



Heritage Endowments Programme Evaluation

Interim Report

May 2020



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Executive Summary

Evaluation

Hopkins Van Mil (HVM) was commissioned by The National Lottery Heritage Fund in December 2017 to undertake an evaluation of the Heritage Endowments Programme.

Programme background and aims

Heritage Endowments is a match funding grants programme of between £250,000 and £1 million to support organisations to diversify their income and to create or develop an endowment fund to provide a long-term annual income for their organisation.

The Heritage Endowments programme has followed on from the Catalyst Endowment programme which The National Lottery Heritage Fund (The Fund) established in 2012 and ran for four years. Following consultation and using the learning from the Catalyst Endowments evaluation The Fund established Heritage Endowments grants with two changes from the previous programme:

- A lower grant of £250,000 was introduced to support smaller organisations to build an endowment
- The option for applying for an additional 10% of the grant requested to help resource the campaigns.

The evaluation objectives are to:

1. Capture how Heritage Endowments funding will be used
2. Explore if Heritage Endowments funding is likely to be used as intended, including any external factors which changed the grantees situation during the lifetime of the grant
3. Demonstrate the extent to which the outcomes of the programme have been achieved
4. Explore the extent to which the heritage Endowments programme has supported organisations to reach their ambition of growing or setting up an endowment in terms of the length of the match funding campaign and the size of the grant awarded.

Methodology

To achieve these aims and objectives and track the progress of the grantees the evaluation plan up until April 2020 has included desk research, the development of baseline statements, interviews with individual grantees, group conference calls, two sharing and learning events for all grantees, tracking of drawdown reports, and email updates from grantees. This interim report has been developed based on the findings from these qualitative research elements. The evaluation process from spring 2020 until the completion of the programme in 2022 will include:

- Ongoing individual interviews
- Ongoing email updates from grantees noting their progress against fundraising goals and identifying key challenges and ways of overcoming them
- A final set of learning and sharing group video calls
- A full cohort survey
- A stakeholder survey, including philanthropic givers.

In addition, The Fund has included an extension to the evaluation to understand in greater depth the motivations of major donors. This will include a set of 6 interviews with individuals who have contributed to grantees' endowment campaigns. A case study report summarising the findings from this work will be submitted to The Fund at the end of June 2020.

Interim findings

The interim findings in this report are divided into two sections: early findings and interim findings. The early findings section concentrates on elements of the grant set-up and early campaign development phases. It includes grant purposes, what an endowment means to the organisation and its donors and how organisational characteristics might affect the ability of the organisation to achieve its ambitions. The interim findings section looks at successful fundraising tactics and overcoming challenges.

Summary of findings

- Grants have been awarded for three main purposes, inline with the outcomes for the programme: to create a financially secure organisation, to preserve the heritage and to Establish and develop secure internal mechanisms for organisational resilience.
- Reasons for applying for the grant included:
 - Loss or decline in local authority funding
 - Breaking the cycle of day-to-day fundraising without a secure underpinning strategy
 - Maintaining, preserving, conserving the heritage and enabling a greater understanding of its significance, including securing curatorial posts essential for the sustainability of this tasks
 - Establishing the infrastructure for sustainability including recruiting fundraising staff, appointing consultancies and most importantly gaining internal buy-in for an endowment campaign.
- Grantees are agreed that conveying the importance of the endowment is key to success, but not all find using the term 'endowment' helpful in their efforts to engage donors. Some said it is about using a message of financial security, others found it more helpful in discussions with donors to focus on the change the endowment would bring rather than the process of endowment.
- Organisational differences have impacted on how grantees have developed and executed their endowment campaigns, but the detail on the ways in

which differences have impacted are not yet clear at this interim stage. The evaluation has found that some larger organisations had a well-established fundraising structure in place when applying for the grant. Some changes and adaptations were required to this to make it fit for the endowment purpose. Smaller organisations tended to have less in place, but for some this meant they could act more flexibly in establishing their campaigns than larger organisations with long-established systems to navigate.

- Being able to start campaigns on firm foundations, whatever the size or characteristics of the organisation, has seen to be an important indicator of early fundraising successes.
- A range of fundraising methods and tactics have been successful for grantees ranging from large-scale public events, to specialist dinners and tailored donor events. Some organisations have employed a wide range of activities and events in their campaigns, others have focused on a more specific approach. Grantees have stressed that whether a high or small number of activities are employed a step-by-step approach is essential. For the majority of grantees the following had been employed:
 - Establishing campaign structures and resourcing
 - Developing relationships with major donors (including corporate donors) including ambassador networks and platforms for peer-to-peer opportunities
 - Developing a public campaign with both online and physical approaches which reach a wider sample of donors.
- Events are seen to be a particularly useful campaign tool in both raising funds and creating a more resilient organisation with wider reaching community support.
- Developing a robust and engaging case for support and related campaign messaging has been essential to the success achieved by grantees. They spoke of its importance in showing what an endowment can achieve, and also countering mis-conceived perceptions about the heritage organisation such as it offers free access to sites/ museums and therefore doesn't need funding, or that it is already supported via local authority funding paid for by taxes. Organisations stressed that campaign messages need to be built with the involvement of staff, volunteers, trustees and existing donors to ensure they can advocate the message at every opportunity.
- Match funding has been an integral part of key messaging success for all grantees. The process has levered additional match funding opportunities as well as increased donor generosity. Match funding also gives the campaign a sense of urgency as this opportunity will be lost at the end of the grant period.
- Corporate donor schemes have been fruitful for some organisations and should not necessarily be avoided as being too complex to achieve. Grantees have found that the timescale for the grant has allowed longer-term relationships to be built with businesses and business umbrella organisations such as Chambers of Commerce. Messaging around prestige by association and closer links with the community have worked well for this donor segment.
- Some grantees have struggled to gain support from trusts and foundations reporting that many do not allow support for endowments in their funding

criteria. Others have found persistence and strong relationships with trusts that have previously supported their organisation have been valuable.

- We refer in the introduction to this report to the Institute of Fundraising research Future Proofing your Fundraising which highlights the importance in working flexibly. Those organisations which have been able to do this consistently throughout the campaign, adapting their campaigns and messaging as necessary, have found success.
- Grantees have faced a number of challenges in designing and delivering their endowment campaign. Taking on too many activities, not being focused, lack of campaign urgency, and capacity issues are the five most frequently cited. The evaluation has found that organisations successfully address these challenges when they have a very supportive board of Trustees and an ability to create momentum and motivation for their work.

These findings were being researched prior to lockdown due to COVID-19. The evaluation is beginning to see the impacts on grantees of this crisis and finds that the crisis has had an immediate and serious impact on the ability of these organisations to develop their endowment campaigns in the short and potentially longer-term.

Conclusions

The conclusions section is divided in to four sections reflecting on the evaluation objectives: use of funds, use as intended, outcomes achieved and achieving ambitions. For all grantees the purpose of establishing an endowment fund has been to secure the sustainability of the heritage organisation for the long-term. The uses the funds will be put to include to:

- Establish curatorial posts on a sustained basis
- Conserve and preserve historic buildings, fabric, open green spaces and historic sites
- Enabling a move away from day-to-day insecure fundraising
- Sustainably fill the gaps created by a loss of local authority funding.

All but one of the organisations currently intends to use the funds for the purpose originally stated. Four organisations have completed or are about to complete their campaigns. The impacts of COVID-19 on this intention have yet to be seen, but it is clear at this point that the crisis will have a significant and serious impact on the organisations' ability to achieve their endowment targets.

At this interim stage the evaluation finds that the two programme outcomes:

- Heritage will be better managed
- Your organisation will be more resilient

Are likely to be met even if fundraising targets are not fully achieved.

As with the Catalyst Endowment programme the match funding aspect of the scheme has so far been shown to be a very positive and the reason that some applied for the grant. It has supported some to combat the perception that in an

economically difficult time the endowment will not bring the required return on investment to achieve sustainability. It has certainly been a key lever for gaining major donors, some on hearing about the potential match giving a higher sum than they originally intended. All grantees are agreed that having a fixed deadline for the campaign is essential in creating a sense of urgency and the momentum required to drive fulfilment of financial targets.

At this point we have seen that success in achieving endowment targets has not depended on the scale of the original grant as the four organisations which have completed their campaigns were from the smallest grant size to the largest.

