



The State of Heritage Funding Now

Research Report

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1 Introduction

- 1.1 In April 2018 Consilium Research and Consultancy (Consilium), in partnership with Wavehill Ltd, was appointed by Arts & Business Scotland to deliver a research project and report which would focus on where the heritage sector in Scotland currently stands in terms of resources and fundraising. The purpose of the research was to reflect on the changes in the funding landscape for heritage in Scotland, identify the challenges faced by the sector as well as the opportunities in fundraising.
- 1.2 This research has been commissioned as a legacy piece in relation to the Resourcing Scotland's Heritage (RSH) training and capacity building programme which provided fundraising support to the sector for four years. The RSH programme was funded by the Heritage Lottery Fund Catalyst grants programme, which aimed to encourage more private giving to heritage organisations, and to build the capacity and skills of heritage organisations to fundraise from private sources. The programme was delivered by Arts & Business Scotland in partnership with Archaeology Scotland, Built Environment Forum Scotland, greenspace scotland and Museums Galleries Scotland.
- 1.3 Carrying out this research has required the input and support from a range of stakeholders and heritage organisations and their assistance is greatly appreciated. A full list of stakeholders engaged through the research is provided in [Appendix 1](#).

2 Methodology

- 2.1 The evaluation methodology comprised a combination of desk research, consultation with key stakeholders and a survey of heritage organisations in Scotland. An overview of each element of the research is provided below.

Literature review

- 2.2 The first element of the research focused on reviewing existing, published literature on the funding sources available for the whole heritage sector in Scotland (detailed in [Section 3](#)). The research interrogated a number of online knowledge management systems to identify relevant publications as well as seeking contributions from key stakeholders. One of the challenges highlighted through the review of literature was the absence of research reports focusing on funding specifically for the heritage sector as opposed to the wider arts and cultural sector.
- 2.3 A further challenge was the identification of research specific to Scotland, most notably given that the Private Investment in Culture survey last included Scotland in 2010/11 but has been continued covering England only. [Section 3](#) of this report presents an overview of the developments in the heritage sector over the last 3-5 years and where relevant refers to broader trends in charitable giving.

Stakeholder consultations

- 2.4 The research completed consultations with a range of stakeholders to aid the process of identifying relevant research reports and data as well as seeking views on the future funding challenges and opportunities facing the heritage in Scotland. Organisations engaged by the research team included:

- Archaeology Scotland
- Architectural Heritage Fund
- Arts & Business Scotland
- BIG Lottery Fund (Scotland)
- Built Environment Forum Scotland
- Community Shares Scotland
- Creative Scotland
- Glasgow LIFE
- greenspace scotland
- Heritage Lottery Fund
- Heritage Trust Network
- Historic Environment Scotland
- Museums Galleries Scotland
- Scottish Government
- Scottish Historic Buildings Trust
- Scottish Redundant Churches Trust
- Shetland Amenity Trust
- The Royal Incorporation of Architects in Scotland
- VOCAL Scotland

- 2.5 The research team also contacted the Scottish Grant-Making Trusts Group, a network of 24 organisations involved in the administration of grant-making in Scotland, in order to ascertain feedback on the likely future levels of grant-making as well as the extent to which grant-making bodies are accessed by heritage organisations.

Heritage sector survey

- 2.6 An online survey was disseminated on the 26th April 2018 and heritage sector organisations across Scotland encouraged to respond to a number of questions about their fundraising experiences, income sources and future training needs (see [Appendix 2](#) for survey questions). The survey was disseminated by Arts & Business Scotland and RSH partners including Archaeology Scotland, Built Environment Forum Scotland, greenspace scotland and Museums Galleries Scotland. Details of the research were promoted through a range of channels including by VOCAL Scotland, which is the association for culture and leisure managers in Scotland.
- 2.7 The survey was closed on the 18th June 2018 and achieved 162 responses from across the heritage sector¹. Details of the profile of heritage organisations that responded to the survey is presented in [Appendix 3](#) with analysis of their responses provided in Section 4 of this report.

¹ Of these responses 30 were incomplete or duplicate entries.

3 Literature review findings

- 3.1 This section of the report presents an overview of key trends and emerging themes from existing research reports which cover the subject of charitable giving to the cultural sector. Analysis of this body of literature has also drawn on feedback from heritage sector stakeholders and grant-making trusts to identify developments within the sector over the last 3-5 years and possible next steps beyond the completion of the RSH programme in June 2018.
- 3.2 One of the acknowledged challenges in conducting a review of existing literature is the absence of data that is exclusive to Scotland and / or focused specifically on the heritage sector as opposed to the wider cultural sector or charity sector. As such a degree of caution needs to be exercised when assessing these publications in particular regarding the extent of their relevance for Scotland's heritage sector. Many research reports reference the arts and cultural sector as opposed to the heritage sector specifically and this is clearly denoted where relevant in the following sections. This highlights a need to fund dedicated research to improve the quality and availability of data pertaining to fundraising in the heritage sector in Scotland (**Recommendation 1**). This is also likely to require discussion and agreement on the definition and footprint of the heritage sector in order to guide future research activity. It may also require discussion with funders to encourage them to make their data more readily available.

Changes in the funding landscape

- 3.3 Arts and culture organisations tend to generate income from three sources: public funding, earned income and private investment or contributed income. Historically, arts and culture organisations have relied heavily on public funding, with around half of their income generated from public sources. Previous research, published by the Centre for Philanthropy in 2014, has suggested that overall income for cultural organisations would be more sustainable if they adopted the 'golden tripod' approach to fundraising (a third of income from each of public, private and earned income sources)².
- 3.4 However, over the last five years public spending has come under pressure, both at national and local levels. It was hoped that a recovery in the economy would see more public money invested in the arts and cultural sector across the UK, however concerns have been raised with regards to continuing pressures on public funding. Earlier research anticipated that Lottery funding would provide the majority of the public funding element of the golden tripod for the foreseeable future, albeit this source of funding too has recently experienced reductions, further details of which are provided in the following sections of this report. As a result, the arts and cultural sector has started to place more emphasis on private investment, with organisations seeking to rebalance their finances to be less reliant on public sources.

² Centre for Philanthropy; University of Kent (2014) Philanthropy and the Cultural and Heritage sector: A Literature Review

- 3.5 The most recent Private Investment in Culture Survey³, which is focused solely on England, reports that private investment accounted for about 18 per cent of total funding for arts and culture organisations in 2014/15, while earned income made up almost half. However, funding models vary substantially by organisation size (based on total income) with larger organisations tending to generate more earned income, while smaller organisations are significantly more reliant on public funding and private investment. The smallest organisations (less than £100,000 in total income) are almost twice as reliant on private investment as major organisations.
- 3.6 The Private Investment in Culture Survey highlights that the distribution of private income is extremely uneven, with 60 per cent of all investment flowing to the 50 largest recipients. Funding models also vary substantially by region. For example, arts and culture organisations based in London, the East of England and the South East are much more reliant on private investment than their counterparts in the North. This highlights the nuanced nature of the funding position across the arts and cultural sector, with a resultant need for capacity building support to be sufficiently flexible to meet the needs of a diverse range of heritage organisations.
- 3.7 Whilst there is no comparable data set for the heritage sector in Scotland, recent research suggests that private investment has grown and the sector appears to be becoming less reliant on public funding, although it was acknowledged in the 2014 Historic Environment Strategy for Scotland⁴ that: *“Public and private investment in the fabric and management of our historic environment is necessary to help deliver our vision. However, investment priorities will inevitably need to be reviewed in light of diminishing resources to ensure they have maximum positive impact.”*
- 3.8 The Catalyst programme, part of a broader partnership initiative between HLF, the Department for Culture, Media & Sport (DCMS) and Arts Council England (ACE), was launched as a national programme to encourage more private giving to culture and heritage, and to build the capacity and skills of organisations to diversify their income streams and access more funding from private sources.
- 3.9 In Scotland the Resourcing Scotland’s Heritage Programme was the first fully coordinated sector-specific training and network strengthening programme that focused on ensuring that Scotland’s diverse heritage sector was provided with the tools needed to increase fundraising from private sources. The four-year programme incorporated a series of events and training activities designed to meet the needs identified by the heritage sector. The programme data reveals that in total 1,121 participants attended the training events and activities. Across the programme 519 different organisations were represented from across all 32 local authority areas, which demonstrates the geographical reach of the programme across the heritage sector in Scotland.

³ mtm (2016)- ‘Private Investment in Culture Survey: 2012/13, 2013/14 & 2014/15’.

⁴ Scottish Government (2014)- ‘Our Place in Time: The Historic Environment Strategy for Scotland’.

3.10 The key objectives of the programme included:

- Raising awareness in the sector about fundraising in general, including the sources available and the techniques to use;
- Raising awareness at board level about the role of fundraising in the organisation and the roles Trustees can play;
- Building confidence generally about the ability to develop and implement a fundraising strategy;
- Building awareness of private income sources and how to use them;
- Building confidence in relation to approaching businesses and individuals for sponsorship or donations; and
- Supporting organisations to have a more planned and strategic approach to fundraising.

3.11 Evidence from the RSH Programme evaluation highlighted that only a small proportion of organisations participating in the programme drew significant incomes from corporate sponsorships, legacies or endowments. Barriers outlined by heritage organisations to securing a greater proportion of income from these sources include a lack of relevant fundraising skills, capacity, knowledge and confidence. Trusts and foundations, events and individual giving a more likely sources of income for many⁵. There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams (**Recommendation 2**).

Giving trends

3.12 The UK Giving 2017 report⁶, produced by CAF, highlighted that in 2016, a similar number of people to 2015 claimed to have donated money to charity in the last 12 months (61%), whilst a third (33%) had done so in the last four weeks. The typical (median) monthly amount given by a donor in 2016, either donating or sponsoring in the last four weeks, was £18, while the mean donation was £40. Both of these levels were higher than those recorded in 2015 (£14 and £37 respectively). The report also highlights regional variation in giving trends with those in London, the East Midlands, the East of England, the South East, and Scotland (all £20) giving the highest median amount to charity, while those in the West Midlands giving the lowest (£14). Londoners also have the highest mean donation, at £58, while those in Northern Ireland have the lowest mean donation (£27). The report also states that overall, older people and women are the most likely to engage in charitable or social activities⁷.

⁵ Consilium Research & Consultancy (2018)- 'Resourcing Scotland's Heritage: Programme Evaluation Report'.

⁶ CAF has been producing the UK Giving report since 2004. During 2016 the UK Giving survey transitioned from a quarterly face to face survey with 1,000 responses each time to a monthly survey with 1,000 responses conducted online.

⁷ CAF (2017)- 'UK Giving 2017: An overview of charitable giving in the UK'.

3.13 Where people have donated directly to charity, the UK Giving 2017 report highlights that the top five cause areas in 2016 have remained the same as 2015, namely:

- Medical research (26%);
- Animal welfare (25%);
- Children or young people (24%);
- Hospitals and hospices (22%); and
- Overseas aid and disaster relief (19%)

The report states that as has been seen in previous years, the arts (3%) and sports and recreation (3%) charities are the least popular causes given to.

3.14 The Private Investment in Culture Survey covering the years 2012 to 2015 and focused solely on England noted that individual giving remained the most important form of private investment. Donations are by far the most important way that arts and culture organisations raise funds from individuals, accounting for 79 per cent of the total in 2014/15. 'Friends' or membership schemes and legacies are also important, accounting for 12 per cent and 9 per cent of the total, respectively⁸.

3.15 More recently, High Net Worth Individuals have become a cohort of increasing interest for the sector as the Major Donor Giving Research Report explains, major donor fundraising continues to be a fast-growing element of UK charity fundraising activity".⁹

Summary

- **The most recent Private Investment in Culture Survey , which is focused solely on England, reports that private investment accounted for about 18 per cent of total funding for arts and culture organisations in 2014/15, while earned income made up almost half. However, the distribution of private income is extremely uneven, with 60 per cent of all investment flowing to the 50 largest recipients. Individual giving remained the most important form of private investment and donations are by far the most important way that arts and culture organisations raise funds from individuals.**
- **The UK Giving 2017 report , produced by CAF, highlighted that in 2016, a similar number of people claimed to have donated money than in 2015. People in Scotland are recorded as giving the highest median amount to charity. However, the arts are the least popular causes given to.**

⁸ mtm (2016)- 'Private Investment in Culture Survey: 2012/13, 2013/14 & 2014/15'.

⁹ Eberhardt S. & M. Madden M. (2017)- 'Major Donor Giving Research Report An updated synthesis of research into major donors and philanthropic giving'.

- **High Net Worth Individuals have become a cohort of increasing interest for the charity sector and major donor fundraising continues to be a fast-growing element of UK charity fundraising activity.**

Recommendations

- 1. The absence of a robust and longitudinal data set relating to private investment in the heritage sector in Scotland presents major challenges in assessing the extent to which the sector is moving towards a more sustainable 'golden tripod' approach to fundraising. Consideration should be given to funding dedicated research to improve the quality and availability of data pertaining to fundraising in the heritage sector in Scotland.**
- 2. There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.**

Lottery funding

- 3.16 Recent years have seen a focus on the levels of funding distributed for good causes by the National Lottery. In 2017 the National Audit Office (NAO) published their investigation into lottery funding¹⁰. Their analysis revealed that National Lottery income for good causes increased between 2004-05 and 2015/16 but fell in 2016-17. Lottery income for good causes rose by 42% from £1.36 billion in 2004/05 to £1.93 billion in 2015/16. However, in the 12 months from 1 April 2016, income for good causes fell by 15% to £1.63 billion at the same time as Lottery sales fell by 9% to £6.93 billion, compared with the previous year.
- 3.17 Camelot, who operate the National Lottery, have predicted a further fall in sales and income for good causes in 2017/18. The Department for Digital, Culture, Media & Sport, the Gambling Commission and Camelot have identified some possible reasons for the fall in sales, including consumers' reaction to recent changes to Lottery games, increased competition and consumers moving away from playing draw-based games. As a consequence, the income for organisations responsible for disbursing lottery funding has been affected and it is uncertain whether efforts by Camelot will be able to arrest the decline in ticket sales.
- 3.18 The Heritage Lottery Fund has been the major grant investor in the UK's heritage sector since 1994, distributing funding from the National Lottery. A review by the Centre for Philanthropy¹¹ outlined the funding awarded to different types of heritage organisations between 1994 and 2012, which showed that historic buildings and monuments have received the greater value of grant investment over this period (£1,883m) followed by Museums, libraries, archives and collections (£1,432m); Land and biodiversity (£1,049m); Industrial, maritime and transport (£400m); and Cultures and memories (£258m).
- 3.19 In early 2019 the Heritage Lottery Fund will begin a new, five-year Strategic Funding Framework that will set out how they will distribute lottery funds to the heritage sector. This reorganisation is in part due to a reduction in income from National Lottery funding and also in response to the UK Government's review of their performance. As a result of a decline in HLF's lottery income the total amount disbursed decreased from £434m in 2016 to £305m in 2017 and is expected to drop to £190m for 2018/19¹² as part of transitional arrangements to their new strategic funding framework. However other factors have reportedly affected the distribution of grants including pressure to spread the funding equally across the UK. There has also been a drive to assist smaller organisations and local projects rather than the large national institutions.

