Catalyst: Endowment

Annual Report 2016
Developments between November 2015 – October 2016

February 2017

University of Kent | Centre for Philanthropy

Contents

1. Introduction

This is the fourth and final Annual Report document. This report covers the progress of the University of Kent's evaluation project by providing a round-up of the developments of a number of key initiatives.

In the first section, the timeline of the entire evaluation project is presented. In the second section, a summary of the Annual Review 2016 report is given. The third section covers the case study element of the evaluation, which is followed by a summary of the annual workshop in section four. The final section looks ahead to the coming year.

31 organisations were awarded a *Catalyst: Endowment* grant and all are included in the evaluation project. They are as follows:
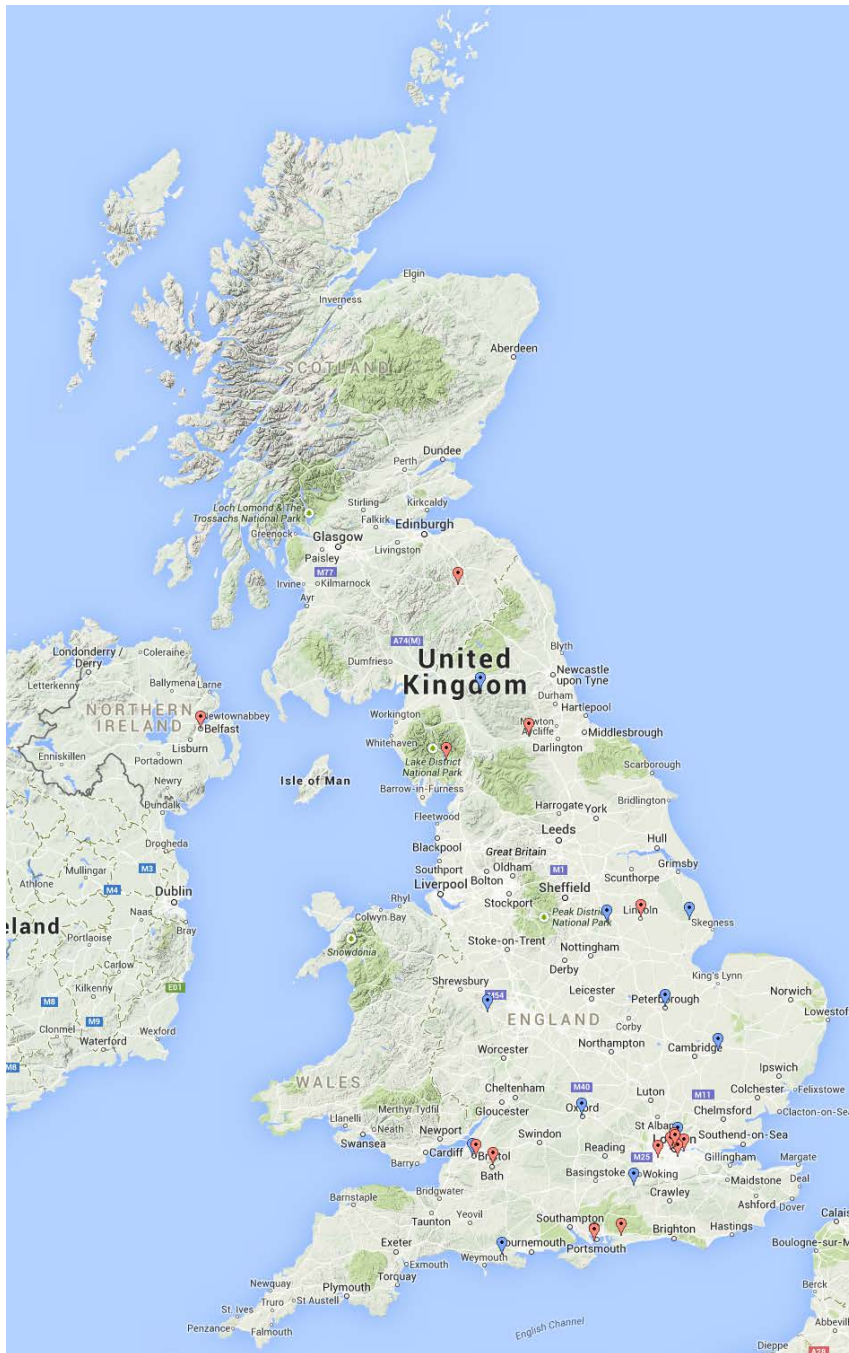
First round organisations:

- Arnos Vale Cemetery Trust
- Dulwich Picture Gallery
- Greenwich Foundation for the Old Royal Naval College
- Lakeland Arts Trust
- Lincoln Cathedral
- Linen Hall
- Mary Rose Trust
- National Museum of the Royal Navy
- National Portrait Gallery
- Pallant House Gallery
- Sir John Soane's Museum
- St Martin-in-the-Fields PCC
- Strawberry Hill Trust
- The Abbotsford Trust
- The Bowes Museum
- The British Library
- The Holburne Museum of Art
- Victoria & Albert Museum

Second round organisations:

- Ashmolean Museum of Art and Archaeology
- Churches Conservation Trust
- John Clare Trust Ltd
- London Wildlife Trust
- National Horseracing Museum
- Peterborough Cathedral
- Severn Valley Railway
- South Tynedale Railway Preservation Society
- ss Great Britain Trust
- Tank Museum
- The Holocaust Centre
- The Wiener Library Institute of Contemporary History
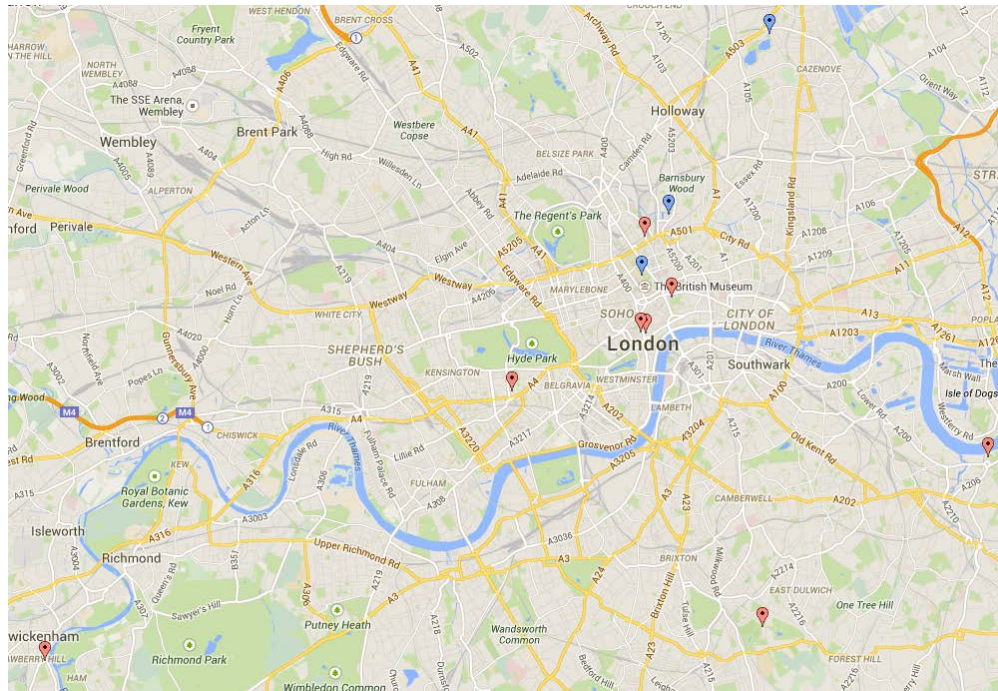- Watts Gallery Trust

In terms of the location of these organisations, there happens to be a higher proportion based in London, with 11 organisations found in the capital. Beyond this there is a spread around the UK, and the maps below illustrate their locations.

Map of the location of the 31 organisations

Key:
Red = First round organisation

London

Key:
Red = First round organisation
Blue = Second round organisation

1.1. Headline findings

The key findings of the Annual Report 2016 are as follows:

Annual Review

Presented below are the key points from the Annual Review document, which contains the findings from the monitoring of organisations' progress against fundraising targets, the tracking of financial indicators, and the monitoring of the financial health of a control group (organisations which were unsuccessful in their application for a *Catalyst: Endowment* grant). A fuller summary can be found in Section 2.

Achievements of grantee organisations

- Raising awareness of organisations' existence and of their charitable status among stakeholders and the local community, and changing how they talk about their organisation to donors.
- Some organisations have implemented successful legacy programmes whilst others intend to start fundraising in this way soon.
- Two organisations have improved fortunes by turning their organisations around either financially or in ways of working.

Progress against fundraising targets

- Five organisations are ahead of schedule with their fundraising, 15 are behind and 11 are on-track (due to first-round organisations reaching the end of the grant period).
- First round organisations have drawn down 83% of the £27.5m awarded to them.
  Second round organisations have drawn down 56% of the £8.5m awarded to them

Financial status changes

- The biggest reliance on an income stream in 2015/16 is grants from trusts and foundations.
- Donor care has the highest average proportion of fundraising expenditure in 2015/16.
- The number of staff hours spent on fundraising ranged from 230 to 65,000.

The control group

- At the time of applying in 2011/12, 23 of the 43 organisations declared an endowment. Since then five more organisations have begun a new endowment, including three in 2015/16.
- Total voluntary income has for the first time during the grant period gone up, although not to the level seen in 2011/12: it has increased by £29m to £158m. As a proportion of incoming resources, it has dropped from 16% in 2011/12 to 3.9%.
- Due to re-statement of figures by some charities, there was a small dip in grant income in 2014/15 after two years of growth. However there has been an increase in 2015/16, taking the total to its highest point in the grant period to £1.4b. Grant income remains very important to the control group organisations, far more so than investment income or voluntary income.

Case studies

Presented below are the key points from a suite of case studies which are being conducted with 30 grantee organisations. The first stage of case studies is complete and the follow-up case studies are underway with all of those with first round organisations completed already. A fuller summary can be found in Section 3.

- The majority of organisations said that working on the endowment had led to an enhancement in their relationship with existing donors, many also said that it had led to them bringing in new donors.

- There was a mixed response from organisations when asked whether they felt that the endowment had caused them to diversify their sources of income or not.

- Several organisations said that whilst they had not reached their fundraising target, they still found it a worthwhile experience and that the money would still be useful and could be built upon later. A few organisations said that reaching their target was their main achievement.

- For key learnings, a few themes arose among organisations, including: seizing opportunities as they arise when fundraising for the endowment, having a good clear story or ask, the matching element of the grant being helpful, the need for clarity from the outset on senior management and Board buy-in to the importance of the endowment to avoid competing priorities during the grant period, and the programme deadline had the effect of encouraging donations.

- Another key learning was that some donors felt that endowments were just not that appealing, and they preferred giving to more tangible projects. Sometimes these donors were private individuals, but often they were corporate givers which needed to see a more immediate result from their donation. Grant-making trusts and foundations were also generally unlikely to fund an endowment, although some organisations did have success with this, generally when they had a long-standing relationship. In these instances,

organisations took a mixture of approaches, but generally after speaking to the donor again about the benefits of the endowment, some donors would just have to be considered as not to be approached for the endowment but would be contacted for other capital projects instead. This was all part of the donor research and targeting element of their fundraising campaign.

