



# Heritage Endowments Programme Evaluation

## Final Report



June 2022

Hopkins Van Mil: Creating Connections Ltd  
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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 March 2022 has included desk research, the development of baseline statements, interviews with individual grantees, group conference calls, three sharing and learning events for all grantees, tracking of drawdown reports, and email updates from grantees.

In addition, The Fund included an extension to the evaluation in March 2021 to understand in greater detail the impacts of the Covid-19 Pandemic on this cohort of heritage endowment grantees, the heritage and wider charitable sector. This work included additional interviews and a short questionnaire with grantees, and substantial desk research to understand views from the third sector on the issues related to endowment funding in a crisis. The findings from this work were published in May 2021<sup>1</sup>.

## Evaluation findings

The findings in this report are divided into two sections, drawing on what has been previously reported on in the Interim Findings report<sup>2</sup> and then what is found when as the Heritage Endowment Grantees draw their campaigns to a close. The first section concentrates on 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 second section explores what grantees have considered to be successful fundraising strategies for endowment fundraising, and how they have overcome challenges, including managing the impacts of the global Covid-19 pandemic from 2020 onwards. The report ends with a summary of what works well when developing and delivering an endowment campaign. It is hoped that these lessons will support other organisations in the heritage sector to launch their own campaigns.

## Summary of findings

- Grants have been awarded for three main purposes, in line 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 heritage organisations to apply for match funding from The National Lottery Heritage Fund for an endowment campaign include a desire to:
  - Maintain, preserve, conserve the heritage and enable a greater understanding of its significance, including securing curatorial posts essential for the sustainability of these tasks
  - Address the loss or decline of existing funding sources, for example from local authority core funding
  - Create a secure underpinning strategy for the heritage organisation to create a more solid foundation on which to develop
  - Establish the infrastructure for sustainability including recruiting fundraising staff, appointing consultancies and most importantly gaining internal buy-in for an endowment campaign.

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<sup>1</sup> Hopkins Van Mil, A new reality: a summary report on fundraising in a time of crisis, May 2021

<sup>2</sup> Hopkins Van Mil, Heritage Endowments Programme: interim evaluation findings, May 2020

- 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 not on whether or not they have been successful. 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 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 (see success factors in the table below).
- 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 speak 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.

- 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 by having a diverse but manageable programme of activities; when they prioritise tasks effectively; when they have a very supportive board of Trustees and an ability to create momentum and motivation for their work. They also confirm the old adage that success breeds success in endowment fundraising.

## **Recommendations and conclusions**

We have divided our recommendations in to two. Recommendations for The National Lottery Heritage Fund include:

- Bringing the cohort back together for a final learning and sharing event once everyone has reached their concluding stage
- Working with partners to create a set of shared learning resources on endowment fundraising devised as a result of the evaluation findings

We have developed six main recommendations for those considering developing an endowment campaign fund. These are:

### **1. Don't be deterred**

Size and organisational characteristic are not pre-determinants of success for endowment campaigns. All sizes and type of organisation have been successful in their campaigns. Smaller organisations benefit from being able to be flexible and pivot their campaigns quickly based on what they have found to work well. Larger organisations benefit from having existing donor bases and established fundraising teams. A key success factor for all size and type of organisation is ensuring that the early stages of the campaign are used to set up internal structures, gain organisational buy in and lay the foundations for success using a solid strategic plan.

### **2. Remember you are not alone**

Grantees have drawn strength from a range of networks to develop their campaigns. These include existing trustees and existing donors; community organisations; other museum and heritage organisations regionally and nationally and from the Fund regionally and nationally. Organisations find they are not in competition with others in the sector because their ask and their needs are very specific to their organisation. They can therefore learn from and share experiences with each other very effectively. It enables organisations to find support when their campaign needs it and to keep the momentum going.

### **3. Create excellent communication tools and channels**

Raising awareness and maintaining communication channels throughout the endowment campaign is essential. It enables those developing the campaign to celebrate key milestones and successes along the way; keeps target funders

engaged and thanked throughout the process; enables links through to those who might provide an unexpected donation (e.g. for those who find the organisation online that matches with their belief in the cause); and builds momentum in to the process.

#### **4. Diversify your fundraising methods – but not too much**

Grantees have found it essential to use a range of fundraising methods, tools and activities at every stage of their campaign, and for each donor segment. As such they have employed large and small-scale events (both free and ticketed); intimate dinners and larger scale, but yet exclusive dinners; tie-ins with national, regional and local events; public city trails and online tours; behind the scenes events and community activities – to name a few. Using a variety of methods, tied to benefits and gifts which recognise the value of the donation to the organisation is essential. However, there is a balance to be struck to ensure that employing a range of methods to appeal to a range of donors, doesn't make the campaign unworkable for the size of the organisation and the resources it has to manage the campaign.

#### **5. Match funding improves the offer**

We have seen in this process that match funding from The Fund has been highly significant in being able to achieve endowment ambitions. Showing that an organisation is being match funded gives an endorsement to their campaign demonstrating trust in the organisation that other donors value. Taking up opportunities for match funding from a range of sources<sup>3</sup> means that the value of one donation can substantially enhanced.

#### **6. Plan for and balance risk and reward**

If the last few years have shown the sector anything it is the essential task of planning for uncertainty. This means those creating endowment funds need to begin the process by creating a plan which integrates both risk and reward. Working through scenarios with trustees and staff and planning for a range of options of plan a does not go forward as expected. Such planning also includes working with potential donors to demonstrate that endowments do give a return on investment, even in times of economic and social uncertainty and upheaval.

Our conclusions are divided into 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 are being put to include to:

- Establish curatorial posts on a sustained basis
- Conserve and preserve historic buildings, fabric, open green spaces and historic sites

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<sup>3</sup> For example [the Big Give](#); [Morrisons Foundation](#); [Barclays Charity Partnerships](#)



- 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:

- Six organisations (40%) have completed their campaigns
- One organisation has achieved 88% of its target and has decided to end its campaign at the original timescale.
- Eight organisations have extended their grant agreement to either the autumn of 2022 or the spring of 2023 to address the delays in campaigning caused by Covid-19.

