Implementation of the Philanthropy in the Arts Agenda

Findings from the 2012 Arts Quarter Survey

April 2012

REPORT SUMMARY

A Culture 2020 Project

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arts quarter

Introduction & Methodology

The Philanthropy in the Arts Agenda as launched by Jeremy Hunt in December 2010 was seen as a pivotal point in the evolution of private sector giving to the arts, in advocating a wide range of aspirations and proposals for encouraging higher levels of philanthropy to organisations of all scales, art forms and regions. In February 2011, Arts Quarter worked with Arts Council England to provide an opportunity for as many arts organisations as possible to share views on setting priorities and providing a channel for the wider sector to influence thinking on the implementation of key aspects of the Agenda at that time. Some 587 organisations took part in that process and we reported those findings in March 2011 under the title, *Cultural Sector Response to the Coalition's Arts Philanthropy Agenda - Findings from the Arts Quarter Consultation*. A summary of that report is available to download via our website and full copies of the 2011 report can be requested free of charge from info@artsquarter.co.uk

A year on from conducting that Consultation, we wanted to return to the cultural community to see how organisations feel about what has been implemented to date – what has succeeded and where further work may be needed to encourage giving to the arts from the perspective of those seeking support. We also wanted to provide the sector with an opportunity to reflect and share views on a number of associated key issues which have been debated relating to giving which have emerged since, around the theme of giving to the arts and which may have a profound impact on the effectiveness of arts fundraising in the medium term in particular, expectations around the development of individual giving and the roles of boards in the fundraising process.

A key element of the Agenda has been the promotion of legacy giving to the arts and so we have returned to explore the status of this form of giving, working again in partnership with Legacy Foresight following our first survey into legacy giving to the arts last year.

This AQ online survey was launched to the UK cultural community on 20th February 2012 and remained available for completion until 16th March. The Survey was launched initially via email to AQ's own email list of 2,903 individuals working within the UK arts sector. It was also promoted via the Arts Council England website and by others working in the sector including Arts Professional, Arts Marketing Association and National Campaign for the Arts as well as a number of regional networks of arts fundraisers and other senior professionals. As always, we are grateful for the interest and support of these bodies in enabling as many working in and representing the sector as possible to take part. Over the course of the 'live period', organisations were periodically re-prompted to take part.

In all, some 489 completed responses were received, as well as 48 partial responses. In order to report the findings of this Survey with a greater degree of clarity, we have restricted the sample to just one respondent per organisation, selecting the most senior individual identified within any one cultural organisation. This paring down of responses has left us with a sample of responses from 361 individual cultural organisations, the findings of which are reported here. A summary respondent profile can be found towards the end of this report.

We are particularly grateful to those working within the arts, from all art forms, scales and regions who recognise the value of our ongoing research work in support of the sector and who have taken time out of their day to take part in this research project.

Executive Summary

Introduction

Our review of the Philanthropy in the Arts Agenda, some fifteen months after its launch and a year since our sector-wide consultation on its proposals, to again take stock of views seemed timely particularly in light of a number of the key elements of the Agenda now being in train. The views of respondents on many of the highlights of the Agenda provides opportunity for policy makers to take stock on ever-changing perceptions of the Agenda expressed by those who will benefit from it and, we hope, respond accordingly through continuing implementation based in part on the findings as outlined in this report.

Implementation of the Philanthropy in the Arts Agenda

Of the 13 key elements of the Agenda explored within our survey, overall, our respondents feel that implementation of all but three aspects of the Agenda has been disappointingly slow to take place. Even of the three elements on which a majority of respondents felt there had been the greatest degrees of delivery – building fundraising skills (58%), promoting legacies (50.2%) and defining and launching a matched fund programme (60%), while launched, significant proportions of respondents still feel there remains a significant way to go to deliver the aspirations of the Agenda even in these three areas. In all three cases, the greatest proportions of positive respondents felt that work on these three areas had only just begun. Across the sector as a whole, the three areas in which respondents felt there had been the least degree of delivery were in fostering and extending corporate giving (70%), promoting support from international donors (90%) and in the sharing of knowledge about endowments (76%).

In 2011, as part of our Consultation, respondents highlighted the six most important elements of the Agenda in need of most urgent delivery as seen by them at that time. While those felt to be on their way to being delivered as listed above formed part of those listed back in 2011 by respondents, two further elements aside from fostering corporate giving have failed to be delivered with the degree of integrity that the sector desired a year ago, namely in the wider reforming of policy to increase giving potential (where 67% of respondents feel Government has failed) and in creating opportunities for the sector to build stronger links with charities (where 68% of respondent feel nothing has happened). Back in 2011, the most urgent need expressed by our respondents was for support in building fundraising skills across the sector, irrespective of scale and art form. While 52% of our respondents overall feel that work on this has commenced, only 6.9% of respondents overall, feel satisfied that delivering is sufficiently well advanced.