Recommendations

The Heritage Endowments grant programme builds on the learning from the Catalyst Endowment which preceded it, including having the option of a 10% resource grant and offering lower-level grants of £250,000. The recommendations in this report are light touch at this interim stage. They will be further developed as the evaluation concludes in 2022. Recommendations are divided in to two at the end of the report – those for The Fund and those for grantees and those considering establishing an endowment fund.

Grantees have welcomed the two annual learning and sharing events facilitated by HVM in 2018 and 2019 as really important in understanding what has worked well, what less well and what impact that has on their own campaign planning. There was no plan to hold a further national event in the lifetime of the project, however, The Fund may wish to do so, particularly if high numbers of grantees are granted an extension to the end date for their campaigns.

The Fund has already demonstrated its flexibility in these challenging times by setting up the Heritage Emergency Fund. It is recommended that this flexibility is also shown to Heritage Endowment fund grantees so that they can sustain their campaigns despite the COVID-19 crisis. This flexibility might take the form of:

- Awarding grant extensions
- Using the evaluation process (e.g. group video conferences planned for July - September 2020) to ask questions outside the scope of the original evaluation objectives to understand the impacts of the crisis and where support from the Fund and elsewhere would help grantees
- Engagement Managers and Investment Managers continuing their important current work with organisations on a one-to-one basis to help them to achieve their endowment aims
- Using Fund communications and campaigning influence to advocate for the importance of endowments as a means of ensuring survival in times of crisis

Grantees have expressed a desire for a set of shared learning resources on endowments to be devised and shared for the wider sector. This is beyond the key messages and finding reports already shared as part of the evaluation and might include a 'starter pack' for heritage organisations planning to embark on an endowment campaign including advice on key set-up points such as infrastructure,

Trustee and existing donor support and establishing a case for support. This would understand that each organisation has a different situation but that there are common learning themes which can be shared. Such resources might also include training days which could be tied to the national event style learning and sharing events.

Heritage Endowment grantees are experiencing an unprecedented crisis on a scale which could not have been predicted. These recommendations were developed in part before the crisis arose but include points relevant for the current crisis. Some of these echo recommendations from the Catalyst endowment which still hold true:

- Ensure that all Trustees, staff and volunteers understand their role in the fundraising endeavour and are always fully briefed on campaign purpose and progress.
- Treat everyone that comes through the door as a potential endowment or legacy donor. Donations and legacies which have supported endowment campaigns have come from unexpected/ unknown sources.
- Be realistic about the range of activities that will support the campaign testing what works in terms of return on investment and being prepared to change tactics and work flexibly as the need arises.
- The potential in support from the corporate sector should not be underestimated, even by smaller organisations.
- Stay in contact with The Fund's Engagement Managers and Investment Managers so that they understand the challenges being faced and provide flexible support.
- Remain open to changes in campaign messaging, building on what has worked well both on and off-line and amending as required.
- Keep the endowment as a key priority, even if competing needs make demands on the organisation, working with Trustees, volunteers and other staff to deliver aspects of the campaign if this allows the endowment to remain a key focus.
- Stay flexible, think laterally and remain open to all opportunities and being prepared to invest time in doing cultivating unexpected prospects.

1. Introduction

Hopkins Van Mil (HVM) was commissioned by The National Lottery Heritage Fund in December 2017 to undertake an evaluation of the Heritage Endowments Programme.

Grants of £10.35 million were awarded to 15 heritage organisations through Heritage Endowments in March 2017. The evaluation is now at the interim reporting stage, having tracked the progress of this matched funding programme for last 2.5 years. The evaluation will end with a final report to be published in January 2022.

1.1 Programme background

Heritage Endowments is a match funding grants programme of between £250,000 and £1 million to support organisations to diversify their income and to create or develop an endowment fund to provide a long-term annual income for their organisation.

The Heritage Endowments programme has followed on from the Catalyst Endowment programme which The National Lottery Heritage Fund (The Fund) established in 2012 and ran for four years. Catalyst Endowments was part of a broader partnership between The Fund, the Department for Culture, Media and Sport and Arts Council England. As in Heritage Endowments, Catalyst Endowments was a match funding programme which aimed to support organisations to encourage more private giving to culture and heritage. It also aimed to build the capacity and skills of cultural and heritage organisations to fundraise from private sources. Following consultation and using the learning from the Catalyst Endowments evaluation¹ The Fund established Heritage Endowments grants with two changes from the previous programme:

- A lower grant of £250,000 was introduced to support smaller organisations to build an endowment
- The option for applying for an additional 10% of the grant requested to help resource the campaigns.

1.2 Evaluation aims and objectives

The aims of the evaluation of the current scheme include an assessment of the impact of Heritage Endowments, particularly in relation to the changes introduced in comparison the Catalyst Endowments. The Fund is interested in how grantees are working towards the establishment of an endowment, including detail on the various approaches to fundraising undertaken. The Fund wants to gauge how sustainable endowments in the heritage sector are and the long-term effects of this type of income stream.

¹ Centre for Philanthropy, [Evaluation of the Catalyst: Endowment Grant Programme Final Report](#), University of Kent, December 2017

The evaluation objectives are to:

5. Capture how Heritage Endowments funding will be used
6. Explore if Heritage Endowments funding is likely to be used as intended, including any external factors which changed the grantees situation during the lifetime of the grant
7. Demonstrate the extent to which the outcomes of the programme have been achieved
8. Explore the extent to which the heritage Endowments programme has supported organisations to reach their ambition of growing or setting up an endowment in terms of the length of the match funding campaign and the size of the grant awarded.

The Fund have asked the evaluators to address the following questions:

- a) What has been the impact of Heritage Endowments on an organisation's ability to manage their heritage in the longer term?
- b) To what extent has introducing the lower grant banding of £250,000 through Heritage Endowments supported smaller organisations?
- c) How can heritage organisations effectively engage with different types of donors in order to build an endowment fund (including effective/ successful fundraising methods)?
- d) What factors contribute to successful endowment fundraising, including the development of new skills and the ability to address challenges as they arise?
- e) How has the money awarded to resource campaigns been spent and to what extent has this been beneficial to grantees in supporting them to deliver their fundraising campaign?

Areas of interest for The Fund also include learning which will add to its knowledge of the value of endowments in the cultural sector. The Fund wishes to develop its understanding of what success looks like to grantees, and the extent to which changes to the scheme from the Catalyst Endowments have contributed to this success.

In addition, The Fund is interested in examining how differences in findings across grantees relate to their organisations' characteristics such as location, size, financial health and heritage areas. This may include reflections on the balance of success indicators between those organisations who have relied more on public campaigns and those who have attracted larger sums from private donors. Overall, the evaluation is tracking what has gone well, what has gone less well, what the key challenges are and how these have been overcome.

1.3 Summary of the evaluation methodology

To achieve these aims and objectives and track the progress of the grantees, the evaluation plan has included the following elements up until April 2020:

- Desk research including a review of application forms, completed successful grant applications, The Fund's assessment reports and draw-down data

- The development of baseline statements, annually updated, which set out progress against objectives, summarise successes, challenges, skills learnt and the impacts of the endowment programme on their organisation
- Two sets of individual interviews with those leading the endowment campaigns from each organisation
- Four sets of group conference calls to support sharing the learning across the cohort of grantees
- Two learning and sharing events for grantees to which external speakers have been invited and The Fund staff have attended
- Email updates have also been provided by grantees in the spring of 2020 via a simple form.

The interim report has been developed based on the findings from these research elements. The evaluation process from spring 2020 until the completion of the programme in 2022 will include:

- Ongoing individual interviews
- Ongoing email updates from grantees noting their progress against fundraising goals and identifying key challenges and ways of overcoming them
- A final set of learning and sharing group video calls
- A full cohort survey
- A stakeholder survey, including philanthropic givers.

In addition, The Fund has included an extension to the evaluation to understand in greater depth the motivations of major donors. This will include a set of 6 interviews with individuals who have contributed to grantees' endowment campaigns. A case study report summarising the findings from this work will be submitted to The Fund at the end of June 2020.

1.4 Context

Fourteen Heritage Endowment grantees were awarded their grants in March 2017, with one organisation being granted a change to their permission to start date for later in the same year. It is important to note that the social, economic and political context since the grant awards has been extremely challenging. It includes the UK having had two general elections, negotiations to leave the European Union, major terrorist attacks in Manchester and London, as well as severe life-threatening storms and flooding. Whilst completing this interim report we are experiencing a global pandemic, with the country in lockdown in an attempt to minimise the impact of COVID-19. This has led to the closure of all but one of the heritage organisations within the Heritage Endowment programme. The one remaining open works in the public parks sector and the majority of their staff have been redeployed during the crisis. The crisis has had an immediate and serious impact on the ability of these organisations to develop their endowment campaigns in the short and potentially longer-term. One of the Heritage Endowment organisations in the programme said in a recent update,

“Covid-19 has been by far the biggest unexpected issue with the most dramatic impact.”

