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of School of Social Sciences,
Glasgow Caledonian University, for
research reports on Individual Giving to
Scottish Charities.

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Glossary

CoSLA	Council of Scottish Local Authorities
FICO	Financial Intermediaries and Claims Office (Inland Revenue)
ICFM	Institute of Charity Fundraising Managers
SCO	Scottish Charities Office
SCVO	Scottish Council for Voluntary Organisations

Foreword

We all look closely at just how little cash we have left on pay day after our bills have wrought carnage on our income. This residue, though, provides us with the ability to make the most enjoyable decisions in life - what we wear, where we might go for a night out or the sort of holiday we can enjoy. We never cease to marvel that the amount left each month seems so small compared to the amount of effort invested to realise it.

Charitable and voluntary organisations take this same attitude towards their donated income, a strange mixture of interest, fascination, uncertainty and euphoria. Its level fluctuates wildly, yet it is that most precious commodity - money not spoken for already. It is not usually committed to any specific project, nor subject to the personal wishes of the donor by putting conditions on the uses to which the gift could be put. Neither is it tied up in financial reserves or in the fixed assets with which all organisations are burdened.

Donated income is a truly precious commodity. It allows new ideas to be tested and proven. It allows for renewal and refreshment of the very heart of an organisation. Above all, its availability can demonstrate to those running an organisation that others share their commitment and trust their judgment about how such uncommitted cash should be spent. It is the best possible key to open the Pandora's box of possible changes and generate new vitality.

Scottish society needs more citizens willing to donate cash to voluntary sector organisations to produce positive change in our society. In this report, we consider how to stimulate a new spirit of donating cash without strings, benefiting voluntary organisations and wider Scottish community life.

I am indebted to the members of the Working Group who on a voluntary basis gave of their time and expertise to produce what I feel is an extremely valuable contribution to current thinking on donated income. They did so because of their interest in this issue.

I am also grateful to the staff of SCVO who serviced the work of the group, in particular Jim Lugton who attempted to summarise our deliberations, and to the invited specialists who contributed to our formulation of solutions.

David Orr

Chair, Donated Income Working Group

Preface

Context

Giving of money to charities has a long history in Scotland. There have however been dramatic changes in the funding environment of charities in the past two decades. The increased flow of public sector resources into the sector has led to the public perception that it is mainly funded by government to provide public services. Estimates suggest that as much as 44% of total voluntary sector income from all sources, excluding statutory sources in Scotland, derives from fundraising with as much as £540 million coming from individual giving and a further £90 million from legacies. Income from donations from the public is a key source for many charitable organisations.

Remit of Working Group

Little is known about the scale, trends and issues associated with this income source. The SCVO Policy Committee therefore established an external working party in 1998 to consider issues associated with donated or fundraising income for charities in Scotland and to bring forward recommendations.

- The remit of the Donated Income Working Group was to:
- 1. Identify and measure the scale of donated income in Scotland;
 - 2. Examine the role of donated income in the voluntary sector in Scotland;
 - 3. Provide better information to the voluntary sector, politicians and the public sector about donated income;
 - 4. Make recommendations to Government.

Towards the end of the work of the Group, Scottish Executive Ministers set up the Scottish Charity Law Review Commission, under the chairmanship of Jean McFadden. The remit of the Commission is review the law relating to charities in Scotland and to make recommendations on any reforms considered necessary. In carrying out its work the Review Commission will be reviewing relevant recent research and therefore a copy of this report is being sent to the Commission Chair and to the Voluntary Issues Unit in the Scottish Executive.

Some specific issues of concern provided the themes for the Working Group to pursue.

- (i) To evidence the scale of voluntary donations and to suggest ways in which the general public and politicians can better appreciate the role which voluntary donations make to the delivery of services in Scotland.
- (ii) To examine trends in voluntary fundraising and to make recommendations designed to better secure the prospects for indigenous Scottish and local fundraising. Current evidence suggests that the overall level of giving is static but that major (mostly UK) charities continue to increase their share.
- (iii) To survey current fundraising methodologies and make recommendations on any issues which arise. Key points here include the use of specialist commercial companies, door to door selling, telephone fundraising, co-operative efforts by groups of charities, scratch cards, charity shops et al.