In looking in more detail at responses received according to art form and organisation size, the scale and strength of feeling around failure to deliver on the Agenda becomes all the more pronounced. Irrespective of art form and scale, the area of the agenda in which respondents feel there has been the least amount of action is in the promotion of increased levels of support from overseas donors – among theatre respondents and those working in mid-scale organisations with annual turnovers of between £500k and £5m, strength of feeling on this is at its greatest. We see this as potentially being a relatively new area of fundraising for this community of organisations hence the strength of feeling expressed – particulatly compared to larger scale respondents who feel less strong on this issue and may well indeed be engaging with overseas donors at this time. In all, respondents on the basis of scale and art form identified eight of the thirteen key elements of the Agenda on which it was felt their had been failure to deliver. Apart from encouraging higher levels of giving from overseas donors the greatest level of dissatisfaction expressed that was common to all was in the area of lack of action on fostering and extending corporate giving to the arts.

The launch of the Catalyst programme is recognised by our respondents as perhaps the greatest achievement in the implementation of the Agenda to date with some 60% of respondents overall recognising this – as such, the highest scoring deliverable out of the Agenda overall. Through further questioning, we sought to tease out further views on two key elements of Catalyst in order to see whether our respondents feel at this stage that the programme is truly fit for purpose in developing private sector fundraising capacity and/ or increasing levels of giving to the arts over the lifetime of the Catalyst programme. Irrespective of region, art form or scale, clear majorities of respondents feel that Catalyst of itself, will be insufficient to develop fundraising capacity and encourage higher levels of giving through its matched funding element. Among theatre respondents in particular, 88% of respondents do not believe or are unsure whether Catalyst will develop fundraising capacities and 84% of theatre respondents also believe that the matched funding of Catalyst will <u>not</u> work effectively to incentivise greater levels of giving to the arts. Similarly among respondents with annual turnovers of £1m - £5m views were almost equally as strong at 78% and 76% feeling negatively or uncertain about Catalyst respectively.

Concerns over Catalyst were further verified when we asked respondents their views on the status of the fundraising recruitment marketplace which will, with the launch of Catalyst face considerable pressure with a significant and sudden growth in demand by the arts for well-qualified fundraisers to fill roles created under the Catalyst programme. In this respect some 68% of our respondents stated that they feel they will be unlikely to find suitable candidates to newly created fundraising roles under Catalyst.

Our questioning around the implementation of the Agenda also sought to gather views on proposed changes to taxation as a means to incentivise giving. Our survey collected data prior to the Chancellor's March Budget Statement and as such, proposals to cap charitable donations could not have coloured the views of our respondents. So setting aside more recent developments, our respondents could only have been aware of changes in Gift Aid and in Inheritance Tax at the time we collected our data. Again irrespective of location, scale and art form, significant numbers of our respondents feel that the tax changes now being implemented (as of mid March) are insufficient to increase levels of giving to the arts over the next three years. Most significantly of all, 100% of our respondents from the music, opera and dance communities believe or are unsure that the current tax changes will have any impact on giving to the arts while across all other respondent constituencies levels of negative feeling lie within the 88% - 95% threshold. In all a powerful indictment of the need for Government to contemplate a more proactive and vigorous approach to incentivise giving via the tax system – significantly countering more recent proposals as outlined by the Chancellor.

Further Views from the Sector on Additional Activities Needed to Support the Development of Giving

As in all of our earlier Surveys, we provided an opportunity for our respondents to share views on other initiatives that they would like to see implemented outside of the Agenda in order to promote greater levels of giving to the arts. In the main body of our report we list these out in detail but in summary responses fall into a number of key categories:

- Further changes to the taxation system in order to further incentivise giving to the arts.
- A wider publicly articulated appreciation by Government, policy makers and key agencies of the value and importance of the arts to society and our economy and the need by the public at large to play a more active part in their development and funding.
- Greater appreciation by policy makers of the gradual nature of the transition to higher levels of private sector support for the arts and the implementation of policies and funding programmes that will allow this process to take place more effectively and over a longer period of time.
- Greater recognition that the pace of change for some will be slower than for others and the introduction of policies and programmes that will recognise this – rather than a 'one programme fits all' approach.