As the Institute of Fundraising report *Future Proofing your Fundraising*² makes clear,

“There is a lot of talk about uncertainty at the moment; whether that affects charity funding or how charities are able to deliver services, what you can be certain of is that it makes planning difficult.”

97% of those surveyed for the production of the Institute’s report, when asked what makes a good fundraiser, said being able to adapt to change. This philosophy is currently being tested to the maximum and the evaluation will continue to work with grantees to track their progress in the face of these challenges. At this interim point at least four of the organisations within the cohort have requested, and been approved, an extension to their grant end date by a year. Others may need this in the face of these challenges.

Readers of this report should note that grantees are quoted anonymously throughout. This is to protect those working on the programmes at this interim stage when the success of their programme is not yet certain. The final report will include case studies and quotations with the source organisation stated.

² Institute of Fundraising, [Future Proofing your Fundraising](#), London: August 2019, p.14

2. Early findings

This section of the report provides a summary of the early evaluation findings so that progress over the years can be clearly demonstrated in the final report to be produced in 2022. It begins with a statement on how the organisations intended to use the funds as they embarked on setting-up endowment campaigns. It also explores the early experiences grantees had in raising funds for a long-term endowment campaign. The section ends with a summary of the types of organisations awarded grants, to begin to explore whether these have a material impact on fundraising for endowments.

2.1 Grant purposes

The grantees had a range of reasons for applying for match funding for an endowment programme. These are summarised in table 1 alongside their type of heritage organisation, and size of grant awarded

Table 1: Grant intended purposes

Organisation type	Size of grant	Grant purpose defined by grantee
National body	£1,100,000	Resilience – generating income to maintain free entry heritage sites
Former local authority independent museum trust	£1,100,000	Sustainability – in the face of declining council revenue grant
Independent library	£1,091,900	Staffing and resilience – funding a professional Keeper post, creating the building blocks for a development programme
Independent museum trust	£540,000	Staffing and resilience – funding a professional Curator post and improved organisational structures
Independent trust and local authority museum	£265,000	Resilience – to counteract vulnerabilities due to changes in the local authority funding environment
Independent museum trust	£1,050,000	Foundation donation – to conserve significant at risk heritage assets
Independent museum trust	£550,000	Sustainability – safeguarding heritage for future generations, strengthen fundraising abilities
Cathedral	£1,100,000	Preservation – ensuring a strategic approach to preserving important at risk heritage assets, skills training
Cathedral	£1,098,600	Preservation – long term maintenance of the cathedral estate to safeguard important heritage assets

Organisation type	Size of grant	Grant purpose defined by grantee
Independent museum trust	£550,000	Sustainability – in the face of declining council revenue grant
Independent museum trust	£550,000	Sustainability – improving fundraising capacity and local involvement in the face of declining council revenue grant
Independent museum trust	£255,000	Sustainability – underpinning the museum’s financial security for the next 20-30 years.
Independent museum trust	£275,000	Sustainability – unrestricted annual funds to support the museum’s mission
Independent museum trust	£274,900	Sustainability – breaking the cycle of day-to-day financial planning, protecting the future of the heritage
National parks	£550,000	Strategic – funding to support the development of a sector.

2.1.1 Financial security

For all the organisations who were awarded a Heritage Endowment grant, the opportunity to raise funds which would lead to an annual unrestricted income from the interest on the capital sum is a primary motivation for their original application. The reasons for needing to do so varied across the cohort.

For five of the funded organisations an incremental reduction in local authority funding over time had led them to seek financial security from other sources. For some this is tied to their long-term mission to achieve financial independence, for others it was a harsh reality which had developed as a result of the economic climate. As one museum put it,

“We’ve had quite brutal decisions made about us with a massive budget cut and changes to our building which mean we have to re-think how we work and our obligations to our public.”

Other heritage organisations within the cohort have existed since they were established on an entirely independent basis with their income deriving from, often small, donations and ticket sales. This group generally applied for a Heritage Endowment grant to enable them to end their reliance on this hand-to-mouth existence and the financial uncertainty the model creates.

“Establishing an endowment offers an opportunity to break this going from day-to-day funding cycle and become financially sustainable. It will help us manage our heritage better and be more resilient and sustainable as an organisation.”

Museums and heritage sites reported in the early stages of award of the Heritage Endowment grant that the prospect of financial sustainability gave the organisation and its staff a new impetus and motivation to achieve objectives. They saw a

renewed energy towards the sustainability of their organisations and an understanding of the importance of fundraising as a core element of the organisation's work. As one grantee expressed it,

“The grant has lifted the museum out of a feeling that the museum didn't seem like a viable organisation financially. It has given staff an understanding of the importance of the commercial strand of work alongside curatorial and visitor focused roles.”

2.1.2 Preserve the heritage

Four of the grantees are national organisations with, for the majority, internationally significant sites to manage and maintain. The driver for their applications was to preserve a specific aspect of these sites.

“We've pitched it as: all the things that we do and all the things that we are, are only possible if we maintain, restore and conserve the building. They wouldn't be possible if the building wasn't here.”

These organisations also recognised that a key impetus driving their application was to encourage local and community interest and involvement in this preservation effort. They spoke of their grant as a catalyst for showing what individual donations could achieve in safeguarding sites and collections for future generations, particularly when match funding is available. The grant then becomes an integral part in communicating the significance of the heritage, not just nationally and internationally, but locally and within the communities that the heritage exists:

“We have new and exciting stories to attract local donors, with the potential for a greatly increased understanding of the significance of the collections. This will all feed into a new marketing initiative.”

2.1.3 Establishing internal mechanisms

The campaign resourcing grant has been welcomed by grantees as a valuable part of the programme. It has funded a range of activities including fundraising consultancy, training, PR campaigns and advice, wealth screening activities, as well as contributing towards salary costs for part-time fundraising staff to focus on the campaign. All of the grantee organisations applied for this resource element of their grant of up to 10% of the total award. For the lower-level grants of £250,000 the resource element has ranged from £5,000 to £25,000. The largest resource grant awarded was £100,000 to three organisations whose received endowment grants of £1,000,000 in match funding.

For a number of grantees establishing the mechanisms for their endowment campaigns took longer than they had originally expected. Part of this was about simply getting key elements in place, such as setting up a project board, engaging trustees, establishing a method of recording donations to the endowment as distinct from other fundraising initiatives, developing prospect research strategies given changes to GDPR, and establishing a fundraising strategy focused on endowments.

Grantees that were using their resourcing grant to appoint a dedicated fundraiser to the endowment campaign reported challenges which delayed their work in the initial set-up phase. These included identifying someone who had the appropriate skills to run an endowment campaign, as one museum stated in the first year of the programme,

“We just couldn’t find people with the right skill set. Some applicants had good third sector fundraising experience but struggled to understand the concept. This has taken us back a bit”

This was a common finding in the set-up phase for the programme with people reporting that they had a significant number of applications for the job, but very few who had the required experience and knowledge to deliver the campaign objectives. Two organisations took two rounds of recruitment to find a suitable appointee. One felt that this was due to the specialist skills required, the other primarily because they were recruiting for a post-holder in a rural location which limited the pool of expertise available, and secondly was considered a more challenging proposition with fewer local major donors than in an urban location. Organisations who struggled to get these key elements of their grant in place felt that this lost them valuable time in the early stages of the programme. Given this, grantees reported that once the newly appointed staff member was in place momentum around the campaign was quickly built up.

Half the grantees needed to spend time in the initial stages of the programme developing a cultural shift in the organisation’s thinking so that the endowment campaign could be integrated in to business and financial plans. As two organisations put it,

“We had to explain to everyone internally what the benefits are of an endowment fund are and counteract questions and objections that endowment fundraising might divert donations to other projects and away from annual revenue.”

“I would advise people that there is a lot of leg-work to be done in the set-up phase, particularly if you are working with a complicated governance structure, or several partners.”

Grantees also reported that spending time establishing appropriate accounting and reporting structures was essential. For larger organisations with concurrent fundraising campaigns in place the view was expressed that it was particularly important to be clear which element of funds raised was allocated to the endowment campaign and therefore eligible for match funding through the scheme. Tied to this was ensuring the fundraising platform, whether online (e.g. just giving pages, dedicated endowment web pages) or physical (e.g. donation boxes), was fit for purpose and expressed the key match funding message appropriately.

