



# Heritage Endowments Programme

A New Reality: a summary report on fundraising in a time of crisis

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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. This paper is a short extension to the project which sets out to understand the impacts of the COVID-19 crisis on heritage fundraising.

## Research aim and objectives

The aim of this short research project was to review the new reality faced by heritage organisations in their fundraising programmes, with a focus on endowments. The objectives were to:

1. Conduct desk research to give an overview of the current landscape in which heritage endowments campaigns are operating.
2. Use the data gathered in the development of the Interim Evaluation report<sup>1</sup> and in the autumn 2020 group calls with the grantees on the impact Covid-19 has had on their campaigns, to understand the challenges faced and the opportunities taken during the pandemic
3. Analyse what this tells us about what the sector needs to re-build its fundraising (focused on endowments) programmes as a result of having to move into crisis mode from March 2021.

## Methodology

The research was conducted in March and April 2021 drawing on published material on the impact of the COVID-19 crisis on heritage organisations and interviews held with Heritage Endowment fund grantees in the autumn of 2020. From this analysis insights were drawn to develop learnings to inform current and future fundraising campaigns.

## Summary findings

As a result of the desk research and interviews and discussions with Heritage Endowment grantees we have explored key findings, a number of which echo points made in the Interim Evaluation Report (May 2020).

- **Treat everyone that the organisation interacts with as a potential endowment or legacy donor.** Donations and legacies which have supported

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<sup>1</sup> Hopkins Van Mil, [Heritage Endowments Programme Evaluation Interim Report](#), National Lottery Heritage Fund, May 2020

endowment campaigns in the COVID-19 crisis have come unprompted from unexpected/ unknown sources

- **Personal approaches and tailored key messages have been effective tools** for keeping donors informed and feeling part of the solution to the crisis – which encourages donations to continue
- **Planning for the future** in times of uncertainty has been seen to work best when it incorporates working through **a range of scenarios** and understanding how to **mitigate risk** for each of them
- **Staying flexible, think laterally and remain open to all opportunities** and being prepared to invest time in cultivating unexpected prospects have been essential elements in Heritage Endowment grantees work during the crisis
- For some increased time has been available to work in this new way – having **more time to think** and **plan strategically** balanced with **spontaneous activity**, for example maintaining donor relationships
- The national lockdowns have highlighted **how valued heritage organisations are**, and how much they are **missed when inaccessible**. This is a useful platform from which to relaunch fundraising activity once the immediate crisis is passed
- **Digital and virtual opportunities** for donor engagement and fundraising activities **have been invaluable** in the pandemic and have enabled campaigns to ‘tick over’ when there is no site access. The digital space, including social media, has opened up the heritage organisation’s offer to a wider group of people, and been a route to democratising cultural heritage during the pandemic
- Messages from the sector should demonstrate that **endowments do give a return on investment**, even in times of economic uncertainty
- We are left with the important message that **heritage endowments**, once in place, **are a cornerstone of resilience**, allowing organisations to survive in times of fundamental crisis.

# 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 when the endowment fundraising campaigns are complete. This paper was an extension to the programme which sought to understand review the new reality faced by heritage organisations in their fundraising programmes, with a focus on endowments.

## Evaluation 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>2</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 Research and objectives

The objectives for this short research project were to:

1. Conduct desk research to give an overview of the current landscape in which heritage endowments campaigns are operating.

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<sup>2</sup> Centre for Philanthropy, [Evaluation of the Catalyst: Endowment Grant Programme Final Report](#), University of Kent, December 2017

2. Use the data gathered in the development of the Interim Evaluation report<sup>3</sup> and in the autumn 2020 group calls with the grantees on the impact Covid-19 has had on their campaigns, to understand the challenges faced and the opportunities taken during the pandemic
3. Analyse what this tells us about what the sector needs to re-build its fundraising (focused on endowments) programmes as a result of having to move into crisis mode from March 2021.

### **1.3 Research methodology**

The research was conducted in March and April 2021 drawing on 19 published documents (reports, papers, journals, blogs and web pages) on the impact of the COVID-19 crisis on the charitable sector more broadly and heritage organisations in particular. In addition to desk research HVM held 3 sets of group calls with the 15 Heritage Endowment grantees in the autumn of 2020. The rapid review of the literature and transcripts from the group discussions were analysed and the insights drawn on to develop this paper.

### **1.4 Context**

Fourteen Heritage Endowment grantees were awarded their grants in March 2017, with on

e organisation being granted a change to their permission to start date for later in the same year. We have noted since the beginning of the evaluation process that the social, economic and political context since the grant awards has been extremely challenging. It includes the UK having had two general elections, negotiations to leave the European Union, major terrorist attacks in Manchester and London, as well as severe life-threatening storms and flooding.

