

Catalyst: Endowment

Research report to support the development of a further round of Catalyst: Endowment grant awards

August 2015

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Introduction

This report supports the development of a further round of Catalyst: Endowment grant awards by providing an updated literature review on philanthropic giving and the heritage sector. Its aims are as follows:

- To present an overview the current state of the sector, drawing upon secondary data to understand what has changed in the sector's funding environment since 2013.
- To survey potential applicants to a new round of HLF Catalyst Endowments to accurately predict demand, explore perceptions of the Catalyst Endowment programme and to identify barriers which may stop potential applicants from applying.
- To gather the views of a range of stakeholders on the Catalyst Endowment programme and their input on how a new round of the programme should look.

In order to achieve these aims, this report comprises of three sections. The first is a literature review looking at philanthropy to the heritage sector, the second a report of an online survey of 106 heritage organisations and the third a report of a round-table event held in September 2015 which explored the survey findings and their validity and wider generalisability.

Literature Review: Key Findings

The literature review of philanthropy to the heritage sector builds on the review produced in 2013, updating it and looking at new data and academic evidence relating to the sector and charitable giving to organisations within it. As in 2013, it draws on quantitative and qualitative research on the key issues relating to philanthropy and the heritage sector. It looks at key thinkers on the sector and discusses what their work means for organisations operating in Britain's heritage sector. It is intended to be a comprehensive resource for the Heritage Lottery Fund (HLF), its stakeholders and other key audiences.

The updated review begins by looking at the changes to the extent and nature of philanthropy and charitable giving in the United Kingdom in 2015, drawing on data from the National Council for Voluntary Organisations (NCVO), the Charities Aid Foundation (CAF) and the Cabinet Office. The next section focuses on the heritage sector, looking at the situation with regards philanthropy for organisations working in this field. We then move on to four themed sections: The first looks at government policy on the heritage sector, reviewing the Conservative Party's 2015 General Election Manifesto to explore what the realisation of their pledges might mean for heritage organisations and giving to them. The next looks at issues of taxation: Gift Aid on charitable donations and how VAT charges on renovations to heritage properties may be off-putting to donors. The following section looks at the theory of 'crowding out', whereby funding from public bodies causes a decrease in fundraised income. Finally we look at the impact of geography on charitable giving. We conclude by drawing these themes together to summarise this review.

The key findings of this literature review are:

- Rates of charitable giving are higher than two years ago, increasing slowly towards pre-recession levels. Further, a new methodology in CAF's work should give us new and clearer insight going forward. This new methodology captures data at four points in the year – rather than the previous three – helping to reflect better seasonal changes in giving. As well as this, it now asks about giving in the last 12 months before giving in the last month, meaning there is less pressure on respondents to answer positively to the second if they have already answered the first positively.

- Evidence from the USA has shown crowding out (when government funding being introduced causes philanthropic funding to fall) to be significant, but the first substantial piece of British work exploring it found no evidence of this occurring. Indeed it found some evidence of crowding in, whereby receiving a grant from a public body actually increases the amount of donated money.
- Little new data on the heritage and cultural sectors specifically has been collected in the last three years. An exception to this is the excellent work carried out by New Philanthropy Capital with HLF, and this paper reviews the implications of this.

Survey: Key Findings

The survey found that the overall perceptions of the Catalyst: Endowment programme are positive among the sample, and there is clearly great scope for running the programme again to extend the reach of endowments. Moreover, there are some clear amendments which could be made to the programme if it were repeated, and some actions that the Heritage Lottery Fund could take to improve its rollout.

The key findings of this survey are:

- 94% of the sample agreed with the statement that ‘it is a good use of Lottery funding to support recipients of a HLF grant increase their resilience by creating long-term income streams and attracting more money from private sources to sustain their heritage’.
- 98% of the sample said that endowment fundraising is important to the heritage sector.
- 81% of the sample said that endowment fundraising is important to their organisation.
- 28% of the sample said that they are already fundraising for an endowment, of which this group consists of 12 Catalyst: Endowment grant-holders and 11 from the wider sample. However (16%) said that fundraising for an endowment is ‘not on our radar’.
- 83% of respondents said that they would favour a rolling programme of applications at any time, against 15% who would prefer a deadline.
- When asked their preference on the ratios used in the Catalyst: Endowment programme, over half of the sample (57%) felt that £1:£1 matching for all organisations would be best, and 27% said that staggered ratios is better.
- 70% of organisations said that if Catalyst: Endowment was to be repeated, they would be likely to apply.
- The vast majority of respondents (87%) agreed that organisations with a lack of endowment fundraising capacity would be encouraged to apply to Catalyst: Endowment of part of the grant could be used to help with fundraising for an endowment.

1. Literature review

1.1 The state of Philanthropy in 2015

There is one key survey available which monitors charitable giving over time. The Charities Aid Foundation (CAF) continues to conduct an annual study of the state of giving in the UK. Their most recent report, the 2014 UK Giving, uses a new methodology for the first time which seeks to address some of the issues identified in the previous iteration of this literature review, particularly regarding how questions are asked and whether they create bias in the responses. The most significant change was that the data is now captured four times a year, up from three in all previous years. The sample size has also been increased from c.3,000 to c.5,000. A new question order has been introduced with the aim of reducing the social pressure on respondents to say yes. Further, they have included a wider range of giving methods to explore different ways in which people give. As a result of these changes, the new data cannot easily be compared with the data from previous years – the new data shows a significantly smaller proportion of the population donating monthly. However, in time it should result in more robust and therefore useful data.

The CAF data shows that 64% of British adults donated money to charity at least once a year in 2014, 40% of whom donate money at least once a month. While this may look like a significant decline from the 58% who gave monthly in 2010-11 and the 55% who did so in 2011-12, the change is due to the changes in methodology outlined above (CAF, 2015). The new types of giving surveyed allow us to observe that 35% of British adults sponsored someone for a charity at least once in 2014, while 11% did so once a month or more. The total value of these donations is estimated by CAF to be £10.6 billion, a decrease (following adjustments for both the new method and inflation) from the total of £10.8 billion donated in 2013 but an increase from the £9.8 billion donated in 2012 and the £10.5 billion donated in 2011 (CAF, 2015).

Other organisations who estimate this total value of donations come to similar numbers – the National Council for Voluntary Organisations base their estimates on Charity Commission data collected from registered charities (hence there is a data lag) and suggest that the total value of donated money in 2013 (the most recent year available) was £10.8 billion, the same as the CAF estimation for that year (NCVO, 2015). Legacies, which are not included in the CAF data, add an additional £2 billion to this figure.

The CAF survey is a household omnibus survey and as such high net worth individuals are not included, therefore the majority of donations are relatively small in value – the typical monthly amount given by a donor – the mode – in 2014 was £14, up from £10 in 2011-12 (CAF, 2015). The mean donation – skewed by a small number of higher value donations – was £39 in 2014, higher than in any previous year. This figure rises to £41 for those aged over 45 but falls to £21 for those aged 16-24 (CAF, 2015). The typical size of donation – the mode – made as sponsorship is £10, reflecting a tendency towards round numbers on sites such as JustGiving, while the average is £16. This lower typical and average donation size for sponsorship may reflect both that the cause has not been selected by the donor themselves and also and that donors on online fundraising sites can see how much others have given – work by Payne, Scharf and Smith (2014) using data from Just Giving has shown a strong “herd behaviour” with a tendency to conform by donating the same amount as others.

Despite its new methodology, the methods employed by CAF’s UK Giving survey mean it is unlikely to chance upon any major donors. The Million Pound Donors Report, funded by Coutts bank and researched and written by the Centre for Philanthropy at the University of Kent, continues to fill this gap. The 2014 report finds that the total number of million pound donations in the UK rose by

almost half in 2013 compared to the previous year. However, the total value of these donations rose only very slightly from £1.35 billion to £1.36 billion, with a greater number of donations at or just above the million pound mark (Breeze, 2014). There seems to have been a shift from major donors donating as individuals to individuals managing their donations through trusts and foundations. Just 18% of the total value of million pound donations came from individuals in 2013, compared to 32% in 2012, while trusts and foundations accounted for 67% of the total value of million pound donations in 2013 (Breeze, 2014).

Looking at the characteristics of donors, we find that those themes identified in the 2013 literature review endure. Women remain more likely to donate money to charity than men (43% of women do so at least monthly compared to 38% of men) and this pattern is also true of sponsorship (13% of women compared to 9% of men) (CAF, 2015). The likelihood of being a regular (at least monthly) charity donor increases across the lifecycle, from 26% of 16-24 year olds to 39% of 25-44 year olds, 44% of 45-64 year olds and 48% of those aged over 65 (CAF, 2015). For sponsorship this pattern is somewhat different, with the peak in the middle age ranges (13% of 25-44 year olds and 14% of 45-64 year olds) and lower proportions of those aged 16-24 or over 65 (7% of each sponsor people regularly (CAF, 2014). This pattern likely reflects the importance of social networks, and in particular the workplace, in the solicitation of sponsorship. As in 2013, the CAF report found in 2014 that individuals in managerial and professional occupations are more likely to give and more likely to give more than those from other groups.

In terms of what donors give to, again we find a similar trend to what was shown previously. Those surveyed by CAF continued to be most likely to give to medical research charities (33% of donors, same as 2012) and children's charities (30%, up from 23% in 2012) and less likely to give to sports (4%, up from 3% in 2012) and the arts (2%, up from 1% in 2012) (CAF, 2013; CAF, 2015). In terms of what they give to, major donors are quite different, with over a third of the total value of major gifts going to universities. Arts, cultural and heritage organisations also attract a number of major donations – in 2013, 25 million pound plus donations were made to organisations working in these sectors with a total value of £91.03 million. Only higher education, investment in foundations and international donations gained a greater number or value of donations (Breeze, 2014). *Richer Lives: Why Rich People Give* (Breeze and Lloyd, 2013) found similar, with their research finding that 59% of major donors give to arts and culture organisations with an average gift size of £225,000.

1.2 The state of philanthropy to heritage sector

Data Challenges

Sadly, the biggest change since the last literature review was produced in 2013 is that the two organisations who produced the most data for that review – Arts and Business and Arts Quarter – have between them produced just one report since May 2013. This one report is an excellent but niche piece of research by Arts Quarter on the contemporary performance sector. There are none of the excellent culture and heritage sector reports that made up much of the last literature review. This almost certainly reflects cuts in these infrastructure organisations meaning they are unable to conduct the wide-ranging but invaluable work they were conducting a few years ago. It is not all doom and gloom though. The Department of Culture, Media and Sport (DCMS) continues to collect and publish data for its own heritage and cultural institutions, while New Philanthropy Capital (NPC) have conducted work with the Heritage Lottery Fund which provides a fantastic insight into the changing finances of the heritage sector.

The Funding Mix

DCMS' data, which covers a range of major British cultural and heritage organisations¹ finds that donations to these organisations increased significantly in 2013-14 to £455 million, up from £293 million in the previous year. While donations had been increasing steadily year-on-year, this represents a marked jump from the previous slow increase. This is likely the result of major fundraising campaigns being run by some of these major institutions: the British Museum's World Conservation and Exhibition Centre and Tate Modern's Bankside Power Station redevelopment (DCMS, 2014). Yet it also demonstrates that philanthropic support for cultural and heritage organisations remains strong, especially when there is a clear and attractive campaign to galvanise it. The result of this strong philanthropic support is that fundraised income for these organisations is 49% of the value of public funding – for every £1 they get from the government, they raise 49p in fundraised income. While some way short of the “golden tripod” benchmark (Mermiri, 2011; Staniziola, 2011), this represents good diversification of income by these large cultural and heritage institutions. It also represents a significant improvement over recent years – in 2008-09 the ratio of fundraised income to grant income for these organisations was 29%, falling as low as 22% in 2009-10 as charitable donations fell. It recovered to 36% in 2011-12, falling slightly to a ratio of 34% in 2012-13 before rising again in 2013-14 (DCMS, 2014). This has enabled these organisations to weather funding cuts of 7% in real terms and indeed to increase their income by 19% between 2008 and 2014 (Babbidge, 2015).

Public Funding

Grant in aid income to the heritage and cultural sectors has fallen steadily since 2008, although this has not been a linear decline. In 2008-09, the total value of grant in aid to DCMS funded institutions was £1,064 million, rising to £1,077 million the following year. In the following two years, as the austerity policies of the Coalition Government were introduced this total fell to £1,047 million in 2010-11 and £994 million in 2011-12. However, this rose again to £1,032 million in 2012-13 before falling to a new low of £974 million in 2013-14 (DCMS, 2014). The direction of travel, then, has been downwards but year on year changes have been up as well as down. This decline in grant in aid income has been as a result of a series in governmental budget cuts to the sector, as shown in the table below (Museums Association, 2014).

<i>June 2010</i> Emergency Budget	DCMS core budget cut by 3%
	ACE budget cut by 4%
	National museums cut by 3%
<i>September 2010</i> Comprehensive Spending Review	DCMS core budget cut by 2.14% over 4 years and administration costs cut by 50%
	ACE budget cut by 29.6% and administration costs cut by 50%
	National museums cut by 15% Local authority budgets reduced by 7.1% a year for four years
<i>December 2012</i> Autumn Statement	£34 of DCMS cuts passed on to ACE and national museums
	ACE and national museums to cut 1% in 2013-14 and 2% in 2014-15
	Local authority funding for museums falls by 11%

¹ Arts Council England and their National Portfolio Organisations, British Film Institute, British Library, English Heritage, and the National Museums and Galleries

<i>June 2013</i> Spending Review	DCMS resource budget cut by 7%
	ACE and national museums cut by 5%
	Local government funding cut by 10%
<i>December 2013</i> Autumn Statement	DCMS cut by £13m in 2014/15 and £12m in 2015/16
	DCMS passes the cuts onto ACE and national museums
	ACE announces it will pass on cuts of 1.17% in 2014/15 and 1.13% in 2015/16 to Major Partner Museums

Table 1: Government funding cuts to heritage and cultural organisations

For the heritage sector as a whole, NPC's data suggests that organisations are generally doing a good job of sustaining and indeed increasing funding. Of the 955 organisations they surveyed, 73% reported that over the last three years (to 2014) their income has stayed the same or increased (Rotheroe et al, 2014; Bagwell et al, 2015). Smaller (income of under £100k) and medium sized (£100k to £1 million) have the healthiest finances, with just 22% of medium and 14% of small organisations seeing an overall decrease in income over this period. For larger organisations, the situation was less optimistic with 45% having seen a decrease in this period (Rotheroe et al, 2014; Bagwell et al, 2015). Across the sector, as for organisations covered by DCMS, there are positive signs that philanthropic donations are sustaining and increasing even when public grants are falling. While 43% of those heritage organisations in the sample whose largest source of funding is grant income from public funds saw a decrease in their overall income in the three years to 2014, just 11% of those whose largest source of funding is philanthropic donations saw a decrease (Rotheroe et al, 2014).

Despite the relative buoyancy of philanthropic donations to heritage organisations, there is still a need for organisations – particularly the 60% whose main source of income is grants – to investigate alternative sources of funding (Bagwell et al, 2015). One suggested means of diversifying which relates to philanthropy is crowdfunding, a means of fundraising whereby organisations seek financial support for a defined project. In exchange, they offer a range of “rewards” tailored to each donation level, from a simple thank you up to lifetime entry or full sponsorship rights. However, while the NPC research found significant interest in crowdfunding, with nearly 50% of organisations showing an interest, fewer than 5% were actively engaged in it (Rotheroe et al, 2014). This is consistent with the argument of Babbidge (2015) who argues that while many alternative funding models have been much debated, there is so far little evidence of changes being implemented. Babbidge (2015) cites the costs, complexities and the potential diversion from an organisation's core purpose as reasons why many heritage organisations are reluctant to take such steps.

Foundations and Trusts

Our 2013 literature review noted that a 2012 Arts and Business report had observed a 15.8% increase in trust and foundation support for cultural and heritage organisations between 2010-11 and 2012-13. At the time, the authors noted that it was too early to tell whether this increase represented a shift by trusts and foundations towards funding cultural and heritage organisations or whether it represented an increase overall in their grant giving as a reflection of increasing need in England as a result of government funding cuts (Arts and Business, 2012). Data from the 2014 report on the giving trends of Britain's top 300 foundations found that grant making continued to rise as a whole, the total value of grants rising 9.8% in 2014 to £3.3 billion (Pharoah et al, 2014). This is mirrored by a rise in the value of million pound donations from trusts and foundations, from a total value of £841m in 2012 to £915.1m in 2013 (Breeze, 2013; 2014). Interestingly, it seems that major donors are increasingly making major donations through trusts and foundations rather than as individuals – in 2012 62% of the total value of million pound donations came from trusts and foundations compared to 32% from individuals. In 2013, the share of million pound donations coming from trusts and foundations rose to 67% while the proportion coming from individuals fell to

18% (Breeze, 2013; 2014). Rather than a decline in the generosity of individuals, Breeze (2014) argues that this is likely a result in a shift in the ways that individuals are giving. If this is to be a trend, we can expect to see trusts and foundations run and operated by individuals to become increasingly important in the funding of arts, cultural and heritage organisations.

