

A photograph of a stone bridge over a river. In the foreground, a large, bright red cone-shaped object stands on the bank. The bridge is made of stone and has a single arch. In the background, a church with a tall, pointed spire is visible against a blue sky with some clouds. The water in the river reflects the sky and the bridge.

# Philanthropy Beyond London

A report commissioned by  
the Secretary of State for  
Culture, Media and Sport

Prepared by Peter S Phillips, November 2012

# **PHILANTHROPY BEYOND LONDON**

**A report commissioned by the Secretary of State for  
Culture, Media and Sport**

**Peter S Phillips**

**November 2012**

# **CONTENTS**

- 1. FOREWORD** - by Peter Phillips
- 2. SUMMARY, FINDINGS AND RECOMMENDATIONS**
- 3. BACKGROUND TO THE REPORT AND ISSUES FACING THE SECTOR**
  - 3.1 Background
  - 3.2 Issues
- 4. ASKING**
  - 4.1 Fundraising skills
  - 4.2 Fundraising leadership
  - 4.3 Making the case for support
  - 4.4 Partnering
  - 4.5 Membership/friends schemes
  - 4.6 Giving by organisation members
- 5. UNDERSTANDING THE DONOR**
  - 5.1 Individual philanthropists
  - 5.2 Trusts and Foundations
  - 5.3 Corporate sector
  - 5.4 The community
- 6. CIVIC PRIDE**
  - 6.1 Historic context and the Welfare State
  - 6.2 The current challenges
- 7. THE ROLE OF INTERMEDIARIES**
  - 7.1 Community foundations
  - 7.2 Other intermediary organisations
- 8. PUBLIC FUNDING IN PARTNERSHIP**
- 9. CELEBRATING THE GIVER**
- 10. ACCESSING TICKET DATA**
- 11. PAYROLL GIVING**
- 12. ACKNOWLEDGEMENTS**
- 13. A SELECTED BIBLIOGRAPHY**

Copyright Peter S Phillips 2012 – all rights including moral rights reserved

## 1. FOREWORD

In c.100 AD Gaius Plinius (Pliny the Younger), in a letter to his friend the historian Cornelius Tacitus, recorded an undertaking he gave to parents in his home town of Como to enable the establishment and maintenance of a school there to save their children from having to go to Milan to be educated. He said “I am ready to give for the benefit of the municipality...one third of any sum it will please you all to assemble” – probably the earliest record of ‘matched funding’! The amount donated was not recorded in the letter but was thought to be several hundred thousand sestertii (over £1m in today’s value).

Such selfless giving has been at the heart of philanthropy - in Greek “the love of humanity”<sup>1</sup> - in the two millennia since. In this country it is still most evident in endowments emanating from the huge personal wealth generated following the industrial revolution. This wealth helped to create the educational establishments, hospitals, and cultural centres of our cities and towns. In more recent times the creation of the Welfare State passed much of the responsibility for funding this fabric of our society to local and central government and to an extent has perhaps left some of the population feeling that contributing was no longer their responsibility, their only required contribution being the payment of taxes to provide for such needs. Although philanthropy continues to be part of the income of all charities, and is particularly strong in those supporting social and welfare causes, the need in the cultural sector is now more pressing than ever.

This report, commissioned by the Secretary of State for Culture, Media, and Sport, examines ways in which higher levels of philanthropy and increased fundraising capacity for the culture and heritage sector in England may now be encouraged. It looks in particular beyond London, reflecting the fact that London and those organisations based in London, benefit from around 70% of all philanthropy generated in England. This is due in no small part to their comparative size and professional approach and the concentration of philanthropic sources in London. But overall voluntary funding of organisations in the cultural sector across England has not increased over the past ten years. It has remained on average a consistent 9% of total income according to Arts Council England statistics<sup>2</sup>.

We benefit in this country from a ‘mixed economy’ model of funding for cultural activities. This is a combination of core public funding (central and local), philanthropy (defined as donations from individual, corporate giving and from trusts and foundations) and the income generated by cultural organisations themselves from their professional activities. Whilst the mixed economy model has in recent years been at the heart of the success and stability of the arts in this country and

---

<sup>1</sup>Oxford English Dictionary “the desire to promote the welfare of others”

<sup>2</sup> Arts Council England *Annual Submission data*

with no overall dependency on any one of these three streams of income, in the current economic climate there will continue to be considerable strains and limitations on public funding. For this reason more ways must now be found of encouraging philanthropy and of further developing the skills to access such private giving. Whilst government ministers have confirmed that public funding will continue to be a significant part of overall provision for the arts, and an extremely important contribution to fixed costs, philanthropy must now become more significant if our cultural organisations are to continue to flourish.

Although in the past ten years philanthropy as an element of cultural organisations' funding has not increased, their own generated income has proportionately increased compared to the public funding element and is now on average approaching 50% of all income, with consequently a lower reliance of the most successful organisations on public funding in percentage terms. This underlines the fact that these organisations, with increased management skills, have on the whole become more efficient and more effective in their operations. These strengths should now be brought to bear on the increasing need of accessing private funding.

However, it should be pointed out that some cultural organisations are, by their very role in the sector, more focused on increasing the participation and involvement of new audiences, particularly those from less advantaged communities. Here the ability to generate commercial income is limited and well below the average. They may therefore require a proportionately higher level of public support in order to achieve their objectives in support of Arts Council England's mission of making great art available for everyone.

It is the ways of growing the element of philanthropy in overall funding that this report endeavours to address, in order to ensure that such ways become central to the operations of all cultural organisations. It has been informed by wide consultation with colleagues in cultural sector organisations and Arts Council England, with philanthropists, with trusts and foundations, with intermediary funding bodies, and with local and central government cultural representatives. The Higher Education sector has over the past ten years led the way in the further development of their fundraising skills and attitudes, and the cultural sector should now follow that lead. Philanthropy is not finite but infinite if you know how to go about accessing it!

Whilst some of the recommendations in this report should, if adopted, bring about significant improvements in the medium term, certainly in a five to ten year time span, there are no quick fixes. The longer term goal is for a generational change in attitudes to giving.

I am very grateful for the input, advice, and guidance given to me by the individuals and organisations listed at the end of this report, and my particular thanks to Amy Turton and also to Clare McGread of the Arts Council for their contribution to

research and report drafting. I for one will do what I can to help carry forward the recommendations of this report.

Peter S Phillips

## 2. SUMMARY AND RECOMMENDATIONS

### 2.1 Summary

The subject of this report is “Philanthropy Beyond London” since London represents the home of a high proportion of the largest cultural organisations, although there are also some substantial and highly regarded performing arts companies, museums and galleries in regional cities and towns which have built national and even international reputations. Significantly also, London is the base of the largest elements of the nation’s media and there is consequently more publicity for and awareness of London based cultural organisations. London is also the base of the greatest number of wealthy individual givers, trusts and foundations, and of corporate sponsors and givers. With the well-developed fundraising skills of the largest and best publicised cultural organisations it is no surprise that there is such a concentration of income from philanthropy in London.

Nevertheless there are some notable success stories of fundraising from amongst the many organisations outside London which serve as examples to some London based ones. In addition, there are significant trusts and foundations based away from London and more focused on their own region. And of those that are London based, many are funding on a national basis and aim to see a spread of their investment across the country.

But large or small, London, but particularly beyond, there is a common need for the sector to invest in fundraising knowledge and skills if constituent organisations are not just going to survive but prosper in their reach and the quality of their art in what is currently one of the most difficult economic environments that this country has ever had to face. In taking this journey the sector could learn a lot from the improvements achieved over the last ten years by the Higher Educational sector in generating philanthropic income<sup>3</sup>.

This report is a companion to two other reports on philanthropy, commissioned at the present time by the Secretary of State for Culture, Media, and Sport: one on Legacy Giving and one on Digital Giving (and tax aspects). Therefore except by general reference the subjects of the other two reports are not addressed here so as to avoid duplication.

---

<sup>3</sup>*Review of Philanthropy in UK Higher Education*, More Partnership for Higher Education Funding Council for England, September 2012

## 2.2 Findings and Recommendations

From the many interviews conducted and background research undertaken there was found to be a broad consensus on the areas in which action needs to be taken in order to increase public awareness of the case for private giving to cultural sector organisations, to encourage a much wider acceptance of philanthropic giving as being central to the values of our society and ensuring that philanthropy is recognised and celebrated, and to increase fundraising skills. Arts Council England is in fact progressively introducing schemes under its Catalyst programme, championed by its chair Dame Liz Forgan and its chief executive Alan Davey, aimed at supporting fundraising development and this is referred to in more detail later in this report. Whilst larger organisations may be further along the road in incorporating the essence of the organisation-related recommendations listed, they are nevertheless addressed to all.