¹⁰ NAO (2017)- 'Investigation: National Lottery funding for good causes'.

¹¹ Centre for Philanthropy (2014)- 'Philanthropy and the Cultural and Heritage sector: A Literature Review'. University of Kent.

¹² <https://blooloop.com/link/heritage-lottery-fund-museums-grants/>

- 3.20 HLF have already announced that there will be no new rounds of targeted programmes in 2018¹³ (e.g. Landscape Partnerships, Parks for People or Townscape Heritage) but they will continue to fund landscapes, parks and historic town centres in 2018 through their open programmes, including Our Heritage and Heritage Grants.
- 3.21 Whilst HLF will continue to fund Heritage Grants over £5m (major grants) in 2018 they will not fund new ‘major grants’ in 2019. HLF have also announced that they are planning new strategic funding to support innovation and new ways of working and expect these initiatives to include a strong focus on urban parks and landscapes.
- 3.22 The most recent data from Scotland’s Historic Environment Audit¹⁴ highlights a reduction of 49.4% in the number of projects awarded funding between 2013/14¹⁵ and 2015/16. This suggests a much more competitive grant funding environment for the heritage sector in Scotland. Table 3.1 below also shows that total funding invested in Scotland has fluctuated since 2013/14, however as outlined above the total funds available for investment in Scotland is likely to be considerably reduced for the next few years.

Table 3.1- HLF investment in Scotland 2013/14 to 2015/16¹⁶

	2015/16	2014/15	2013/14	% Change 2015/16 on 2013/14
Number of projects awarded funding	135	156	267	49.4% decrease
Amount of funding awarded	£56.9m	£39.0m	£56.4m	0.9% increase

- 3.23 Also funded through National Lottery the BIG Lottery Fund invests in Scotland through a range of funding programmes, from small grants programmes like Awards for All to large strategic programmes like Investing in Communities. While heritage-focused activities are not a priority for BIG Lottery Fund, heritage organisations are eligible to apply if their project or activity can deliver the community and social outcomes that BIG Lottery Fund are looking for. The funds available for distribution in Scotland by the BIG Lottery Fund have reduced over recent years from £103.13m in 2013/14 to £64.5m in 2017/18¹⁷, also as a consequence of declining National Lottery ticket sales.

¹³ <https://www.hlf.org.uk/about-us/our-strategy/changes-our-grant-making>

¹⁴ Historic Environment Scotland & BEFS (2016)- ‘Scotland’s Historic Environment Audit 2016’.

¹⁵ For clarification in 2013/14 HLF delivered the joint National Lottery funded ‘Celebrate’ programme which focused on supporting events and activities in the lead-up to the Commonwealth Games. As such the 2013/14 number of projects awarded was higher than subsequent years.

¹⁶ These figures relate to all projects supported by the HLF including but not only those specifically focused on the historic environment.

¹⁷ Budget information taken from BIG Lottery Fund Corporate Plans

- 3.24 It is not possible to present accurate data on the number of heritage organisations that have received funding from the BIG Lottery Fund over the past three years as the organisation doesn't record this information. However, anecdotal feedback from BIG Lottery Fund Scotland suggests that few heritage organisations to date have submitted applications for funding¹⁸. This may suggest that further effort is required to raise awareness of BIG Lottery Fund's grant programmes in Scotland across the heritage sector (**Recommendation 3**).
- 3.25 There are other small funding pots which may provide resources for the heritage sector to help shape cultural activities in their community and attract new audiences to their heritage site. Creative Scotland's Place Partnership Programme is a strategic programme designed to encourage and support local partners to work together with their creative community. Each year a small number of local partners are invited to submit an outline proposal for a Place Partnership¹⁹. The principles used for inviting a proposal are locally initiated conversations with Creative Scotland on developing the cultural opportunities within the region. The Lottery funding allocated to this programme is relatively small (e.g. £22,600 in 2017/18²⁰, however Creative Scotland received very few enquiries or applications from heritage organisations. The Place Partnership Programme can provide a valuable opportunity for heritage organisations to work collaboratively with local partners to develop cultural opportunities (**Recommendations 4 and 5**).

Summary

- **A fall in sales for the National Lottery is likely to reduce the level of income for good causes. The total amount of income disbursed by HLF has decreased from £434m in 2016 to £305m in 2017 and is expected to drop to £190m for 2018/19.**
- **The number of projects funded by HLF in Scotland has nearly halved between 2013/14 and 2015/16. Future HLF distribution is likely to focus more on assisting smaller organisations and local projects rather than the large national institutions.**
- **The funds available for distribution in Scotland by the BIG Lottery Fund have reduced from £103.13m in 2013/14 to £64.5m in 2017/18. At present few heritage organisations submit grant funding applications to BIG Lottery Fund.**

¹⁸ Correspondence provided by BIG Lottery Fund Scotland

¹⁹ Current Place Partnerships: Aberdeenshire; Aberdeen City; Argyll & Bute; Dumfries and Galloway; Dundee Highland; Inverclyde; Moray; North Ayrshire; Renfrewshire; Scottish Borders; South Ayrshire; Stirling. Completed Place Partnerships include Fife and Perth & Kinross.

²⁰ Creative Scotland (2017)- 'Creative Scotland Annual Plan 2017/18'.

Recommendations

- 3. Efforts should be directed at raising awareness of BIG Lottery Fund's grant programmes in Scotland across the heritage sector.**
- 4. Efforts should also be directed at raising awareness of Creative Scotland's Place Partnership Programme across the heritage sector.**
- 5. Heritage organisations should seek out opportunities to collaborate with partners as part of place-shaping initiatives as this may assist in the process of attracting national lottery funding.**

Local authority funding

3.26 Local Authority Finance Returns (LFR) provide the most complete and reliable source of data on local government expenditure in Scotland. The LFR does not include data specific to the heritage sector but as reported in Scotland's Historic Environment Audit produced by Historic Environment Scotland and BEFS, it does provide an indication of the levels of spending for broader cultural services²¹. The most recent data shows that the Culture and Related Services budget has declined steadily from £635 million in 2010/11 to £576 million in 2016/17 (Table 3.2). However, archaeology services, built conservation services and other projects relating to the management of historic assets falls under mostly Planning and Economic Development as well as Environmental Services and Culture and Related Services. Net revenue expenditure on Planning and Economic Development reduced from £308 million in 2010/11 to £235 million in 2016/17²².

Table 3.2- Local Authority Net revenue expenditure 2010/11 to 2016/17 (Scotland)

	Millions						
	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Cultural & related services	576	598	643	614	609	613	635
Planning & Economic Development	235	243	278	279	279	289	308

3.27 Whilst it is possible to break down culture and related services to examine specific cultural services, including museums and galleries, other cultural services and library services, it has not been possible to access the most up to date financial data. Further research should be undertaken with VOCAL Scotland to obtain an up to date picture on the profile of spending for specific cultural services (**Recommendation 6**). This may also benefit from analysis of the number of posts relating to culture and heritage.

3.28 Analysis from Scotland's Historic Environment Audit 2016 highlights a 7.3 % increase in spending on 'Specific Cultural Activities' from £205 million in 2013/14 to £220 million in 2014/15. This increase includes an increase of 4.8% in spending on museums and galleries and an increase of 22% on other cultural and heritage services (Table 3.3). However, in light of the reductions in net revenue expenditure for cultural & related services and planning & economic development outlined in Table 3.2, it is likely that spending on specific cultural activities will have declined since 2014/15.

²¹ Historic Environment Scotland & BEFS (2016)- 'Scotland's Historic Environment Audit 2016'.

²² Scottish Government (2018)- 'Scottish Local Government Financial Statistics 2016-17'.

Table 3.3- Profile of spending on specific cultural activities 2007/08 to 2014/15

									% Change 2013/14 - 2014/15
	14/15	13/14	12/13	11/12	10/11	09/10	08/09	07/08	
Museums & Galleries (m)	44	42	42	43	43	44	40	37	4.8%
Other Cultural & Heritage Services (m)	61	50	47	55	60	68	52	54	22.0%
Library Services (m)	115	113	113	113	118	118	119	115	1.8%
Specific Cultural Activities (m)	220	205	205	212	221	230	211	207	7.3%

3.29 The local authority funding picture presented by Audit Scotland (2017)²³ outlines the challenges faced by councils. The report states that council's financial challenges continue to grow with funding reductions compounded by increasing costs and demands on services. As a result, councils have needed to achieve ambitious savings plans, including around £524 million of savings for 2016/17. The report concludes that the financial outlook for councils continues to be challenging, with the need to deliver savings being increasingly critical to their financial sustainability. As such the budgets available for specific cultural services is likely to be considerably reduced with a knock of impact for heritage organisations in receipt of grant funding and support from their local council.

Summary

- **Data from the Local Authority Finance Returns shows that between 2011/11 and 2016/17 the Culture and Related Services budget declined from £635 million to £576 million.**
- **Council's financial challenges continue to grow with funding reductions compounded by increasing costs and demands on services. The financial outlook for councils continues to be challenging, with the need to deliver savings being increasingly critical to their financial sustainability.**
- **The budgets available for specific cultural services is likely to be considerably reduced with a knock of impact for heritage organisations in receipt of grant funding and support from their local council.**

Recommendation

- 6. Further research should be undertaken with VOCAL Scotland to obtain an up to date picture on the profile of spending for specific cultural services and the impact for heritage organisations in receipt of grant funding and support from their local council.**

²³ Audit Scotland (2017)- 'Local government in Scotland: Financial overview 2016/17'.

Grant funding

- 3.30 Grant funding, either from Trusts and Foundations or government grants, has long been a key element of the funding received by heritage organisations across the UK. In Scotland, data recorded by the RSH Programme suggests that 69% of attending organisations receive at least some of their income from Trusts and Foundations and that for 21% this represented a large or the main source of income. Trusts and Foundations have a relatively small spending power (equivalent to 0.4 - 0.5% of UK government expenditure) however their independence can provide much needed flexibility for heritage organisations .
- 3.31 By 2011, data from the Private Investment in Culture Survey²⁴ highlighted that Trust and Foundation support for the culture and heritage sector across the UK was on the rise and had grown by 123.3% over the previous decade to £170.3m. The value of this support to cultural and heritage organisations appeared to be on the rise increasing by 15.8% between 2010-11 and 2011-12.
- 3.32 A literature review undertaken by the think-tank NPC in 2014, as part of their research into the use of non-grant finance in the heritage sector in the UK, reported that there remains a heavy reliance on grants in the sector with 60% of heritage organisations stating that grants are their largest source of income but there has been a significant drop in government grants²⁵. More organisations that rely on government grants as their largest source of income reported a decrease in their overall income.
- 3.33 The research by NPC also found that organisations relying on grants are more likely to be small–micro whereas organisations relying on earned income are more likely to be medium–major. Organisations relying on grant income are also less likely to own a physical asset than those relying on earned income. This perhaps highlights particular vulnerability to any reduction in levels of available grant funding by smaller heritage organisations as their lack of any physical asset may reduce their ability to earn income for their organisation.
- 3.34 However, the NPC research also found that 45% of large/major organisations (income over £1m) reported a decrease in overall income, compared to 22% of medium and 14% of small/micro organisations which the authors suggest may be due to large/major organisations’ reliance on large government grants which have suffered the greatest cut backs.
- 3.35 The Private Investment in Culture Survey focussing on arts and cultural sector organisations in England between 2012-2015 noted that ‘individual giving in particular is dominated by the largest recipients, while trusts and foundations tend to give more to smaller organisations.’²⁶

²⁴ Spedding, P. Tuchner, J. and Gerolymbos, A. (2012) Private investment in culture 2010/11. Less Public, More Private? Arts Funding in a Cold Climate. London: Arts & Business.

²⁵ NPC (2014)- ‘Non-Grant Finance in the Heritage Sector: A report for the Heritage Lottery Fund’. July 2014

²⁶ Arts and Business, Private Investment in Culture Survey 2012/13, 2013/14 and 2014/15

- 3.36 Concerns have been raised regarding the sustainability of Trusts and Foundations with a literature review conducted by the Centre for Philanthropy in 2014 covering the UK suggested that the apparent rise of the value of this support is potentially unsustainable as it is likely to be well in excess of the performance of the endowments that fund Trusts and Foundations²⁷. Research conducted as part of HLF's Catalyst Endowment programme in 2017 also reported a reliance within the sector on income provided from grants from Trusts and Foundations²⁸. There is however no data specific to Trusts and Foundations active in Scotland. This highlights a need for research to be undertaken into the levels of reliance of heritage organisations in Scotland on grant funding and in particular a comparison of those owning a physical asset against those that do not (**Recommendation 7**).
- 3.37 Despite these concerns, arts and cultural organisations have remained optimistic about income growth from Trusts and Foundations with over 50% of respondents to the most recent Private Investment in Culture Survey expected this income source to grow over the next 3 years.²⁹
- 3.38 Although not specific to grants provided to arts and cultural organisations, in 2017 Giving Trends reported that grant making by the top 300 foundations reached a record high totalling £2.9bn. The authors of the report suggest that Foundations are increasingly collaborating, both with each other and with public and private sector partners which is likely to have implications for the fundraising strategies employed by heritage organisations.
- 3.39 In Scotland the total expenditure by Historic Environment Scotland has grown by 5.9% between 2009/10 and 2014/15, increasing from £82.8m to £87.7m³⁰. The annual budget settlement for Historic Environment Scotland for 2018/19, as agreed in the Scottish Government Budget, is £41.1m which represents a reduction of £3.6m in the Grant in Aid. However, Historic Environment Scotland's total operating budget for 2018/19 is £98.2m with the small reduction in the Grant in Aid more than offset by a £12m increase in commercial income³¹.
- 3.40 The future levels of Grant in Aid provided by Scottish Government have not been confirmed as the budgets are now allocated on an annual as opposed to three-year basis. It is likely that the Grant in Aid budget may be squeezed further in the coming years as pressures on public sector finances continues. Historic Environment Scotland's external funding programme provides £14.5m³² through a variety of heritage grant programmes across Scotland, however as the main conduit for grants to the heritage sector in Scotland this does mean that many organisations are reliant on these grant programmes for funding and are unable to approach Scottish Government directly for funds.
- 3.41 Analysis of the distribution of grants by Historic Environment Scotland over the period 2015/16 to 2017/18 highlights the annual distribution of around £15m of grants across a number of programmes (Table 3.4). However, given the annual funding settlement provided to Historic Environment Scotland there is no certainty on whether this increased level of grant funding will be maintained over the next few years in Scotland.

