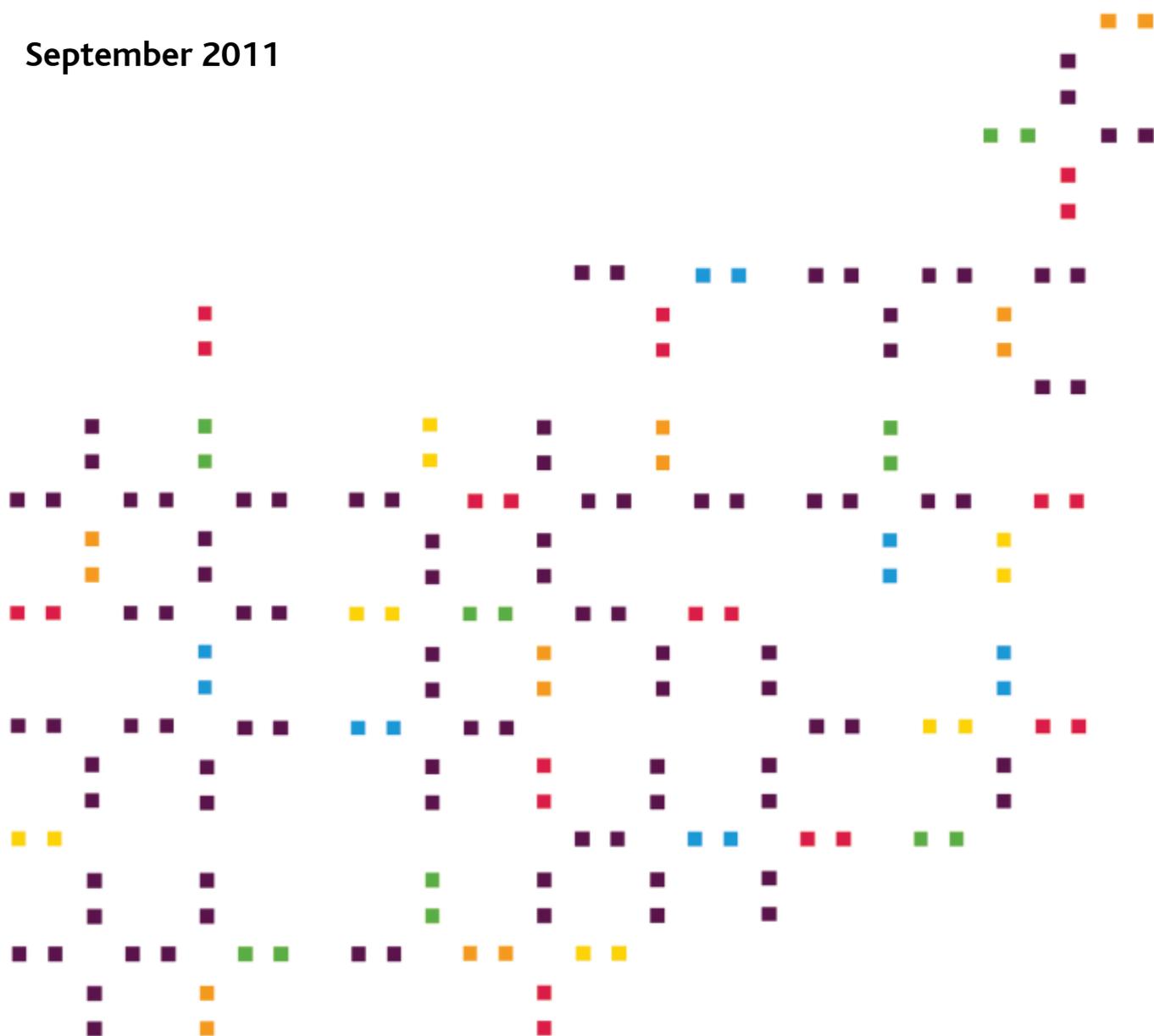


# Fundraising activity in arts, culture, heritage and sports organisations: a qualitative study

September 2011



## **The CASE programme**

**The Culture and Sport Evidence (CASE) programme is a three-year joint programme of research led by the Department for Culture, Media and Sport (DCMS) in collaboration with the Arts Council England, English Heritage, the Museums, Libraries and Archives Council and Sport England.**

**GfK NOP Social Research was commissioned to produce this report.**

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## Executive summary

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GfK NOP Social Research was commissioned to undertake research to build on existing knowledge of fundraising activity in the arts, heritage, museums and libraries, and sports sectors. The study was commissioned by the Culture and Sport Evidence (CASE) programme and involved desk research to contextualise the UK fundraising landscape, and a series of 17 organisational case studies of culture and sporting organisations.

The case study research revealed a changing environment for fundraising over recent years, caused by the financial crisis and the resulting impact on donor behaviour, as well as the anticipated impact of reductions in government spending. These changes were compounded by a perceived intensification in competition for a reduced pot of potential donations.

Donors were thought to have become more exacting in their expectations, with an increased requirement for tangible and measurable outcomes. This in turn created a new requirement for organisations to demonstrate sound business planning and financial management, and an ability to generate benefits for potential donors. Some had become practiced in this; while for others the new environment required a culture shift, as they had previously relied heavily upon strong personal relationships with their major funders.

Certain factors were thought to have affected arts, culture, sport and heritage organisations to a greater extent, both in terms of opportunities and threats. These were:

- A public perception that arts, culture, heritage and sports are less in need of charitable support.
- Existing donors to arts and culture tend to be enthusiastic supporters who will show commitment, even during challenging times.
- Increased public confidence as consumers of the arts.
- Positive impact on income from the recession, with holidaymakers remaining in the UK.
- Increased opportunity to become involved in the delivery of public services. For example, in delivering training and skills services (across the sectors), or in delivering skills-based services on behalf of the local authority (heritage).
- Organisations outside London felt that they suffered from a lack of appropriately trained and experienced fundraisers to meet their needs and a reduced potential to attract corporate donations.

Though all participants noted that the financial crisis and the anticipated cuts in government funding had had an effect, the extent to which this was acknowledged as a difficulty varied considerably.

Organisational characteristics that seemed to favour fundraising were:

### **An active engagement with donors**

- A sense of empowerment in the donor relationship, as a function of their level of confidence in their own fundraising skills and adequacy of resource, and their optimism about their ability to attract new types of donors.
- An ability to respond as an organisation to a more demanding, exacting and systematic donor mind-set. This often means creating a sense of a shared purpose with a potential donor by placing a value on the range of outcomes of their work that have the power to coincide with the aims of potential funders.

### **Fundraising as an integral part of the organisation**

- The role of leadership and trustees. More empowered and confident organisations described trustees and leaders taking a highly active role in fundraising, where less confident organisations delegated fundraising entirely to a dedicated function.
- The importance of organisational buy-in across functions was highlighted, both in sharing the fundraising task beyond a dedicated fundraising function, and in ensuring that everyone presents a positive, enthusiastic and convincing public image to facilitate fundraising.
- Organisations that were more confident in fundraising tended to have a clear and consistent narrative around their organisational purpose that was well understood by fundraisers and leadership alike.

### **An understanding of the role of fundraising within the organisation**

- The setting of realistic and achievable targets was thought to be important in determining fundraising success, as was ensuring adequate resourcing and support to facilitate fundraising.
- Awareness of organisational assets associated with fundraising success. This tended to include the sense of prestige associated with a place or building, the ability to create a unique or distinctive experience for donors, or a sense of identification with a likeminded community. It was demonstrated that the combination of an organisation's kudos, linked with a high standard of expertise or output, prestige location and a committed support base could combine to create a kind of virtuous circle, or a positive base for fundraising success.
- Organisations recognised the need to develop a mix of fundraising activities that were best suited to them, based on their scale, location, sector and profile. Most had a combination of individuals, corporate donors and trusts and foundations in their fundraising mix. However, one or two small organisations had not yet achieved a diversified mix of fundraising activities. Although trading income was not a core focus for this research, it is worth noting that some small organisations were planning to focus on income-generation from commercial activities instead of on fundraised income to secure their financial future.
- There were examples of situations where consultancy support had been utilised successfully. This tended to involve using consultants with specific skill sets for defined tasks such as completion of funding applications. Consultants were thought to be best employed in the more practical, management side of fundraising than in building donor relationships.
- Fundraised income tended to be short term, and the importance of financial buffering against the volatility of fundraised income was emphasised, particularly to enable investment. For smaller and less financially secure organisations, lack of financial stability was a key barrier to fundraising, as fear about the future prevented investment in any non-essential activities.

- Medium and larger organisations had an awareness of social investment as a potential route to funding for projects although they had not yet followed this. Although there was general recognition of the potential benefits of social investment, some doubts and concerns were also expressed.

Organisations suggested a range of potential measures and approaches to facilitate future fundraising efforts. These included practical measures, and measures to support culture change around charitable giving in the arts and culture sectors. It was notable that some of the desired support is already available suggesting that schemes and initiatives have not reached organisations, or have not yet had a sufficient impact:

- Organisations called for government support in capacity-building, including help in developing fundraising and commercial business management skills. Some mentioned conferences and training, where others felt that more intensive support in the form of secondments and access to free expertise would be required.
- Support was desired in encouraging trustees to have a more active involvement in fundraising.
- Participants suggested that government and local authorities could play a role in creating links between potential funders and charitable organisations. This could involve support and facilitation in creating opportunities to meet with potential funders, or visible government support and promotion of their sector.
- It was suggested that more could be done to reward or to normalise charitable giving, and to encourage charitable giving amongst the general public. A number of suggestions were posited, such as provision of honours for charitable giving, or schemes for providing a charitable donation as part of a standard payment (e.g. for goods and services).
- Participants said that they would welcome changes to the system of taxation to encourage philanthropy amongst corporate donors and individuals. In particular, tax relief on donations was thought to be desirable.
- Systems which would help provide a financial buffer against the volatility of fundraised income would help to create a more secure environment for organisations, enabling them to focus on fundraising.

# Section 1: Introduction

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## Background

The last two decades have seen extensive growth in the arts, culture and sports sectors, and of the contribution of voluntary sector within them. This growth has come from different sources, and been supported by a mixed economy of funding from philanthropic, commercial and government sources.

Key drivers have been:

- Increased consumer spending on recreation, culture and leisure
- Increased government interest in promoting the social, educational and health benefits of participation in arts, culture and sports, and well as the creative economy
- The marketisation of these sectors, specifically ‘cultural tourism and regeneration’, and the growth of, for example, private leisure centres and sports/ gymnastic facilities
- National Lottery funding, much of which has been directed to arts, culture and sports activities within the voluntary sector.

There is striking evidence of the growth of these sectors in the many new or expanded regeneration, capital and community projects across the UK’s towns and cities. But with a changing landscape of government funding, organisational sustainability will increasingly depend on successfully re-balancing the philanthropic, private and statutory funding mix towards philanthropy and earned income.

The CASE programme is a joint strategic research programme led by DCMS in association with Arts Council England, English Heritage, Museums, Libraries and Archives Council and Sport England. Encouraging philanthropic giving is a key policy area for DCMS, forming an important part of the Structural Reform Plan<sup>1</sup> and of the DCMS 2011-15 Business Plan<sup>2</sup>. This research was commissioned by the CASE board in order to build on existing knowledge of the fundraising activity in culture and sporting organisations.

## Method

The study comprised two stages: desk research to contextualise the UK fundraising landscape and a series of organisational case studies of cultural and sporting organisations.

### Desk review

Although there is a limited amount of culture, arts and sports-specific literature available, the desk review drew on a number of reliable sources of data on general voluntary and community sector

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<sup>1</sup> <http://www.culture.gov.uk/publications/7246.aspx>

<sup>2</sup> <http://www.culture.gov.uk/publications/7545.aspx>

funding and fundraising trends in order to develop an outline profile of the levels, sources and distribution of funding within the sub-sectors. In addition to these more general sources, the review drew on a number of dedicated surveys relating to culture, arts and sports, as well as searching the web sites and annual reports of the key sector-specific infrastructure bodies.

### **Organisational case studies**

The case studies comprised in-depth interviews with individuals working in organisations within the arts, heritage, museums and libraries, and sports sectors (referred to in this report as the 'sub-sectors').

#### *Case study approach*

In most organisations, three interviews were conducted, one with individuals in each of the following job roles:

- A fundraiser, usually the individual responsible for overseeing fundraising in the organisation
- A director, or someone with overall management responsibility for the organisation
- A trustee.

In some organisations, particularly the smaller organisations, there was no one individual with separate responsibility for fundraising, and in these cases only directors and trustees were interviewed. In some organisations it was not possible within the timescale of the research to conduct an interview with a trustee.

Twelve of the case studies were carried out predominantly face-to-face, and five via telephone. Interviews each lasted for one hour. Face-to-face interviews were conducted in a private space within the participant's place of work, or another neutral location.

The in-depth interview approach allowed the researcher to develop a detailed understanding of the participant's role in the organisation, fundraising activities undertaken in the organisation, and the individual's own views on fundraising.

#### *Case study sample*

Seventeen case studies were conducted in total. Organisations were selected according to a set of sampling criteria to ensure representation from a cross-section of the culture and sports sector. The key criteria taken into account were as follows:

- Sub-sector: case studies were evenly spread across the four sub-sectors of arts, heritage, museums and libraries, and sport
- Size: the sample for each sub-sector included a range of organisation size
- Location: a range of locations across England, including urban and more rural organisations
- Organisational activities: within the sub-sectors, organisations were selected to ensure representation of a spread of different types of key activities undertaken by the organisation. For example within the sports sub-sector, a range of sports were included, and within the arts sector, organisations involved in music, theatre and visual arts were included.

Once these criteria had been set, the research team and the CASE board nominated organisations to create a list of those meeting the various criteria. These organisations were then approached by telephone to take part in the research, and those who were interested and available to take part in the required timescale were included in the final sample.

**Table 1.1: Organisations participating in the case study research**

	Arts	Heritage	Museums and libraries	Sport
<b>Small</b>	Oxfordshire Theatre Company	Heritage of London Trust	Little Chalfont Library	Salcombe Rugby Club
<b>Small-medium</b>	Battersea Arts Centre	ASHTAV (Association of Small Historic Towns and Villages)	Museum of East Anglian Life	Northamptonshire Association of Youth Clubs
<b>Medium</b>	Aldeburgh Music	Council for British Archaeology	The Garden Museum	UKSA
<b>Large</b>	Artangel SAGE Gateshead	Historic Royal Palaces	MOSI (Museum of Science and Industry)	Large sports organisation*

\*One organisation preferred not to be named, but results from this case study have been incorporated into overall findings.

## About this report

The authors of this report are Amrita Sood, Qualitative Director at GfK NOP Social Research, and Professor Cathy Pharoah, Co-Director of the Centre for Charitable Giving and Philanthropy at CASS Business School, and Director of Third Sector Prospect.

The findings of the desk review, conducted by Professor Cathy Pharoah, are discussed in Section 2 of this report. The findings of the case study research, conducted by GfK NOP Social Research, are described in Sections 3-8.

## Section 2: Overview of the fundraising landscape: arts, culture and sports sectors

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This section of the report presents findings from the desk review. It sets out the current funding landscape and the position of philanthropy across arts, culture and sports sub-sectors. Specific objectives were to:

- Provide an overview of available data on the current levels of funding to the cultural and sports sectors, and the mix of income from different sources
- Identify any financial/funding characteristics specific to these sectors
- Identify any specific funding challenges within the cultural and sports sectors
- Review the wider trends in fundraising, competition and new opportunities, and their implications for the cultural and sports sectors
- Identify any relevant international experience.

This research was conducted after the consultation period on the Government's Giving Green Paper had finished, but before the White Paper, and just before Arts Council England published its funding decisions for the National Portfolio Organisations for 2011-15.

*For ease of reference the term 'arts and culture' is used to refer generically to all arts (e.g. galleries, theatres, music, dance etc.), heritage, museums, libraries and archives.*

### **What is the funding environment for the arts, culture and sports sub-sectors?**

#### *Characterising Organisations in the Sector*

There is generally little systematic data for sub-sectors within 'the third sector' (i.e. voluntary, community and other non-profit or tax-exempt organisations and associations). Getting a true picture of the arts and sports sub-sectors is particularly challenging because there is so little existing mapping research. This means that a picture can only be built up using discontinuous and fragmented data from a number of different sources. A further challenge is that the arts, culture and sports sub-sectors are characterised by a polarisation between a relatively small number of large, powerful organisations with considerable resources at one end of the scale, and a very large number of small (often tiny) community groups at the other. While there is some data on the former, there is very little on the latter, although a new survey of small non-registered organisations or 'under the radar' groups in the North East shows many are arts and sports organisations (Northern Rock Foundation, 2011, forthcoming). This size polarisation is accompanied by some stratification along the

‘professional versus amateur’, and ‘national versus local and community’ axes – there are a few large national (and regional) professional organisations, and many more small local amateur groups. The complex funding profiles of large organisations in these sub-sectors, which reflect multiple income streams embedded within a range of different external relationships, is very different to that of the medium-sized and small organisations within the same sectors.

There are variations in governance structure and to whom organisations are formally accountable; some are registered with the Charity Commission, some report to government departments such as the Department for Culture Media and Sport and others are small, amateur and often not registered charities. In addition, many larger bodies are commercial professional organisations. There are a wide range of organisational forms even within ‘regulated’ voluntary and community groups and social enterprises: just four-fifths of these are registered charities while other types include co-operatives, friendly societies, leisure trusts, community interest companies, clubs and societies, many involving different regulators (NCVO, 2010).