In making recommendations it is stressed that whilst some may be achievable in a shorter time frame than others, and a tremendous amount could be achieved in a five to ten year time span, there are no “quick fixes”, and the underlying challenge is to bring about significant advancements in the culture of giving over a generation.

## 2.3 Recommendations

The main points are -

1. **Skills and training** - there needs to be more investment in fundraising skills and capacity building both at a national level with support from Arts Council England (currently being introduced as part of its Catalyst funding programme) and by organisations themselves, particularly in regions far removed from the concentration of influence and wealth in London. Such training and development, particularly in smaller organisations where resources may be more limited, should not just be confined to staff whose main or only role is fundraising but should include employees, management, and trustee board members. There is no reason for there to be conflict here with the governance role of trustees, most of whom would normally be passionate about the organisation and who therefore have the potential to be its best ambassadors, but they may need support and training in being comfortable with asking for support from potential donors.

**Recommendation 1: Organisations should undertake an assessment of their fundraising capabilities identifying any gaps in these, not just in staff dedicated to this task but in management, all other staff members, and members of their boards, and from this identify training needs and introduce effective training.**

**Recommendation 2: Arts Council England should continue working closely with all organisations that they fund in ensuring that a satisfactory level of**

**fundraising skills and strategy is established as part of those organisations' funding agreements, with ACE signposting and giving support for training if appropriate, for example through the current Catalyst funding programme. They could also encourage larger organisations with well-established fundraising resources to make training facilities available to smaller organisations.**

- 2. Fundraising Leadership** – Chief Executives/General Directors of cultural organisations should lead the way in fundraising for their organisation, working together with any fundraising professionals that they employ, rather than just delegating the task to them. In the largest arts companies this role combined with ambassadorial aspects might take up to 50% of the CEO's time, and in smaller organisations they may now need to devote perhaps up to a third of their time if they are to increase their organisation's funding overall. This is a fundamental enough consideration to cause organisations to look at their top management structures and consider how fundraising may be more central to them, and this is an important enough point for Arts Council England to encourage such structural change as part of their funding assessment process. A potential donor of larger sums would normally want to meet the organisation's leaders (CEO, Artistic Director, Chair) to be convinced of why her/his support was needed and it is therefore right that they should be prepared for the role if not already experienced in it.

**Recommendation 3: CEOs should examine their own role and ensure that leadership of fundraising is a key priority of their time, and work in particular with their fundraising staff, chair and board as a team to develop fundraising strategy and its execution. This may require some restructuring of senior management responsibilities.**

**Recommendation 4: Arts Council England, as part of their annual reviews of organisations under their funding agreements, should satisfy themselves that the organisation's management structure takes account of such fundraising leadership.**

- 3. The Case for support** -the sector itself needs to make a much stronger and far better articulated case for support, both nationally and by individual organisations when approaching potential donors. This includes raising public awareness that nearly all cultural organisations are registered charities in part or in all of their activities and are as worthy of support as are those charities involved in social and welfare fields. In making their case organisations need to believe that philanthropy is not finite and that they have the determination to increase their income by this route, based on their belief in and passion for their organisation.

**Recommendation 5: Organisations need to ensure that they have a clear message, subscribed to by all involved in fundraising, in order to lay out their case for philanthropic support in a persuasive manner, stressing their charitable status with conviction.**

**Recommendation 6: Arts Council England and DCMS to consider ways of raising public awareness of the charitable status of cultural organisations, underlining their place alongside other charities deserving of people's support.**

- 4. Partnering** - because smaller organisations, whether in London or beyond, may not have sufficient fundraising budgets to make a significant impact or achieve a wide enough spread in accessing potential givers there could well be a case for partnering with other organisations and pooling resources in order to make a stronger and more effective funding proposal, particularly on a local area/conurbation basis or if focused on a joint project. But it has to be said that organisations can sometimes be understandably protective of their own contacts and unwilling to share them. Nevertheless it should be a point worth considering in appropriate situations, particularly where a larger organisation is working with smaller ones on a joint artistic endeavour.

**Recommendation 7: Organisations with limited resources for fundraising to consider ways of partnering with others where an appropriate joint fundraising approach might prove a more effective way of accessing philanthropy.**

- 5. Membership/Friends Schemes** – a number of medium to large sized organisations run such supporter schemes and are able to offer certain privileges (priority booking, invitation to special events etc.) depending on the level of annual subscription/support given. This is very much an element of giving, even though a transaction may be involved, since the organisation should gain a benefit overall. The scheme members, by their nature strong supporters of the organisation and its work, may be prepared to move up a subscription level in the scheme and some of them may prove to be much larger donors in the longer term if properly appreciated and cultivated by the organisation. Such schemes should therefore be encouraged and extended wherever appropriate or achievable. For small organisations the administration cost of a scheme might be a major problem but again there might be a possibility within say a town or city in partnering with other cultural organisations to make a “joint arts” offer. It would certainly be worth investigating.

**Recommendation 8: Organisations should consider the appropriateness of introducing Friends schemes, and where already established focus on the development of individual members on a journey to higher levels of giving.**

**Smaller organisations for whom the cost of administering a scheme may be too high might consider the practicality of forming joint “artform” or heritage membership schemes with like-minded cultural organisations.**

- 6. Giving by organisation members** - differing views were encountered on this topic, but the majority of people and organisations interviewed felt that trustee board members should lead by example, and in some organisations some members of management and staff also give. Certainly a philanthropist when being asked to give to an organisation would be wholly justified in enquiring whether all board members gave. Some organisations strongly encourage all board members and management to make a monetary contribution, no matter how small, according to means, on a regular basis normally by direct debit, and under gift-aid to maximise the advantage to the organisation.

**Recommendation 9: Trustee board members and management of organisations to be encouraged to consider giving on a regular basis, and under gift-aid where appropriate, according to means, no matter how small the amount.**

- 7. Understanding the Giver** – donors, whether they are individuals, trusts and foundations, or companies, will each have a different reason for their philanthropy and it is crucial to understand this in order to ensure that both parties gain the most from the relationship. Thorough research therefore needs to be undertaken into the person or organisation being approached to understand their reason for giving and the particular areas they give to. Organisations should also investigate whether their trustees, employees or supporters have any personal links with those being approached which might be used to support the initiative. Also, the corporate sector may presently be more open to approaches based on community or educational related projects which might relate to the company’s corporate social responsibility in the community in which they are based.

**Recommendation 10: Organisations should make enquiries amongst their trustees, management, staff, and supporters, including existing donors, to assemble a data base of personal contacts. These might be with individual philanthropists, trustees of trusts and foundations, or with corporate executives. They should be encouraged to use their contacts as part of fundraising approaches. In the case of approaches to companies, organisations should keep in mind any local initiatives which might appeal from the point of view of corporate social responsibility in their base area.**

This is particularly relevant where an organisation wants to approach and become more integrated with its local community. In many towns and cities this may include a significant ethnic minority population constituting a potential, important, and growing part of the organisation’s audience and supporter base.

Through appropriate research and consultation, cultural organisations can develop both a new audience base and a greater understanding of the community's attitude to providing support. Having a representative of a particular community on a cultural company's board should be a consideration in order to forge closer links with that community and better represent them and understand their interests. This might also prompt the consideration of opportunities to diversify the organisation's staffing base in addition to its board membership, and might at some point provide the opportunity to develop community members as supporters and donors.

**Recommendation 11: The cultural sector and its organisations should make themselves aware of existing research into audience and supporter development, particularly that relating to ethnic communities, and should invest time in researching for themselves art forms and subjects which could be of interest to those potential audiences and supporters.**

**Recommendation 12: Organisations, in order to work more closely with ethnic communities and better represent them, should consider asking one or more community members with appropriate skills to become board members, and these representatives might then help the organisation to forge levels of support within the community.**

8. **Civic pride** – despite its enormous benefits it is certainly debatable whether the Welfare State may have reduced the propensity of citizens to give to support activities which they now perhaps see as being funded by central government and local authorities from taxes raised. This includes libraries, museums, and local cultural activities. Local authorities are under increasing pressure to fund essential services from diminishing funds, and quite often cultural activities, though a small part of overall spend, may be victims of cut backs in funding (some local authorities have cut such support all together). Therefore local authorities, working with local businesses, should encourage a sense of civic pride in their citizens so that individual giving to local cultural establishments and activities becomes an essential part of community support.