- More recognition that for some organisations, looking to secure philanthropic funding may not be the most appropriate or most cost effective way forward and the establishment of funding mechanisms that will allow some to adopt non-philanthropic revenue models.

- Above all, greater levels of dialogue between arts organisations and policy makers around the evolution and testing of new programmes, prior to launch.

Views on the Catalyst Process To Date

In addition to looking at key principals of the Catalyst programme as part of our questioning around the implementation of the Philanthropy in the Arts Agenda, we sought to gather from respondents details of their experiences in taking part in the overall bid process, mindful that applications to 'Catalyst 1' and 'Catalyst 2' had closed by the time that our Survey launched. Our questioning focused principally on the experiences of those who had submitted applications for capacity building and matched funding support – 'Catalyst 2' of which some 141 applicants took part in our Survey.

Of those who attended one of the series of regional Catalyst workshops as part of the process of preparing to submit a bid – we asked a series of questions about the workshop programme. Of the more formal Catalyst application Briefing, only 26% of respondents found this element of the programme to be 'Satisfactory, 'Good' or 'Excellent' while 25% found the informal Catalyst Q&A element of comparable standard. 38% of those who attended the fundraising practitioner presentations in the latter part of the workshop found these to be of a comparable standard.

Applicants engaging proactively with their respective Relationship Managers at ACE has formed an integral part of the Catalyst bid process to date. Here, some 71% of respondents rated the advice they received from their Relationship Manager to be 'Satisfactory, 'Good' or 'Excellent'.

A number of respondents also shared with us their reasons for not seeking funding under either of the first two phases of the Catalyst programme – again full details of these are listed in the main body of our report. Some cited ineligibility or lack of support from ACE for their bid, while others felt that in light of workloads or shifting organisational priorities and anticipated levels of competition, they were unlikely to succeed and therefore opted out of the bid process.

The State of Fundraising Leadership within Arts Organisations

Fundraising capacity building across all areas of arts organisations and not just within the staff body will be an essential element in the years ahead in the effectiveness of individual organisations to deliver higher levels of support from the private sector. The roles of Trustees in this process will be critical and indeed has been cited by many commentators in recent moths as vital to the delivery of higher levels of giving to the arts being achieved in the years ahead. In light of the eventuality that senior volunteers will be expected to play a far greater role in the fundraising process; having an appreciation of the process, advising on strategy, participating in asks and in some cases giving themselves - we sought to plot the current roles of Boards within the context of their respective organisations' private sector fundraising activities.

Overall, around a third of respondent organisations stated that all members of their Boards are fully engaged in fundraising strategy and recognize the importance of fundraising as part of their business models. An additional fifth reported that some of their Trustees are engaged in strategy and/ or share an appreciate of fundraising and a further third of our respondents felt able to report that fundraising strategy and an appreciate of the process is represented on their Boards by at least one Trustee. In all, around 80% of our respondents overall were able to report having some degree of fundraising appreciation on their Boards. This looked encouraging and well-timed given the greater emphasis now being placed on organisations to look at their private sector fundraising activities.

Where engagement drops off significantly is in Trustees being more proactively engaged in the day-to-day fundraising processes of approaching, acknowledging support or indeed giving themselves. Again overall, only 10% of respondents were able to state that all of their Trustees are active in making fundraising approaches. In playing an active part in acknowledging support from donors, just 16% of respondent organisations have been able to report full participation by their Trustees at this time. On the process of giving of their own wealth or encouraging others to do so from their own networks, just 11% of organisational respondents have been able to report full participation by their Boards with a further 16% citing that around half of their Trustees are giving or 'getting'. This clearly to most organisations looks to represent a considerable area for development and one which we hope organisations will look to address over the coming years as Trustees can have a significant and valuable role to play in all of these key areas. The important this to remember in our findings on giving by Trustees is that we did not specify any amount tied to their support – so many Trustees based on these findings do not seem to be supporting the organisations on which they serve at even the lowest of levels.

Looking across art forms and scales of organisational respondents, levels of fundraising appreciation are consistently high (88% among theatre respondents, 73% among museums and galleries, 99% among music, opera and dance companies) but in common with our overall findings, it is when looking at the practicalities of engaging in fundraising that levels of active participation drop off considerably.

Returning again to the issue of Trustees as donors or active solicitors of support from within their own networks, the number of respondent organisations able to cite that more than half of their Trustees actively gave or solicited – irrespective of the scale of gift dropped significantly to 28% of theatre respondents, 22% among museums and galleries, 47% among music, opera and dance respondents and 26% of organisations from all other art forms. Levels of more than half of Trustees actively 'giving' or 'getting' based on the scale of organisation also varied at 21% of respondent organisations with annual turnovers of less than £500k, 47% among those with turnovers of £500k - £1m, 28.5% among those with turnovers of £1m - £5m and 52% among those with turnovers in excess of £5m a year.