The evaluation finds that the two programme outcomes:

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

Have been met by the 40% of organisations which have so far met their endowment fundraising targets. Those that will not meet their financial targets, or which have an extension to their programme into later in 2022 or 2023 have nevertheless found that these outcomes are already being achieved.

The match funding aspect of the scheme has been a very positive aspect of all the endowment campaigns - and the reason that many 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.

We end the report with a summary responses to the key evaluation questions. The answers here provide a useful summary of the important aspects of fundraising for endowments. They are set out in the table below.

### Summary responses to the key evaluation questions

Evaluation question	Conclusion
What has been the impact of Heritage Endowments on an organisation's ability to manage their heritage in the longer term?	<p>The Heritage Endowment fund has had positive impacts on grantee organisation's ability to manage the heritage in the longer-term in three ways - by:</p> <p>1) Creating a dedicated income stream from the investment</p>

Evaluation question	Conclusion
	<p>2) Strengthening core support for the organisation and raising the profile of the value of the heritage to communities and wider society</p> <p>3) Strengthening the skills and experience of the organisation in sustainable and strategic fundraising.</p>
<p>To what extent has introducing the lower grant banding of £250,000 through Heritage Endowments supported smaller organisations?</p>	<p>Introducing the lower band has been invaluable in providing support to smaller organisations who have been highly successful in their endowment campaigns. It has demonstrated that endowments are not only possible for larger organisations. Indeed, it provides evidence that smaller organisation can be more flexible in their approaches which can be very beneficial to endowment fundraising.</p>
<p>How can heritage organisations effectively engage with different types of donors in order to build an endowment fund (including effective/successful fundraising methods)?</p>	<p>The endowment fundraising achieved by grantees has highlighted some key principles for fundraising in this context which reinforce existing good practice and are of value to the wider museums and heritage sector. These are embedded in this report and are summarised as:</p> <ol style="list-style-type: none"> <li>1. For all donors: <ul style="list-style-type: none"> <li>• Consider this to be a long-term relationship building exercise</li> <li>• Have internal structures in place to enable relationship cultivation</li> <li>• Harness early foundation donor relationships to provide support throughout the process</li> <li>• Create a case for support which is tested by donors warm to the organisation</li> <li>• Create and continually review key campaign messages which are tailored for specific target donors</li> <li>• Use mixed methods to approach and cultivate donors including events (free and ticketed), trails, dinners and behind the scenes experiences.</li> </ul> </li> <li>2. For high-net worth individuals – all the above, plus: <ul style="list-style-type: none"> <li>• Design tailored and tiered patron schemes</li> <li>• Understand the benefits that will appeal to the specific donor and highlight them</li> <li>• Ensure your website and social media are up-to-date and create a virtual ‘ask’ – donations come from unexpected sources, including from those who are not familiar with the specifics of the organisation, but are interested in the collection type or the appeal</li> <li>• Ensure the right person makes the final ask, it may be more appropriate for a trustee or another donor to do this.</li> </ul> </li> </ol>

Evaluation question	Conclusion
	<p>3. For corporate donors – all the points in the above, plus:</p> <ul style="list-style-type: none"> <li>• Highlight match funding opportunities which particularly appeal to this segment</li> <li>• Engage corporate donors in the campaign as ambassadors – their networks have been shown to be highly effective in bringing in additional corporate sponsors</li> <li>• Ensure there are low and mid-level corporate giving bands to engage businesses who may not have large-scale giving budgets</li> <li>• Have a range of benefits and concrete products to offer.</li> </ul> <p>4. Trusts and foundations</p> <ul style="list-style-type: none"> <li>• Be persistent in relationship building with trusts and foundations, even those who state they do not give to endowments, as this has proved successful in some cases</li> <li>• Use interest from trusts and foundations to strengthen the case for support and the key messages.</li> </ul> <p>5. Lower-level individual giving</p> <ul style="list-style-type: none"> <li>• Is worth the effort, resource and team capacity building required</li> <li>• Requires a mixed method approach including cashless donation points, public events, online and virtual campaigns and good communications</li> <li>• Engage local press interest to galvanise community support</li> <li>• Piggy-back on to events already happening in the community as a low cost but effective tool</li> <li>• Needs careful monitoring to ensure all the funds raised through this route are monitored and included in the match funding reporting.</li> </ul>
<p>What factors contribute to successful endowment fundraising, including the development of new skills and the ability to address challenges as they arise?</p>	<p>Fundraising for endowments in the context of seismic social and economic shifts and events has demonstrated that a key success factor is being flexible. This has enabled grantees to seize opportunities that arise, even in challenging circumstances. Grantees have developed new skills by:</p> <ul style="list-style-type: none"> <li>• Taking advice from trustees, others who have raised endowment funding, and from sharing and learning events within this programme</li> <li>• Bringing in additional expertise such as freelance fundraisers and PR companies</li> </ul>

Evaluation question	Conclusion
	<p>They have used mixed methodology approaches – but ensured that these are focused, strategic and tested. Grantees who found they had too many tactics embedded in their strategy early on needed to refine them to make them achievable.</p> <p>Having four years or more to develop the endowment campaign has been a critical success factor. Many grantees used this structure for their campaign which has worked well:</p> <ol style="list-style-type: none"> <li>1. Establishing internal structures</li> <li>2. Gaining support from foundation donors/ ambassadors</li> <li>3. Initiating tailored campaigns by target group in a staged approach, raising awareness and building relationships along the way</li> <li>4. Cultivating relationships, ensuring success is celebrated and donors are thanked at every stage</li> <li>5. Having final year major event(s) e.g. an online Crowdfunder or a significant public event to push the campaign to its conclusion.</li> </ol>
<p>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?</p>	<p>Grantees have used the resource element of the funds to:</p> <ul style="list-style-type: none"> <li>• As part of the set-up for internal structures, including employing external consultants to gain internal-buy in and develop the case for support/ key messages</li> <li>• Set up the accounting procedures needed to monitor and report on the match-funding</li> <li>• Establish dedicated fundraising posts</li> <li>• Employ freelance support and external advisers</li> <li>• Develop internal training and capacity building mechanisms.</li> </ul> <p>Organisations have found this element of the support from The National Lottery Heritage Fund very helpful, indeed many said they could not have achieved all that they have without this support.</p>

Our overarching evaluation message is that the Heritage Endowment programme has been highly successful in meeting its aims and objectives for financial sustainability and preserving the heritage. This holds true even for those organisations which have not yet achieved their targets, as they have nevertheless found the learning and achievements of the last four years invaluable in making steps towards these outcomes.