1.3 The 2015 General Election and Government Policy

The 2015 General Election delivered a majority Conservative Government and as such some change from the previous Coalition Government (2010-15). The main project of that government – austerity and a reduction in public spending – continues apace and we are likely to see further reductions in public money available to heritage organisations from both national and local government.

In the Conservative Party 2015 Manifesto, they state that,

“We may not be the biggest country, but our museums are second to none. In music, art, fashion, theatre, design, film, television and the performing arts, we have an edge. Conservatives understand these things do not just enhance our national prestige and boost our economy; they also help tie our country together, strengthening the bonds between all of us.” (Conservative Party, 2015: 41)

Further, there were a number of specific commitments in the Conservative Party manifesto relating to the heritage sector which having been elected with a majority they will be expected to honour.

These were:

- To keep all major national museums and galleries free to enter.
- To enable major cultural institutions to, “benefit from more financial autonomy”, which in all likelihood means to have more independence in exchange for less public funding. Endowments will be a key way for heritage organisations to work towards this independence.
- To continue with the move of English Heritage from being a non-departmental public body to it being a self-financing charity. This move included an £80 million one-off grant on 1 April 2015 in exchange for its heritage assets being transferred to a charitable trust. Again, this can be read as being a shift to more independence in exchange for less public funding.
- To set “challenging targets” for tourism organisations Visit Britain and Visit England to ensure that more visitors to Britain leave London and explore further afield.
- To continue to support roof repairs for cathedrals, churches and other places of worship.
- To host a “Great Exhibition in the North”, with no further detail given.
- To protect Stonehenge by building a tunnel where the A303 passes closest to it. Work on the surrounding roads is already underway and the tunnel and A303 dual carriageway have been listed in the December 2014 Road Investment Strategy.

Time will tell how many of these pledges are delivered. Certainly the first four seem likely to take place, with the first also a commitment in the Labour and Liberal Democrat manifestos and the next two very much in keeping with the wider aims of austerity and reducing the size of the state. The final two, rather specific, commitments are more likely to be quietly dropped.

There was no specific commitment to growing charitable giving in the Conservative Party Manifesto. There was a celebration of increased rates of giving over the last Parliament, but no vague or specific measures proposed to grow it further.

1.4 VAT, Gift Aid and Heritage Philanthropy

Both the Coalition Government and the incumbent Conservative Government have sought to encourage further philanthropic giving to the heritage sector, in order to make up for the shortfall in public funding and to ensure the long-term sustainability of heritage organisations (Babbidge, 2015). Part of this encouragement has been the simplification of the Gift Aid system, although Babbidge (2015) reports that the impact of this is occurring at a slower rate than was anticipated. This improvement and simplification of the Gift Aid system may have a positive impact, but the work of Scharf and Smith (2010) suggests that changes to the Gift Aid system – even an increase in the rate at which it subsidises donations – would not have a significant effect on the level of donations. Rather, their economic modelling suggests that a match-funding based system of public support for giving would be a more effective way of encouraging donations.

There is also a perversity in the taxation regime for the heritage sector, whereby the Government seeks to encourage giving through the return of taxation on Gift Aid but then takes this away again by charging VAT at 20% on repairs to Listed Buildings. Babbidge (2015) suggests that as well as saving heritage organisations money, removing VAT (or introducing a reduced rate) would stop the perception among some donors that the Treasury is handing tax relief to donors through Gift Aid, but then reclaiming it themselves through the VAT charged on projects the donor supports. This is supported by The Heritage Alliance, who argue for a reduction of VAT on repairs, maintenance and alterations to older properties to 5%. They argue, drawing on research by Experian commissioned by the Cut the VAT Coalition, that doing so would provide a £15.1 billion stimulus to the English economy while also providing significant social and economic benefits for England's heritage sector and historic environment (The Heritage Alliance, 2014).

1.5 Crowding Out

Crowding out is an economic theory which suggests that government grants to an organisation or group of organisations causes income from other sources – particularly philanthropic donations – to decrease. The result of this is that rather than £1 of government grant being worth £1 to an organisation, it is actually worth rather less. Work by Andreoni and Payne (2011; 2012) in the United States and Canada has found strong evidence of crowding out. Indeed, their research suggests that for every dollar of grant funding that a charitable organisation receives, the value of philanthropic donations falls by between 80 cents and one dollar. In effect, then, these charities are seeing no benefit from the government grant. Andreoni and Payne (2011, 2012) do not find evidence that this is due to donors responding directly to a grant being awarded – it is not that they now see funding that charity as a government responsibility – but rather it is that organisations in receipt of a grant are reducing their investment in fundraising, leading to fewer donations. The design of the Catalyst: Endowment programme helps to mitigate this by encouraging organisations to solicit donations, thus working to prevent crowding out.

Recently published research by Andreoni et al (2014) explored crowding out among British charities for the first time. By looking at all of the charities who had applied for a particular National Lottery grant programme – whether they had been successful in receiving a grant or not – the authors were able to explore what impact being in receipt of a grant had on other income. They found that being awarded has a significant positive effect on a charity's income and no evidence of the crowding out found by the North American studies. Indeed, for medium sized charities in particular they found some evidence of crowding in – where a pound of grant money causes overall income to increase by more than a pound. Further to this, they found that the positive effect of being awarded a grant

continues well beyond the year in which the grant was awarded or the period over which the grant runs – they found that income continues to be increased even after the grant money has ended (Andreoni et al, 2014).

1.6. The Geography of Philanthropy

In our 2013 literature review, we reported how the majority of private investment in culture and the arts – 69% of the total, 67.8% of business support, 73.1% of foundation and trust funding and 89.9% of individual giving – goes to organisations based in London (Arts and Business, 2012). However, we also cautioned that this may be due as much to the size of organisations as to where they are based – Stanziola (2006) estimating that between 1993 and 2005, at least half of private investment in culture and heritage organisations went to around 30 extremely large London-based organisations.

There has been little new research published on this in the cultural and heritage sectors in the past two years. However, looking at current data on where in the UK both major donors and other donors are giving does help us to understand current patterns across England, as *Tables 2 and 3* shows. *Table 2* shows where major donors – in this case those individuals, foundations or businesses who gave a single donation of over £1 million in 2013 – are located.

Region	Proportion of Million Pound Donors
North East	3%
North West	6.5%
Yorkshire & Humber	0.5%
East Midlands	2%
West Midlands	2%
East of England	4%
London	69%
South East	8.5%
South West	1%

Table 2: The location of million pound donors by region, 2013 (Breeze, 2014)

As *Table 2* shows, over two-thirds of major donations were made in London. This is a significant concentration, especially when combined with the further 8.5% of major donations which come from elsewhere in the South East (Breeze, 2014). We have already seen how major donors favour arts, cultural and heritage organisations and as such this means that such organisations based in London and surrounding areas are more likely to be ‘around the corner’ from a donor who can make a major or transformative gift.

Region	Proportion of adults giving regularly
North East	71%
North West	72%
Yorkshire & Humber	74%
East Midlands	72%
West Midlands	81%
East of England	77%
London	72%
South East	75%
South West	84%

Table 3: Charitable giving rates by region, 2014-15 (Cabinet Office, 2015)

Looking at England's donor population as a whole, there is a far more even spread. Indeed, London is actually one of the less generous areas – *Table 3* shows – with 72% of adults donating to charity in the past 4 weeks. Only the North East, where 71% of adults had given, has a lower rate. The West Midlands, where 81% of adults gave and the South West, where 84% had, have significantly higher rates of giving among the general population (Cabinet Office, 2015). However, as we have explored previously, only 2% of donors as a whole give to arts and cultural organisations.

We can see, then, that while there is little evidence that donors in London are on the whole more generous than elsewhere in England, when it comes to major donors there is a significant concentration in London and the South East. As such, heritage organisations in these regions may be better geographically placed to attract large donations, while organisations elsewhere the country will be competing with other, more popular, causes for donations from a large pool of regular but lower-value donors.

2. Survey of potential applicants

2.1 Composition of the survey sample

The survey was sent to 373 organisations, which included recipients of Heritage Grants of over £1m, applicants which were unsuccessful in their application to Catalyst: Endowment in both rounds one and two, and 30 current Catalyst: Endowment grantee organisations. Of the 373 organisations, 106 responded giving a 28.4% response rate. Of the 106 respondents, 17 were current Catalyst: Endowment grantee organisations, and the remaining 89 were from the wider sample.

2.2 Methodology

The survey was distributed as a web survey via email on 4 August, and was closed on 17 August at which point the results were downloaded for analysis. The survey software records whether each respondent gave a complete or incomplete set of answers². Among the grantee section of the sample, 12 gave complete answers and three incomplete. In the wider sample, 70 gave complete answers and 19 incomplete.

2.3 Additional note on the analysis

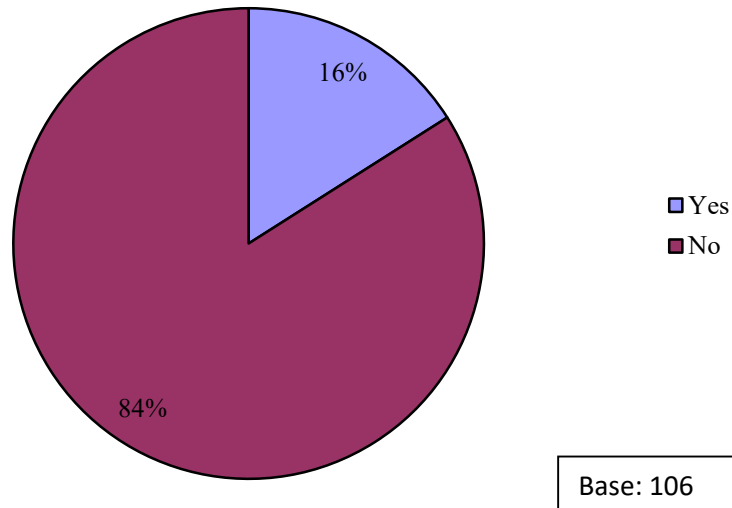
In the following analysis, only where there are differences in the answers provided by the Catalyst: Endowment grant-holders from the wider sample, will an analysis splitting the sample in this way be given.

2.4 Findings

The findings are presented on a question-by-question basis and comparisons made between the Catalyst: Endowment grant-holders and the wider sample where appropriate.

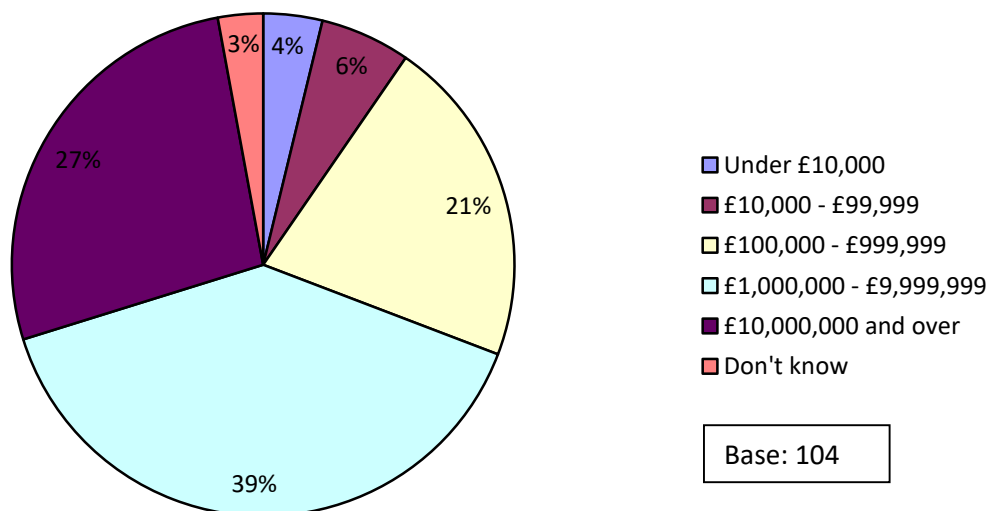
² Complete: The respondent answered all required questions they saw and clicked 'done' on the last page of the survey. Incomplete: The respondent entered at least one answer and clicked 'next' on at least one survey page, but did not click 'done' on the last page of the survey.

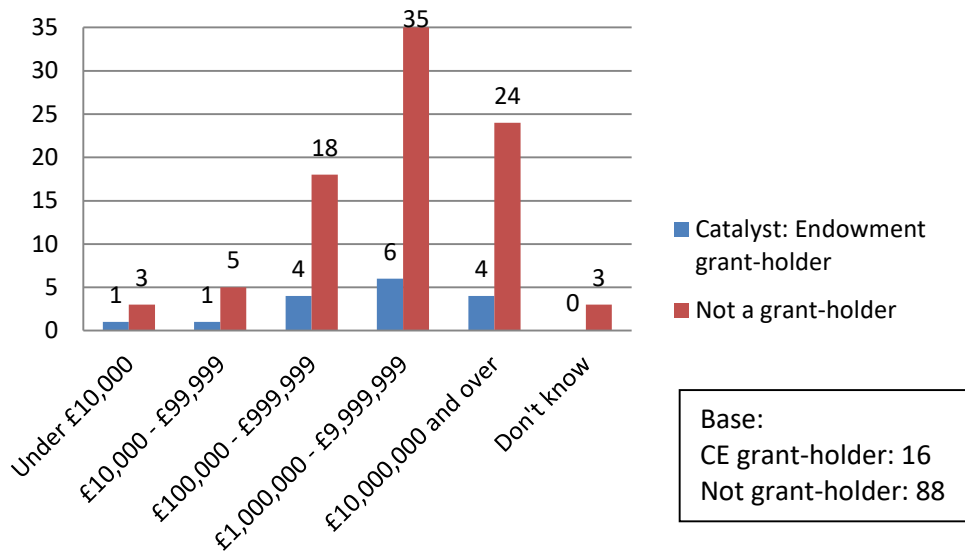
16% of the sample are Catalyst: Endowment grant-holders, and the vast majority are not. This is important to know as in the analysis it needs to be understood whether the answers given have been skewed by the organisation having a Catalyst: Endowment grant already.



There is a wide range of organisations, according to their size by income. The largest group of organisations fall into the £1m-£9.99m category (39%), followed by 27% with £10m and over and then 21% with £100k-£999k. 66% of organisations therefore have £1m+ in income.

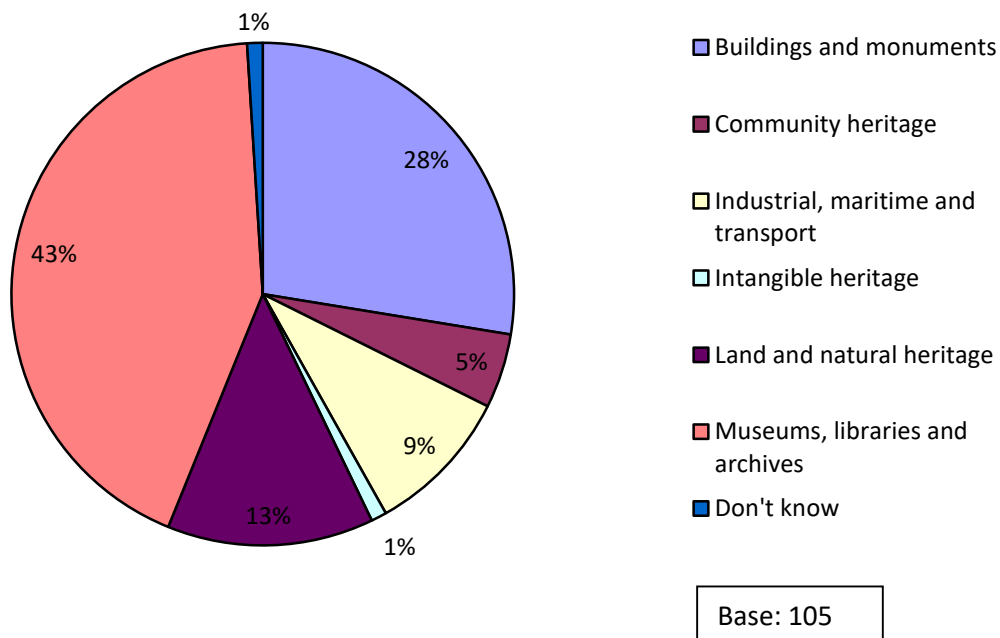
The patterns for Catalyst: Endowment grant-holders and the remainder of the sample are slightly different. The grant-holders have the same income group of £1m-£9.99m in first place, but the £10m and over and £100k-£999.99k groups are the same size.