The Development of Individual Giving

The promotion and extension of individual revenue giving to the arts lies at the very heart of the Philanthropy in the Arts Agenda as indeed does legacy giving and in light of increasing competition for support from grant making trusts and foundations and stagnant levels of giving from the corporate sector - we wanted to understand the extent to which the arts sector is looking to engage with individuals and moreover the position that organisations see individual giving having within their wider fundraising mix over the years ahead. Our findings showed some interesting predictions on both counts most noticeably in the scale of development of individual giving over the next three years. Across all scales art forms and regions, rates of those engaging in individual giving is set to double year-on-year over the course of the next three years.

One observation of our findings in this area overall is that we felt that there was a clear degree of planning undertaken by organisations around the development of three-year business plans and indeed around Catalyst modeling. On that basis, the development of individual giving as shown in our findings indicated less a set of aspirations but more some very clear predictions based on in-house work undertaken by our respondents to look at truly viable levels of support that could be secured from individuals.

Firstly our findings were perhaps most significant is identifying the proportions of respondent organisations who do <u>not</u> see themselves engaging in securing major gifts gifts (i.e. gifts in excess of £1,000 per donor) from individuals by 2014/15 – looking across all of our respondent profile groups. By 2014/15 just 3% of museum and gallery respondents do <u>not</u> see themselves engaging in individual fundraising alongside 21% of theatres, 7% of music opera and dance companies and 29% of other art forms. Based on organisational scale, only those with turnovers of less than £500k a year stand out from the trend but even in this community the level of those looking to engage in individual giving is set to double by 2014/15 from current levels.

Similarly, the proportions of organisations seeing individual giving making up a greater proportion of their overall fundraising revenues is predicted to grow significantly over the next three years with significantly greater numbers of organisations seeing individual giving making up between 10 – 50% of their overall fundraising mix. The upward-moving bulge un the proportions of organisations engaging with individual giving as shown in this report over the next three years is remarkable!

Finally as part of our look at trends in individual giving, we wanted to examine perceptions of 'crowd funding' as a viable part of arts organisations' fundraising strategies. Views remain mixed about the true effectiveness of this mechanism as a means of generating support for the arts. Around 55% of museum and gallery respondents remain unsure or against the notion of using crowd funding with a further 11% unclear as to what 'crowd funding' means. Among theatre respondents a more positive view prevails with 48% regarding it as a viable means of generating support over the next three years. Among music, opera, dance and other art form respondents only a third of respondents regard it as viable. Interestingly, over half (56%) of respondents with annual turnovers in excess of £5m see 'crowd funding' as a viable means of generating support over the next three years – largely we assume by virtue of their scale of audience/attender base offering greater opportunities for return.

Articulating a Case for Support

As part of our 2011 Consultation, and given its pivotal role in supporting organisations to articulate their need for support from the private sector, we asked arts organisations whether they felt that they had clearly articulated their fundraising Case for Support. Articulating a a clear and cogent Case for Support is the central nervous system of any fundraising activity undertaken by arts organisations. Its messaging ensures that all staff and senior volunteers are able to speak effectively and as one in acting as advocates for their organisation and in promoting fundraising need. Given the anticipated growth in private sector fundraising over the coming three years – having this core document fit for purpose will be all the more vital as from it will flow all fundraising promotions, approaches and visions. Our findings last year showed disappointing levels of respondents able to state that they felt confident that their Case for Support clearly articulated their rationales for funding from the private sector. As part of this year's Survey we returned again to this issue to see if more organisations felt confident that they were able to articulate to potential funders a clear rationale as to why they should receive funding and again, levels of respondents feeling confident that they were able to state clearly their cases for support while slightly improved on last year remain disappointingly low. Even taking into consideration that many of our respondents may have just come out of a three-year planning cycle as part of their National Portfolio status, numbers of respondent organisations stating that they have no clear fundraising case articulated remain alarmingly high, mostly at around the 20 – 30% of respondents across all art forms and scales, rising to 42% among respondents with turnovers of under £500k a year.

Legacy Fundraising in 2012

At this time, the legacy market is going through a period of significant change for three reasons. First, slowing growth. Over much of the nineties and noughties, incomes were rising rapidly, thanks largely to booming house prices. However, in the aftermath of the recession, that growth has stalled. Over the next ten years, the outlook for the legacy market as a whole is far more muted, in line with wider economic growth predictions.