### *Changing boundaries in the non-profit sector*

In general the boundaries between charitable, public and private sectors are becoming more fluid: charities are developing as ‘social enterprises’, seeking to build sustainable trading incomes from the goods and services they can offer, while other bodies such as local authority leisure and arts facilities are increasingly re-constituting themselves as independent charitable trusts, in principle able to access new and mixed funding streams.

Many organisations in the arts, culture and sports sub-sectors are developing extensive trading arms, often ancillary to their core mission. Activities can become valuably interlinked, a striking example being the shops, cafes and online shopping opportunities attached to museums and galleries, which also run large membership and donor relationship programmes. Some organisations have complex structures with multiple registrations, separating out charitable and trading activities (e.g. the Big Issue). Many large organisations, (e.g. Tate, Royal Botanic Gardens Kew, Glyndebourne) have separate foundations to carry out fundraising. These differing structures have different implications for the operation of fundraising and the development needs of such organisations.

### *Charitable status*

Appendix A gives more detail about the issues involved in achieving charitable status in each of the sub-sectors. The sometimes ambiguous and varied nature of the objectives of charitable organisations within the arts, culture and sports sectors mean that a major fundraising challenge for them is to project a clear narrative about their mission and objectives.

### *Estimates of sub-sector scale*

It is helpful to have some working estimates of the scale of the non-profit element in the arts, culture and sports sectors. In order to get some perspective, Table 2.1 estimates the total turnover of the creative industries museums, libraries and archives, heritage and sports sectors for England, including commercial, non-profit and other organisations (DCMS et al., 2010<sup>3</sup>). It compares this to an estimate of income of only the charities and non-profits in these sectors in England and Wales (Caritas Data, 2008). It is important to be aware that the figures quoted are indicative, not comprehensive<sup>4</sup>.

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<sup>3</sup> From the ‘CASE economy data’ spread sheet of the regional and local profiles project (DCMS et al. 2010).

<sup>4</sup> The total turnover figure (DCMS et al., 2010) is based on data from the Inter Departmental Business Register (IDBR); and the IDBR turnover data has relatively limited inclusion of the charity sector. It has some large charities, though not all, and tends to exclude voluntary associations without formal tax-exempt status and the

**Table 2.1: Comparison of scale of total creative industries, museum library and archive, heritage and sports sectors and of non-profit sub-sectors**

Sector	Turnover of total creative industries, museum, library and archive, heritage and sports sectors <sup>1</sup> (England, 2009)	Income of non-profits/charities in these sectors only (England & Wales, 2006/07) <sup>3</sup>
<b>Creative industries<sup>2</sup></b>	£125.2billion	£1.4 billion
<b>Museums, libraries, archives</b>	£660 million	£693 million <sup>4</sup>
<b>Heritage</b>	£163 million	£504 million <sup>5</sup>
<b>Sport</b>	£11.9 billion	£358 million <sup>6</sup>

**Notes**

(1) Figures from DCMS et al. (2010)

(2) The 'creative industries' figures cover a range of 13 industries including advertising, film, publishing and software, as well as music and visual and performing arts. As such it is capturing a wider range of the creative sector than what many might think of as the 'arts'

(3) Although the charities' data has been classified approximate to the categories used for the total turnover in the left-hand column, the two studies are not strictly comparable, as they use different definitions for the sub-sectors, and relate to slightly different time periods. For example, the large difference between the two estimates for the heritage sector is due to the middle column excluding the National Trust, whose total income is around £430 million

(4) £186 million of this figure represents libraries

(5) Includes the National Trust, which accounts for around two-thirds

(6) Covers a very wide range of sports charities including leisure centres.

The figures in Table 2.1 provide some useful pointers to the scale of the sub-sector:

- The estimate for the combined income of the creative industries, museum, library and archive, heritage and sports organisations in the top 3,000 charities is £2.9 billion: if estimated up for the whole of these sectors, this would suggest they are worth around a combined total of about £4.75 billion<sup>5</sup>.
- This means that together they may be equal to around 9% of the income of all registered charities, and represent a substantial sub-sector.
- There is a large skew in the value of these sub-sectors towards the biggest organisations: around one-third of the total value is accounted for by the small number of the very largest national and regional charities (i.e. only those in the top 500 fundraisers' list).
- The non-profit sports sub-sector appears to be considerably smaller than arts and culture.
- Charities and other non-profits appear equal to about 2.1% of the total value of the creative industries, museum, library, archives and heritage sectors and about 3% of the sports sector.

many small, local charities and non-registered groups. It covers England only. On the other hand, the figure for charities and non-profits comes from data extracted from the Caritas Data Top 3000 Charities database, extracted specifically for this project. It includes data for the top 3000 charities by size (based on income), for England and Wales combined. We estimate this figure represents around two-thirds of the overall charitable income of these sectors – on the basis that it has been found that the Caritas Data Top 3000 database captures around 61% of the total income of all registered charities when one looks across all sectors (i.e. not only the creative industries, museums, libraries and archives, heritage and sports sectors) (Charity Commission, 2010).

<sup>5</sup>This assumes that the sample equals about 61% of the total (as discussed in previous footnote). It is useful to note that although 4.3% is a rough estimate, it is consistent with other findings, such as that about 7% of donations to the top 500 fundraising charities in 2008/09 went to these sub-sectors (Charity Market Monitor, 2010)

### *Overall levels of individual private giving*

Giving by individual members of the general population is currently estimated (using general population surveys) to be worth about £10 billion per year (NCVO/CAF, 2010). According to NCVO/CAF (2010), the arts has the lowest number of donors (coming bottom in a list of 14 causes), with the sector being supported by just 1% of donors.

Recent analysis of long-term trends in giving by households, using the ONS Living Costs and Food Survey on household spending, which measures total giving by a family or household unit, has suggested that the share of household spending devoted to giving did not increase between 1978-2008. A fall in the number of households that donate over the period has been compensated for by an increase in the average amount given, and donations have become increasingly dependent on a smaller population of wealthier and older donors. However, most of the growth in donation size took place in the 1980s (CGAP/CMPO, 2011).

The surveys mentioned above fail to capture giving by major or high net worth donors. This is a particular problem when trying to measure the value of all private giving to arts and culture, because organisations in this sub-sector receive many high profile large gifts from major donors.

One indicator of giving by higher rate tax-payers, sometimes called the 'mass affluent', is the amount of personal income tax relief they receive on Gift Aid donations. Tax data suggest that charitable giving by this group of just over three million people is currently worth about £1.1 billion per annum (McKenzie and Pharoah, 2010). There are no data on how much of this goes to the arts, but a joint HM Treasury and HMRC study of options for Gift Aid (Scharf and Smith, 2010) indicates that the larger donations (and presumably donor incomes) tended to favour the arts.

## **What are the main patterns and trends in fundraising for arts and culture?**

This section looks at the funding mix in more detail. The focus is on general arts and culture sub-sectors because more data exist on these than on others. The following section looks at what data are available for sport.

### **General funding sources**

There are a wide range of different sources of funding from which the arts and culture sectors might raise resources, including:

- Department for Culture, Media and Sport grant-in-aid
- Arts Council England
- National Lottery funding opportunities
- European Union funding schemes
- Local authority support
- Trusts, foundations and private giving
- Box office or admission charges
- Merchandising or sponsorship.

Analysis of the top 500 fundraising charities (Pharoah, 2010) and the results of the Arts & Business annual survey of 1,000 arts and culture organisations (Arts & Business, 2010) indicate broadly that statutory sources (local, central, European government, including Arts Council England funding and funding from the National Lottery distributed mainly through Arts Council England) represent just under half of the funding to the arts and culture sector (not including the commercial arts and culture sector). Voluntary donations from private sources (gifts from individuals, companies, charitable trusts and legacies) represent between 16-20%, and the rest is derived from trading and other earned income sources (merchandising, sponsorship, admission charges etc.). As statutory funding plays such a large role in the funding of these sub-sectors, this section provides a brief overview of the statutory funding position, before looking in more detail at philanthropic giving.

### Statutory funding

Significant statutory funding is available to the arts and culture sub-sectors, including in 2008/09 (DCMS et al., 2010<sup>6</sup>):

- £326 million in regular funding by Arts Council England
- £200 million in National Lottery funding, distributed through a range of bodies including Arts Council England and the Heritage Lottery Fund
- A total of around £3.5 billion in local authority funding, including: £789.8 million for the arts, £275 million for museums and galleries, £1 billion for libraries, £71.5 million for archives, and £67 million for heritage<sup>7</sup>
- In addition, DCMS directly funds a set of 'national' art, museums and library organisations, at the level of around £350million in 2006/07 (Renaissance Review Advisory Group, 2009).

The level of statutory funding is set to reduce in most areas over the next few years. Local authorities are facing a spending reduction of about 30% over 4 years, and libraries have already been targeted for cuts. Arts Council England's grant-in-aid from DCMS will go from £388 million in 2011/12 to £350 million in 2014/15, which the Arts Council England estimates is a fall of 29.6% over four years after adjusting for inflation. The Renaissance Programme for regional museum refurbishment funded through the Museums, Libraries and Archives Council is worth £43 million after an 18% funding reduction.<sup>8</sup> English Heritage has faced a 32% budget cut over four years, and is anticipating that £650-675 million of statutory funding will come out of the sector.

However, funding from the National Lottery is likely to increase over the next few years as the government seeks to increase the shares of this funding going to arts, sport and heritage. For example, the lottery funding distributed by Arts Council England will be worth £155 million in 2011/12 and increase to £222 million by 2014/15, offsetting about two-thirds of the decrease in grant-in-aid from DCMS. The Arts Council England estimates its overall budget therefore will decrease by around 12% between 2011/12 and 2014/15.

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<sup>6</sup> From the 'non-capital investment data' spread sheet of the regional and local profiles project (DCMS et al. 2010). Note this excludes capital investments; data on these is available also.

<sup>7</sup> Note however that these figures contain a degree of double-counting, as some galleries are counted in both the arts and the museums figures.

<sup>8</sup> Responsibility for this programme is to be formally transferred to Arts Council England from April 2012, due to the decision by central government to abolish the Museums, Libraries and Archives Council.

## Arts and culture income from private giving

Arts & Business (2010) estimates that total private investment in arts and culture is worth £658 million per annum. It estimates that there could be an overall drop of around £500-900 million in statutory funding over the next four years, so to keep overall income at the same level as today, private giving to arts and culture needs to double over this four year period (Arts & Business, 2010).

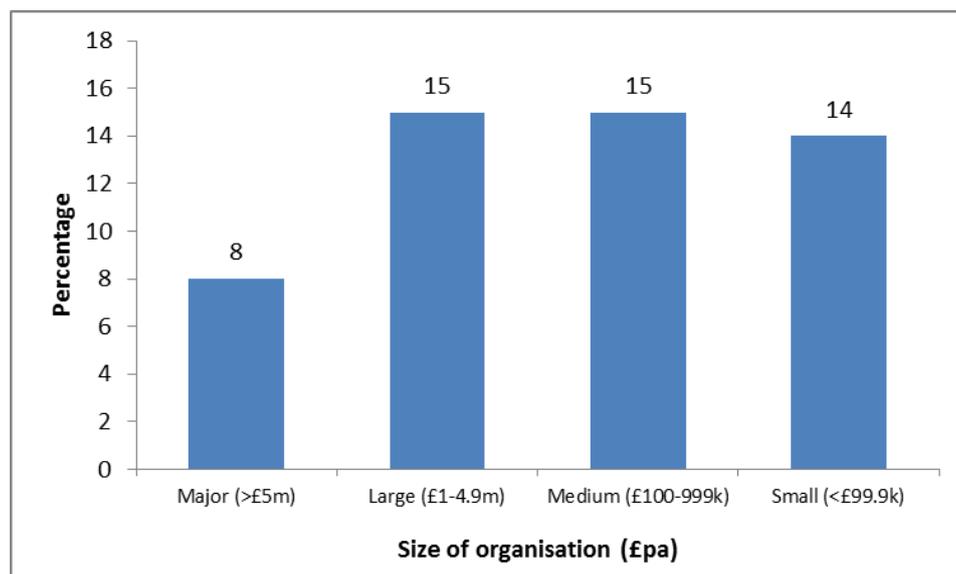
Various sources support the notion that private giving by individuals to the arts and culture sub-sector is low in comparison with some other sub-sectors.

- It has been estimated that giving by individuals to arts and culture is worth £359 million. According to Arts & Business, this is worth 4% of individual giving (NCVO/ CAF, UK Giving 2010)
- Income of arts and culture causes represent an 11% share of the total income of the top 500 fundraising charities, but donated income accounts for only 4% of donations amongst this group: this seems disproportionately low when compared with international causes whose income, by comparison, represent a 13% share of the total income of the top 500 fundraising charities and whose donated income makes up 15% of donations to those 500 charities.

The desk research suggests that reasons for the apparently low level of individual giving might include:

- Arts organisations depend on a small number of major donors, and that fundraising is fairly undeveloped
- The general public do not see arts and culture as charitable causes, resulting from a failure by arts and culture organisations to project their social value, or to develop an attractive donor benefit package, or to present their work in a way that is accessible or appealing to wider audiences. Gaio (2009) has also noted that there is a low level of membership amongst arts organisations, and found that 90% of donors engaged with the organisation they support give more than three times per year
- Outside the major national institutions, individual giving to arts and culture is relatively undeveloped: there might be extra potential in this area
- Arts and culture tend to be more popular with wealthier donors, and the sectors may not be addressing the changing preferences of this market sufficiently: potentially they could benefit from the growing participation of older and wealthier donors in giving.

The majority of individual donations go to London organisations (83%), and to the major organisations (88%); the balance of income changes dramatically by organisational size-band (Arts & Business, 2010). As organisations get smaller, statutory funding represents an increasingly large share of their income (up to 65% from all sources [central and local government, Arts Council England etc.] in the smallest band). The proportion derived from income earned through commercial trading (such as the sales of goods and services) shrinks dramatically from over 50% to about 20% in the smallest income band. At the same time income from private sources assumes greater importance, as can be seen in Figure 2.1. However, 14% of the organisations surveyed by Arts & Business had no private investment. With a large proportion of the statutory funding of smaller organisations consisting of local authority grants, there will be increased demand on local philanthropy to replace projected average cuts of around 30% in local government spending.

**Figure 2.1: Private giving as a percentage of all income<sup>1</sup>, by size of organisation, 2008/09****Note**

(1) Includes individual, trust and corporate support

Source: Arts & Business (2010)

## Non-individual private giving to the arts and culture sub-sectors

### *Legacies*

Compared with other major charity sub-sectors, such as health, social care, international causes and animal charities, the arts sector has a much lower proportion of income from donations and legacies. Legacy income is 1% of income for arts causes in the top 500 (see below). It is widely believed that there is scope for legacy giving in general to grow and the government introduced a new tax incentive for making a charitable bequest in the 2011 Budget: an additional 10% discount on inheritance tax for those who leave 10% of their estates to charity.

### *Corporate support*

The Arts & Business survey (2010) found that corporate investment in arts and culture organisations was worth about £144 million. Total corporate cash giving to the voluntary and community sector is around £500 million per annum (DSC, 2011) so the arts sector appears to be capturing a dominant share of this. But though corporate support is a 'warm' target market for arts and culture, this is not true across the entire arts and culture sector. Arts & Business (2010) analysis highlights the skew to the major national institutions, with well over half of all corporate sponsorship directed to London, and 83% to national organisations. Financial services are by far the largest corporate sector donor to the arts, though this has seen a decline in the turbulent economic climate which has hit this business sector hard, and Arts & Business (2010) estimates an 11% drop in corporate support in 2010.

In a context of fairly static corporate cash sponsorship for a decade or more, the arts sub-sector has had particular success in attracting corporate support: companies are increasingly inclined to look for mutually beneficial partnerships with the organisations they sponsor, and arts sponsorship offers scope to reach and influence senior clients and other key decision makers through access to and branding with prestigious and high-profile venues and facilities, increased staff motivation and improved community relations (Arts & Business, 2005).

Smaller local organisations may lack the resources needed to build successful corporate relationships, and parties sometimes bring different expectations to the table, with corporations looking for longer-term strategic relationships and arts partners seeing the relationship more as a short-term tactical method of acquiring finance, and avoiding agreements which might constrain their independence (Conway, 2000). Larger organisations may be able to help smaller arts facilities in building corporate support: one example is the National Theatre's initiative to help two regional theatres, including Bristol Old Vic, establish a fundraising culture across the organisation in order to stimulate philanthropy at a local level.

### *Trust giving*

Arts & Business (2010) estimates the value of charitable trust giving to the arts at £155 million, and says that this has been growing since 2004. Increasing awareness of the wider social benefits of the arts and culture, and the formalisation of charitable status, may have prompted more trust funding. This is encouraging for the field, but as an income source it has limited potential to expand in the short-term. The total funding available from charitable trusts, currently around £1.5 billion (excluding the National Lottery) is inelastic, and directly related to the markets and asset values. There is increasing competition for these funds, and both the Lottery and Lloyds TSB Foundation have recently reported escalating numbers of applications.

### **Philanthropy and the community arts sector**

Many of the hundreds of smaller local arts and culture organisations may not be registered charities, and where they are not included within Charity Commission statistics, few sources of detailed funding data exist. A DCMS survey of voluntary and amateur arts organisations established significant levels of participation, with 50,000 organisations attracting 5.9 million members (9% of the total population), and 3.5 million volunteers. Their aggregate income in 2006/07 was £543 million (TBR, 2008). Although there is little data on the funding profile of the community arts sector, it can be assumed that the findings about smaller organisations as reported in the Arts & Business survey quoted above will apply to them, in particular a greater dependence on statutory support and lower levels of private philanthropy.