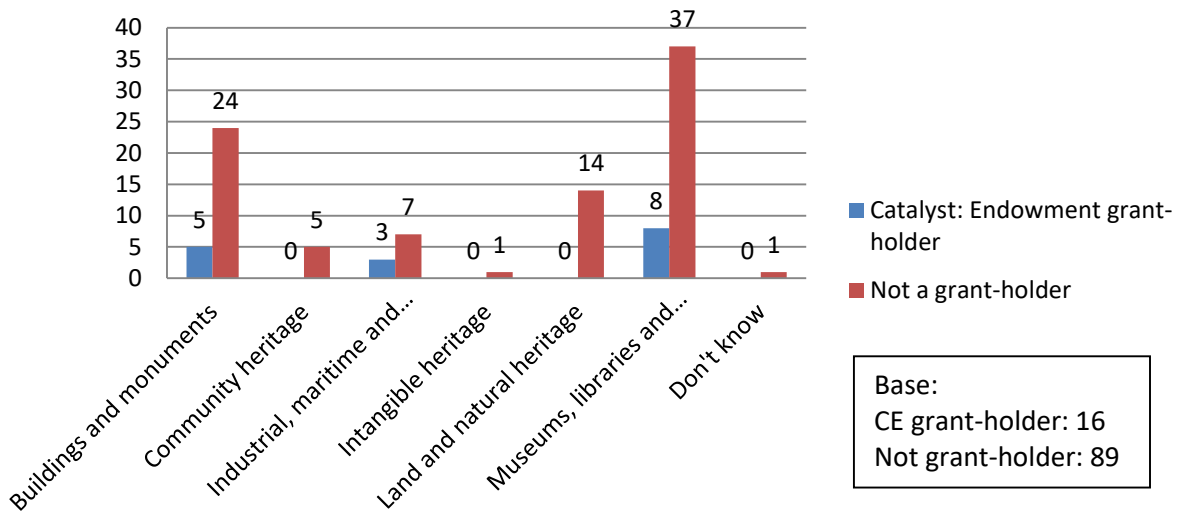




The largest group of organisations fall into the museums, libraries and archives sector (43%), followed by buildings and monuments at 28%. Intangible heritage is the smallest sector at 1%.

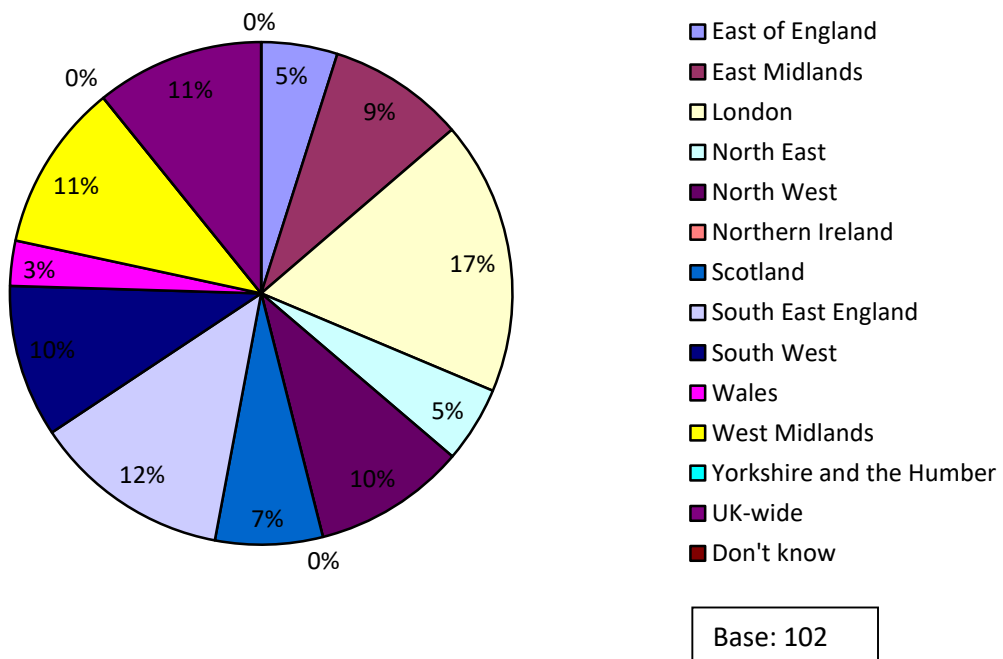
Among the Catalyst: Endowment grant-holders, none of the respondents fell into the community heritage, intangible heritage or land and natural heritage sectors.

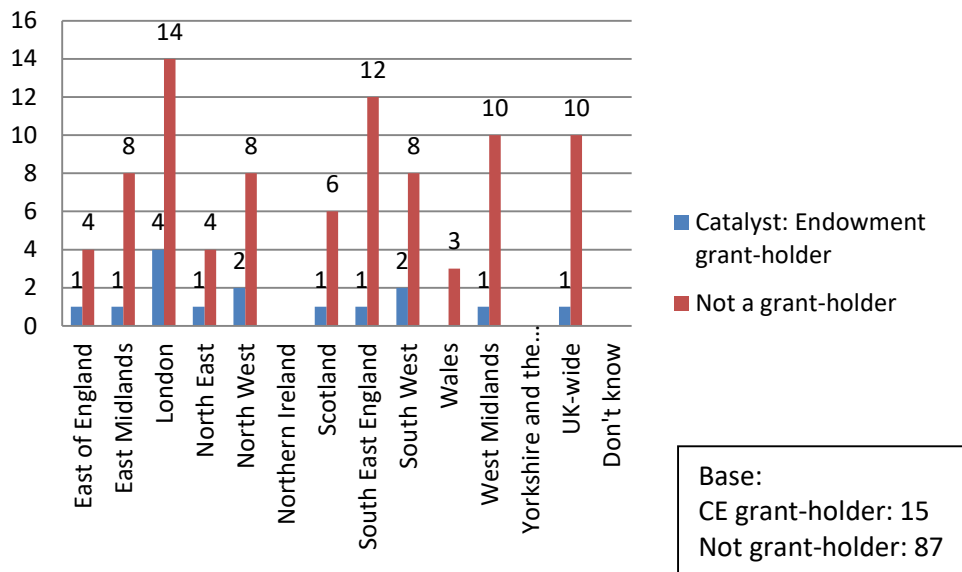




There is a very even spread of organisations according to where they primarily operate. 11% said they work UK-wide but the largest single group is in London at 17%. The smallest group is Wales at 3%.

None of the Catalyst: Endowment grant-holders in the sample were based in Northern Ireland, Wales or Yorkshire and the Humber.





There were 75 responses to the open-ended question which asked respondents to say what they think of the HLF Catalyst: Endowment programme. Incredibly varied responses were offered. Overall though, people gave a positive response to the Catalyst: Endowment programme; some said that they would like to apply for it in future, whilst others said that it was not the right thing for them.

A selection of responses is as follows:

“We feel that the aims of the catalyst programme were really important for the sector. As an unsuccessful bidder we look forward to finding out from the successful organisations how successful and effective the programme has been for them”.

“An interesting scheme with potential for relevance and suitability, it would seem, to our organisation. Typically Straightforward application process, clear and well constructed. Philanthropic leverage is, however, markedly more challenging in some regions than in others”.

“It is a great idea - working on building the long-term sustainability of organisations. Organisations which have a national profile and already have a large network of supporters are more likely to be successful than smaller very regional focussed organisations”.

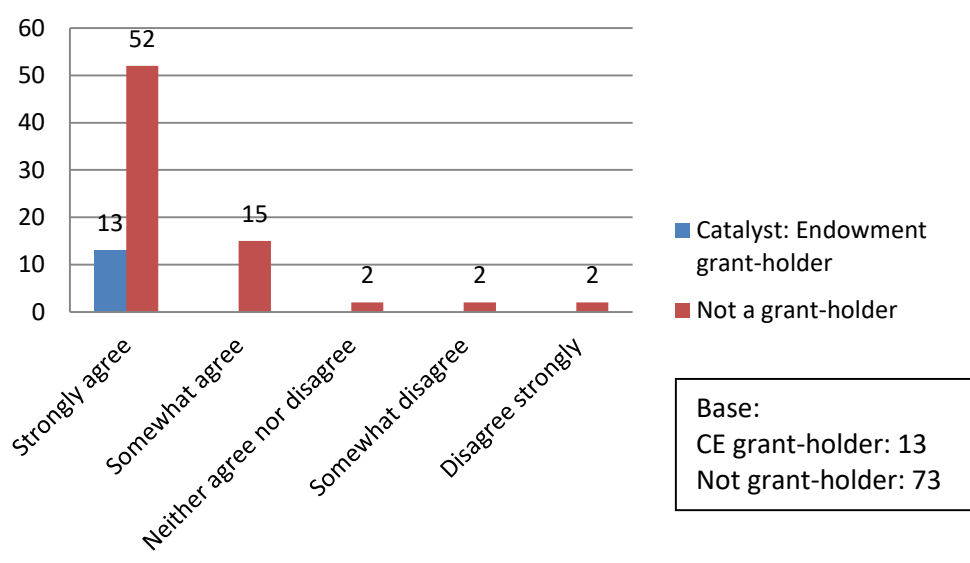
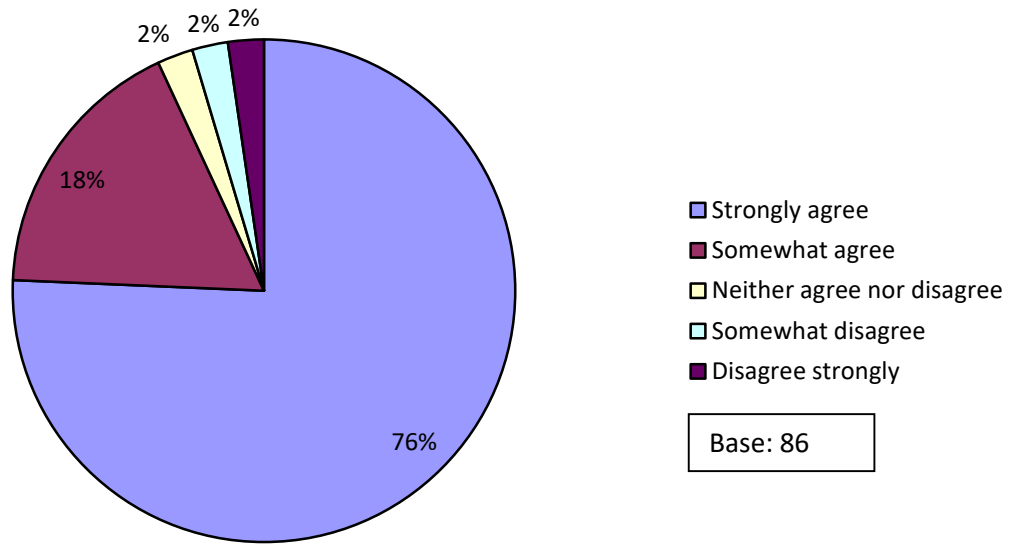
“Seems like a good idea, although I had never heard of it before today”.

“Vital part of supporting the ongoing sustainability of the organisations supported by the HLF. The key weakness is the assumption that it will open up NEW fundraising opportunities for organisations that have carried out major capital fundraising programmes over many years”.

“We haven't been involved in the Catalyst programme, but my impression from other organisations is that fundraising for endowments is challenging alongside other priorities”.

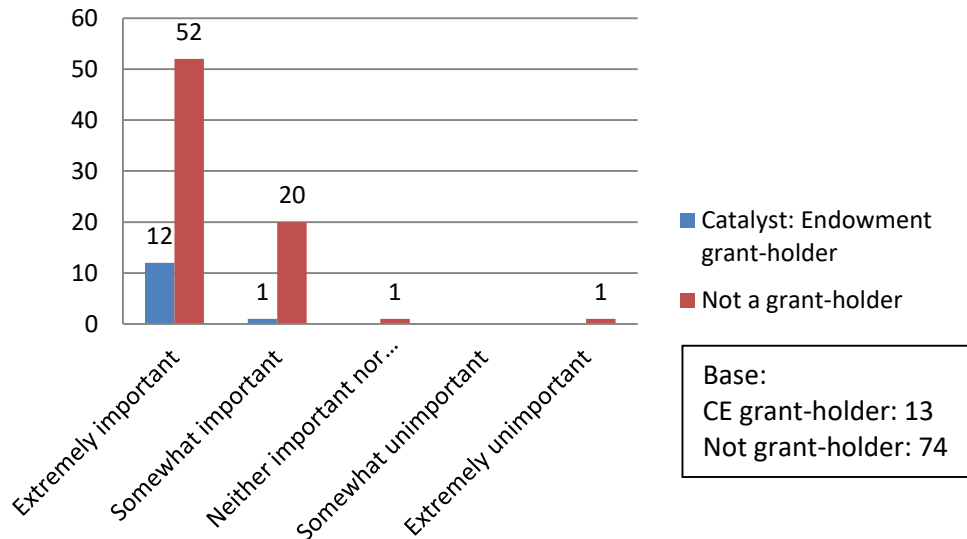
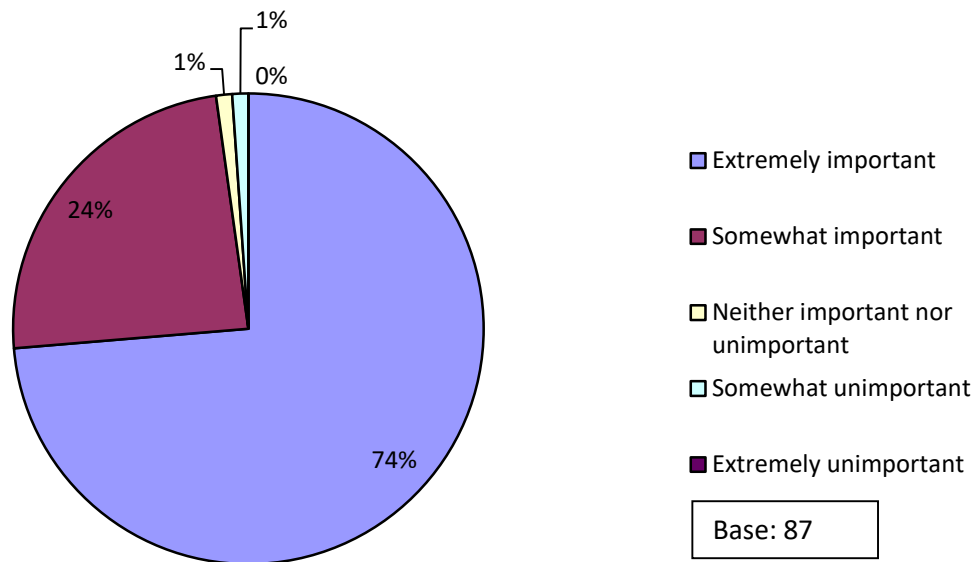
A full list of responses is available in the Appendix.

Over three-quarters (76%) of the sample strongly agreed that it is a good use of Lottery funding to support recipients of a HLF grant increase their resilience by creating long-term income streams and attracting more money from private sources to sustain their heritage. A further 18% said that they somewhat agreed with the statement, which means that 94% of the sample agreed with the statement. Only 4% disagreed.



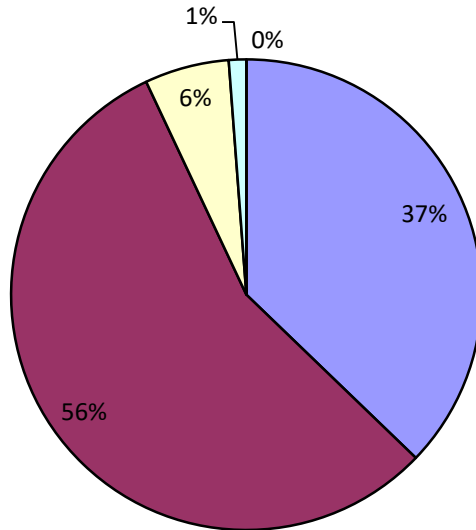
Overall, 98% of the sample said that endowment fundraising is important to the heritage sector, comprised of 74% which said that it is 'extremely important' and 24% somewhat important'. Only 1% said that it was 'somewhat unimportant' and none that it was 'extremely unimportant'.

The Catalyst: Endowment respondents all agreed that it is 'important'.