Table 3.4- Historic Environment Scotland: Analysis of Grants Awarded 2015/16 to 2016/17³³

	2015/16	2016/17	2017/18
Scheme name	£	£	£
Archaeology Grants	734,743	914,006	1,006,794
Ancient Monument Grant	494,306	176,206	171,904
City Heritage Trust Grants	0	0	3,871,806
Conservation Area Regeneration Scheme	0	0	3,273,424
Grants for Places of Worship	0	0	893,476
Historic Environment Repair Grant	0	0	2,505,253
Historic Environment Support Fund	55,000	32,909	129,237
HBR Grants	12,595,856	13,067,917	0
Organisational Support Fund	0	0	2,712,042
Voluntary Sector Grants	1,066,427	968,264	0
Total	14,946,332	15,159,302	14,563,936

3.42 Between 2007/08 and 2015/16 total expenditure by the National Trust for Scotland (NTS), which is the single largest member organisation managing historic properties and landscapes in Scotland, has also increased from £37.9m to £53.1m³⁴. However, NTS is facing increasing financial pressure due to a combination of rising costs and stagnant visitor numbers, which has raised concerns about the organisation's ability to look after the 130 properties and 180,000 acres of land, castles, battlefields, islands and wildlife it owns.

3.43 The first edition of Where the Green Grants Went Scotland looks at the availability of grants for environmental work in Scotland from UK-based trusts and foundations in the financial years 2012/13, 2013/14, 2014/15 and 2015/16³⁵. These grants are compared with those from Landfill Communities Fund and lottery sources. In total the report draws on analysis of 1,347 grants. Key findings from the report include:

- From 2012 to 2015, private foundation funding for environmental causes in England and Wales amounted to 20 times as much as that available in Scotland;
- 41 foundations that gave environmental grants in Scotland between 2012 and 2016. By contrast, 141 foundations supported environmental work in the UK as a whole over that period;

²⁷ Centre for Philanthropy; University of Kent (2014) Philanthropy and the Cultural and Heritage sector: A Literature Review

²⁸ University of Kent Centre for Philanthropy (2017) Catalyst: Endowment Annual Report 2016

²⁹ Arts and Business, Private Investment in Culture Survey 2012/13, 2013/14 and 2014/15

³⁰ Historic Environment Scotland & BEFS (2016)- 'Scotland's Historic Environment Audit 2016'.

³¹ <https://www.historicenvironment.scot/about-us/news/hes-welcomes-2018-19-budget-settlement/>

³² <https://www.historicenvironment.scot/about-us/news/hes-welcomes-2018-19-budget-settlement/>

³³ Source: [Historic Environment Scotland](https://www.historicenvironment.scot/)

³⁴ Source. National Trust for Scotland Annual Accounts.

³⁵ Miller, F. & P. Murray (2017))- 'Where the Green Grants Went Scotland'.

- Though Scotland is home to 56 per cent of the UK's coastline, coastal and marine ecosystems receive just 3 per cent of environmental grant funding from foundation, Lottery and LCF sources;
- From 2012 to 2016, total grants from private foundations, LCF and lottery sources for environmental work in Scotland amounted to £80 million. This amounts to about 5 per cent of 'third sector' funding for charitable causes in Scotland; and
- Grants from lottery sources amounted to £66.7 million, or 83 per cent, of that figure. Grants from private foundations totalled just £7.6 million (i.e. less than 10 per cent), and from LCF sources £5.6 million (or 7 per cent).

3.43 In conclusion, the authors highlight that environmental organisations particularly value private philanthropic capital and that grants from foundations tend to be much more flexible, quicker to secure and more accessible for hard-to-fund work than grants from other sources.

3.44 The research also highlights the heavy dependence of Scottish environmental groups on lottery funds, the Heritage Lottery Fund in particular, which tend to be focused on the delivery of particular projects and to have limited lifespans, often of two to three years. This makes it less likely that they will be able to provide either the unrestricted core funding that is so important in providing flexibility to environmental organisations, or the 'patient' capital needed to allow the sector to invest in long-term solutions to difficult problems.

Summary

- **There remains a heavy reliance on grants in the heritage sector. Organisations relying on grants are more likely to be small–micro whereas organisations relying on earned income are more likely to be medium–major. Trusts and foundations tend to give more to smaller organisations.**
- **Concerns have been raised regarding the sustainability of Trusts and Foundations as levels of grant support provided have outstripped the performance of the endowments that fund them.**
- **Analysis of the distribution of grants by Historic Environment Scotland over the period 2015/16 to 2017/18 highlights the annual distribution of around £15m of grants across a number of programmes.**

Recommendation

- 7. Research should be undertaken into the levels of reliance of heritage organisations in Scotland on grant funding and in particular a comparison of those owning a physical asset against those that do not.**

Future opportunities

Earned income

- 3.44** Consistent with the shift towards adopting the ‘golden tripod’ approach to fundraising, one area that presents an opportunity for the heritage sector is securing a greater proportion of funds from earned income. Data reported in the most recent Private Investment in Culture Survey covering the period 2012-13 to 2014/15 highlights that earned income accounted for 48% of the total income of arts and cultural organisations in England³⁶.
- 3.45** Whilst there is no equivalent data for the same period in Scotland, previous research has highlighted concerns regarding the considerable disparity in the amount of earned income raised by arts and cultural organisations with similar facilities and assets. This issue is pertinent also within the heritage sector in Scotland in particular for organisations seeking to embark on a capital project or those that have received capital funding from HLF or other sources. Further support and professional expertise can assist organisations in achieving a greater proportion of their funding from earned income by making the best use of their existing assets to generate sustainable income streams.
- 3.46** In 2016 Historic Environment Scotland had 336 Properties in Care. This represents a slight reduction in pre-2014 levels due to a reclassification of properties. During the period 2009/10 to 2015/16 data from the latest Scotland’s Historic Environment Audit 2016³⁷ highlights that income raised has increased from £26.2m to £42.0m. This suggests period of growth in earned income through admissions, events, retail and other commercial activities.
- 3.47** Tourism, both overseas and domestic, represents a considerable opportunity for heritage organisations to boost levels of earned income. The most recent Scotland Visitor Survey produced by Visit Scotland³⁸ shows that 47% of first time visitors and 33% of all visitors cited ‘history and culture³⁹’ as a key factor in them choosing Scotland for their holiday (this figure is higher at 51% for European visitors and 52% of Long-haul visitors).
- 3.48** The number of visits made by overseas visitors to Scotland rose by nearly 17% between 2005 (2.4 million) and 2016 (2.8 million), however the number of domestic tourism visits made by Great Britain residents to Scotland has fallen by around 11% between 2006 (12.9 million) and 2016 (11.5 million). The number of combined (overseas and domestic) visits to Scotland in 2016 (14.3 million) was down 9% on the 2006 total (15.6 million), which may be explained by the economic recession over the last decade⁴⁰.

³⁶ mtm (2016)- ‘Private Investment in Culture Survey: 2012/13, 2013/14 & 2014/15’.

³⁷ Historic Environment Scotland & BEFS (2016)- ‘Scotland’s Historic Environment Audit 2016’.

³⁸ Visit Scotland (2016)- ‘Scotland Visitor Survey 2015 and 2016.’

³⁹ This is not defined in the visitor survey but one of the response options included in the survey.

⁴⁰ <http://www.gov.scot/Topics/Statistics/Browse/Tourism>

- 3.49 In current prices (not adjusted for inflation) overseas expenditure in Scotland has risen by around 29% since 2006, to almost £1.9bn in 2016. In constant (2016) prices this is an increase of around 8%. Since 2006 domestic expenditure has risen by 9% in current prices to £3.3bn in 2015, this represents a 27% rise in constant prices. In constant (2016) prices this is an increase of around 8%. The total combined expenditure in Scotland in 2015 was up 24% in current prices to £5.0bn and up 5% in constant prices compared to 2006⁴¹. There is merit in developing stronger partnership working between the heritage sector in Scotland and Visit Scotland to enable the sector to realise the opportunities presented by tourism (**Recommendation 8**).
- 3.50 Supporting the sector to access training in a range of commercial and business skills has the potential to enable heritage organisations to capitalise on future increases in overseas visitor numbers and a rebound of domestic visitor numbers as the UK economy moves out of austerity (**Recommendation 9**).
- 3.51 An additional opportunity which is likely to merit further exploration is the ability of heritage organisations to compete for contracts issued by public service commissioners. The Cultural Commissioning programme in England, the first phase of which was launched in July 2013 with three-year funding provided by Arts Council England, aimed to test and develop opportunities for cultural commissioning, namely commissioning by the public sector of arts and cultural providers to deliver outcomes. The evaluation of the programme published in 2016⁴² highlights a number of learning points of relevance for the heritage sector in Scotland which may support efforts to increase the number and value of commissioned contracts awarded to heritage organisations (**Recommendation 10**).
- 3.52 There is currently no consistent data on visitor numbers for heritage attractions and sites across Scotland. The annual Visitor Attraction Monitor (VAM)⁴³, which was funded by Museums Galleries Scotland has not been produced since 2014 and had a specific focus on museums and galleries as opposed to wider heritage sites. A number of heritage organisations in Scotland are members of the Association of Leading Visitor Attractions (ALVA) which may help to capture visitor data to provide a fuller illustration of the visitor numbers across their portfolio. Collecting data on visitor numbers and spend from a range of heritage sites across Scotland would provide valuable information to assess progress across the sector in generating sustainable earned income streams (**Recommendation 11**).

⁴¹ <http://www.gov.scot/Topics/Statistics/Browse/Tourism>

⁴² Consilium Research & Consultancy (2016)- '[Evaluation of the Cultural Commissioning Programme](#)'. NCVO

⁴³ The [Visitor Attraction Monitor](#) was compiled by The Moffat Centre for Travel and Tourism Business Development. The most recent report from 2014 was based on 696 responses to a survey sent to the 855 visitor attractions known to be operating in Scotland in 2014. Museums and galleries accounted for 460 of this total number of attractions and 323 of the survey responses.

Summary

- **Previous research has highlighted concerns regarding the considerable disparity in the amount of earned income raised by cultural organisations. Professional expertise can assist organisations in achieving a greater proportion of their funding from earned income by making the best use of their existing assets to generate sustainable income streams.**
- **Tourism, both overseas and domestic, represents a considerable opportunity for heritage organisations to boost levels of earned income.**

Recommendations

- 8. There is merit in developing stronger partnership working between the heritage sector in Scotland and Visit Scotland to enable the sector to realise the opportunities presented by tourism.**
- 9. A training programme should be established to enable heritage organisations to develop the commercial and business skills to capitalise on future increases in visitor numbers.**
- 10. Training should also be provided to heritage organisations to raise their awareness of the opportunities available through commissioned contracts within the public sector in Scotland.**
- 11. Consideration should be given to funding a survey to collate visitor numbers for heritage attractions and sites across Scotland as this would provide valuable information to assess progress across the sector in generating sustainable earned income streams.**

Business investment

- 3.53 Business investment⁴⁴ forms an important component of private investment received by arts and cultural organisations. Over the last decade the levels of business investment have suffered as a consequence of the economic recession and associated financial and trading pressures facing the business community. The Private Investment in Culture survey 2010/11 reported that total business investment fell from £163.4 to £133.2m in the period from 2007/8 and 2010/11.
- 3.54 There is no current data on the distribution of business investment across the UK. The most recent data for Scotland is now over 8 years old and derived from the Private Investment in Culture survey 2010/11 which suggested that Scotland secured 7.47% (£9,949,831) of total business investment across the UK (£133,204,425). London by far outperformed all other UK regions accounting for 56.17% of total business investment, equating to £74,819,542.
- 3.55 More recent data from the Private Investment in Culture survey covering the period 2012/13 to 2014/15⁴⁵, which reports solely on responses from arts and cultural organisations in England, estimates that business investment accounted for £96m in 2014/15. This represents a reduction of around 15% from the total business investment reported in England in the 2010/11 Private Investment in Culture survey⁴⁶.
- 3.56 The state of the economy unsurprisingly exerts a strong influence on the extent to which businesses are interested in maintaining current or developing new sponsorship partnerships. As such there are reasons to be cautiously optimistic that levels of business investment may recover as business confidence grows. The latest results from the Scottish Chambers of Commerce Quarterly Economic Indicator⁴⁷ show that optimism amongst most Scottish businesses has continued to improve during the first quarter of 2018 as well as evidence of rising levels of investment across Scottish businesses as expectations grow amongst firms for a strong 2018.
- 3.57 This suggests that the heritage sector would benefit from networking more widely with the business community including making links with the Scottish Chambers of Commerce and other business focused organisations such as Business Network Scotland, Scotland's Towns Partnership and Business Improvement Districts⁴⁸ (**Recommendation 12**).
- 3.58 Further work should also be directed at raising awareness amongst the business community of how the heritage sector is funded and opportunities for businesses to develop partnerships with heritage organisations (**Recommendation 13**).

⁴⁴ Includes corporate sponsorship, corporate donations, in-kind support and corporate memberships.

⁴⁵ MTM (2016)- 'Private Investment in Culture Survey 2012/13, 2013/14 and 2014/15'.

⁴⁶ Total business investment in English regions totalled £113,578,914.

⁴⁷ Scottish Chamber of Commerce (2018)- 'Quarterly Economic Indicator Q1 2018'.

⁴⁸ There are 32 established town and city Bids and 15 in development.

- 3.59 The Culture & Business Fund Scotland managed by Arts & Business Scotland is already supporting arts and heritage organisations in building new business sector partnerships and attracting business investment⁴⁹. It's predecessor the New Arts Sponsorship (NAS) Grants Programme was successful in attracting total business sponsorship of £4.3 million between 2006/07 and 2016/17 against grant funding of £3.3 million awarded to 496 projects⁵⁰. These programmes are demonstrating potential routes for heritage organisations to secure investment from the business sector (**Recommendation 14**).
- 3.60 Data from the RSH programme suggests that 59% of participants stated that their organisation received no income from corporate sponsorship. However, conversely this suggests that 41% of organisations did receive some level of income from corporate sponsorship which is nearly double the 20% of organisations that reported to receive income from business investment reported in the most recent private investment in culture survey covering England⁵¹.
- 3.61 This may be explained in part by the New Arts Sponsorship Grants Programme in Scotland which was launched in 2006. Funded by the Scottish Government and managed by Arts & Business Scotland the programme aimed to encourage businesses to sponsor arts activity within Scotland for the first time and support organisations in building new business sector partnerships. The programme provided funding for 496 projects since its launch which included a small number of grants awarded to heritage organisations.