At the same time, the sector is becoming more competitive. Fifteen years ago, the market was dominated by a few well-known, long-established charities. However, their share is gradually being diluted, as smaller, more nimble brands gain a toehold. And it's not just conventional charities that are getting in on the act, but also universities, schools, hospitals, churches and, of course, arts organisations.

Moreover, legacy giving has come under the political spotlight. The current government is keen to encourage private funding of the third sector, whether through philanthropy or social investment. Several new initiatives have been launched to encourage the public to leave more, and bigger gifts in wills.

From April 2012, donors leaving at least 10% of their estate to charity will see their Inheritance Tax (IHT) cut from 40% to 36%. And hard on the heels of these IHT changes, the Legacy10 Campaign encourages donors to pledge at least 10% of their estate to good causes. This independent campaign, launched in November 2011, has recruited a high profile cadre of 'pledge ambassadors' – from politicians to celebrities to business leaders.

While these initiatives apply to the third sector as a whole, they appear to have special resonance for arts organisations. Secretary of State for Culture, Media and Sport Jeremy Hunt was involved in the genesis of Legacy10 and is perhaps its most ardent champion.

So, six months after the launch of Legacy10, what do these survey findings tell us about the current state of legacy giving – and legacy fundraising – in the arts?

Key Findings

For now, legacy giving to the arts remains low. In all, just over a quarter of the arts organisations surveyed (27%) have received gifts in wills over the past three years. Among those who have benefited from this income stream, the numbers of donations received are generally low, with 95% of respondents receiving fewer than 10 bequests over the past three years. Of those organisations attracting legacy income, three quarters of them (74%) achieve less than £25,000 a year from this source.

The relatively small number of arts organisations receiving legacies is echoed by low levels of legacy fundraising activity, with just 28% of respondents actively promoting the idea of legacy giving among their supporters.

For most of the organisations surveyed, this reluctance to promote legacy giving appears to be a conscious choice. Only 8% of those respondents who did not promote legacy giving admitted that they had "never thought of working on this"; while a further 21% believed that it was "not appropriate for us to do so". Other common obstacles to legacy fundraising were lack of capacity (32%), more pressing priorities (17%) and a perceived lack of expertise (10%). In today's fraught fundraising environment, with small development teams juggling many projects simultaneously, this reluctance is understandable.

Among those organisations who pursue a legacy fundraising strategy, levels of investment are low. Just four of the 361 respondents (all large-scale museums, galleries and opera companies) employed a dedicated legacy manager. Two thirds of the organisations who have received gifts in wills devote 5% - or less - of their fundraising resources to the activity.

Among those organisations promoting legacy giving, most respondents use a wide range of communications methods, with an emphasis on telling, rather than selling. Web-based promotion proved the most popular technique, reported by 84% of respondents. Over 40% of respondents included legacy messages in their programme-related printed materials, while 25% included legacy stories in their newsletters. Direct communications with supporters about legacies were less common, with just 34% of respondents using face-to-face approaches (as part of more general major donor engagement), while 27% had carried out targeted legacy-specific mailings.

Despite the current low levels of legacy fundraising, almost a third of all the arts organisations surveyed told us that legacy income will be important to their organisation in the next five years but only one in six (16%) described it as described it as 'very' or 'extremely' important.

Views on the Legacy 10 Campaign

This survey took place four months after the launch of Legacy10. Overall, just 27% of respondents had heard of the Campaign. As a result of the Campaign, 6% of repondents planned to increase their investment in legacy marketing, 15 of our 361 respondents (4.2%) intended to actively promote the campaign's messages, while five (1.4%) stated that they would purely focus on the IHT changes.

When asked to look ahead 10 years from now, only one in five respondents expected Legacy10 to have made some impact on their future legacy income. Less than 2% of all the arts organisations surveyed expected Legacy10 to have a significant impact on legacy income, while a further 18% agreed that "Legacy10 will help to raise legacy income somewhat, but the main driver will be our own fundraising activity". In keeping with the low levels of awareness, more than half of respondents did not know what impact Legacy10 might make.

Despite media attention and the new tax incentives, most of the arts organisations we surveyed seemed distinctly underwhelmed by the prospect of legacy fundraising. Only a quarter of respondents had received any legacy income over the past three years; a similar proportion claimed to actively promote legacy giving to their supporters.