### **How patterns and trends compare to other sectors**

Analysis of the top 500 fundraising charities (Pharoah, 2010) allows some comparison of how patterns in the arts sector compare to those in other charitable sectors:

- Funding raised from events is low, at less than 1%, around £3.5 million, in comparison with other sub-sectors such as cancer where it represents 12% (Cancer Research UK get more than 20% of its fundraised income from events).
- Other kinds of trading represent 9% of income, which is above the average of around 6% for the major fundraisers as a whole, and reveals the trading potential of this sector.
- Legacy income is 1% of income for arts causes (around £7 million), while it is 24% for cancer causes (£242 million) and 47% for animal causes (£223 million).
- Donations represent 15% of income, which is low compared with many other causes including animal welfare which gets 30% of its income from this source, and children's causes which get 32% from it.

## What are the specific patterns and issues for fundraising in the sports sub-sector?

A major difficulty in assessing the current funding landscape of the sports sub-sector is lack of relevant available published data. It is a relatively small charitable sub-sector, with data on the top 3000 charities showing its income is about one-quarter of that of the arts and culture sector. There are only three sports and recreation charities amongst the top 500 fundraising charities: The Tennis Foundation, The Ramblers Association and YHA (England and Wales) Ltd, and there are no dedicated funding surveys of this sub-sector. The Arts & Business survey (2010), a major source of information on private funding for the arts and culture sectors, does not cover sport.

### Statutory funds

Significant statutory funding is available to the sports sub-sector, including in 2008/09 (DCMS et al. 2010<sup>9</sup>):

- £206 million in National Lottery funding, distributed through a range of bodies including Sport England
- £1.3 billion in local authority funding

Sport England provides £88 million of funding to the community sports sector. Its budget has recently been reduced by 33% over four years, though as with arts and culture additional funding from the National Lottery may help to compensate. Its targets for sport are related to participation, the achievement of enjoyable sports experiences and the promotion of sport.

### Sports sector income from private giving

Since 2002 organisations have been able to register as Community Amateur Sports Clubs (CASC), enabling eligibility for a range of charitable tax relief including Gift Aid donations. Conditions of registration mean that clubs must be wholly open to all participants, and dedicated to amateur sports participation. Deloitte (2010) estimates that there are about 150,000 sports clubs in the UK, of which around 40,000 could register for CASC status.

According to HMRC, around 6,000 CASCs have registered for Gift Aid tax relief eligibility, indicating that these organisations are active fundraisers. The breakdown of the number of CASC registrations (June 2009) provides some insight into sports fundraising activity at the community level. They are as follows: cricket (1,033), bowls (839), tennis (486), football (466), rugby union (437), golf (404), with sailing, shooting, rowing and other sports all under 300.

The amount of funding sought by amateur sports clubs is generally small (a few thousand pounds). A main driver for seeking larger-scale funding is the improvement of facilities.

Amongst larger charitable fundraisers are the Tennis, Cricket and Football Foundations, funded partly by government but also by their professional associations and by philanthropic support from companies, trusts, and individuals. Much of their funding is then spent on sports activities. For example, the Tennis Foundation raised £14.7 million in private donations in 2008, and the Cricket Foundation has obtained total pledges from private donors of up to £20 million, including 'in-kind'

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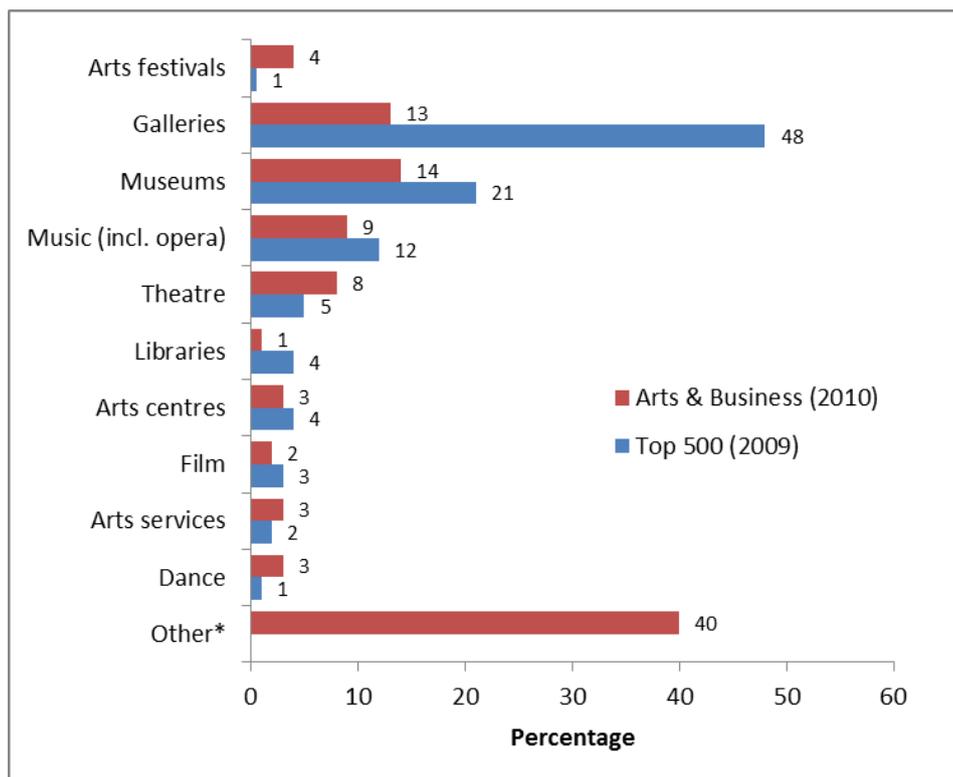
<sup>9</sup> From the 'non-capital investment data' spread sheet of the regional and local profiles project (DCMS et al. 2010). Note this excludes capital investments; data on these is available also.

support, for its *Chance to Shine* programme. It is aiming to raise £25 million which will then be matched by the government, to provide a total of £50 million. The Cricket Foundation has now extended the date for reaching its fundraising target, in view of the difficulties faced in the current economic climate (Cricket Foundation, Annual Report 2010). It seems that the sports fundraising market may be underdeveloped compared with other charitable sub-sectors, and face the same challenges as the arts and culture sectors of raising public awareness of the social and health benefits that engagement in their sector can bring.

## What are the funding patterns and issues in comparable sub-sectors?

Within the overarching sector groupings of arts, culture and sport, there are variations in sub-sectors, for example in relation to specific sports or art forms. Figure 2.2 combines data from the survey of arts organisations carried out by Arts & Business in 2010 and from the data on the top 500 fundraisers in Charity Market Monitor 2011 (Pharoah, 2011), which despite relying on different methodologies, demonstrates that theatre, music, galleries, museums and, to a lesser extent heritage, attract the largest absolute amounts of private donated income.

**Figure 2.2: Distribution of private donated income, by sector**

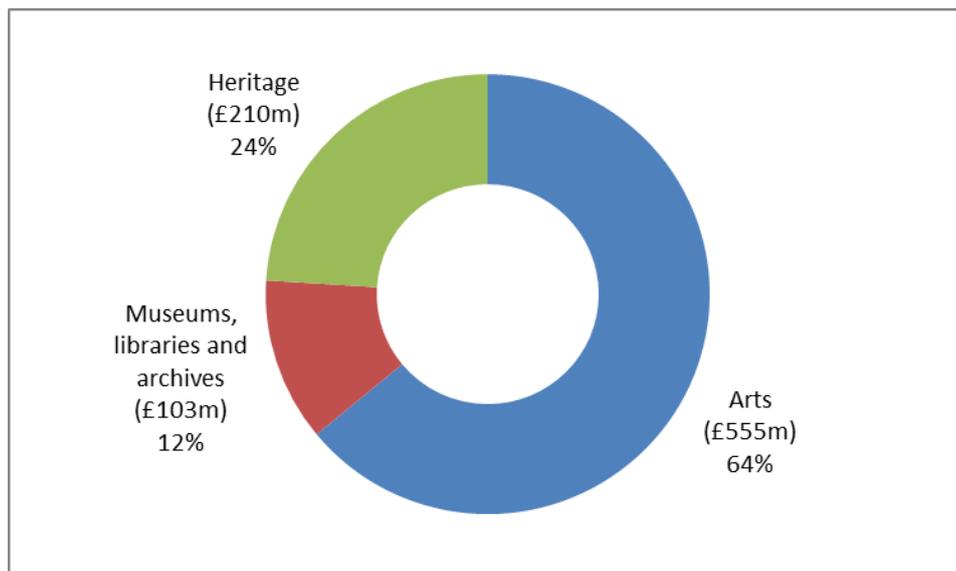


**Note**

(\*)Heritage represents just under one-third of this. A figure for heritage for the top 500 was not available.

**Source:** Arts & Business (2010) and Pharoah (2010).

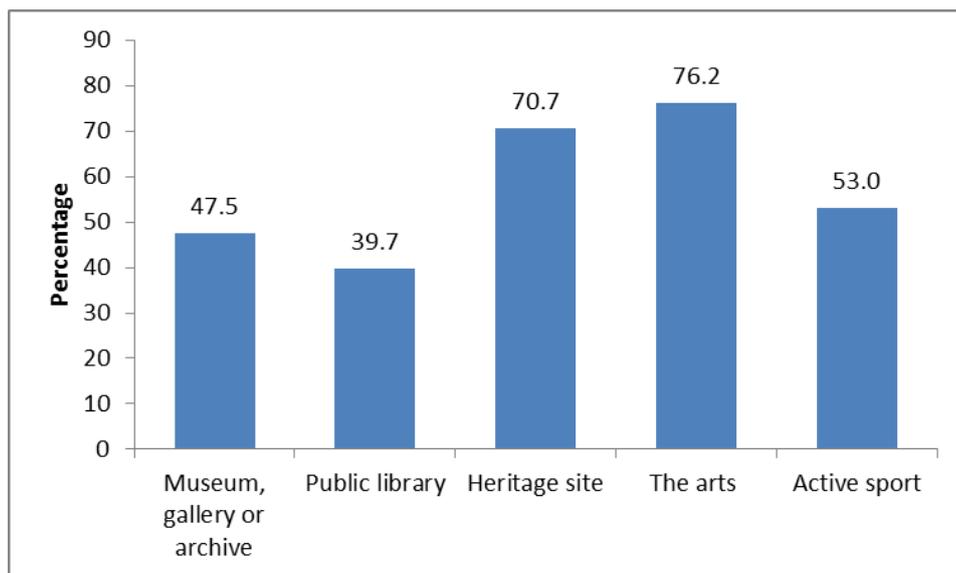
Arts & Business (2010) estimate that considerably more private investment is devoted to arts such as theatre and performance arts etc., than to museums, libraries and archives, or heritage. Figure 2.3 shows the split.

**Figure 2.3: Distribution (%) of private investment (£m) in arts and culture**

Source: Arts & Business (2010).

There are no comparative data for private giving to national, regional and community facilities. Participation data from DCMS's Taking Part Survey give a useful proxy indicator of the foothold which arts, heritage, museums, galleries, libraries and sport have in the general public. The survey shows that attendance at arts and heritage facilities is higher than at museums and galleries, but that all the sectors have a substantial existing platform of contact with the public (Figure 2.4).

Organisations could potentially use this to find out more about participants, and what new products and services might attract support.

**Figure 2.4: Percentage of adults participating in culture in the last year, and sport in the last 4 weeks, 2010/11**

Source: 2010/11 Taking Part, DCMS

### Private giving in comparable sub-sectors and other fundraising mechanisms

- Museums' governance structures have been changing; around a third of museums are currently run by local authorities (LISU, 2006) but there have been increasing moves to give these independent charitable status; they have had some success in attracting private donations, which represent about 18% of the income of museums amongst the top 500 fundraising charities. Major donations and capital gifts are an important part of this, showing that donors are willing to support historical and cultural traditions, to invest in artefacts, or to donate as part of an alumnus relationship.
- The heritage sub-sector is also more successful than the arts sector in attracting legacies, which may also be because of the link donors can make between historical and personal legacies. The heritage sector also attracts a particularly high participation rate amongst older people.

### **Membership and friends schemes**

- The sports sub-sector is strongly characterised by membership, and has a younger demographic base than the average for arts and culture sectors: this membership structure provides an excellent base for building potential donor relationships, and levels of membership appear to have grown during the recession (Taylor and Barrett, 2009).
- Membership schemes have been hugely successful in the heritage sector, notably for the National Trust, but increasingly amongst museums and other heritage facilities which have highly tangible assets and experiences to offer, while highlighting the importance of supporting their preservation and protection through donations.
- Membership and friends schemes have also been reported to account for 48% of individual giving in the arts and culture (Arts & Business, 2010), and may be a model for organisations without such schemes to adopt.

### **Donor-related products, services and experiences**

- There is great potential for the arts, culture and sports sub-sectors to offer imaginative experiences, products and services. In addition to their highly tangible visitor attractions, they can offer educational programmes, often with family appeal, a particular advantage in trying to extend private fundraising to families and schools etc., as well as individuals: Kids in Museums, for example, has published Flexible Family Ticket Guidelines to help in this.
- An advantage of the heritage sector is its highly expert knowledge on matters relating to conservation and the built (and other) environments. Through organisations such as the Heritage Alliance (itself supported by the National Trust), the heritage sub-sector is developing its own support infrastructure to help build the capacity of smaller heritage organisations. The Heritage Alliance 'Embracing Difference' programme now maintains a website to provide organisations with ideas and guidance in developing exciting activities and services to offer donors and visitors.

### **Issues and questions**

This overview has sketched out where fundraising in arts, culture and sports sub-sectors seems less or better developed compared with other sectors, and where some of its particular strengths and weaknesses, opportunities and challenges lie. The mixed economy of funding which has stimulated the growth of these sub-sectors has generated a need for stronger project and business management capacity, and more professional skills in communications, fundraising and quality standards. The research has revealed considerable variability between sub-sectors in the capacity,

character, and stage of organisations' fundraising development. It has shown the scope for sub-sectors to learn from each other, particularly in the way they make use of the multiple assets they can offer.

Increasing the proportion and amount of funding derived from philanthropy will involve more than replacing one kind of finance with another. Private funders may have very different policies from central and local government statutory funding sources. They may not, for example, maintain similar balances between core, capital and revenue grant-funding. Capital funding is vital for certain parts of the arts and culture sector, but the Arts & Business (2010) survey revealed that private investment is consistently and primarily directed towards core programmes which account for 41% of it. Capital fundraising is an issue which organisations will specifically need to address.

New technology is already providing the platform for innovation and change. Although it is the large national organisations which have been able to invest in, for example, developing international audiences (e.g. screening live opera performances from the world's top opera houses in local cinemas) and international sales of products, technology offers huge opportunities for smaller and more isolated projects to reach out, whether locally, nationally and internationally. For example, the campaign to save Theatr Powys prompted young local film-makers to show their support on YouTube, uploading short films. Such interactions between different media open up exciting opportunities for activities which are essentially place-based.

For many organisations, generating income depends on building flexibility and diversity into their fundraising strategy (Joss, 2008). Philanthropic fundraising should be seen as only one strand within a total income-generating strategy. Other strands might include opportunities to build multiple donor relationships involving active membership and participation opportunities, or access to purchasing particular goods and services. Some organisations are beginning to explore future enterprise and trading opportunities to generate a more sustainable income, and accessing financial support to do this from the developing social investment market which is slowly attracting more donor investors.

Although this report is focused specifically on philanthropic fundraising, this is only one strand within a total funding strategy and is most effective when integrated with other strands, as examples have shown. Many arts, culture and sports organisations will also be looking to explore future enterprise and trading opportunities, and accessing the developing social investment market which is slowly but surely attracting a group of donors. In seeking more philanthropic funding, arts, culture and sports sub-sectors need to articulate their broad social benefit as well as their intrinsic artistic or professional sporting value.

These issues form the context for assessing how far organisations have developed fundraising capacity, and for the research presented in this report. They include:

### **Perceptions of the fundraising role**

- Do organisations see themselves as fundraisers, with identifiable approaches to fundraising, formal or informal?
- Do organisations have identifiable fundraising policies or strategies, and do they know what the success factors/ barriers for their fundraising are?

### **Ways in which fundraising is organised**

- How organised and professionalised is the approach to fundraising?
- Which specific types of fundraising are developed, and where are the gaps and potential?
- How are the capacity differences of large and small organisations being addressed?

**Donor orientation**

- Are organisations clear about what they can offer potential donors, their 'narrative' ?
- Do organisations differentiate/ segment the donor market in terms of approach, and offer?
- Do organisations evaluate their outcomes, and communicate them?
- Are organisations aware of the full range of special assets that they have to offer including their physical, social, informational, cultural, and developmental capital?
- Are these articulated, and is there a communications strategy?

**Market/ environment orientation**

- Are organisations aware of opportunities and threats in the current funding environment?
- Do they know how their fundraising approach or success might compare with others?
- Do they access any external training, support or advice? is appropriate support available?
- Are organisations innovative, and what is the scope for further innovation?

## Section 3: Opportunities and challenges for fundraising: the wider context

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This section, as well as the subsequent sections of the report, includes findings from the organisational case studies. All participants in the organisational case studies acknowledged a changing, and increasingly challenging environment for fundraising over recent years. The ongoing effects of the financial crisis, and resulting changes in the behaviour of donors was a major theme, as was the anticipated impact of reductions in government spending. The financial crisis was thought to have affected donors across the spectrum, including major grant-giving bodies as well as individuals and corporate donors. Additionally, a fundamental attitude change was thought to be taking place amongst major individual donors, creating uncertainty amongst some organisations previously reliant on philanthropic donations from a few key individuals and trusts.

