



Financial sustainability of SCOUTS South Africa

1. Introduction

SSA has more than 190 000 child and youth members and over 5 000 adults who volunteer their time - at no cost to the organisation - in townships, cities and rural areas nationwide. They are supported by 15 staff members around the country. This session provides the opportunity to share the costs incurred on Regional and National levels and to liaise with Groups on innovative ways to finance the SA Scouting Organisation in an effective manner for all – instead of just a fee based model.

SSA is cognisant of the fact that Groups are the crucial link to building the SCOUTS South Africa Alumni Network. This session also highlights why the 'Alumni Network' and 'Friends of Scouting' programmes are vital for building the endowment fund and promoting funding streams.

2. Legal entity

SCOUTS South Africa is a Volunteer Association, registered as a Non-Profit Organisation (NPO) with the Department of Social Development and registered as a Public Benefit Organisation with SARS. SSA has a limited Section 18A status (details can be found in [the Finance, Fundraising and Administration Policy](#)).

3. Background

The main goal of an NPO is to create social value, without much regard for the business bottom-line. NPOs rely primarily on charitable contributions, public funding and foundation grants to support their programs and cover their administrative overhead including salaries. If, donations, grants and public subsidies dry up - as is the case at present in South Africa - then an NPO is placed in extreme difficulty and may even have to shut down or at least trim back. Few non-profit organisations are able to create robust earned income streams, primarily achieved through the creation of an endowment fund in times of plenty, which provide investment returns to supplement income in leaner times. However, the establishment of endowment funds has become an increasing trend in the NPO sector.

SSAs goal is to achieve social value and promote social and environmental sustainability, but SSA also needs to obtain financial sustainability for the NPO and Scouting in South Africa. SSA would want to be in a situation where it relies less heavily on donor funds and would not have to put the burden on the Scout Groups. Due consideration has to be given to the fact that SSA is a registered NPO therefore legal requirements need to be fulfilled. Simultaneously, SSA is required to showcase the social value that is created in Scouts by continuously profiling the organisation in order to stay in the forefront of people's minds. This is essential to make us attractive for youth, adult leaders, potential donors and partners. Scouting works with public money and therefore we have a fiduciary duty to manage and report on the use of funds. A business mind-set is therefore needed to create sustainability for the organisation.



4. Creating a business mind-set

SSA's National and Regional Offices provide the infrastructure, material and programme support resources to deliver a service where the transference of values and valuable life skills to our members is guaranteed. Currently this is done on the basis of a membership fee and through the contributions of a mainly volunteer adults and a very limited number of professional administrative staff and no programme professional staff.

At present the National and Regional offices are not able to meet their current overhead costs due to the dual membership structure seeing most Community Groups paying an annual fee and the schools/rural/township structure, of which many of our members state an inability to make any form of payment to the organisation. As much as SSA would appreciate a no fee Scouting model, the reality is that there needs to be a paid administration structure and stock of resources and material (uniforms etc.) which all require funds. A second question remains as to whether the inability/unwillingness to pay is a real effect or whether the members simply do not perceive the value of what they are acquiring and therefore paying for these benefits seems to be too much.

Questions to be answered:

We now pose the question - what in the variety of offerings we provide is of value to our members? What makes that value sufficient to stimulate an exchange of value for it? The question also applies to donors or funders. Why should a company give SCOUTS SA money to do Scouting? What is the offering and value proposition of that offering? What is the impact of the spend?

5. But Scouting shouldn't be run like a business!

As an organisation grounded in volunteerism in service of the youth, this proposal does not suggest a change in that approach or a devaluing of the service that our volunteers so valiantly provide. Rather, this speaks to the funding model to be understood, and a reposition of the movement in the eyes of the public and funders. There is a difference between running a business for profit, and running an organisation 'like a business' with cost efficiencies, productivity, valued support and products all being optimally used for funders and members benefit alike.

6. The Scouting value proposition

Scouting is a global based movement that takes youth across class, gender and race and provides them with life skills and abilities that have long term value for them as individuals, and as a consequence, their immediate families and their larger communities. It uses the outdoors as the stage to provide leadership opportunities that develop character, citizenship and health of mind and body amongst its members.