# 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 evaluation<sup>4</sup> 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

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<sup>4</sup> Centre for Philanthropy, [Evaluation of the Catalyst: Endowment Grant Programme Final Report](#), University of Kent, December 2017

endowments in the heritage sector are and the long-term effects of this type of income stream.

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.

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, National Lottery Heritage Fund 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
- Four sets of individual interviews with those leading the endowment campaigns from each organisation
- Six sets of group conference calls to support sharing the learning across the cohort of grantees
- Three learning and sharing events for grantees to which external speakers have been invited and National Lottery Heritage Fund staff have attended
- Email updates have also been provided by grantees in the final year of the evaluation

The report has been developed based on the findings from these research elements, woven in are some elements from A New Reality report. This was an extension to the evaluation in March 2021 which set out to understand in greater detail the impacts of the Covid-19 pandemic on this cohort of heritage endowment grantees, the heritage and wider charitable sector. This work included additional interviews and a short questionnaire with grantees. We undertook substantial desk research to understand views from the third sector, the arts, museums and heritage organisations on the issues related to heritage endowment funding in a crisis. The findings from this work were published in May 2021<sup>5</sup>.

## 1.4 Context

Fourteen Heritage Endowment grantees were awarded their grants in March 2017, with one organisation being awarded a grant 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, the referendum and subsequent negotiations to leave the European Union, major terrorist attacks in Manchester and London, as well as severe life-threatening storms and flooding, the Covid-19 pandemic, war in Ukraine and the current cost of living crisis with, for example, energy and food prices rapidly increasing. There is no doubt that such seismic upheavals all have an impact on the global financial markets, including on endowment investments.

Even before the pandemic the Chartered Institute of Fundraising's (CiOF) report *Fundraising for Impact*<sup>6</sup> makes clear that uncertainty is a key challenge,

*The prevailing uncertainty makes planning for the future and taking long-term strategic decisions more difficult. However, charities that focus on*

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<sup>5</sup> Hopkins Van Mil, [A new reality: a summary report on fundraising in a time of crisis](#), May 2021

<sup>6</sup> PWC/ Chartered Institute of Fundraising, [Fundraising for Impact](#), London: May 2019, p.5

*becoming adaptive and resilient and proactively take control where they can, will be the ones that are the best placed to succeed.*

The report also stresses, a point made by many grantees within the Heritage Endowment programme, that being flexible and able to adapt to change as individual fundraisers and culturally within the organisation is an important fundraising success factor in the current uncertain climate.

In the recent Charities Landscape 2022 report, the Charities Aid Foundation (CAF) has found that financial sustainability is the principal challenge faced by the charitable sector. 58% of the 1080 charities surveyed for the production of the report, said generating income and financial stability are the most pressing challenges for their organisation. This suggests that routes to long-term sustainability remain as essential as when The National Lottery Heritage Fund launched the Heritage Endowment programme in 2017.

At the time of writing this final report one of the organisations within the cohort has decided to stop their campaign having achieved 88% of their target. Six organisations have completed their campaigns

- Two being smaller heritage organisations who had targets of under £280,000
- One being a smaller heritage organisation with a target of £540,000
- Two being large scale heritage organisations one with a target of £1,100,000 and the other with a target of £1,098,600
- One being an independent regional organisation with three museum sites with a target of £1,100,000
- Eight organisations have requested and been approved an extension to their grant end date to the autumn of 2022, or April 2023.

Readers of this report should note that grantees are quoted anonymously throughout. This is to protect the anonymity of donors and the detailed confidential information. Quotations have been used to emphasise the key points made and, as such, anonymity doesn't affect the relevance of what has been said.



## 2. Early evaluation findings

This section of the report provides a summary of the early evaluation findings so that progress over the years can be clearly demonstrated. 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 considers whether organisation size or characteristics have a material impact on fundraising for endowments. It ends with reflections on the importance of celebrating successes along the full journey of the endowment campaign.

### 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**

<b>Organisation type</b>	<b>Size of grant</b>	<b>Grant purpose defined by grantee</b>
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

<b>Organisation type</b>	<b>Size of grant</b>	<b>Grant purpose defined by grantee</b>
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 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 in their grant making criteria, 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 high net worth individuals feel about donating to an endowment campaign in the economic downturn, which has been a key feature of the fundraising context since 2017. Grantee organisation shared two main reasons for this nervousness.

### 1. Financial sustainability is a dilemma

The heritage organisation needs to demonstrate to potential funders that it is financially viable in the long-term, to show that it will be able to realise the benefits of the endowment. However, this can be seen as a contradiction for donors. Why do you need an endowment fund if you are already financially sustainable?

*“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.”*

## 2. Demonstrating the value of long-term impacts

Some donors want to see the immediate impacts of their support and that is far easier to demonstrate through a short-term capital project for example. It is much more of a challenge to demonstrate when the benefits from the endowment fund may not be fully realised until some future time. Donors worry that the funds they give now could potentially be less valuable in the future with variability of interest rates.

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. Stress was also placed on building relationships with donors, cultivating their interest over the long term.

*“It’s like a marriage proposal. You don’t launch in the moment you’ve met with ‘let’s get married’. But you’ll judge when the relationship is at the right stage. That might be a spontaneous proposal on either side, or it might take longer. There’s no point in ruining a good relationship by forcing donors down an endowment route that they might not be ready for.”*

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 size and 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
- previously relied on local authority core funding, or
- historically funds had been raised by lower-level donations on a project-by-project basis.

Previously four of the museums in the cohort had relied largely extensively upon local authority funding. Across the whole UK, local authority spending on museums and galleries declined between 2009/10 and 2019/20 by 27% in real terms from

£426m to £311m<sup>7</sup>. As such these museums see the existential importance of diversifying their income streams to protect them from future public sector funding cuts.