Summary

- **Over the last decade the levels of business investment have suffered as a consequence of the economic recession and associated financial and trading pressures facing the business community. There are reasons to be cautiously optimistic that levels of business investment may recover as business confidence grows.**

Recommendations

- 12. Efforts should be directed towards raising awareness within the heritage sector in Scotland of the benefits of networking with the business community.**

⁴⁹ <http://www.aandbscotland.org.uk/culture-and-business-fund-scotland/>

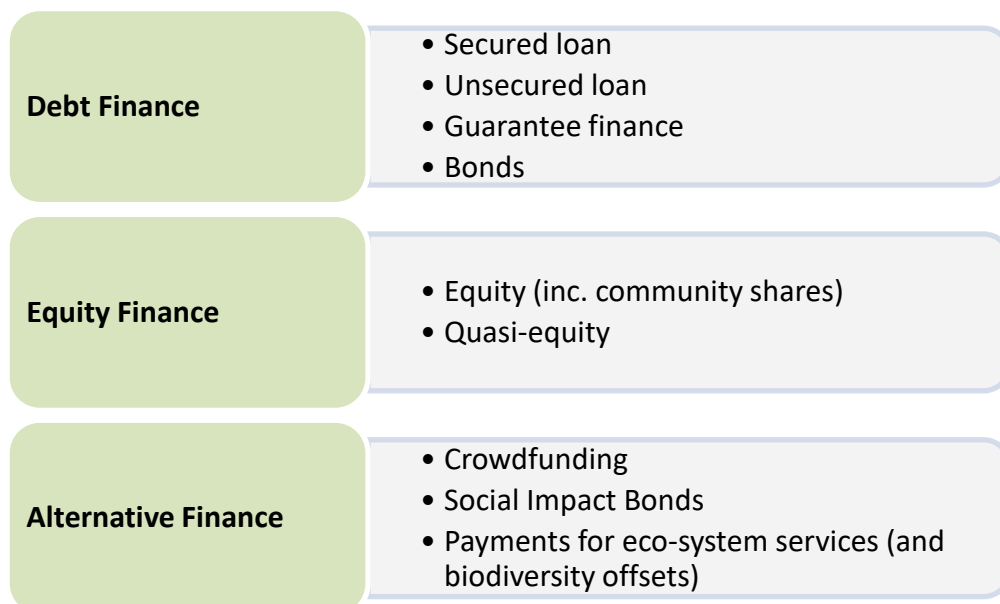
⁵⁰ Consilium Research & Consultancy (2017)- 'New Arts Sponsorship Grants Programme: 10 Year Review Report'.

⁵¹ The profile of responding organisations is not the same with the RSH Programme focused on heritage organisations whereas respondents to the private investment in culture survey were defined as arts and cultural organisations.

- 13. Further work should be directed at raising awareness amongst the business community of how the heritage sector is funded and opportunities for businesses to develop partnerships with heritage organisations.**
- 14. Heritage organisations should also be directed to grant programmes which aim to support the development of new business sector partnerships including the Culture & Business Fund Scotland.**

Non-grant finance in the Heritage sector

3.62 Research commissioned by HLF and published by the think-tank NPC in 2014 has highlighted a lack of awareness of or appetite for non-grant finance in the heritage sector across the UK⁵². Non-grant finance includes three types of products, namely 'debt finance', 'equity finance' and 'alternative finance'. Examples of these are provided below:



3.63 The research report highlights that there is a reasonable level of earned income within the heritage sector which is significant when evaluating repayable finance business models. However, the majority of heritage organisations surveyed as part of the research were not interested in taking on debt or equity but are interested in crowdfunding, which may be because crowdfunding models are not well understood and are seen as a way of increasing donations. The report doesn't discuss the impact of different governance models evident within the heritage sector, which may influence what finance options are available to certain organisations.

3.64 Research for CAF⁵³ published in 2014 and based on a survey of 252 registered UK charities shows the underdeveloped nature of the market that 61% of charities do not have experience of taking on finance or are unlikely to do so in the future. Key messages from the research into non-grant finance in the heritage sector include:

- Debt remains controversial for some charities but is already well established for others. There is a general reluctance to use debt finance in the heritage sector.
- Organisations that are using debt finance tend to be larger and with a higher % of earned income.

⁵² NPC (2014)- 'Non-Grant Finance in the Heritage Sector: A report for the Heritage Lottery Fund'. July 2014

⁵³ CAF (2014)- 'In demand. The changing need for repayable finance in the charity sector.'

- Innovative approaches are starting to emerge but are not common yet. Most people are not interested in sourcing equity. Knowledge needs to be built around quasi-equity products.
- Organisations accessing alternative finance have more grants and tend to be smaller. There is more interest in using alternative finance such as crowdfunding. But many people have never heard of these products.
- Around 60% of organisations own a physical heritage asset. However, asset ownership does not necessarily lend itself to debt because assets may be unrealisable and/or difficult to renovate.

3.65 As outlined in the 2014 NPC report there has been increasing interest in crowdfunding as a way to leverage support to get ideas and projects off the ground, with examples ranging from small community projects to larger capital or regeneration-focused ventures. Research published in 2017 by Nesta⁵⁴, looked specifically on matched crowdfunding and lessons from the matched crowdfunding pilot for the arts and heritage sector. Key findings from their research into crowdfunding included:

- Matched crowdfunding can help leverage additional funds for arts and heritage projects⁵⁵.
- Match funding makes projects more likely to succeed: Even when controlling for the financial contribution of the match itself, projects through the pilot were far more likely to be successful at raising the required funds than non-match funded projects analysed through an historic control group.
- Match funding increases average donation size: The offer of a match increased the average size of backers' contributions from £63 to £74, making projects more likely to succeed in reaching their funding target.
- Match funding brings in new finance to arts and heritage: The pilot largely attracted new supporters and finance for arts and heritage organisations, rather than drawing from existing philanthropic sources.
- Backers give money beyond their budgets for philanthropy: 78 per cent of project backers indicated that the money they gave to the campaigns was in addition to what they would ordinarily give to charitable or philanthropic causes.

⁵⁴ Nesta (2017)- 'Matching the crowd: Combining crowdfunding and institutional funding to get great ideas off the ground'.

⁵⁵ No definition of arts and heritage is presented in the report.

- 3.66 This suggests that crowdfunding as a form of alternative finance is likely to be a growth area for funding in future years within the heritage sector. There are also other areas of alternative finance that aren't included within the definition presented in the NPC (2014) report including corporate sponsorship and membership schemes that are also likely to be growth areas for the heritage sector in the future.
- 3.67 In terms of equity finance, across the UK community share issues have grown rapidly. Community shares provide leverage to raise funds from elsewhere through providing long term risk capital and demonstrating community support for projects. Data from Community Shares Scotland⁵⁶ suggests that whilst they have received enquiries involving heritage assets, many have either decided to pursue grant funding or not had an enterprise that a share issue could support. There are however existing examples of community share offers that have been supported in Scotland, namely: Portpatrick Harbour⁵⁷; Cultybraggan Heritage Self-Catering Society⁵⁸; and Govanhill Baths⁵⁹.
- 3.68 The squeeze on grant funding in Scotland, as outlined in this report, is likely to increase interest from heritage organisations in non-grant finance. Further work is required to raise awareness across the sector of examples of non-grant finance, in particular to challenge misconceptions about risk, repayment and eligibility. However, the research report by NPC into non-grant finance does identify some challenges, including the lack of relevant skills in a sector which relies heavily on volunteers and the lack of investor to investee networks. The authors also highlight difficulty for some heritage organisations in generating sufficient income to repay loans and difficulty in valuing and realising physical heritage assets.
- 3.69 Whilst non-grant finance will not be appropriate for every organisation funding is available in Scotland through the Architectural Heritage Fund⁶⁰ which provides loan facilities to eligible charities and other not-for-profit organisations, either for the acquisition of a building, or to provide working capital throughout a restoration project.
- 3.70 Historically take-up of loans and social investment has been less common in Scotland than elsewhere across the UK, which may in part be due to the continued availability of grant funding in Scotland when compared to other nations but also due to a degree of conservatism and risk-averse culture which is characteristic within the sector. Later in 2018 the Architectural Heritage Fund will be launching a new fund which will increase their lending resource by around 50% and will have a specific focus on increasing take-up in Scotland⁶¹. Efforts should be directed towards raising awareness and improving understanding across the heritage sector in Scotland of non-grant finance (**Recommendation 15**).

⁵⁶ Correspondence provided to the report authors by Community Shares Scotland.

⁵⁷ In Autumn 2015 **Portpatrick Harbour Community Benefit Society** launched a community share offer with an investment target of £100,000 in an attempt to secure the integrity and ownership of the historic harbour of Portpatrick for the benefit of the community.

Summary

- **Research commissioned by HLF has highlighted a lack of awareness of or appetite for non-grant finance in the heritage sector across the UK.**
- **There has been increasing interest in crowdfunding as a way to leverage support to get ideas and projects off the ground, with examples ranging from small community projects to larger capital or regeneration-focused ventures.**
- **In terms of equity finance, across the UK community share issues have grown rapidly, however to date there are only a handful of examples of heritage organisations in Scotland pursuing this funding model.**
- **Whilst non-grant finance will not be appropriate for every organisation funding is available in Scotland through the Architectural Heritage Fund.**

Recommendations

- 15. Efforts should be directed towards raising awareness and improving understanding across the heritage sector in Scotland of non-grant finance, including debt finance, equity finance and alternative finance.**

⁵⁸ **Cultybraggan Camp** is the last remaining WWII high security POW camp in the U.K (Camp 21). It is a unique historic environment which has been recognised by Historic Scotland as having international significance. Comrie Development Trust (CDT) is now offering Community Shares, giving individuals the opportunity to invest in sustaining part of Cultybraggan as the best preserved P.O.W camp in Scotland.

⁵⁹ **Govanhill Baths** launched a community shares issue to raise funds to renovate and refurbish the baths. The campaign was launched on the 22nd September 2017 and closed at midnight on the 30 November. During the 70 days the campaign ran, 560 people invested £267,000.

⁶⁰ Includes the Heritage Projects Fund and Community Heritage Support Fund.

⁶¹ Source: Private correspondence from AHF.

Envisaged challenges

Brexit

- 3.71 Within the literature Brexit has been cited as both a challenge and an opportunity for the sector. Within natural heritage and the environment there is concerns surrounding an over reliance on public funding, particularly in the wake of Brexit.⁶² Currently UK charities receive £200m annually in EU funding and although the Treasury announced that charities are expected to receive an extra £60m in gift aid with museums and galleries being predicted to receive a further £125m in funding, it was announced that aid spending generally is set to take a cut of £290 m.⁶³⁶⁴
- 3.72 Historic Environment Scotland recently commissioned research to assess the European Union's contribution to the historic environment in Scotland since 2007⁶⁵. The report highlights that over 280 projects received a minimum of £36.8m in EU funding in the period from 2007-2016. Similar reports have been commissioned by Creative Scotland and Museums Galleries Scotland, which in combination suggest that the total level of funding for the culture and heritage sector from EU sources is estimated to be over £59m covering around 650 projects funded since 2007.
- 3.73 The literature review did not identify any research that specifically looks at the impact of Brexit on the heritage sector in Scotland. However, given the considerable number of projects supported with EU funding over the past ten years this represents an area that would merit further investigation (**Recommendation 16**). There are other associated challenges from Brexit including uncertainty on the impact on overseas visitor numbers of which is significant given that around half of European and long-haul visitors to Scotland are attracted by history and culture. Concerns also exist for the diverse EU and non-UK specialist and non-specialist workforce supporting the heritage industry and the potential for a decrease in these skills and support post-Brexit.

Summary

- **Over 280 projects with the historic environment in Scotland received a minimum of £36.8m in EU funding in the period from 2007-2016.**
- **The literature review did not identify any research that specifically looks at the impact of Brexit on the heritage sector in Scotland. Given the considerable number of projects supported with EU funding over the past ten years this represents an area that would merit further investigation.**

⁶² Miller F & P. Murray (2017)- 'Where the Green Grants Went, An Analysis of Grants from UK sources for Environmental Work in Scotland.'

⁶³ Cockram, J. (2016)- 'Brexit, philanthropy and major giving – Should UK charities be concerned?' City Philanthropy.

⁶⁴Can (2016)- 'What does the Autumn Statement mean for charities?' <https://can-online.org.uk/about-can/news-and-blog/what-does-the-autumn-statement-mean-for-charities>

⁶⁵ Euclid (2017)- 'Assessing the European Union's contribution to the historic environment in Scotland since 2007'.

Recommendation

16. Further research is required to assess the impact of Brexit on the heritage sector in Scotland including but not restricted to funding arrangements for projects previously supported by the EU and overseas visitor numbers.

Impact Reporting

- 3.74 The importance of demonstrating the impact of work that has been done by organisations has been cited as an area of importance and as a challenge within the literature. The evaluation of the Parks for People programme noted that 58% of their projects had not allocated any budget for monitoring and evaluation work and 60% of those that did allocate resource had a budget of less than £10,000. In this instance it meant that 23% of projects were submitting substandard or no annual monitoring data. The report also highlighted that the requirement to collect monitoring data is also not widely understood amongst HLF staff and monitors.⁶⁶
- 3.75 The importance of demonstrating impact was also highlighted as important for Trusts and Foundations in order to enable them to improve their ability to ‘efficiently reach and benefit a large number of people’. Funding recipients providing information regarding the impact of their work, both against the outcomes expected by funders or the wider National Performance Framework in Scotland, could provide a significant opportunity to increase donations.⁶⁷ This is highlighted as an area for heritage organisations to develop their knowledge and expertise, in particular given the increasingly competitive grant funding environment (**Recommendation 17**).

Summary

- **A more competitive funding environment will require heritage organisations to more clearly evidence the impact of their activities.**

Recommendation

17. Consideration should be given to establishing a training programme to support heritage organisations in strengthening their approach to monitoring and evaluation and demonstrating their contribution to National Outcomes.

⁶⁶ Baggott I., Moyes C. & N. Eccles (2013)- ‘HLF Parks for People Impact Evaluation’.

