



**Fundraising Scoping Project
for the
Arts Council of Wales**

July – November 2017

Emma Goad – Director
Blue Canary Fundraising
07854 910982
emma@bluecanary.org.uk

Context

Emma Goad of Blue Canary Fundraising has been commissioned by the ACW to run a consultation and a scoping review of the challenges (and successes) of arts organisations across Wales, and across artform, with work to diversify income streams. The resulting report will frame the problem in that it will demonstrate the current landscape in the work that organisations are doing to diversify income, and offer recommendations of potential interventions that ACW could offer to further support the sector as they strive to become more sustainable and resilient in the current climate. This project is very much part of ACW's journey to understand the complexities of fundraising for the arts in today's market, from revenue funded portfolio organisations through to small scale project funded companies.

During this relatively narrow project Emma has consulted arts organisations at varying scales and in varying geographical locations across Wales, independent consultants working in the fields of fundraising and operational models across the UK, and grant giving trusts both in Wales and in London. The project could be considerably larger, but results in the main themes that are effecting many organisations. There will undoubtedly be other issues that are prevalent to individual companies but by grouping issues into themes, the report will encompass the majority of fundraising issues, coupled with interventions that ACW could implement to make a real difference.

Resilience

This scoping project is of course very timely as it sits alongside the ACW Resilience programme. One of the key elements of Resilience is that it allows organisations to be bespoke in the approach to develop their organisation. It is not ACW agenda-led, and is focused on developing organisations in a tailored way. At the time of writing this 54 portfolio organisations are part of Resilience.

Resilience is proving (on the whole) that enabling organisations to dictate their own development agenda, with support from ACW does help to change the culture of the relationship between the ACW and organisations.

But – what about the rest of the world? This scoping project is focussed on support needed for revenue organisations and for project funded companies, with more modest capacities available to them. The report will set out some of the common themes and offer suggested

interventions that broaden ACW's approach to working with organisations individually, with a fundraising focus.

Introduction

This scoping project aims to go beyond the obvious, so a couple of things need to be taken for granted to avoid endless repetition. The two most common issues for organisations in developing and diversifying income streams are lack of capacity and resource. Regardless of scale and size, organisations struggle with under-staffing and lack of time and this leads to not engaging fully in the need to develop fundraising activity. We know that organisations struggle with capacity in all areas of output, fundraising is not alone in this, and so for the purpose of this paper we will seek to go beyond these, but capacity won't be ignored completely.

Another reason for taking these issues for granted is that it is important to not rely on the easiest solution 'give us more money for more staff and we can fundraise'. There are many underlining, imperative themes that are preventing organisations to diversify income streams, which mean that even with an 'easy fix' of additional resource, fundraising would still not be achieved in a strategic, sustainable, meaningful way to enable resilience.

Themes

It is impossible to include all issues that all organisations have when fundraising, but it is hoped that the key themes below cover the majority:

- **Organisations not being fundraising ready**

This is a common issue where organisations for many years have entered into sporadic fundraising approaches with a limited success rate. In this competitive market for funding from the private sector, it is important that organisations, whatever their size or scale, are taking a strategic approach to fundraising, that it is embedded in the Business Plan and values, and that it sits within a wider income generation plan to ensure sustainability, resilience and growth.

This issue is strongly connected to the lack of capacity, but also to the lack of knowledge and experience that existing staff have, combined with the expectations of Boards and Trustees who are keen to see progress quickly. Increasingly trusts and foundations are seeking to support projects that have context, depth and meaning,

offering strong outcomes not just for beneficiaries but also how it sits within organisational development and how the sector is supported through shared learning. As Carol Mack from the Association of Charitable Foundations stated 'it is not enough to simply demonstrate need. Organisations need to go much further'.