In summary grantees reported the importance in the early stages of the campaign in setting up the appropriate structures, mechanisms and capabilities within the organisation:

“Endowments therefore need be launched from a very solid foundation with key staff in place, budgets balanced, a clear financial plan and a well-articulated vision.”

2.2 Endowment

Grantees are clear of the benefits to their organisations in developing an endowment campaign, but they also described challenges in conveying these to trustees, to other staff within the organisation and stakeholders, including existing donors. For some organisations, using the term ‘endowment’ explicitly when testing their case for support demonstrated that the word itself can be problematic with some finding the concept too vague to commit to. Grantees found ways of addressing this early on in honing their case for support by focusing on concrete outcomes and being specific about the heritage which, and the people and communities who, will benefit in tangible terms. Organisations said,

“Making the abstract ‘endowment’ real with the people stories, for example, the children – how will they benefit?”

“Using a twenty-year programme of ‘fixing the windows’ rather than ‘endowment’ as the hook. It really helps to have a clear example of what the funding will achieve.”

A significant challenge is that many organisations rely on trusts and foundations as a key plank of their fundraising strategy, however, many state on their criteria for support that they do not give to endowment campaigns. Grantees have emphasised that having strong relationships in place with existing donors, including trusts and foundations, can enable support to be given despite these criteria being in place. Others talk about persistence. As one small museum put it,

“The major one is that it is really difficult to use trusts and foundations to raise endowment funding. But we are being bullish about this and following up with those, even if they say they don’t give to endowment funds.”

Local authority and independent museums spoke of the nervousness some major net worth individuals feel about donating to an endowment campaign in an economic downturn. The two main issues here are:

- That the museum can demonstrate that it is financially viable in the long-term and will therefore be able to realise the benefits of the endowment
- That the donor wants to see the immediate impacts of their support when the museum has articulated short-term needs, for example for an existing capital project, particularly when interest rates are variable.

Grantees said they addressed these issues in some cases by being clear about what an endowment scheme is and the value in having a return on investment which brings an annual income to the museum. For others, the focus has been more on stressing the match funding element of the scheme (discussed in section 3) rather than the mechanisms of an endowment. All agreed that conveying the importance of the endowment and the financial viability of the organisation was vital. They

emphasised that testing the case for support in the early stages of the endowment campaign was essential,

“It is important to give the message that we are financially secure – but that we need the money. It’s a balancing act and a potential deterrent if we don’t get the balance right.”

An important learning point here is that endowment campaigns should focus on the change the endowment will bring about and specific improvements it will realise, rather than over-emphasise the mechanism of an endowment scheme.

2.3 Organisational characteristics

The 15 organisations awarded Heritage Endowment grants include small to medium-sized museums and heritage organisations as well as major, internationally recognised, heritage sites. Appendix 1 gives the full list of grantees within the programme. Heritage organisation type includes cathedrals, social history collections, open-air museums, art galleries, historic house museums, a park umbrella body and a historic library. These organisations are based in rural, urban and coastal locations across all UK regions and countries. Three of the grantee organisations are new to fundraising at scale, either because they are a completely new organisation, because they previously relied on local authority core funding, or because previously funds were raised by lower-level donations on a project-by-project basis. Previously four of the museums had relied largely upon local authority funding but are now seeing the existential importance of diversifying their income streams to protect them from future public sector funding cuts.

The Fund is interested in how differences in findings across grantees relate to their organisations’ characteristics such as location, size, financial health and heritage areas. In the early stages of the evaluation it became clear that the work to establish an endowment campaign posed similar, but not exactly the same, opportunities and challenges whatever the characteristic of the organisation. We anticipate the final report to provide more detail on this assessment.

Whilst some of the larger organisations had a well-established fundraising structure in place when applying for the Heritage Endowment grant, many needed to make specific changes within this to establish dedicated resource and capacity for endowment fundraising. Similar challenges were faced by those who had less infrastructure in place, although the leap for smaller organisations, who applied for a lower-level grant are in some cases more substantial. Two of the organisations in the cohort already had an endowment in place when they embarked on the scheme, however, none of the core staff in any of the organisations had been involved in its establishment, and therefore all those involved, irrespective of the size of their organisation, were new to endowment fundraising.

In some cases, we have seen that some smaller organisations have been able to achieve early successes by being flexible as they do not necessarily have to navigate complex internal structures to establish their scheme. One organisation

described it as 'luck' that they received a legacy which immediately meant, in the very early days of their campaign, that they achieved their total target sum,

"Not an achievement but a stroke of luck: we haven't had to fundraise for the £250k we were hoping to achieve as we received a legacy of half a flat which was sold for £500k. It was sheer luck, not an achievement."

Key success factors for that museum can to some extent be put down to the good fortune of a legacy arriving at a time that it was needed, but should also include strong relationships between museum staff and the potential donor, an important historic house, and a strong case for support which all meant that the legacy was achieved.

The evaluation to date has shown that organisations, whatever their size or key characteristics, have found that being able to start the campaign on firm foundations was an important indicator of early success. Some in the cohort have faced delays in set-up, trying to find appropriate staff or consultancy support meant the milestones in their fundraising plans had to be delayed, though all grantees early on in the programme recognised that it would be important to have these in place. As one medium-sized regional museum put it,

"I would just say think about doing that groundwork: building up Patrons, Friends and having a warm supporter base, that really helps. So that you are more likely to take up the opportunities to match fund. That would help put you in a better position."

Another small museum agreed,

"It's really a matter of having the building blocks in place as the museum has started with no history of giving."

Others have been able to establish their campaign as they planned. One small museum was able to bring in a PR consultancy to the programme early on, to which they ascribe early successes,

"We employed a PR agency specialised in literary and cultural PR, as we were aware how hard it is to get good coverage for what is a funding campaign. The PR company came on board reluctantly, but as we knew them from a previous life they decided to give it a go. It went brilliantly well, had good coverage which led to donations."

Grantees are in agreement that success is more likely if capacity is built around the campaign by harnessing the support of existing donors early on. They stressed that committing to activities around this in the fundraising strategy is time well spent. Key points made by grantees include:

- Make sure time is taken to nurture those who already support the organisation, raise their level of support and fundraise from new supporters through the networks of current donors

- Be realistic about banding for patrons and donors' schemes, particularly if the donor is also giving their time to supporting the museum with its campaign.

At the time of writing, it is clear that there are some indications that how the organisation was structured before they applied for the Heritage Endowment grant can have an impact on success, but the evaluation needs to gain more evidence on this before producing a full analysis in the final report.

3. Interim findings

Having completed the set-up phases for their campaigns, grantees embarked on their campaigns in earnest. This section explores what has worked well and the main success factors as grantees conclude the third year of their campaigns. The section provides an interim assessment of challenges described by grantees and how they have been/ can be overcome.

3.1 Pre Covid-19 successful fundraising tactics

Grantee organisations are working within the structure of fundraising and business plans which include a variety of fundraising tactics and methods to deliver the plans. Diversifying income streams was an implicit ambition in every organisation’s grant application form being included in their stated aims as part of creating organisational resilience and sustainability. It was clear that a variety of tactics would be used to deliver against these aims. The key methods employed by grantees have been summarised in table 2. Clearly Covid-19 will change grantees use of tactics, so this section focuses on successful measures used from 2017 to early 2020, before the pandemic took hold.