- (iv) To review fundraising and the law and to make recommendations in the context of the report from Dundee University and anticipated discussion on new charity law for Scotland. Particular issues here include consideration of the need to regulate fundraising practices; the supervision and licensing of fundraising activities and fundraisers; the proportion of any income made available for charitable activities.
- (v) To review the role of government vis a vis voluntary donations, particularly with regard to the tax regime for giving and the prospects for promotion and development of tax effective donations, for example tax free payroll giving schemes, the Green Paper on Charity and Taxation, and consideration of proposals for the Scottish Parliament to consider.
- (vi) Donated income in the context of the Giving Age Campaign. It is anticipated that the Working Party will be able to feed into the Giving Age initiative in respect of the money giving theme of the campaign. What can be done to promote planned giving?
- (vii) To examine the issue of sustainability and, in particular, to consider the prospects for promoting an endowment culture in organisations which depend on voluntary fundraising from the general public.
- (viii) To explore relevant themes in particular forms of giving and the impact of demographic changes, new public policy priorities and government actions. Particular issues here include the National Lottery; public service contracts/cost of living increases; legacies; and the costs of residential care.
- (ix) To review relationships between the various institutions and associations which have a fundraising role in Scotland and to make recommendations about how joint working and partnerships can be developed.

Membership

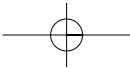
The Working Party was established in April 1999. Interests represented on the Group included:

- the Institute of Charity Fundraising Managers
- the Scottish Community Foundation
- a Scottish Grant Making Trust
- a representative from a media fundraising campaign
- at least two voluntary organisations involved in fundraising - one national, one local
- a professional/ private fundraiser
- an officer with experience of Give as you Earn.

The following organisations were also invited to nominate observers to the Working Party: -

- the Charities Aid Foundation.
- the (then) Scottish Office

The Working Party was serviced by SCVO, and the Research Unit was responsible for managing the contract with Glasgow Caledonian University for the analysis of Systems Three data on individual giving.



Introduction

1. Background and history

The experience of the two wars saw a fundamental redrawing of the boundaries of what people thought the State should provide. The creation of the NHS in 1948 removed a traditional beneficiary of much personal giving, releasing cash for other purposes. There was also a growing belief in the potential for good of science, and medical science in particular, and private citizens began to support a growing number of research led charities focused on treatments and cures. This strand in UK giving has continued to grow in parallel with medicine’s perceived capacity for overcoming illness and disease. Citizens also began to organise themselves into many smaller scale voluntary and charitable groups, relying on more local groups of supporters. Many of these were of the ‘support group’ type, where contributed time was often a more common currency than cash.

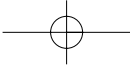
European reconstruction and the continued efforts of churches and individuals in the Commonwealth saw the rise of Oxfam and an increasing number of aid and then fair trade, justice and peace groups, culminating in the high profile international activities of Jubilee 2000. Expansion of leisure time for all ages as working hours contracted saw a huge growth in sporting and artistic groups, many of which came together loosely at the national level, where limited, state supported coaching and training became available.

The ethos of individual and corporate giving was put under real strain in the 1980s. That decade saw a remarkable growth in mass donations for one-off appeals, most notably the efforts of Sir Bob Geldof and others to respond to the Ethiopian famine of 1985. This ability to stimulate personal giving, using TV, led later to BBCs Children in Need and Comic Relief. Similar attempts to concentrate public giving and to tap the resources of those who might not have given on a systematic basis in the past, helped to persuade the UK Government to introduce a National Lottery in the early 1990s.

The debate since 1997 has been about improving social inclusion and developing partnerships involving private, public and voluntary sector players to support those in need. Such efforts require contributions from the various agencies, including voluntary organisations. Donations of time, expertise and income are all needed. The most flexible of these resources, and the one which allows the most immediate action to take place, is cash. There has been much attention paid in other publications on how to maximise volunteering. Such contributions are an important expression of active citizenship. The challenge for charities and voluntary organisations in the first part of the new century is to foster a culture of citizenship that in a mature, targeted and effective way includes the giving of money by donors who are now more discerning and insistent on value for money.

2. The meaning of donation

When individuals, grant making trusts or corporate bodies donate, they can do so in a variety of ways. Each has a different level of donor resistance.



The first, and undoubtedly the most important type of donation is cash, with no restrictions on its use. The premium on unrestricted financial donations cannot be overstated. Such resources afford the recipient the maximum flexibility in deployment, enabling them to pursue their priorities.

The second type of donation is goods in kind. There is still too little awareness in the wider community of how its surplus physical assets can be of value to Scotland's 44,000 voluntary organisations.