Organisations discussed their view of the impact of these changes on the sector, as well as some opportunities generated by the shifting environment, and these are outlined in this section.

### Changes in the culture of giving

The initial impact of the financial crisis took the form of a considerable reduction in spend amongst previously reliable sources of donations from trusts and foundations, and the corporate sector. However, there were some who felt that the immediate effects had abated and that buoyancy had returned to some extent.

*Their (trusts and foundations) money is in a bank deposit. Very probably a safe bank deposit. And it is not getting any interest, so they can't give out any money. (Director, Heritage)*

*In the immediate aftermath of the financial crisis in 2008, many of those trusts and foundations found their endowments quite heavily affected by the financial downturn. In the last six months we have actually found many of those trust foundations have picked up their endowments again, and we are having more positive conversations with them. (Director, Arts)*

Some participants also described a number of downstream impacts of the financial crisis on the way that major donors, trusts and foundations, and corporate donors approach philanthropic giving. An important change was perceived to have taken place in the form of a shift in donor attitudes, towards an increasingly demanding and focused approach. Donors were thought to have become more exacting in their expectations, with an increased requirement for tangible and measurable outcomes. In this new environment, donors required organisations to demonstrate a good level of 'fit' between donor priorities and agendas, and those of the organisations they support.

*The ones I find more challenging are, I would say quite a big change in the time I've been doing this, is that more and more charities, they've become more directed ... they've all got their own very strong policies. So they have an agenda of their own, and so you have to intersect with that agenda... In the old days, some charities would just have a board of trustees - you write them a letter, and they would have this money, and they'd say 'we'll give you this' or 'we won't'. They were intelligent but passive. Now, they've got their own policy ... it's harder work because some of the big charities, they have very driven staff of their own who have their own objectives, rather than just saying 'we're going to give money to the people we like the most, or the causes we like the most'. And those are the ones I find increasingly hard to apply to...you have to come up with a programme to suit them. (Director, Museums and Libraries)*

This had resulted in highly systematic, commercial approach to philanthropy involving a level of scrutiny to ensure that desired outcomes would be realised. This in turn created a new requirement for organisations to demonstrate sound business planning and financial management.

These new requirements represented a major culture shift for some organisations which had previously relied heavily upon strong personal relationships with their major funders. Some organisations found the new processes and requirements onerous and poorly matched with their skills. Even for those organisations with relevant skills, the increased time and investment required for this new style of relationship building placed considerable pressure on their resources.

A further change was noted in the form of a new attitude amongst high net worth individual donors. Where previously there had been a tradition of charitable giving amongst philanthropic individuals and families, a new generation of donors were thought to have a different set of needs and priorities. The major change was in an increasing requirement that organisations demonstrate value for money and an entrepreneurial approach to their activities.

These changes in attitude were compounded by a perceived intensification in competition for a reduced pot of potential donations. This was thought to be triggered both by the financial downturn and by cuts in government spending, resulting in a greater number of organisations seeking funding from each source.

*We have lots of contacts in heritage. Loads. But everyone in heritage is basically chasing the same pots of money at the moment and those pots are getting smaller and smaller. (Director, Heritage)*  
*Everyone's going through a cost-reduction exercise in terms of public funding, everyone's looking to sponsorship, to increasing commercialisation, into driving revenue in the cafe and the bookstore, from more creative fundraising, from tackling the foundations and net worth individuals. Everyone's going for the same group of people. And frankly, in Manchester or Newcastle or Leeds or Birmingham there is simply less net worth than there is in London, and I think that is a real challenge. (Director, Museums and Libraries)*

A number of organisations took a highly commercial and systematic approach, and had become practiced in demonstrating their ability to generate benefits for potential donors. This involved activities such as detailed analysis of the base of individual donors, audience segmentation and targeting, and systems for customer relationship management.

However, there was an acknowledgement that this change in orientation towards a more business-like approach had taken time and investment by organisations, in particular to build confidence amongst new sets of potential donors.

## **Sector-specific issues**

Changes in the culture of giving were thought to have affected the charitable sector overall. However, certain factors were thought to have affected arts, culture, sport and heritage to a greater extent, presenting additional challenges and opportunities. In particular, a number pointed to the fact that in the current scenario of an economic downturn and cuts in public spending the arts, culture, sports

and heritage sectors could be seen as non-essential and therefore less worthy of support than other charitable causes.

*I sat with a senior person from [potential corporate donor] and I said, 'please will you do something to help us' ...[she said], 'oh well we have taken advice from the mayor's office and from the Boroughs and we have been told that what they need money for is people-based help'. (Director, Heritage)*

An additional challenge for some in the sector was thought to lie in the public perception that because arts, culture, heritage and sports are freely available and supported by public money, they are therefore less in need of charitable support.

*I'm not sure the arts would succeed in getting the general public to donate, because actually the public benefit from public support for the arts because museums are free...I'm not sure people would necessarily feel they need to give more on top of what is already being given. Even though what's already been given per capita is quite small, quite modest. (Director, Arts)*

It was also noted that arts, culture, heritage and sports could suffer from public confusion about their charitable purpose, where a tangible outcome or clear benefit is more easily achieved by more conventional charitable causes.

*They don't get anything for their money with us so that's another ... hurdle for us to get over. We don't actually have anything to give them for their money other than they can feel good that they've saved something for future generations. (Director, Heritage)*

Others, however, argued that the sector has a number of potential advantages in attracting donors in the current climate, and that existing donors tend to be enthusiastic supporters who will show commitment, even during challenging times.

*Because it's seen as non-essential by a lot of donors ... in contrast to the hospitals and services for the elderly and things that keep people alive. They're seen as more important than the Arts. Understandably. So yeah, the sector suffered more... maybe in competitive times we struggle more[but with] the arts, it's about the cool factor. ... You often find that art philanthropists are very avid arts philanthropists. (Fundraiser, Arts)*

*On the plus side, people who are passionate are very committed and seem to stick with us. (Fundraiser, Sport)*

A further perceived advantage for some across arts and culture was an increased confidence amongst the general public in consuming the arts. This trend was thought to have had a positive impact on income from trading, although it was not directly mentioned in relation to fundraising. Organisations from arts and heritage additionally noted that they had seen some positive impact on trading income from the recession, with holidaymakers remaining in the UK.

*There was a sort of, in a way a suspicion I think of contemporary art and now it's been embraced I think. Thanks to the success of Tate Modern which has spawned all kinds of other galleries. There is the Frieze Art Fair. London has become a magnet for people interested in contemporary art and visual culture and that fear that there perhaps was once in Britain... it has changed enormously. So what we find twenty years on is a huge audience potential. (Director, Arts)*

A number of participants focused on the potential opportunities arising for them in a climate of cuts in public funding, to become involved in the delivery of public services. For example, in delivering core services to deprived or disadvantaged communities (sports sector), or in providing skills in curating and maintaining structures and records on behalf of the local authority (heritage) or in providing training and skills (across the sectors).

*So, why shouldn't social services pay? I mean we've got to a point where people sort of understand why heritage organisations should put money into possibly history organisations, museum-based organisations, even education-based organisations, and science organisations slowly - but the social well-being, the health, social inclusion, all those sort of things is less clear. (Director, Museums and Libraries)*

## **Regional issues**

Organisations outside London said that they had suffered from a lack of appropriately trained and experienced fundraisers with the relevant skills to meet their needs in a changing environment. It was suggested that this may be a particular challenge for those in the arts, culture, heritage and sports sectors, as they may find it more difficult to attract skilled individuals in contrast to the 'traditional' charities, particularly as salaries would not be competitive.

There was thought to be considerably less potential to attract corporate donations for organisations outside London, across the sub-sectors. This was also noted by an organisation with both London and non-London sites that had seen a considerable disparity in their ability to attract corporate donations between sites.

## Section 4: Organisational styles in relation to fundraising

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Though all participants noted that the financial crisis and the anticipated cuts in government funding had had an effect, the extent to which this was acknowledged as a difficulty varied considerably. Where some described the changes as giving rise to serious pressure and concern, others were more sanguine. Whilst this was likely to be in part a function of their organisation's financial robustness and ability to take recourse to other resources in a challenging climate, there also appeared to be distinct styles and cultures in organisations driving optimism about ability to fundraise in the future. These differences did not appear to be a function of organisation size or sector, but were found across the piece. These organisational characteristics are described in this section.

### Confidence in fundraising

Use of language around fundraising by participants in different organisations belied varying levels of comfort, habituation and assurance with the task of fundraising. Some participants described considerable stress and pressure associated with fundraising, and this was most likely to be expressed by the individual responsible for fundraising, particularly where they were facing difficulties in relation to fundraising.

*Heart-breaking, depressing, very hard work. (Fundraiser, Heritage)*

Participants in these organisations were also more likely to describe a state of disconnection from, and sometimes cynicism towards their potential donor targets, feeling that their cause was poorly understood and that they were struggling against the tide in terms of sympathy for and awareness of their area of expertise.

Some of these organisations also described a strong reluctance to invest in fundraising as a result of their difficult financial position. One or two expressed very strong doubts for their financial future over the coming years. In these circumstances there was a reluctance to spend where investments might not see a quick return.

In one organisation, staff described a number of fundraising ideas that had proven successful in the past, but they did not have the time or resources to repeat them.

*Big charities have huge budgets to keep the money coming in, we have zero budget. Actually having the time to just focus on one task is probably impossible because there are just not enough staff in our office to deal with other enquiries or issues that pop up. (Fundraiser, Heritage)*

*We made a podcast about a clock in the Bow Road and the BBC did a wonderful editing job on it ... it was on the podcast site of the BBC and instantly it became one of their top priorities and we were able to fund raise for it. So I think that if we had time to go and make little podcast about everything we probably could achieve something. (Director, Heritage)*

There appeared to be strongly differing levels of comfort with the task of fundraising. Although fundraisers found themselves in an increasingly commercialised and entrepreneurial role, a few expressed discomfort and difficulty in meeting the demands of this climate. In some cases this was

because they were reliant on existing relationships and did not feel comfortable in asking for funding from new sources, or because they were not skilled in the more commercial skills required in the changing climate.

Most strikingly, organisations differed in terms of the perceived power balance between themselves and their potential donors. Some organisations felt disempowered in their relationship with donors, describing a difficulty in communicating their message in a way that would be compelling, and felt discouraged in their ability to fully connect with donors. This was more often the case in organisations where there was a less effective balancing of fundraising roles between trustees, directors and fundraisers.

This was in sharp contrast with organisations that were highly aware of their own bargaining power in the fundraiser-donor relationship, and talked of a mutually beneficial partnership where both parties would stand to reap rewards. Participants within organisations that expressed a greater confidence in fundraising tended to talk in terms of a clear organisational purpose that they had carefully defined and shaped into a narrative for communication to potential donors. This group faced the future with more optimism, in particular relating to their ability to identify and target new sources of funding.

*I think this recession has maybe given people the chance to re-evaluate what they were doing ... one of the targets that we've got for this year is to increase the amount of money that we're making from our online donations. That relies on a revamp of the website. So ... depending on how long that takes - we believe it's going to come online in autumn, but if, touch wood there won't be, but if there's a delay in that new functionality coming up, then inevitably the amount of money that we've targeted to raise will be affected by that. So we'll be looking to boost other areas to compensate for that. (Fundraiser, Arts)*

*I get an increased national reach, and national impact, I'll have much more access to larger pots of funding, because I'm [then] of greater relevance to society in general. And [right now] I'm in that in-between stage - you know, where I've got a reasonable amount of turnover, but I haven't got the clear access or the capacity to access those pots of funding. (Trustee, Sport)*

The less confident group tended to comprise of small organisations, although some larger organisations also fell into this category. The more confident were often larger organisations, although not exclusively so. It was notable that one of the very small organisations had made a successful transition in recent years to become more culturally well suited to fundraising. Details of this organisation are outlined in a case study in Section 8.

Levels of confidence in fundraising appeared to be strongly influenced by the role taken on by the various functions within the organisation, in particular the leadership of the organisation and the trustees.

## Role of trustees

The role of leadership and trustees appeared to be significant in determining an organisation's confidence in fundraising. As will be described in the next section, the careful balancing of roles of the fundraiser, trustee and director is a key enabler in organisation's fundraising activity. In particular, however, the role of trustees appeared to differ considerably between more and less confident organisations.

More empowered and confident organisations described trustees taking a highly active role in fundraising, and this was seen as crucial to the organisation's fundraising success. Where those in the role of fundraiser would be responsible for planning, organising and developing a strategy, trustees would provide the necessary skills and connections to secure donations. In addition, trustees and organisational leadership in general would promote the cause of fundraising, helping it to become embedded in the organisation as a whole.

*We expect our board to be fundraisers, so our board will either give themselves or will look at ways in which they will attract other funding to the organisation. (Director, Arts)*

*We are lucky in many respects. We have a trustee board, an exec board that understands this. They understand the importance of what this team are doing and its value and they acknowledge it to the wider organisational community. (Fundraiser, Heritage)*

*[We've] moved from an old model organisation, if you like. In the 1970s, 1980s it was all about community ... and we've moved more into a very strategic group of people who come because of the very specific skills they've got that the charity needs to evolve. (Fundraiser, Arts)*

*I think it's a triangular relationship - that the trustees bring people, potential patrons, and the person being brought, they have a relationship with you... but it's also with the trustee, and that's really important...at some level you will have people who will just do it as a mate's favour and they'll be - the chairman, who was here this morning, x, he'll be trustee to people at other museums, and he'll have people who'll give money to his project. But I think it's also more subtle than that. I think it's, everyone has a web of relationships in their life, and it's drawing on that and it's getting that. So generally, a trustee will bring a guest, the three of us will be together, and it's that triangle I think. (Director, Museums and Libraries)*

In less confident organisations, by contrast, fundraisers felt unsupported by trustees, and often under considerable pressure from above, including from the organisational leadership. This was reflected in the way that trustees and directors in these organisations discussed fundraising, seemingly regarding fundraising as a function performed by those in a dedicated role, rather than something in which they played a part.

*I would love the [trustees] to actually have their own committee and do some fund raising themselves, I mean if we had time to organise them or somebody who said, 'I want to do this' some energetic person who would have a little posh lunch party in their very grand house but I don't know who to ask to do that .... nobody is doing that for me. (Director, Heritage)*

*It's enormous (the pressure). It's enormous. The amount of stress there is being number one working where you're in a very small organisation so you have no support structure... If you make a mistake it's all on you, you've got no one else to help you with a project really. It is very, very stressful from that perspective. It is also stressful in that if I don't bring the money in I don't have a job. (Fundraiser, Heritage)*

*From my point of view, we're reducing costs heavily, we're looking at, of course we are trying to drive the commercial revenue significantly, and putting more pressure on [fundraiser] and his team to perform - some of that goes without saying. (Director, Museums and Libraries)*

*If an organisation is turning over £200,000 or £100,000 in North Wales starts data crunching its audiences and sending blank letters to people and inviting them for a coffee, it's not going to work. They need to ask their board members how are they going to help them, because on every level of the scale, from the Traveler sponsor of the National Theatre down to having a charity that runs a school in India, it's the people that you know around you, that you work with closely, that who will open the right doors and make things happen. (Fundraiser, Arts)*

*It would be nice to be able to plan it and say "This year I'm going to try and get five new donors and an extra £50,000" but usually what happens is I don't get any support from my trustees. Because you do have to rely on your trustees for contacts and names and they will write to their contacts or whatever and they all say they're going to do it and they never do so that always is the difficulty. (Fundraiser, Heritage)*

## Target setting

Differences in organisational style could also be seen in the approach to setting fundraising targets, with some participants describing a fraught situation in which less achievable targets had been set and fundraisers felt under intense pressure to deliver, with limited support from above. By contrast, organisations that perceived themselves as highly experienced and oriented towards fundraising felt that realistic and achievable targets were a key to fundraising success. Realistic targets were those that were acceptable to fundraisers and others tasked with achieving them, and which took into account the environment in which the organisation operates.

*They have always got to be realistic. After a certain period of time you find lots of cultural organisations or fundraising outfits not hitting their targets or wildly exceeding them in the early days. But I think once you have got a solid long term consistent fundraising operation and ideally staffed by the same people who stick around, which is a challenge, then you can forecast and plan achievable and achievable doesn't have to be low. (Fundraiser, Heritage)*

The setting of realistic and achievable targets was also thought to be related to the extent to which the organisational leadership took on board fundraising targets and offered their support in achieving them.

*I have been given the chance to say "What is it you are going to need to get there?" so instead of just saying "By five years' time we need to be there", it actually says "Would extra staff help, extra facilities or extra training work? What sort of things will you need in place to get this up there?" So it has been a good process and actually involving the people in delivery and across the whole organisation, the five-year plan and my bit with fundraising they have set a target of saying "This is where I think we should be organisationally in five years' time. Tell us what it is you are going to need. If this is going to be your realistic target tell us what you need to do in that five years to get there". (Fundraiser, Sport)*

## Section 5: Fundraising enablers and barriers

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Participants described a number of factors that helped or hindered their fundraising efforts. These factors were internal to the organisation, and based around core skills, resources and organisational assets, as well as activities that assist the fundraising effort. In addition, they described the extent to which an organisation can be oriented towards fundraising, and some of the key features of organisations where fundraising is embedded in the organisation's activities. A number of skills were utilised in combination, rather than each being applied exclusively.