At the time of writing the interim evaluation report (May 2020) the country was experiencing the first shocks of the global pandemic caused by COVID-19. Since that point the country has had three national lockdowns, experienced a tier system with different lockdowns and COVID firebreaks in an attempt to reduce transmission rates. This led to the closure of all but one of the heritage organisations within the Heritage Endowment programme for the majority of 2020 and 2021. The one remaining open works in the public parks sector and the majority of their staff have been redeployed during the crisis. The majority had a small period of opening in the autumn of 2020, but all closed again by December 2020. As a result the crisis has had an immediate and serious impact on the ability of these organisations to develop their endowment campaigns in the short and potentially longer-term. One of the

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<sup>3</sup> Hopkins Van Mil, [Heritage Endowments Programme Evaluation Interim Report](#), National Lottery Heritage Fund, May 2020

Heritage Endowment organisations in the programme said in an evaluation interview in March 2020,

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

As the Institute of Fundraising report *Future Proofing your Fundraising*<sup>4</sup> makes clear,

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

97% of those surveyed for the production of the Institute’s report, when asked what makes a good fundraiser, said being able to adapt to change. This philosophy is currently being tested to the maximum and we pick up in this report how Heritage Endowment grantees are coping with this uncertainty.

## **1.5 A note on this report**

The analysis which comprises this report is qualitative in nature. As such we use terms such as ‘a few’, ‘many’, ‘several’ or ‘some’ to reflect areas of agreement and difference. These should be considered indicative rather than exact.

Readers of this report should note that grantees are quoted anonymously throughout. This is to protect those working on the programmes in this challenging climate. The majority of quotations are taken from grantee interviews and groups calls conducted in the autumn of 2020. The remaining statements are drawn from the published material and referenced as such. We have used text boxes throughout the report to highlight the grantee statements, or to highlight key pieces of information from the literature.

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<sup>4</sup> Institute of Fundraising, [Future Proofing your Fundraising](#), London: August 2019, p.14

## 2. The impact of COVID-19

Covid-19 pandemic has undoubtedly had a huge effect on how museums and heritage organisations operate on a day-to-day basis. In the first 3 weeks of the pandemic, 98% of organisations surveyed by the National Lottery Heritage Fund stated that they had felt an impact, with the remaining 2% anticipating being affected in the future<sup>5</sup>. The Organisation for Economic Cooperation and Development (OECD) estimates that for every month strict social distancing measures are in place, annual GDP declines by up to 2%<sup>6</sup>.

### 2.1 Loss of income

The heritage sector has been placed at risk having had to close during national lockdowns, and, in some locations regional tier systems and home nation COVID-19 firebreaks. Ongoing restrictions against gatherings are unlikely to lift until mid-May 2021, with venue-based sectors such as museums and heritage sites amongst those hardest hit<sup>7</sup>.

#### Box 1: Impact summary 1

“The greatest challenge has been the unforeseen impact of COVID-19 which resulted in a postponement of a number of endowment fundraising activities including An Evening with an auctioneer, a Friends Summer Garden Party, a couple of Historic walks and more notably a donors’ lunch at [historic house] and launch of a public trail. We have also paused Friends membership for the duration of time that the museum is closed. This has inevitably impacted our ability to fundraise during this period and our likelihood of hitting the endowment target by the end of September 2021. An extension to the deadline has been requested.”

In the few months when restrictions have been eased, social distancing requirements have meant that organisations are able to accommodate fewer people and must work even harder to ensure the correct Covid-19 regulations are met, resulting in increasing operating costs<sup>8</sup>. It’s no surprise that the economic impact of the pandemic has resulted in the charitable sector as a whole facing substantial income loss. Many of the Heritage Endowment grantees have reported that they have drawn heavily on the government’s furlough scheme, and some report being forced to restructure their working practices leading to a small number of staff being

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<sup>5</sup> [Economic Insight into the impact of the Coronavirus \(COVID-19\) across the Heritage Sector in the UK \(heritagefund.org.uk\)](https://heritagefund.org.uk)

<sup>6</sup> <https://historicengland.org.uk/content/heritage-counts/pub/2020/heritage-and-the-economy-2020/>

<sup>7</sup> [Culture shock: COVID-19 and the cultural and creative sectors \(oecd.org\)](https://www.oecd.org/culture/culture-shock-covid-19-and-the-cultural-and-creative-sectors/)

<sup>8</sup> [Funding round-up: November 2020 | NCVO Blogs](#)



made redundant. This of course is echoed throughout the country and across third sector and charitable organisations.<sup>9</sup>

Sites within the Heritage Endowment programme, and referenced in the literature reviewed, also report that capital and redevelopment projects have been called to a halt as a result of increased capital costs and reduced income<sup>10</sup>. In June 2020, the Creative Industries Federation predicted that 2020 economic losses to revenue for museums and galleries alone could sit at £743 million<sup>11</sup>.