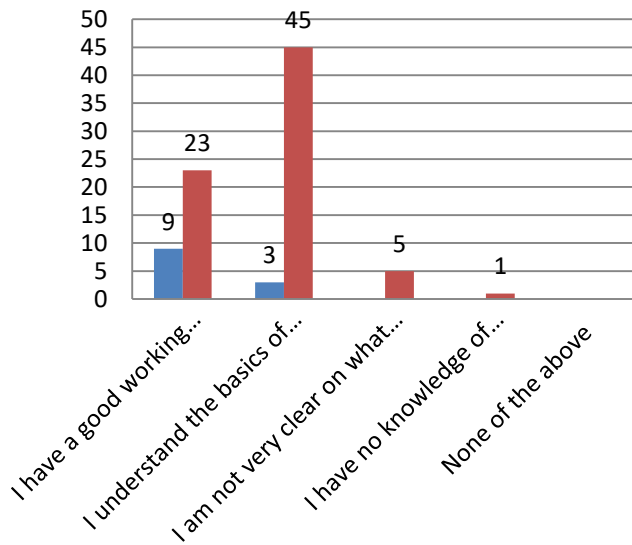
Just one organisation (not a Catalyst: Endowment grant-holder) answered that endowment fundraising is not important for the heritage sector. The reason that they gave for this was that they would prefer to spend donor funds immediately, rather than holding it for later and relying on a risky stock market. They felt that having reserves or an endowment is for the tough times rather than business as usual.

Over half of the sample (56%) said that they understand the basics of endowments, followed by 37% who said that they have a good working knowledge of endowments. 6% were not very clear on what endowments are and 1% have no knowledge of them.



- I have a good working knowledge of endowments
- I understand the basics of endowments
- I am not very clear on what endowments are
- I have no knowledge of endowments
- None of the above

Base: 86

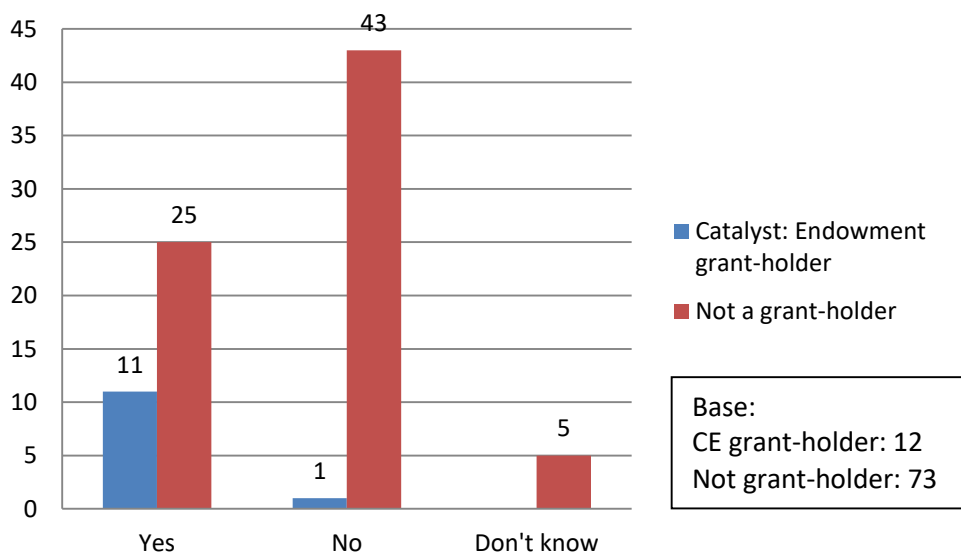
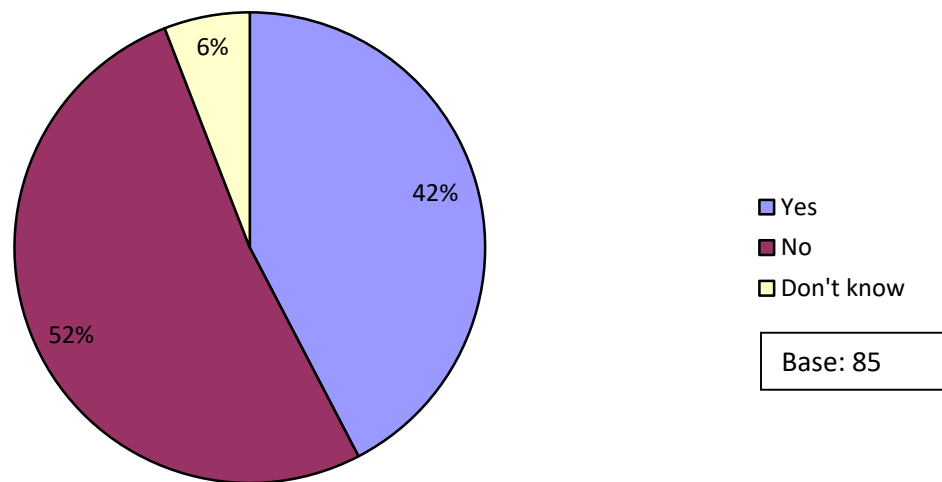


- Catalyst: Endowment grant-holder
- Not a grant-holder

Base:
 CE grant-holder: 12
 Not grant-holder: 74

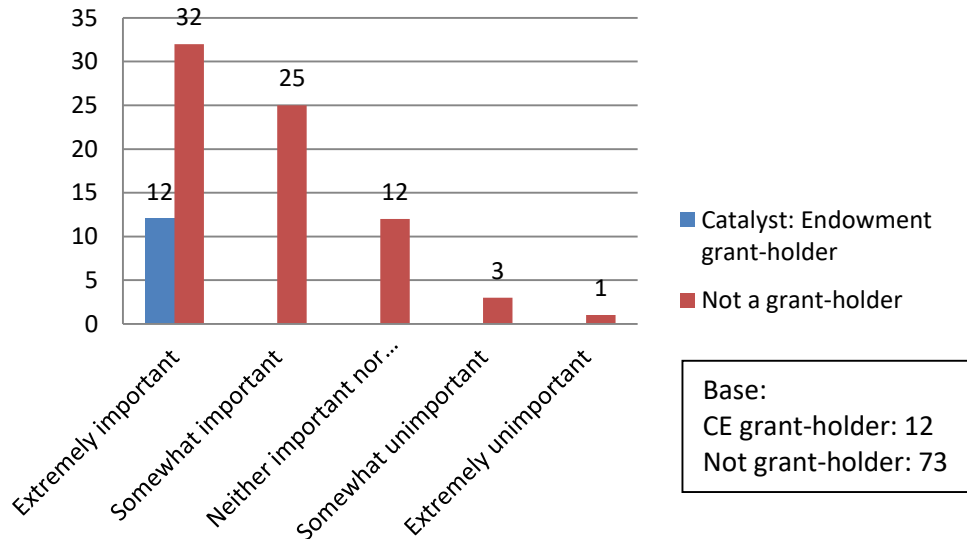
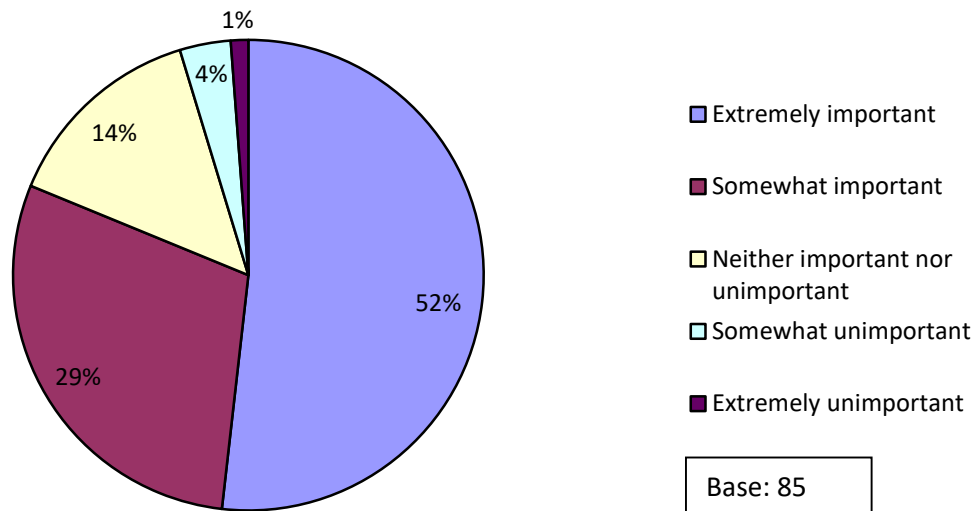
Over half of the sample (52%) said that they do not have an endowment, and 42% said that they did. Among those without a Catalyst: Endowment grant, 51% do not have an endowment, and 29% do.

Only one Catalyst: Endowment grant-holder said that their organisation did not have an endowment, however from the fundraising progress reports for this organisation, it is clear that they have successfully been raising money for their endowment. Therefore, it is assumed that they gave this answer because they thought that the question meant did they have an endowment before they were awarded their grant.



81% of the sample said that endowment fundraising is important to their organisation, with 52% of the sample saying 'extremely important' and 29% 'somewhat important'. Just 5% said that it was 'unimportant'.

All 12 of the Catalyst: Endowment grant-holders said that it was 'extremely important' to their organisation.

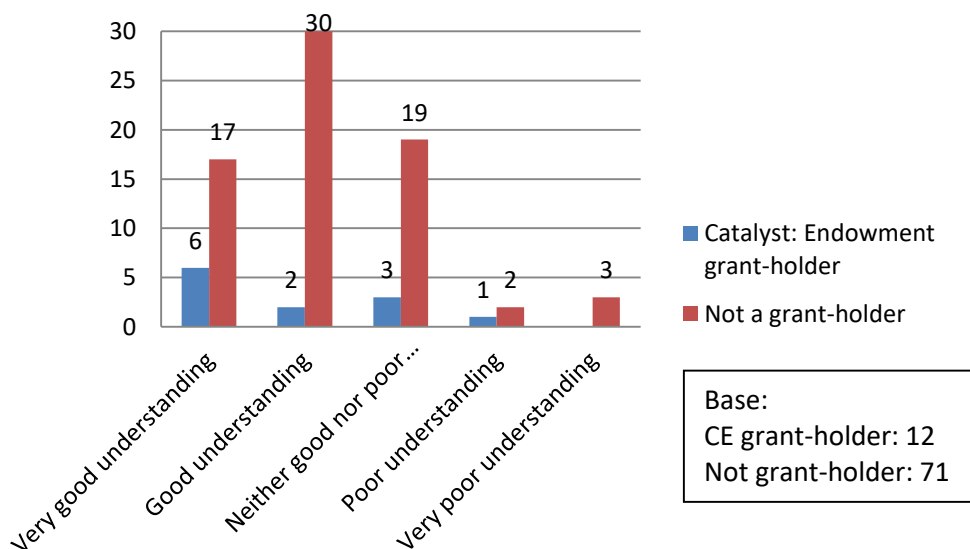
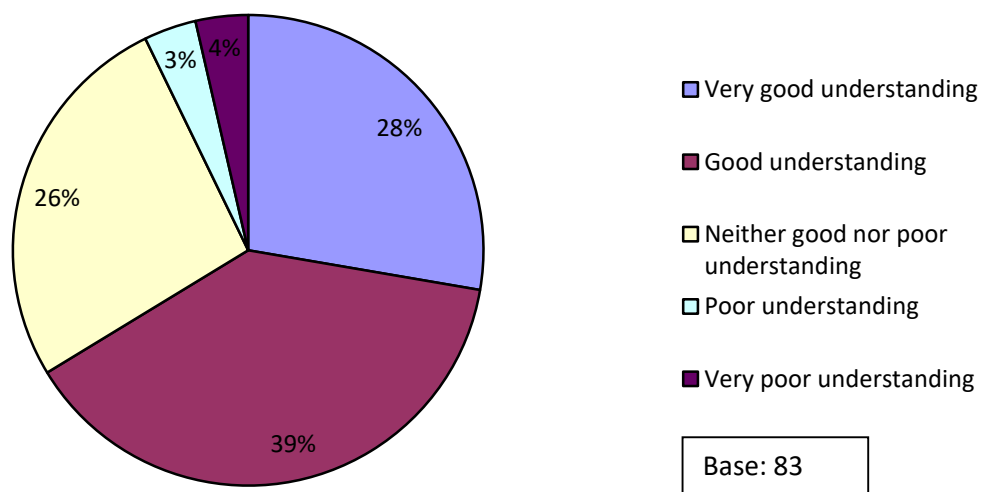


Four organisations answered that endowment fundraising is not important to their organisation, and all of these plus one respondent who had answered that it was 'neither important nor unimportant' gave a reason why they said this. The explanations offered are quite specific to each organisation, but two did indicate that they prefer to spend now, one of which said that this was preferred by their donors. In addition, one respondent said that they do not have an endowment and do not plan to build one; another said that they were busy moving location, and another said that they instead

have property and investments which they manage as a portfolio and so are flexible. The respondent which said that their donors prefer live projects also felt that building an endowment would detract from the capital campaign.

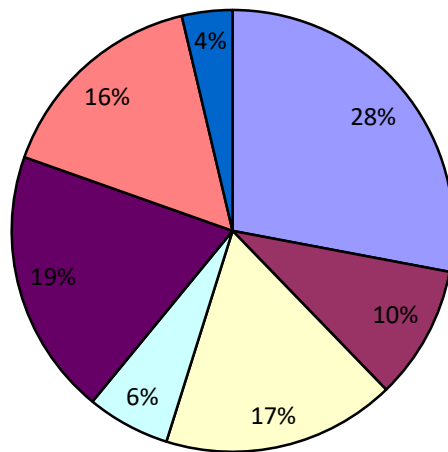
The largest group of respondents (39%) said that they thought their Board of Trustees/Governing Body's understanding of endowment fundraising is good and a further 28% say it is very good. 7% said it was 'poor' or 'very poor'.

Among the Catalyst: Endowment grant-holders, one organisation still felt that their Board of Trustees/Governing Body had a poor understanding of endowment fundraising, whereas eight felt that there was a 'very good' or 'good' understanding.



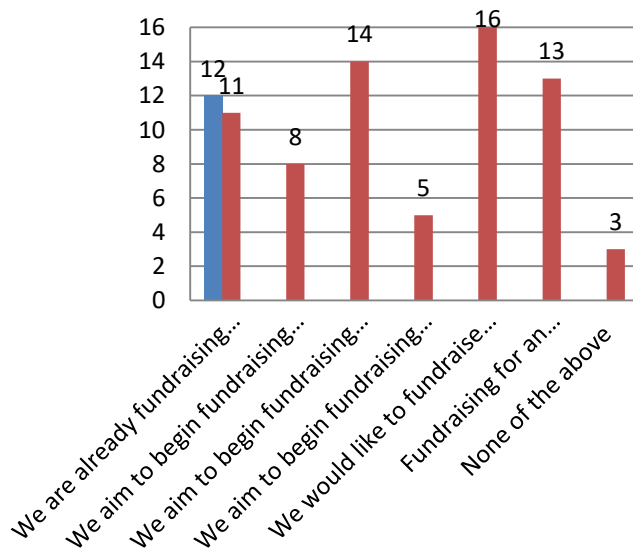
28% of the sample said that they are already fundraising for an endowment, of which this group consists of 12 Catalyst: Endowment grant-holders and 11 from the wider sample.

The next largest group of respondents said that they would like to fundraise for an endowment but have no firm plans in place to do so (19%), closely followed by 17% who said they aim to begin fundraising for an endowment in the next two years. The next largest group however (16%) said that fundraising for an endowment is 'not on our radar'.