### Core skills related to fundraising

#### Shift in required fundraising skill-sets

The shifting climate described by participants, towards a more demanding, exacting and systematic donor mind-set, had given rise to a mirrored shift in approach in organisations, from a reliance on sustaining key relationships to a more entrepreneurial approach. This new approach meant that in addition to the traditional fundraiser skills of relationship-building and deep knowledge of their sector, were added more commercial business management skills. The extent to which these different skill sets could be observed across the participant organisations was dependent on whether the organisation had a professional, dedicated fundraising function. However, there were also some smaller organisations that had developed a more entrepreneurial, commercial approach by virtue of their business skills and experience gained in previous roles outside of the charities sector. Those possessing both 'traditional' fundraiser skills and skills relating to a new, more entrepreneurial approach, appeared to be most at home in, and optimistic about, the new environment.

#### New approaches to developing donor relationships

Regardless of the extent to which they had developed commercial skills, all noted the importance of key relationships in ensuring fundraising success.

*It is all about relationships. People give to people rather than organisations giving to organisations so we all spend a lot of time cultivating really good, strong relationships with the directors of charitable foundations and often with the trustees of charitable foundations. One to two days a week, [we] are talking to those people, encouraging them to understand better what we do, getting them to think about how they might give to the organisation. (Fundraiser, Arts)*

*It's about developing a relationship of trust and confidence over time. (Director, Arts)*

A number of participants felt challenged by making the change from traditional donor relationships to a newer, more entrepreneurial approach. They noted that this required a shift in skills and mind-set that was difficult to achieve, and that it would be likely to take time. Those with the strongest reliance on a few key relationships found themselves in a more vulnerable position as a result of the changing environment.

*The only way you can get a new donor is to meet someone at events or someone introduces you. So we have to rely on a lot of established donors, other charitable donations, grant companies, a few corporate sponsors who we have relationships with. (Fundraiser, Heritage)*

### Increased focus on donor outcomes

Organisations that had made efforts to alter their style of relationship-building in recent times acknowledged the importance of creating a sense of a shared purpose with a potential donor. This required developing a good understanding of the needs of the donor, and seeking to identify commonalities and shared priorities.

*It's about successfully identifying and hitting a stream of unfulfilled demand in your audience and donors. (Director, Museums and Libraries)*

*We had previously been a little bit more speculative in our approaches to trusts whereas the next wave was a little bit more focused on saying "Who really would want to support us?" rather than "Let's have a standard thing and if we get any results...". So that improved. (Fundraiser, Sport)*

This resulted in organisations increasingly placing a value on the range of outcomes of their work that have the power to coincide with the aims of potential funders. Heritage and sports organisations are aiming to recognise and highlight educational outcomes. This represents a shift in the dynamic of the donor relationship from one of pure patronage, to one where the organisation seeks to demonstrate a range of benefits and rewards for the donor.

*If you said 'actually some of my groups are disabled and some are unemployed youngsters' - when people see that actually there is more to what we do than simply the physical bit ... If they could see there is something more to it than simply enjoying yourself, that is how we could reach out to a wider community out there. (Fundraiser, Sport)*

*Placing emphasis on the experience, on community involvement. (Fundraiser, Arts)*

*In other words, getting people into the Museum, but not on the back of the Museum but on the back of wellbeing or social fitness or issues around mental health or social inclusion. (Director, Museums and Libraries)*

### Integrity of organisational purpose

Despite an increasing emphasis on highlighting mutual benefit, organisations noted that they should continue to have a clear organisational purpose that is driven internally, rather than being led by funders' priorities. Although the themes that organisations focused on shifted depending on their audience, a basic identity was retained, and it was thought that donors valued this integrity. One arts organisation described an occasional scenario where a funder had slightly differing priorities, but could offer a new stream of activity which fitted well into the overall organisational strategy. Although the importance of integrity was mentioned by a number of participants, the potential for loss of integrity was not identified as a particular risk from the new environment.

*The story will be different as I am sure everyone else has said, according to who you are talking to and which of those five or six elements are most important to them, and the good that they are going to do. (Fundraiser, Heritage)*

*There is something about having a purity of mission that is really compelling to funders. And yes, there is a danger in being funder-led. There is a danger of seeing an opportunity for funding and then trying to create a project which may not be entirely mission-focused to deliver. (Director, Arts)*

Organisations that were more confident in fundraising tended to have developed a clear and consistent narrative around their organisational purpose that was well understood by fundraisers and leadership alike. Development of a compelling narrative was thought to be an important skill in communicating the organisation's purpose to the wider community and to potential donors.

*It is getting those people to really understand what we do and to feel it. (Fundraiser, Arts)  
Every member of staff should be able to speak and act as an advocate for the organisation, so that they're pulling together in a coherent way. (Director, Arts)*

*Royal Opera House ... where they commit to doing six big shows every year, whatever it's going to be, so they continuously engage. But then we have our own narratives here that we're developing around artist residencies, residency space. You know thirty years of the cultural incubator that our donors do understand and we need to find more of those out there. (Fundraiser, Arts)*

By contrast, some had faced challenges in identifying a compelling narrative. In particular, smaller heritage organisations described difficulties in developing their narrative.

*We don't have the big stories to tell... like, 'the hospice is going to be shut because their historic building is going to be closed because the roof needs replacing'. And they haven't got the money...it is very difficult to focus that sort of thing ... we are not involved on the project day to day, we are giving a grant towards it. (Fundraiser, Heritage)*

*If you go to any kind of fundraising or fundraiser conference you are in there with other arts and culture organisations but you are immediately different because you don't have any tangible assets ... we can't show a tangible delivery for people and I think half the time with things like archaeology it is showing the impact or the benefit for individuals which is really difficult. (Director, Heritage)*

## Recognising fundraising assets

Organisations were aware of some key assets associated with fundraising success. Most prominent was the power of 'place' to enable an organisation to generate a sense of a tangible outcome for its fundraising efforts, and to create a focus for the fundraising narrative.

One way in which place could help facilitate fundraising was through the prestige that could be communicated via association with a high status building or a location. This could be utilised as an asset in helping to engage donors with an organisation in a similar way that a prestige brand would help to create a positive profile for an organisation.

However, one organisation noted that this could also be a hindrance, as a prestige location could communicate affluence and less need for support in comparison to more 'grassroots' causes. A prestige location could also be used to create a focus for potential donations in the form of support for capital projects. This aspect was also noted by organisations that did not have a dedicated space or a prestige building, and felt at a disadvantage as they felt donors tended to be more easily attracted by an opportunity for involvement in capital projects.

Even where a building did not possess prestige in the traditional sense, it could be utilised to generate a unique or distinctive event or experience for the audience, or a sense of identification for a local community. For some small organisations, the local community was the core source of funding support, and the organisation could create opportunities for the local community to come together and establish itself around a shared cause.

One or two organisations had recognised the need to adapt in order to take advantage of the importance of place. An organisation with no fixed location had developed a project around another local prestige location, turning this to advantage to generate a unique event. Another had focused on developing its building space despite a difficult financial climate, recognising that this was likely to be a key asset for future fundraising.

Participants also recognised that a core benefit for their donors was in gaining access to new opportunities to make connections with likeminded people, and that it was important for organisations to maximise the reflected kudos that donors could gain from their support. This was put into operation

by creating an exclusivity of donor experience, reflecting the organisation's deep understanding of their donors' needs.

*Nobody wants to be in a club of one or even a club of three so we wouldn't have major donors if they didn't feel part of a culture. And therefore we create a culture, we can do funky events and we can make them feel part of something. (Fundraiser, Arts)*

*There is a public recognition, a public exposure aspect to all of our works. There will be a benefit to you, in whatever shape or form that might be. There will be the opportunity to engage with your social conscience as well, through our education programme. It is the same with all of these heritage and culture organisations. (Fundraiser, Heritage)*

*We will invite trustees and directors of those trusts to come to certain of the events. We'll integrate them into, if you like, a sort of community of support. That's quite important that those key trusts feel that they are part of what we do and get to know our other supporters. I think it's quite good to build a web of support by bringing people together. I think one of the other things that we try and do is bring people together from different walks of life and make sure that people are sort of seated at these events in certain ways, not just sitting next to people that they see at the Serpentine, or at the Tate - what we might call serial patrons. We try and give them an experience of sitting next to someone they wouldn't normally meet. It could be an artist, it could be someone from a trust. And what they have in common at those events is an enthusiasm for [our organisation] (Director, Arts)*

It was demonstrated that the combination of an organisation's kudos, linked with a high standard of expertise or output, prestige location and a committed support base could combine to create a kind of virtuous circle, or a positive base for success. Conversely, the lack of some of these elements appeared to create a vicious cycle, where a lack of fundraising support prevented investment and support became more difficult to secure.

Participants frequently mentioned Tate and the Royal Opera House as examples of organisations that would find it easiest to fundraise through possessing an ideal combination of prestige location, artistic output and a definable 'brand' to attract donors, not to mention a secure financial position enabling investment.

*That is why people sponsor exhibitions at the Tate and the National Galleries – it's prestigious, and if you're a little museum in I don't know Somerset or Northamptonshire, it's not prestigious is it...I think the success of the glamorous museums, you know, if you're one of those, solicitors might give you £250 - you know, it's prestige, and prestige is something that you build up year by year by year. You have to earn it, and you earn it by getting good press reviews, by good word of mouth, and it takes, it's taken us 4 years - and we're bang in the middle of London - to be anything like prestigious. (Director, Museums and Libraries)*

## Planning fundraising over time

Participants described the importance of planning fundraising over time, in order to manage income streams so that when one source of funding came to an end, there would be opportunities to replace it from another source. In addition, organisations planned fundraising efforts around organisational goals and projects. Even organisations with a high level of confidence in fundraising felt that planning was difficult to achieve with any precision, due to the inherent unpredictability of fundraised income.

*How much is a project going to cost? How much can we pay for from our own resources? What is therefore missing and how likely is fundraising (to succeed) in terms of what constituents we have got at our disposal, what resource we have got in this office, who are our advocates are in the wider world and frankly how sexy is project X in the first place? It is my job to evaluate how that adds up and therefore put the two together. We have got a very sound annual operating plan process and also a five, 10, 20 year strategic plan process as well where we just keep talking about these things. (Fundraiser, Heritage)*

*Well we always set targets for the year ahead, and we do various three year strategy and five year strategy documents. They all exist in their moment as we think about the future, and then they sort of become redundant as the world changes. (Director, Arts)*

The importance of financial buffering against the volatility of fundraised income was emphasised. Fundraised income tended to be short term, with some projects achieving their full potential only towards the end of the cycle, meaning that the investment's potential was not fully realised. Participants described the importance of core funding in providing stability to the organisation, a base from which organisations could safely invest in other areas including fundraising. Achieving financial stability was seen as a particularly important enabler for fundraising, as the strong relationships required for sustainable fundraised income could take time to develop. Organisations that had received an endowment valued the stability provided by this source of income.

There was frustration in some organisations that donors tended to prefer to focus efforts on capital projects or short-term activities rather than upon core activities or operating costs. This had been overcome in one organisation by linking capital projects to operational activity within a single funding request.

For smaller and less financially secure organisations, lack of financial stability was a key barrier to fundraising, as fear about the future prevented investment in any non-essential activities. Another key aspect of financial security was that potential donors often required a demonstration of the organisation's financial health and track record before they would agree to make a donation.

*The track record of the organisation is really important because funders give on the basis of track records. So if organisations are already in a struggling place, they start from a really difficult point. Typically they use accounts as their (inspiration). They get the idea and then they get the accounts. One is that you're a safe entity to give money to and the other is - have you got a great idea? (Fundraiser, Arts)*

This awareness of the importance of financial stability in securing fundraising was of concern to some participants who felt that financial reserves were often regarded as a 'luxury' in the charities sector, where in fact such reserves made investment possible, and were key to the success of fundraising efforts.

## **Embedding fundraising in the organisation**

A number of organisations focused on the importance of ensuring that fundraising was understood throughout the organisation, and also on a recognition of the role of trustees and organisational leadership in fundraising. The precise model varied according to sector and organisation size, but directors and trustees tended to form the 'face' of the organisation, proactively meeting with potential donors, where fundraisers would support them through providing managerial and administrative support, and creating strategic approaches to fundraising.

A further core element of embedding fundraising in the organisation was a clear sense of purpose, communicated by the leadership of the organisation. This was important in helping the fundraising function to develop and communicate their fundraising narrative, both externally to potential donors, and internally to colleagues and functions across the organisation. Leadership could support fundraising through communicating clearly about the need to fundraise, and through taking an active involvement in fundraising.

The importance of organisational buy-in across functions was highlighted, both in sharing the fundraising task beyond a dedicated fundraising function, and in ensuring that everyone presents a positive, enthusiastic and convincing public image to facilitate fundraising. Some described other staff taking an active role in arranging fundraising activities, where others focused on the ability of other functions in the organisation to understand fundraising to facilitate a joined-up approach.

*On some of the events stuff, certainly the staff have been involved. We have had people do running events, cycling events, stepping out of an aircraft events, fire walking. Staff got involved with that. What we do is a lot about attracting interest for the courses that we run, but anyone is seen as (potentially having a) fundraising role in terms of educating the public that although we look like an educational establishment, we are also a registered charity and part of our income does rely on donations and gifting. (Fundraiser, Sport)*

*To give you an example recently, there was an employer in the sector who picks our water sports instructors and they take some of our young people who have got the qualifications. As it turns out, one of the people also sits on a board of trustees of a grant making trust. So it is important that the people who are doing the careers training talk to myself because actually we are dealing with the same individual. It is for two different reasons but we are both working with the same individual so it is helpful if we know where we are. (Fundraiser, Sport)*

For medium-sized and larger organisations, there was a recognition that leadership and fundraisers were not always best placed to fundraise from all potential donors, and that other staff would often possess the relevant skills and contacts for certain activities, or for fostering particular relationships.

*Somebody in the organisation will be responsible for that relationship and it is not always going to be a fundraiser in the job title. Sometimes it is people who can talk most knowledgeably about a particular field. (Fundraiser, Sport)*

*As chief executive, I don't have the best ideas in the organisation, often it is a young 24 year old who has only been here six months who has the best idea and project working enables us to support that idea and drive it forward. (Director, Arts)*

One organisation had instituted a project-based model to facilitate a measurable and goal-oriented approach across a number of functions. This had had the effect of distributing ownership of fundraising throughout the organisation.

*The person who is running the project, the project manager, is also the person who is probably securing the funds for that project and so the alignment between mission and funder becomes quite precise. (Director, Arts)*

One larger organisation had developed a community of interest around fundraising in their organisation, called 'fundraising clusters'. This was designed to facilitate senior management buy-in to fundraising, and to promote fundraising throughout the organisation. The organisation reported that this had resulted in innovations.

*I think it has relatively recently been formalised with this whole concept of the fundraising clusters where people with an interest in voluntary income.... It is all of us regularly getting together and with senior management as well. Our director of operations is in the meeting. Our director of sales is in the meeting and the director of finances. So all of those with an interest in it.... That is where the really good discussions come from. (Fundraiser, Sport)*

A number of organisations described situations where organisational functions had failed to achieve alignment on fundraising. There was a recognition that open communication between functions can help prevent this to some extent.

*But it doesn't always work. We spent years trying to engage the public-facing side of our organisation with public fundraising, mostly unsuccessfully... if it's your principal purpose then you know that you've got to do it, if you're principal purpose is still selling tickets – some people are able to do it better than others and we've still got a way to go on that one. (Fundraiser, Arts)*

*There are however, as in any larger organisation, a number of other seemingly competing operations going on. So how does my team work together with the commercial functions team when I could be asking PWC to become a corporate member and they could be asking them just to buy a venue hire for a one night stand. So there are potential hindrances to success there but we weren't scared to take them on. (Fundraiser, Heritage)*

## Innovation

Participants described a number of factors that helped drive innovation and fresh thinking in relation to fundraising in the organisation. One was the involvement of new staff in generating ideas, often brought from outside the culture sector. Participants emphasised the importance of a management culture in which new ideas were welcomed and there was a willingness to foster change.

*Organisationally we are quite open to new ideas and recently people have moved on and new people have come in and I think part of that has been a bit of a breath of fresh air with new faces saying "Shall we try this? Shall we try that?" and I think there is a willingness to try new stuff. (Fundraiser, Sport)*

There was a sense that the culture sector could have things to learn from other, more traditional charitable causes that made more use of different approaches which might not currently be considered within the culture sector, such as door-to-door leafleting or on-street fundraising.

## Administrative burden

Smaller organisations, and those without dedicated fundraisers, described the difficulty in committing time to fundraising in combination with other duties.

*I don't necessarily have time to fund raise, I'm not doing fundraising every day. I've got enquiries, we've got site visits for projects, we've got events to organise, I've got a newsletter to write. I've just finished that; that is what I was printing this morning. I've got friends events to organise, to find out what the price is, get the dates in the diary, do the booking forms, make the tickets for the events, send them out, doing a postal thing because we don't have the volunteers either. This is another problem is volunteers. The government is convinced there are all these fabulous volunteers, actually volunteers are really hard because you have to spend a lot of time looking after them. (Fundraiser, Heritage)*

A number of participants highlighted the considerable time pressure associated with completion of complex funding applications. This placed a burden particularly on smaller organisations and those without a dedicated fundraising function. One or two had employed fundraising consultants who could devote time and expertise to completing the applications. A further burden took the form of rigorous monitoring of projects by donors, a process which could be resource-intensive for the organisation.

*Reporting is becoming just so much more important - and actually the quality of the reporting. So setting reasonable targets when you receive funds, and delivering on those targets - not overpromising and under-delivering, but being reasonable with your promises, and being reasonable with your claims of success. (Director, Sport)*

Sports and heritage organisations with a remit for education described increasing burden in the form of health and safety, CRB checks and gaining appropriate licensing for certain activities, such as adventure activities licensing.

