

Income diversification principles for charities.



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Beth joined Oaks in 2019 as a corporate partnerships specialist. During this time, she has helped countless charitable organisations to explore their income generation potential. From supporting strategic planning to developing business plans for implementation, Beth helps charities focus on diversifying and sustaining income whilst being resourceful and innovative.

Charities face a unique set of challenges in generating income, and income diversification is now more relevant than ever. We live in uncertain times, with government funding shifts, the increasingly competitive trusts and foundations landscape, and public giving impacted by economic pressures, requiring a robust and flexible approach.

The importance of income diversification for charities cannot be overstated. With over 168,000 charities in England and Wales providing essential support to service users across a range of needs, fundraising is highly competitive within the sector. As public funding can fluctuate with political cycles and charitable giving may dip during economic downturns, charities must ensure they are not overly dependent on any single income stream. Diversification helps to stabilise funding, allowing these organisations to maintain and expand their critical services. However, diversifying income without a strategy or purpose can also lead to a lack of focus and dilute resources.

A strategic approach to diversifying income streams involves aligning with the charity's strengths and understanding its weaknesses. For instance, if a charity excels in community engagement, it should invest its time and resources into community fundraising. However, it should also ensure that it taps into different aspects of the community, which might include local fundraising events, online donation drives, and partnerships with schools and community groups, each offering a different touchpoint with their supporters and a different opportunity to raise funding.

Similarly, a charity might have a strong track record in securing Trusts & Foundations (T&F) funding. Still, it should work to build a diverse portfolio of T&F partners to avoid over-reliance on a limited number of large grants.

In the quest for diversification, it's also important for charities to be innovative. They must be ready to test new approaches and respond to sector trends and external factors, such as changes in government policies or new models of philanthropy. Staying ahead with creative fundraising ideas, like digital campaigns or virtual events, can open new income avenues and engage a broader supporter base.



A robust fundraising strategy is crucial. It enables charities to fundraise with purpose: setting clear targets, prioritising suitable income streams, deploying resources effectively, and tracking and reporting on progress. Despite the external challenges we continue to face, a good strategy can offer charities the opportunity to grow their income, and, ultimately, change more lives.

Income diversification is more than a financial safeguard – it's a strategic imperative that ensures charities continue to meet the needs of their beneficiaries, irrespective of the economic landscape. Diversification doesn't need to be complicated, and it doesn't need to require lots of additional resources. Focus on what you are good at, but consider a range of activities within that area. Test and learn, but ensure that everything you try has a purpose and feeds back into your overarching strategy.

At Oaks, we are committed to helping charities to diversify their income and achieve long-term financial sustainability through effective fundraising planning. Want to learn more about our services? Get in touch.

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