation and your beneficiaries.

Consider diversification across the income spectrum, or if that is not possible or appropriate at this stage of your organisation's development, within a particular stream.

Income stream	Number of providers	Funding length	Amount £	Level of dependency		
				Low <10%	Medium <50%	High >50%
<b>Donations</b>						
Individuals						
Private sector						
<b>Grants</b>						
Trusts and Foundations						
Public sector agencies						
Private sector						
<b>Contracts</b>						
Voluntary organisations						
Public sector agencies						
Private sector						
<b>Trading</b>						
Individuals						
Voluntary organisations						
Public sector agencies						
Private sector						

Find out more about how you can take a more sustainable approach at [www.ncvo-vol.org.uk/sfp](http://www.ncvo-vol.org.uk/sfp)