### 2.3.1 The importance of having structures in place

The National Lottery Heritage 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 emerged that the work to establish an endowment campaign posed similar, but not exactly the same, opportunities and challenges whatever the characteristic of the organisation. What is clear at the end of the evaluation process is that the size of the organisation is not a factor in success in endowment fundraising. What is a very clear indicator of success is the extent to which an organisation has assessed what is needed to be successful and put organisational structures in place to support this.

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 was 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 significant successes by being flexible. They did not have to navigate complex internal structures to establish their scheme as some of the larger organisations did.

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

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<sup>7</sup> Rex, B and Campbell, P, [Local Authority Investment in Museums after a Decade of Austerity](#), Museums Association/ Esmée Fairbairn Foundation, 2021

historic house, and a strong case for support which all meant that the legacy was achieved.

The evaluation 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 faced delays in the set-up phase of their project, for example, trying to find appropriate staff or consultancy support, which meant they weren't able to begin their project exactly as they had set out in their initial strategies. This caused delays in achieving early milestones which was demoralising for some organisations. The foundations which grantees said are particularly important in establishing an endowment campaign have been identified through this evaluation as:

- Gaining organisational buy-in
- Initiating recruitment of staff, advisers and consultants as soon as possible
- Briefing existing Trustees and appointing additional Board level support, including additional advisers
- Reviewing the existing supporter base or establishing a programme of work to instigate one if it doesn't exist
- Setting up systems to make sure all donations to the endowment campaign, including small change and pocket money giving, are recorded properly so that match funding can be applied. As one heritage site explained,

*“You need to know what you are going to claim, how you are going to claim it, how you are going to extract the reporting data you need to justify the match. If we'd thought about it more beforehand we might have come up with better systems.”*

All organisations, whatever their size or characteristics, agreed that it is important to have these elements in place as soon as possible in the development of the campaign. 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.”*

### **2.3.2 Harnessing early donor support**

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.

It is clear that to succeed in endowment fundraising organisations must undertake a realistic assessment of their strengths and weaknesses. Those organisations within the cohort which were able to address weaknesses, such as lack of capacity; fundraising resource; or an existing support base early on in the process, did achieve successes in their campaigns, and many quite quickly - whatever the size of their organisation.

## **2.4 The value in marking success along the way**

Grantees built on the success of early foundation donations, and the organisational systems established in year one for their endowment campaigns, to grow further their endowment fund. For a minority of grantees early successes were dramatic. As we have seen one museum achieved the whole of its target within the first month of their campaign. In addition one grantee used a major gala dinner, attended by key stakeholders, local businesses and the wider community, to successfully increase the amount they raised to 90% of their endowment target. Another smaller organisation raised £90k from a successful partnership with the Big Give to quadruple the match funding available.

However, early success was not seen only in terms of larger-scale big wins. The majority of grantees reported early success in terms of sure and steady progress against their objectives. This included more foundational work for the campaign such as developing short-lists of major donors, conducting wealth screening programmes and refining the case for support based on the learnings gathered in years one and two.

Success has also been seen by some organisations as working flexibly and with pragmatism, being able to take opportunities as they arise. For example, sending out generic newsletters to the trusts and foundations who have previously funded the organisation, or to friends of the organisation. Organisations that did this mentioned the endowment campaign in their newsletters rather than having it as the main message. This resulted in an immediate donation of £20k for one large heritage organisation and a grant of £10k for another smaller organisation.

Being able to galvanise volunteers and Trustees at short notice has also been important for some grantees. One was offered the opportunity to take collection buckets to a public lecture being given by a well-known broadcast historian, who mentioned the campaign, resulting in both donations and a higher profile for the museum involved. Taking advantage of the opportunity meant Trustees and staff changing their plans with just two-days' notice to make sure the museum could have a presence at the event and make the most of the opportunity. Organisations see this as being part of staff training and capacity building. They said this kind of success was based on being able to:

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

Early keys to success with major donors were reported as starting small, for example by hosting a small-scale donors' dinner party, and moving in to organising larger-scale donor events at which donors act as champions for the programme. The majority of grantees kept their focus in the early stages of their campaigns on attracting major donors. This included returning to donors who have previously supported the organisation as well as expanding awareness of what the organisation does, and the campaign itself, to a wider pool of potential high net worth supporters. Grantees agree that:

*“Having a lead donor has been essential. It's been the key thing, having our patron on board.”*

The lead donor(s) are significant, not only for the funds they bring, but because of their ability to convince others in their network of the value of the campaign and the benefits of an endowment scheme. As one organisation told us:

*“An existing donor gave us access to 20 people in his network with 20 handwritten notes to go with the letter. One donation has come from it at the moment, however he had 6 telephone calls from others who said it seemed a good idea and they would like to visit.”*

### 3. Final evaluation 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 either conclude or embark on the final few months of their campaigns. The section provides an assessment of challenges described by grantees and how they have been/ can be overcome.

#### 3.1 Successful fundraising tactics

Grantee organisations are working within the structure of fundraising and business plans which, as with the previous Catalyst Endowment Fund on which the Heritage Endowment programme builds, 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, in their stated aims to create organisational resilience and sustainability, being delivered through a variety of tactics. The key methods employed by grantees have been summarised in table 2.

**Table 2: Summary of the range of fundraising methods used**

<b>Fundraising methods</b>	<b>Why used</b>
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).
Piggy-backing onto public and ticketed events run by others such as art fairs, high-profile speaker events and existing community activities and annual events.	As above
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.

<b>Fundraising methods</b>	<b>Why used</b>
Exclusive events including exclusive small and large 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 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.
Online and virtual events during the pandemic – linked to sending out activity packs to local families; sending postcards and message cards to donors; supporting community online activities such as pub quizzes	To maintain donor engagement and demonstrate that even if the museum or heritage site is closed it can still play a significant role in the community
Acquiring lead and foundation donors at key stages of the campaign, including restarting campaigns paused by Covid	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: including sponsored museum and sculpture trails and open air events.	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.
Having the right tools in place for example contactless donation points.	Adapting to post-pandemic fundraising when people are less likely to have small change on them for donation boxes.

Some organisations have employed a wide range of activities and events in their endowment campaigns, others have focused more on a specific approach, focusing on a specific target audience or an aspect of their collection or site. Section 3.1.3 speaks to the focus for the campaign message, including ensuring that donors aren't 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 learning and sharing events run as part of the evaluation for the programme the majority of grantees agreed that the following 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.