Table 2: Summary of the range of fundraising methods used

Fundraising methods	Why used
Public and ticketed events including larger scale events, such as site-specific sound and projection shows and Giving Days	To gain wide support for the campaign including the local community (physical methods) and nationally (digital methods).
Public campaign activities including: buying an element of a replica of the museum, raffle tickets, buying redundant site bricks/ stones. Tie-ins with significant anniversaries both for the heritage and for the country.	As above
Name recognition type activities such as giving walls.	To give a public thank you to donors and celebrate success, to encourage others to donate and to convey key messages to a wider audience.
Tailored items in recognition of donations given.	To recognise the prestige of the donation e.g. a hand-crafted item given to high-level donors or a beautiful pin badge for lower-level gifts. To demonstrate clearly the value of the donation and to give something in recognition of that.
Exclusive events including small scale dinners and behind the scenes type activities ‘that money can’t buy’	To engage specific donor segments e.g. major donors or corporate sponsors. An outward demonstration that the organisation invests and recognises the importance of

Fundraising methods	Why used
	donor relations: intimate dinners, private lunches, gala dinners as well as events hosted by foundation donors and campaign ambassadors and allowing one-to-one conversations to develop.
Acquiring a lead/ foundation donor	To give external recognition for the importance of the campaign and encourage peer-to-peer support.
Developing a network of external ambassadors, including high profile local, regional and national figures	As above
A patrons and donors scheme with tiered bands of support	To enable a variety of entry points to the campaign and encourage wider support
Establishing a specific package for corporate donors with specific corporate benefits.	To diversity the campaign and garner local/ regional support for the endeavour and demonstrate the value of benefit by association.
Develop the corporate donor relationship by, for example, hosting business networking meetings on site	Giving donors another opportunity to hear about the campaign and understand its importance.
Using key messages to create a sense of urgency for the campaign even though the benefits might take some time to accrue	To encourage earlier donations to the campaign and avoid the mid-campaign demotivating lull
Tailored campaign messaging through newsletters, social media and direct mail	To ensure the campaign is widely known and understood to encourage a wider take up of benefits.

Some organisations have employed a wide range of activities and events in their endowment campaigns, others have focused more on a specific approach which is bearing fruit. Section 3.1.3 speaks to the focus for the campaign message, including ensuring that donors are not bombarded with a range of areas for potential support.

Organisations have reflected on the fact that they have been more successful when they have taken a step-by-step rather than a scatter-gun approach. In the second learning and sharing event for the programme the majority of grantees agreed that the following step-by-step approach had worked for them:

1. Establishing campaign structures and resourcing
2. Developing relationships with major donors (including corporate donors), including creating ambassador networks and platforms for peer-to-peer opportunities
3. Developing a public campaign with both online and physical approaches which reach a wider sample of donors.

For some a further stage, or an element integrated throughout, was applying to trusts and foundations for aspects of the endowment campaign.

Those who have taken a more diverse approach to fundraising activities have found this has worked in terms of public awareness but has posed challenges for resourcing. This is explored further in section 3.2.

3.1.2 The value of events

Engaging major donors has been for all grantees an essential element of their campaign. The majority succeeded when at least one lead/ foundation donor made a substantial contribution. Some of these donors ask to remain anonymous, whilst others have made a public statement of their support in a variety of ways, helping the organisation to make significant steps forward with its campaign. Using events as a hook to encourage other high-net-worth individuals has been important for many of the organisations. The following describes a regional museum's success in using events to draw in donors:

I would say that our biggest success in the campaign so far has also been with major donors, from two exclusive major donor events, via a major donor who is also a keen supporter of the museum. He has hosted these lunches for us, where we've invited a select group of individuals to come at this house, this lovely house, see behind the scenes that people don't normally see. We've talked to him about the endowment campaign, and then followed up with meetings and behind-the-scenes tours and activities and events at the museum. That's been really successful for us, in terms of bringing new major donors to the museum and getting donations who have also supported the campaign. In the last 6 months, our major donor income has been £72,000 to the campaign. That's largely as a result of those dinners.

Others speak of using events regularly to mark certain milestones in their campaign which have been targeted at low to mid-level giving. Grantees have used them to launch a specific aspect of the campaign, such as a giving wall; or to instigate lower level giving through donation boxes or raffles; and using events to convey key messages about the campaign. Grantees also report that they are holding events which are a combination of these elements, such as a year of events to mark a museum specific anniversary.

Ticketed events have also been important for some organisations, particularly for those which have an important building or heritage site to manage. These have included events with tickets priced at lower levels, typically under £10, to encourage community engagement with the campaign and lower level giving. One organisation sold over 20,000 tickets for a son et lumière type light projection event and related talks, which greatly supported the campaign in meeting its financial targets. An equally important aspect of these events for this organisation, was to fulfil their engagement objectives to gain community understanding of, and involvement in, the campaign and to retain this interest for the long-term. As two fundraisers put it,

“What we're interested in now is just trying to engage with, I suppose, people like us, normal people, families. People who don't have, necessarily, £2,000 to drop on a membership, but who can, and potentially will in the future, give regularly.

£10 a month, for example. That's something that we're really trying to push at the moment."

Doing what museums do best, providing the narrative through objects and interpretation of the story of our lives has also been central to these events,

"It's a story of philanthropy and giving, and it's encouraging people to be philanthropists of the present and future, to help the museum keep our doors open. Those are our things that are going really well."

Large and small-scale events whether for the wider community or a specific target audience have been found to be invaluable in driving campaigns forward. They are engaging and provide a concrete opportunity to explain how the endowment will support the long-term sustainability of the heritage organisation. Importantly, events can also provide an opportunity to foster donor stewardship and the giving relationship which enables future support from donors. Events also allow the organisation to celebrate success,

"People want to be part of our success and the events that we hold help to enable that."

"Events enable us to continue to express gratitude. That's essential for all our donors whether major or small-scale, and we do it all the time."

3.1.3 The importance of the campaign message

Developing key messages and a case for support which work throughout the campaign has been a clear route to success for organisations. All the grantees have expressed the view that working on this in the early stages, and reviewing the message constantly is essential. Museums and heritage sites have focused on two key elements when consolidating campaign messages and the case for support:

- Explaining why it is important to sustain the heritage and the organisation
- Challenging existing perceptions to show the value of an endowment

One heritage organisation used their resource grant to fund a consultancy to help them run internal workshops to identify where the key messages should be focused. They found this invaluable in teasing out fundamental principles for the endowment campaign,

"We have in the past been all about 'we're the oldest, we're the biggest, we've got this, we've got that'. We've never really managed to get a handle on explaining to people why it is important that we are here."

For some organisations developing messages which showed that in spite of housing significant collections or being an important heritage site funding has not been available over time to address serious problems with upkeep and maintenance. One historic site describes this issue and how it was addressed through their messaging.

We have suffered some chronic underinvestment in maintenance projects, which are now quite serious problems. So, there is a real sense of urgency we have tried to get across. There are things that if we don't save them, there won't be an option to save them in the future. They will be replaced rather than conserved. We mapped out how much it costs to run the site every minute, and we came up with £15. £3 of that goes on maintenance of the building itself, on the fabric of the building. That led quite nicely into a key message, put on all donation boxes, for an encouraged ask of £3, because you're helping cover that maintenance cost for just a minute.

Museums which have previously been dependent on core funding from a local authority, or who are now trying to diversify funding in the face of immediate council grant cuts, have found the endowment campaign useful in clarifying their future funding position with potential donors and the wider community. Perceptions that donations are not required because the museum is local authority funded can be countered. One museum has made this a central plank of their messaging,

“We are front and centre challenging perceptions about our museum being ‘free’ or funded by the local authority. If we don’t, no one will understand why we need to establish this endowment.”

Success in messaging has for a number of organisations been about using the endowment campaign as the focus for their fundraising messaging. Where this has not been possible careful attention has been paid to segmenting donor audiences to make sure they are not being approached repeatedly for different fundraising campaigns within the same organisation. Organisations said that it is essential that they stay consistently on message and avoid having too many messages at once. The following quotations describe how various grantees have approached this need for consistency and focus,

“We try to create a flow from one campaign to another, from smaller to larger donations for example. In terms of the messaging, the other campaigns are about ‘urgent conservation’. Endowments are not ‘urgent’. We focus on the emotive story about the place they love which we want to preserve for the future, rather than explaining what an endowment can do for us.”

“Having that consistent message across everything that is your one focus, your really big one. You've obviously got other fundraising campaigns on the boil and other things, but your really big one, you want to direct everything at that rather than trying to ask people to understand the difference between a wide array of funding asks.”

“We don’t want everyone to be really sick of us asking for money. We’ve prioritised. We were concerned early on not to diversify too much or we would just end up competing against ourselves.”

Ensuring that all staff, Trustees and ambassadors for the endowment campaign understand this focus and can speak to it consistently has also been important. Grantees have also highlighted throughout the evaluation the importance of being clear who you are asking for what level of funding and whether the ask is for financial support or to promote the campaign. Points that have emerged from grantee

interviews and learning and sharing event data is that campaign messages need to be built with consensus with those who will be using them to ensure they are clear and appropriate for target audiences. Organisations said that key messages, whilst needing to be consistent, also must be flexible so they can be tailored for an individual conversation, a larger public campaign audience (on and off-line) and for adoption by the local press to help with the promotion of the campaign.