- We are already fundraising for an endowment
- We aim to begin fundraising for an endowment in the next two years
- We aim to begin fundraising for an endowment in the next five years
- We would like to fundraise for an endowment but have no firm plans to do so
- Fundraising for an endowment is not on our radar
- None of the above

Base: 82

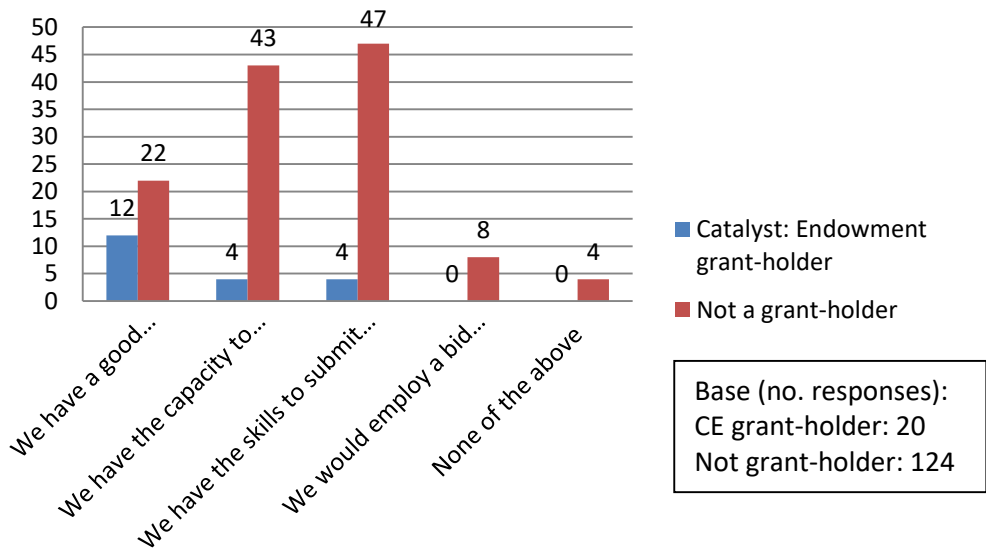
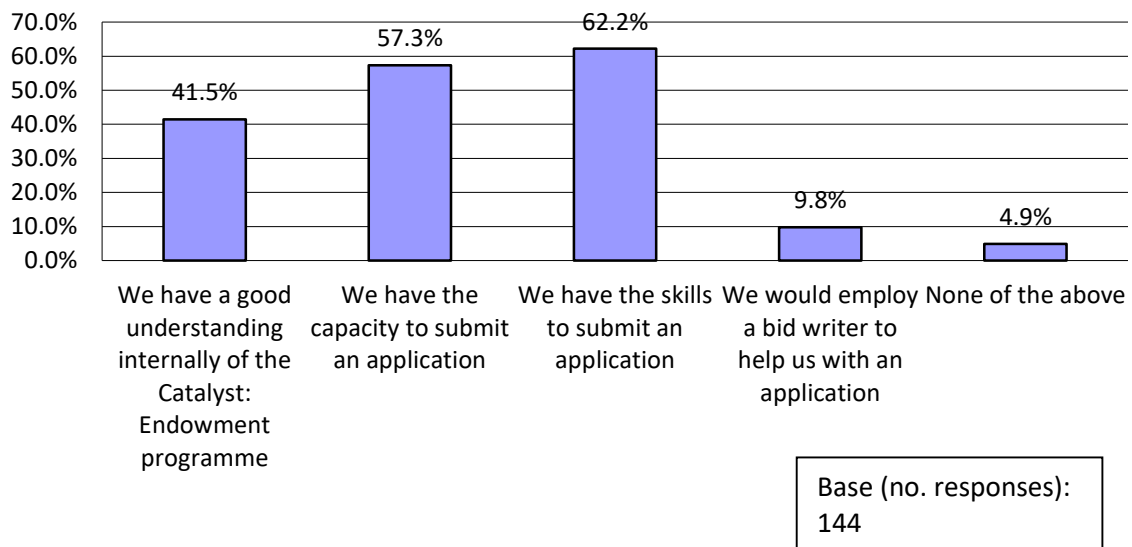


- Catalyst: Endowment grant-holder
- Not a grant-holder

Base:
CE grant-holder: 12
Not grant-holder: 70

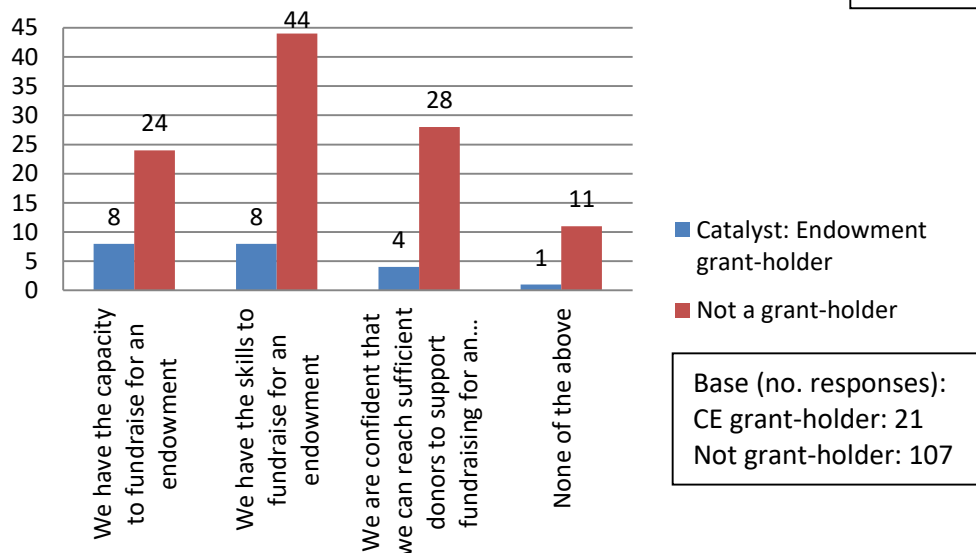
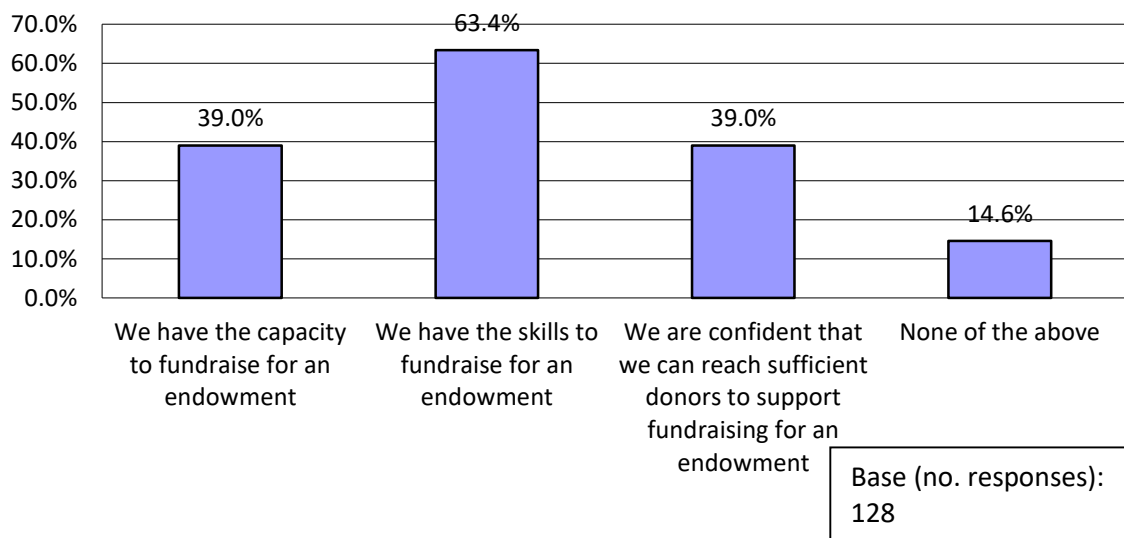
Respondents were asked which of four statements about applying for a Catalyst: Endowment grant best apply to their organisation and they could choose as many statements as they wanted. The largest group said that they have the skills to submit an application (62%), followed by having the capacity to submit an application (57%) and then having a good understanding internally of Catalyst: Endowment (42%). The smallest group (10%) anticipated that they would employ a bid writer to help with an application.

None of the Catalyst: Endowment grant-holders thought that they would employ a bid writer.



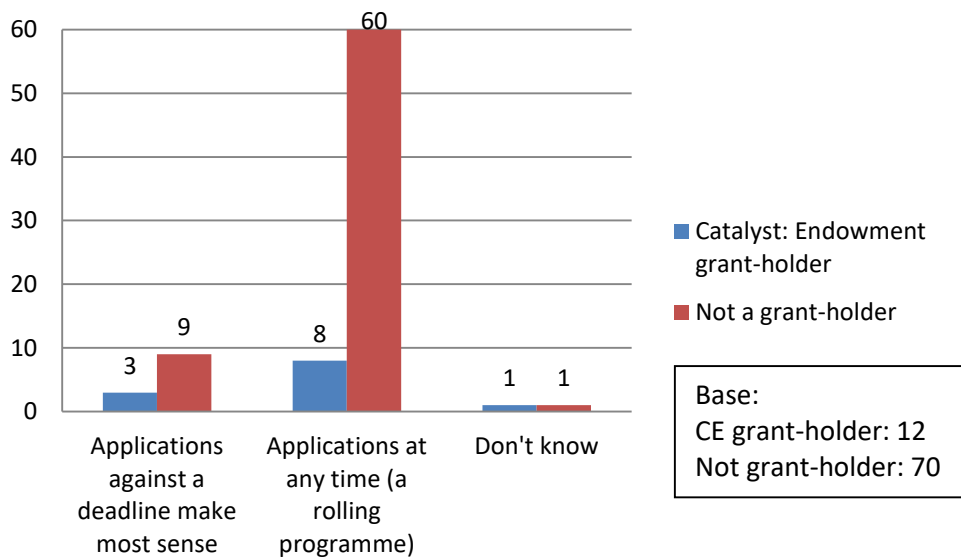
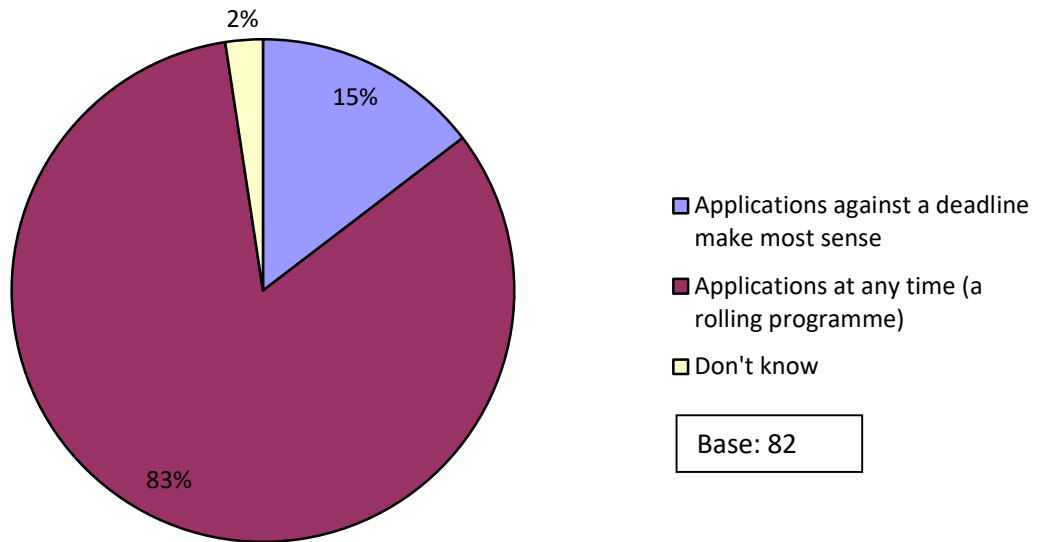
Respondents were asked which of four statements about fundraising for a Catalyst: Endowment grant best apply to their organisation and they could choose as many statements as they wanted. The largest group answered that they have the skills to fundraising for an endowment (63%), followed jointly by having the capacity to fundraise for an endowment and being confident that they can reach sufficient donors to support fundraising for an endowment (39% respectively).

The Catalyst: Endowment grant-holders' answers followed a similar pattern.



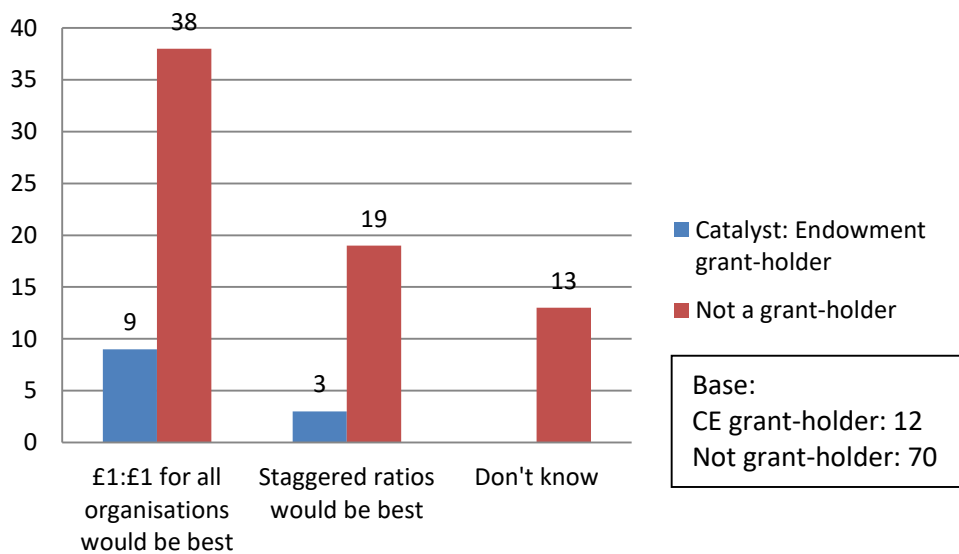
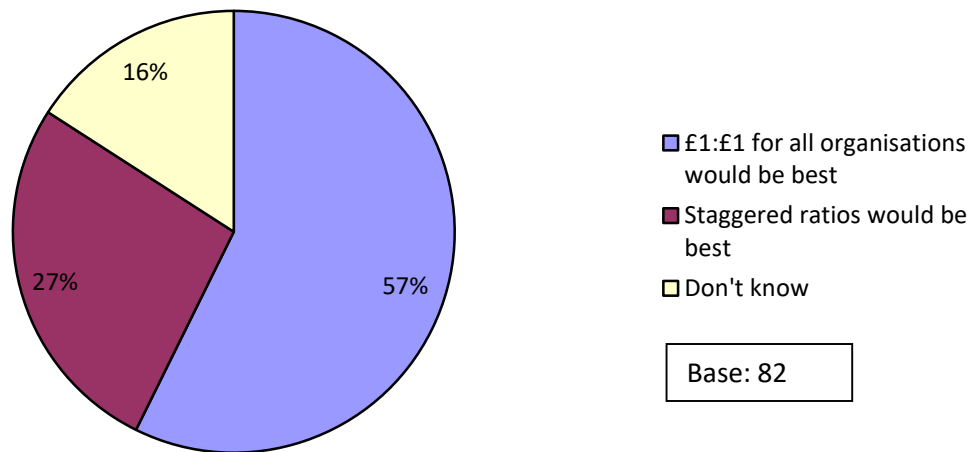
When asked whether Catalyst: Endowment’s application deadlines should remain as they are or be altered to a rolling programme, the vast majority of respondents (83%) said that they would favour a rolling programme of applications at any time, against 15% who would prefer a deadline.

The split for Catalyst: Endowment grantees was slightly less clear-cut, with eight preferring a rolling programme and three preferring a deadline.



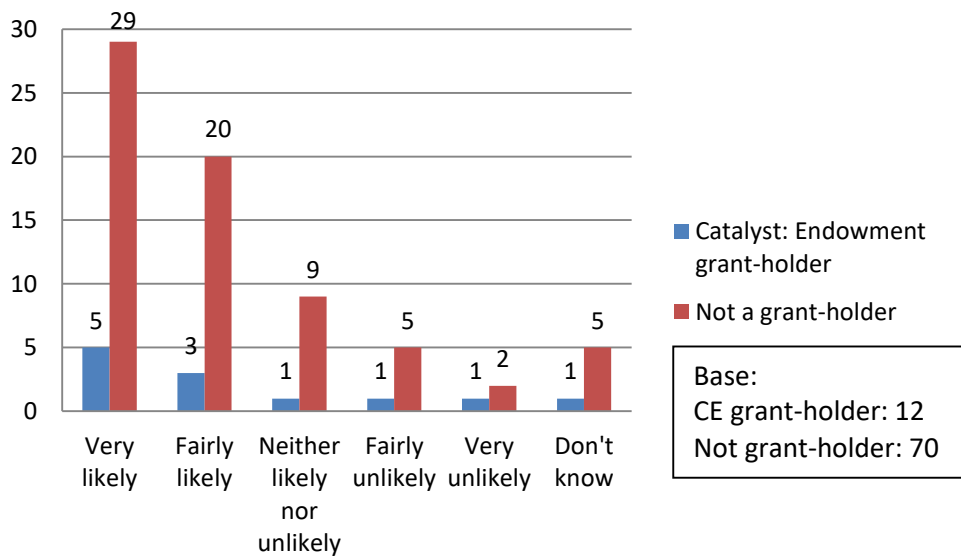
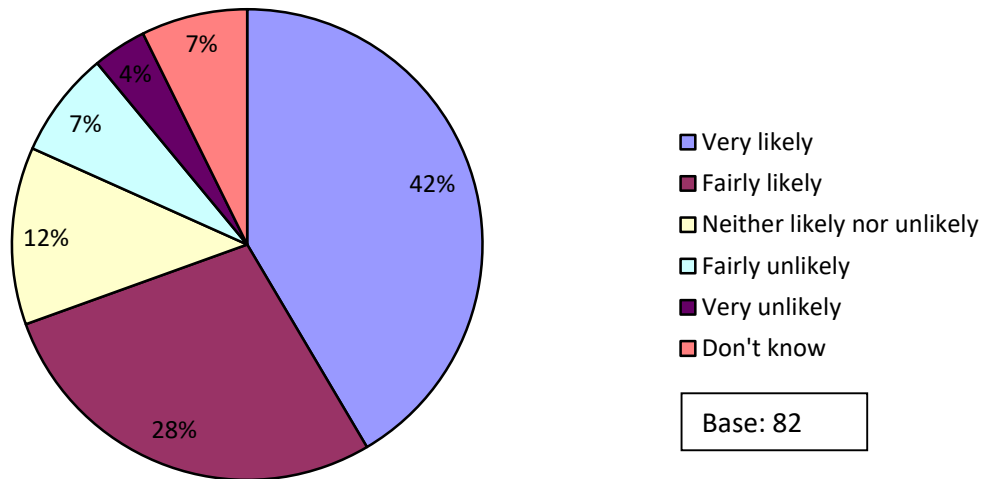
When asked their preference on the ratios used in the Catalyst: Endowment programme, over half of the sample (57%) felt that £1:£1 matching for all organisations would be best, and 27% said that staggered ratios is better.