**Recommendation 13: Local authorities, in conjunction with local business, should examine ways of progressively advocating and encouraging civic pride and the resulting willingness of citizens to support cultural activities in their local community, financially, in kind, or through voluntary help.**

9. **The role of Intermediaries** – within the fundraising community in England an important role is played by independent intermediary organisations which channel philanthropy into deserving causes and organisations. These mainly fund social needs but include some funding of cultural causes, particularly where focused on community or educational projects. They include Community Foundations in the major cities and also organisations which hold funding events, introducing groups

of philanthropists to charities seeking support. They are a growing part of philanthropy and should be embraced by the cultural sector towards a wider involvement in funding, and celebrated by local and central government.

**Recommendation 14: Local and central government should more widely publicise and celebrate the role of community foundations and other intermediary groups and their role in supporting philanthropy on a regionally focused basis. Arts Council England should encourage closer ties between cultural organisations and such intermediary groups in their regions.**

**10. Working together** –the two biggest arm’s length bodies Heritage Lottery Fund and Arts Council England both do great work in distributing public funding to the heritage and cultural sectors, in HLF’s case through Lottery funding and in ACE’s case through both public grants and Lottery funding. By the nature of the projects funded in these two areas there is sometimes a cultural element common to both and with a benefit to the community. Where community or educational projects are the basis of such funding there may well be opportunities for HLF and ACE to work together in order to gain greater effectiveness from spend.

**Recommendation 15: Heritage Lottery Fund and Arts Council England to explore ways in which they could work together more frequently, both on joint funding initiatives and in other areas such as supporting training in fundraising for their client organisations.**

**11. Celebrating the giver** – the role of philanthropy will be increasingly important to the further development of the cultural sector above its core funding needs. It is therefore paramount that philanthropy is celebrated and publicised both at an individual and a general level. Awards and honours, both individual and corporate, are already a feature and should be more widely employed. But in addition the cultural sector, Arts Council England, and local and central government should celebrate philanthropy at every opportunity so that the message of its importance is widely understood and shared. This should apply to giving from individuals, from the business sector, and from trusts and foundations.

**Recommendation 16: The cultural sector, central and local government, and Arts Council England should ensure wider publicity and celebration of individual and combined philanthropy. Public recognition through honouring mechanisms should be extended, with investigation into new areas of recognition, particularly relating to more innovative aspects of philanthropy, and with perhaps some focus on such areas from the cultural sector and Arts Council England.**

**12. Accessing ticket data** – ticket purchasers could well be future philanthropists to the organisation whose performance or exhibition they are supporting, and the organisation therefore needs to access the purchaser's details as a first step towards engagement with them. But particularly in the case of such activities in commercial theatres and venues there are often barriers, real or perceived, which discourage the commercial venue from sharing ticket data with cultural partners. The Data Protection Act 1998 is often given as the excuse for this which may of course be challengeable. Part of the problem may rest in the manner in which any request is put to the purchaser to share his data. But given the importance of building relationships with audience members along the journey to asking for support, contractual arrangements for obtaining data from the venue need to be agreed at an early stage, and the organisation needs to ensure that use of that data across their departments is compliant with the Act.

**Recommendation 17: Contractual arrangements with a venue for obtaining ticket purchaser data in a way compliant with the Data Protection Act 1998, need to be agreed at an early stage. This should include jointly reviewing the manner in which questions are asked of the purchaser as to their willingness for their data to be shared with a visiting organisation. Each organisation then needs to ensure that their own use of data is compliant with the Act and with the form of permission given by the purchaser.**

**13. Payroll giving** – although this is a significant means of giving in the USA it is currently insignificant in the UK. Often in the USA it is championed by employees and this should be encouraged here through increasing business and public awareness so that companies are prepared to make this more widely available to their employees who are then encouraged to make use of this facility.

**Recommendation 18: The business sector and Government should raise awareness of payroll giving schemes and companies should be encouraged to offer them.**

### **3. BACKGROUND TO THE REPORT AND ISSUES FACING THE SECTOR**

#### **3.1 Background**

As noted at the beginning of this Report, its subject is “Philanthropy beyond London” but it could perhaps be called “Philanthropy beyond the major national cultural organisations”, most of whom are based in London. Many smaller London based cultural organisations encounter similar problems in fundraising to those encountered by organisations in other regions of England. The report’s purpose is to investigate how, given the pressures on public funding in the current economic climate, and on local authority budgets in particular, the means and skills of accessing philanthropy may be increased across the sector. There is a particular emphasis on those organisations that are unable to support significant fundraising teams, though there are challenges that are common to all. Whilst Government ministers have reassured the sector that they do not see philanthropy in any way replacing the public funding which makes such a vital contribution to cultural organisations’ fixed costs, increasing the levels of funding from philanthropy is nevertheless essential if organisations are not just to survive but to thrive and continue to make a vital contribution to society at large.

It is acknowledged that in most though not all national organisations, mainly London based, the approach to fundraising is well developed and professional, and therefore the challenge is to help smaller organisations with limited budgets to make best use of resources and training to increase their income from philanthropy.

The approach of the report has been to review the growing body of evidence, test assumptions made elsewhere and explore these with stakeholders in the cultural and heritage sector and with individual philanthropists, and to make practical recommendations on fundraising for the sector.

The report’s findings are limited to publicly funded cultural and heritage organisations based in England or touring in England from other UK bases, but is also informed by views from an international perspective. Philanthropy is defined as donated income from individual givers, directly or via intermediary organisations, donations from trusts and foundations, and sponsorship or donations from the business sector. Public sector funding is defined as funding from central and local government but would also include grants from euro funding programmes. Earned income or commercial income is defined as income generated by the organisations themselves from their professional activities and includes box office, programmes, sale of digital output, exhibitions etc.

Overall funding for the cultural and heritage sectors in England is based on the “mixed economy” model, comprising public funding, commercial income, and philanthropy, and with no over-riding dependency in most organisations on any one of the three streams. This has proved to be a successful basis for a thriving cultural

landscape in this country, and with cross-over which has benefited the commercial sector. This mixed economy model compares to a c.90% private funding model in the USA and a majority state funding model in continental Europe, both of which are currently under increasing stress. One of the key benefits of public funding to the arts in England is the extended funding period commitment (three year programmes in the main) which gives support to planning and provides some security to cash flow in addressing core costs, and which can also provide leverage for other fundraising initiatives.

Over the past ten years all three streams of income have increased in historic money terms, from £0.5billion to £1.2billion in total, but not all at the same rate. On average, as percentages of the whole the picture looks as follows<sup>4</sup> –

	<u>2001/2</u>	<u>2010/11</u>
Public Funding <sup>5</sup> (central, local government & other grants)	47%	44%
Operational income	44%	47%
Philanthropy	9%	9%
	<b>100%</b>	<b>100%</b>

What appears to have occurred over this period is that sector organisations have on average increased their own operational income as a percentage of the whole through their increasing efficiencies and commercial acumen, offsetting the percentage reduction in public funding. Philanthropy, as a percentage, has remained unchanged at 9%. Given the right tools and approach the challenge is now for sector organisations to use those strengths demonstrated in growing their operational income to drive an increase in philanthropy.