3.1.4 Match funding

Match funding has been an integral part of key messaging success. As with the predecessor Catalyst Endowment programme, the match funding element for Heritage Endowment grantees has been essential in selling the endowment concept to new and existing donors. Grantees have reported that match funding has been a key advocacy tool from which to lever other match funding opportunities as well as donations. The fact that The Fund has endorsed the campaign by awarding the Heritage Endowment grant has given other match funders the confidence to support the campaign in the same way. This has led to some campaigns being able to achieve a quadrupling of a donation rather than simply doubling. Grantees said,

“Being able to say ‘quadruple your money’ with support from say, Barclays, or the Big Give as well as the Heritage Fund has been really helpful. Particularly with small donations because a £2 donation goes a lot further with matches from a number of sources.”

“The importance of match funding can’t be understated. It’s a game changer which can turn the ‘not now’ into ‘now’ if done well.”

“Given the difficulty of raising funds for endowment generally, saying that any money you give will be matched and gift-aided is the best hook you’ve got.”

“Lower level donors love the match funding because it multiplies their money and makes them feel they’re giving a more significant donation with more impact.”

Only one organisation described a negative situation with the match funding message. They made an application to a trust and were given to understand that they would be offered a grant of £10,000. However, mixed messages meant that the grant offered was in fact £5,000. The fundraising lead described the situation as follows,

“What’s happening here, I think, is people are saying, okay, you’re going to be matched by the lottery, we’ll give you half. It’s just that actually the offer of match funding isn’t necessarily quite as positive as it sounds because it may be taken the other way.”

This is the only report received by this interim stage of any challenges with the match funding approach. All other comments have been universally positive including that the opportunities for match funding gives the campaign a sense of urgency which it would not otherwise have because, as grantees have reported, donors see that if they don’t give whilst the campaign is live, the opportunity for their donation to

achieve more will be lost. One large heritage site clearly shows the benefits of the match for a new donor to their organisation,

I think for us, the idea of match has been a really powerful thing to bring in major donors, new major donors, which we've been also using to further spur on donations as well. We got a major donor offered £200,000 and they urged us to use this to encourage other donations as match. Then, double that with the Heritage Endowment match. Then a few months ago, we had somebody ring up and say they wanted to donate to the campaign, and they were thinking about £100,000, and then we said, 'Oh, well we actually have £200,000 available as match', and he went, 'Oh, well I'll just give you that then'. I think it's probably difficult to say, we obviously have been working really hard and exposure has been really important, because that was somebody who'd seen it on the website, so I think it's been really clear messaging that this money is going to be matched and acting really promptly on that.

3.1.5 Corporate donors

Some organisations, for example museums which had previously been dependent on local authority core funding and do not have an existing culture of fundraising, have been advised that approaching the corporate sector will be challenging. For this reason, some avoided placing too much emphasis on the corporate sector in their fundraising strategies, rather focusing attention on areas where they felt they had a more certain chance of success.

For some organisations working with the corporate sector has produced some strong returns on the investment of time and resources. Examples have included organisations which have worked with local Chambers of Commerce to develop ambassadors for their campaigns, leading to an 'I'm involved, you should get involved too' peer-to-peer approach. Museums reported that this was often more fruitful than museum staff attending business events and attempting the ask. One museum has engaged with around 60 businesses that they had not previously had contact with. This has encouraged one business to develop this work and open up their networks to the museum which has run a series of targeted events for the corporate sector, yielding some success in mid-sized donations. They said,

"We've made our best progress with the corporate sector because they understand the messaging of endowment."

Successful messaging with this target segment has been around the prestige of being associated with a significant heritage site, or for smaller-scale organisations about supporting success in your local community. Using online communication through web pages and social media has been a successful tool in conveying messages to this sector. To the surprise of some grantees, getting these online messages right, tested by existing corporate donors, and conveyed powerfully can reap clear results,

"Some people are coming because of our website. We have had no relationship whatsoever with them previously, and in one instance, somebody who hadn't even visited the house. They'd read about it. It was a tech investor, a Californian tech investor, and they just read about it on our site, saw who else was

supporting and what we are doing, and so he gave the money. So obviously, subsequently we organised a visit for him, but that was really good.”

3.1.6 Trusts and foundations

Grantees reported early on in their campaigns that a number of the trust and foundations they have approached for funding in the past specifically exclude endowments from their areas of support. However, some have found that despite this they had either been able to persist and find ways of gaining support from these sources, or work with them other ways which tangentially do support the endowment campaign. One small historic house described what happened to them.

The major area that I'm finding now that I'm getting a lot of traction in is trusts and foundations. It's a bit like the domino effect. We had a trust earlier in the summer who visited us and said that they couldn't support the endowment because of the way that their own financing works, but they wanted to actually support the employment of the curator now, before the endowment finishes. They have given us 3 years' worth of funding, so we have been able to recruit and appoint a curator. That's the main thing I am fundraising for. The endowment is to secure the curatorial position forever, in perpetuity. It really strengthens the asks that I am making to the other trusts and foundations that I've applied to. I've been back around to all of the ones where I have applications pending and told them.

3.1.7 Working flexibly

Success has been seen by some organisations as using their fundraising strategy as a living document, rather than set in stone making sure they can work flexibly and with pragmatism as required. For example, for two organisations being able to accept legacies as part of their endowment campaign has either ensured they could complete their funding target early or make significant steps to doing so. For others taking advantage of opportunities has been on a smaller scale but has nevertheless led to successes. One organisation included a short line in a generic Christmas newsletter which resulted in an immediate £20,000 donation. For others, as we have seen match funding opportunities have led to a quadrupling of the funds raised from a single donation.

Being able to galvanise volunteers and Trustees at short notice has also been important some grantees, more often cited by those in receipt of a smaller grant. As mentioned in the Year 2 Heritage Endowment key message paper³ grantees stressed that team members and volunteers need to have agency to act when opportunities arise, such as taking collecting buckets at short notice to a public lecture. The museum said,

“Upskill the team quickly to respond and react as well as being proactive.”

Working flexibly has been a key success factor for grantees. Equally the ability to address challenges as they arise by being adaptable to circumstances has been

³ HVM, [Key messages emerging from Year 2](#), May 2019, p. 2

central to overcoming diverse challenges, as we see in the next section. Some things ‘just go wrong’, which it isn’t possible to predict with any precision. For example, one small organisation with very limited in-house resource spoke of working flexibly when a key contact didn’t attend a dinner. Another spoke of their disappointment when the consultancy appointed to support the endowment campaign didn’t work as expected with ineffective liaison between the consultancy and the grantee, and a series of cultivation events not realising their potential. As a result of this, and now COVID-19, the organisation has asked for, and been granted, an extension to the grant end date of a year to 2023. This has required flexibility on behalf of the organisation involved and The Fund which is appreciated by the grantee.

3.2 Overcoming challenges

Grantees have spoken about challenges they have faced as they work through their endowment campaigns. These are summarised under three main themes in the following section.

3.2.1 Diverse activities

A minority of organisations, with both larger and smaller scale grants and funding targets to achieve have reported challenges in how the fundraising plan they are delivering was established. For some the challenge is around their plan including a wide range of activities. This was done from the best of intentions including to diversify the donor base and include elements which would appeal to a wide range of potential donors and every rung on the ladder of giving.

Creating quite a complicated programme over the four years has been challenging for the staff involved, particularly when there is staff turnover over the time-period. It is also a drain on resources which staff have said cannot necessarily be covered in full by the resource grant as intended. One museum mentioned in an evaluation interview that they had under-estimated what they should have applied for as a resource grant and where it should have been allocated. They had focused the grant on employing freelance consultancy support but were not sure if this was the best use of the grant at this point. Staff are now considering how to make all the different elements work together including streamlining the plan, putting more of the resourcing grant into communications, including digital and online; and drawing in more support from volunteers and Trustees, to improve the potential success rate. As one museum in this museum put it,

“We are a small team with a massive mountain to climb.”

For some organisations a range of diverse activities was established to fulfil both the financial and the community engagement objectives of their plan. They saw that events such as community fairs and events and raffles certainly succeed in raising the profile of the campaign in the local community and,

“They do raise funds, but not enough. We want to continue building on the community spirit of low-level events but need bigger wins for the amount of time

it takes staff to deliver the plan. We are having to refocus our efforts to achieve this.”

Museums with lower staff time allocated to the Heritage Endowment who have this wide range of activities in their plan are agreed that it is important to fully assess the return on investment of these activities before including them in their campaigns.