A third type of donation, which has grown in popularity in recent years, is the secondment of staff into the charitable and voluntary sector by private companies, or less frequently public bodies. This form of donation can lead to major gains in operational efficiency and effectiveness, and create longer-term benefits from the relationship.

This report deals with the first category, unrestricted cash donations. While the flow of the latter two resources has increased in recent years, the flow of cash has not kept pace. At a time when the sector has seen remarkable growth, this failure of growth in cash donations has exercised a serious drag effect on the sector.

In identifying the various strands to donations, the analogy of peeling an onion is perhaps applicable. What gives the onion its flavour and appeal lies at its heart. While all the other layers help to protect the heart, they cannot substitute for it. This is not to deny the importance of other forms of giving, but rather to recognise that there is a problem with cash donations and to address what can be done about it. That is what this report aims to do.

3. Trends in donated income

The total money donated to charities by individuals in Scotland was £315 million in 1998. This represents approximately 22% of the total income of the voluntary sector for that year - a decline on the total of £411 million donated in 1996. The downward trend is well documented for the 1990s. However there is also evidence that on a UK wide basis donated income has been falling over a longer period. The evidence is clear that individual giving to voluntary organisations throughout the UK is at best static, at worst in decline.

Consumer research (for SCVO) suggests that in Scotland, while the proportion of people giving money to charities is falling, the average donation is fairly stable. In the UK as a whole the size of the average donation has fallen. Tax efficient giving remains stubbornly low, with only 15% of all donors giving via a tax efficient method. The Chancellor's March 2000 Budget measures were a positive attempt on the part of Government to respond to the case made by the Charity Tax Reform Group. They introduced measures to simplify and extend ways in which the average citizen could be encouraged to give more to charity in a more tax efficient way.

The fall in donations has not been uniform across the voluntary sector, as levels of donated income for the largest UK charities have increased. This has been achieved partly through the use of reserves to mount campaigns in a 'spend to accumulate' strategy which has paid dividends for those able to commit significant resources. The corollary of this is that smaller and medium sized charities are competing for a share of a shrinking pot.

4. Response by the charitable sector

Individual charities

Charities have adapted the marketing techniques developed originally by the private sector and used these for fundraising purposes. This process of adaptation is necessary as the private sector's focus is on profit and not fundraising. A charity can and often does engage in activity that will not show a direct or, indeed, any return. Where a charity invests in branding, direct marketing, database marketing etc. it can generate a robust return, maintaining and even increasing levels of donated income.

Within the charitable sector

In recent times coalitions and alliances for the purposes of joint fundraising have being formed between charities e.g. Big-hearted Scotland and the Disasters Emergency Committee work for Kosovo. This is one method used to address the increasing costs of, and investment necessary for, successful fundraising from the public.

Sector wide

The Government has outlined initiatives to encourage the public to increase their giving across the board. These include the Chancellor's proposals to boost tax efficient giving, and the promised campaign to boost take up of the new opportunities made available to prospective donors. To date, much of the voluntary sector response has focused on developing a more sophisticated understanding of factors impacting upon individual giving. Research in progress by the National Council for Voluntary Organisations, the Institute of Charity Fundraising Managers, and the Charities Aid Foundation, is examining the level of public trust in charities in England. It is expected that this will consider the difference between confidence in the system as a whole, and trust between individual donor and a charity.

In general the public views charities as a good thing. They seem to have a more limited understanding of what charities are and what they now do - some of the public no longer see charities as independent but reliant on government and business. The growth in the number of charities has led some to question what constitutes a worthy cause. There is also a perceived lack of accountability and regulation of charities. For these reasons, and to better understand the dynamics affecting the pattern of giving in Scotland, the Working Group commissioned a major survey of charitable giving in Scotland.

Research into individual giving to Scottish charities

SCVO commissioned research highlights the level of public goodwill and charitable giving. The research also provides a baseline for assessing strategies for income generation by mode of giving and charitable sector.

1. Sources of Data

The Family Expenditure Survey and the Individual Giving Survey by the University of Manchester are useful sources of information on charitable giving. However, the size of the Scottish sample has meant that it has not been possible to use these surveys to carry out systematic analysis of giving at a Scottish level. Since 1994 SCVO has bought into the NOP data on public attitudes to individual giving in conjunction with NCVO, but by 1998 the sample in Scotland had fallen¹ limiting its usefulness.