### **3.1.1 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 asked 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 spoke 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.”*

One organisation ran a high profile sculpture trail around their town which raised over £160,000 for their museums. Having an event which ran for three months in and around the city created a significant amount of coverage for the endowment campaign and,

*“We did get a lot of publicity which generally increased public love for our museums with a really accessible sculpture trail. People loved it and it gave all of us a great sense of achievement which motivated us in the final push to achieve our target.”*

Although of course extremely challenging, some organisations used the fact that they couldn't meet potential donors face-to-face during the pandemic as an opportunity. They organised virtual tours and online events, which more people could attend virtually than would have been able to at the museum itself. Some organisations ran these events specifically for the endowment campaign as described by this historic house fundraiser,

*“We held two zoom online events which were centred on the endowment. The one that came towards the end of our campaign was particularly helpful because it gave a sense of urgency, already heightened by the pandemic. We found it was obviously a benefit that we could have as many people as wanted to attend and wherever they lived they were given the opportunity to join.”*

### **3.1.2 The importance of the case support and clear campaign messaging**

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 expressed the view that working on this in the early stages, and reviewing the message constantly throughout the campaign 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.

Grantees were clear in discussions that investing the time in creating a robust case for support is essential for the campaign. They stressed the following points:

- Make it easy for potential donors to understand the value of creating a sustainable funding source
- Use the case for support to articulate the strategic direction of the organisation – funders need to have the security of knowing that you are clear about what the organisation will be doing in the next 20 years and that the organisation has a financial, as well as activity-based vision
- Demonstrate in the case for support that the benefits of the donation are extensive and include benefits to communities and society, not just to the organisation
- Understand that the case for support must be written from the donors perspective, clearly articulating the benefits to them in using an endowment fund as the mechanism for their gift.

Testing the case for support with warm potential donors is a strategy grantees have found valuable in developing their case for support. This process allows organisations to understand the extent to which their case for support demonstrates the urgency and importance of the endowment. As one grantee put it,

*“It case for support needs to be urgent, vital, emotional but not saccharine.”*

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.”*

Powerful key messages are central to success for all organisations. Grantees have reported positive results from:

- Stating that existing donors are safeguarding the work achieved through previous donations by also giving to the endowment
- Talking about the link between legacies and endowments to help potential higher level donors get into the mindset of longer-term strategic giving
- Focus key messages on what matters to the donor – this might include the value to the heritage, to communities as well as financial sustainability
- Highlighting how their organisations are rooted in the wider regional or national heritage which the endowment will be safeguarding for future generations. For example, some grantees have found that donors welcome messages underlining the links between the museum, local food producers and local craft skills. They demonstrate in this messaging that the endowment grant is not only supporting the museum but also regional and national culture.

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. Who delivers the message is critical to success –

and sometimes the message is better coming from an existing patron or trustee rather than a member of staff. One organisation described it in this way:

*“There’s only myself, my manager and the CEO so we had to think carefully about who should deliver the message that we’re now re-starting the endowment campaign and heading towards an urgent deadline. Our trustee board members stopped in and helped out quite significantly. They started to ring and write to people and got a lot more supporters back on board, or even making donations for the first time to the endowment.”*

Multi-modal communication approaches have proved vital in getting campaign messages out, particularly online. Using museum and heritage websites effectively and taking advantage of social media and crowd sourcing opportunities has been highly successful for some organisations. One heritage site described how ensuring the message was clear on the website attracted an unsolicited donation.

I am so pleased we sorted out our website properly before the pandemic hit. We had a substantial donation come from somebody we weren’t even aware of the existence of. He just wanted to make some donations to cathedrals and churches. He was clicking around on our website and saw our campaign. He saw it was matched and he was London based, the other end of the country. He just emailed and said, ‘I’d like to give you £10,000.’. So having your message everywhere is really useful because you never know who is looking at your website and reading the material.

### **3.1.3 Match funding**

This brings us to match funding which 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. Donors value the concept of seeing their gift doubling, but, more importantly according to grantees is that match funding demonstrates the commitment of a significant national funder to an endowment approach. Grantees say that donors see this as an important demonstration of external validation for their organisation and an endorsement for a long-term strategic approach to fundraising.

*“The fact that The Fund are really valuing this as an income stream justifies our internal and external conversations about this. The National Lottery Heritage Fund has validated the benefits of it. It empowers all our conversations with 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 organisations’ campaigns by awarding the Heritage Endowment grant has given other match funders the confidence to support campaigns 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 of 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 HEF 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.

This is not a lone example. Successful messaging around the prestige of being associated with a significant heritage site, or for smaller-scale organisations about supporting success in your local community has been important. Using online communication through web pages and social media has been a successful tool in conveying messages. To the surprise of some grantees, getting these online messages right 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.”*

### **3.1.4 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, had been advised that approaching the corporate sector could 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.

However, those that did focus on this segment found the match funding element a particularly important draw for the corporate sector. These grantees reported that match funding has been particularly helpful in attracting lower-level business support (for example in bands of £250-£500) to their campaign. This grantee evidence is confirmed by work by the Charities Aid Foundation (CAF)<sup>8</sup> which confirms that corporate donors are generally attracted by match funding offers.

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,

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<sup>8</sup> CAF, [Creating an Age of Giving: Conclusions from the Growing Giving Parliamentary Enquiry](#), June 2014 and Moon, J, Corporate Support: Presentation at the second Learning & Sharing Event for the Heritage Endowment evaluation programme, 2019.

*“We’ve made our best progress with the corporate sector because they understand the messaging of endowment.”*

Others felt that corporate donors understand the message of endowments and match funding and are more likely to donate to an endowment campaign than other forms of fundraising.

Grantees felt that where they had been successful with corporate donors is because they had a co-ordinated approach to conveying the endowment message to them, using a range of tools including:

- Souvenir guides and maps
- A dedicated app and website for the campaign
- A show reel for specific events such as trails and events
- Auctions which are used as cultivation as well as fundraising events
- Exclusive behind the scenes tours with highlights tailored to their business.