Among the Catalyst: Endowment grant-holders, interestingly nine of the 12 respondents said that £1: £1 would actually be best.



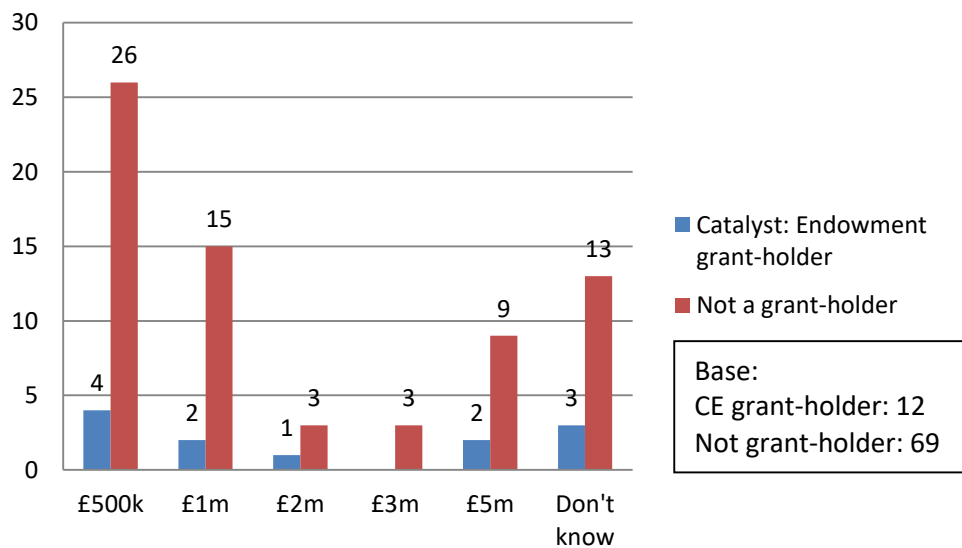
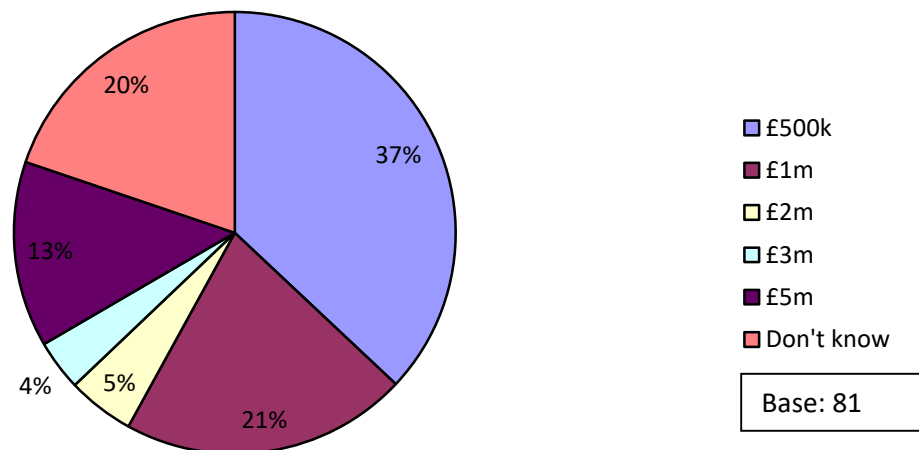
70% of organisations said that if Catalyst: Endowment was to be repeated, they would be likely to apply with 42% of the sample saying 'very likely'. Just 11% said that they would be unlikely to apply.

Eight of the Catalyst: Endowment grant-holders said that they would be 'likely' to re-apply and two 'unlikely'.

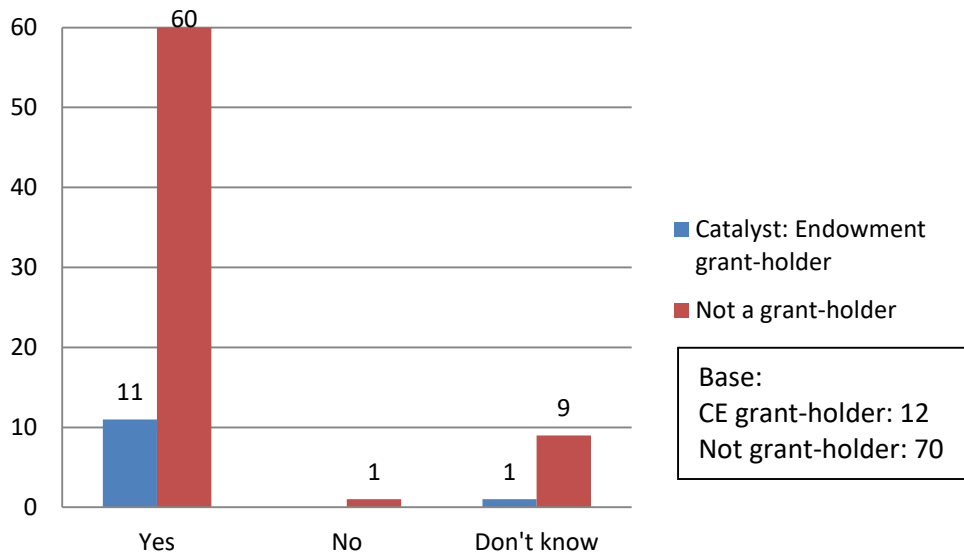
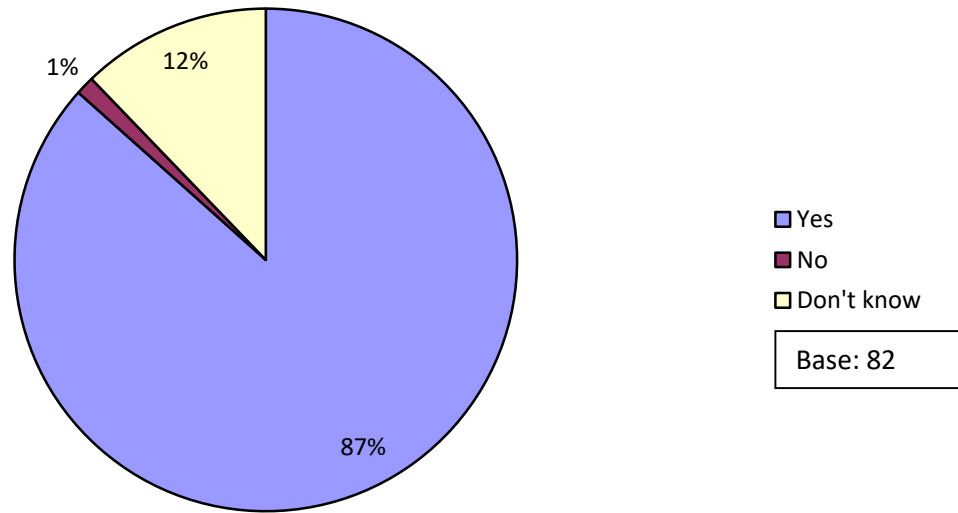


Organisations were asked which grant banding they would apply for if Catalyst: Endowment was to be repeated. The largest single group said that they would apply at the £500k level, followed by 21% at the £1m mark and 13% at the £5m level. £2m and £3m were the least popular options at 5% and 4% respectively.

Among the Catalyst: Endowment group, only one organisation selected the £2m option and none the £3m.



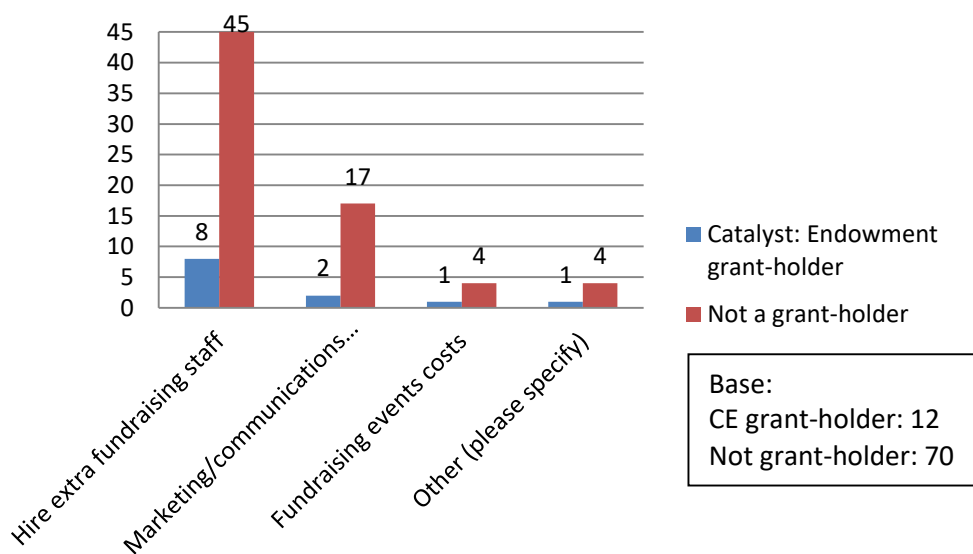
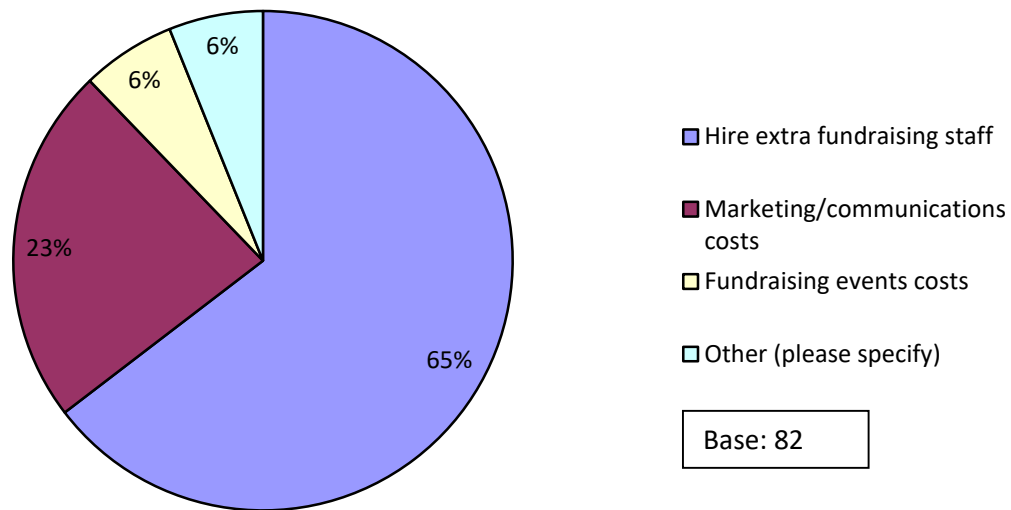
The vast majority of respondents (87%) agreed that organisations with a lack of endowment fundraising capacity would be encouraged to apply to Catalyst: Endowment of part of the grant could be used to help with fundraising for an endowment. Just 1% thought that this would not be the case.



65% of organisations said that they would like to hire extra fundraising staff if part of a Catalyst: Endowment grant could be used towards resourcing the fundraising campaign. The next most popular answer was to have help with marketing/communications costs (23%) followed by fundraising event costs (6%).

The Catalyst: Endowment grant-holders answered in a similar way.

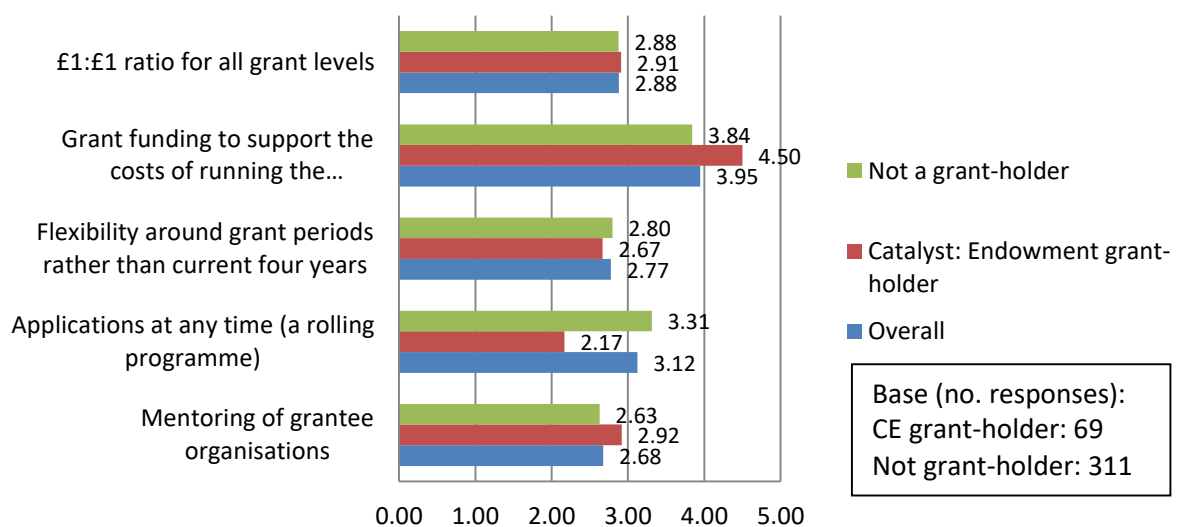
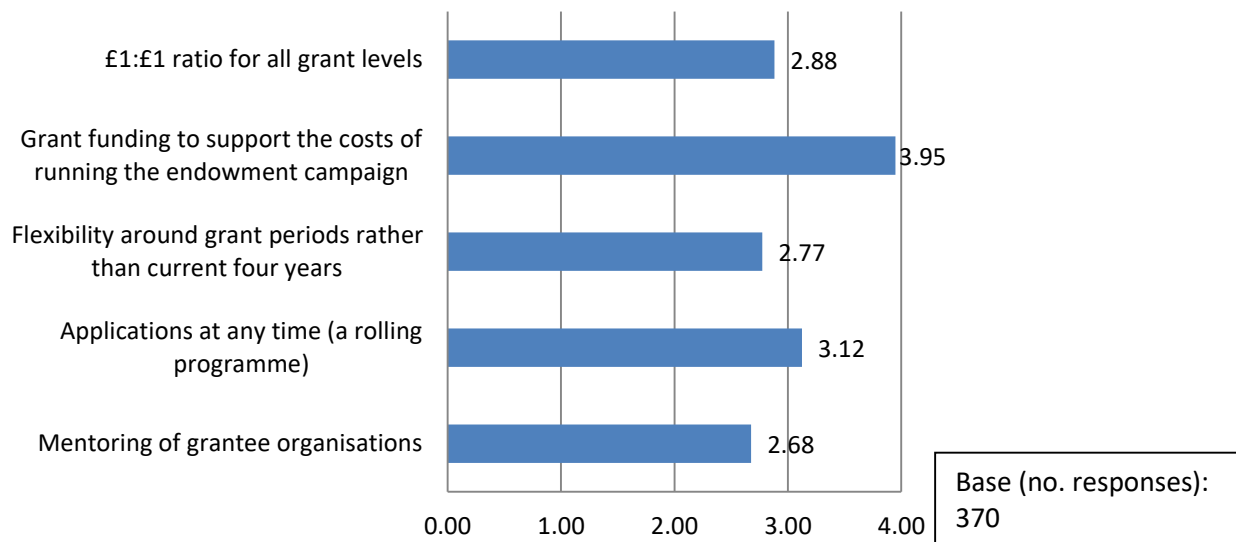
Five respondents specified what 'other' way they would like to use their grant. These were: specialist (external) help for training staff and support; specialist consultant input on identifying and approaching donors; both marketing/communications & fundraising events; finance resource; depends on resourcing in above areas at time of application.