- Major challenges for the organisations were prioritising the endowment over other internal funding needs, effective messaging, and getting donors to understand and give to the endowment and keeping the *Catalyst: Endowment* fund going after the grant period ends.

- The plans for the future are very different for each organisation. A few organisations have exhibitions or grand openings planned in the next one or two years. Other plans include: continuing fundraising towards a higher target, working with the community and repeating their double-matching scheme in future, balancing the books, bringing in more commercial income, growing reserves, increasing diversity of income, converting visitors into volunteers and members, expanding the donor base, building improvements to encourage visitors, returning to endowment fundraising, education and outreach work, and conserving the collection.

Annual workshops

Presented below are the key points which arose from the March 2016 workshop, to which all grantee organisations were invited. A fuller summary can be found in Section 4.

- Overall, feedback on the March 2016 workshop was positive. It was seen as a successful event, that provided a useful space for sharing and mutual support as well as input from two external speakers and two grantee organisations, which one delegate described as 'very positive and empowering' (a quote from a feedback forms).

- Several key themes arose among the organisations and included that fundraising had become embedded in their organisation, they are working on bringing in legacy donations, some are reviewing how they talk about themselves to donors, juggling internal priorities continues to be an issue, as is explaining to donors what an endowment is.

- Actions that grantees highlighted that they would take forward as a result of the workshop included: sharing information with their team and stakeholders, looking at digital fundraising platforms, trialling trust fundraising, reforming literature on the double your money message, and trying to persuade trustees that fundraising is ongoing and that trustees need to be more involved.

2. Summary of the Annual Review

The Annual Review document contains the findings from the monitoring and tracking work that is ongoing for the duration of the evaluation project. This work includes monitoring organisations' progress against their fundraising targets, the tracking of financial indicators such as income streams and fundraising expenditure which are gathered in a web survey annually, and the monitoring of the financial health of a control group (organisations which were unsuccessful in their application for a *Catalyst: Endowment* grant). There have been four Annual Review documents to date.

2.1 Headline findings

The key findings of the Annual Review 2016 (November 2015 - October 2016) are as follows:

Achievements of grantee organisations

- Raising awareness of organisations' existence and of their charitable status among stakeholders and the local community, and changing how they talk about their organisation to donors.
- Changing messaging to improve understanding of how the organisation operates and what support they need.
- Particularly for younger charities: learning how to fundraise.
- Receiving significant gifts, whether hoped for or unexpected.
- Setting up a double-matching scheme with a gift to maximise matchable donations.
- Some organisations have implemented successful legacy programmes whilst others intend to start fundraising in this way soon.
- Finding innovative new ways to fundraise, especially for the endowment.
- Two organisations have improved fortunes by turning their organisations around either financially or in ways of working.

Progress against fundraising targets

- Five organisations are ahead of schedule with their fundraising, which is a drop of 50% since last year. The number behind schedule has dropped to 15 organisations, a small drop of four since 2015. The growth has been in organisations which are on-track because of the round one organisations which have completed by the grant deadline. 11 organisations are on-track, which is the highest level since 2013.
- First round organisations have drawn down 83% of the £27.5m awarded to them, up from 44% in 2014/15 and 36% in 2013/14, giving an average of 71% of the grant award per organisation. 11 organisations reached their target but for the other organisations £4.5m was not claimed in matching by the first round organisations.
- Second round organisations have drawn down 56% of the £8.5m awarded to them, up from 40% of 2014/15. Three organisations have now completed early, and just one organisation has still not requested a drawdown.

Financial status changes

- The biggest reliance on an income stream in 2015/16 is grants from trusts and foundations, the same as in 2014/15. In second place was 'trading income'. 'Gifts in kind' has dropped to the bottom for the first time at 0% of income. The biggest growth was in 'investment 'income' and the largest drop in 'local authority funding'.
- 'Donor care' has the highest average proportion of fundraising expenditure in 2015/16 despite a drop of nearly five percentage points since last year.
- The number of staff hours spent on fundraising ranged from 230 to 65,000, which is an even wider range than in 2014/15 where 100 to 12,500 hours were reported.
- The number of staff hours spent on fundraising ranged from 230 to 65,000.

The control group

- At the time of applying in 2011/12, 23 of the 43 control group organisations declared an endowment. In 2014/15 two organisations stated in their accounts that they had begun a new endowment and in 2015/16, three new endowments were started taking the total number of endowments started by the control group in the grant period to five out of 43 (12%). It is interesting because it suggests that organisations which had indicated a need for an endowment by applying for the *Catalyst: Endowment* programme still feel this need, and are now making their own moves towards this even without the support of HLF. However, it is not possible to know whether the other organisations feel that they cannot begin fundraising for an endowment without the support of HLF.
- Total voluntary income has for the first time during the grant period gone up, although not to the level seen in 2011/12: it has increased by £29m to £158m. As a proportion of incoming resources, it has dropped from 16% in 2011/12 to 3.9%: the proportion has hardly changed since last year because of the huge growth also seen in total voluntary income. This drop in total voluntary income as a proportion of total incoming resources suggests that the control group is becoming less independent over time, looking to other income such as contracts and commercial activities rather than being able to rely on donations.
- Due to re-statement of figures by some charities, there was a small dip in grant income in 2014/15 after two years of growth. However there has been an increase in 2015/16, taking the total to its highest point in the grant period to £1.4b. Grant income has also remained fairly consistent as a percentage of incoming resources, dropping from 42% to 34%. The average value of grants received by organisations was £38m in 2015/16, an increase of £5.3m in the last year. Grant income remains very important in terms of bringing in an income to the control group organisations, far more so than investment income or voluntary income.

A full explanation of the methodology and detailed findings are available in the Annual Review 2016 document.