### **3.1.5 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.

### **3.1.6 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 to some grantees, more often cited by those in receipt of a smaller grant. As mentioned in the Year 2 Heritage Endowment key message paper<sup>9</sup> 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 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. Staff are now considering how to make all the different elements work together including streamlining the plan, putting more of the

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<sup>9</sup> HVM, [Key messages emerging from Year 2](#), May 2019, p. 2

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 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 numbers 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 challenging, 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.

### **3.2.2 Campaign prioritisation**

Even if they have a number of live fundraising campaigns running at the same time, most grantees have been more successful with endowment campaigning if their messaging is focused principally on the endowment campaign. Some have said that revenue fundraising, and ongoing capital campaigns have to run concurrently for them as they are all urgent needs, particularly during the crisis phase of the pandemic. 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.”*

Across the cohort of grantees the evaluators have seen two distinct ways of managing the endowment amongst other fundraising needs. One set of organisations has tried to keep the endowment campaign entirely separate from other fundraising activities and requests. The other group sense that they will be more effective with endowment as a blended offer, or that the only way to engage donors is to bring them in from areas they are perhaps more comfortable with. Those in the first group said:

*“Keep it simple – reduce the number of other campaigns running at the same time as the endowment.”*

*“Focus on endowments. It’s the one conversation to have.”*

*“There has been a knock-on effect, but it’s a no brainer, if it’s about the sustainability of the museum then that’s what you have to do, go for the endowment.”*

*“Everybody is focused on the endowment. They aren’t trying to divert attention to other things. Everyone understands that without the endowment we can’t keep the doors open.”*

Keeping the doors open is equally the concern of the second group which feels they have no other option than to manage a number of fundraising campaigns at once. For the majority this is either because they have an existing capital campaign that needs to be completed, or they cannot stop fundraising for revenue and core costs in favour of the endowment campaign. Grantees reported that the clear way to manage this challenge is to prioritise very carefully. This prioritisation has been done in terms of staff time, for example, a staff member focusing for two-days a week on the endowment and on other priorities the rest of the week. Equally others have been prioritising whom they approach for what; Some donors have been identified as being warmer to endowments and others for core funding. A minority of grantees saw this as an opportunity to approach funders with a blended offer. As one person put it:

*“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 our 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 on other programmes with them first.”*

Addressing the challenge of prioritisation became an important aspect of all endowment campaign management. This included ensuring that staff spent a specific amount of time on the endowment and their remaining time on other campaigns. Equally important was 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 has been an even greater 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."*

Some museums reported a challenge in sticking to a focused prioritised approach, particularly when are critical urgent funds were needed. This was particularly true when museums and heritage sites were closed during lockdowns from 2020-2021. This meant for many of the cohort that their endowment fundraising stopped altogether,

*"All of our museums were closed on the government's announcement on 23<sup>rd</sup> March (2020). 90% of our staff were furloughed including my team, apart from me. We had to switch immediately to emergency and crisis fundraising. The endowment was absolutely on the back burner."*

*"We lost about 60% of our income overnight. Everything that was non-essential basically ground to a stop. We furloughed about 74% of our staff. We paused our endowment campaign but took it as an opportunity to do things which would help us restart it later. For example we did audience research, we looked at what had gone well and not so well in the campaign to date and sought out opportunities that we thought we might have missed in the full heat of managing the campaign. The lockdowns had some benefits."*

We therefore found that although some organisations had to de-prioritise the endowment campaign during the pandemic, they were in fact laying surer foundations for when they could restart it after the immediate crisis had passed.

As many organisations stressed, Covid-19, highlighted the importance of endowment fundraising.

*“Covid-19 has simply reinforced the reason why we did want to set up an endowment in the first place, which was to increase our financial resilience.”*

It also showed to some that prioritising the endowment campaign, even in time of crisis, was still possible. They said that what they learnt from the pandemic was that,

*“If you go publicly fully and really put that as your main fundraising priority, you never know what will come from it, from higher net worth individuals, major donors and cold supporters, or even lapsed supporters.”*

Prioritising the endowment, even in the pandemic, was critical for one of the independent museums in the cohort. They felt that despite many challenges, keeping the endowment campaign high on their list would demonstrate to their supporters that long-term sustainability is key to ensuring the museum can continue to do its core work, even in any future crisis.

*“We’ve got a lot of challenges ahead but we feel that by prioritising the endowment at least we can have some income when times are hard. Thinking that through has helped us to be more secure financially overall.”*

### **3.2.3 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 let the campaign fail when you are 2-3 years in.”*

The pandemic was also used as an opportunity for some organisations to build in a greater sense of urgency towards the end of their campaign. For example one small historic house created an online virtual tour. This helped them to retain their volunteers during the pandemic and to continue to engage with potential donors. They then pushed the appeal very strongly on the back of these activities. They created a strong narrative around the importance of the campaign which they used as a Crowdfunder campaign to promote the endowment. Using Crowdfunder to help create the sense of urgency, tied, for example, to beautiful donor gifts linked to the collection was key to this organisation achieving their endowment target.

*“We found through Crowdfunder that there were a lot of low level donations, but a big increase in our local community wanting to participate in the story and sharing the story of the house, wanting it to succeed with the campaign to ensure the story could continue.”*

#### **3.2.4 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. Others 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. Evaluation recommendations and conclusions

### 4.1 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 echo to some extent the recommendations made in the final Catalyst Endowment report<sup>10</sup>, and those in the HVM Interim Evaluation report<sup>11</sup>.

#### 4.1.1 Recommendations for The National Lottery Heritage Fund

Grantees have welcomed the three annual learning and sharing events facilitated by HVM in 2018, 2019 and 2021 as really important in understanding what has worked well, what less well and what impact that has on their own campaign planning. Given eight of the fifteen members of the cohort have yet to complete their campaigns it might be a very useful exercise to bring the 15 back together again once all campaigns are concluded. This event could be run as part of The Fund's consideration of its strategic priorities from 2024-2029, gaining insight from this group of engaged grantees who have achieved so much in challenging circumstances.

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 learning and sharing days across the sector. The Fund could consider working in partnership with, for example the Association of Independent Museums (AIM) and the Museums Association (MA), as well as more fundraising specific organisations such as CAF and CiOF, to establish such a programme.