The need for a clear strategic approach to fundraising is never more important. In the same way a marketing team would create a Communications Strategy, a fundraiser needs to create a Fundraising Strategy that sets out the journey and plan of fundraising activity. As with Business Plans, this often scares the living daylights out of people who are not used to needing to work in this way, but fundraising strategies do not need to be, and should not be, complicated. A good strategy will set out clearly the expectations of fundraising activity giving a strong focus to what is going to happen, by who, by when and how. This 'Approach Plan' document should also be accompanied by a Case for Support that sets out the evidence of need for specific projects or for core organisational development, and a Prospect List that contains the names of likely and realistic trusts and foundations to approach. It is only when the Approach Plan and the Case for Support are completed, that a Prospect List should be created that identifies appropriate trusts and foundations to approach based on thorough research linking the aims and expected outcomes of a project seeking funding, with the priorities of the funding organisations. Organisations should NEVER be tempted to work the other way where projects are created in response to funding availability. Projects should come first and be focussed in the values of the organisation.

The days of sporadic 'whacking in' of applications to the likely targets are far behind us and were never an appropriate approach anyway. Organisations need to have the capacity and capabilities to embed fundraising into core activity and to ensure that the development of income diversity is firmly rooted in the work of the organisation.

- **Organisations (and the ACW) needing to be more creative in business models**

Organisations have become obsessed with focussing on what is lacking rather than celebrating the assets they have. The arts sector has some of the most creative organisations. However, creativity seems to stop at the studio or rehearsal door and isn't used to full potential in business planning. Consultant Ellen O'Hara puts this down to organisations and boards being 'risk averse with a historical bureaucracy from main

funders'. Are Boards restricting the ability to diversify income too much in fear of losing ACW funding?

This issue is also linked to the simple fact that there is no 'one size fits all' solution. There is a need for the Welsh Government and the ACW to see organisations with their own identity. At the base level, a funding approach that works with one organisation may not work for another – creativity starts with ACW and ACW then have a role to play in encouraging the sector to follow suit.

Crafts in the Bay carry a very interesting business model that in terms of income diversification and organisations not relying on single income streams but a mixture, is a very positive one. As a business model having 50% of income coming from the sale of art pieces is an integral element of making Crafts in the Bay viable, and ensures the charity is able to educate the public in visual arts through exhibitions and workshops with schools. Crafts in the Bay may need to develop their messaging to ensure there is a clarification of identity, but the dependence on trading and the development of this should not be seen as a negative. Using trading as an income generator that then enables organisations to reinvest money into participation/outreach/education/etc is crucial in establishing and developing a diverse income mix. Chapter is also another case study in that the recent redevelopment of the public spaces of the building were focussed, predominantly but not exclusively, on developing Chapter's trading to invest back into the artistic and cultural offer for the public.

Fran Wen has had great success in developing a new strand in their business model, which is focussed on being entrepreneurial with generating income. Fran Wen realised that their work could respond to other agendas including education and health and developed partnerships that were completely vision driven but didn't rely totally on the arts agenda. Fran Wen are now in a position where they seek more commercial opportunities through commissions as they exploit their assets, whilst staying true to the company's vision and values.

ACW has a part to play not just in supporting organisations financially, but also encouraging organisations to become more entrepreneurial in their approaches to become resilient and sustainable. This only comes from avoiding the 'one size fits all' and organisations feeling free to take risks in exploiting their assets. There clearly needs to be an approach that responds to the Welsh Government's agenda for the arts, but

one that is then shared with an agenda that comes from the individual organisation, allowing for further freedom in both creativity and the opportunities for income generation.

- **Project planning**

It is often underestimated how much work needs to go into project planning before applying for funding or approaching an individual or business to invest in creative work. Competition for Trusts and Foundation money is ever-increasing and as such, grant givers are becoming increasingly focussed on not just the merits of an artistic project, but more about how the project sits within an organisation and within the sector, alongside who will benefit, what is the need for the project and what are the outcomes – what will change?

It is being reported by trusts and foundations that there is a lack of quality in applications from Wales, as there are in other regions of England. There is more on this later in the paper. One of the major issues is that organisations are still matching the project to the funder rather than the other way round – and this is easily spotted when reviewing incoming applications. For instance, Paul Hamlyn Foundation is renowned for supporting participation, but organisations are falling down with applications due to a lack of project planning. At the recent Arts Trust Conference in London, Moira Sinclair of PHF stated that 'They get lots of very good applications that just miss the mark, not because they don't tick the boxes but because the applications that stand out are the ones that can really evidence the need.' Moira placed substantial emphasis on needing to be driven by the depth and quality of the access for participants. Number of participants isn't a driving factor it's about the quality of the engagement.