In the arts community – as in the wider charity sector – legacy patterns are highly polarised, with a few well-loved, long-lived institutions attracting the lion's share of legacy gifts. These organisations appear to be using sophisticated legacy marketing approaches, including face-to-face and direct marketing techniques. However, it has to be said, they are still a long way behind their mainstream charity peers in terms of income and approach.

Meanwhile, for many of the smaller, younger arts organisations surveyed - especially those in 'other' art forms – legacy fundraising is still not on the radar.

For us, this reluctance to 'invest' in legacies – while understandable – is short-sighted. Legacy marketing needn't be complicated, or expensive. It doesn't require a dedicated staff member (though it does need the whole team to be legacy champions!). At their best, legacy messages are a reflection of the overall brand – a natural extension of developing the donor relationship.

In today's increasingly competitive and politicised legacy market, the challenge for arts organisations - whatever their size, age or art form - is to create a legacy vision that is authentic, compelling and enduring.

Conclusions

We publish this set of findings at a pivotal time for the arts community with many waiting to hear the outcomes of funding bids made under the first two phases of the Catalyst programme (namely Endowments and Capacity Building). More markedly, we report at a time when levels of growth within the wider UK economy continue to remain weak and cuts in public sector support for the arts continue take effect.

In light of the findings as shown in this report, few can question that the pace of delivery on the Philanthropy in the Arts Agenda is viewed as disappointingly slow and while some innovations have been launched, confidence in the capacities of those initiatives launched to deliver remains extraordinarily low. In defence of those measures, many might argue that it is too early in the process to demonstrate with any degree of certainty that they will succeed but the slow pace of implementation is in itself indefensible as expressed in the feelings of our respondents. In 2011, when we sought views from the arts community on the implementation of the Agenda, we were overwhelmed by the level of response at 587 organisations willing to share their views. This year, our response rate is a third down on last year– a potential testament to a sense of cynicism emerging within the arts that the Philanthropy Agenda is no longer as warmly embraced by the arts as it was a year ago. A cynicism further borne out in the views expressed of the efficacy of even those measures which have been implemented. Clearly there is much for Government to do now to win back the hearts and minds of the UK's creative economy and increasingly little time in which to do this. Few can surely question that more recent proposals to cap charitable donations will have made worse relations between government and the arts which in light of our findings here are already shown as poor in the context of the Philanthropy Agenda.

A more concerted effort to speed up the pace of implementation and indeed promote more effectively those measures already implemented is now needed if the sector as a whole is to begin to reap the benefits of the Coalition Government's ambitions to increase levels of philanthropy at a time when they continue to grapple with the consequences of reduced levels of public subsidy. It seems clear to us that more needs to be done to encourage the public at large to give while individual organisations and indeed umbrella bodies play an active role in extolling the benefits of the arts in general and in giving to the arts itself.

In addition, failure to deliver the Agenda with a greater degree of conviction will make the theory that we put forward last year of a fundraising bottle-neck emerging with too many organisations chasing too little support all the more of a reality than it is already being seen at this time.

The singular failure of arts organisations to engage in some degree of legacy marketing is again disappointing. Our findings this year as in 2011 show quite clearly that those who engage in legacy fundraising do reap rewards. We understand the need to focus on the here and now in fundraising terms but legacies can generate a significant return even over the medium term and Legacy10 alongside changes in IHT offers a good opportunity for individual arts organisations to step up to the mark.

The next year will see the implementation of Catalyst 1 and 2 and the roll-out of Catalyst 3 in the Autumn – a programme now under further review in light of learnings from the roll-out of the former two programmes. The fear now is that Catalyst will in itself create a two, possibly three-speed arts community with funded organisations embarking on endowment or larger-scale annual revenue campaigns to the detriment of those who are not Catalyst funded. There is clear ambition within the arts to thrive and develop new revenue streams – at this time the phrase we hear most of all in our conversations with individual organisations is 'its simple - we either thrive or we die' but those organisations outside of Catalyst who could have been helped in some part by the other elements of the Philanthropy Agenda are now in critical danger of being squeezed out of the fundraising market place through failure to implement the Agenda more effectively. Those organisations not receiving Catalyst investment can only be helped by the other elements of the Agenda if they are to survive which means that effective implementation and promotion to them over the coming months is all the more essential.

In general terms, fundraising competition within the arts is about to enter a phase, unimagined up until this point as more organisations compete with each other and with other non-arts causes. There is clear ambition as shown in these findings to grow individual giving as this has the potential to meet the immediate revenue needs of organisations but the sector continues to miss a key medium to long term trick in not exploiting opportunities around legacies. If the arts does not grab this opportunity to develop its profile in legacy giving, others in the wider charitable sector will occupy that space.