Furthermore, in examining the average figure of 9% on a region by region basis, the furthest from London (excepting the South East) show significantly lower percentage contributions to all income from philanthropy. The task of increasing the contribution from philanthropy, and of developing the skills to achieve this, would appear from the following table to be most challenging in the regions which are lower in the table (despite in some cases higher levels of overall income). The following statistics<sup>6</sup> more fully illustrate the point –

---

<sup>4</sup> Source: Arts Council England, Annual submission data, 2001/2 and 2010/11

<sup>5</sup> Note: within the Public Funding total Arts Council England grants reduce from 38% to 32%

<sup>6</sup> Source: Arts Council England Annual submission data, 2010/11

<b>2010/11</b>	<b>All income</b>	<b>Philanthropy</b>	<b>Percentage</b>
London	£633.2m	£77.3m	12.2%
East	£38.1m	£3.6m	9.4%
North West	£102.9m	£8.1m	7.9%
East Midlands	£53.7m	£4.0m	7.4%
South West	£82.0m	£5.1m	6.2%
West Midlands	£125.2m	£7.2m	5.8%
South East	£67.9m	£3.8m	5.6%
Yorkshire	£99.5m	£5.3m	5.3%
North East	£58.8m	£3.0m	5.1%
	<b>£1,261.3m</b>	<b>£117.4m</b>	<b>9.3%</b>

Given the lack of growth to date of philanthropy as a percentage of the whole, new initiatives highlighted in this report will take time to bear fruit, and some requiring a cultural shift might take a generation to accomplish. But given strong commitment to fundraising some benefits should accrue within a timescale of two to five years, and material progress made in five to ten years. But because of the need to cultivate philanthropic sources over time there are no quick fixes. The hardest part of any journey is taking the first step, but now is the time to make it. In the sector's favour, in approaching fundraising, Coutts note in their Million Pound Donors (MPD) Report 2011 that art forms are an inherently popular and attractive part of daily life and have relatively high levels of participation. There is therefore significant opportunity to convert existing audiences into becoming active supporters and donors.

### **3.2 Issues facing the sector**

Given the high proportion of the country's wealth residing in London (46% of the UK's millionaire population and the majority of "young wealth" – expected to rise by more than a third by 2020<sup>7</sup>), and as mentioned earlier most of the largest cultural organisations and the largest part of the nation's media based there, it is no surprise that philanthropy is also concentrated there. This is unlikely to change in any material way. But philanthropy is not a finite thing, it is infinite if the right tools, skills,

---

<sup>7</sup>According to *Barclay's Wealth Map*, 2011

and application are used to access it, and this should not by any means be the preserve of London.

The challenge to organisations beyond London and to smaller ones in London as well, is to become more skilled at accessing and nurturing philanthropy which will certainly exist somewhere in their region, and indeed is already being accessed. According to Arts & Business<sup>8</sup>, individual giving to the arts has recently increased by 4% in regions away from London, compared to a 7% average decrease nationally. Evidence suggests that there is an untapped propensity to give throughout the UK but plenty of room for improvement with many people not giving at all to any sector.

The means of accessing philanthropy are common to London and to the regions and in many ways beyond London should be fertile ground given the current fundraising skills deficit there. Dr Beth Breeze of the Centre for Charitable Giving and Philanthropy, writing in 2010, noted that an advantage that the regions have is that donors like to “give in one’s own back yard” as they can better see the effectiveness of how their money is spent<sup>9</sup>. Coutts MPD Report 2011 noted that local philanthropy has risen in prominence based on the opportunity to give to a local community where an individual philanthropist grew up, started a business, or raised a family. The Community Foundation Network (see section 7.1 of this report) is currently spearheading a new three year project to transform local philanthropy across the UK, creating a fellowship of local philanthropists.

But the central challenge for organisations away from London is how to emulate the fundraising skills of the most successful ones in London but with fewer resources to achieve this. This report will suggest that the response rests in leadership and training in fundraising; in involvement in fundraising at all levels in the organisation, be they chief executive, chair, trustees, or staff; in a much clearer articulation of an organisation’s case for support (including highlighting its charitable status); in partnering with other like-minded organisations in order to pool resources; in using membership and friends schemes to cultivate philanthropy; in members of an organisation giving at some level, no matter how modest, and according to means; in understanding the viewpoint and needs of the potential giver and in celebrating them.

In approaching this challenge the cultural sector should find common ground and strong pointers in the recently published “Review of Philanthropy in UK Higher Education” (The Pearce Report) published in September 2012, which details the steps that that sector has taken in building their fundraising capacity during the past ten years to considerably increase their income from philanthropy. Some in the cultural sector point out that the Higher Education sector is prepared and is able to pay higher salaries to their professional fundraisers thus making it difficult for the cultural sector to compete for talent in this field. In order to compete, cultural

---

<sup>8</sup>Arts Philanthropy Report, 2011

<sup>9</sup>Dr Beth Breeze, *How Donors Choose Charities*, 2010

organisations may need to consider allocating more of their budget to fundraising justified by the returns available in money raised, but also consider developing through training less experienced and therefore more affordable team members.

It is easy to say that universities and colleges also have an advantage in their alumni organisations and databases (though appeals to alumni often only receive a small response, but one substantial gift could make the exercise worthwhile). But the cultural sector also has a potentially large supporter base in its audiences and attendees and its friends organisations, which if correctly involved and cultivated, could well contain the philanthropists of tomorrow. Two thousand donations of £5 in a year produce a total sum donated of £10,000, and if contributed by direct debit might well continue for five years producing £50,000, or £62,500 with gift aid – this would be a challenging single donation to acquire from one giver! Anthony Freud, General Director of Lyric Opera of Chicago in the USA, and earlier General Director of Welsh National Opera, points out that the journey of cultivating a potential donor commences with that person purchasing a ticket to a show or an exhibition. They clearly already have an interest in what the organisation is offering and should therefore be seen as a supporter. If contact details can be obtained from the purchase transaction (but see section 10 on aspects of the Data Protection Act 1998) the organisation is half way towards cultivating a future donor.

## 4. ASKING

### 4.1 Fundraising skills

The problem for many smaller, mostly regionally based organisations is often how to afford even one fundraiser and how to support that person's efforts. Asking for money on your own is frequently a demoralising business. The response to this has to be to identify and develop abilities in advocacy and asking at all levels of an organisation's population, be they chief executive, chair, trustees, or employees from senior management to box office staff and then to use those abilities to support the dedicated fundraiser. Given the relatively lower pay levels in the sector compared to commercial organisations, most people working in culture are there because they are enthusiastic and even passionate supporters of the organisation's cultural output and therefore potentially its strongest advocates if given appropriate training.

Trustees also normally join an organisation because of their interest in its activities, and although their first responsibility is assuring good governance they are often good ambassadors. There is no reason why they shouldn't be asked to participate in fundraising if willing. However, according to a survey<sup>10</sup> in 2012, trustee involvement in fundraising was disappointingly low with only 29% of organisations taking part in their survey being able to report that at least half of their trustees play a role in this process (though Arts Quarter have just noted an improvement from their follow up) . Therefore involvement in the process and the development of skills in advocacy, in communication, and generally in feeling at ease with asking for support on behalf of their organisation should be a priority for trustees, management, and staff alike if access to philanthropy is to be increased.

The largest cultural organisations, mostly London based, who have a significant number and quality of professional fundraisers are able to provide training and a career path in their fundraising teams. This gives them a significant capacity in this field. Some are prepared to extend this training and training facilities to smaller organisations and this should be encouraged. Smaller organisations will nevertheless need to access training in the most cost and time effective way. There are several providers of courses tailored to the sector. At the most intensive end are the highly regarded 6 day residential courses run by the National Arts Fundraising School, but for some organisations, who may feel that the cost and commitment of staff time is too high, the alternative of distance learning, professionally provided in-house or external one day seminars, the cost of which might be shared with another cultural organisation, may prove to be more affordable and practical solutions to training requirements. And not just for fundraisers but for other members of the organisation as mentioned above. But whatever approach is employed, skills training in fundraising is an essential element in building capacity.

---

<sup>10</sup>*Increasing Individual Giving to the Arts*, Arts Quarter

**Recommendation 1: Organisations should undertake an assessment of their fundraising capabilities identifying any gaps, not just in staff dedicated to this task but in management, all other staff members and members of their boards, and from this identify training needs and introduce effective training.**

Arts Council England as part of their funding agreements with National Portfolio Organisations (NPOs) need to be satisfied that a satisfactory level of fundraising skills is in place or is being developed through training, whether external or in house. This is consistent with goal 3 of ACE's published 5 goals under "Great Art for Everyone", which is "the arts are sustainable, resilient and innovative" and has as a priority "helping arts organisations to diversify their income streams, including by encouraging private giving".

In support of this ACE, as part of its overall Catalyst funding initiative, is now introducing two significant funding programmes specifically aimed at the support of training in fundraising and in fundraising leadership. These are –

**Transforming arts fundraising commissioned grant** – applications are being sought to deliver a national fundraising development programme aimed primarily at National Portfolio Organisations whilst offering relevance to the whole of the cultural sector in England. Funding for this will come from the £3 million Catalyst strand which aims to address knowledge sharing and learning. The programme will support activity aimed at professionalising cultural sector fundraising across England.