3. Case studies

The case study element is the qualitative portion of the evaluation project. It is a two-stage process and the first stage is now complete. In the first stage, 30 organisations were visited (The National Museum of the Royal Navy is excluded from the methodology as they achieved their full target at an early stage, and so a case study would not be appropriate for them) in the first year or two of their grant to conduct an interview which led to a case study document. This stage captures the early fundraising work of the organisations, their thoughts on the *Catalyst: Endowment* scheme and future fundraising plans. By visiting them it is possible to see what they have already achieved through capital appeals and previous Heritage Lottery Fund grants, and to meet them in person. By meeting in person a relaxed interview can be achieved, so that the maximum level of detail can be obtained. It also has the benefit that they feel that the line of communication with the evaluation team is firmly open.

The second stage of the process is a phone call to all 30 organisations either in the final year of their grant period or earlier if they are either on-track to finish early or have actually finished early, to gather their perspectives on the project as it is coming to a close. This culminates in a document which focuses on retrospective views of the project, but also draws upon the first case study document.

3.1 Completion status

Of the 30 first stage case studies being conducted, all 30 have been completed. All of the case studies were conducted by Liz Lipscomb, with the exception of The Linen Hall and the London Wildlife Trust which were both conducted by Beth Breeze.

By November 2015, 21 of the 30 second stage (or follow-up) case study interviews have been completed, which consists of all first round organisations and four from the second round. The remaining nine will be conducted in 2017 as round two grantee organisations complete their fundraising programmes.

3.2 Methodology

After the first workshop that the round one and two grantee organisations attended in 2013, the main contacts were telephoned to tell them in more detail about the case study work, to answer any questions about The University of Kent's role in *Catalyst: Endowment* and their case study visit, and to book a date for the case study itself. The date was chosen by the organisation based on issues such as wanting to get started with their fundraising before the visit, choosing a quiet time (such as avoiding an exhibition) or making sure that they are open to the public at the time of the visit. All of the organisations have been visited, with the exception of the National Museum of the Royal Navy which is not part of the case study process.

The topics covered in the first stage of the case study process include:

- Experiences so far in the *Catalyst* programme.
- What fundraising has been done to date
- What their ultimate endowment target is
- Their fundraising plans and target donors
- Whether an endowment was already planned
- Future plans for the organisation
- How embedded *Catalyst: Endowment* is in the organisation
- Whether they will diversify their income streams

- Experiences of any changes in donor attitude towards heritage organisations
- Private funding successes and challenges
- Non-monetary benefits from donor relationships
- Need for new fundraising skills
- Other impacts on financial sustainability of the organisation
- Future sustainability
- Achievement of the outcomes: heritage will be better managed; your organisation will be more resilient
- Advice to fellow or future grantees
- Experience of the Heritage Lottery Fund's application and grant management process

The second stage of the case study methodology is underway, earlier than planned due to the early completion and near-completion of a few organisations. This stage involves having a telephone call of approximately one hour with each of the 30 organisations either in the final year of their grant period or earlier if they are either on-track to finish early or have actually finished early, to gather their perspectives on the project as it is coming to a close. This culminates in a document for each organisation which focuses on retrospective views of the project, but also draws upon the first case study document for context.

The topics covered in the second stage of the case study process include:

- Summary of the situation at the time of the first case study
- The key learnings about fundraising for an endowment since the last case study
- Recent experiences of fundraising
- The overall success and challenges of the fundraising
- How actions matched up with fundraising plans
- How fundraising for an endowment compares with other types of fundraising
- Does the organisation intend to keep fundraising for the endowment
- The difference the endowment will make to the organisation

- The organisation's future hopes and expectations for the next five years and beyond
- Any unexpected factors that impacted upon fundraising
- For those that did not complete: The reasons behind not raising all the money intended
- With regard to the work that raising an endowment involves, how worthwhile was it
- Recommendation of fundraising for an endowment to other organisations
- Achievement of the outcomes: diversification of income, better manage your heritage and becoming more resilient
- Other benefits from having a *Catalyst: Endowment* grant
- Thoughts on the *Catalyst: Endowment* grant scheme
- Advice to HLF on the programme going forward
- Usefulness of grant matching for fundraising
- Capturing new donors because of *Catalyst: Endowment*

3.3 Findings

First stage of case studies

A summary of the recurrent themes raised during the first stage of case study visits is as follows:

General themes

- All of the organisations, during the case study visit are interested to know how other organisations are doing

- Most/all of the organisations have a long-standing relationship with the Heritage Lottery Fund, having received capital grants in the past, and many are either in the process of applying for new grants or are planning to apply for new funding in the near future

How organisations plan to use their endowment

There is a mixture of ways that organisations plan to use their endowment. For many, conservation, preservation and maintenance is key but it is also a way for some organisations to keep their doors open and to give them the security of a future income. The endowment of salaried posts has been mentioned fairly frequently as the aim of the endowment. Other uses include the advancement of education/knowledge, exhibition/collection improvements, outreach/engagement and work with volunteers. Restoration has also been raised in addition to conservation and preservation.

Thoughts on Catalyst: Endowment at the beginning of fundraising

Many organisations had already planned to build an endowment, or were already beginning to raise money. For others an endowment was not originally in their fundraising plans, but they capitalised on the opportunity. Many also plan to keep fundraising beyond the grant award period to reach a higher level in order to increase their resilience. The endowment becomes some organisations' total focus, while for others it runs alongside other campaigns or projects. Some of the organisations had an endowment before applying to HLF, although this was the minority of organisations. Most organisations said that if they had not been awarded the grant, they would have gone ahead and begun to fundraise for an endowment, although most said that they would have started later and worked at a slower pace.