Ushi Bagga, Grants Director at PHF agrees in saying that organisations need to think strategically about the projects they are proposing. 'Applications need to be mission driven, rather than financial'. Why is that organisation the best to offer this project? The project that is being applied for needs to be embedded in the organisation's vision and not simply created to access potential funding.

As part of project planning, organisations need to not only plan the activity, but also identify who will benefit from the work, why the work is needed with clear evidence

from project partners, and what the outcomes are from the project, for the beneficiaries, the organisation and the sector.

- **How should organisations talk about work when approaching funders?**

Linked to the point above, there needs to be a shift in how arts organisations message and talk about work with grant givers. Trusts and Foundations, at a national and regional level, are seeking to support and invest in projects that demonstrate strong outcomes and have substantial evidence of need. They want to see their money being invested in projects that will make a difference, not just at a local level but also within the organisation and across the sector.

Organisations needs to be used to talking about projects in terms of outcomes and need rather than just the artistic merit. Of course, the outcome might be focussed on artistic development or showcasing excellence but the depth of this outcome is important, reflecting what will change due to the project.

- **Arts organisations working in silo**

Arts organisations are trailing behind the enterprise and initiatives that are being seen in income generation across the wider charitable sector. Arts organisations need to be encouraged to embrace the charitable sector, and be part of it. We can learn a lot from the thousands of charities at all scales doing fabulous work. Arts organisations need to improve messaging about the value of the arts, including how the arts contribute to the economy, health & wellbeing, education, employability skills etc – the statistics and evidence exists, but it isn't used to full potential.

Arts organisations appear to have an identity crisis in that they see themselves only as arts providers and not as part of the bigger make-up of the charitable sector. Arts companies are part of the encompassing Third Sector. We all work for the public benefit and many organisations have charitable status, but fail to use this to its full potential. There are several opportunities that are being missed in terms of accessing further support including the Institute of Fundraising.

It is recognised that the austerity cuts are only just hitting Wales now, whereas England felt the cuts a while ago. Improving the links that arts organisations have within the Third

Sector can only support organisations' ability to access opportunities that will aid sustainability and resilience.

- **Role of the ACW and Welsh Government**

Linked to the point above there is a role to be played at the top level in incentivising giving to the arts by business and individuals, particularly high net worth. Wales does not have the multitude of high net worth businesses and individuals as England does. Organisations are often in competition for the same money from a small number of opportunities. There is a ceiling of opportunity in Wales. WNO, for instance, run one of the most successful individual giving campaigns but they are struggling to widen that pool of donors, and the same in business too. If WNO are finding challenges in these areas with all the assets they have to offer, then smaller project funded non-venue based organisations are really limited. The ACW and Welsh Government could use their status to help to offer incentives to giving – awards for recognition being the most obvious. This is something that ACE is looking into as part of their work to support the sector with philanthropy, particularly since the demise of the Prince of Wales Philanthropy Awards that were highly regarded.

Arts & Business Cymru create an annual awards ceremony to celebrate partnerships between businesses and arts organisations, which is a successful evening, but this event, on its own, can't go far enough to benefit the wider arts sector in developing partnerships. Arts & Business Cymru is essentially business-led in its approach, which leaves a gap for arts organisations, needing support and 'door-opening' when it comes to developing relationships in the business sector.

- **Relationship that the sector has with the ACW**

For a sustainable and developing arts sector the provision of Public Sector support is crucial. The ACW does a necessary job in challenging times in supporting the sector financially in an attempt develop the sector and maximise value for money for the tax payer. However, one thing that has come up often during the consultation for this project is the need for behavioural change both in the sector, within the ACW and particularly with the relationship between the two. For too long, and in better financial times, the sector has had an unhealthy reliance on the ACW. Living as we do in very different times, we don't need to cut the ties but rather make those ties more fluid, two

way and responsive. ACW needs to enable organisations to take those necessary risks that are required to truly diversify income streams, through a number of short, medium and longer term interventions – improving dialogue with organisations, coming away from a 'one size fits all' approach, celebrating the financial diversity that many organisations are undertaking, improved meaningful training, signposting, and possibly some more substantial strategic interventions that will need further investment and consideration.