There were a number of calls to simplify the Gift Aid system, and even organisations with a very well-developed fundraising function found it difficult to ensure that all donations were covered by Gift Aid. The perceived complexity of the system was also thought to make it difficult for organisations to explain the system clearly to their donors.

*Gift Aid is an ongoing thing about getting it right. There is always room for reviewing your Gift Aid to make sure you are maximising it. We do have Gift Aid processes internally, and periodically I would like to sit down regularly with our finance department and make sure we are on top of the Gift Aid thing and that is quite normal for a charity, I think. Are we making sure that every donation that is Gift Aidable ... and "Would you like to Gift Aid it?".... We do try and keep on top of that. (Fundraiser, Heritage)*

## Section 6: Key fundraising activities

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There were differences between organisations in the way that they chose to define fundraising. In general, fundraised income included all types of income that could be regarded as 'voluntary' however some organisations included statutory sources, National Lottery and Heritage Lottery Fund in their definition of fundraised income.

Organisations recognised the need to develop a mix of fundraising activities that were best suited to them, based on their scale, location, sector and profile. Most had a combination of individuals, corporate donors and trusts and foundations in their fundraising mix. However, one or two small organisations had not yet achieved a diversified mix of fundraising activities.

*My colleagues include in their portfolios things like functions and events, things that are very commercial sounding and feeling. Other organisations including this one don't. Some organisations – the South Bank Centre for example – don't include their membership scheme in fundraising. It is purely a marketing operation. We include membership in our fundraising so I think everyone will give you a slightly different answer. (Fundraiser, Heritage)*

*We aren't going to put a lot of energy into cold pitching sponsorships because we don't have the capacity to reach people (in the same way as) the South Bank institutions. We also have an aesthetic that's sort of arty and urban but still very young people and student-y and a bit kind of rough round the edges and a lot of our shows are in development. Whereas if you were the National Theatre, you've got a million people coming through, you've got major visibility and the aesthetic is all about sort of classy, high society London. (Fundraiser, Arts)*

Participants in medium-sized and larger organisations noted the importance of their existing base of major funding streams in facilitating the development of new ones.

*Without the trust and foundation type income, I think large chunks of some of the more deprived schools wouldn't be here... We needed somebody to head up mentoring and that was funded by trusts. So that particular post would not have happened. Without Prince's Trust ... the large type of careers type work, that would disappear. (Fundraiser, Sport)*

### Corporate donors

There was a general awareness that corporate donations had become more difficult to secure in recent times, as a result of the recession. A number of organisations had turned away from this source of funding as a result of the more challenging climate, preferring to focus their efforts on trusts and foundations, and individual giving. For some, corporate donations had never been a key element of their funding mix, particularly those in a non-metropolitan location - outside of major cities, organisations struggled to find a sufficient pool of corporate donors - or because they had not previously considered it as being appropriate to them. One organisation was in the process of beginning to develop relationships for the first time.

### Membership schemes

Memberships and friends schemes often formed an important part of the fundraising activities of some smaller organisations. However, some organisations focused on the considerable investment

of time and resource required to develop and maintain schemes. Others, with more successful membership schemes, felt that this was a low-investment strategy.

*With very little marketing it (membership scheme) stays fairly static so we think if we put in some real resources to it we will have real potential as there are 4 million Time Team viewers and it will also be core income, non-restricted income, which is what we need. (Fundraiser, Heritage)*

Schemes typically involved a range of member benefits from newsletters and information materials, to educational lectures and access to exclusive events.

## New social media

There was considerable variation in participants' use of new social media as part of their fundraising toolkit. Typically, those with a younger or more technologically savvy audience base had developed their new social media to reflect audience needs. This was often driven by the efforts of key staff with the relevant awareness and skills. For others, new social media was not a priority although there was general recognition that it was likely to be an important element of their future strategy.

## Social investment

Medium and larger organisations had an awareness of social investment<sup>10</sup>, as a potential route to funding for projects, and some had looked into this in detail although none had yet made use of this. Although there was general recognition of the potential benefits of social investment, some doubts and concerns were also expressed. One participant who had considered it in some depth concluded that although there was a potential for social investment to resolve the cash flow problems experienced by organisations, he did not feel that the timescales offered by existing providers were satisfactory, and felt that traditional banks remained the only viable option:

*The challenge was that they can't move quickly whereas the bank is designed to be able to move quickly on an overdraft facility. In the business world, they need to be able to make a decision overnight, and sometimes within two hours, if the business is going to be able to sustain itself and keep trading... Whereas the charitable funding world works on three month board meeting cycles. So we have used a funding pledge to underwrite a show but not a loan, and then that funder is sort of delivering a gift against the outturn of the production. That's a private donor, an individual. But in terms of the hundreds of thousands that we need to manage the cash flow on this project, we don't know a funder out there, other than the bank, who we can go to in one day and just say 'actually, can you just offer us an overdraft facility' and they'll just do it in commercial terms. ... Most charities are still going to be better off just going to their bank and most banks understand financing the third sector. (Fundraiser, Arts)*

## Consultancy

Some organisations had considered involving fundraising consultants in their work, and some pointed to examples of situations where this had been used successfully. However, some expressed scepticism about the value of consultancy, pointing to the importance of fundraisers having a deep understanding of the organisation, something that was difficult for an external consultant to achieve.

*We think the best fundraisers are people who know this building best and this organisation best and so rather than getting somebody who might have a brilliant address book but no real knowledge of what we do to be out there championing us, it is our board of directors and our staff team and the artists who we work with who are our most passionate advocates. (Director, Arts)*

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<sup>10</sup>Social investment is the provision and use of finance to generate social, or social as well as economic, returns.

There were examples of situations where consultancy support had been utilised successfully. One organisation had invited a consultant to help them to develop their fundraising strategy:

*We recently hired someone for just a couple of days as a fundraising consultant. They gave us one day for free and then two days paid to come in and look at us structurally to say is there a way we can move this whole thing up a gear? Is there anything we are not doing that we should be doing? Is there anything we should do better? They gave us a report back after two days, with a series of recommendations. So we have taken on board those recommendations. They have gone to the senior management and they will next go to the trustees and we will decide which, if any, we are going to go with. So we have taken some external advice relatively recently. (Fundraiser, Sport)*

Other examples involved using consultants with specific skill sets for defined tasks such as completion of funding applications. In general, consultants were thought to be best employed in the more practical, management side of fundraising than in building donor relationships.

*European funding is often quite a complex (application) process, and often requires to write in a kind of language that doesn't feel intuitive - sort of euro speak - that often is deployed to secure those funds. So we drew on some additional support to help us through that. (Director, Arts)*

## Trusts and foundations

Trusts and foundations tended to represent the core of a number of organisations' fundraised income, and were the key focus of fundraising efforts for the medium and larger organisations. It was noted that grant applications required dedicated focus and effort, presenting a challenge for all, but particularly for the smaller and medium-sized organisations.

## Legacies

Some organisations had developed legacy programmes, using systematic approaches on standard mail-outs, or via individual approaches to major donors. A number of organisations said that although they had considered a legacy programme, they had not yet developed this as a key fundraising activity.

*I think that it is about a good stewardship and again being okay about just floating the idea with people. We might mail them or we may approach a particular individual and say "Have you considered including us in your will?" There has not been a programme of legacy approaches or anything as yet. (Fundraiser, Sport)*

Participants mentioned the importance of tone in approaching donors for a legacy. A fundraiser from a smaller organisation reported that they had faced resistance from trustees who were concerned about the appropriateness of requesting legacy donations. It was also noted that legacies are long-term fundraising strategy, and would not be suitable for plugging funding gaps in the short-term.

## Trading

Although trading income was not a core focus for this research, it is worth noting that some small organisations were planning to focus on income-generation from commercial activities instead of on fundraised income to secure their financial future. Operations included an innovative online game-based education product, and a rural sports club that derived a steady income from running a bar.

## Section 7: Future support to facilitate fundraising

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Organisations suggested a range of potential measures and approaches to facilitate future fundraising efforts. These included practical measures to assist organisations in making the transition to a new era of entrepreneurial fundraising, support in accessing grants, and measures to support culture change around charitable giving in the arts and culture sectors. It is notable that some of the desired support is already available, suggesting that the schemes and initiatives have not reached organisations, or have not yet had a sufficient impact.

### Transition to a new fundraising approach

Smaller organisations and those without a dedicated fundraising function desired support to facilitate them in making a shift towards a more focused, professional approach to fundraising. This new approach was thought to be a requisite for survival in an increasingly demanding environment. Organisations called for government support in capacity-building, including help in developing fundraising and commercial business management skills. Some mentioned conferences and training, where others felt that more intensive support in the form of secondments and access to free expertise would be required.

Support was desired in encouraging trustees to have a more active involvement in fundraising. One fundraiser noted that they would like support in encouraging management and trustees to understand the acceptable norms for financial management of a charity:

*If they had guidelines that demonstrated an ideal of how a small charity should be run then that would be very good. It's something you can give to your trustees and say "This is how they want it done, this is how we should be doing it, are we meeting any of these criteria". Things like that would be very helpful. (Fundraiser, Heritage)*

*Best practice, workshops, newsletters, a really high quality virtual input, the highest quality seminars. (Fundraiser, Museums and Libraries)*

Organisations with more access to dedicated experience and expertise in fundraising sought practical support in seeking new sources of funding. One participant mentioned the potential for the culture sector to gain funding from the European Union:

*I think specialist advice around EU, there is a lot of money in the European Union which I think, in this country, we are very ill equipped to secure in the arts. I think in other areas we are probably pretty well set up, but just looking historically, there are very few cultural organisations in the UK which have been successful in securing European money. Whereas if you look at Italy they have an incredible success rate of securing EU culture money. (Director, Arts)*

## Linking and brokerage between organisations and philanthropists

Participants suggested that government and local authorities could play a role in creating links between potential funders and charitable organisations. The desired approach and format varied depending on the scale of the organisation, with smaller organisations seeking support and facilitation in creating opportunities to meet with potential funders. Larger organisations focused on the potential for government to provide visible support and promotion of their sector.

*The DCMS have already got some relationships going with some of the major grant raising trusts. They are creating a philanthropic fund at a top level, at a national level. If something similar could be done for the sports charities... for government to meet with the big grant-makers to say "We would support you in that with a view to something sport-orientated..." (Fundraiser, Sport)*

*The gap that has always existed is brokerage. Who is acting as a broker, as an advocate, as an independent objective and balanced view on this sector?... Nobody has cracked it. (Fundraiser, Heritage)*

*You would want to see major gifts, sponsorships and grants from around the world being announced to the widest possible portfolio... Where the cultural organisation, the broker and the donor are all standing there side by side having their photograph taken and it not being something that one or two of those parties are embarrassed about. (Fundraiser, Heritage)*

This was echoed across the sub-sectors, with participants feeling that the government could provide an active advocacy role for arts, culture, heritage and sport. This could also involve setting up awards for organisations in these sectors, or extending honours for philanthropic giving.

*Just getting an award is enough for us to have a major boost. It gives us some sort of credibility when we are talking to outside people in terms of - you say all this sports educational stuff but have you got any way of proving it? - We don't have Ofsted or anything quite like that. We have safety bodies. So a way of recognising it... the Minister of Sport could actually physically visit us ... that would promote local government support. (Fundraiser, Sport)*

*It doesn't necessarily have to be money it can just be talking until the cows come home about how wonderful London or Britain's heritage is and how important the small museums are, the small local groups are, the small charities are because too often the money is funnelled towards the big projects and the little ones often get lost. (Fundraiser, Heritage)*

## Changing the culture of giving

There was discussion of the culture of giving in the US, and the extent to which it was feasible to replicate the more widespread and committed public giving to the charitable sector that can be found in the US. Participants tended to feel that it would be difficult to achieve this in the UK, as a result of the system of taxation, and differing cultural norms. Participants felt that a culture change would be challenging and would be likely to take a long time to achieve.

*I think there is an expectation from government currently that individual giving, philanthropy, will quickly step in to be the saviour of fundraising and will enable organisations like (ours) to kind of pick up income that it is losing from other sources and I think that is going to take a generation to shift the public's attitude towards philanthropy in this country. It is not a quick fix. (Director, Arts)*

*If the government is going to talk about the big society, the big society is not going to work unless private philanthropy is promoted. (Fundraiser, Heritage)*

A key building block for any potential culture change would be to institute a shift the role of trustees. Participants acknowledged that in the US, there is an expectation that trustees will 'buy' their place on the board of an organisation, and that this can have both positive and negative effects. Some highlighted the potential for this to result in large and unwieldy boards, or in an increased expectation

amongst trustees that they would be able to influence the day to day management of the organisation. There were mixed views on the extent to which increased involvement from trustees would represent a positive change. One participant suggested that it might be helpful to allow the third sector to follow the precedent set within the NHS of making trustees paid appointments, so as to attract a stronger calibre of applicant, more suited to commercial realities of fundraising.

It was suggested that more could be done to reward charitable giving. One participant suggested that the government could promote charitable giving by providing honours for philanthropy not only to high net worth donors, but to 'ordinary' givers who show commitment and generosity in their charitable giving. Percent for Art programmes that encourage a standard charitable donation as part of a standard payment were also thought to 'normalise' charitable giving.

## System of taxation

Participants mentioned that one of the key barriers to a change to a US-style culture of giving was in the differences in the system of taxation, acknowledging that in the US, philanthropy is rewarded with tax breaks and incentives, where no such incentives exist in the UK. Participants said that they would welcome changes to the system of taxation to encourage philanthropy amongst corporate donors and individuals. In particular, tax relief on donations was thought to be desirable, in order to encourage charitable giving.

*We can do something significantly less Byzantine with our tax incentives and our Gift Aid processes for philanthropists and for cultural organisations. We really, really can. It is very complicated. It (reaps) very small rewards compared to what it could. It is very complicated and people can't be bothered. So that is one. Two, dare I say it the whole business about non-doms. Lots of cultural organisations in this country depend on major gifts from foreigners - how can we not disincentivise those people to such an extraordinary degree? (Fundraiser, Heritage)*

## Financial safety net

Participants described the importance of financial stability in providing a secure base from which to invest and develop their fundraising. Systems which would help provide a financial buffer against the volatility of fundraised income would help to create a more secure environment for organisations, enabling them to focus on fundraising. In addition, this would improve the overall financial health of organisations, which could then be demonstrated to potential donors.

## Section 8: Organisational case studies

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This section includes illustrative case studies from two organisations participating in the case study element of the research. These two organisations were selected for a more detailed case study as they were illustrative of some key findings from the case study element of the research overall. The case studies have developed based on outputs from three interviews conducted in each organisation. The aim of the case studies is to provide an overview of each organisation, its current funding mix and financial challenges, and its approach to fundraising.

The first case study is Oxfordshire Theatre Company. They are a small organisation with limited resources that has nevertheless begun to engage in fundraising activities and has made efforts to ensure that fundraising is more ingrained in their organisational culture. The second case study is Sage Gateshead, a large, major arts organisation which has developed a sophisticated approach to fundraising despite facing challenges based on its non-London location.

### Case Study 1: Oxfordshire Theatre Company

#### General Context

The organisation is a small touring theatre company, established just over 30 years ago, which takes three or four productions a year on tour. Approximately one third of the Company's work is via national schemes. The majority of what they do, however, is to work with volunteer local promoters to bring productions to local Oxfordshire venues such as village halls, and to access audiences who wouldn't necessarily experience professional arts otherwise. The core team comprises two full-time and two part-time members of staff. When they're in the midst of a full production, all of the actors and stage managers are freelance, and employed on a contract basis for each show.

The Company's primary source of funding to date has been the Arts Council England, although it has also been funded to a lesser degree by a number of different local district councils. The recent cuts in funding from the Arts Council England as well as from three of the district councils, taken all together represents a significant cut of around 20% from a relatively small budget. This means that they need to find the shortfall from somewhere very quickly. In addition to the fact of the cuts themselves, the current climate is one of considerable uncertainty, while they try to navigate their way through funding decisions and to predict the various ramifications of potential future funding cuts. As a result of the recent Arts Council England decisions, they have been told that they will need to reapply for their funding from the Arts Council England.

#### Fundraising in the Organisation

They find it challenging to communicate funding needs as an arts organisation, compared with other types of charitable organisation. As a touring company, they don't have a recognisable venue which people might visit regularly - even if just to have a coffee in the café - or where they could offer hospitality events for donors. Individual audience members are unlikely to see their work more than once or twice a year. As a result, there are fewer opportunities for audiences to identify with them or to form a sense of attachment or ownership. Another key factor is that because they 'sell' performances to village halls and other venues that are then responsible for ticketing, they haven't historically been able to create their own audience database. At one time in the past they had only a

general mailing list with contacts such as businesses and councillors combined with audience members, rather than a separate list.

Responsibility for fundraising is shared between the two full-time members of staff, the Artistic Director and the Administrative Director, who are also Co-Chief Executives of the Company. Fundraising is something that they've had to learn on the job, and they can dedicate only about 20% of their time to it. They have found it helpful to take this on together in a united fashion rather than having the task rest on one person's shoulders:

*I think it's something that everybody within the organisation needs to be a part of; in one form or another...I think the whole team has to buy into it. (Administrative Director)*

This means that, in spite of the difficulties presented by the scale and the type of the work that they do, fundraising has become more ingrained in the organisation's culture. Starting from a low baseline with the need for significant core funding, they believe that initially at least the only realistic sources of sufficient money to make an impact are trusts and foundations, or corporate sponsorship.