Beyond this, we remain, perplexed at the lack of attention given to addressing the shortcomings by organisations in addressing their fundraising Cases for Support – some of this may perhaps be addressed through forthcoming capacity building but there is all the more reason for those outside of this investment to look critically at their rationales for support and ensure that they are as robust as possible as competition grows significantly for philanthropic support.

Implementing the Agenda cannot however be the only means to galvanise higher levels of giving. Whereas last year respondents talked in terms of hard issues around tax reform and capacity building, this year while many of our respondents feel there remains much to be done in these areas – softer support mechanisms have increasingly come forward. Aside from a reversal of proposals to cap charitable donations, an overt and genuine statement (and not just in the context of the Olympic Festival) of why the arts matter to Britain's society, our economy and our international standing is now all the more critical to embed the notion that it is 'cool' to give to the arts.

There remains much for Government, ACE, HLF, the media and individual arts organisations to do if they are to promote giving to the arts – our concern is that much more needs to happen now and across the board in order to avoid a further tranche of organisations going into decline.

Survey Respondent Profile

In which region of the UK are you located?

(Number of Respondents)

East of England	18	South West	31
East Midlands	22	West Midlands	30
London	124	Yorkshire	29
North East	24	Scotland	6
North West	49	Wales	4
South East	24	Northern Ireland	0

Which of the following options best describes the main activity of your organisation?

	(Number of Respondents)
Combined Arts (includes carnivals & festivals)	56
Dance	23
Digital Arts	2
Film	3
Literature	8
Multi Art-Form Venue	29
Museum/ Gallery	62
Music	29
Opera	12
Theatre/ Drama	81
Visual Arts	56

Which of the options below best describes your current job title or position?

	(Number of Respondents)
Artistic Director/ Curator	36
Chief Executive/ Dep CEO	135
General Manager	35
Director/ Head of Finance	4
Director/ Head of Marketing	4
Director/ Head of Communications	1
Director/ Head of Fundraising or Development	50
Director/ Head of Commercial Development	1
Finance Manager	5
Marketing Manager	7
Communications Manager	5
Fund-raising or Development Manager	51
Legacy Manager	4
Commercial Development Manager	1
Freelance Consultant responding on behalf of a particular organisation	16
Trustee or Board Member	6

When was your organisation founded?

	(Number of Respondents)
Before 1900	29
Between 1901 and 1950	32
Between 1951 and 1980	68
After 1981	232

What is your current annual turnover?

	(Number of Respondents)
Under £250,000	76
Between 250,000 and £500,000	70
Between £500,001 and £1 million	47
Over £1m but less than £5m	110
More than £5m	29
Don't Know	29

Does your organisation currently receive regular funding from the Arts Council, MLA or similar cultural funding body either regionally or nationally?

	(Number of Respondents)
Yes	282
No	79

Report Author

John Nicholls

John Nicholls founded AQ in January 2008. He has overall responsibility for the strategic direction of the partnership in addition to managing the firm's sector-wide research programmes. John also works with a wide range of clients across all areas of the firm’s core business areas as well as developing its learning and professional development programmes.

John has worked as a senior business development, communications and brand professional for a number of arts organisations in the UK and overseas including Shakespeare's Globe where he held the position of Director of Development. He has also worked for the Young Vic, English National Ballet, San Francisco Symphony and The Washington Ballet in similar roles. Outside of the cultural sector he has worked for Friends of the Earth, the Royal Institute of International Affairs and Stonewall, improving the effectiveness of their communications and revenue generation activities - taking each of these organisations through significant processes of change to realize their ambitions. His most recent in-house role was as MD of London Calling Arts up until the end of 2007, diversifying the agency’s client offer and significantly increasing profitability.

In addition to serving as Managing Partner of AQ, John has recently been appointed as Governor of Trinity Laban Conservatoire of Music and Dance and a Trustee of South-East Dance where he also serves as Chair of its Development Committee. In the past, he has served as a Trustee of the National AIDS Trust, Headlong Theatre and was Chair of Pacitti Company. He also acts as ad-hoc advisor to a range of other arts organisations at Board level outside of the work undertaken through AQ.

As Managing Partner of AQ, John has authored a series of research reports exploring the state of the UK arts sector since 2008. In March 2009, November 2009, October 2010 and November 2011, he published reports on the impact of the recession on the UK cultural sector based on data supplied by around 500 UK arts organisations. In September 2009 he also published a briefing paper on cultural sector perceptions of the 2010 UK General Election which was followed in April 2010 by a briefing paper on the cultural sectors viewpoint of the major political parties’ interest in the arts. In November 2010, he published the interim findings of AQ’s on-going Hidden Wealth Research Project, seeking to identify opportunities to develop individual giving within the cultural sector which was updated in spring 2011. In March 2011 John authored AQ’s Consultation on the Philanthropy in the Arts Agenda to which almost 600 arts organisations contributed which is updated with the publication of this latest report.