In an April 2020 blog, the National Lottery Heritage Fund made a statement on how they intend to help the heritage community during the pandemic:

“We believe however, that we must prioritise our emergency funding towards our existing grantees, safeguarding the investments we have already made in heritage. We must help where there is limited or no access to other sources of support; where heritage is most at risk; and where an organisation is at risk of failure due to the crisis. When we emerge from this crisis we want our precious heritage to once again be accessible to all communities, across the UK.”<sup>12</sup>

Literature showed that the needs of heritage organisations have shifted in response to the pandemic. A late-March 2020 survey conducted by the National Lottery Heritage Fund discovered 58% of respondent organisations needed funding to replace lack of revenue from forced closure and 52% requiring emergency funding<sup>13</sup>. This was just at the start of the pandemic.

Secondary only to the postponement of events, the financial impact was the most commonly reported impact of the Covid-19 pandemic by heritage organisations<sup>1</sup> and in a survey of charities conducted in the first 2 months of lockdown – between 23 March and 12 May 2020 – respondent organisations reported receiving on average 29% less income than budgeted<sup>14</sup>. This trend is likely to worsen given the uncertain future of domestic and international tourism which usually significantly contributes to the income of museum and heritage organisations<sup>1</sup>. Fundraising has become as important as ever, as support packages struggle to cover the financial losses suffered by the sector (Box 2 provides a snapshot of some of the funds available for heritage organisations through the pandemic).

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<sup>9</sup> [A temporary boost to Gift Aid during the covid-19 emergency | NCVO Blogs](#)

<sup>10</sup> [How is Covid affecting capital projects? - Museums Association](#)

<sup>11</sup> [Report: The Projected Economic Impact of Covid-19 on the UK Creative Industries | Creative Industries Federation](#)

<sup>12</sup> [How we will be helping the heritage community during the coronavirus \(COVID-19\) pandemic | The National Lottery Heritage Fund](#)

<sup>13</sup> [Economic Insight into the impact of the Coronavirus \(COVID-19\) across the Heritage Sector in the UK \(heritagefund.org.uk\)](#)

<sup>14</sup> [NMN-CSR-to-HMT-23.9.20.pdf \(cfg.org.uk\)](#)

## **Box 2: Snapshot of emergency funds available to heritage organisations**

On 5 July 2020, the Secretary of State for the Department for Digital, Culture, Media and Sport announced a £1.57 billion Culture Recovery Fund rescue package for cultural organisations to help the sector survive, and when possible, reopen.

The [Cultural Renewal Taskforce](#) was established to oversee production of Covid-secure guidance to help the recreation and leisure sectors safely reopen. It helped to shape the Culture Recovery Fund and demonstrates continued and extensive stakeholder engagement to support these sectors.

To date, over 5000 organisations and sites have been awarded funding from the Culture Recovery Fund.

- Within this £840 million has been awarded in recovery grants; over £250 million in repayable finance; and over £120 million in capital grants across two rounds of funding.
- In addition, £188 million has been provided in support for the Devolved Administrations and £100m in direct support to the national cultural institutions.

The first round of grants and repayable finance awards were allocated to ensure the immediate survival of 3,800 cultural organisations and heritage sites across the country. In the second round over 2,700 organisations were offered awards of over £390 million across our grants and repayable finance competitions. This second round has built on the lifeline grants already awarded to support museums, theatres, performance venues, historic sites and cinemas as they reopen to audiences and visitors throughout the spring and summer.

## **2.1 Implications for fundraising – including endowments**

For many of the grantee organisations which had endowment targets still to achieve the most immediate impact of the COVID crisis was to call a halt to active development of the endowment campaign and pivot to emergency fundraising activities. Grantees said that given the fact that with ticket income reduced to zero for much of 2020 and team members furloughed, survival became the appropriate fundraising mode and the endowment campaign had to take a back seat. As two grantees put it,

“We’d planned to launch our public campaign in March 2020. Then COVID hit and it’s just completely knocked us back.”

“So we stopped all of our endowment fundraising because, well, we closed and we had to refund all of the tickets that we had booked for this year, so we were in a real financial hole.”