The ACW needs to understand the challenges that organisations within the sector have with all elements of operation – artistic and the business side. Fundraising expertise within the ACW is seriously lacking, and therefore as is any true strategic approach to supporting organisations in raising private funds. ACW is rightly encouraging organisations to 'diversify income' in these challenging times as Public Sector funding will inevitably reduce, but there is then no support for organisations to do this.

The Business Development grants only go so far, with a maximum level of £5,000 to be applied for, it doesn't enable organisations to gain any meaningful interventions. From the ACW perspective it also can't be the most strategic intervention that could be made.

ACW is perceived as having too many lines of bureaucracy and being inflexible in its approach with organisations. There needs to be more partnership working with organisations, where ACW is seen as part of the sector and not as a separate entity. Clearly, due to ACW's role there does need to be some terms of engagement but the development of a more open dialogue is integral.

Arts Council England's Catalyst Programme, alongside the appointment of a Head of Philanthropy 3 years ago has substantially changed the relationship that ACE have with the sector. Clare Titley, who holds the post of Head of Philanthropy, said that there has been a natural and necessary shift in culture at ACE whereby ACE has listened more to the sector and introduced interventions that are meaningful and useful on a long-term basis. A full Catalyst programme is out of reach for Wales due to the sheer level of investment required but there are elements that we could learn from, perhaps leading to interventions that would support the sector.

Not Fit State Circus as an ACE NPO has benefitted greatly from the Catalyst programme leading to the organisation employing a Development Manager, and due to this success now a Development Assistant. Bethan Touhig-Gamble states that one of the most positive elements of Catalyst was that it 'responded to the needs of the organisation without having to shape an application to an agenda'.

- **How Trusts and Foundations see Wales**

Wales does not have the wealth of trusts and foundations that many regions in England celebrate. There are only a handful of Wales-based trusts that are regularly giving substantial investment and grants to arts projects. Therefore, we rely heavily on the UK trusts and competition for this money is ever increasing.

During the scoping project Grant Directors from 3 UK trusts were consulted – Esmee Fairbairn Foundation, Foyle Foundation and Paul Hamlyn Foundation. They each had interesting things to say about the developing quality of applications from Wales, but the statistics of the number of the grants coming in to Wales' arts organisations tells its own story. In the last year:

Esmee Fairbairn Foundation – 14 arts organisations in Wales funded out of a total of 109 arts organisation grantees

Foyle Foundation - Total arts grants paid last year, grants to Welsh arts organisations only represented 2%.

Across all funding (including schools, learning and the small grants scheme) grants paid in Wales represented 4% of total spend in 2016.

Of applications received in 2016, just over 3% from Wales (across all our funding schemes).

Paul Hamlyn Foundation – Explore & Test (up to £60,000 grant) 5 grants awarded to Wales. More & Better grants of which there were 300 applications, only 3 were awarded to Welsh arts organisations.

There could be a number of reasons for this lack of applications and subsequent grants to Wales including:

- Lack of capacity in arts organisations to research and submit applications to the right trusts
- Lack of knowledge in the sector about grant giving trusts
- Lack of experience as to how to write funding applications for grant giving trusts

- UK based trusts and foundations not doing enough in Wales to promote themselves (they all admitted more could be done).

- **Fundraising Capacity in the arts sector across Wales**

There is a lack of arts fundraisers in Wales who are at the mid stage of their career. Some of Wales' most important arts organisations have struggled to recruit fundraisers who have developing knowledge but aren't yet at the point to apply for Director or Head of Fundraising positions.

Thanks to the MA Arts Management course at the RWCMD and Arts & Business Cymru's Creative Internship programme, south Wales in particular has a good number of fundraisers ready for Officer or Assistant roles, and it would appear there is a need for these roles as 13 out of the 16 A&B graduates are currently in full time employment in Wales.