#### 4.1.2 Recommendations for those considering establishing an endowment fund

As a result of evaluating the Heritage Endowment programme since 2017 HVM has a set of six main of recommendations for those in the museum and heritage sectors considering initiating an endowment campaign. We summarise these as:

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<sup>10</sup> Centre for Philanthropy, [Evaluation of the Catalyst: Endowment Grant Programme Final Report](#), University of Kent, December 2017, section 7.

<sup>11</sup> Hopkins Van Mil, [Heritage Endowment Programme: Interim Evaluation Report](#), May 2020

## **1. Don't be deterred**

Size and organisational characteristic are not pre-determinants of success for endowment campaigns. All sizes and type of organisation have been successful in their campaigns. Smaller organisations benefit from being able to be flexible and pivot their campaigns quickly based on what they have found to work well. Larger organisations benefit from having existing donor bases and established fundraising teams. A key success factor for all size and type of organisation is ensuring that the early stages of the campaign are used to set up internal structures, gain organisational buy in and lay the foundations for success using a solid strategic plan.

## **2. Remember you are not alone**

Grantees have drawn strength from a range of networks to develop their campaigns. These include existing trustees and existing donors; community organisations; other museum and heritage organisations regionally and nationally and from The Fund regionally and nationally. Organisations find they are not in competition with others in the sector because their ask and their needs are very specific to their organisation. They can therefore learn from and share experiences with each other very effectively. It enables organisations to find support when their campaign needs it and to keep the momentum going.

## **3. Create excellent communication tools and channels**

Raising awareness and maintaining communication channels throughout the endowment campaign is essential. It enables those developing the campaign to celebrate key milestones and successes along the way; keeps target funders engaged and thanked throughout the process; enables links through to those who might provide an unexpected donation (e.g. for those who find the organisation online that matches with their belief in the cause); and builds momentum in to the process.

## **4. Diversify your fundraising methods – but not too much**

Grantees have found it essential to use a range of fundraising methods, tools and activities at every stage of their campaign, and for each donor segment. As such they have employed large and small-scale events (both free and ticketed); intimate dinners and larger scale, but yet exclusive dinners; tie-ins with national, regional and local events; public city trails and online tours; behind the scenes events and community activities – to name a few. Using a variety of methods, tied to benefits and gifts which recognise the value of the donation to the organisation is essential. However, there is a balance to be struck to ensure that employing a range of methods to appeal to a range of donors, doesn't make the campaign unworkable for the size of the organisation and the resources it has to manage the campaign.

## 5. Match funding improves the offer

We have seen in this process that match funding from The Fund has been highly significant in being able to achieve endowment ambitions. Showing that an organisation is being match funded gives an endorsement to their campaign demonstrating trust in the organisation that other donors value. Taking up opportunities for match funding from a range of sources<sup>12</sup> means that the value of one donation can substantially enhanced.

## 6. Plan for and balance risk and reward

If the last few years have shown the sector anything it is the essential task of planning for uncertainty. This means those creating endowment funds need to begin the process by creating a plan which integrates both risk and reward. Working through scenarios with trustees and staff and planning for a range of options of plan a does not go forward as expected. Such planning also includes working with potential donors to demonstrate that endowments do give a return on investment, even in times of economic and social uncertainty and upheaval.

## 4.2 Conclusions

In May 2021, HVM was commissioned in a separate but linked study to summarise the issues, challenges and opportunities of fundraising in a crisis<sup>13</sup>. This study found that,

*“Heritage endowments, once in place, are a cornerstone of resilience, allowing organisations to survive in times of fundamental crisis.”*

This message follows into this evaluation report. Grantees report that they are more resilient as a result of developing an endowment fund on solid good fundraising principles, and in having the time to develop the campaign effectively.

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

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<sup>12</sup> For example [the Big Give](#); [Morrisons Foundation](#); [Barclays Charity Partnerships](#)

<sup>13</sup> HVM, [A New Reality: a summary report on fundraising in a time of crisis](#), May 2021

endowment in terms of the length of the match funding campaign and the size of the grant awarded.

#### **4.2.1 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 has varied between organisations (see table 1) but the principle aims can be grouped under three main themes - to:

- 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 principal 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 National Lottery Heritage Fund 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.

#### **4.2.2 Use as intended**

Six of the grantees have completed their campaigns and drawn-down their full grant amount. Three of these organisations are historic house museums who received lower level matched grants of £250,000, all three 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. The third had a powerful campaign linked to the house and by using mixed methods of donor and trust and foundation fundraising. They completed their campaign with a highly successful Crowdfunder which showcased the house online and was linked to beautiful, house specific, thank you gifts.

A further two organisations, both large-scale historic sites and places of worship, have also completed 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.

The most recent grantee to achieve its target, an independent museum with three museum sites, had a highly successful sculpture trail and made very effective use of foundation donations and small and large-scale events. The endowment will be used, as planned, to provide an income stream to replace previous local authority funding. The £2 million raised for the Museums' Endowment will be invested in perpetuity, with the income from the investment providing the organisation with a long-term, sustainable annual income

Of the 8 organisations which are working on the final push to achieve their campaign targets, 7 are completing their campaigns at the time of writing with deadlines of either end of June or end of September 2022. As mentioned one organisation closed their campaign early to focus on the severe impacts of Covid-19 and the need to become self-sustaining without core government funding. One heritage organisation has been granted a two-year extension and will complete in April 2023. All those who are due to complete over the next eighteen months are confident that they will achieve their targets. One of these organisations 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 evaluation assessment is that the majority of grantees have already met or will meet their original intention within their campaigns.

#### **4.2.3 Outcomes achieved**

It is the finding of this evaluation that as a result of the Heritage Endowments programme and with significant National Lottery Heritage Fund investment:

- Heritage will be better managed
- And the organisations involved will be more resilient

The second bullet point has been clearly demonstrated by those who completed their campaign targets before the Covid-19 pandemic. As one organisation said,

We completed our full endowment in the autumn of 2019. So we were very relieved that we didn't have to try and raise any money towards our endowment following Covid. The income from our endowment was actually incredibly supportive to us as a very small organisation. It pretty much helped to offset our lost visitor income...we weren't scrabbling around to find emergency funding to stay open. We had that gap offset by the endowment income. It has been hugely beneficial.