**Catalyst Arts: building fundraising capacity** – a £7 million fund open to application from consortiums of cultural organisations with an underdeveloped fundraising model in order to increase capacity and expertise in this area and improve their resilience, aiming to attract fundraising from a variety of sources, particularly private giving. Consortia will be able to apply for grants of between £60k and £150k for activity over two years.

These initiatives are to be welcomed and encouraged, particularly in support of cultural organisations beyond London who do not have the established skills and capacity of the larger mostly London based organisations.

**Recommendation 2: Arts Council England should continue working closely with all organisations that they fund in ensuring that a satisfactory level of fundraising skills and strategy is established as part of those organisations' funding agreements, with ACE signposting and giving support for training if appropriate, for example through the current Catalyst programme. They could also encourage larger organisations with well-established fundraising resources to make training facilities available to smaller organisations.**

## 4.2 Fundraising leadership

From feedback received for this report it is clear that in those cultural organisations that are the most successful in accessing philanthropy their funding efforts are led from the top. Furthermore the Arts Quarter 2012 survey *Increasing Individual Giving to the Arts* noted that “those organisations demonstrating high levels of fundraising leadership are those that have weathered the recession.” The leadership therefore needs to establish the agenda for building fundraising capacity and then lead the fundraising team, be they professionals or other members of the company, to realise the aims established. They also have to take on the ambassador role which is crucial to supporting fundraising, including meeting with and cultivating significant donors. In the largest organisations these roles might take up to 50% of the chief executive’s time, and in smaller organisations, from feedback received, these commitments might require around a third of their time if satisfactory returns are to be achieved. A significant donor might also wish to meet the chair of the organisation to be satisfied as to the overall strength of the leadership before making a commitment to give. Where there is also an artistic director they should be prepared to give time to meeting certainly major donors since they best embody the cultural values and purpose of the organisation which a donor needs to be inspired by. This should be as significant an issue for regionally based organisations as it is for the large London based ones.

By way of example Welsh National Opera, which whilst Cardiff based is the largest supplier of opera touring to the English regions, have recently announced a \$2 million gift from the Getty family which has made possible the presentation of a new series of contemporary operas over the next five years. No doubt the leadership in securing this exceptional gift would have come from WNO’s Chief Executive and Artistic Director David Pountney who would have been best placed to develop interest and confidence in the project in the givers.

In summary the chief executive should be leading the fundraising effort, marshalling all the appropriate skills available within the organisation, whether embodied in management, staff, trustees, or professional fundraisers and getting them to commit their support to the process, assisted by the organisation’s chair – a true team effort. Clearly this puts high demands on the most productive use of the chief executive’s time given the other priorities needing to be dealt with. This may require a re-assessment of the management structure and the allocation of duties within it.

**Recommendation 3: CEOs should examine their own role and ensure that leadership of fundraising is a key priority, and work in particular with their fundraising staff, chair and board as a team to develop fundraising strategy and its execution. This may require some restructuring of senior management responsibilities.**

Furthermore, with regard to any required restructuring, Arts Council England, in line with their funding agreements, need to satisfy themselves on the strength and skills of management. This includes management of the delivery of an organisation's agreed objectives and artistic programme but also fundraising leadership and targets, and to ensure therefore that the appropriate management structure is in place.

**Recommendation 4: Arts Council England, as part of their annual review of an organisation under the funding agreement, should be satisfied that the organisation's management structure takes account of such fundraising leadership.**

### **4.3 Making the case for support**

Linked to training and leadership in fundraising is the need to articulate clearly the case for support, to demonstrate with reason and conviction why the organisation deserves to be funded from the point of view of its artistic mission and its contributions to its audience and its wider community; stating for what particular purpose or project the donation is required; what outcomes will be achieved; and to give assurance on the strength of the organisation from a financial and management perspective. It is vital therefore to get this advocacy message developed and agreed within the organisation so that all involved in fundraising understand and support it and will therefore speak in a consistent and informed way to potential donors. Before meeting with a prospective donor, good research should ensure their particular areas of interest and focus are known. Additional focus on the prospective donor's reasons for giving are then added to the general case for support. Coutts<sup>11</sup> note that "it is important to tell the story to donors in a way that appeals to them, whether it be through statistics or against the background of the organisation's objectives. Always have the donor's perspective as a key point of focus when stating the case for support".

One important aspect of the case for support is the charitable status of cultural organisations which is not always understood by the general public. In his report on "Endowments in the Arts" Alan Davey, Chief Executive of Arts Council England, noted that some fundraisers displayed shyness or embarrassment when making the case for the arts as charities, concerned perhaps that a section of the public may still view the arts as elitist and not worthy of support in the way that charities focused on social causes are. But as he highlighted this is to lose sight of the work that many cultural organisations do to promote inclusion in the community, education, and in raising people's aspirations and their quality of life. Arts organisations should articulate such aspects with all the passion they can muster as being intrinsic to their charitable status.

---

<sup>11</sup>Million Pound Donors Report 2011, Coutts Bank

**Recommendation 5: Organisations need to ensure that they have a clear message, subscribed to by all involved in fundraising, in order to lay out their case for philanthropic support in a persuasive manner, stressing their charitable status with conviction.**

Arts Council England should seek further opportunities to raise public awareness of the charitable status of cultural organisations and communicate this in terms of the sector's contribution to areas such as inclusion within the community, education, and enrichment of experience. The sector's government department, DCMS, might also consider how they could reinforce the message.

**Recommendation 6: Arts Council England and DCMS to consider ways of raising public awareness of the charitable status of cultural organisations, underlining their place alongside other charities deserving of people's support.**

#### **4.4 Partnering**

One of the problems faced by smaller organisations is how to make a significant impact on fundraising and to achieve a wide enough spread on an extremely limited budget. One response could be to partner with another cultural organisation and to pool resources to make a combined but stronger and more effective funding proposal for both partners. Within a town or city, several different art form organisations might consider finding the basis for a joint approach, with their fundraising staff working together. This is more suited to a public appeal and perhaps on the basis of a joint artistic project linked to a festival (as occurred during the 2012 Cultural Olympiad) with both the festival and the project being the focus of the fundraising strategy. This approach might be more suited to a "crowd" type approach than targeting larger individual givers, but it was successfully done in the USA where field and building-based museums in the Santa Fe area came together for a joint appeal, where the giver could nominate a particular charity in the consortium for benefit or else allow the donation to go into the appeal pool for the benefit of all participating organisations.

Another model of collaboration might be with a charity from another sector, perhaps a community-based charity, where the cultural charity was supporting by supplying arts related content for a community or educational project and a joint appeal for funding was seen as appropriate and beneficial.

**Recommendation 7: Organisations with limited resources for fundraising to consider ways of partnering with others where an appropriate joint fundraising approach might prove a more effective way of accessing philanthropy.**

#### **4.5 Membership/friends schemes**

Membership schemes are normally run on an annual subscription basis and offer benefits such as priority booking periods and special events. They are a way of maintaining a supporter base and involving it more closely in the organisation's activities. Benefits are often geared to the level of subscription/membership fee paid. This is still very much a constituent of the giving side of the transaction, since the organisation should gain a benefit overall and the scheme members, by their nature strong supporters of the organisation and its work, may at some point be prepared to move up a subscription level, and some may even prove to be much larger donors in the longer term if properly appreciated and cultivated by the organisation.

Therefore these schemes should be encouraged and extended wherever appropriate, and if the administrative costs of forming and running a scheme were too high for a smaller organisation there might be the possibility within say a town or a city in partnering with other cultural organisations to make a "joint arts" offer. It has also been suggested that this idea could be extended even further within a larger area, with contributing organisations pooling offers e.g. private views, dress rehearsals, artist access etc., as part of a wider loyalty scheme, perhaps in the form of an "arts donor card". All such ideas are certainly worth investigating further.

Friends schemes, as well as bringing benefits to members may also operate as a support base for additional fundraising efforts led by the friends on behalf of the organisation, either by shaking the collecting boxes or themselves donating as "giving circles" to support a particular performance or production. This has been a successful area of funding for performing arts organisations in particular.