Arts Quarter LLP

www.artsquarter.co.uk

Arts Quarter was founded in January 2008 in direct response to calls for there to be an effective agency to develop skills and capacities within the UK cultural sector and to devise and implement innovative working practices and business models in the onset of a period of profound public and private sector funding for the arts.

Through our client work, we have active relationships with around 75 arts organisations of all scales, art forms and regions of the UK. Beyond this, we actively dialogue with over 500 arts organisations, government agencies and departments, policy formers and the media through our advocacy and research work.

AQ has rapidly established a reputation across the English-speaking world as the 'UK's leading cultural sector think-tank' and for bringing to the sector a range of services and products which resonate with the ever-changing climate in which its client sector is operating.

Through all of our activities, we seek to challenge conventional thinking within the cultural sector, stimulate discussion, create new ways of working and provide opportunities for learning and professional development.

Client Services

Revenue generation: we look to help organisations improve both earned and unearned revenue streams from improving ticketing returns through to fundraising of all kinds and from all sources. Outside of these areas we help organisations develop new commercial revenue streams based on their visions and values.

Structure: we help organisations to review their staffing and board skills and structures, revising HR practices where required as well as undertaking recruitment.

Branding and communications: we help organisations to understand the value inherent within their brand, and help to enhance communications and marketing both online and offline. Often, we are called on to undertake quantitative and qualitative market research as part of our work on brand development.

Building audiences: we help organisations build new audiences or find ways of getting greater value out of existing ones through improved marketing, event management and through relationship development.

Cost saving: As well as looking at the revenue side of organisations, we look at ways we can rationalize costs effectively and sensibly and above all in line with our clients' values:

AQ Energy

In the current economic climate and at a time when all cultural organisations are seeking meaningful ways to reduce costs without cutting programming, AQ Energy is helping the arts reduce its energy dependency and costs.

AQ Energy is a joint venture between Arts Quarter and Utility Aid. Utility Aid has been helping organisations in the wider charitable community to manage their energy usage by

- implementing the findings from free energy audits,
- installing over 700 smart meters and helping organisations to manage down their energy costs,
- wholesale energy purchasing.

Since 2002, Utility Aid has managed to reduce not-for-profit energy bills by over £4million. Recognising the need for arts organisations to manage their energy usage sensitively yet effectively, this joint venture with AQ aims to bring the opportunity to make considerable savings to the arts at a time when all organisations will be seeking to manage down overheads. Arts organisations will pay no direct fees to take advantage of this service.

AQ Recruitment

Mindful of the resources needed to find the highest calibre marketing, fundraising and executive staff, AQ is co-venturing with Harris Hill, the UK's leading charitable sector search and selection agency, to support arts organisations in meeting their recruitment needs in the most cost effective manner. Launched in January 2011, this is a full-service agency which seeks to manage the recruitment process from start to finish, thereby allowing organisations to continue to meet their day-to-day workloads.

Industry-wide Research & Advocacy

AQ is now regarded as the UK's leading cultural think-tank, exploring and reporting on issues important to the cultural and not-for-profit communities.

We regularly engage with around 5000 arts organisations across the UK collecting performance and opinion data on issues ranging from the wider impacts of the 2008/9 Recession and its aftermath on the arts, engagement with the 2012 Olympics as well as views on key government policies. We publish our findings free-of-charge so that members of the sectors with whom we work can learn from wider trends and from areas of innovation that are shared with us by our research participants.

Summaries of our research findings can be downloaded free of charge from our website.

About Legacy Foresight

www.legacyforesight.co.uk

Legacy Foresight are Britain's foremost analysts of the legacy and in-memoriam sectors. They appraise the state of the markets, produce income forecasts and research into donor motivations. Their work is used both for ongoing performance management and for long-term strategic development. Since their first legacy project in 1994, the team has worked with over sixty charity clients, including nineteen of the top twenty British fundraising brands.

Meg Abdy is in charge of project management and social research at Legacy Foresight. With responsibility for the Legacy Monitor and In Memoriam Insight programmes as well as ad hoc research projects, she is particularly interested in the issues facing small and mid-sized organisations. She regularly speaks at charity conferences and her view on the future of the sector is frequently featured in the third-sector press

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