⁶⁷ Centre for Philanthropy; University of Kent (2014)- ‘Philanthropy and the Cultural and Heritage sector: A Literature Review.’

Networking and collaboration

- 3.76 Several research reports highlight the importance of networking and collaboration. From the environmental sector reliance on a small number of charitable trusts was cited as a barrier to obtaining further private finance with the suggested recommendation that joint efforts could be away of attracting new funders to the sector.⁶⁸ Making connections to causes that are perceived as more urgent, such as poverty alleviation, and their links to individual organisations was another recommendation which could benefit the heritage and cultural sector as a whole. Research into major donor giving suggests there may be potential to look at networking with charities and organisations from other sectors who champion these causes.⁶⁹
- 3.77 In the same research review, commissioned by the Environmental Funders Network, Cabutti also recommended working with giving circles and funding networks (both formal and informal) to raise the profile of causes and look to present at events attended by wealthy donors.⁷⁰
- 3.78 Evidence from the evaluation of the Resourcing Scotland's Heritage programme⁷¹ and evaluations of a number of other HLF Catalyst Umbrella grant programmes, has highlighted the value of networking in both sharing skills and knowledge and also exploring potential collaborative fundraising activities. However, many organisations report challenges in dedicating sufficient capacity to networking activities or highlight the cost of attending networking events, in particular for smaller, rural based heritage organisations.
- 3.79 The creation of networking opportunities such as provided by the Development Forums⁷² managed by Arts & Business Scotland and events hosted by the Heritage Trust Network Scotland⁷³ can facilitate partnership development and peer to peer support (**Recommendation 18**).

⁶⁸ Miller F., Murray P. (2017)- 'Where the Green Grants Went, An Analysis of Grants from UK sources for Environmental Work in Scotland.'

⁶⁹ Eberhardt S. & M.Madden(2017)- 'Major Donor Giving Research Report An updated synthesis of research into major donors and philanthropic giving.'

⁷⁰ Cabutti J. (2017)- 'What Influences Wealthy Donors to Give to Different Causes?'

⁷¹ Consilium Research & Consultancy (2018)- 'Evaluation of the Resourcing Scotland's Heritage Programme'.

⁷² <http://www.aandbscotland.org.uk/development-forums-1/>

⁷³ <http://www.heritagetrustnetwork.org.uk/about-us/areas/scotland/>

Summary

- **Research into major donor giving suggests there may be potential for the heritage sector to look at networking with charities and organisations from other sectors to raise the profile of the contribution they can make to wider social outcomes.**
- **Many organisations report challenges in dedicating sufficient capacity to networking activities or highlight that the cost of attending networking events can be a barrier, in particular for smaller, rural based heritage organisations.**

Recommendation

18. Heritage sector partners in Scotland should undertake a mapping exercise to identify existing networking opportunities and promote these across the sector. Further investment may be required to facilitate access to existing networks.

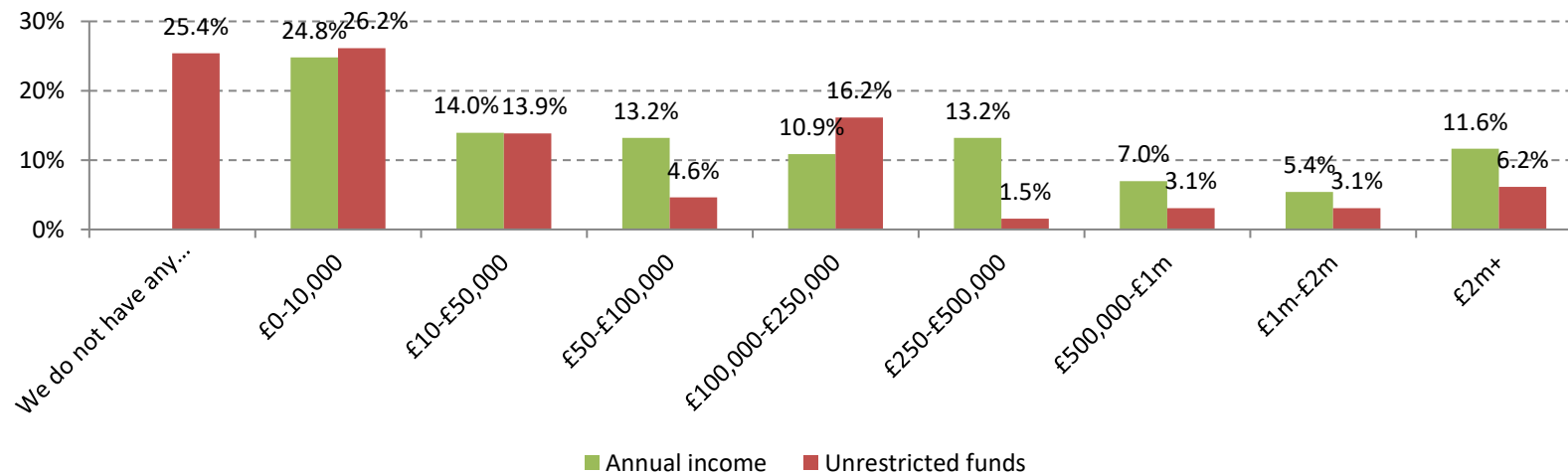
4 Heritage sector survey

4.1 The experiences and views of heritage organisations on the current and future funding landscape for the heritage sector in Scotland were sought through an online survey ([Appendix 2](#)). The survey was open between 26th April and 18th June and disseminated by Arts & Business Scotland and RSH partners including Archaeology Scotland, Built Environment Forum Scotland, greenspace scotland and Museums Galleries Scotland. It requested details of organisations' fundraising experiences, income sources and future training needs and generated a total of 162 initial responses of which 30 were incomplete or duplicate entries. The profile of the 132 valid responses is provided in [Appendix 3](#).

Income

4.2 The annual income and levels of unrestricted funds in responding organisations' reserves, (i.e. funds that can be used for any organisational purpose) are presented in Figure 4.1.

Figure 4.1: Annual income and levels of unrestricted funds (n=130)



- 4.3 Figure 4.1 highlights the variance in annual income across the heritage sector with around one quarter (25%) of respondents with income of £10,000 or less and almost one in ten respondents generating annual income of over £1m. The scale of the challenge facing heritage organisations in generating income is emphasised by over half (52%) of respondents having reserves of less than £10,000 including 25% with no reserves at all.
- 4.4 Table 4.1 presents the proportion of responding organisations' income (not including in-kind funding) secured from selected sources in the last financial year.

Table 4.1: Percentage of income (not including in-kind funding) in last financial year from selected sources						
	0%	up to 25%	25-50%	51-75%	76% and over	N
Private charitable trusts	48.8	45.2	4.8	0.0	1.2	84
Lottery sources	52.3	34.9	8.1	4.7	0.0	86
Public sector funding - local authority	42.2	34.4	10.0	7.8	5.6	90
Public sector funding - national and grant funding	45.1	32.9	14.6	4.9	2.4	82
Corporate support	66.7	29.5	0.0	1.3	2.6	78
Individual Giving	36.9	52.4	1.2	2.4	7.1	84
Earned Income	23.6	33.7	10.1	7.9	24.7	89

- 4.5 Table 4.1 reveals that earned income represents the largest proportional source of income for heritage organisations in the last financial year with 25% of respondents stating that it represented 76% or more of total income. The proportion of earned income in the last financial year amongst both Built Environment and Archaeology organisations rises to 33% compared to 11% amongst Museums and Galleries. Earned income represents a larger proportion of income amongst the larger heritage organisations (in terms of overall income) – equating to 67% of income amongst those with incomes between £1-2m and 50% of those with incomes in excess of £2m.
- 4.6 Public sector funding (both local authority and national/grant funding) also provides a significant proportion of income for heritage organisations. In contrast, approximately two thirds (67%) of respondents stated that they do not secure any income from corporate sources - in line with research linking sustainability amongst cultural organisations with the 'golden tripod' approach to fundraising with a third of income broadly emanating from public, private and earned income sources. This figure rises to 79% amongst Archives and Libraries, well above equivalent figures of 50% and 52% for Industrial, Maritime and Transport organisations and Museums and Galleries respectively. This provides supporting evidence for **Recommendation 2**.
- 4.7 These figures highlight both the difference in income sources reported between heritage sectors and the scope for organisations to learn and benefit from the skills and strategies employed by similar organisations.

Summary

- **Earned income represents the largest proportional source of income for heritage organisations in Scotland during the last financial year with 25% of respondents stating that it represented 76% or more of total income.**
- **Approximately two thirds heritage organisations stated that they do not secure any income from corporate sources.**

Recommendation

- 2. There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.**

Fundraising

4.8 Table 4.2 highlights the changes in the proportion of income secured from selected sources by heritage organisations in the past four years.

Table 4.2: Change in percentage income from selected sources in the past four years							
	Decreased significantly (%)	Decreased slightly (%)	Remained the same (%)	Increased slightly (%)	Increased significantly (%)	Don't know (%)	N
Private charitable trusts	2.4	7.3	67.1	9.8	1.2	12.2	82
Lottery sources	8.4	3.6	60.2	10.8	9.6	7.2	83
Public sector funding - local authority	17.9	16.7	50.0	6.0	3.6	6.0	84
Public sector funding - national and grant funding	13.4	7.3	56.1	7.3	7.3	8.5	82
Corporate support	5.3	6.6	61.8	6.6	6.6	13.2	76
Individual Giving	2.4	10.6	54.1	20.0	4.7	8.2	85
Earned Income	1.2	3.5	47.7	27.9	12.8	7.0	86

4.9 The greatest increase in income from selected fundraising sources amongst respondents in the past four years was in terms of earned income with 41% of respondents reporting either 'slight' or 'significant' increases. The sources with the next highest increases were individual giving and lottery sources with 25% and 21% of respondents reporting either 'slight' or 'significant increases' in the past four years.

4.10 Notable (i.e. above the sector average) increases ('slight' and 'significant combined) in the proportion of income from selected sources by type of heritage include:

- An increase in income from **private charitable trusts** amongst 17% of natural heritage organisations;
- Increases in income from **lottery sources** amongst of 31% and 33% respectively of museums and galleries and industrial, maritime and transport organisations;
- An increase in income from **public sector (local authority) funding** amongst 17% of museums and galleries;
- Increases in income from **public sector (national and grant) funding sources** amongst 24% of industrial, maritime and transport organisations;
- Increases in income from **corporate support** amongst 33% of industrial, maritime and transport organisations;
- Increases in income from individual giving amongst 34% of museums and galleries; and
- Increases in income from **earned income** in 51% and 40% respectively of museums and galleries and natural heritage organisations.

- 4.11 The largest decrease in funding in the last four years was in public sector (local authority) funding with 35% of heritage organisations reporting either ‘slight’ or ‘significant’ decreases in funding. A further 21% of heritage organisations reported reductions in national or grant funding from public sector sources (see **Recommendation 2**).
- 4.12 Notable (i.e. above the sector average) decreases (‘slight’ and ‘significant’ combined) in the proportion of income from selected sources by type of heritage include:

- A decrease in income from **private charitable trusts** amongst 17% of built environment organisations;
- Decreases in income from **lottery sources** amongst 23% and 20% respectively of archaeology and built environment organisations;
- A reduction in income from **public sector (local authority) funding in 39% of museums and galleries** and 33% of community and local history organisations;
- A decrease in income from **public sector (national and grant) funding sources** amongst 23% of museums and galleries, industrial, maritime and transport and archaeology organisations;
- Decreases in income from **corporate support** in 17% and 16% of archaeology organisations and museums and galleries respectively; and
- Decreases in income from individual giving in 25% of public parks and greenspace organisations.

- 4.13 A total of 76 organisations provided details of their income from fundraising from private sources in the last 12 months. Figures ranged from £0 to £2.7m at an average of £80,059. The main individual sources of funding, (e.g. specific charitable trusts and lottery programmes etc.) from which income has been secured in the past four years are dominated by the Heritage Lottery Fund and a range of trusts and foundations.
- 4.14 Table 4.3 highlights the changes in heritage organisations’ income from fundraising in the last four years.

Table 4.3: Change in organisations’ income from fundraising in the last four years?		
	No.	%
Decreased significantly	6	6.3
Decreased slightly	9	9.5
Remained the same	35	36.8
Increased slightly	29	30.5
Increased significantly	7	7.4
Don’t know	9	9.5

4.15 The largest group of responding heritage organisations (37%) stated that their fundraising income had 'remained the same' over the period. However, on balance a greater proportion of organisations reported increases in the level of income from fundraising (38%) than decreases (16%).

4.16 Approximately half (50%) of organisations participating in the RSH programme stated that their income had increased in the last four years compared to 32% amongst non-participants.

Summary

- **The greatest increase in income from selected fundraising sources amongst respondents in the past four years was in terms of earned income.**
- **The largest decrease in funding in the last four years was in local authority funding.**

Recommendation

2. **There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.**

Fundraising Skills - Organisation

4.17 Table 4.4 illustrates changes in income from fundraising in the last four years by different areas of heritage.

Table 4.4: Change in income from fundraising in the last four years by area of heritage							
	Decreased significantly (%)	Decreased slightly (%)	Remained the same (%)	Increased slightly (%)	Increased significantly (%)	Don't know (%)	N
Community and local history	5.4	10.7	33.9	30.4	7.1	12.5	56
Museums and Galleries	10.3	7.7	30.8	35.9	10.3	5.1	39
Natural heritage	0.0	7.4	48.2	22.2	11.1	11.1	27
Built environment	6.1	12.2	36.7	20.4	10.2	14.3	49
Archives and libraries	0.0	6.5	54.8	22.6	6.5	9.7	31
Industrial, Maritime and Transport	10.5	10.5	42.1	15.8	15.8	5.3	19
Public parks and greenspace	0.0	10.5	36.8	26.3	10.5	15.8	19
Archaeology	3.6	7.1	42.9	25.0	7.1	14.3	28

4.18 Organisations with the greatest increases in income from fundraising were headed by museums and galleries and archives and libraries with 46% and 29% of organisations reporting either 'slight' or 'significant' increases.

4.19 The largest proportion of organisations reporting decreases in income from fundraising were from Industrial, Maritime and Transport organisations (21%) and Built Environment and Museums and Galleries (both 18%). The variance in performance amongst the museums and galleries sector highlights a need to identify the support requirements of 'under-performing organisations' to support them to access tailored support packages as well as sector-wide to skills and organisational development training opportunities.

4.20 Table 4.5 highlights the extent to which organisations are currently successful in attracting funds from selected sources.