**Recommendation 8: Organisations should consider the appropriateness of introducing Friends schemes, and where already established focus on the development of individual members to higher levels of giving. Smaller organisations for whom the cost of administering a scheme may be too high might consider the practicality of forming joint "artform" or heritage membership schemes with like-minded cultural organisations.**

#### **4.6 Giving by organisation members**

In considering this topic some differing views were encountered, but the majority of people and organisations with whom it was discussed felt that trustee board members should lead by example and give. On the other hand some trustees may feel that they already give of their time on a voluntary basis in overseeing the governance of the organisation and that this should perhaps be viewed as a contribution in kind. But a philanthropist, when being asked to support an organisation with a significant cash gift and who might also volunteer some of their time to give advice from their own area of expertise, might feel justified in asking whether the chair and the other trustees also gave at some level. Nevertheless the Arts Quarter 2012 survey *Increasing Individual Giving to the Arts* found that only

27.5% of organisations taking part were able to report that at least half of their trustees either gave money to their organisation or obtained donations from friends and contacts (though an improvement was noted in their follow up). There is still a long way to go in this area.

Some of the strongest supporters of organisations are their management and even staff by way of out of hours unpaid support and also in terms of donations. It is recommended that a willingness to donate, according to means, should be encouraged to be made, by way of direct debit, no matter how small the amount, and if appropriate under gift-aid so that the organisation may gain an additional 25% at no cost to the giver.

**Recommendation 9: Trustee board members and management of organisations to be encouraged to consider giving on a regular basis, and under gift-aid where appropriate, according to means, no matter how small the amount.**

## **5. UNDERSTANDING THE DONOR**

### **5.1 Individual philanthropists**

In the current economic climate, with budget pressures on the corporate sector due to market conditions, and income pressures on trusts and foundations due to low interest rates, there is an increasing focus from charities on the individual giver. Dennis Stevenson, former Chairman of Trustees of the Tate and of Aldeburgh Music, has noted that going back twenty years a particular area of focus was on corporate sponsorship and giving. Subsequently the focus then shifted to high net worth individuals, but with the recent lower value of investments and of accumulated wealth it appears to have shifted again to high net income individuals. In trying to reach the latter group, fundraisers need in particular to research in advance the potential donor's own focus, background, particular interests, and reason for giving (see also 4.3). Whereas in the past individual philanthropists may have been comfortable with signing the cheque and then stepping back to leave the recipient organisation to manage the gift, current day philanthropists often want to have a closer involvement in the application of the gift and its outcome and therefore to have an ongoing relationship with the organisation. This is a very positive aspect since it enables the organisation to get to know the donor much better and to manage her/his interests and expectations in developing continuing support. The relationship should ideally be two-way with both parties gaining.

The effect of the gift on the donor should not be underestimated. Major donors have noted that deciding to use their wealth for philanthropic activity, following a step change from say selling their business, has been a life changing and life enhancing experience for them. This is particularly true where the gift leads to active involvement in the recipient organisation's activities. Managed sympathetically by the organisation such involvement could include access to that donor's wider circle of like-minded contacts. The Coutts Philanthropy Handbook notes that the more confident and informed a donor becomes, the more active and discerning they become as philanthropists, both in their support for the charities on which they choose to focus and also in their advocacy of the personal value they derive from philanthropy.

The issues of involvement and personal value gained are equally important when approaching donors for more modest amounts, perhaps through their membership of friends schemes or giving circles referred to earlier in this report. Again, involvement in the organisation's activities and their personal commitment are important areas for the organisation to nurture.

## **5.2 Trusts and foundations**

These are a vital and long established core of private giving, most originating from an individual's or a family's wealth and therefore reflecting their original areas of focus. Trusts will therefore give in accordance to such stipulations to particular causes, sectors, or regions within their remit, and experienced fundraisers normally have a clear understanding of how to target and put their case to a particular trust or foundation on behalf of their organisation. Although a significant number of trusts are London based they may well have a national focus for their particular areas of support, or their remit may include specific geographical areas away from London. Others may have a particular focus on one area or region but also other priorities. Because of their presence in the market and their national spread, major trusts have built up extensive databases giving them a detailed view of the philanthropic landscape. The general message from trusts and foundations to applicants is to be confident and ambitious in making a request having first fully researched the objectives and areas of support that the particular trust embodies. This point of carefully focusing the approach is as true here as it is in the case of individual philanthropists.

## **5.3 Corporate sector**

In the past, corporate sector members were strong supporters of cultural organisations, particularly of performing arts companies and galleries where opportunities could be offered for client entertaining. This might be based on a particular performance or exhibition to which sponsorship was being given, mainly in London but also to a fair degree in the regions. This still continues, though at a lower level than before, and would now be more evident in the case of the large London based cultural organisations than regionally based ones. This no doubt in part reflects the high number of corporate headquarters based in London and the presence of major venue-based cultural organisations who are able to offer attractive corporate client entertaining facilities. Whilst some regionally based cultural organisations have managed to maintain relationships with local companies even where the company's centre may have moved, the general experience has been that where the corporate headquarters have moved away from the region, whether to London or internationally, the local level of giving from the remaining branch of the company has reduced dramatically.

Nevertheless there are still corporate relationships that may be developed even when the headquarters have moved away. These depend partly on the nature of the project and partly on relationships being initiated and maintained with individual executives of the company, perhaps via personal introductions from individual trustees or supporters of the organisation. Concerning a particular project, companies may now be more focused on their giving being related to educational or

community linked projects in terms of corporate social responsibility in the community where the company has a presence rather than with client entertaining approaches. Regionally based organisations should therefore consider narrowing their focus on the corporate sector to such local opportunities, but also investigate whether their trustees or supporters have personal links at a senior level at corporate headquarters away from the region and which might be used to influence funding decisions.

**Recommendation 10: Organisations should make enquiries amongst their trustees, management, staff, and supporters, including existing donors, to assemble a data base of personal contacts, whether with individual philanthropists, trustees of trusts and foundations, or with corporate executives, and encourage those individuals to use those contacts as part of fundraising approaches. In the case of approaches to companies, organisations should keep in mind any local initiatives which might appeal from the point of view of corporate social responsibility in their base area.**

#### **5.4 The community**

In many regional cities and towns there are now significant ethnic minority populations which constitute a potential, important and growing part of a cultural organisation's audience and supporter base. But too often there is insufficient knowledge within the organisation or research done by them to optimise access to these communities. From the communities' point of view there is often a limited understanding of the scale of the cost of mounting cultural events and therefore of the likely level of funding required. To build this understanding and to approach owners of significant businesses or individual wealth in these communities is a lengthy process and needs introductions and support from within the community in question. There exists audience development research carried out both nationally and regionally by bodies such as the Arts Council, and these should be more widely accessed by organisations looking to a build community based approach to audiences and supporters<sup>12</sup>.

Organisations should consider inviting one or more representatives of a particular community on to their board. This would help the organisation to work more closely with a local community and build up contacts. Those contacts might include people, including local business representatives, who empathised strongly with the organisation's offering and objectives and if brought into a closer relationship might over time be prepared to help fund its activities. In attempting to build up relationships the organisation would need to think carefully how to approach this. First and second generations might be more likely to support within the context of their own ethnic or religious background, be it for educational, religious, social, or

---

<sup>12</sup>[www.artscouncil.org.uk/what-we-do/research-and-data/arts-audiences/arts-based-segmentation-research/](http://www.artscouncil.org.uk/what-we-do/research-and-data/arts-audiences/arts-based-segmentation-research/) and [www.artscouncil.org.uk/funding/funded-projects/case-studies/arts-nation](http://www.artscouncil.org.uk/funding/funded-projects/case-studies/arts-nation)

cultural needs, whereas third generation members may be more in tune with the organisation's cultural offering and activities. Furthermore the organisation would need to understand the different attitudes of the ethnic and religious groups they were addressing as for example a South Asian community might include people who are either Hindu, Sikh, or Muslim who themselves might be from either Sunni or Shia denominations, each with perhaps different attitudes to supporting the community. Careful research is therefore essential before approaches are made to what could be an area of potential support, but approaches are likely to be more successful if the organisation's artistic content has real relevance at least in part to that community.