Most headway has been made with applications to trusts and foundations, which have achieved the largest amounts of funding for the least amount of time. This has been achieved with some practical support from a freelance fundraising consultant who has assisted in putting applications together. They also find challenges associated with this form of fundraising, as the turnaround of applications takes time, their budget for consultancy is very limited and now has to be cut back; and they have to align with the criteria set by the body concerned. The result is a pressure to keep developing new projects, when in fact it's core funding that is being lost:

*Nobody wants to fund closing the gap from what you've lost, everybody wants something new. Quite a lot of the arts trusts and charities, the bigger ones, are more about something that's new and innovative and is an additional to what you're doing. But of course, everybody's been losing such a substantial amount of funding, that it's about actually the baseline operations. (Artistic Director)*

They have begun to build personal relationships with potential corporate donors, through local business networking meetings, and finding ways to overcome their lack of a fixed venue. They recently put on a showcase event in partnership with a local museum, using the attractiveness of the museum venue to their benefit. They have realised that something they can offer to Oxford-based business sponsors as a touring company is the ability to take their sponsors' names county wide or further afield:

*So we are having to shift our thinking, seeing what we do in order to get people to connect with us. (Administrative Director)*

It takes time, however, to get on people's 'radar', to get to know them and identify potential common ground, before it can bear fruit:

*It's not something that I'm trained in, I'm just doing it...It's been three years in the making, just to get to know the people that might support us. It's taken a long time. (Administrative Director)*

They have sought to deepen levels of individual support by re-launching their Friends scheme and taking part in The Big Give challenge though with limited success. They attribute this partly to a lack of direct access to audience members which would otherwise allow them to publicise their involvement; and partly to a lack of glamour appeal compared to the 'high arts'. Therefore, they have invested in building up a database of audience details by conducting an audience survey. Meanwhile, the immediate yield from an exercise involving staff in personally exit-flyering and talking to audience members at each local performance was disappointing, with only four new members joining.

## A Small Organisation in Transition

The Company has begun to invest in fundraising and to gain confidence. One of the keys to this has been the decision to work to a longer planning cycle, in spite of the major uncertainties ahead. This has given them a means of accommodating the timescale for turnaround of applications to trusts and foundations, which can be as much as six months. They have recently been conducting scenario planning, developing strategies for survival, and trying to create a new operating system for themselves:

*So one thing we've been doing is budgeting, budgeting and budgeting...trying to predict all the variables, which has been really difficult to do. We've budgeted for an absolute baseline...as a way of stripping back and actually looking at what that would do to our business model and the way we operate, our policies. (Artistic Director)*

One outcome from this exercise has been the development of proposals to cut the core staffing budget by 20%. They are acutely aware of the knock-on effect that funding cuts will have on the other organisations that they partner with. For example the volunteer local promoters who currently publicise their shows at a subsidised cost will be affected. Another immediate impact will be on their ability to provide accessible performances, for the deaf and hard of hearing for example, which they have seen as an intrinsic part of the community service aspect of the work that they do.

*One of the other things, just looking at it strategically, was that we are going to have to raise more money from earned income – which means putting the prices up and putting the onus on the partners to pay us for the work...even though we know...they're all in the same situation that we are, so it's like a vicious circle really. (Artistic Director).*

A benefit of this process has been gaining greater focus:

*I think maybe we've become more articulate in terms of describing the company, because we've had to justify ourselves so many more times...it's pushed me into having greater clarity on what it is that we're offering and why we're doing it, and marketing it more effectively. (Artistic Director)*

They are increasingly placing an emphasis on audience experience and community involvement, finding ways to offer benefits such as post-show talks or workshops, and involving potential sponsors in the development of new plans, to encourage them to feel connected and engaged with the Company. They are also working together with their partners to bridge funding gaps, for example working to form new partnerships such as potentially co-producing a show with another organisation, and going into commercial ventures such as taking a show overseas to 'sell' performances to a body who values the British tradition of family theatre.

In fundraising terms they are winning more sustained support from the trustees, although this hasn't historically been seen as very necessary. They also benefit from any opportunity to share experiences and advice with colleagues in other like organisations elsewhere, for example through the annual conference of NRTF (National Rural Touring Forum) and through informal networking with former members of the now defunct Pride of Place organisation, which disbanded when it lost Arts Council England funding.

## Support Desired in Future

The organisation would welcome the fostering of a climate that encourages potential donors to support a small touring theatre company that is engaged in community endeavour at a local level, as opposed to a fixed theatre venue:

*I suppose anything that makes it more sexy to actually support funding an organisation like ourselves...as opposed to something...where they can take their guests and wine and dine them. (Artistic Director)*

An initiative to support organisations like their own in putting together their initial fundraising strategy and building up their own fundraising capacity would help to make a difference. The Company finds it hard to cover the upfront cost of paying their fundraising consultant for her time, pending success in raising future funds, and has had to cut the budget for that substantially. It is only through the consultant that they have access to information on available sources of funding, and funded access to that information would be very helpful.

Specific training or advice geared to the particular challenges for a touring rural company, as opposed to a theatre venue, and a small organisation with limited resources to invest in fundraising, is also much needed.

*I've never felt that there's been appropriate training, purely focused at smaller organisations with limited resources. (Administrative Director)*

It is also felt that their relationships with local authority arts officers are important, and that these might have a role to play in helping to broker partnerships and relationships with other organisations.

## Case Study 2: Sage Gateshead

### General Context

The Sage, Gateshead is a major arts organisation with a total of approximately 550 employees, based in the well-known Norman Foster-designed building which opened in 2004. When it was first set up, the Gateshead local authority agreed to take a visionary approach, and initial fundraising was dedicated towards putting in place an endowment fund to support the organisation in running and managing the programme, while the local authority retain ownership of the building.

*It's a very small local authority, and the ambition and the vision here was to make a step change in regenerative opportunity and aspiration, using culture to do that. (Director of Marketing and Development)*

Six years after the new building opened a significant percentage of audiences are first-time attendees, reflecting the time required to build the local community's confidence that the arts programme is accessible and relevant to them.

A key challenge for Sage lies in sustaining activity, keeping things fresh, and maintaining the virtuous circle that is created by having the best level of facilities, which attracts the best level of performance, which in turn attracts donors. The aim of the organisation has been to create a balance between artistic performance and learning and participation. As well as the work taking place within the Sage venue itself, the programme also features work on national and regional schemes, the benefits of which 'irrigate' a much wider area: around 700,000 people visit the building each year, but Sage has about 1,000,000 person contacts each year through their learning and participation programme.

### Fundraising in the Organisation

Fundraising has its challenges: although there is high net worth in the region, the new generation of philanthropic donors has different motivations from the very well-known philanthropic families, many of them London-based, with an established tradition of giving to the arts. As well as competing as an arts organisation with other charitable causes, the organisation faces a perceptual barrier which they refer to as 'shiny building syndrome'.

*So it's 'Why do you need money? You've got a beautiful shiny building'...well a building's a building – it's great, we do have a fantastic new building, but you've still got to do stuff in it. (Head of Fundraising and Major Gifts)*

Another aspect of this paradox of being a national arts organisation located in a small region is that it can be more difficult to get potential donors to travel in order to see for themselves what the organisation does. To some extent they also face prejudice based on their location, with the perception that 'if it was that good, it would be in London'. The organisation is currently working to communicate the fact that they are a charity more visibly in all printed information and through introducing on-site donation boxes.

Since 2002, the organisation has slowly built up their dedicated fundraising team and they now have five full-time members of staff, one of whom is a new trainee funded by a DCMS scheme to support wider access for people to work in the arts. The fundraising team follows a campaign structure, with each of the various campaigns led by an individual team member and supported by the others. Each team is informed by access to networks of peer fundraisers. The fundraising team works in a manner that is integral to the organisation as a whole, particularly marketing and PR. The approach taken is that each member of staff should be able to speak and act as an advocate for the organisation, so that they are all working towards their goals in a coherent way.

Trustees are extremely helpful in initiating contact with potential donors, though many trustees find it difficult to ask their peers for funding. The sense of commitment and clarity of purpose of an in-house fundraising team is thought to provide a major advantage over using external consultants.

*You can't ask passionately for money in the same way, if you're a third party, as if you're living, breathing, it's running in your bloodstream. (Director of Marketing and Development)*

The significance of the endowment fund as a means of supporting an ongoing programme is key - this has allowed the organisation a greater degree of control over its own destiny, ensuring that the building has never become a 'white elephant'. In addition to funding from trusts and foundations to deliver projects such as education programmes, the organisation's major sources of funding are corporate and individual giving, a substantial amount of which has been linked to the naming of the building and some of the spaces within it. Fundraising from trusts and foundations is seen as different, in that these are charitable organisations set up to donate funds; there's a structured application process and it's up to their trustees to decide whether or not an application meets their criteria. By contrast, individual and corporate giving is based on the development of personal long-term relationships, which requires the investment of a great deal of time, to win belief and confidence in the organisation, with no certainty of outcome. The importance is emphasised of investing considerable time and care into maintaining and stewarding these relationships whilst also engaging in new fundraising efforts.

### **Using Sophisticated Approaches to Fundraising**

The organisation has experienced inevitable peaks and troughs in terms of sources of funding.

*From time to time it's been quite sexy, if you're a corporate, to get involved in the arts, so that's gone up. Now as that's gone down, I think individual giving has been growing, in terms of people wanting to donate to a good cause...it's up to us to be fleet of foot to keep across the opportunities that exist. (Director of Marketing and Development)*

The organisation is positioned to apply sophisticated fundraising approaches to individual as well as corporate giving - approaches that are underpinned by a large amount of research, based on extracting information such as customer spend on tickets and other 'flags' to the fundraising function from their CRM system. While nothing is assumed, this research allows the organisation to make targeted approaches to potential donors - for a donation of a particular amount to a project that is hopefully more likely to be right for them - and to encourage them to trade up where appropriate. This may entail a mass-mailing about a membership scheme, for example, or a personal invitation to attend an event showcasing the work of the organisation and getting to know them better, as appropriate.

The organisation is currently increasing the range of avenues available for individual giving at different levels, from the lowest level of donation upwards, via Friends, Supporters, Donors and Partners schemes, with the 'soft launch' last year of a new individual giving scheme, Sage Supporters and of a Legacy Circle. This wasn't started up at the outset, as it was seen as key to first build an audience and build commitment and loyalty to the programme. The organisation is also looking to increase the habitual nature of giving and the seamlessness of the processes by which people are able to give. For example, they are in the process of integrating the option of making 'suggested amount' top-up donations into the ticket purchase process, and enabling online joining of membership schemes. They are also hoping to look next year at the potential to introduce payroll giving, as a means of engaging with employees of corporate sponsors.

### Support Desired in Future

The paucity of professional fundraising experience represents a major challenge for arts organisations, particularly in the regions. They also face challenges in securing and retaining fundraising staff as they are competing with higher education organisations and traditional charities who can afford to pay much higher salaries.

*I have lost heads of teams and members of staff to HE and other what I would call more traditional charities, having trained them up, and that is a challenge...I find it incredibly hard to recruit fundraisers – really very, very difficult. (Director of Marketing and Development)*

It is felt that a greater focus on fundraising as a profession, and of the work opportunities that exist within the arts, would be extremely helpful. This would raise awareness of the importance of fundraising within the mix of cultural management skills, and of the importance of training fundraisers. It is also felt that a recognised and promoted expectation of trustees that they will themselves give to the organisation would make a difference. This would mean that trustees are acting as an advocate and as an ambassador not only for the organisation itself but also for the act of giving to the organisation. It would not necessarily matter how large a donation each trustee provided, but rather the principle of trustees as donors that would be beneficial. As well as bringing trustees into the organisation's 'donor family', so that the donor relationship is better understood, it is thought that demonstration of trustees' confidence in a project engenders greater ease in asking for donations from others:

*Understandably, trustees might be wary that a new project is not going to be successful...but equally, you have to have commitment to your project I think...it's about being very clear what the message is. I think that makes [asking for money] easier. (Director of Marketing and Development)*

The organisation's part in this is to help trustees by providing them with benchmarks in support of the case for funding, demonstrating the value for money and clarity of purpose of projects. The development of a wider culture of charitable giving, external to the organisation, is also key:

*If there is actually an external culture of giving, then fundraising's more likely to be successful if you're working in that rather than working in a vacuum. (Head of Fundraising and Major Gifts)*

To this end, programmes which leverage, normalise and reward the act of giving and the amount donated are seen as having the potential to make a significant difference such as tax breaks; fund-matching schemes; perhaps a new scheme along the lines of Per Cent for Art; and the awarding of honours.

*So that it's about being a habit...the same as building a habit for attendance in an audience...with giving, you have to plan to spend the money and invest the time in the relationship. (Director of Marketing and Development)*

It would be helpful if existing tax breaks were simplified and better communicated - so that they were more widely understood by the public and consistently implemented by various HMRC offices. This

could take place via prompts on tax returns, for example, or a requirement under professional guidelines for financial advisors to raise the information. The organisation also feels strongly that honours awarded for philanthropy should recognise people of ordinary means who have been disproportionately generous, as well as very high net worth donors.

## Section 9: Conclusions and recommendations

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The research demonstrates that although still emerging as charitable sub-sectors, arts, culture and sport have a substantial presence within the non-profit and charity sectors in terms of their financial value. Furthermore, although arts, culture and sports sub-sectors sometimes have less well-developed fundraising functions than other charitable sub-sectors, and a less clear sense of charitable purpose, they also possess multiple assets which can potentially be realised to offer donors a wide range of experiences and benefits.

The research also shows that there are some strong cultures and systems of fundraising in the arts, culture and sports sub-sectors, and indicates good practice which might be shared. There is evidence that fundraising is much less developed in smaller organisations, who feel they face particular challenges compared with large organisations with already well-developed fundraising functions and also what was seen as a 'virtuous self-reinforcing circle' of fundraising assets. These might combine, for example, a prestige location and venue, high quality output, a definable and well-established 'brand' to attract donors, and a sufficiently secure existing financial position to enable further investment. However, levels of confidence in the organisation's fundraising position varied and did not relate solely to size. It appeared that they could also be linked to factors such as internal support, capacity to respond to a changing funding environment and different types of donor, and clarity about mission and value.

Findings from the desk research and the qualitative case-studies indicate together a number of ways in which fundraising could be strengthened, although obviously this depends on the existing level of development within the organisations. Some of these apply at a practice and organisational and level, and some at a policy level. These two areas are addressed separately.

### **Recommendations for strengthening fundraising at the organisational level**

The desk research found that arts, culture and sport derive less philanthropic income than other sectors, while the case-studies suggest organisations need to develop more strategic fundraising approaches encompassing governance, business planning, and communications. In many organisations the fundraising function is not seen as a priority and needs to be strengthened if they are to attract more private income. Based on the findings from a range of different organisations in the various sectors, this could involve any of the following, and these could provide a starting-point for an organisational review of the state of their fundraising:

#### **Putting fundraising at the heart of the organisation**

- Strengthening the representation of fundraising at trustee/board level: trustees can play a particularly important role in reaching out to major donors, whether individual, corporate or trust

- Ensuring that fundraising is well integrated in the organisations, and is a cross-cutting function across other key functional areas (examples of this are given in the research report)
- Developing a clear expression of mission, values and accomplishments: this is likely to be particularly important for fundraising from charitable trusts and some major donors
- Checking that all staff understand the organisation's mission and values, and can represent them internally and externally

### **Identifying and engaging with donors and supporters**

- Identifying potential donor groups, and tailoring communications strategies, and packages of benefit, appropriate to each
- Building networks of support amongst donors and supporters, to enable them to get as much value as possible from their contact with the organisation: this is likely to be particularly important for reaching wealthier donors who potentially have a lot to give to the organisation
- Researching supporters, participants, members and donors to establish what they value about the organisation, and explore how the donor offer could be improved

### **Auditing the role of fundraising within the organisation**

- Ensuring that organisational investment in, and support for, fundraising is appropriate to targets, and setting clear and achievable targets for the short and long-term
- Reviewing the contribution of fundraising from private sources in relation to other income-generating activities, identifying synergies and links between different types of donor/ investor/ participant/ supporter approaches (friends and member schemes are a good example of multiple approaches)
- Making use of the increasing range of generic tools available to help with planning, communications and assessing achievements<sup>11</sup>, or the specific types of guidance available from infrastructure agencies
- Identifying all the assets which the organisations can potentially offer, whether cultural or recreational experience, property, place, education, information, health and social benefits, facilities etc., and exploring how to make use of them (this might involve learning from other similar organisations, or from other charitable sectors)
- Bringing in external expertise and consultancy to support areas where the organisation has gaps, whether in financial management, specific or specialised types of fundraising (e.g. legacies, tax-efficient fundraising).

## **Recommendations for strengthening the environment for fundraising**

It was clear from the research that organisations felt there were a number of areas where the development of fundraising requires further external help, including in policy, training facilities, and access to important networks. Developments are already taking place in some of these, and the research offers evidence to reinforce their importance.

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<sup>11</sup> e.g. <http://epi.ioe.ac.uk/webdatabases/Intro.aspx?ID=19>

Based on the findings, the areas where policy-makers and infrastructure bodies could help to strengthen the environment for individual organisational fundraising development include:

### Ensuring access to training and skills

- Ongoing provision of access to training and skills development in both management and fundraising, using a wide range of media from on-line 'know-how' resources, one-to-one helplines, mentoring, secondment opportunities, formal courses.
- Some facilities already exist, but organisations may need more information on where and how to access them. For example, help on fundraising, and tax issues, is available on the Arts & Business, KnowHowNonProfit, Institute of Fundraising, Philanthropy UK, HMRC and many other websites. Training is available from Arts & Business, the Directory of Social Change, the Institute of Fundraising, the Institute of Philanthropy, and the Centre for Charity Effectiveness. Arts & Business is the only dedicated facility, and there may be a need for more facilities directly relevant to the arts and culture and sports sectors.
- Supporting the development of, and access to, high-level and sophisticated fundraising training in relation to major donors and the financial advisors, wealth managers and other intermediaries who deal with them.
- More access to leadership schemes, such as the Clore leadership programme, particularly rolled out at a regional level.