Table 4.5: Extent to which organisations are currently successful in attracting funds						
	Not at all (%)	A little (%)	Somewhat (%)	Extremely successful (%)	Don't know (%)	n
Private charitable trusts	41.9	22.1	23.3	8.1	4.7	86
Lottery sources	47.1	9.4	23.5	17.7	2.4	85
Public sector funding - local authority	39.5	15.1	29.1	12.8	3.5	86
Public sector funding - national and grant funding	38.4	11.6	23.3	23.3	3.5	86
Corporate support	54.1	25.9	12.9	3.5	3.5	85
Individual Giving	31.0	37.9	25.3	2.3	3.5	87
Earned Income	19.5	25.3	25.3	24.1	5.8	87

4.21 Table 4.5 reveals that the greatest levels of fundraising successes are in relation to securing funding from earned income and public sector (national and grant) sources with 24% and 23% of organisations respectively reporting that they have been 'extremely successful' in these areas.

4.22 Notable (i.e. above the sector average) successes in fundraising by type of heritage offer include:

- 15% of natural heritage organisations being extremely successful in securing funds from **private charitable sources**;
- 29% and 28% of archaeology and public parks and greenspace organisations respectively being extremely successful in securing funds from **lottery sources**;
- 41% of Industrial, Maritime and Transport organisations being extremely successful in securing funds from **Public sector (national and grant funding) sources**.
- 37% of public parks and greenspace organisations being extremely successful in securing funds from **earned income**.

4.23 Heritage organisations are currently least successful in securing funding from corporate support with 80% stating that they were either 'not at all' (54%) or only 'a little' (26%) successful. Indeed, the scale of support required to improve success in fundraising is highlighted by at least 45% of organisations reporting to be either 'not at all' or only 'a little' successful across all fundraising sources with notable poor performances in terms of successes from individual giving and private charitable trusts (**see Recommendations 2, 9, 14 and 15**).

4.24 Notable (i.e. below the sector average) lack of success in fundraising by type of heritage offer includes:

- 52% of archives and libraries organisations having no success at all in securing funds from **private charitable sources**;
- 23% of museums and galleries having no success at all in securing funds from **lottery sources**;
- 46% of natural heritage organisations and archives and libraries having no success at all in securing funds from **public sector (local authority)**;
- 44% of archives and libraries having no success at all in securing funds from **Public sector (national and grant funding) sources**; and
- 44% of public parks and greenspace and natural heritage organisations having no success at all in securing funds from **individual giving**.

- 4.25 Participants in the RSH programme consistently reported greater levels of success (i.e. being either somewhat or extremely successful in securing funding) than those organisations not participating in the programme across all funding sources. The greatest differences between the two groups were found in respect of lottery sources (61% compared to 28%), Public Sector (national funding) sources (61% compared to 40%) and individual giving (39% compared to 18%).
- 4.26 Table 4.6 over page presents the changes in organisations' success in attracting funds from different sources in the past four years. It reveals that the greatest increases in success in attracting funds in the last four years were in terms of earned income and individual giving with 42% and 30% respectively of heritage organisations reporting either 'slight' or 'significant' increases.
- 4.27 The greatest area of decline was in terms of public sector funding and specifically local authority funding with one third (33%) of heritage organisations reporting either 'slight' or 'significant' decreases in funding in the last four years. A further 15% of heritage organisations reported either 'slight' or 'significant' decreases in funding from national and grant funding from public sources. Other notable reductions in success in securing funding were found in terms of lottery funding with a similar 15% decline followed by corporate support and private charitable trusts (both 14% reductions in success).
- 4.28 Notable (i.e. above the sector average) increases ('slight' and 'significant combined) in success from selected sources by type of heritage offer include:

- An increase in success from **private charitable trusts** amongst 18% of public parks and greenspace organisations;
- An increase in success from **lottery sources** amongst 31% of industrial, maritime and transport organisations;
- An increase in success from **public sector (local authority) funding** amongst 19% of industrial, maritime and transport organisations;
- Increases in success from **public sector (national and grant) funding sources** amongst of 31% of amongst industrial, maritime and transport organisations;
- Increases in success from **corporate support** amongst 17% of built environment organisations;
- Increases in success from **individual giving** of 32% amongst museums and galleries, 31% of built environment organisations and 30% of community and local history organisations; and
- Increases in success from **earned income** amongst 50% of museums and galleries and industrial, maritime and transport organisations.

Table 4.6: Change in organisations' success in attracting funds in the past four years							
	Decreased significantly (%)	Decreased slightly (%)	Remained the same (%)	Increased slightly (%)	Increased significantly (%)	Don't know (%)	n
Private charitable trusts	2.5	11.3	60.0	12.5	1.3	12.5	80
Lottery sources	8.6	6.2	53.1	18.5	4.9	8.6	81
Public sector funding - local authority	12.1	20.5	45.8	9.6	2.4	9.6	83
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	8.8	6.3	60.0	12.5	5.0	7.5	80
Corporate support	5.1	8.9	62.0	10.1	2.5	11.4	79
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	2.5	4.9	55.6	24.7	4.9	7.4	81
Earned Income (e.g. including social enterprise activities or venue rental)	0.0	3.6	48.2	30.1	12.1	6.0	83

4.29 Notable (i.e. below the sector average) decreases ('slight' and 'significant combined) in success from selected sources by type of heritage offer include:

- A decrease in success from **private charitable trusts** amongst 21% of built environment organisations;
- A decrease in success from **lottery sources** amongst 27% of built environment organisations;
- A decrease in success from **public sector (local authority) funding** amongst 39% of museums and galleries;
- A decrease in success from **public sector (national and grant) funding sources** amongst 22% of built environment organisations;
- A decrease in success from **corporate support** amongst 19% of built environment organisations; and
- A decrease in success from **individual giving** amongst 13% of industrial heritage organisations;

4.30 Participants in the RSH programme reported greater increases in success (i.e. being either 'slightly' or 'significantly' successful) than those organisations not participating in the programme across all but one funding source. The greatest differences between the two groups were found in respect of earned income (53% compared to 37%), private charitable trusts (23% compared to 9%) and corporate support (21% compared to 7%).

4.31 In contrast however, just 6% of RSH programme participants reported increases in funding from Public Sector (national) Sources in the past four years compared to 27% amongst non-participants in the programme.

Summary

- **The greatest levels of fundraising successes are in relation to securing funding from earned income and public sector (national and grant) sources.**
- **Heritage organisations are currently least successful in securing funding from corporate support.**

Recommendations

2. There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.

9. Training programmes should be established to support heritage organisations in developing the commercial and business skills to capitalise on future increases in visitor numbers.

14. Heritage organisations should also be directed to grant programmes which aim to support the development of new business sector partnerships including the Culture & Business Fund Scotland.

15. Training should also be delivered to raise awareness and improve understanding of non-grant finance, including debt finance, equity finance and alternative finance.

Fundraising Skills - Individuals

4.32 In general, heritage organisations stated that the skills of staff with responsibility for fundraising had improved in the past four years with recognition of need for both specialist skills and overall organisational buy-in to fundraising. However, a large proportion of organisations also stressed the barriers to skills development, and specifically implementing skills, linked to time and capacity of staff, trustees and volunteers.

4.33 Table 4.7 presents the self-ratings of heritage organisation staff in securing funding from a range of sources.

Table 4.7: Skills ratings of staff in securing funding from selected sources							
	Very poor (%)	Poor (%)	Average (%)	Good (%)	Very good (%)	Don't know (%)	N
Private charitable trusts	6.9	9.6	24.7	27.4	11.0	20.6	73
Lottery sources	4.2	7.0	15.5	32.4	22.5	18.3	71
Public sector funding - local authority	6.9	6.9	23.6	20.8	18.1	23.6	72
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	5.6	7.0	12.7	31.0	28.2	15.5	71
Corporate support	15.3	19.4	26.4	15.3	5.6	18.1	72
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	10.0	22.9	25.7	15.7	8.6	17.1	70
Earned Income (e.g. including social enterprise activities or venue rental)	4.1	10.8	21.6	27.0	23.0	13.5	74

- 4.34 The skills of responding organisations in securing funds from selected sources are weakest (i.e. rated poor or very poor) in respect of corporate support (35%) and individual giving (33%). Skills were stated to be highest (i.e. rated as good or very good) in respect of securing funding from Public sector (national and grant funding) (59%) and lottery sources (55%) (see **Recommendations 2, 12, 14 and 15**).
- 4.35 Analysis by the type of heritage offer of respondents reveals consistent skills gaps in respect of museums and galleries staff across most funding sources. For example, 22% of museums rate staff skills as ‘poor’ or ‘very poor’ in securing funding from private charitable trusts, rising to 38% for individual giving and 41% in respect of corporate support.
- 4.36 The largest proportion of low skills levels (i.e. ‘poor’ or ‘very poor’) in securing funding from corporate sources were reported by Public parks and greenspace organisations (31%) and community and local history (29%). The largest proportion of low skills levels in securing funding from individual giving were reported by Museums and galleries (38%) followed by Industrial, Maritime and Transport and Public parks and greenspace organisations (both 33%).
- 4.37 The survey also revealed a limited number of trends amongst participants in the RSH programme with 17% of non-participants in the RSH programme stating that staff skills in securing funding from Lottery Sources were either poor or very poor compared to 3% amongst participants in the programme. A further 17% of non-participants in the RSH programme stated that staff skills in securing funding from Public sector (national) sources were either poor or very poor compared to 7% amongst participants in the programme.
- 4.38 Table 4.8 highlights the main areas of skills development required by staff, trustees and volunteers⁷⁴ to aid the fundraising remit of the organisation in the next four years.

Table 4.8: Main areas of skills development required by staff, trustees and volunteers to aid the fundraising remit of the organisation in the next four years

	No.	%
Influencing funders	50	67.6
Identifying, recognising, managing and maintaining funder relationships	47	63.5
Strategic planning for fundraising	47	63.5
Advocating the value of the organisation	46	62.2
Identifying fundraising opportunities	44	59.5
Developing key messages to articulate the offer (e.g. a case for support)	42	56.8
Developing an offer appropriate to funder needs	37	50.0
Understanding the legislation related to fundraising	33	44.6
Analysing internal capacity relative to external opportunities	29	39.2

⁷⁴ These roles were groups together in the survey to avoid overcomplicating the question and securing a good response to the question

Networking	28	37.8
Leadership	27	36.5
Making excellent targeted confident presentations	26	35.1
Managing funder information	25	33.8
Budgeting based on actual and predicted income and expenditure	21	28.4
Financial management	20	27.0
Influencing across your organisation	19	25.7
Other	10	13.5

4.39 Table 4.8 highlights the value of skills development across heritage organisations to develop productive relationships with funders underpinned by organisation planning and governance structures. The skills areas in highest demand were ‘influencing funders’ as reported by 68% of heritage organisations followed by ‘identifying, recognising, managing and maintaining funder relationships’ and ‘strategic planning for fundraising’, cited by each of 64% of respondents and ‘advocating the value of the organisation’, cited by 62% of respondents (**Recommendation 19**).

Summary

- In general, heritage organisations stated that the skills of staff with responsibility for fundraising had improved in the past four years with recognition of need for both specialist skills and overall organisational buy-in to fundraising.
- However, a large proportion of organisations also stressed the barriers to skills development, and specifically implementing skills, linked to time and capacity of staff, trustees and volunteers.
- The skills of responding organisations in securing funds from selected sources are weakest in respect of corporate support and individual giving and strongest in respect of securing funding from Public sector (national and grant funding) and lottery sources.

Recommendations

2. There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.

12. Support is required to highlight the benefits of networking with the business community and signpost organisations to relevant grant programmes.

14. Heritage organisations should also be directed to grant programmes which aim to support the development of new business sector partnerships including the Culture & Business Fund Scotland.

15. Training should also be delivered to raise awareness and improve understanding of non-grant finance, including debt finance, equity finance and alternative finance.

19. Training should be provided for the skills areas in highest demand by heritage organisations, namely 'influencing funders', 'identifying, recognising, managing and maintaining funder relationships', 'strategic planning for fundraising' and 'advocating the value of the organisation'.

RSH Training programme

4.40 Approximately two fifths (40%) of heritage organisations responding to the survey had participated in the RSH programme. Each was asked to attribute the impact of the programme on areas of fundraising on a scale of 0 (no attribution) to 100 (full attribution).

4.41 The average attribution ratings ranged from 16.5 in respect of changes in the organisation's income from fundraising in the last four years, to 23.4 in respect of changes in the organisation's fundraising capacity and 31.1 in terms of changes in skills in the last four years. Whilst the figures should be treated with a degree of caution given the difficulty in assigning an attribution figure, the results also highlight the lag between learning and developing new skills and implementing these skills to generate income.

4.42 Heritage organisations also outlined a range of ongoing support needs that would be useful in applying the training and support provided through the RSH programme to help support income generation. In practice, these were varied and underpinned by an underlying recognition of the need for further training of a similar nature to that provided through the RSH Programme. Specific examples of training and support needs included:

- Opportunities to share practice;
- More local training sessions (e.g. in the Highlands);
- Peer to peer contact and support;
- Influencing Trustees to embrace need for support in fundraising skills;
- Mentoring;
- Increasing volunteer capacity;
- Responding to funding policy changes at a national level;
- One single directory of supporters for heritage work; and
- Practical examples of completed applications.

4.43 Consideration should be given to securing funding to provide heritage organisations with temporary additional resources to implement knowledge gained from training and devise new fundraising initiatives, such as developing a fundraising strategy (**Recommendation 20**).

Summary

- **Heritage organisations also outlined a range of ongoing support needs that would be useful in applying the training and support provided through the RSH programme to help support income generation.**

Recommendation

20. Consideration should be given to securing funding to provide heritage organisations with temporary additional resources to implement knowledge gained from training and devise new fundraising initiatives, such as developing a fundraising strategy.

Challenges and Opportunities

- 4.44 Heritage organisations outlined a range of challenges currently facing the sector in terms of fundraising (Table 4.9). The main area of challenge for heritage organisations, as cited by over half (51%) of respondents related to difficulties or challenges in sourcing, applying for or securing funding.
- 4.45 A further 32% of heritage organisations specifically referenced increased competition for funding whilst one fifth (20%) highlighted the skills required to secure funding for heritage.