#### **CASE STUDY.**

Birmingham based Punch Records, a music promotion business with a particular focus on black music cultures, was keen to find financial support for its community based activities and in particular for its "Desi Moves" dance programme and competition which started in 2011, was a significant feature of Birmingham's contribution to the 2012 Cultural Olympiad, and now continues. As the programme had particular interest to the city's South Asian community Ammo Talwar, the CEO of Punch Records, decided in 2011 to approach businesses in that community. From out of a number of firms identified and researched he eventually targeted three for a more focused approach. The first significant challenge was to raise perceptions in the companies approached as to the level of funding being asked for, with the potential donor thinking in terms of a sum of £2,000 rather than the c.£30,000 being sought. A second challenge was the lack of participatory arts in the particular communities so that the approach was in untested waters.

From meetings with the three targeted companies Ammo found that there was one, Latifs Warehouses, which he felt might be more in tune with the project. From 2011 a cautious approach was taken in cultivating relationships, with some free advertising offered around early events. Nevertheless the original request was turned down by the company's marketing director who whilst interested in the details of the project did not feel he could justify the investment in terms of his marketing budget. The eventual breakthrough came when Ammo met with a third generation family member of the company who was of his age group, and found that his level of knowledge and understanding of the project was far higher and more open to an enthusiastic approach against a background of common interest. By clearly explaining to him the cost structure of the Desi Moves programme Ammo was able to increase his commitment to the level of donation required to support the continuation of the project. The result in October 2012 was the announcement of a £30,000 investment by Latifs into Punch's "Desi Moves" dance programme. This represented the largest single philanthropic commitment by the South Asian community to Birmingham's cultural and creative life.

It seems clear that success came from –

1. Getting to potential donors through knowledge of and contacts within the community.
2. Understanding the potential donor and their expectations and in particular by identifying the company's customer base in the potential audiences for the programme.
3. Cultivating those expectations by detailed and positive explanations, particularly with regard to donation levels, and inspiring trust in the project.
4. Approaching the potential donor company at a level and age group where a positive relationship could be established.

Philanthropic support for culture within ethnic communities is in its infancy for regionally based organisations despite some notable successes (though not necessarily on the scale of "Desi Moves"). Significant development work and investment of time and resources therefore needs to take place in order to broker and establish relationships and in addition to foster a better understanding of the benefits of philanthropy both to the culture sector organisations and to the donors and their communities. But the potential over time is significant and therefore worth making the investment.

**Recommendation 11: The cultural sector and its organisations should make themselves aware of existing research into audience and supporter development, particularly that relating to ethnic communities, and should invest time in researching for themselves art forms and subjects which could be of interest to those potential audiences and supporters.**

**Recommendation 12: Organisations, in order to work more closely with ethnic communities and better represent them, should consider asking one or more community representatives with appropriate skills to become board members, and these representatives might then help the organisation to forge levels of support within the community which might itself lead to a level of giving in the future.**

## **6. CIVIC PRIDE**

### **6.1 Historic context and the Welfare State**

The enormous contribution made by wealthy citizens to their towns and cities over the centuries, providing funding for schools, universities, hospitals, and centres of culture, may have been largely replaced by the advent of the Welfare State, with the major part of funding since the Second World War coming from central and local government, funded by an increasing tax base. In these circumstances it is debateable whether citizens may no longer see it as their role to contribute to their community to the extent that their ancestors might have done. Yet with increasing pressures on local authority budgets they themselves have to make difficult choices as to the highest priorities for funding. In these circumstances cultural needs may well come lower on a local authority's priority list than social need, and it is not surprising therefore that some regions, for instance Somerset, have cut their cultural budget altogether. Other authorities, and Manchester and Birmingham are good examples, see a strong and well supported cultural life along with sporting and recreational facilities as essential in attracting inward investment from business to their city, often on an international level, to boost employment and increased net contribution to the local exchequer.

### **6.2 The current challenges**

Most citizens, if asked, would probably acknowledge the benefit to their city or town of civic, educational, welfare, sporting and cultural amenities and the enhancement they bring to the quality of life, but might perhaps still see the maintenance and running costs of those benefits as the responsibility of their local authority or of central government. Yet the local authority no longer has sufficient resources to fund all of the amenities that it used to, and an increased level of local philanthropy will therefore be required if these amenities are to be more fully supported. It is therefore in the local authority's interest to try and restore a level of civic pride which makes citizens more conscious of the need for them to contribute at some level to their community and its social, sporting and cultural assets. Central government have encouraged this process with Big Society initiatives, but there is a real need under the localism agenda for local authorities to advocate and encourage a sense of civic pride so that individual giving to local culture, social activities and infrastructure again become a natural responsibility of being a part of local society.

In terms of the importance of culture to a city and of engendering civic pride, Birmingham City Council have very recently shown leadership in holding a two day Arts & Culture Summit involving civic, cultural, and business leaders together with international partners to stress the role of arts and culture in underpinning the city's attractiveness to residents, visitors, and inward investment. From this event, initiatives are being backed by civic, business and cultural leaders to encourage support for arts and culture in Birmingham with philanthropy a significant feature. It is

hoped that other regional cities will take similar initiatives. But encouragement of civic pride needs continuous advocacy in order for change to take place and this is therefore very much a long term challenge.

**Recommendation 13: Local authorities, in conjunction with local business, should examine ways of progressively advocating and encouraging civic pride and the resulting willingness of citizens to support cultural activities in their local community, financially or through voluntary help.**

## **7. THE ROLE OF INTERMEDIARIES**

### **7.1 Community foundations**

Several types of intermediary organisations increasingly provide a channel for philanthropy to support good causes, originally focusing on social, community, and educational needs, but also now including cultural projects particularly where community, social inclusion, or educational aspects are involved.

The longest established and largest of these organisations is the Community Foundation Network. Originating in the USA in 1914 and then established on an international basis, the first community foundation in this country was started in Swindon in 1975 and there are now fifty five of them in the UK. They operate on a regional basis and use financial and other resources available to them to support local communities in working together to improve others' lives. Their funding comes mainly from receipts from individual philanthropists looking for an effective way of directing their gift locally; from support and charitable funds deriving from local authorities; from taking over smaller trusts and foundations and distributing funds in accordance with the trust terms, and through subcontracted funding from the Big Lottery or Government. Although social causes are normally the priority, the cultural sector might increasingly attract funding where activities are focused on involvement with the community and where they have a direct impact on social inclusion and participation, particularly in the more needy communities. The roles of these community foundations should be continually publicised by local authorities, and cultural organisations should establish links with them to understand more fully how they could be involved in projects funded by their local foundation.

### **7.2 Other intermediary organisations**

Several organisations exist to bring together groups of philanthropists in order to help them identify worthwhile charities or projects to give to. One such significant organisation founded ten years ago is The Funding Network. They organise regular open events on a regional basis attended by groups of philanthropists. The events are held in local venues and have a friendly and supportive atmosphere. The Network invite charities, typically smaller ones with a turnover of less than £1 million, to come and make their case for support and to try to raise £5,000 or more towards a social change project. The format is that of a friendly "Dragon's Den" with the charities making their "pitches" for funding, and with attendees then "bidding" to pledge £50 or more during a lively pledging session. Although mainly focused on social causes one of their funding pools is Arts & Education and the cultural sector should consider whether this route to funding, albeit at lower levels, might be worth investigating where a cultural project was focused on educational aspects.

Another example of this approach is Heritage Dragons, where the Heritage Lottery Fund and the Prince' Regeneration Trust combine to hold events where community

heritage projects “pitch” for support to the “dragons”. In this case the “dragons” are experts in heritage development, who then decide on levels of pro-bono expert advice for the project as the reward (typically professional support on for example planning applications as well as more general advice). In this case the cultural aspect might be smaller but could be part of a project for say the development of a community arts centre in a heritage building.

Such organisations are playing an increasingly important role in charity funding and deserve to be more widely publicised. There are opportunities for cultural organisations seeking support where their projects match the objectives of the intermediary organisation concerned.

**Recommendation 14: Local and central government should publicise more widely and celebrate the role of community foundations and other intermediary groups and their role in supporting philanthropy on a regionally focused basis. Art Council England should encourage closer ties between cultural organisations and such intermediary groups in their regions.**

## **8. PUBLIC FUNDING IN PARTNERSHIP**

Two of the largest managers of central government and Lottery funding distribution are Arts Council England and Heritage Lottery Fund. Given their sometimes common focus on educational and community aspects of their clients' projects and reach there should be opportunities for these two major organisations to work more closely together to see if greater effectiveness and value for the money could be achieved in terms of the investments they make in good causes. There may be other areas in which they could combine know-how and resources, for example in the development of training for fundraising in their sectors (see also section 4 of this report).