Often these diverse activities are greatly supported by volunteers. However, ensuring volunteers are comfortable with the ask and can both deliver it and explain it has proven also challenge, particularly for larger historic sites where the volunteers do not work closely with the fundraising team. One site reported resistance from volunteers in using contactless donation boxes, they turned this round by having more regular and open conversations with volunteers, encouraging their suggestions for how to make it work, which has met with some success.

3.2.3 Campaign prioritisation

Even if they have a number of live fundraising campaigns running at the same time, grantees have mostly found more success if their messaging is focused principally on the endowment campaign. Others have said that revenue fundraising, and ongoing capital campaigns have to run concurrently for them as they are all urgent needs. Finding where the priorities lie has been a consistent challenge for many of the smaller and medium-sized organisations in the cohort,

“Balancing the need for revenue and desire for the endowment to be successful. Extremely small team as well. And prioritising is an ongoing challenge.”

This challenge has been managed by using blended approaches and nailing down these priorities, for example by ensuring that staff spend a specific amount of time on the endowment and their remaining time on other campaigns. Equally prioritising which donor will be warmer to which approach or moving a donor from one campaign which they are less warm to, to another which fits their portfolio of giving better. One grantee described it in this way,

“We do talk to funders about the endowment, but we also talk to them about the other things that we do, so if they can’t see the immediate impact, then we talk to them about the other programmes. It’s about how you get to the point where people trust you enough to talk about endowment, and that may take working with them on other programmes first.”

For some smaller teams and organisations prioritisation can in and of itself be a challenge. Staff have commented in some of the evaluation discussions that having a dedicated member of staff for the endowment, or at least a dedicated fundraiser, would be a potential solution, however, even with the resourcing grant this is not possible for these smaller organisations, where there is one member of staff who works on many aspects of the museum’s operation, including fundraising. Some have stressed the challenge this raises for endowment fundraising,

“It is particularly challenging for smaller organisations to fundraise for an endowment. When asking for donations from the public, it is much easier to articulate, and for the public to understand and value contributing to more pressing short-term needs.”

Some smaller museums with only one member of staff have found that their campaign has worked because they could focus entirely on the endowment and were able to take advantage of timely opportunities including legacies and initiatives such as The Big Give. For others working on the campaign has highlighted the limited resource that they are working within. They refer to an organisational naivety in their application assuming that with Trustee support and existing structures would be able to manage the work within the timeframe and their existing infrastructures. One described it as follows,

Through this project we have also appreciated just how low our fundraising capacity actually is. Not only in terms of the capacity of the Museum Manager to contribute to the endowment campaign versus other fundraising she needs to concentrate on, but also in terms of fundraising structures and frameworks not being in place, or possible to put in place. The museum is a free entry venue, and one that is shared with other tenants. Therefore we are unable to control entry and cannot collect data from the purchase of visitors’ tickets, etc. to then fundraise from.

Some museums have reported a challenge in sticking to a focused prioritised approach, particularly when there are critical urgent funds needed. The impacts of the current COVID-19 crisis are still unfolding, but it is a case in point which needs to be mentioned in this interim report, falling as it does in the middle of lockdown. One fundraising manager recently reported,

We’ve had to switch to emergency support. I don’t think anyone had ‘global pandemic’ in their risk assessment. We’ve lost 90% of our income. Most of that comes through our doors via admissions, shop, café. Our courses are cancelled, so we’ve lost that income. We do 5 big shows a year, big weekend events, that bring in 10% of our income annually. We’ve just cancelled the main show, and they see 45,000 visitors a weekend. I can’t see that this year, we’ll go back to a point where we can have that many people in one place. The knock-on impact around that is huge, even to the tradesmen that were coming in. The ripple effect is really far-reaching, for a lot of us.

3.2.4 Lack of campaign urgency

Many grantees have been challenged from the beginning of the programme in ensuring that potential and existing donors understand the concept of endowments and the long-term benefits they bring the organisations. For some donors this translates into the view that there is no immediate need for their support and organisations face a constant barrier that the campaign lacks urgency. For staff and Trustees keeping up momentum in the face of donors’ lack of commitment in the mid-points of the campaign can be a struggle and de-motivating. One larger organisation reported the challenge as,

“Managing people’s expectations after a strong start, on the surface it can look like it’s flattened out a bit. Making trustees aware that this is part of the process, that patience is required. There is an ongoing concern as to whether we have enough resources in place to make it happen given the time limit of the grant.”

“Still the timeframe we’re working to is a concern. The middle year is a bit of a lull, which is not uncommon in a campaign. We are not majorly concerned about it, but has led to some donors saying, ‘come back in 6 months’.”

There is a sense that this will change in the final months of the campaign with donors who have delayed realising that if they don’t donate now the match from The Fund will be lost. Keeping in regular contact with these warm but delaying donors has been seen to be very important for keeping momentum on the campaign. Grantees said that they felt holding something in reserve for these donors was a way of turning this challenge in to success as one museum fundraiser who had been involved in other endowment campaigns said,

“Ask for larger sums toward the end of a campaign when the gap is smaller. Don’t panic, major donors will not the campaign fail when you are 2-3 years in.”

3.2.5 Impact of capacity challenges

Grantees described a number of challenges relating to staff and capacity. As previously mentioned, some of the grantees have one fundraiser, or a museum manager who also fundraising within their job description. For these small-scale organisations turning this resource challenge into an opportunity has required a range of activities including building strong community foundations by:

- Building in ‘behind the scenes’ for community groups, explaining the endowment so that they become campaign ambassadors
- Developing the Friends network for the same reason
- Creating a team from Trustees, volunteers and existing donors who can potentially work closely with the staff member to deliver the fundraising plan,

“It can’t be on one individual’s shoulders. A successful endowment campaign needs a structure and a team, and everyone informed.”

It is unsurprising in a four-year campaign that staff changes occur. Two of the museums in the cohort had a change in senior management which delayed their programme. Other’s have found that due to illness or changing circumstances the part-time resource brought in to work on the campaign was unable to stay. This again has meant flexible working, adjusting what is possible until the post is re-recruited, or an alternative solution found including, for example,

“Our Marketing Officer, who supported the fundraising officer one day a week has taken on a larger element of the endowment fundraising and will get support from a well-connected volunteer who used to be a fundraiser for a local charity.”

4. Conclusions

The following conclusions are grouped against the evaluation objectives which, as described in section 1, are to:

1. Capture how Heritage Endowments funding will be used
2. Explore if heritage Endowments funding is likely to be used as intended, including any external factors which changed the grantees situation during the lifetime of the grant
3. Demonstrate the extent to which the outcomes of the programme have been achieved
4. Explore the extent to which the heritage Endowments programme has supported organisations to reach their ambition of growing or setting up an endowment in terms of the length of the match funding campaign and the size of the grant awarded.

4.1 Use of funds

For all grantees the purpose of establishing an endowment fund has been to secure the sustainability of the heritage organisation for the long-term. The reasons for embarking on fundraising for an endowment have varied between organisations (see table 1) but the principle aims can be grouped under three main themes:

- Create a financially secure organisation
- Preserve the heritage
- Establish and develop secure internal mechanisms for organisational resilience

Each grantee has at least one of these as a principle driver for its campaign, but the majority have all three embedded within their approaches. All the organisations awarded a grant through the scheme had previously received support via The Fund's grant or grants.

Uses for the endowment include funds for permanent curatorial staff; conservation and preservation of historic fabric, open green spaces and historic sites; enabling a move away from day-to-day insecure fundraising and filling the gaps created by loss of local authority funding.

4.2 Use as intended

At this interim reporting stage two of the grantees have completed their campaigns and drawn-down their full grant amount. These organisations are both historic house museums who received lower level matched grants of £250,000, both still intend to use their funds as planned for the long-term financial security of their organisation. One of these organisations received a legacy which fulfilled their funding target early on in their campaign timetable. The second had very successful Big Gift campaigns which allowed the match to be tripled for a percentage of donations, they also made good use of campaign messaging and gained a lot of crucial support from key local

figures early on in the campaign. This was essential as the museum had no strong existing donor base on which to draw.

A further two organisations, both large-scale historic sites and places of worship, are about to complete their campaigns. Preserving the heritage for future generations was at the heart of their fundraising objectives through which they achieved their £1 million match funding targets. Both organisations were able to lever major donors in the initial stages of their campaigns and then built on this success with donor events, building in to large scale public ticketed and free events and activities which gained a lot of traction with the local community.

Of the remaining 11 organisations, one is considering an adaptation to its objectives, the rest remain committed to using the grant for its original purpose should they succeed in achieving their funding targets. The interim evaluation assessment is that the majority of grantees aim to meet their original intention within their campaigns.