The literature review demonstrated clearly the detrimental effects of closed doors and severely reduced visitor numbers, with the impact of the pandemic on museum and heritage fundraising has been substantial, with suspending endowment fundraising being only one aspect. One Heritage Endowment grantee summarized the experience as follows,

“The second shutdowns, for some, they're not going to survive. We've lost 90% of our income. Most of that comes through our doors via admissions, shop, café. Our courses are cancelled, so we've lost that income. We do 5 big shows a year, big weekend events, that bring in 10% of our income annually. We've just cancelled the main show, and that sees 45,000 visitors in one weekend. I can't see that this year we'll go back to a point where we can have that many people in one place.”

Loss of income is the most direct impact of COVID-19. Heritage Endowment grantees spoke of having to use their unrestricted income and reserves, where they exist, to support immediate cash-flow needs. This creates an organisation which is far less secure and sustainable. They also spoke of their concern that the worst of the crisis has not yet been realised in terms of income and longer-term effects as Box 3 makes clear.

### **Box 3: Impact summary 2**

“The Trustees and Museum Manager are particularly concerned about our ability to fundraise for an endowment once the impacts of COVID-19 are fully realised – which they aren't yet. Issues are likely to include:

- Impact on revenue funding of museum
- Impact on grant funders and their streams of funding
- Increased competition for charitable giving – including public wishing to support more health charities/NHS
- Message of fundraising for endowment not viewed positively – especially re. effects of pandemic on stock market.” (see section [3.4](#))

The Chartered Institute of Fundraising suggests it could take the charity fundraising sector longer to bounce back if people fail to return to charitable giving<sup>15</sup>. The October 2020 report from the Charities and Aid Foundation (CAF) discovered people's intention to donate less over the course of the pandemic, with 5% already cancelling a regular charity donation<sup>16</sup> due to worries over their own financial security.

Some sources are using previous experience of recessions to understand the long-term implications of the pandemic on fundraising for heritage organisations. The

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<sup>15</sup> [Reframing the Ask \(ciof.org.uk\)](https://www.ciof.org.uk)

<sup>16</sup> [caf-uk-giving-2020-covid-19.pdf \(cafonline.org\)](https://www.cafonline.org/caf-uk-giving-2020-covid-19.pdf)

Chartered Institute of Fundraising predict in a June 2020 paper<sup>11</sup> the trends which will influence fundraising in a post-Covid landscape. Some of the main implications for heritage organisations include:

- Legacy income will be impacted by changes in property values and the number of deaths - however this is unlikely to have substantial long-lasting impacts as predictions for the 2021 housing market are positive and excess Covid-19 deaths disproportionately impact poorer groups, who are less likely to leave a legacy
- Changes to donor giving - some may cancel or halt giving until the economic impact on personal finances is better understood. For those who have fared more favourably
- financially from the crisis, donors may become increasingly generous with giving as lockdown has bolstered savings with research suggesting 'windfalls' for charitable giving
- Support for charities from local businesses may be impacted as businesses face financial turmoil and an uncertain future
- Implications of social distancing regulations e.g. cancellation of fundraising events and visits to attractions, as well as impacts on relationship building with major donors

These implications add to the challenge heritage organisations already face in a saturated fundraising landscape whereby an increasing number of universities, institutions and groups have acquired charitable status and compete for fundraising<sup>11</sup>. We learn from the literature that this impact is likely to hit smaller organisations substantially, as they often rely on public donations<sup>11</sup> and are likely to see public donations decline by more than 25% (Pro Bono Economics September Covid Charity Tracker Survey)<sup>17</sup>.

### **2.1.2 The personal approach**

Unemployment is set to rise post-pandemic as the furlough scheme ends, this will alter who is able and willing to give to heritage organisations, with the literature suggesting the need for more targeted fundraising to those in the highest brackets of disposable income (where giving is eight times higher in the top 10% than in the bottom 20%)<sup>18</sup>.

This chimes very much with the experience of the Heritage Endowment grantees which have been able to maintain some level of fundraising activity, even if not the endowment, during the pandemic. For these organisations maintaining personal and tailored approaches with donors and potential donors has been required in making their call to action to demonstrate the need for support effective. Museums and

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<sup>17</sup> [September 15 - 20 Covid Charity Tracker Survey results | Pro Bono Economics](#)

<sup>18</sup> [Chartered Institute of Fundraising - How we can shape giving and fundraise post-coronavirus \(ciof.org.uk\)](#)

heritage organisations spoke of launching appeals where trustees approached previous donors and reminded them of the relevance of sustainability. Box 4 speaks of one such approach.