In addition to providing the youth with role models (should be that youth aspire to) who provide an inspiration to success, we provide real world practical skills such as planning, leadership, budgeting, project management, first aid, etc... We also provide

several softer skills, such as teaching people to work in teams, to value other individuals from diverse backgrounds, conflict resolution, governance and negotiation.

These, linked with our value based system, teach young people to develop themselves as individuals, but to do so with an awareness of the larger community, environment, and social impact of their activities. In short, Scouting prepares youth for life, before life happens.

7. Current financing income and funding model

Currently Scouting is funded through five main streams of revenue detailed below.

Membership fees

These are collected by the Regions from Groups. A portion thereof typically between 5% (larger regions) - 90% (smaller regions) is paid over to national. These fees are collected in a diverse number of ways in the different Regions ranging from per member fees to Group fees, and in some cases as a hybrid model wherein youth members are paid for on a Group fee basis and adults on a per member basis. As the only unencumbered income, this funding "fills the gaps" to meet the payment of the membership levies to WOSM, insurance, awards (star awards, Merit awards, long service, Leaping Wolf and Springbok) and warrant administration.

Project/grant funding

SCOUTS South Africa derives between R200,000 and R2,5m per annum in project/grant funding. This funding is ring fenced for the execution of targeted projects which may in some, but few cases, allow for recovery of directly associated administrative costs. This funding enables a range of projects such as the ECD activities of 2016, leadership camps, aids awareness training, environmental education camps, etc... Where such projects are executed in Regions or Groups the funding flows directly to those applications either in direct costs or else in providing support material and equipment for the projects to be executed. SSA has been able to secure funding for various activities such as the rebranding of the organisation, rollout of new youth programmes and the likes, through the Messenger of Peace Fund and such organisations as the World Scout Foundation.

Donations

SCOUTS South Africa receives donations from Foundations and individuals annually. Over the last 2 years this was on average 8% of the budget. These funds were not earmarked for a specific project.

Furthermore a number of Regions have invested in facilities for camping and outdoor activities using funds from donations and funding by benefactors.



Retail

The Scout Shop profits are used for the funding of the Regional and National offices. The mark-up varies from 10-50% on items.

The Scout Foundation: Scout Foundation endowment funding

Group and Regional funds

Any funds held for a region or Group, are ring-fenced for that region or Group's sole use. In the event of a Group ceasing to operate - and continuing not to operate for 5 years - any funds held for that Group or arising from the sale of a property operated by the Group would be ceded to the region.

Annually the foundation takes an administrative fee of 10% of the growth, and not the capital amount, on said Group or regional funds which is transferred to the endowment fund of the Scout Foundation

National funds

Annually the National office receives a grant from the Scout Foundation. It is currently 5% of the assets, but as the funding of the National office improves this percentage will decrease.

Increasing the endowment fund

A Friends of Scouting programme was launched in November 2016 to increase the endowment fund in order to enhance the sustainability of Scouting in South Africa. The endowment fund is made up of monies donated or bequeathed, which are invested to generate income.

8. Expenses

The paper is done on the basis that courses and trainings are self-funded.

The biggest expense items are employee costs (71% of the budget) and following on this properties. The ideal is that properties should be self-funding and generate an income but in reality this is not happening.

Questions to be answered:

- What is the value system of Scouting?
- What value are we providing the youth? How can we prove this to the outside world to enhance buy-in?
- What should the correct 'Funding and Sustainability model' be? What is the aspired membership fee, bearing in mind that the majority of Groups come from disadvantaged areas and that ideally the funds generated in a Scout Group should stay in a Scout Group?
- Should we just allow for organic growth based on current structures and a belief in our offering being recognised for its true value or should we be looking at an



alternative model of supported growth via partnerships which can provide leaders, resources and facilities at no cost to the movement?

- What do we do to make properties sustainable? How come SSA, as a leadership organisation is not capturing the school camps market at our properties on weekdays?
- How can we build the Alumni Network to create partnerships – not just financial?
- How do we grow the Friends of Scouting? The bigger the endowment fund the less financial support is needed from Groups.
- What is needed to move from current status quo to long term sustainability?