**Recommendation 15: Heritage Lottery Fund and Arts Council England to explore ways in which they could work together more frequently, both on joint funding initiatives and in other areas such as supporting training in fundraising for their client organisations.**

## **9. CELEBRATING THE GIVER**

The role of philanthropy will be increasingly important to the further development of the cultural sector above its core funding needs and its established public funding. It is therefore important that philanthropy is publicised and celebrated both at an individual and a general level. Awards and honours, both individual and corporate, should therefore be increased and further developed at a national level through the Honours system and initiatives such as the Prince of Wales Medals for Philanthropy, and at a regional level through local awards for businesses, trusts and foundations, and individuals supporting culture either financially or in kind in that region. The simple act of saying "thank you" publicly can give the donor a real feeling of accomplishment and pride, and local and central government and Arts Council England have important roles in such public celebration but so too do the cultural sector organisations themselves. The sector and Arts Council England could perhaps together investigate further ways of celebrating and publicising philanthropy, such as new awards particularly for innovation in this field, in order to encourage and achieve increased levels of giving, particularly on a regional basis.

**Recommendation 16: The cultural sector, central and local government, and Arts Council England should ensure wider publicity and celebration of individual and combined philanthropy. Public recognition through honouring mechanisms should be extended, with investigation into new areas of recognition, particularly relating to more innovative aspects of philanthropy with perhaps some focus on such areas from the cultural sector and Arts Council England.**

## 10. ACCESSING TICKET DATA

Members of the public purchasing a ticket to a performance or exhibition could be future donors if approached and cultivated by the organisation concerned. The first step along this path is accessing the attendees' details if given in their ticket purchase transaction. Obtaining purchaser data is therefore a vital aspect of fundraising (see also 3.2). But if the activity is taking place in a commercial theatre or venue the management might not wish to share the data with touring or visiting companies. The Data Protection Act 1998 is usually cited as the reason for this, even if the purchaser ticked a box giving authority to the venue operator to share the data. This is a particular problem for touring organisations. The venue operator would themselves have invested money in audience development and might not therefore wish any audience loyalty to them to be diluted in any way. Where there is a long-term relationship between a visiting company and the venue's management they may be more inclined to share the data, but in the end the visiting organisation, through its marketing department, may have to negotiate strongly to get a satisfactory agreement put in place, with the marketing department then sharing the data with the fundraising team.

From soundings taken the situation has improved, but there are still venues that may not be prepared to share ticket purchaser data and this is therefore still a problem for the cultural sector. If the Data Protection Act is apparently being unreasonably cited by the venue management as the reason for not sharing data, the organisation should seek specialised advice in order to challenge them, but this is a complex area. Given the importance of building relationships with audience members along the journey to asking for support, contractual arrangements for obtaining data from the venue need to be agreed at an early stage, and the organisation needs to ensure that use of that data across their departments is compliant with the Act. Reviewing with venue management the way in which questions are asked of the purchaser as to their willingness for their data to be shared with the visiting organisation should also happen at an early stage. The ultimate decision rests with the organisation as to whether they use the venue, depending of course on what alternatives are available.

**Recommendation 17: Contractual arrangements with the venue for obtaining data in a way compliant with the Data Protection Act 1998 need to be agreed at an early stage including reviewing with them the manner in which questions are asked of the purchaser as to their willingness for their data to be shared with the visiting organisation. The organisation then needs to ensure that their own use of the data is compliant with the Act and with the form of permission given by the purchaser.**

## **11. PAYROLL GIVING**

Although this is a significant means of giving in the USA, raising £3 billion a year, its use is currently insignificant in the UK. Only 2% of employers currently offer payroll giving, and the amount raised through this route accounts for only 1% of all giving. Often in the USA its introduction is championed by employees and this should be encouraged here by means of the increasing of business and public awareness so that companies are prepared to make such schemes more widely available to their employees who are then encouraged to make use of the facility.

**Recommendation 18: The business sector and Government should raise awareness of payroll giving schemes and companies should be encouraged to offer them.**

**12. ACKNOWLEDGEMENTS** – a sincere “thank you” to the following people and organisations who informed the thinking behind this report and its contents, though not necessarily agreeing with every point –

Ambassador Theatre Group – Rosemary Squire and Pat Westwell

Arts & Business – Phil Spedding

Arts Council England – Dame Liz Forgan, Alan Davey, Amy Turton, Clare McGread, Abid Hussain, Hedley Swain, Phil Gibby

Arts Quarter – John Nicholls

Ashmolean Museum – Dr Christopher Brown, Tess McCormick

Birmingham City Council – Sir Albert Bore, Mike Whitby, Val Birchall

Birmingham Museum & Art Gallery – Prof. Ann Sumner

Birmingham Opera Company – Jean Nicholson, Graham Vick

Birmingham Royal Ballet – Christopher Barron

Bruntwood Property - Mike Oglesby

City of Birmingham Symphony Orchestra – Alexandra Tomkinson

Community Foundation Network – Matthew Bowcock

Cultivate, Nottingham – Vanessa Rawlings-Jackson

DCMS – Keith Nichol

Garfield Weston Foundation

Genesis Foundation – John Studzinski

Halle Concerts Society – Kath Russell

Hazelhurst Trust – Dr Helen Bowcock

Heritage Dragons – Manuela Bell

Heritage Lottery Fund – Bob Bewley

Historic Royal Palaces – Charles Mackay

Kennedy Centre, Washington DC – Michael Kaiser

Lakeland Arts Trust – Gordon Watson

London Symphony Orchestra – Kathryn McDowell, Bernadette O’Sullivan

Lord Stevenson of Coddendam – formerly Chairman of Trustees of the Tate and of Aldeburgh Music

Lyric Opera of Chicago – Anthony Freud

Merseyside Community Foundation – Cathy Elliot

National Trust – Jon Powlesland

Opera North – Richard Mantle

Punch Records – Ammo Talwar

Roger De Haan Charitable Trust – Roger De Haan

Royal Opera House – Tony Hall

Royal Liverpool Philharmonic Orchestra – Michael Eakin

Royal Shakespeare Company – Graeme Williamson

Sir Peter Bazalgette

Tate Galleries London & Liverpool – Rebecca Williams, Andrea Nixon, Gaby Styles

Theresa Lloyd – author of “Why Rich People Give”

The Funding Network – Sonal Shenai and Michael Maynard

The MAC – Dorothy Wilson

The Mary Rose Trust – John Lippiett

The Sage, Gateshead – Dominic Parker

University of Birmingham – Nick Blinco

University of Kent - Dr Beth Breeze

Welsh National Opera – Geraint Talfan Davies, Alison Dunnnett and Peter Bellingham

### 13. A SELECTED BIBLIOGRAPHY

Arts & Business (2012) *Private investment in culture survey 2010/11*

Breeze, B. (2010), *How donors choose charities*, Centre for Charitable Giving and Philanthropy

Breeze, B. (2011), *The million pound donors report*, Coutts and University of Kent

Barclays Wealth (2011) *Barclays 2011 UK Wealth Map*, Barclays Wealth in co-operation with Ledbury Research

Cabinet Office (2012), *Giving White paper – one year on*

Lloyd, T. (2004), *Why Rich People Give*, Philanthropy UK, Association of Charitable Foundations

McKenzie, T. and Pharoah, C. (2010), *UK Household Giving - new results on regional trends 2001-08*, Centre for Charitable Giving and Philanthropy

McKenzie, T. and Pharoah, C. (2011), *How generous is the UK?* Centre for Charitable Giving and Philanthropy

National Council for Voluntary Organisations and Charities Aid Foundation (2011), *UK Giving 2011*

National Council for Voluntary Organisations and Charities Aid Foundation (2012), *UK Giving 2012*

Nicholls, J. (2012), *Implementation of the Philanthropy in the Arts Agenda*, Arts Quarter

Nicholls, J. (2012), *Increasing Individual Giving to the Arts: Evidence, Aspirations and Possible Barriers to Success*, Arts Quarter

Sood, A. & Pharoah, C. (2011), *Fundraising activity in arts culture, heritage and sports organisations*, CASE: the culture and sport evidence programme