#### **Box 4: Impact summary 3**

“We had to explain to people personally what would happen if we couldn’t continue with our campaign. That it would be pretty disastrous in the long-term. It was a direct ask, but also very soft, ‘If you could help us at this time, that would be amazing,’ and it was direct from our Chairman as well, so it was a very personal message really, and I think that made a big difference as well. It was launched to major fundraising supporters and also some people who have been visitor annual pass holders for a long time, so it really engaged a new field of potential supporters as well. The response that we had were amazing, and I’m sure that was because it was so personal, and we’d taken the time to work out what to say to each person.”

For other organisations having personalised events and activities has been useful as well. Some described sending donors mementos of the museum, for example seeds from the garden, or, in one case a desert recipe relevant to the historic house’s owner. As personal approaches bear fruit grantees also spoke of the importance of effective messaging during the crisis. Some organisations said they had to reframe their fundraising messages and had used trial and error to find out what was working and what was less successful. They found that a balance was needed in using jeopardy messaging, ‘save us’ and more positive, ‘sustain us’ type communications. Grantees found that being too positive means that donors think their donation will not be needed and too negative means they think it is too late for any of their support to be helpful. The timing of messaging and campaigns has also been critical, particularly when the crisis situation keeps shifting with the various imposing and lifting of restrictions over the last 15 months.

Keeping up a level of communications to funders throughout the pandemic has been important for all grantees, who spoke of, ‘[keeping things ticking over](#),’ even if they have suspended their endowment campaign activity for the time being. For some this has resulted in surprise donations, demonstrating the importance of maintaining communications and keeping the organisation in the front of donor’s minds,

“[Weirdly we actually got somebody who just gave us £10,000 specifically for the endowment. We didn’t ask for that and it was a real surprise.](#)”

However, a direct implication of COVID-19 is of course that the cultivation and stewardship of high net worth individual donor cannot take place in face-to-face activities. Grantees referred to cancelling tailored donor events which are such an important part of heritage organisation’s fundraising toolkit. Pre-pandemic donor lunches, dinners, insider tours of the museum or site, face-to-face meetings with senior staff and talks to show the progress of the campaign were previously all essential in cultivating and stewarding the donor relationship.

“One thing I really need to look at is major donor stewardship. How do you do that when you can’t meet them, show them in person what’s happening and why the need for sustainability through endowment is needed?”

Some organisations had been able to organise some small-scale COVID-secure events with social distancing and face masks in place, but they found that they were not having the impact for the campaign that pre-pandemic donor cultivation would have had. Other museums spoke in terms of ‘fear’, a concern that without being able to invite donors on site or offer them something tailored related to the heritage they would lose interest and their support,

“There was quite a lot of fear in this situation. Fear that you’d lose funders because of who knows what was going on or just round the corner.”

### 2.1.3 Planning for fundraising in uncertain times

Planning in uncertainty was of key importance to the Heritage Endowment grantees,

“The chaos that we’ve had and, actually, there is so much that’s still unknown. We have no idea, we’re still on the shifting stand and there’s no concrete to stand on at the moment.”

Grantees raised some key points around this uncertainty:

- **Creating different planning scenarios** to play out how their organisation would manage its fundraising activity if there are, for example:
  - further lockdowns
  - a gradual opening up
  - a third wave
  - a worsening or improving economic situation

“Things may have got worse, things may have got better, and planning is just very difficult. I think one of the things we find with campaigns and fundraising generally is that its about building momentum. That’s very difficult if you start to build and the rug gets pulled out from under.”

- Having **flexible communications in place** to activate in the case of each of the different scenarios

“How much does one include COVID-19 in written brochures? Yes, it needs mentioning, the impact and everything, but how relevant will that seem in a month’s time or 6 months’ time?”

- Keeping the **campaign live and in donor’s minds** using, as we’ve seen, personal and tailored communications and virtual activities (see section 3). Grantees spoke of:
  - Virtual tours
  - Quizzes using online platforms such as Zoom with staff running it on site



- Work with Trustees and Fundraising Committees to understand the best **timings for an endowment campaign re-launch** given these shifting sands.
- Being flexible and adaptable at all times (Box 5)

#### **Box 5: Impact summary 4**

“It’s having to be really flexible and adaptable at the moment isn’t it? Nobody knows from one day to the next what’s going to happen with this COVID. I mean, we’re trying to have all our (fundraising) products ready, so that when we feel the time is right for these different campaigns, to be able to go, ‘Okay, we can do it now.’ And it’s just about for the moment getting things ready so you can just jump onto things when we’ve agreed that we can make an impact and attract the donors we need.”