The evaluation has found that both these outcomes have been met by many and are on course to being 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 to the Heritage Endowment programme, 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 have found it at times 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.

#### **4.2.4 Achieving ambitions through the programme**

The match funding aspect of the scheme has been shown to be a very positive. It was the reason that some of the grantees applied for the grant and it has been highly attractive to all types of donor. It has also provided external validation for the organisations concerned encouraging other funders to also provide match funding.

Match funding 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 has meant that this has not been possible for all organisations who have extended their campaigns by a further one or two years. Despite this 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.

We have seen in this evaluation that success in achieving endowment targets has not depended on the scale of the original grant, or the size of the organisation. The six organisations which have completed their campaigns range from the smallest grant size to the largest, and from the smallest independent and largely volunteer run organisations to the largest heritage sites and places of worship.

## **4.3 The key questions raised in the evaluation**

The National Lottery Heritage Fund asked a number of key questions in relation to the Heritage Endowment programme. These questions are answered throughout this evaluation report, with our conclusions summarised below.

### **4.3.1 Summary responses to the key evaluation questions**

#### **What has been the impact of Heritage Endowments on an organisation's ability to manage their heritage in the longer term?**

The Heritage Endowment fund has had positive impacts on grantee organisation's ability to manage the heritage in the longer-term in three ways - by:

- 4) Creating a dedicated income stream from the investment
- 5) Strengthening core support for the organisation and raising the profile of the value of the heritage to communities and wider society

Strengthening the skills and experience of the organisation in sustainable and strategic fundraising.

#### **To what extent has introducing the lower grant banding of £250,000 through Heritage Endowments supported smaller organisations?**

Introducing the lower band has been invaluable in providing support to smaller organisations who have been highly successful in their endowment campaigns. It has demonstrated that endowments are not only possible for larger organisations. Indeed, it provides evidence that smaller organisation can be more flexible in their approaches which can be very beneficial to endowment fundraising.

#### **How can heritage organisations effectively engage with different types of donors in order to build an endowment fund (including effective/ successful fundraising methods)?**

The endowment fundraising achieved by grantees has highlighted some key principles for fundraising in this context which reinforce existing good practice and are of value to the wider museums and heritage sector. These are embedded in this report and are summarised as:

1. For all donors:
  - Consider this to be a long-term relationship building exercise
  - Have internal structures in place to enable relationship cultivation
  - Harness early foundation donor relationships to provide support throughout the process
  - Create a case for support which is tested by donors warm to the organisation
  - Create and continually review key campaign messages which are tailored for specific target donors
  - Use mixed methods to approach and cultivate donors including events (free and ticketed), trails, dinners and behind the scenes experiences

2. For high-net worth individuals – all the above, plus:
  - Design tailored and tiered patron schemes
  - Understand the benefits that will appeal to the specific donor and highlight them
  - Ensure your website and social media are up-to-date and create a virtual ‘ask’ – donations come from unexpected sources, including from those who are not familiar with the specifics of the organisation, but are interested in the collection type or the appeal
  - Ensure the right person makes the final ask, it may be more appropriate for a trustee or another donor to do this.
  
3. For corporate donors – all the points in the above, plus:
  - Highlight match funding opportunities which particularly appeal to this segment
  - Engage corporate donors in the campaign as ambassadors – their networks have been shown to be highly effective in bringing in additional corporate sponsors
  - Ensure there are low and mid-level corporate giving bands to engage businesses who may not have large-scale giving budgets
  - Have a range of benefits and concrete products to offer
  
4. Trusts and foundations
  - Be persistent in relationship building with trusts and foundations, even those who state they do not give to endowments, as this has proved successful in some cases
  - Use interest from trusts and foundations to strengthen the case for support and the key messages.
  
5. Lower-level individual giving
  - Is worth the effort, resource and team capacity building required
  - Requires a mixed method approach including cashless donation points, public events, online and virtual campaigns and good communications
  - Engage local press interest to galvanise community support
  - Piggy-back on to events already happening in the community as a low cost but effective tool
  - Needs careful monitoring to ensure all the funds raised through this route are monitored and included in the match funding reporting.

**What factors contribute to successful endowment fundraising, including the development of new skills and the ability to address challenges as they arise?**

Fundraising for endowments in the context of seismic social and economic shifts and events has demonstrated that a key success factor is being flexible. This has enabled grantees to seize opportunities that arise, even in challenging circumstances. Grantees have developed new skills by:

- Taking advice from trustees, others who have raised endowment funding, and from sharing and learning events within this programme
- Bringing in additional expertise such as freelance fundraisers and PR companies

They have used mixed methodology approaches – but ensured that these are focused, strategic and tested. Grantees who found they had too many tactics embedded in their strategy early on needed to refine them to make them achievable.

Having four years or more to develop the endowment campaign has been a critical success factor. Many grantees used this structure for their campaign which has worked well:

1. Establishing internal structures
2. Gaining support from foundation donors/ ambassadors
3. Initiating tailored campaigns by target group in a staged approach, raising awareness and building relationships along the way
4. Cultivating relationships, ensuring success is celebrated and donors are thanked at every stage
5. Having final year major event(s) e.g. an online Crowdfunder or a significant public event to push the campaign to its conclusion.

### **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?**

Grantees have used the resource element of the funds to:

- As part of the set-up for internal structures, including employing external consultants to gain internal-buy in and develop the case for support/ key messages
- Set up the accounting procedures needed to monitor and report on the match-funding
- Establish dedicated fundraising posts
- Employ freelance support and external advisers
- Develop internal training and capacity building mechanisms.

Organisations have found this element of the support from The National Lottery Heritage Fund very helpful, indeed many said they could not have achieved all that they have without this support.

Our overarching evaluation message is that the Heritage Endowment programme has been highly successful in meeting its aims and objectives for financial sustainability and preserving the heritage. This holds true even for those organisations which have not yet achieved their targets, as they have nevertheless found the learning and achievements of the last four years invaluable in making steps towards these outcomes.

**Hopkins Van Mil**

**23<sup>rd</sup> June 2022**

## Appendix 1: List of grantee organisations

<b>Applicant</b>	<b>Grant awarded</b>
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