Diversification of income

In the case studies, there was not a huge sense that the endowment fundraising would significantly diversify income streams, but mainly because the organisations felt that they were already diversified in this regard. Whilst the majority of organisations still said that *Catalyst* would not cause them to diversify their income streams, a few organisations mentioned that they would start a legacy programme for the first time, and one reported that they were going to start a lottery.

Target donor groups

Major individual donors were mentioned several times as a key target group, but the general public, trusts and foundations, Friends and Patrons/members were all raised, as well as seeking legacy donations.

There was an emphasis on prioritising speaking to people they already know far ahead of gaining new leads. Newly mentioned types of donors to target included personal trusts, visitors, city workers, and a few organisations mentioned that they would look overseas as well as in the UK.

Charity structure

There was a mixture among the organisations between holding the endowment as a separate restricted fund within their main charity's accounts, to creating a separate charity specifically for the endowment, usually with separate trustees. The separate charity option is particularly useful when the purpose of the endowment is not closely linked with the main charity's objectives.

Predictions on HLF 'outcomes' at the beginning of fundraising

Generally, the organisations felt that they would achieve the outcome of 'heritage will be better managed'. For some, the management would be physically obvious as it would be done through building maintenance, whereas for others it was about bringing in new staff who would in turn manage the heritage. Some organisations mentioned endowing existing posts so that they could in turn manage the heritage. Several organisations were focused on learning, others public engagement and improved visitor experience.

For the 'your organisation will be more resilient' outcome whether through maintaining something physical or having the security that they will be able to keep the doors open, they anticipated increased resilience. For some organisations resilience was about no longer being reliant on visitor income or fundraising to keep the doors open, for others it was about keeping posts secure or aiding their independence.

New fundraising skills

Generally, organisations did not anticipate needing to learn or acquire new fundraising skills especially for endowment fundraising. Among the second round of organisations, there was more learning taking place around how to fundraise for an endowment, than had been evidenced in the first set of case studies. Some needed to learn about endowments and their management, as endowments were often new to the organisation as well as the staff. For some this involved working out how to manage an endowment alongside a capital appeal. Writing trust and foundation applications was another skill learned. Some organisations planned to bring in new skills to deal with endowment work that needed to be done.

Second stage of case studies

All of the follow-up case studies for the first round organisations have been completed, plus four for the second round organisations. The following points have been raised during these case studies.

Overall successes and challenges

The key successes are diverse although a few said that reaching their target was their main achievement. Beyond this, other successes noted include:

- making a plan and sticking to it
- having opportunistically applied for and won a grant
- to have secured early pledges off the back of a recently completed capital campaign
- trustees taking a leading role
- building up fundraising knowledge
- implementing a CRM system
- getting legacies
- staff becoming more aware of the importance of legacies
- getting early lead gifts
- getting core funding after a change in focus
- getting repeat donations
- getting committees to agree to put money into the endowment
- transferring a donor's money into the endowment
- laying the groundwork for legacies
- getting £100k from a trust
- a strong relationship between the Director of Development and donors leading to gifts
- donations from trustees.

The major challenges for the organisations were prioritising the endowment over other internal funding needs, effective messaging, and getting donors to understand and give to the endowment and keeping the *Catalyst: Endowment* fund going after the grant period ends. Beyond this, other challenges included: getting gifts of over £5k was rare for one organisation, and that donors were reluctant to transfer capital to the charity because it meant that they would be giving up the power to decide what would be funded by their donation once it was in the endowment, trustees adapting to fundraising roles, not having any fundraising experience or resource, making legacy donors feel valued, bringing in corporate donors, core funding suffering when donations got moved to the endowment, senior leadership changes, donor fatigue.

Key learnings

A few themes arose among organisations, including: seizing opportunities as they arise when fundraising for the endowment, having a good clear story or ask, the matching element of the grant being helpful, the need for clarity from the outset on senior management and Board buy-in to the importance of the endowment to avoid competing priorities during the grant period, endowments not really appealing much to donors who preferred tangible projects, the deadline had the effect of encouraging donations.

Beyond that, the learnings were quite diverse and included thoughts about maintaining momentum, using a campaign format, not directly mentioning 'endowments', the Director being personally involved in the ask, remembering that it is the organisation and its collection that people give to rather than the endowment target, setting up a fundraising committee so that no one person is solely responsible for the endowment fundraising, a personal approach working best, educating staff to engage with visitors, offering a choice on what a donation to the endowment would fund, funders being less interested in heritage organisation, needing a dedicated fundraising resource.

Alteration to the fundraising plan

Many organisations reported that they had broadly followed their fundraising plan. Those that did not had a variety of reasons, some deliberate, and some more reactive behind deviating from their plan. A few organisations changed the whole purpose/focus of their endowment, but most had smaller changes. These include: not working on legacies and corporates, less reliance on trusts than planned, using an Annual Review to bring in donations, offering double-matching to donors because of a grant from a trust, getting smaller gifts (but lots of them) than planned, not receiving legacies, trusts and foundations not being interested, not doing prospect research, running a large event, not fundraising at all and putting money from other income streams into the endowment, no high-profile campaign and no public appeal at all.

Fundraising

There were varied thoughts offered on the fundraising experience under *Catalyst: Endowment* and almost all said that the matching element of the grant was the most important part of the scheme as it acted as a motivator, built confidence in donors, and often tipped the balance in achieving a donation. Many also offered that they would continue fundraising for the endowment in the future, although not always straight away; just one organisation said that they would not be continuing which was because they have a new focus now.

The other experiences offered included: integrating the endowment into everything the organisation does, fundraising for the endowment being like a capital campaign, organisations needing to nurture donors to connect with them for life, learning how to target donors, building up a group of individual givers, donations having come mainly from legacies rather than major donors or trusts and foundations, having a 1:2 ratio is tough, did not have enough fundraising capacity initially, focused on individual major donors, there will be a legacy focus going forward, and one finished early thanks to the work of the trustees.