Wales needs to have more training at the mid scale level to offer fundraisers in Wales meaningful progression routes.

Potential Interventions led by ACW

Information Sharing:

- Improve learning points for organisations from the ACW – signposting, peer support, bringing organisations together, networking, training
- Encourage and financially support organisations to set up peer groups, particularly those organisations which should play a leadership role in the sector
- ACW helping to improve relationships and access with trusts and foundations across Wales
- Database of trusts and foundations linked to the ACW that is up to date and gives clear advice about what individual trusts are seeking to support
- Online toolkit linked to the ACW website – very much linked with the above point – a first port of call where the ACW is visibly offering basic but necessary support

Training:

- Meaningful training opportunities in Wales. There is a lack of significant training and development offers for fundraising and fundraisers in Wales at a mid level.

- There are training courses across the UK run by organisations such as Arts Fundraising and AMA and these are good but are not Wales focussed, so there is a missing link between existing training at the higher level and the Wales-effect.
- ACW Bursaries to attend existing residential training programmes. I would recommend the Management Centre's National Arts Fundraising School to anyone dealing with fundraising. In fact members staff of ACW may also benefit from this 5 day course, which is held twice a year in April and November.
- Training opportunities at the mid and higher level. There needs to be further opportunities for progression routes for fundraisers in Wales, so then when Director of Fundraising roles are available we have people who are not just experienced fundraisers but experienced fundraisers in Wales...as the challenges are different from our counterparts in England.
- Specific training for arts organisations wanting to approach trusts and foundations

Capacity Building:

- ACW financial support for organisations to bring in a fundraising mentor to develop a strategic approach to fundraising that is bespoke and realistic for that particular organisation and their priorities.
- Capacity Building support – financial and mentoring interventions
- Additional support for grant holders – Lloyds TSB Foundation offer additional operational support for organisations in receipt of grants to help with sustainability. It not only helps the organisation but also protects the Foundation's investment
- Fundraising capacity review – as suggested by Thear Na n'Og in the Culture Committee's review. However, with the answer to the capacity issue known, this review needs to go further into possible support interventions, some of those previously mentioned in this paper may be appropriate

ACW / Sector relationship development:

- ACW developing individual relationships and a deeper understanding with the arts organisations they fund. This is happening with portfolio organisations, and more so through the Resilience programme, but ACW needs to explore how this approach can be mainstreamed.
- ACW and arts organisations developing a shared agreement that is more than a funding agreement but an approach to working

- Developing the opportunity and ability for arts organisations to feel empowered to develop their own models of working
- Introducing a more meaningful connection between the ACW and arts organisations where diversification of income sits at the heart. Embracing more substantial support available from existing resources within Wales

Welsh Government / ACW leading the sector:

- Networking opportunities with the trusts and foundations – enable high level meetings that are outcome driven between ACW and Grant Directors of the key trusts and foundations in and outside of Wales to create a joint strategic approach.
- The ACW has a role to play in developing the networks with other leading Third Sector organisations
- Joint strategy hosted by the Welsh Government and ACW to promote and celebrate the value of the arts in other agendas for businesses (health, education, economy). This is the Team Wales element – giving a platform to promote Wales culture as well as Welsh business.
- Welsh Government being more proactive in engaging businesses both at home in Wales and internationally with Welsh links, in the arts (this is something that was brought up by the Culture Committee in their review into non-public funding of the arts)

Conclusion

This scoping project is only really a snapshot into the current landscape of fundraising across Wales. There is much more work to be done to truly understand the different issues that all organisations are dealing with but this is a start.

The research has ultimately resulted in a number of themes emerging, some of which were expected and some not so. Unanimously all contributors mentioned the words capacity and resource, or rather the lack of these, but also commented on the relationship the sector has with other charitable sectors, and with the ACW.