76 respondents answered the question about the optimum timescale for the grant programme to run for. The majority of respondents felt that either four or five years would be best, with an almost equal split: 29 answered four years (i.e. to remain as it is), 27 answered five years, and in addition two said 'four to five' years and two 'three to five years'. Six respondents also said that the grant period should be 'longer', four said it should be 'flexible', one said it should be three years, two said that it 'depends', one said it should be 'short' and two did not know.

Respondents were asked to rank how useful to them five possible ways the Catalyst: Endowment programme could be amended. The top two improvements were grant funding to support the costs of running the endowment campaign (an average of 3.95 out of 5.0), followed by applications at any time (an average of 3.12 out of 5.0).

For Catalyst: Endowment grant-holders, the second most important change was mentoring of grantee organisations (2.92 out of 5.0), just ahead of £1: £1 ratio for all grant levels (2.91 out of 5.0). Having applications at any time was least important for this group (2.17 out of 5.0).



29 respondents took the opportunity to recommend things that could be changed about the Catalyst: Endowment programme to make it more appealing to potential applicants. There were several comments about how good the scheme is now for example “I think that the existing programme is already very appealing”.

Also a couple of organisations mentioned that the programme could be better marketed by HLF to raise awareness among potential applicants. Beyond that, ideas offered included smaller grants, and it was mentioned that the scheme should be aimed at the smaller charities as it was felt it was for the larger organisations only at the moment. Conversely, larger grants were also requested at over £5m so that charities could attempt to reach true sustainability. There was also a request to share information and learnings from current grantees, which is already underway as part of the project evaluation. In terms of matching, it was requested that legacies could be doubled and added to the endowment³, land purchases to be allowed with the endowment money, and for community shares to be repaid to investors from the endowment. Mentoring was also requested as part of the programme, and finally ensuring that the programme is genuinely open to those who have not already had HLF funding was raised.

A full list of responses is available in the Appendix.

³ This is already permitted as long as the legacy comes in during the grant period.

3. Conclusions

3.1 Overall summary

The update to the literature review has revealed that overall over the last few years, charitable giving has been increasing which tends to benefit heritage organisations which very often have a sizeable proportion of private donors. Research on grant funding has also found that grants to organisations do not discourage other donations, which is a positive message for both heritage organisations and the Heritage Lottery Fund.

The survey conducted for this project has also shown that there are positive perceptions of both the Catalyst: Endowment programme and endowments among heritage organisations.

3.2 Literature review summary and conclusions

This review has provided an update on the state of private giving to the heritage sector in 2015. Looking at philanthropy as a whole, while different data sources inevitably provide different figures, we find an improving situation with the proportion of British adults giving and the total amount donated rising over the last couple of years. After a decline in the early part of this decade it would seem that charitable giving is again rising and we have seen a recovery to pre-recession values. The importance of this private philanthropy – and its relative buoyancy – can be seen in the financial success of those heritage organisations for whom private donations are their most valuable source of income. While almost half of those heritage organisations who predominantly rely on grant income have seen an overall fall in income over the past three years, just 11% of those who rely on donated income have seen a fall. Philanthropy to the sector, it would seem, is a strong and growing source of income for those organisations that can attract it.

In terms of political changes following the 2015 General Election we see evolution, not revolution. All three of the major parties were committed to continued free entry to national museums and galleries, so the election of a majority Conservative Government does not change this. Policy on charities changes little, or at least not in issues that are likely to affect the heritage sector. Specific policy on heritage is in scant supply and may not be seen through – budget cuts and a lack of political will may see these shelved. Over the course of this Parliament we expect to see more of the same, in all likelihood.

In the last Parliament we saw changes to the Gift Aid system aimed at further stimulating charitable giving. The effect of this has been slow, and academic work on the price inelasticity of tax relief on charitable donations suggests it may never have a particularly significant effect. One political move which could help the heritage sector significantly would be the cutting of VAT on restoration projects. Not only would this enable heritage organisations to do more, it is suggested that it would also encourage donors to give more in the knowledge that more of their donation is being spent on the project they support and less going to the tax man.

Finally, for the first time we have evidence from the UK that grant income does not crowd out philanthropic donations. For grant makers like HLF this is a significant finding – it means that they can be confident when making grants that they will not negatively impact the amount of philanthropic donations that the organisation will receive. Perhaps key is that previous research on crowding out from the USA found that the effect was more due to organisations reducing fundraising investment than donors withdrawing due to the presence of grant funding. Therefore,

what is key is that organisations who receive grant funding are encouraged to keep fundraising for private donations. Happily, it seems from this new research that this is what is occurring in the UK.

3.3 Survey summary and recommendations

There is a generally positive perception of both the Catalyst: Endowment programme and of endowments as a tool to achieve sustainability among the sample. The vast majority feel that it is a good use of lottery funding and that it is important to the heritage sector. Indeed, 70% said that they are likely to apply if the programme is run again.

Endowments are clearly a thing to be encouraged. Of those organisations that do not currently have a Catalyst: Endowment grant, just over half do not have an endowment and just 13% are fundraising for one: the Catalyst: Endowment programme is a way to improve this situation. Pushing the programme in future should also be made easier because over two-thirds of the respondents said that their Board or Governing Body has a good or very good understanding of endowments, which in turn helps with making applications and fundraising for an endowment. Indeed, a large number of respondents felt that they have the skills to fundraise for an endowment.

A number of respondents mentioned that they had not heard of the Catalyst: Endowment programme, and so marketing or advertising the programme through a planned press campaign if it were to be repeated would be of benefit, to raise awareness across the heritage sector.

Whilst many in the sample do work in an organisation either with an endowment or which is planning to start one, actually only just over a third of the sample said that they have a good working knowledge of endowments, whereas over half said that they just understand the basics of endowments. There could therefore be a role to play for the Heritage Lottery Fund in educating the heritage sector about endowments: what they are, how they work, what the benefits of them are, and how it is an important discussion to have internally to decide whether an endowment is something that could be prioritised.

Finally, several possible amendments have been proposed which should be considered by the Heritage Lottery Fund, should the programme be continued in future. These include: a rolling programme of applications rather than deadlines, £1:£1 matching rather than tiered ratios, the ability to use part of the grant for help with fundraising, the ability to hire extra fundraising staff, and possibly extending the grant to a five-year period rather than four-years.

4. Appendix

4.1 Literature Review References

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4.2 Survey responses for open-ended questions

Q6 - Please tell us in your own words what you think of the HLF Catalyst: Endowment programme. Please mention anything that comes to mind, such as about the programme's design, application process, which organisations are likely to be successful, the effectiveness of the programme etc.

1	I have not had experience of the endowment programme, but sustainable income streams are becoming increasingly important and it is something which the project needs to consider as it progresses.
2	Lincoln Cathedral were in the first batch of grantees, so I think various aspects of the application process were still being worked out. I think the support for the Catalyst grantees has been very good, though some of the original conditions of the grant seem to have changed over time. Lincoln Cathedral is still a long way off its target, and I think it would have been useful to discuss the challenge that faced us (of raising the money) with an HLF advisor before making the application.
3	no comment
4	The principal or concept behind the programme - of supporting existing or previous grant holders to develop endowments is really strong. It allows institutions to benefit from long term secure funding sources that allow long term planning to take place. It also supports the diversification of funding streams and could help to further develop positive relationships with regular donors. I would support further roll out of this or similar programmes.
5	To be honest, working outside of the heritage sector at the time, I was unaware of it.
6	Local grants which are easier to apply for in support of smaller projects will be beneficial.
7	We would prefer to comment fully once the programme is complete.
8	We feel that the aims of the catalyst programme were really important for the sector. As an unsuccessful bidder we look forward to finding out from the successful organisations how successful and effective the programme has been for them.
9	Although the RSPB would welcome endowments for the heritage sector, the need for urgent direct heritage conservation is so great that the vast major of our project planning and fundraising will be directed and immediate action, not accumulating funds which release more modest sums for conservation. We believe most organisations in our sector would think the same. We have no experience of the application process.
10	Match funding has proven to be successful in other sectors, particularly Higher Education. Catalyst Endowment, I feel, focused a huge amount of endowment match fundraising into a very short space of time putting increased competition on funds and resources of fundraising teams. From personal experience of working in an organisation with an ACE Catalyst Endowment grant, levels of understanding about endowments among prospects was at a low level at the start of the programme and I have not noticed (or heard of) a marked increase in understanding or awareness of the need for donors to support endowments.
11	The HLF Catalyst Endowment programme has focused on National and Designated Museums who tend to benefit more from grants and sponsorship than some of the country's smaller, but still important, museum collections. It has also led to funders 'preferring' to support these national and designated museum's because the Catalyst Endowment funded has contributed to their financial security which has resulted in less support being available for museums who have not benefited from the fund.
12	We were not involved in the programme as it came too early for us but would now be very useful. A lack of revenue funding is a major problem generally and we are currently working on plans for asset property transfers and private fundraising to create a small portfolio of heritage properties that will create an endowment and provide revenue to the core operations. Please

	bring it back!
13	We aim to establish an endowment for Walthamstow Wetlands and would hope to apply to the fund should it become available again in the future. Establishing an endowment for projects such as Walthamstow Wetlands is critical in ensuring their long term future as it establishes an independent and dedicated income stream to support ongoing management, conservation and public engagement. An endowment for the Wetlands will make the project more robust and confident, giving it real roots in the heritage landscape of London. It will also free up capacity to fund raise for areas where further development is required to achieve our 25 year vision for the site.
14	<p>The HLF Catalyst Endowment programme is a unique and much missed long-term solution to the problem of acquiring new assets that do not come with funding to allow their long-term maintenance and management.</p> <p>Whilst, it is understood that the programme is designed to support projects already in receipt of HLF funding, we believe that the programme should be more widely available to credible organisations, with appropriate projects, that can prove a track record.</p> <p>As the public sector continues to come under financial , pressure, the Catalyst programme could offer a solution to the transfer of assets from the public to the third sector.</p>
15	Useful for the sorts of organisations that are able to access it.
16	The lower limit has been set too high for smaller organisations
17	I only know about it via Lincoln Cathedral - seems a very imaginative forward looking approach to the problem.
18	An interesting scheme with potential for relevance and suitability, it would seem, to our organisation. Typically Straightforward application process, clear and well constructed. Philanthropic leverage is, however, markedly more challenging in some regions than in others.
19	I have no knowledge of the programme.
20	<p>Extremely helpful and hugely effective in encouraging philathropic giving.</p> <p>Potential donors are generally very encouraged that their donations can release further public funding.</p> <p>Capacity investment hugely strengthens organisations ability to increase their levels of self generated income.</p> <p>We are not currently a recipient nor have previously applied (we are benefactors of Arts Council Catalyst) so am afraid we are unable to comment on the application process.</p>
21	I know very little about this programme as I could see that currently we are not in a position to access Catalyst funds.
22	<p>I have really only just come across this programme, so don't know a great deal about it. However, as the survey was open, I thought it would be useful for you to have my responses, as it might have been something that we'd look in to, should it be restarted. My first reaction, as a fairly inexperienced fundraiser, but whose job it is in the park to do some fundraising, is that it seems daunting. Its a new way of accessing funding, but the level its at (£500k or £1million) seems scary and off putting. Especially as the idea is to grow this. The concept is good and I can see its benefits, its just the scale which is my sticking point.</p>
23	Don't know anything about it.
24	It is a great idea - working on building the long-term sustainability of organisations. Organisations which have a national profile and already have a large network of supporters are

	more likely to be successful than smaller very regional focussed organisations. .
25	HLF Catalyst: Endowment programme is an excellent initiative to bring additional funding into the heritage sector. The matching element to the programme lends itself very well to organisations with established donor bases but not so well to organisations that don't have large established donor bases - particularly those that don't have access to high-net worth individuals.
26	It feels that this could only be geared towards benefiting large metropolitan institutions such as museums and galleries, or very major national bodies. Creating endowments is not the best way for smaller to medium sized organisations to build capacity to fundraise. To be effective the endowment needs to be very considerable, and that then requires a significant capacity to fundraise for the matching funds. Only those institutions with considerable untapped sources, or advanced fundraising programmes run by experienced staff could expect to succeed in raising the sums required as well as supporting their normal revenue funding needs and ongoing capital projects. It would therefore not build capacity, but be weighted to a few institutions who would already have this capacity.
27	It is an early step in the right direction with considerable and much needed flexibility for participants to develop different approaches to improving fundraising and income generation. I suspect that in many cases effectiveness won't be immediately obvious or dramatic but for others it could make a significant difference and provide examples that others could then follow.
28	The Catalyst: Endowment application process was easier and more straightforward compared to the other grant applications we have submitted to HLF. The same applies to the reporting on the grant. We believe that organisations that demonstrate stability; that are mature with their operating strategy and activities; have financial stability as well as long-term sustainability would be likely to be successful.
29	The HLF Catalyst: Endowment programme helps organisations to build their financial resilience, to grow and to develop.
30	This is an important initiative that fills a serious gap in the funding opportunities available to independent museums.
31	We haven't had much to do with the programme as felt that it wasn't necessarily developed with the natural environment in mind.
32	The programme is a valuable incentive to individual donors to support our organisation, which does not have a strong history of individual giving. It has forced the organisation to focus on individual giving as a means of raising income and developing an endowment fund at a time where other priorities would have inevitably have resulted in this being deferred - perhaps indefinitely. It has focused Trustees and Senior management on the task of developing individual giving.
33	The impression I get (and I know my predecessors had) is that it would have been hard (and for many organisations - has been hard) to raise the required matching funds in what is in fundraising terms - esp from individual donors - a shortish time scale.
34	The principles behind the programme seem to be reasonable, but the difficulty in finding appropriate match funding is very significant.
35	Good idea to aim to increase sustainability & philanthropy. Quite complex - so I wonder if the orgs that have the capacity and expertise to progress it (and manage the endowment & long term spend) actually aren't those who need that sustainability support?

	<p>Difficult to prioritise resources into this kind of longterm 'project' over and above more pressing needs, when resources are limited.</p> <p>One to one support/mentoring would be good - for a financial review of the org to see/show how this could be used in relation to the particular activities of the org. And/or sharing examples.</p>
36	<p>I found the programme over complicated. The heritage sector needs to raise funds and be more self sustaining, but the case for support for an endowment is difficult to make when there is immediate need. The potential endowment level at £1-2m would not yield sufficient income to run most organisations or make them financially viable for the future. For organisations that would find it easier to raise the matched funding, the level of endowment is too small to be compelling. For small organisations for which the income from an endowment of this size would be substantial, would find it hard to raise the match funding.</p>
37	<p>Seems like a good idea, although I had never heard of it before today.</p>
38	<p>N/a</p>
39	<p>Well run and managed, difficult challenge, hard to get organisations to give to intangible endowments.</p>
40	<p>I applied for a previous organisation and was unsuccessful as the competition was high and I understand that we were in competition within our region and in our sector. This despite being used to writing good applications and confident of being able to successfully matchfund. The allocation therefore needs to be bigger otherwise fundraisers are wasting time and resources applying.</p> <p>Donors like it - it is a good story to tell.</p> <p>I think this is a more sustainable way of supporting organisations than social finance loans at 4-7%.</p> <p>good to build up endowments now with this generation of donors who will support heritage causes. The future might be very different as a younger generation may well support other causes.</p>
41	<p>I did not really know anything about the programme until I looked for it on the HLF website. Having learnt something about and seen the types of organisations that have already benefited it is something that my museum would definitely be interested in.</p>
42	<p>We applied but were unsuccessful. The application process was ok. I could only find an outturn on this programme for 2013 and wonder how successful organisations were in raising the funds to draw their money down. Clearly data 2013 - 2015 would be helpful in making judgements. To make a significant impact such as mentioned in 7. below I now feel that for us an endowment needs to be very large and built up over decades. The question of how much potential philanthropy is out there for endowments, how much the government might incentive via tax, how successful many organisations outside of major national institutions would be in raising significant endowments leads me to my marking in 7 below.</p>
43	<p>The Catalyst Endowment programme is a great scheme and provides a fantastic opportunity for organisations - it feels however, like a big challenge to think about raising enough money as an organisation for it to then be matched by the funding which put us off applying before</p>
44	<p>The Catalyst fund was a great opportunity for applicants and an innovative form of funding. However as far as we know only one Wildlife Trust was successful although several applied. In future we would really like to see some kind of endowment funding linked to land purchase for heritage sites, including nature reserves, with grants given for the actual purchase and an endowment available for the ongoing management of the new nature reserve. Land purchase and ongoing maintenance of sites is one of the hardest things for Wildlife Trusts to fund and</p>