Effects of building the Catalyst: Endowment fund on the organisation

The majority of organisations said that working on the endowment had led to an enhancement in their relationship with existing donors, many also said that it had led to them bringing in new donors, however there was a mixed bag of organisations which felt that the endowment had either caused them to diversify their sources of income or it had not. Several organisations also said that whilst they had not reached their fundraising target, they still found it a worthwhile experience and that the money would still be useful and could be built upon later.

Beyond this, as the organisations are so very different, the other effects of *Catalyst: Endowment* on them are also very different. The effects listed include: helping them to reach their higher fund target, it has demonstrated to donors that they are planning for the future, it has caused them to learn lessons that are vital in their ability to manage relationships with donors, improvement in relationships with partner organisations, the fund gave leverage to set-up a double-matching scheme, there would have been cash-flow issues without it, the organisation has become a visitor destination, the fund's income is dependable, it has freed up funds and has built financial stability, it helps keep the doors open, there is better fundraising internally now and it is embedded in the organisation, it raised awareness of the endowment, it offers security, the organisation's reputation has sky-rocketed, it has improved the relationship with the Friends organisation, it will fund key curatorial posts and they will build on the fund with legacies going forward.

Achievements against HLF 'outcomes' at the end of fundraising

Nearly all of the organisations agreed that the outcome of 'heritage will be better managed' was achieved; a couple said that it was not achieved but would be in time, just one said that it would not be achieved because not enough money had been raised. Better managing heritage meant different things to different organisations, and included: acquiring new objects for the collection, achieving longer-term stability for the organisation and its community engagement projects, it was anticipated that this success would bring other successes, there might have been tough decisions and a possible downward spiral without the grant, they will spend the interest later, the interest will go straight into works, the money will go to a new museum, it will help look after the building, and two organisations said that the endowment would be spent on salaried posts which would themselves help better manage heritage.

Again, nearly all organisations agreed that the outcome 'your organisation will be more resilient' was achieved, just one said that it was not achieved yet, but would when they increase the endowment pot. Resilience means something different to each organisation, and the reasons offered include: having new income streams, having the ability to communicate how to give to the organisation, raising general awareness of the organisation and what it does, the donor base having confidence in the organisation, not needing to worry about funding crucial posts, guaranteeing free entry into the future, it will help to be able to deal with unforeseen problems, will allow planning for 5-10 years ahead, the grant also led to Transition Funding, income like this must grow to offset the decrease in Grant In Aid, the museum and collection will be supported, this process can be repeated again, in focusing on our objectives during the grant period other things were also looked at which have helped with resilience, more resilient in terms of finances and resources, hopefully legacies are coming as a result of discussions, work will not be put off now, they are more resilient curatorially, and it is important for forward planning.

Thoughts on the Catalyst: Endowment programme at the end of fundraising

The first three organisations that were interviewed in 2015 suggested that there need to be more HLF-run workshops for applicants if the grant programme is to continue in the future. Since the announcements about the Heritage Grant which builds upon the *Catalyst: Endowment* grant, the organisations have largely agreed with the amendments as being positive for recipients. The option to use some of the grant for staff resources is popular as is the continuation of matching and having a flat 1:1 ratio. Several organisations did say that a longer or more flexible grant period would have worked for them, as would support and mentoring on issues such as helping organisations to understand that all levels of an organisation need to know what they are taking on, and to hear from another sector like higher education which is more experienced in endowments.

Other thoughts about the programme included: that it is valuable as it particularly helps smaller charities to get a solid grounding and then grow, and it forces organisations to look ahead, a very large sum of money is needed to make having an endowment worthwhile, organisations cannot all bring in a whole new set of donors or develop their fundraising capacity further, and the grant was an opportunity for the organisation to look at sustainability, resilience and diversification of income streams.

Likelihood to recommend an endowment to others

All organisations recommended endowments to other organisations, many offering advice or caveats. The caveats offered include: only if the organisation was ready for it internally, a very good

idea if you have buildings to maintain, depending on the organisation's business model, if they have a clear goal and messages, if they have the right resources in place, if they have a good story or case to tell, if they have a good fundraising structure in place, if they can do it through a membership organisation, and to first weigh up the impact on resources of a public appeal.

It was also said that it is best to create an endowment even if you are not going to use it for years, it is worthwhile even if it will not be possible to build a huge one, it something to fall back on. Finally, it was noted that it can be difficult to build an endowment when starting from scratch.

Plans for the future

The plans for the future are very different for each organisation. A few organisations have exhibitions or grand openings planned in the next one or two years. Other plans include: continuing fundraising towards a higher target and looking at the collection in terms of how people engage with it, launching a digital infrastructure project and strengthening relationships with the academic sector, increasing the endowment target, working with the community and repeating their double-matching scheme in future, balancing the books, bringing in more commercial income, growing reserves, finding independent income, increasing diversity of income, converting visitors into volunteers and members, expanding the donor base, building improvements to encourage visitors, returning to endowment fundraising, better government funding, education and outreach work, developing the online offering, and conserving the collection, a capital redevelopment programme.

3.4 Next steps

The second stage of the case study methodology, which is to telephone organisations that are either nearing completion of their endowment or have completed their fundraising will continue until all of the second round organisations have been interviewed. This process began earlier than originally planned, in 2015 and is scheduled to be finished at the end of 2017.

4. Annual workshops

The University of Kent runs a workshop for grantee organisations early each year, where organisations, case officers, national office staff and the evaluation team are invited to come together to network, discuss experiences, share fundraising progress, and to learn from experts who are invited to speak at the event. Four workshops have been held to date, two in 2013 (one for each round of organisations), and one annually from 2014 to 2016.