In times of uncertainty grantees also said it was challenging to evaluate success. They said that all they could expect at the moment were, ‘small baby steps’ with every small public donation being considered as being more significant than it would have been pre-pandemic.

Some organisations spoke of uncertainty in the economic climate having a big impact on their campaigns in this context but being unsure of how their plans will play out in reality. For example, a number of organisations referred to the work they had done with corporate partnerships before March 2020 which they hoped would result in conversions to core donors to the endowment campaign. However, the approaches for this were due to happen during 2020 and it is now unclear whether these conversions can be achieved,

“It may be that some corporate donors who would otherwise have wanted to continue the membership are now financially unable to do so.”

In discussions with grantees we find that the ‘shifting sands’ can also be applied to grants from trusts and foundations which have been a key plank of many endowment campaigns. Given the crisis, these reliable sources of funds for some have shifted to only giving to COVID emergency funds. For some this has been a surprise event when they felt funds were relatively secure,

“It looked like we were about to be awarded a substantial grant from a foundation. We had been visited by them and it had gone marvellously well. Then this hit, and funds are only being allocated to COVID emergencies. I think this will hit the campaign very, very, hard in the medium term.”

The concern for many is that these impacts may be long-lasting,

“I don't think anyone had 'global pandemic' in their risk assessment. The unfortunate thing is I don't think this will be the last time we see ourselves in this situation. We'll end up living with this for a couple of years on and off. I

hope I'm wrong, but at the moment, I don't see that that's not going to be the case.”

### 3. Lessons learned and new opportunities in a post-pandemic landscape

Literature has shown that there are some glimpses of hope for the future of fundraising for the museum and heritage sector. Historic England predict some opportunities in new-found ways of working, communicating and growing community support<sup>19</sup> and the Charity Finance Group suggests that the pandemic has provided an opportunity for organisations to take on “freer” approaches to fundraising<sup>20</sup>.

#### 3.1 The value of time

Heritage Endowment grantees have found they have taken the time to explore new ways of working. For some the closure of their sites and spaces became an opportunity to take stock, take time to think and plan strategically for the next stages, or for when they can relaunch their campaigns. Time has not been taken up during the lockdowns with commuting, travelling to meetings. Grantees described this as a positive, giving them time to act more spontaneously than they would have done pre-pandemic. As one Museum Director put it,

“It was good to have the thinking time. And also, when there was a free moment, I found it quite good to ring up a funder, ring up our supporters and update them personally. That was actually quite a good thing, which there often isn't time to do.”

A fundraising manager said that the fact that everyone was in their homes at this time meant people were more available for ad-hoc discussions, whether a Trustee on the fundraising committee or donors themselves. This helped to enable them to keep the museum in the minds of key people for planning and cultivation purposes. They said,

“It made us think again about how we connect with our supporters. I mean, overwhelmingly it was more negative than positive, but that's one of the things that it did make us think about.”

Others within the Heritage Endowment cohort have taken the time to re-think their fundraising strategy, evaluate what has worked so far and build on these successes. This has included bringing new members to their fundraising committees and re-structuring their plans to take longer to achieve their targets. At least seven organisations within the cohort have re-negotiated their completion date with the

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<sup>19</sup> [Heritage Online Debate #10: The Impact of Covid-19 on the Heritage Sector | Historic England](#)

<sup>20</sup> [NMN-CSR-to-HMT-23.9.20.pdf \(cfg.org.uk\)](#)



National Lottery Heritage Fund due to the impacts of COVID-19 on their fundraising plans.

### 3.2 Heritage is valued – and has been missed

Literature suggests that for some, the pandemic has resulted in an appreciation of heritage, with people feeling suddenly disconnected from the heritage that they value<sup>20</sup>. This has been proven by the grassroots initiatives to support the museum and heritage sector which have emerged since the beginning of the pandemic. Creative visitor led fundraising includes efforts such as those by 7 year old Jonah who ran a quiz in aid of Dr Jenner’s House (pioneer of the vaccine) and a design a poster competition for Creswell Crags prehistoric site, aiming to reach a £50,000 target<sup>21</sup>.

Grantees spoke of spontaneous donations from existing and new donors during the pandemic. They saw this as a direct result of people missing what they could no longer access: cathedrals, libraries, museums and heritage sites. We’ve previously mentioned larger-scale one-off donations in relation to tailored communications (section 2.1.2), but here we see in fundraising terms the ‘belief in the cause’ really being enacted. Grantees reported that without having launched a specific appeal visitors and annual pass holders, as well as donors, who miss coming to the site recognise that loss of visitor income will have an impact on an organisation they value and have donated on small and larger scales.