### Brokering relationships

- Brokerage around the interface between potential donors (including corporate donors) and organisations seeking support, including for example, high level awards ceremonies: government has already identified greater public celebration of major donors as an important option in the Giving White Paper.
- Brokerage around skill-sharing between larger and smaller organisations: a few examples where this is beginning to emerge have been given in the report including the National Theatre's support for regional theatre fundraising from major donors, and the Heritage Alliance's support for capacity-building in smaller organisations in this sector, but much more is needed.
- Brokerage around finance supply, which could involve trusts, other major arts and sports organisations in relevant fields, social finance and CDFI etc.: only a few trusts such as Esmée Fairbairn have taken steps in the direction of innovative financing and there is scope for more.

### Facilitating financial support

- Targeted financial support directed specifically at organisations making a transition between different funding and income-generating approaches, and at organisations whose entrepreneurial activities are at a very early stage of investment, and who lack reserves: the Government's Transition Fund will meet some of the need in this area, though more specific help for early stage development in the arts and sports sub-sectors may be needed.
- Profile-raising, advocacy and creating a culture of giving for the arts and sports sub-sectors amongst major donors, and the general public at large: specific measures targeted at regional and local levels.
- Simplification of tax-efficient giving schemes, and ongoing development of major donor tax incentives (including corporate donors), which mean organisations have more to offer: the new provisions for reclaiming Gift Aid on smaller donations, and the additional tax incentive

for charitable bequesting, introduced in the Budget 2011, are important steps in these directions, and charities feel that further developments would be helpful.

Since a range of information and training facilities are available already, it is also recommended that further research is carried out amongst organisations to establish whether they know about resources, the extent to which they have used available sources and needs were met, any gaps in what is available and how support might be strengthened or tailored for different kinds of organisations. Such issues could be included in any follow-up to this study.

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# Appendix A: Note on defining public benefit

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## Arts and culture

This area was not traditionally charitable, and the position was only formalised when the Charities Act 2006 extended public benefit criteria and eligibility for charitable status. The Charity Commission's approach is flexible while paying note to the existing charitable framework. To be eligible for charitable status, arts and culture activities 'need to satisfy a criterion of merit', but where there is doubt about this, the Commission will refer to external 'expert' evidence. They must also be 'set up for the benefit of the public', providing sufficient access and evidence that they 'either will educate the minds of the public....or at least will be capable of doing so. What is conveyed to the public is an idea, emotion or experience which is enlightening and which is, or is capable of being, of value to them'. In practice the Commission recognises the need to encourage 'the philanthropy of donors and the verve and acumen of the public and private sectors, on which the arts sector is in large part reliant'. Museums and galleries have a mixed governance background, including universities, local authorities and some are independent: those registered under the Registration Scheme are unlikely to require any external validation. (Charity Commission, 2002)<sup>12</sup>.

## Sports

The advancement of amateur sports was also introduced as a charitable purpose in the Charities Act 2006, but what is considered appropriate sporting activity is still unresolved, and currently out for consultation. Public and health-related benefit is central to the charitable status of sporting activities, but difficulties include distinguishing amateur from professional activity, the high private fees charged by many facilities, and how to demonstrate that there is a mental or physical health benefit.

## Heritage

Heritage activities traditionally derived their charitable status largely from their educational benefit<sup>13</sup>, but have now been recognised as a separate purpose. They must be of general and identifiable public benefit, and not 'unreasonably' restricted in access.

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<sup>12</sup> The Registration scheme has now been re-named Accreditation.

<sup>13</sup> Educational purposes generally cover libraries and related activities.



# Appendix B: Qualitative case study interview guides

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## DCMS discussion guide

### Fundraisers

#### Objectives

The overall aim of the research is to develop a better understanding of fundraising activity in cultural and sporting organisations, in order support the Department of Culture, Media and Sport (DCMS)'s policy priority of boosting philanthropy. Key questions are as follows:  
How embedded is fundraising within the organisation  
How could further support increase or enable this?

*Note: This guide is intended to highlight topics for discussion within the interviews. Although this guide provides a list of questions and topic areas, not every question will necessarily be asked during the course of the interview in order to reflect participants' thoughts and debate. At all times, the moderators will follow-up on and encourage participants to describe their thoughts and opinions as and when they arise.*

#### **1. Introductions**

**10 minutes**

##### **Moderator introduction:**

- Thank participants for taking part in the research
- Introduce self, GfK NOP, purpose of research
- Interview will last approximately 1 hour and will be audio recorded for the purpose of the research
- Explain purpose of research
  - *To assist DCMS in developing a better understanding of fundraising activity in cultural and sporting organisations, in order support the Department's policy priority of boosting philanthropy and encouraging / supporting fundraising.*
  - *Please note, your organisation has been selected from a list of possible organisations in the relevant sector who currently undertake fundraising.*
- Reassure: confidentiality, audio recorder, MRS Code of Conduct,
  - *Our report will include a list of organisations involved in the research. However, we will not attach your name to your comments without your express consent. Otherwise,*

*they will be amalgamated alongside general research findings, and attributed only at the sector level. E.g. 'sports organisation.'*

- To thank you for taking part in this research, we will make a donation of £75 to your organisation.
- Explain importance of participants being able to say what they think, there are no right or wrong answers, all opinions valid and helpful.

### **Participant introductions:**

- About you
  - Current role(s)
  - Responsibilities in addition to fundraising
  - Previous roles
  - FT / PT / Paid / Unpaid
- How do you define fundraising?
  - *Clarify: for the purposes of this interview I mean all forms of fundraising from individuals, trusts, the corporate sector, sponsorship, legacies and donations. For the purposes of the interview, I do not include commercial trading, social investment or lottery funding in the definition of fundraising.*
  - How does this compare with your own view of 'fundraising'?
  - Do you think that fundraising for arts/ culture/ sports is different from fundraising for other causes?

## **2. Current fundraising activity**

**20 minutes**

I'd like to ask a bit more about fundraising in your organisation.

- How is the fundraising function handled within your organisation?
- Formal vs. informal
  - If informal:
    - Why do you say it's informal? Explore.
- Who are the main donor types / sources of fundraising: individuals, trusts, schools, community groups, the corporate sector, sponsorship, legacies and donations
- For each:
  - What activities are undertaken?
  - For how long have you done this type of fundraising?
  - What prompted you to do this sort of fundraising?
  - What sort of yields does this return?
- How do you work with major donors? How does this compare with other donors?

- Are their expectations different? How?
- Have you ever approached a private donor for social investment rather than for a gift, e.g. as a loan?
  - If yes, what was the outcome?
  - If not, would you consider this? Why/not?
- Who is responsible for fundraising in your organisation?
  - Overall responsibility
  - Other staff involved
  - How do staff manage fundraising in conjunction with other duties?
- What role, if any, is played by:
  - Policy
  - Marketing
  - PR
- Do you involve any external organisations e.g.
  - Fundraising consultants
  - External facilities providers such as Direct Mail, professional fundraising organisations etc.
  - How helpful is this?
  - And do you pay for these services?
  - How has the decision been made to pay for these services?
- Do you seek help/ advice from any infrastructure bodies
  - Arts & business
  - Institute of fundraising
  - NCVO
- How helpful is this?
- To what extent do you promote giving through:
  - Gift Aid
  - Payroll giving
  - Share-giving
  - Legacies?

- For each:
  - What are your experiences of this?
  - Advantages / disadvantages?
  
- How is fundraising planned over time in your organisation?
  - Which factors are taken into account in planning fundraising over time?
  - Do you get a budget for investing in building up longer-term fundraising capacity, or is it always driven by cost pressures and short-term need?
  
- Do you benchmark your fundraising against other similar organisations? (Which?)
  
- Has the economic downturn had any impact?
  - In what ways? (Explore fully)
  - Importance of fundraising.
  - Availability of donors / Behaviour of donors
  - Other?
  
- Does fundraising have other benefits in addition to raising money? What are these?
  
- How do you ensure innovation in fundraising? How do you ensure innovation in fundraising?  
E.g. finding new ways to fundraise, adopting new initiatives, using new technology?
  
- What about use of online and new social media?

### **3. Embedding fundraising in the organisation**

**25 minutes**

- Does the organisation have a fundraising strategy?  
If no:
  - Why not?  
If yes:
  - How was this developed?
  - Is it formal / written down, or more informal?
  - Is it mentioned in your Annual Strategic Plan?
  
- How are fundraising targets set?
  - Are they realistic, or more aspirational?
  - How much influence do you have on targets?
  - What happens when fundraising targets are not met?

- How much pressure do you feel under?
- To what extent would you say the organisation values fundraising?
  - Why do you say this?
  - Is it supported? How?
  - What involvement is there at Board level?
- How much priority does the organisation place on fundraising from private donors?
- Which other departments/ people in your organisation do you find most helpful in your fundraising work?
  - Which do you find least helpful?
- What role do trustees play in fundraising?
  - What is the impact of this?
- How suited is the organisational culture to fundraising from private donors?
  - Which aspects help?
  - Which aspects hinder?
- What are the things that support or enable fundraising in the organisation?
  - Internally in the organisation
  - External factors
  - Does region / location play a part?
- What sort of relationships do you have with your donors / funders?
- What are the things that make fundraising more difficult?
  - Internally in the organisation
  - External factors
- What are your organisations priorities in terms of fundraising over the coming year?
  - Target groups?
  - Activities
  - Meeting specific funding needs
  - Financial targets? How have your financial targets changed in recent times?

- Where do ideas for innovation in raising funds come from in the organisation?
- How embedded would you say fundraising is within your organisation?
- Can you think of a situation where fundraising has gone particularly well?
  - What were the success factors?
- Can you think of a situation where fundraising has gone less well than you expected?
  - What went wrong?
  - What was the outcome? Was there a change in practice as a result?
- What are the key challenges to fundraising for the immediate future?
  - Which of these challenges are specific to your sector?

#### **4. Future of fundraising in the organisation**

**5 minutes**

- To what extent do you think the organisation will undertake fundraising in the future?
  - Will this increase?
- Who will be the key target groups?
- What will be the main activities?
- What change is required in order to enable this?
- What are the key barriers which could constrain this in the future?
- What are the key enablers?
- What changes within your organisation would assist fundraising?
- What support could be provided from government to support fundraising in organisations?

#### **Thank and close**

Check whether the respondent is happy to be quoted and obtain signed consent.

## DCMS Discussion Guide

### Directors / Trustees

#### Objectives:

The overall aim of the research is to develop a better understanding of fundraising activity in cultural and sporting organisations, in order support the Department of Culture, Media and Sport (DCMS)'s policy priority of boosting philanthropy. Key questions are as follows:

How embedded is fundraising within the organisation

How could further support increase or enable this?

*Note: This guide is intended to highlight topics for discussion within the interviews. Although this guide provides a list of questions and topic areas, not every question will necessarily be asked during the course of the interview in order to reflect participants' thoughts and debate. At all times, the moderators will follow-up on and encourage participants to describe their thoughts and opinions as and when they arise.*

### 1. Introductions

**10 minutes**

#### Moderator introduction:

- Thank participants for taking part in the research
- Introduce self, GfK NOP, purpose of research
- Interview will last approximately 1 hour and will be audio recorded for the purpose of the research
- Explain purpose of research
  - *To assist DCMS in developing a better understanding of fundraising activity in cultural and sporting organisations, in order support the Department's policy priority of boosting philanthropy and encouraging / supporting fundraising.*
  - *Please note, your organisation has been selected from a list of possible organisations in the relevant sector who currently undertake fundraising.*
- Reassure: confidentiality, audio recorder, MRS Code of Conduct,
  - *Our report will include a list of organisations involved in the research. However, we will not attach your name to your comments without your express consent. Otherwise, they will be amalgamated alongside general research findings, and attributed only at the sector level. E.g. 'sports organisation.'*
  - *To thank you for taking part in this research, we will make a donation of £75 to your organisation.*
- Explain importance of participants being able to say what they think, there are no right or wrong answers, all opinions valid and helpful.
- 

#### Participant introductions:

- About you:
  - Current and previous roles

- FT / PT / Paid / Unpaid
- About your organisation
  - General background: main activities
  - Are you a registered charity?
  - If not, are you planning to seek charitable status at any time?
- Size, sector, structure
  - How long has the organisation been in existence?
  - Number of paid versus unpaid staff?
- Important changes in your sector in recent years
- Key issues on the horizon over the next few years
  - Probe for specific impact on their own organisation

## **2. Funding mix in the organisation**

**15 minutes**

I'd like to start by considering the mix of funding within your organisation.

- What are the main sources of funding for your organisation? Probe, e.g.
  - Grants (from whom), statutory funding (from which sources), community funds, local donations, trading (what kinds), events, local authority, social investment.
- What other sources of funding do you have?  
(Refer to paper questionnaire)
  - Has this mix changed in recent years (last 2-3 years)?
  - What has prompted these changes?
  - How would you expect that this will change in the future?
- Which sources of funding do you not currently consider? Why?
- What do you think about the current mix of funding?
  - Should this change in the future?
  - What, if anything, could limit this change?
- What proportion of funding is currently gained from fundraising?
  - *Clarify: by this I mean all forms of fundraising from individuals, trusts, the corporate sector, sponsorship, legacies and donations. For the purposes of the interview, I do*

*not include commercial trading, social investment or lottery funding in the definition of fundraising.*

- How does this compare with your own view of 'fundraising'?

### **3. Current fundraising activity**

**15 minutes**

I'd like to ask a bit more about fundraising in your organisation.

- How is the fundraising function handled within your organisation?
- Formal vs. informal

If informal:

- Why do you say its informal? Explore.
  - Who is responsible for fundraising in your organisation?
  - Overall responsibility
  - Other staff involved
  - How do staff manage fundraising in conjunction with other duties?
- Who are the main donor types / sources of fundraising: individuals, trusts, schools, community groups, the corporate sector, sponsorship, legacies and donations
- For each:
- What activities are undertaken?
  - For how long have you done this type of fundraising?
  - What prompted you to do this sort of fundraising?
  - What sort of yields does this return?
- How do you work with major donors? How does this compare with other donors?
    - Are their expectations different? How?
  - Have you ever approached a private donor for social investment rather than for a gift, e.g. as a loan?
    - If yes, what was the outcome?
    - If not, would you consider this? Why/not?
  - How do you access fundraising skills?
  - Do you involve any external organisations e.g.
    - Fundraising consultants
    - External facilities providers such as Direct Mail, professional fundraising organisations etc.
    - How helpful is this?

- And do you pay for these services?
- How has the decision been made to pay for these services?
  
- What resources are allocated to fundraising?
  - Staff costs and time?
  - Direct costs?
  - Other?
  
- How is fundraising planned over time in your organisation?
  - Which factors are taken into account in planning fundraising over time?
  
- Has the economic downturn had any impact?
  - In what ways? (Explore fully)
  - Importance of fundraising.
  - Availability of donors / Behaviour of donors
  - Other?
  
- What is the relative importance of fundraising as compared with other sources of funding?
  
- Does fundraising have other benefits in addition to raising money? What are these?

#### **4. Embedding fundraising in the organisation**

**15 minutes**

- Does the organisation have a fundraising strategy?
  - If no :
    - Why not?
  - If yes:
    - How was this developed?
    - Is it formal / written down, or more informal?
    - Is it mentioned in your Annual Strategic Plan?
  
- To what extent would you say the organisation values fundraising?
  - Why do you say this?
  - Is it supported? How?
  - What involvement is there at Board level?
  
- What role do trustees play in fundraising?
  - What is the impact of this?

- How suited is the organisational culture to fundraising from private donors?
  - Which aspects help?
  - Which aspects hinder?
- What are the things that support or enable fundraising in the organisation?
  - Internally in the organisation
  - External factors
  - What sort of relationships do you have with your donors / funders?
- What are the things that make fundraising more difficult?
  - Internally in the organisation
  - External factors
  - Does region / location play a part?
- What are your organisations priorities in terms of fundraising over the coming year?
  - Target groups?
  - Activities
  - Meeting specific funding needs
  - Financial targets? How have your financial targets changed in recent times?
- How embedded would you say fundraising is within your organisation?
- How important is fundraising to the organisation?
- How do you ensure innovation in fundraising? E.g. finding new ways to fundraise, adopting new initiatives, using new technology?
- What about use of online and new social media?
- Can you think of a situation where fundraising has gone particularly well?
  - What were the success factors?
- Can you think of a situation where fundraising has gone less well than you expected?
  - What went wrong?
  - What was the outcome? Was there a change in practice as a result?
- What are the key challenges to fundraising for the immediate future?

- Which of these challenges are specific to your sector?

### **5. Future of fundraising in the organisation**

**5 minutes**

- To what extent do you think the organisation will undertake fundraising in the future?
  - Will this increase?
  - Who will be the key target groups?
  - What will be the main activities?
- What change is required in order to enable this?
  - What are the key barriers which could constrain this in the future?
  - What are the key enablers?
  - What support could be provided from government to support fundraising in organisations?

#### **Thank and close**

Check whether the respondent is happy to be quoted and obtain signed consent.