In 2016, the annual workshop was held in London in March, and was an opportunity for all 31 grantee organisations to come together. 20 of the 31 (65%) grantee organisations were able to send a representative to the workshop. Overall just one organisation is still yet to attend a workshop organised by the evaluation team. This gives an overall attendance rate of 30 out of 31 (97%).

4.1 General feedback on the 2016 workshop

The 2016 workshop built on the feedback from the previous workshops, and as such had a similar structure with presentations, group discussions and networking breaks. A successful event, that provided a useful space for sharing and mutual support as well as practical suggestions from two external speakers and two grantee organisations in a panel session which one delegate described as 'very positive and empowering'. 100% of delegates said that the event was either 'very good' or 'good', with 65% saying 'very good'.

4.2 Speakers

The two external speakers were Richard Radcliffe (legacy expert) and Howard Lake (publisher of fundraising.co.uk), and there was a joint panel discussion featuring Ben Barkow from the Wiener Library and Samuel Coote from the National Portrait Gallery.

Richard gave a presentation about legacies and endowments and whether there is a link. Some of the key points he made were that:

- One in three visitors/members puts a charity in their will.
- It is easy to convert people to be a legacy prospect.
- People are changing their giving patterns at the moment, and often trust smaller organisations more.
- Legacies are an investment not a donation because they are not spontaneous like other giving. To have trust and confidence in a charity, donors need to know a bit about you.
- Increasing numbers of charities are benefiting from legacies. In 2007/08 1,745 charities received a legacy, by 2013/14 this had risen to 2,256 – with the growth mainly in the arts sector.
- The baby boomers are writing their wills now, and as divorce rates are up among the over-65s they are changing their wills too.
- Do people know that your organisation is a charity that needs money? If they do not know that you are funded then why would they leave your organisation a legacy?
- £340-380k is the typical net worth of a legacy giver. Provide them with a shopping list of small items so they can see what their donation will give.
- Where to communicate: visitor areas, newsletters, membership renewal documents, and websites.
- Do not specifically ask for a legacy, say 'did you know we are funded by…' to help them understand.
- 'Thank you' legacies tend to be bigger than 'please' legacies.
- Giving a legacy to an endowment can be considered 'idle money' by some, so name the fund, if you are setting one up, something else like the British Museum's 'Fund for the Future' (a designated fund).
- Bookmarks are a good place to put your legacy vision.
- Tell people what to write in their will e.g. the Charity Commission number.
- Alternatives to wills are a codicil form for small cash legacies or a letter of wishes which is morally rather than legally binding and is popular because it is flexible.

Howard gave a presentation about digital fundraising for endowments highlighting examples located online. Some of the key points he made were that:

- One third of charities receive less than 1% of their donations online.
- Some organisations mention endowments online but have no donate button for it.
- The Big Give can be used as a tool for endowment fundraising.
- The website has to be in good condition and convey the importance of the endowment campaign.
- The forthcoming Fundraising Preference Service's 'reset' button will affect all charities.
- 47% of people trust charity Chief Executives, which is less than managers in the NHS and lawyers. Charities need to regain trust via their websites.
- Make the website mobile responsive.

- While people are losing trust in charities, they still have some trust. Let them see your charity is registered at the Charity Commission and make it obvious on the website that your organisation is a charity. This is part of your sell.
- Encourage others to share the organisation's content via social media.
- If someone says something positive about the organisation/campaign, ask if you can use their words with their photograph.
- Crowdfunding: try to inspire others to use tools to support the organisation.
- Paid advertising is direct marketing e.g. Google Ads. This generated more substantial funds than social media.
- Relationships are always the point (not the method).

Ben and Sam spoke in a panel discussion their experienced and how they completed their match-funding early. Some of the key points that Ben made were that:

- Raising £500k is a huge challenge for a small or medium-sized organisation.
- Need to think beyond individuals, as for us they gave less than 25% of the total.
- Be opportunistic, peruse possibilities. You will need to park other work to do this, but it's more important than sticking to the original fundraising plan.
- Recognition needs to be given that *Catalyst: Endowment* has been running in the background of tough economic times: HLF might please consider allowing some organisations to extend their deadline.
- Trusts and foundations were a key focus towards the end of our grant. There are thousands able to help. Target family-based trusts or where their Chair is somehow connected to what your organisation does. This way you can by-pass the long relationship-building phase.
- A painful lesson for us was that the key to success is the Chief Executive. Trustees should help and donate but their efforts are unlikely to get you over the line. The Chief Executive/Director should be asking for the money. It was nerve wracking, I did training and it is easier now.

Some of the key points that Sam made were that:
- Commitment from the top and being opportunistic is critical.
- The Director Sandy Nairn announced that he was leaving, and so we turned this into a fundraising opportunity by encouraging people to make gifts to the Fund in his honour. We asked his network and new people to give.
- We made a decision on how to communicate *Catalyst: Endowment* to people, and did not mention either 'endowments' or '*Catalyst: Endowments*', and instead talked about the '£1m Portrait Fund Challenge'.
- We tried to embed fundraising and our philanthropic message into everything the National Portrait Gallery does in its public-facing side.
- Before *Catalyst: Endowment*, there was no real fundraising message when visitors walked into the building, so we put up a huge sign and installed a donation box. We also put one or two fundraising messages a year into the e-newsletter, added a cover letter to a membership communication and put an optional £1 onto each restaurant bill. This £1 on the bill acted as an awareness raising tool because major donors want to see that you are actively fundraising.
- *Catalyst: Endowment* drove us to implement changes and unify donations, and to think about fundraising more and direct gifts.
- We plan to keep momentum because the endowment is now a core element of our fundraising.