#### Box 6: Opportunity summary 1

“I think the other point from a general fundraising perspective, if I put to one side the loss of income from visitors, we’ve actually had quite a positive experience from our core donors, particularly trusts and high net worth individuals, and to some extent, from our public donation, where they’ve recognised the financial challenges of lack of visitors and have relatively unprompted given. We’ve told them the situation, but we haven’t done a formal appeal, but they’ve stepped in and made some quite significant donations which has allowed us again to keep the restoration work going. I wouldn’t like to say COVID has been positive, but I think the response of some of our donors has been extremely positive, including local community members and in particular trusts and high net worth individuals. They miss being able to come and they want to demonstrate that they value what we do.”

### 3.3 Digital and virtual opportunities

A new reality faced by heritage organisations post-Covid mean funding mechanisms need to diversify: one such way may be using social media as increasingly common

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<sup>21</sup> [Grassroots fundraising efforts take off amid Covid-19 crisis - Museums Association](#)

tool for heritage fundraising going forward. As the 2019 Culture is Digital report from the Department for Digital, Culture, Media and Sport estimates, 76% of the UK adult population have a smartphone and 80% use the internet on a daily, or almost daily basis<sup>22</sup>. It's perhaps unsurprising then to find that new methods of fundraising are increasing across social media platforms such as Facebook, which boasts a donation button for charity giving and birthday donation function, used to fundraise amongst friends for a charity of their choice<sup>23</sup>.

The Museums Association has teamed up with the web-based fundraising tool, [Crowdfunder](#) to support their members' fundraising. They advocate the website as being a simple and inexpensive tool, aided by the fact that Crowdfunder have waived fees for this purpose<sup>24</sup>. The Digital Attitudes and Skills for Heritage (DASH) survey from April-May 2020 discovered that there was a demand from heritage organisations for digital to be used in marketing and communications, including with support in developing online fundraising skills<sup>25</sup>. In a 2020 blog, the National Lottery Heritage Fund stated their intention to increase investment and provide digital expertise and support for heritage organisations<sup>26</sup>.

This new reality of digital fundraising, which had already begun pre-pandemic, is now an important fundraising tool for museums and heritage organisations. There is recognition that these means are unlikely to attract the major donations needed but may be successful in gathering small-scale donations and attracting new audiences to donate to the heritage sector, with technology described as having the ability to "democratise philanthropy" by Matthew Bowcock (The Beacon Collaborative)<sup>27</sup>.

Heritage Endowment grantees agree with this, reporting that they are using virtual tours to reach more potential donors as part of cultivation exercises,

"Going digital has been positive for us. It actually meant that we can really democratise and open up what we are doing to broader audiences, not only in the UK but internationally."

Grantees described using digital tools to maintain a virtual public space for fundraising using the heritage organisation's website, social media campaigns linked to digital giving platforms to create a visible presence for the organisation. They have found that the hook of the endowment campaign period coming to an end, and the urgency that puts on raising the funds, could be promoted digitally.

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<sup>22</sup> [Culture is Digital - GOV.UK \(www.gov.uk\)](https://www.gov.uk/culture-is-digital)

<sup>23</sup> [Digital fundraising dos and don'ts - Museums Association](#)

<sup>24</sup> [Crowdfunding for our Institutional Members - Museums Association](#)

<sup>25</sup> [Digital Attitudes and Skills for Heritage: what we have learned so far | The National Lottery Heritage Fund](#)

<sup>26</sup> [How we will be helping the heritage community during the coronavirus \(COVID-19\) pandemic | The National Lottery Heritage Fund](#)

<sup>27</sup> [Digital fundraising for museums - Museums Association](#)

### 3.4 Return on investment

Group calls led to discussions about investments and interest rates. Some donors have been found to be nervous and less committed to contributing to an endowment fund when the economic situation is so unclear. They feel that COVID has made an already uncertain situation worse:

“Many of our donors are of the opinion that endowments, that interest rates, have gone through the floor. They are asking me, ‘What’s the point if this investment won’t bring a return?’, which is an interesting take on our work.”