Table 4.9: Challenges currently facing the sector in terms of fundraising		
Challenge	No.	%
Difficulties or challenges in sourcing, applying for or securing funding	38	50.7
Increased competition	24	32.0
Skills	15	20.0
Capacity / Resources	9	12.0
Time	7	9.3
Complexity of applications / processes / suitability of outcomes	7	9.3
Lack of understanding / engagement with aims / support	6	8.0
Economy / Brexit	6	8.0
Don't Know or none	2	2.7
Other	2	2.7

- 4.46 Anonymised verbatim quotes taken from the survey to highlight the challenges facing the heritage sector are presented below:

“A limited and reducing pool of funding available plus increased competition from other, more high profile and seemingly more relevant charities”

“The main challenges is the general shift of responsibility onto the shoulders of volunteers and communities”

“Overly complex funding applications and claims process that are not compatible with each other when holistic outcomes are to be achieved, e.g. Economic, health, social, environmental, and heritage”

“New projects are often seen as more exciting to support than existing longer established organisations”

“Due to austerity it has been difficult to find people to sponsor our work to the level of the past years”

“Brexit and the reduction in European funding and the uncertainty around this”

“Difficulty in raising funds for core business i.e. to replace lost local authority funding”

4.47 Heritage organisations also outlined a variety of **opportunities or options for the heritage sector in terms of fundraising in the next four years** (Table 4.10). The largest group of heritage organisations (35%) highlighted that the challenges facing the sector to adapt to changing funding opportunities would lead to a diversification into new and different types of fundraising activities. The next most frequently cited opportunities included a drive for better or wider partnership working and exploration of new funding opportunities - each cited by 14% of heritage organisations (see **Recommendations 2, 5, 8, 12 and 14**).

Table 4.10: Opportunities or options for the heritage sector in terms of fundraising in the next four years		
Opportunities	No.	%
Different sources of funding	23	34.8
Partnership working	9	13.6
New funding opportunities / initiatives	9	13.6
Collaborative working	8	12.1
Political climate / support	7	10.6
Creativity / innovation	6	9.1
Don't Know or none	6	9.1
Knowledge / awareness	5	7.6
New volunteers / People	4	6.1
Non-heritage outcomes / collaboration	4	6.1
Awareness of / interest in Heritage Sector	3	4.5
Other	2	3.0

4.48 Anonymised verbatim quotes taken from the survey to highlight the challenges facing the heritage sector are presented below:

“Development of awareness of heritage sector value to Corporate businesses leading to collaborative and mutually beneficial, lasting relationships”

“Harnessing the power of the 'crowd' - fundraising from individuals”

“More corporate and private sector partnerships, more public donations, higher charge for services”

“Imagination, excellent volunteering, engaging the community, digitisation, employing and working with the young”

“Greater collaboration and partnership working”

“Development of a more commercial approach and widening opportunities for secondary spend”

“The sector in Scotland needs to further integrate with the tourism and cultural/arts sectors in order to present a united front in the promotion and protection of important national and local assets”

Summary

- **The main area of challenge in fundraising outlined by heritage organisations related to difficulties or challenges in sourcing, applying for or securing funding.**
- **Heritage organisations highlighted that the challenges facing the sector to adapt to changing funding opportunities would lead to a diversification into new and different types of fundraising activities.**

Recommendation

- 2. There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.**
- 5. Heritage organisations should seek out opportunities to collaborate with partners as part of place-shaping initiatives as this may assist in the process of attracting national lottery funding.**
- 8. There is merit in developing stronger partnership working between the heritage sector in Scotland and Visit Scotland to enable the sector to realise the opportunities presented by tourism.**
- 12. Support is required to highlight the benefits of networking with the business community and signpost organisations to relevant grant programmes.**
- 14. Heritage organisations should also be directed to grant programmes which aim to support the development of new business sector partnerships including the Culture & Business Fund Scotland.**

5 Conclusion

- 5.1 This research project has aimed to provide an assessment of where the heritage sector in Scotland currently stands in terms of resources and fundraising as well as reflecting on the changes in the funding landscape for heritage in Scotland, identifying the challenges faced by the sector as well as the opportunities in fundraising.
- 5.2 What this research has demonstrated is the **paucity of data and evidence** on trends in fundraising within the heritage sector in Scotland. Much of the evidence refers to the trends in the wider cultural or charity sector or is focused on data specific to England or the UK. This highlights a need to fund dedicated research to improve the quality and availability of data pertaining to fundraising in the heritage sector in Scotland.
- 5.3 Over the last five years **public spending has come under pressure**, both at national and local levels. It was hoped that a recovery in the economy would see more public money invested in the arts and cultural sector across the UK, however concerns have been raised with regards to continuing pressures on public funding. As a result, the wider arts and cultural sector has started to place more emphasis on private investment, with organisations seeking to rebalance their finances to be less reliant on public sources.
- 5.4 Evidence from the most recent Private Investment in Culture Survey in England has highlighted that **individual giving remains the most important form of private investment** and donations are by far the most important way that arts and culture organisations raise funds from individuals. The UK Giving 2017 report suggests that people in Scotland are recorded as giving the highest median amount to charity, however, the arts are the least popular causes given to. No data is available on the propensity of people in Scotland to give to the heritage sector.
- 5.5 Previous research also suggests that High Net Worth Individuals have become a cohort of increasing interest for the charity sector and major donor fundraising continues to be a fast-growing element of UK charity fundraising activity. Again no data is available on the extent to which the heritage sector in Scotland is focusing on High Net Worth Individuals.
- 5.6 A fall in sales for the National Lottery is likely to reduce the level of income for good causes over the next few years. **The number of projects funded by HLF in Scotland has nearly halved** between 2013/14 and 2015/16 and future HLF distribution is likely to focus more on assisting smaller organisations and local projects rather than the large national institutions. This holds direct implications for larger heritage organisations in Scotland. Evidence from the survey of heritage organisations conducted for this research reveals that one fifth reported a decrease in their levels of income from public sector funding (national and grant funding) in their last financial year.

- 5.7 **The financial outlook for councils in Scotland continues to be challenging**, with the need to deliver savings being increasingly critical to their financial sustainability. The budgets available for specific cultural services is likely to be considerably reduced with a knock of impact for heritage organisations in receipt of grant funding and support from their local council. Evidence from the survey of heritage organisations conducted for this research reveals that around one third reported a decrease in their levels of income from local authority funding.
- 5.8 There remains a **heavy reliance on grants in the heritage sector** within 2014 research by NPC indicating that 60% of heritage organisations in the UK stated that grants are their largest source of income. The research also found that organisations relying on grants are more likely to be small–micro whereas organisations relying on earned income are more likely to be medium–major. As such continued pressure on grant funding may exert specific pressure on smaller heritage organisations and those that are less able to generate funds through earned income.
- 5.9 In Scotland the total expenditure by Historic Environment Scotland has grown by 5.9% between 2009/10 and 2014/15, increasing from £82.8m to £87.7m. The annual budget settlement for Historic Environment Scotland for 2018/19, as agreed in the Scottish Government Budget, is £41.1m which represents a reduction of £3.6m in the Grant in Aid. However, Historic Environment Scotland’s total operating budget for 2018/19 is £98.2m with the small reduction in the Grant in Aid more than offset by a £12m increase in commercial income .
- 5.10 The future levels of Grant in Aid provided by Scottish Government have not been confirmed as the budgets are now allocated on an annual as opposed to three-year basis. It is likely that the Grant in Aid budget may be squeezed further in the coming years as pressures on public sector finances continues. Historic Environment Scotland’s external funding programme provides £14.5m through a variety of heritage grant programmes across Scotland, however as the main conduit for grants to the heritage sector in Scotland this does mean that many heritage organisations are reliant on these grant programmes for funding and are unable to approach Scottish Government directly for funds.
- 5.11 Consistent with the shift towards adopting the ‘golden tripod’ approach to fundraising, one area that presents **an opportunity for the heritage sector is securing a greater proportion of funds from earned income**. Evidence from the survey of heritage organisations conducted for this research reveals that 41% report increases in the percentage income from earned income over the past four years. Further support and professional expertise can assist organisations in achieving a greater proportion of their funding from earned income by making the best use of their existing assets to generate sustainable income streams. An additional opportunity which is likely to merit further exploration is the ability of heritage organisations to compete for contracts issued by public service commissioners.

- 5.12 Business investment forms an important component of private investment received by arts and cultural organisations. Over the last decade the levels of business investment have suffered as a consequence of the economic recession and associated financial and trading pressures facing the business community. There is no current data on the distribution of business investment within the heritage sector in Scotland. Evidence from the survey of heritage organisations conducted for this research reveals that levels of income from corporate support has broadly remained the same over the past four years. The state of the economy unsurprisingly exerts a strong influence on the extent to which businesses are interested in maintaining current or developing new sponsorship partnerships. As such there are reasons to be cautiously optimistic that levels of business investment may recover as business confidence grows.
- 5.13 **The heritage sector would benefit from networking more widely with the business community** including making links with the Scottish Chambers of Commerce and other business focused organisations such as Business Network Scotland, Scotland's Towns Partnership and Business Improvement Districts. Work should also be directed at raising awareness amongst the business community of how the heritage sector is funded and opportunities for businesses to develop partnerships with heritage organisations.
- 5.14 Research commissioned by HLF has highlighted **a lack of awareness of or appetite for non-grant finance in the heritage sector across the UK**. The research highlights that there is a reasonable level of earned income within the heritage sector which is significant when evaluating repayable finance business models. Whilst non-grant finance will not be appropriate for every organisation funding is available in Scotland through the Architectural Heritage Fund which provides loan facilities to eligible charities and other not-for-profit organisations, either for the acquisition of a building, or to provide working capital throughout a restoration project.
- 5.15 Brexit has been cited within some research reports as both a challenge and an opportunity for the sector. However **there is no research that specifically looks at the impact of Brexit on the heritage sector in Scotland**. Given the considerable number of heritage projects across Scotland supported with EU funding over the past ten years this represents an area that merits further investigation.
- 5.16 Heritage organisations responding to the survey conducted for this research stated that **the skills of staff with responsibility for fundraising had improved in the past four years** with recognition of need for both specialist skills and overall organisational buy-in to fundraising. However, a large proportion of organisations also stressed the barriers to skills development, and specifically implementing skills, linked to time and capacity of staff, trustees and volunteers.
- 5.17 The skills of responding organisations in securing funds from selected sources are weakest in respect of corporate support and individual giving and strongest in respect of securing funding from Public sector (national and grant funding) and lottery sources. The skills areas in highest demand by heritage organisations in Scotland over the next four years are 'influencing funders', 'identifying, recognising, managing and maintaining funder relationships' and 'strategic planning for fundraising'.

6 Summary of recommendations

Research and evidence

- 1.** Consideration should be given to funding dedicated research to improve the quality and availability of data pertaining to fundraising in the heritage sector in Scotland.
- 6.** Further research should be undertaken with VOCAL Scotland to obtain an up to date picture on the profile of spending for specific cultural services and the impact for heritage organisations in receipt of grant funding from their local council.
- 7.** Research should be undertaken into the levels of reliance of heritage organisations in Scotland on grant funding and in particular a comparison of those owning a physical asset against those that do not.
- 11.** Consideration should be given to funding a survey to collate visitor numbers for heritage attractions and sites across Scotland as this would provide valuable information to assess progress across the sector in generating sustainable earned income streams.
- 16.** Further research is required to assess the impact of Brexit on the heritage sector in Scotland including but not restricted to funding arrangements for projects previously supported by the EU and overseas visitor numbers.
- 18.** Heritage sector partners in Scotland should undertake a mapping exercise to identify existing networking opportunities and promote these across the sector. Further investment may be required to facilitate access to existing network.

Ongoing sector support

- 2.** There is a need for ongoing sector support to assist heritage organisations in diversifying their income streams, including but not limited to corporate sponsorships, legacies and endowments.
- 3.** Efforts should be directed at raising awareness of BIG Lottery Fund's grant programmes in Scotland across the heritage sector.
- 4.** Efforts should also be directed at raising awareness of Creative Scotland's Place Partnership Programme across the heritage sector.
- 5.** Heritage organisations should seek out opportunities to collaborate with partners as part of place-shaping initiatives as this may assist in the process of attracting national lottery funding.
- 8.** There is merit in developing stronger partnership working between the heritage sector in Scotland and Visit Scotland to enable the sector to realise the opportunities presented by tourism.
- 9.** Training programmes should be established to support heritage organisations in developing the commercial and business skills to capitalise on future increases in visitor numbers.

10. Training should also be delivered to raise awareness across the heritage sector of the opportunities available through commissioned contracts within the public sector in Scotland.

12. Support is required to highlight the benefits of networking with the business community and signpost organisations to relevant grant programmes.

13. Further work should be directed at raising awareness amongst the business community of how the heritage sector is funded and opportunities for businesses to develop partnerships with heritage organisations.

14. Heritage organisations should also be directed to grant programmes which aim to support the development of new business sector partnerships including the Culture & Business Fund Scotland.

15. Training should also be delivered to raise awareness and improve understanding of non-grant finance, including debt finance, equity finance and alternative finance.

17. Training should be delivered to support heritage organisations in strengthening their approach to monitoring and evaluation and demonstrating their contribution to National Outcomes.

19. Training should be provided for the skills areas in highest demand by heritage organisations, namely 'influencing funders', 'identifying, recognising, managing and maintaining funder relationships', 'strategic planning for fundraising' and 'advocating the value of the organisation'.

20. Consideration should be given to securing funding to provide heritage organisations with temporary additional resources to implement knowledge gained from training and devise new fundraising initiatives, such as developing a fundraising strategy.

Appendix 1- List of contributors

Alastair Jackson, Communications & Engagement Manager , BIG Lottery Fund (Scotland)

Alison Turnbull, Director of Development and Partnership, Historic Environment Scotland

Bill McQueen, Senior Policy Manager, Scottish Government

Carol Downie, The Gannochy Trust

Carol Dunne, The ScottishPower Energy People Trust

Douglas Hamilton, The R S Macdonald Charitable Trust

Duncan Dornan, VOCAL Portfolio Holder for Museums and Galleries, Glasgow LIFE

Emma Chaplin Director, Association of Independent Museums

Gary Cameron, Head of Place, Partnerships & Communities , Creative Scotland

Gary Morton, VOCAL Secretary, VOCAL Scotland

Gemma Thorpe, Programme Manager for the Catalyst programmes, Heritage Endowments and Resilient Heritage, Heritage Lottery Fund

Gordon Barr, Support Officer (Scotland), Architectural Heritage Fund

James Proctor Programme Manager, Community Shares Scotland

Jocelyn Cunliffe, Conservation Committee Convenor, The Royal Incorporation of Architects in Scotland

Judith Lowes, Comic Relief

Matthew McKeague, Chief Executive, Architectural Heritage Fund

Misa Hay , Acting Heritage Manager, Shetland Amenity Trust

Régis Cochefert, Paul Hamlyn Foundation

Thomas Knowles, Head of Grants, Historic Environment Scotland

Una Richards Director, Scottish Historic Buildings Trust

Victoria Collison-Owen, Executive Director, Scottish Redundant Churches Trust

Appendix 2- Heritage sector survey



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Introduction

RSH is a four year programme led by Arts & Business Scotland in partnership with Archaeology Scotland, Built Environment Forum Scotland, greenspace scotland and Museums Galleries Scotland. It has commissioned Consilium to map the current funding landscape for the heritage sector in Scotland as part of the legacy of the 4-year RSH capacity building programme.