4.3 Roundtable discussions

Early on in the workshop, all grantees were asked to speak in turn to introduce their organisation, and to give an example of at least one success in the last year, and one challenge or regret. Six key themes arose from the discussion:

- Several organisations noted that over the grant period fundraising had become embedded in their organisation, and also that the endowment had become an integral part of their fundraising strategy.
- Some organisations were clear that they would not be able to reach their fundraising target, some because they had had a slow start, some because their plans to 'sell' to donors had not come to fruition when planned, or other organisational work had taken precedence. Other organisations however, anticipated completion by the deadline, if they had not finished already.
- Several charities mentioned that they had been working on bringing in legacy donations, or were focusing on this now.
- Messaging came up a few times as an area that had needed work. Some organisations were not commonly viewed as being a charity by their donors or the local community, and so they were having to review how they talk about themselves in order to make it clear that they are a fundraising charity.
- Some organisations raised juggling internal priorities as a significant issue for them. Often organisations have been running the endowment fundraising alongside other projects such as one or more capital campaigns, and it was difficult to keep the endowment at the top of the priority list. As part of this, finding capacity to manage the fundraising was also difficult, as there was often only one person with special responsibility for fundraising in the organisation, and no one person focused on *Catalyst: Endowment*.
- Explaining what endowments are to donors has been an issue throughout the grant period and has been again mentioned by a few charities as being something that they have had to focus on throughout their campaign. Other organisations however, have by-passed this difficulty by not mentioning endowments to donors at all.

During lunch, delegates were invited to choose one of three tables according to their organisation's size, and discuss a few topic areas with a view to reporting back to the whole group. The questions posed were:

- What do you know now that you wish you had known before starting your Catalyst fundraising?
- What are the best strategies for balancing Catalyst against other fundraising priorities?
- What are your plans for post-Catalyst activity?

The responses from the feedback were as follows:

Small organisations:
Some felt that they had started too early; they got the grant but did not know what to do. Capacity was an issue. A mentoring scheme led by those nearing the end/or those who have completed the grant would be great, to advise them things to consider when starting out.

Medium organisations:
Other people in the organisation understand that the endowment is important and they will all be involved in curating the endowment for the future – making sure that it is kept up.

Large organisations:
To have a similar meeting to this would be good. HLF could make the attendance of a Director/Chief Executive a pre-condition of the grant in future.

4.4 Q&As

There were three Q&A sessions during the workshop, with answers and suggestions provided both by speakers and by grantees, in an informal discussion format. The key themes that were raised during the sessions were:

- The practicalities of legacy fundraising and how to encourage it through online and leaflet communications
- How to deal with restrictions/conditions put on legacy gifts and how to encourage more general gifts
- The practicalities of online fundraising, how to encourage it and keep up with social media developments

4.5 Evaluation form results

17 attendees completed their evaluation form, and all gave very helpful and positive feedback. The top-level summary of results is as follows:

- 100% of delegates said that the event was either 'very good' or 'good', with 65% saying 'very good'.
- In each of the elements of the organisation scores, the majority of attendees said that they were either 'very satisfied' or 'satisfied'.
- In each of the elements of the content of the event scores, the majority of attendees said that they were 'very satisfied' or 'satisfied'.

Actions that grantees highlighted that they would take forward as a result of the workshop included:

- Share information with their team and stakeholders
- Will look at digital fundraising platforms.
- Trial trust fundraising.
- Reform literature on the double your money message.
- To try to persuade trustees that fundraising is ongoing and that trustees need to be more involved.

4.6 Future workshop ideas

The grantee organisations were asked in their evaluation form to suggest ideas for future events, and these ideas are listed below. The evaluation team and Heritage Lottery Fund will also consider the possible themes for future events, in addition to those raised in previous years:

- As next session will be close to round two deadlines, perhaps some last minute tips from those in round one – either successful or not. And, what round one grantees have done after *Catalyst*, and if not successful how this was met with organisations/donors etc.
- More generic fundraising practices for small to medium charities.
- Different strategies/issues for large and small charities.
- More donors; perhaps a speaker from the university sector where endowments are best established.

- How to best approach investment – choosing to invest in stock and shares or property. How to start the process.
- Learning from *Catalyst* – positive or negative and next steps for fundraising/sustainability for small organisations, to maintain the momentum in their fundraising.

4.7 February 2018

After discussions in May 2016 it was decided that the next workshop would happen later in the year, in a new format to take account of the first round grantee organisations having completed their grant, in central London again. In 2017 it was agreed that this would be a presentation to stakeholders to be held at the HLF offices in February 2018.

5. Looking ahead

The University of Kent was awarded the contract to evaluate the *Catalyst: Endowment* programme in January 2013, and the evaluation project has now been in operation for four years and one month. The evaluation project is scheduled to finish in February 2018, giving just ten months to complete the work. In this time, the following activities are planned:

Date	Activity
February 2017	Annual Report
February – December 2017	Continue to conduct second stage follow-up case studies
December 2017	Provision of draft final report in Word
February 2018	Provision of final deliverables - Final report in Word - Excel databases created during the evaluation - Presentation of project findings

Following the successful completion of the first stage of the case study process in 2014, (in which grantee organisations were visited, an interview conducted and case study document produced), the second stage of follow-up case studies started in 2015. This is a year earlier than first predicted, because of the excellent progress made by organisations such as The Holburne Museum, National Portrait Gallery and Wiener Library who completed early. In this second stage, each organisation is being interviewed by telephone towards the end of their grant period to learn about their revised thoughts on what it was like to be involved in *Catalyst* and what their organisation got out of the experience. These calls culminate in a new case study document which includes some of the information from the first study, but focuses on the views of the organisations about *Catalyst* as a retrospective. This work will continue beyond the end of the grant period for the second round organisations when those who were not able to reach their fundraising target will be interviewed.