In fact many grantees have found that their investments regained pre-pandemic levels by the autumn of 2020. These organisations selected low and mid-risk investment portfolios which has been seen as the right thing to do with public funds and donations. As a result they have not seen a significant reduction in return on investment. Indeed for some equities are performing more strongly in recent months. This is backed up by reports by, for example PWC who report global market increases.<sup>28</sup>

Taking advice in the current climate has been seen as essential. Many of the grantees have external advisers who have supported the development of the organisation’s investment strategy. They also spoke of having a finance committee within their governance structure which is in a position to make decisions on the strategy, the investment portfolio and the low-risk, and therefore more secure, opportunities that could make the most of the heritage organisations’ return on investment. These organisations feel that seizing opportunities for investment may not be obvious to donors, but if they are shown evidence of interest rates stabilising they may put more faith in the endowment mechanism as a route to longer-term organisational resilience.

#### **Box 7: Opportunity summary 2**

“We set up our own advisory group for the endowment fund. Nobody on our trustees had particular investment experience, but we had a number of people in the community with the right experience, so we thought we might as well take advantage of the skills on our doorstep. I suppose partly because our endowment probably is comparatively small compared to other organisations we went conservative, and so far, it’s been working well for us. Obviously, there’s a long way to go, but we’ve been pleased. The capital’s holding up and the investment income has been holding up as well.”

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<sup>28</sup> <https://www.pwc.com/gx/en/news-room/press-releases/2021/global-top-100-companies-record-highs-recover-2020-lows.html>

### 3.5 Heritage Endowments in times of crisis

We have noted in this report that many grantee organisations suspended active fundraising during height of the COVID-crisis, particularly during periods of national lockdown. However, a number referred to the matched-funding strategy and the fact of The National Lottery Heritage Fund support for their work as key drivers in re-launching or boosting their campaigns. They may be taking longer than planned to achieve their targets, but these elements remain core parts of their strategy and allow them to have confidence in their ability to achieve the endowment they set out to achieve.

Five Heritage Endowment organisations have achieved their campaign targets at the time of writing. For these organisations the fact that their endowment exists has demonstrated just how valuable an endowment pot is in terms of resilience. Their income from the endowments have been an essential source of funds during the crisis demonstrating their long-term value in terms of sustainability.

#### **Box 7: Opportunity summary 3**

“We’re a pretty small organisation with one part-time member of staff. So, I think we are breathing a huge sigh of relief that we did manage to raise our endowment target before all this kicked in. I think we would probably be struggling had we not managed to raise it. As it is, I think we're benefiting enormously from the income that it's bringing in. It's not a huge amount, but it is, for us, enough to fill that shortfall between lost visitor income. We sent out a cautiously optimistic message to our supporters at the beginning of the lockdown period just to keep them updated and to say that the income from the endowment was really helping us through this period.”

Grantee organisations that have achieved their targets believe that conveying the message that endowments do increase resilience is important. They stress that the size of the organisation does not matter, whether large or small an endowment can make a concrete difference to surviving or failing in a crisis.

## 4. Key findings summary

As a result of the desk research and interviews and discussions with Heritage Endowment grantees we have explored key findings, a number of which echo points made in the Interim Evaluation Report (May 2020).

- **Treat everyone that the organisation interacts with as a potential endowment or legacy donor.** Donations and legacies which have supported endowment campaigns in the COVID-19 crisis have come unprompted from unexpected/ unknown sources
- **Personal approaches and tailored key messages have been effective tools** for keeping donors informed and feeling part of the solution to the crisis – which encourages donations to continue
- **Planning for the future** in times of uncertainty has been seen to work best when it incorporates working through **a range of scenarios** and understanding how to **mitigate risk** for each of them
- **Staying flexible, think laterally and remain open to all opportunities** and being prepared to invest time in cultivating unexpected prospects have been essential elements in Heritage Endowment grantees work during the crisis
- For some increased time has been available to work in this new way – having **more time to think** and **plan strategically** balanced with **spontaneous activity**, for example maintaining donor relationships
- The national lockdowns have highlighted **how valued heritage organisations are**, and how much they are **missed when inaccessible**. This is a useful platform from which to relaunch fundraising activity once the immediate crisis is passed
- **Digital and virtual opportunities** for donor engagement and fundraising activities **have been invaluable** in the pandemic and have enabled campaigns to ‘tick over’ when there is no site access. The digital space, including social media, has opened up the heritage organisation’s offer to a wider group of people, and been a route to democratising cultural heritage during the pandemic
- Messages from the sector should demonstrate that **endowments do give a return on investment**, even in times of economic uncertainty
- We are left with the important message that **heritage endowments**, once in place, **are a cornerstone of resilience**, allowing organisations to survive in times of fundamental crisis.

Hopkins Van Mil  
6<sup>th</sup> May 2021

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## Appendix 1: List of Heritage Endowment 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