The research will build on the existing evaluation work already conducted as part of the RSH programme and focus on where the heritage sector in Scotland currently stands in terms of resources and fundraising. The resulting report will aim to raise awareness of the current funding landscape for the heritage sector from public, private and charitable sources.

Please be aware that the heritage sector is really wide-ranging and can include lots of organisation and projects, as long as they make a lasting difference for heritage, people and communities.

Your time in completing the following questions honestly and accurately is much appreciated. It will take approximately 10 minutes to complete depending on your answers.

All individual responses will be treated in the strictest confidence with analysis and reporting anonymised unless agreed with respondents.

If you have any questions or require further details about the evaluation, please contact the Consilium project manager Andy Parkinson on 07713 357389 or andy@consiliumresearch.co.uk



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About You and Your Organisation

1. Organisation name:

2. Your name:

3. Your email address:

4. How would you classify your organisation's area of heritage? (tick all that apply)

- | | |
|--|---|
| <input type="checkbox"/> Community and local history | <input type="checkbox"/> Archives and libraries |
| <input type="checkbox"/> Museums and Galleries | <input type="checkbox"/> Industrial, Maritime and Transport |
| <input type="checkbox"/> Natural heritage | <input type="checkbox"/> Public parks and greenspace |
| <input type="checkbox"/> Built environment | <input type="checkbox"/> Archaeology |
| <input type="checkbox"/> Other (please specify) | |

5. Which of these best describe your organisation's status? (tick all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Community Interest Company | <input type="checkbox"/> Local authority |
| <input type="checkbox"/> Community or voluntary group | <input type="checkbox"/> Other public-sector organisation |
| <input type="checkbox"/> Constituted Community Group | <input type="checkbox"/> Registered Charity |
| <input type="checkbox"/> Faith-based or church organisation | <input type="checkbox"/> Social Enterprise |
| <input type="checkbox"/> Limited company | <input type="checkbox"/> Trust |
| <input type="checkbox"/> Other (please specify) | |

6. Number of:

Full time staff

Part time staff

Volunteers



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Income

7. Annual income for your organisation:

- | | |
|--|--|
| <input type="checkbox"/> £0-10,000 | <input type="checkbox"/> £250-£500,000 |
| <input type="checkbox"/> £10-£50,000 | <input type="checkbox"/> £500,000-£1m |
| <input type="checkbox"/> £50-£100,000 | <input type="checkbox"/> £1m-£2m |
| <input type="checkbox"/> £100,000-£250,000 | <input type="checkbox"/> £2m+ |

8. What level of unrestricted funds is there in your organisation's reserves? (funds that can be used for any organisational purpose)

- | | |
|--|--|
| <input type="checkbox"/> We do not have any reserves | <input type="checkbox"/> £250-£500,000 |
| <input type="checkbox"/> £0-10,000 | <input type="checkbox"/> £500,000-£1m |
| <input type="checkbox"/> £10-£50,000 | <input type="checkbox"/> £1m-£2m |
| <input type="checkbox"/> £50-£100,000 | <input type="checkbox"/> £2m+ |
| <input type="checkbox"/> £100,000-£250,000 | |



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Fundraising

9. What percentage of your income (not including in-kind funding) in your last financial year did you receive from the following sources?

	0%	Up to 25%	25-50%	51-75%	76% and over
Private charitable trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lottery sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earned Income (e.g. including social enterprise activities or venue rental)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10. How has your percentage of income from the following sources changed in the past four years?

	Decreased significantly	Decreased slightly	Remained the same slightly	Increased slightly	Increased significantly	Don't know
Private charitable trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lottery sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earned Income (e.g. including social enterprise activities or venue rental)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. What have been your five main individual sources of funding, (e.g. **specific** charitable trusts and lottery programmes etc.) in the past four years? Approximately how much income have you secured from each source?

1.

2.

3.

4.

5.



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Fundraising

12. What was the total value of your income from fundraising from private sources (i.e. excluding local authority funding or earned income) in the last 12 months?

13. How has the organisation's income from fundraising changed in the last four years?

Decreased significantly

Increased slightly

Decreased slightly

Increased significantly

Remained the same

Don't know



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Fundraising Skills - Organisation

14. To what extent is the organisation currently successful in attracting funds from the following sources on a scale of 1 to 4 where 1 = not at all and 4 = extremely successful?

	Not at all	<input type="checkbox"/>	<input type="checkbox"/> A little	<input type="checkbox"/> Somewhat	Extremely successful	Don't know
Private charitable trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lottery sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earned Income (e.g. including social enterprise activities or venue rental)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. How has the organisation's success in attracting funds from the following sources changed in the past four years?

	<input type="checkbox"/> Decreased significantly	<input type="checkbox"/> Decreased slightly	<input type="checkbox"/> Remained the same	<input type="checkbox"/> Increased slightly	<input type="checkbox"/> Increased significantly	Don't know
Private charitable trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lottery sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earned Income (e.g. including social enterprise activities or venue rental)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



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Fundraising Skills - Individuals

16. How would you rate the skills of staff in securing funding from the following sources?

	Very poor	Poor	Average	Good	Very good	Don't know
Private charitable trusts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lottery sources	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - local authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public sector funding - national and grant funding (e.g. Historic Environment Scotland)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate support	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Individual Giving (e.g. legacies, wealthy individuals and membership/friends schemes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Earned Income (e.g. including social enterprise activities or venue rental)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. How have the skills of your organisation's staff with responsibility for fundraising changed in the past four years?



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RSH Training Programme

18. Have you taken part in the RSH training programme?

Yes

No



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Impact of the RSH training programme

19. How much of the change in the organisation's income from fundraising in the last four years can you attribute or link to the RSH programme? (0 = no attribution 100 = full attribution).



20. How much of the changes in the organisation's fundraising capacity in the last four years can you attribute or link to the RSH programme? (0 = no attribution 100 = full attribution).



21. How much of the changes in skills in the last four years can you attribute or link to the RSH programme? (0 = no attribution 100 = full attribution).





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Challenges and Opportunities

22. What are the main challenges currently facing the heritage sector in terms of fundraising?

23. What do you see as the main opportunities or options for the heritage sector in terms of fundraising in the next four years?



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Future Needs

24. What are the main areas of skills development required by staff, trustees and volunteers to aid the fundraising remit of the organisation in the next four years? (tick **all** that apply)

- | | |
|--|---|
| <input type="checkbox"/> Advocating the value of the organisation | <input type="checkbox"/> Influencing funders |
| <input type="checkbox"/> Analysing internal capacity relative to external opportunities | <input type="checkbox"/> Leadership |
| <input type="checkbox"/> Budgeting based on actual and predicted income and expenditure | <input type="checkbox"/> Making excellent targeted confident presentations |
| <input type="checkbox"/> Developing an offer appropriate to funder needs | <input type="checkbox"/> Managing funder information |
| <input type="checkbox"/> Developing key messages to articulate the offer (e.g. a case for support) | <input type="checkbox"/> Networking |
| <input type="checkbox"/> Financial management | <input type="checkbox"/> Identifying fundraising opportunities |
| <input type="checkbox"/> Identifying, recognising, managing and maintaining funder relationships | <input type="checkbox"/> Strategic planning for fundraising |
| <input type="checkbox"/> Influencing across your organisation | <input type="checkbox"/> Understanding the legislation related to fundraising |

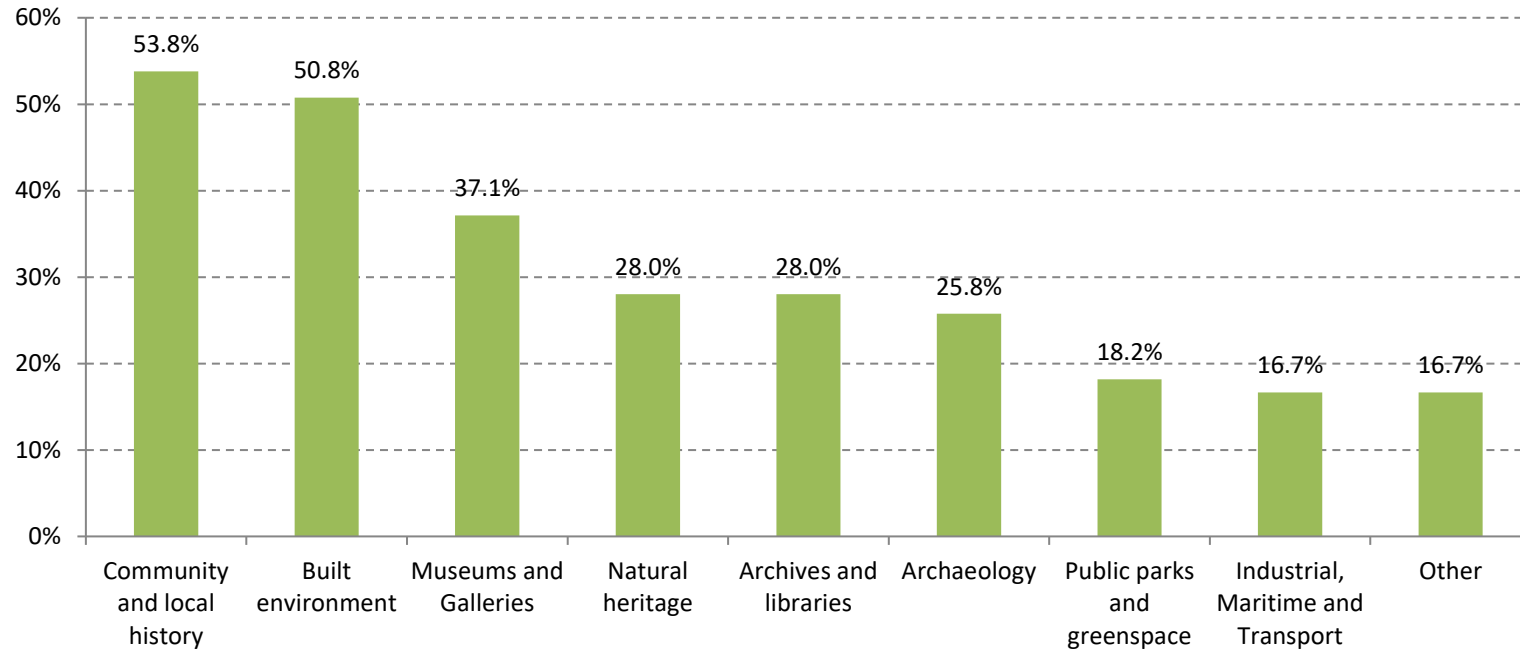
Other (please specify)

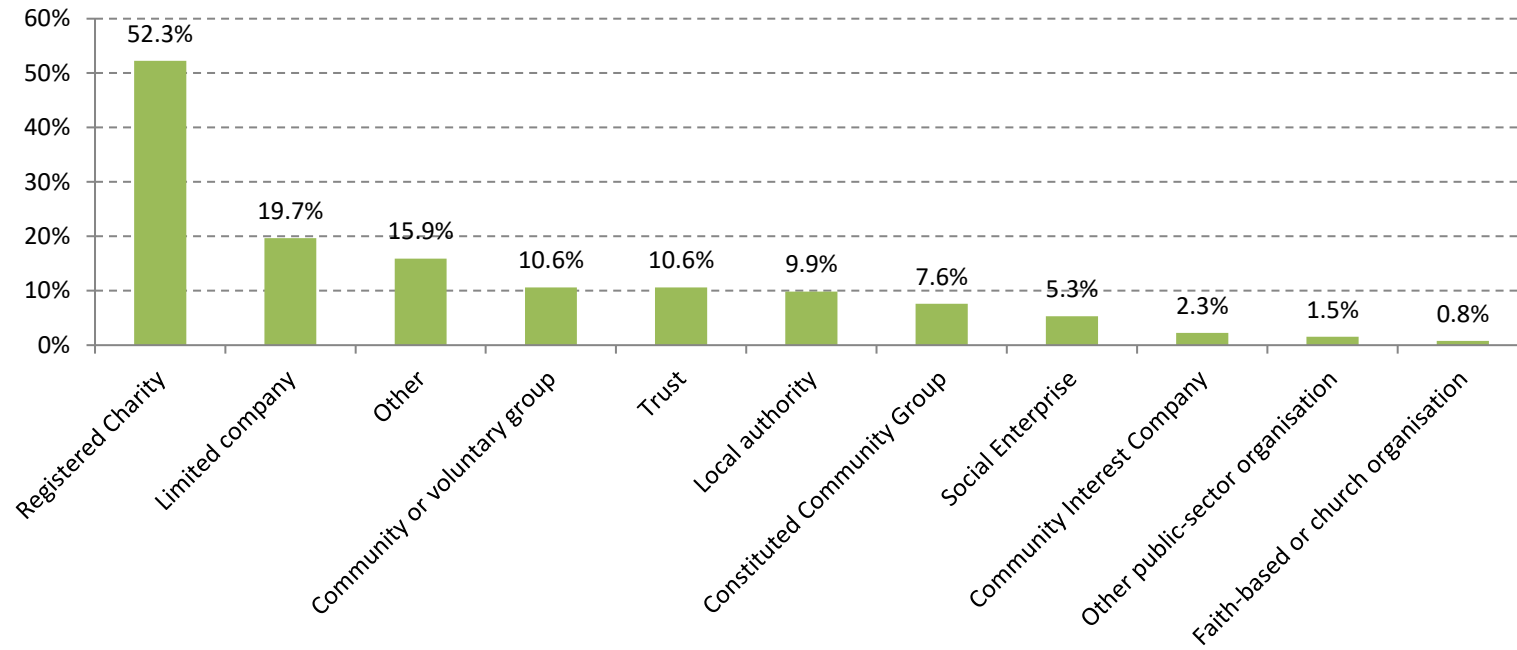
25. What additional support, if any, would be useful in applying the training and support provided through the RSH programme?

26. Any other thoughts on the current funding landscape for the heritage sector?

Appendix 3- Profile of survey respondents

Respondents by organisation's area of heritage (n=132)



Respondents by organisation's area of heritage (n=132)

wavehill

social and economic research

The State of Heritage Funding Now: Research Report