However, this report was written in the weeks before and during lockdown and the full impacts of COVID-19 on heritage organisations and their ability to fundraise are yet to be fully understood. One museum has summarised the current position eloquently, reflecting the views of many:

The Trustees and Museum Manager are particularly concerned about its ability to fundraise for the museum and for an endowment once the impacts of Covid-19 are fully realised. Issues are likely to include:

- Impact on revenue funding of museum – and need for Trust to subsidise
- Impact on grant funders and their streams of funding
- Increased competition for charitable giving, including public wishing to support more health charities/NHS
- Message of fundraising for endowment not viewed positively especially re. effects of pandemic on the stock market

Of the 11 organisations which are working on the final push to achieve their campaign targets 5 have requested a delay to their grant end date, and it seems likely that others will follow. For the majority of grantees this time would have been full of major donor and mass giving campaigns such as shows, tours, garden parties, lunches and dinners. Museums would have expected additional visitors during Easter and bank holidays including for VE Day celebrations in which they would have delivered campaign messages. All the sites have been closed since lockdown, with only public parks remaining open. Many teams have furloughed staff putting an additional strain on the fundraising and museum management staff that remain.

What is absolutely clear at this point is that the crisis will have a significant and serious impact on the organisations' ability to achieve their targets and may require a re-think on the campaign intentions.

4.3 Outcomes achieved

A full assessment of the extent to which organisation's outcomes and those of the Fund have been achieved can only be made at the completion of the summative evaluation on the delivery of the final report. The expected outcomes from the Heritage Endowments programme are that with TheFund's investment:

- Heritage will be better managed
- Your organisation will be more resilient

To date the evaluation has found that both these outcomes are on course to being met and are likely to be met because of the endowment campaign process, even if fundraising targets are not fully achieved.

Grantees are reporting that their campaigns have raised the importance of the heritage being managed amongst a wider community. Many are intending use the interest on the investment for sustainable programmes of conservation and preservation and ensuring professional curatorial staff can be retained with the establishment of permanent posts. Organisations have described the impact of establishment of the endowment as important in terms of resilience. As a result of the endowment endeavour organisations have found that:

- The new resource grant allocated as a result of Catalyst Endowment recommendations has enabled organisations to bring in support (e.g. full and part-time staff, freelance fundraising consultancy, wealth screening, PR consultancy and training) which organisations have found to be beneficial in establishing and implementing their campaigns
- Establishing the appropriate infrastructure to deliver the campaign has and will continue to support the organisation's resilience. It has:
 - developed individual and organisational confidence in their ability to raise funds at this scale
 - provided a focal point for galvanising support
- Campaign messaging has brought benefits in terms of community engagement as well as donor engagement, creating a longer-term network of support for the organisation
- Whilst some organisations are finding it challenging to manage the endowment amongst competing pressures for their time, whether museum management or for other fundraising campaigns, the process has been beneficial in gaining organisational buy-in of the value of the endowment and wider understanding of the importance of fundraising, including amongst staff.

The evaluation notes that not all organisations have drawn down their allocated resource grant, some only having taken 10% of their grant allocation. Identifying why these rates of draw down for the resource grant are occurring will be a question within the next phase of the evaluation. An assumption could be that grantees are waiting until the final push to achieve their fundraising targets to allocate these funds.

4.4 Achieving ambitions through the programme

As with the Catalyst Endowment programme the match funding aspect of the scheme has so far been shown to be a very positive and the reason that some applied for the grant. It has supported some to combat the perception that in an economically difficult time the endowment will not bring the required return on investment to achieve sustainability. It has certainly been a key lever for gaining major donors, some on hearing about the potential match giving a higher sum than they originally intended.

The length of the match funding was set at four years at the beginning of the grant period, but the impacts of COVID-19 are seen to be having an impact on whether or not this is possible for all organisations. The evaluation has been tracking the delays experienced by organisations as they occur and the impact this has on the campaign. This work will continue as the evaluation programme is completed and an assessment will be made on whether there is a correlation between delays in set-up and ability to achieve the fundraising target within the timescale. All grantees are agreed that having a fixed deadline is essential in creating a sense of urgency and the momentum required to complete the campaigns.

At this point we have seen that success in achieving endowment targets has not depended on the scale of the original grant as the four organisations which have completed their campaigns were from the smallest grant size to the largest.

5. Recommendations

The Heritage Grant programme builds on the learning from the Catalyst Endowment grant scheme which preceded it, including having the option of a 10% resource grant and offering lower-level grants of £250,000. The recommendations in this report are light touch at this interim stage and also echo to some extent the recommendations made in the final Catalyst Endowment report⁴. They will be further developed as the evaluation concludes in 2022.

5.1 Recommendations for The National Lottery Heritage Fund

Grantees have welcomed the two annual learning and sharing events facilitated by HVM in 2018 and 2019 as really important in understanding what has worked well, what less well and what impact that has on their own campaign planning. There was no plan to hold a further national event in the lifetime of the project, however, the Fund may wish to do so, particularly if high numbers of grantees are granted an extension to the end date for their campaigns.

The Fund has already demonstrated its flexibility in these challenging times by setting up the Heritage Emergency Fund. It is recommended that this flexibility is also shown to Heritage Endowment fund grantees so that they can sustain their campaigns despite the COVID-19 crisis. This flexibility might take the form of:

- Awarding grant extensions
- Using the evaluation process (e.g. group video conferences planned for July - September 2020) to ask questions outside the scope of the original evaluation objectives to understand the impacts of the crisis and where support from the Fund and elsewhere would help grantees
- Investment Managers and Engagement Managers continuing their important current work with organisations on a one-to-one basis to help them to achieve their endowment aims
- Using Fund communications and campaigning influence to advocate for the importance of endowments as a means of ensuring survival in times of crisis

Grantees have expressed a desire for a set of shared learning resources on endowments to be devised and shared for the wider sector. This is beyond the key messages and finding reports already shared as part of the evaluation and might include a 'starter pack' for heritage organisations planning to embark on an endowment campaign including advice on key set-up points such as infrastructure, Trustee and existing donor support and establishing a case for support. This would understand that each organisation has a different situation but that there are common learning themes which can be shared. Such resources might also include training days which could be tied to the national event style learning and sharing events.

⁴ Centre for Philanthropy, [Evaluation of the Catalyst: Endowment Grant Programme Final Report](#), University of Kent, December 2017, section 7.

5.2 Recommendations for grantees and those considering an endowment

Heritage Endowment grantees are experiencing an unprecedented crisis on a scale which could not have been predicted. These recommendations were developed in part before the crisis arose but include points relevant for the current crisis. Some of these echo recommendations from the Catalyst endowment which still hold true:

- Ensure that all Trustees, staff and volunteers understand their role in the fundraising endeavour and are always fully briefed on campaign purpose and progress.
- Treat everyone that comes through the door as a potential endowment or legacy donor. Donations and legacies which have supported endowment campaigns have come from unexpected/ unknown sources.
- Be realistic about the range of activities that will support the campaign testing what works in terms of return on investment and being prepared to change tactics and work flexibly as the need arises.
- The potential in support from the corporate sector should not be underestimated, even by smaller organisations.
- Stay in contact with The Fund's case workers so that they understand the challenges being faced and provide flexible support.
- Remain open to changes in campaign messaging, building on what has worked well both on and off-line and amending as required.
- Keep the endowment as a key priority, even if competing needs make demands on the organisation, working with Trustees, volunteers and other staff to deliver aspects of the campaign if this allows the endowment to remain a key focus.
- Stay flexible, think laterally and remain open to all opportunities and being prepared to invest time in doing cultivating unexpected prospects.

Hopkins Van Mil

8th May 2020

Appendix 1: List of grantee organisations

Applicant	Grant awarded
English Heritage	£1,100,000
Derby Museums	£1,100,000
Armagh Robinson Library	£1,091,900
The David Parr House	£540,000
The Cardiff Story - Cardiff Museum	£265,000
The Ironbridge Gorge Museum Trust Limited	£1,050,000
Weald & Downland Open Air Museum	£550,000
York Minster Fund	£1,100,000
Durham Cathedral	£1,098,600
Royal Cornwall Museum	£550,000
Gainsborough's House Society	£550,000
Handel House Trust Ltd	£255,000
Lymington Museum Trust	£275,000
Milton's Cottage Trust CIO	£274,900
Greenspace Scotland	£550,000