	HLF is one of the few sources of funding that can be used for this purpose so anything further that could be done to help would be great.
45	With the collapse of English Heritage funding and the scarcity of other donors an endowment programme presents the best chance of heritage restoration continuing
46	Vital part of supporting the ongoing sustainability of the organisations supported by the HLF. The key weakness is the assumption that it will open up NEW fundraising opportunities for organisations that have carried out major capital fundraising programmes over many years.
47	Not heard of before but as a small community museum that does get the occasional endowment from local people that have supported us it would be very welcome scheme
48	I know about the Endowment programme because I am a trustee of a museum in Hampshire which has benefitted from a small grant and is part of the Hampshire Cultural Trust Philanthropy programme. The Museum of English Rural Life has had little to do with the programme. As part of the University of Reading it would be more complicated for my museum to be part of the scheme. The University itself is very much larger in scale than our museum and already has officers who encouraging philanthropic giving. The issue is more getting enough of their time over other competing projects. With regard to the museum where I am a trustee (Jane Austen's House Museum), the small grant programme was perfect for our size and scope. It was also easier to fit into the Hampshire umbrella project.
49	<p>The concept and message is clear for supporters to understand. The match funding has also encouraged supporters to give a larger sum.</p> <p>The application process is slightly confusing as I think it uses the general HLF application forms, however, some of the sections weren't applicable to the Endowment, this is the same for the reporting mechanism. We are using the Catalyst to kick start our own £10 endowment and a lot of early innovators have donated, I do feel that the successes would be greater if the term to raise the funds was longer, suggest 5 years, as an Endowment is difficult to sell as an emergency appeal and has to compete against other fundraising asks, with a greater urgency.</p> <p>The fact that a Charity has received a grant from HLF does creates confidence to other funders whether that is grant giving bodies or individuals that the Charity is established and effective</p>
50	<p>Superb, unprecedented opportunity to secure the future conservation, maintenance and repair of the 90+ heritage assets STRPS in its care.</p> <p>The essential missing element - which has proved to be a struggle for us - is lack of finance / support for fund-raising. An extra 10% would have solved this for us, but it has been difficult to persuade others to back us this way.</p>
51	The HLF Catalyst: Endowment programme has been very useful for St Martin's as it has enabled the organisation to focus on and prioritise the need to build an endowment. We have found the matched funding element to be a very strong motivator for donors. We have found the reports to be submitted for drawdowns a bit confusing, and it would be helpful to have a bit more explanation on the forms to remind us what information is required.
52	I think the programme is extremely worthwhile although I don't know much about it. Not well publicised.
53	I think that it is an ESSENTIAL programme and should be funded and extended.
54	We explored applying for the first round, and did put in a pre-application, but did not take it any further. The Catalyst programme became clearer for in the second round, although we did not put in an application. We found the timeline tight but do-able.
55	I don't really know anything about it....
56	Endowments in universities are well established programmes of giving. For the heritage sector, it's a core objective amongst many to establish similar programmes to attract private giving and

	the Catalyst Endowment programme is an essential stepping stone to this objective and to achieving sustainability in the sector.
57	A great concept to support organisations. Though minimum amount too high so not good for small orgs
58	A wonderful opportunity, but our application for £500k was turned down because we were seen as unlikely to succeed in raising the same amount. This was arrogant and wrong (in two years we have raised £250k+ without the benefit of the "multiplication" effect we would have enjoyed exploiting)
59	Capital projects need supporting, certainly in early years, to establish/re-establish and underpin financial self-sustainability. It is a truism that a heritage building - done up - often costs most to run (new heating, lighting, audio visual interpretation etc) than in its previous run-down state. We were not a direct beneficiary of HLF Catalyst, so cannot comment upon the detail of the programme - the focus is, in our view, absolutely right, much needed and sensible.
60	We have no experience of the programme, but in principle the ability for any organisation to increase their resilience through long-term income streams etc must be good
61	It's a good idea! I did find the process over complicated. The advisors did not speak in my language and were not clear on advise. Hence when we were not successful we were offered to apply for transitional funding. Good, we thought, only to go through the process to be rejected again. We are a successful trad in ng organisation and perhaps we are at less risk hence the rejection. I am unclear about who are the successfully recipients and what criteria they fulfilled.
62	I wasn't aware of the programme. Does it apply in Scotland? It does sound like a good scheme and positive development to help sustainthe sector.
63	I didn't know about it before but would love to apply. We have recently identified developing an endowment is crucial to our future security.
64	Didn't know much about it - would love to see it happen again though!
65	excellent programme but hard to meet the criteria for smaller organisations.
66	The scheme seemed to be as much a catalyst to get on and do this as a financial incentive. Raising funds for an endowment is something most development professionals have thought about at length but never got round to doing. The scheme put it into people's minds which is a good thing. However, I am not sure that any of the Catalyst programme was backed up with higher level education around gving. I would think most visitors would have no idea what an endowment is or why it would be a good thing to give to.
67	Excellent idea as it will help to sustain cultural/heritage organisations who HLF have already invested in heavily.. I have no experience of eh application process, so cannot comment
68	Initially it seemed appealing, but the application process was complicated and in the end the IHR was advised not to apply.
69	This is not a programme that I was aware of but understand that it would not apply to maritime heritage, which is a pity, as this sector needs a lot of assistance
70	We haven't been involved in the Catalyst programme, but my impression from other organisations is that fundraising for endowments is challenging alongside other priorities.
71	We have previously applied and were unsuccessful. It seems to be set up organisations that already have a good fundraising track record.
72	My recollection was that it was resource intensive for the available sums of money. It was a scheme more relevant to small size organisations.
73	We havent used this programme but I understand it has been most helpful to other wildlife trusts
74	I think it is important that the HLF does take into account the fact that supporting endowments can be an important way of sustaining heritage in the long-term so believe that a programme such as Catalyst is relevant.
75	Until I received this survey I hadn't heard of the HLF Catalyst programme and am assuming it is for large charities

Q9 - You answered that endowment fundraising is not important for the heritage sector, why do you say that?

1	Different organisations have different models, of course, however I feel uncomfortable about organisations essentially 'sitting' on funds given by donors in perpetuity rather than putting it to good use in their life time. As the experience of a number of large US foundations and institutions in the 2008 crash demonstrated, endowments are not without risk of losing value - should we be putting donor's funds at such a risk? I would rather charities invested charitable funds in projects that donors and the public today see the benefit of, and that fundraising is part of a balanced business model that allows them to build free reserves (or perhaps even an endowment) to see them through the tough times through unrestricted income such as trading.
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Q13 - You answered that endowment fundraising is not important to your organisation, why do you say that?

1	We do not have an endowment currently and it is not in our business plan to develop one.
2	Because current policy is that we use funds donated to RSPB to solve current nature conservation issues - today. A belief that species and habitats urgently need support, now, before its too late pervades our thinking - once species are extinct there is no bringing them back. If the Board changes its approach and endowment funds are seen to be a better way to 'save nature' longer term, I am sure we would be keen to take up any opportunities for help offered by HLF
3	Because we are in the process of moving to a new museum
4	Building strong reserves is important and we've got property and investments that act in a similar way to an endowment but we have flexibility to manage these as a portfolio with more flexibility than an endowment. Endowments tie up reserves and can be inflexible.
5	We have other priorities and creating an endowment that would deliver sufficient income to have an impact at Southbank Centre would distract from those, in particular our current capital campaign. Also our donors want to see their money being used on 'live' projects not tied up in an endowment.

Q24 - The existing Catalyst: Endowment grant programme allows fundraising to take place over four years. Is this the optimum timescale for your organisation, or would a different time period (up to a maximum of five years) be better? Please tell us what you think would work best for your organisation here.

1	Maximum of 5 years would be better
2	A longer timescale would be better, given that we have to fundraise for other projects which require immediate attention.
3	the maximum the better - building relationships can take a long time.
4	i think 5 years would be better, especially for the larger sums of money - maybe stagger it according to size.
5	Four seems optimum. Our situation may be different as a recipient of other HLF funding.
6	Four years is satisfactory, otherwise organisations can change with differing priorities.
7	Four years time, depending on capital campaign targets.
8	4 years is long enough
9	5 years
10	Four years seems right - anything longer is likely to suffer from inertia
11	If the programme were extended to 5 years it would help us increase our fundraising objective from £5000 to £1M
12	4 years sounds about right
13	Flexibility is best - so a long stop of 4 or 5 years but in reality a programme of say 2 years?
14	5 years is a good period of time to align with HLF funding period for projects
15	We would prefer up to five years
16	current timing appears OK
17	As short a time period as is possible
18	5 years
19	Over 4 years sounds about right based on previous projects
20	Suggest enabling a choice of period between x and y years, to be justified by the applicant organisation
21	No firm opinion
22	Up to a maximum of 5 years.
23	Four years sounds acceptable
24	yes
25	I suspect a longer time would help us, as we are inexperienced, so may take longer to achieve the results.
26	Between four to five years seems sensible as you need to allocate plenty of time to fundraise and develop relationships in this way. Anymore than 5 years would be too long and encourage procrastination.
27	Maximum of five years would be better as it could take one year for the campaign to gather momentum
28	It completely depends on the scale of the endowment, and other priorities currently in the strategic plan.
29	Four years is fine, however we feel that three years maybe a better time period as this would put emphasis on the 'urgency' of fundraising and give it more focus, whilst providing a reasonable time period in which to complete the fundraising.
30	I think that the existing time period over four years is fair.
31	Four years seems OK
32	Four years would be fine

33	Five years would have been preferable. Being in the first tranche of recipients and confusion over the terms and conditions, which were delayed in being issued, plus lack of clarity over whether a new trust was required resulted in a delayed start. For an organisation with no fundraising staff, getting moving from a standing start took some time. Without an existing donor base, time to cultivate high level donors is essential.
34	5 years. Building donor relationships especially new ones takes time.
35	No preference
36	4 years makes sense
37	As long as possible is best so if it could be 5 years that would be great!
38	Longer period would be preferable.
39	its fine
40	4 with the flexibility to ask for an extension for a fifth year if needed
41	Four years would be fine - too long and the organisation might not be so focussed in its fundraising.
42	4
43	5 years if that is the max but longer would be better.
44	Four or five years would work well
45	Probably a flexible time period depending on the needs and capacity of the Wildlife Trust who were applying.
46	It took us 19 years to achieve restoration of the Walronds. The longer the time scale the better.
47	This is a reasonable time frame.
48	Four years seems reasonable
49	5 years, this also enables legacy income to be designated to the Endowment
50	<p>4 years is good, but 5 years would be best. There should be flexibility, based on results to date to extend the programme (eg) by another 12 months. If £750k has been raised over 4 years (of £1M) then allow another year to complete the package. The incentive for the grantee is to complete the package ASAP anyway!</p> <p>Also, why not offer a flexible approach, where (eg) occasional legacies could be doubled and added to an existing capital endowment. Legacies are an excellent source of endowment funding, but a largely untapped source in the heritage movement generally. Offering opportunity to double a legacy, would be a marvellous incentive for potential donors!</p> <p>Finally, find ways to link Social Investment with Catalyst Endowments. Community Share investors invariably "buy shares" for altruistic reasons, not for a commercial return. As long as the offer had safeguards, then any repayment that was requested could be met from either endowment income or from other revenue streams.</p> <p>Community shares are much much more about identifying and "owning" a share in something the shareholder believes in / is committed to; not in an income stream.</p>
51	I think up to a maximum of five years would work best.
52	I think 4 years is ok as any longer stretches it out too long, given other pressures on staff time.
53	Four years are enough for us; we could probably do it in two.
54	Five years.
55	4 years is our current timetable, so this works well for us
56	Over five years to get the programme established and grow income from private sources is realistic.
57	4

58	four years OK but five would be better
59	Four years is ample - you risk boring your constituency otherwise. The reality is that many donors do regard endowment fund-seeking as the least attractive and most tedious.
60	This would seem a reasonable time scale
61	yes
62	Four years is good and quite generous. Shorter deadlines focus the mind, particularly if part of the grant is to help resource the organisation to do the fundraising.
63	Five years is more realistic for small organisations reliant on volunteers
64	Time specific campaigns are often very effective but for some organisations they need more time to cultivate relationships. Perhaps it would be better to say between 3 and 5 years enabling each organisation to chose the most suitable time frame for their circumstances.
65	Maximum up to 5 years
66	Five years
67	5 years
68	Five years would be better. The IHR participated in a matched funding endowment programme supported by the Andrew W Mellon Foundation and we had to ask for a one year extension to meet the £1m target. It is difficult to raise money for an endowment when there are additional funding needs, so a longer time period is helpful.
69	The timescale needs to be able to retain its relevance over the time period, regardless of whether it is 3, 4 or 5 years
70	As long as possible so the maximum of five years.
71	Up to 5 years would be good.
72	4 years is long enough.
73	up to a maximum of five years
74	4 years is fine
75	Five years
76	Three years?

Q26 - Please use this space to tell us about anything that you think could be changed about the Catalyst: Endowment programme to make it more appealing for potential applicants.

1	I am not sure as I haven't previously applied
2	nothing to add
3	We can give a comprehensive answer once the Catalyst Endowment Programme is complete.
4	Better support for new models within Local Authority Museums and Heritage organisations
5	The option to apply for a Heritage Grant and Catalyst support at the same time, so fundraising effort for the short term project and longer term sustainability can be linked.
6	Smaller organisations with nationally important collections should be encouraged rather than discouraged to apply, I suggest that a seminar / consultation with AIM would be a positive move in this direction.
7	The problem is always resource for up front work - lots of ideas and enthusiasm but needs professional fund raisers for significant result - so you end up using your first chunk of match to hire a fund raiser!
8	It should be available to all appropriate bodies with appropriate projects. Not just those that have already received HLF funding.
9	As previously stated to lower the entrance level for the scheme to below £500,000 to perhaps £100,00
10	Use some case studies to show how it has worked.
11	A £250k category pass over smaller number of years or for smaller charities?
12	Insufficient understanding of the programme
13	I don't really know enough in detail about the programme to be able to give a helpful answer.
14	I feel its really aimed at bigger, more experienced organisations, but is relevant for smaller ones too. I'd like to see a mini or simpler version somehow to help get this type of funding into smaller organisations, please.
15	I think that the existing programme is already very appealing.
16	Events organised by HLF to bring fundraising organisations and potential high value funders together.
17	More focus on land purchases
18	A mix of capital match funding plus revenue funding to ensure the expenses of running the campaign can be met.
19	Mentoring and shared examples. Open discussions around finances and risks!
20	It could be better advertised as I had never heard of it before
21	A bigger fund overall - so that there is a greater success rate.
22	Increase awareness of any future programme.
23	I would like to see a full evaluation of the first 2 HLF programmes to help gauge levels of success in raising funds, who from and reasons for being/not being successful. I would also like to see an evaluation of larger scale endowment building not just limited to catalyst eg Ashmolean, Dulwich PG, NPG to better understand the type of donors and the nature of the endowments/management of funds. I would also like to see what the ACE catalyst evaluation tells us. This could all help inform my views about what could be changed and would help me assess how much hope and resources to invest in the idea of building a really significant endowment over decades which could sustain the museum and gardens long term.
24	Sharing information from past grant holders would be useful - more advice and support on how to fundraise for an endowment and what it looks like in practice - anything to make the idea less frightening for an organisation who feels that raising £500K or more would be hard in terms of internal resources and finding the funding / donors

25	As mentioned previously, grant funding for land purchase within the Catalyst: Endowment programme, with applicants then able to match fund the endowment and use for site management would be extremely valuable to The Wildlife Trusts.
26	For serious applicants the possibility of this source of funding should be sufficient without further measures to appeal
27	The position of a University museum like mine is complicated. Whilst we do not have significant experience of setting up endowments or undertaking philanthropic fundraising, both these activities are continually being undertaken by our governing body. We do benefit already from a few small endowments that have the museum as a beneficiary. We do not have any large endowment fund. As we have professional fundraisers employed by the university we also have in house skills. The issue is more about how we get sufficient time from those fundraisers who are working on a range of different projects all the time, with the museum often seen as a minor part of the remit. Perhaps investigating a suitable scenario for involvement of the university museums would encourage more of us to apply.
28	It would be goof for HLF to have worked with large grant makers whose funding criteria was leveraging endowment funds and these organisations worked with the grant recipient's.
29	Our HLF Catalyst Endowment Award (Round 2) was £1:£1 on either £500k or on £1m. This doiesn;t appear to concur with what is said above? Variable ratios only encourage multiple / repeat applications at the lower level. Big Give's Christmas Challenge has found this year, I think, that in effect reducing support rates, much reduces the number of participants.
30	Additional information (business plans etc) needed at the time of submission and the timeline proved difficult.
31	500000 too high for small orgs
32	For a small charity such as ours the most valuable thing Catalyst could offer is the opportunity for us to present our case to philanthropists and bigorganisations
33	Not in a position to constructively comment
34	Extra support for out of London applicants who, unless exceptionally high profile, find it very difficult to access philanthropic giving.
35	N/A
36	Larger sum than £5m awarded. A true endowment needs to be at least £20m to be effective.