This report comes at the same time as the Welsh Government's Review into non-public funding of the arts, and alongside the Resilience programme that 54 organisations are currently undergoing. As someone who has been involved in both of these, it will be interesting to see

where both projects lead. The Welsh Government's Culture Committee clearly wanted to gain a greater understanding of the situation that organisations face with raising additional non-public funding, but equally seemed to have, in some respects, a simplistic view of how fundraising should and could work. For instance, one of the suggestions was that the Welsh Government identify and court potential philanthropists from outside Wales but with Welsh connections for the arts as a whole, rather than truly understanding why people give and to what, and how donors want to feel involved with projects they have an interest in. Again, the 'one size fits all' mentality will not work.

We wouldn't look at all the insurance firms, banks or law firms and assume they all work in the same way and that the same interventions will help progress business, but it seems that the 'arts sector' is being placed (by some) in a pigeon hole that is neither helpful in the plight for additional funding, or a healthy approach to future sustainability and resilience. This isn't to say, of course, that working together in partnership and sharing capacity may work between organisations, but these organisations need to have similar shared values and methods of working. Partnerships work best when they are rooted in the visions of the organisations and not forced together to reach a shallow result that has no long lasting meaningful effect.

ACW's Resilience Programme is being seen as a positive experience for the majority of organisations participating, and is a clear statement of intent from the ACW about the way forward in terms of a conversation between ACW and organisations, and the ability to truly understand the complexities of each of the portfolio organisations. How this new approach will become mainstream and benefit the sector more broadly is yet to be identified.

One thing that hasn't been mentioned within the main section of this paper is the role of the national companies in the development of fundraising across Wales. The national companies have a great responsibility to promote the sector and to share experience and knowledge, but when all organisations regardless of status and size are struggling to simply achieve the day to day activity to keep organisation's heads above water, where is the incentive for the established companies to take the time to support a wider agenda?

Speaking with Alison Dunnett of WNO it was clear that there is an appetite to support the sector but very little resource and time to actually do so in a meaningful way. Alison also talked about the 'ceiling of opportunity in Wales' in that there is neither the wealth nor the decision making in Wales that would support an ever-growing demand for corporate partnerships with the arts, and the same can be said for individual philanthropists too.

There is a real desperate need for arts organisations to be supported in diversifying income to enable sustainability and growth in the sector. However, the ceiling of opportunity is a real conundrum in Wales and organisations need to be able to take risks and look more creatively at income generation.

The best models are those that bring together a collection of income streams, whereby the pressure isn't on just one but shared between the Public purse, private income from trusts, foundations, corporates and individuals, ability to earn income, exploiting the assets that creative organisations have and other forms of income and investment, including loans, that aren't currently seen as the norm in the arts sector but are increasingly in other third sector charities.

To conclude, there is much the ACW can do to support the sector in diversifying income, more than simply telling them they need to! How much is actually possible to achieve is the next step, but any interventions needs to be widely beneficial and meaningful. I, for one, very much look forward to seeing how the ACW move this paper forward and into some real action that will benefit arts organisations across Wales.

Emma Goad

Director – Blue Canary Fundraising

November 2017

List of Contributors

I am very thankful to the following people who candidly shared their experiences and knowledge for this project:

- Anna Dinnan – freelance consultant working on a number of Resilience projects
- Ellen O'Hara – freelance consultant working on a number of Resilience projects
- Clare Titley – Head of Philanthropy, ACE
- Alison Dunnett – Head of Development & Strategy WNO
- Simon Burgess – General Manager, Crafts in the Bay
- Richard Tynen – Director, Funding Centre
- Sarah Gee – Founding Partner, Indigo Fundraising & Marketing
- Nia Jones – Operations Manager, Fran Wen
- Bethan Touhig-Gamble – Development Director, No Fit State Circus
- Carol Mack – Chief Executive, Association of Charitable Foundations
- Ushi Bagga – Grants Manager, Paul Hamlyn Foundation
- Alison Holdom – Grants Manager, Esmee Fairbairn Foundation
- Nicola Philips – Grants Manager, Foyle Foundation
- Rachel Jones – Chief Executive, Arts & Business Cymru
- Lisa Matthews – Portfolio Manager, ACW
- Sian Tomos – Director of Enterprise & Regeneration, ACW