SCVO therefore commissioned System Three to survey charitable giving in Scotland. Data for January 1997, January and August 1998, and January 2000, are now available based on samples of over a thousand individuals². A report has been prepared for the Donated Income Working Group by Glasgow Caledonian University³ based on an analysis of the January 2000 data, and comparisons with previous years' data.

2. Why do Scots donate to charities?

The most encouraging finding is that most adults in Scotland donate to charity (85% in the month prior to the survey), and that charitable giving is part of everyday life in Scotland.⁴ Scots value the role played by charities, and recognise that charities are part of the social landscape. Almost everyone agrees that giving money to charities is a good way of helping those worse off than themselves, and 58% agree that "a society with lots of charities is a caring society".

However, although almost four in five agree that charities are necessary to fill a welfare gap left aside by government, the same proportion also agree that the government should contribute more to necessary welfare and other services and should not rely on charities to fill these gaps.

Charitable giving does not appear to be the preserve of the affluent. Lower earning groups would appear to see charities as a necessary system of help while higher earning groups see the presence of charities as evidence of inadequate state provision.

3. How do Scots donate?

Most Scots donate in a variety of ways, mostly using 'traditional' means of donating as opposed to recent alternatives (only 1 person out of the sample of 1002 over the last month had donated using the Internet). Face to face giving, while this may involve relatively small sums per donation, remains highly effective in attracting possible givers. More people give in public places than at home, and church giving remains significant.

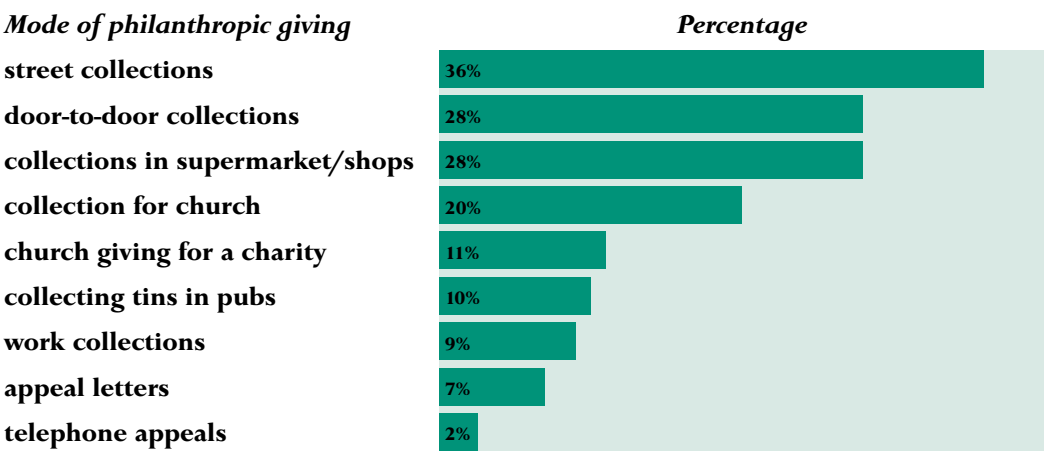


Table 1. Mode of Philanthropic Giving

The most popular means of donating through purchases is buying raffle or lottery tickets (not the National Lottery) and donations to charity shops, with 15% giving in both ways. Ways of giving which involve some preplanning, such as attending a charity event or subscribing, are less popular. In general it would appear that the lack of planned giving reflects the required organisation and long-term commitment involved. Fewer than one in ten donate via a covenant, payroll deduction, direct debit or legacy.

Only 3% of Scots have made provision in their wills to leave money to charity, and most have no plans to do so (almost 70%). There is more openness to the possibility of giving in a will among the young compared with the over 65s (76% of the latter group state they are unlikely to give through a will compared to 59% of 16-24s). The greater incidence of home ownership and protection policies for mortgage holders often stimulate consideration among younger people of the need to make a will.

Charitable giving takes place as part of the daily routine. Those with young children are more likely to give in supermarket collections (34% compared to 25% without children); younger people tend to give more in pub collections (15% of 16-34 year olds); people in 'prime' years of employment are more likely to give in work collections; and older people respond positively to appeal letters (12% of those aged 65 plus).

4. How much do Scots donate?

The majority of Scots who donate give small sums of money, though there is some evidence to suggest that the average sums donated may be greater in rural Scotland (£19.07 on average) than from mixed/affluent areas (£16.73 for manufacturing areas). Over half give up to £5 per month, while almost one third give between £2 - £5 per month.

Among those surveyed, giving to charity through street, shop or house to house collections was the most popular mode of giving compared to purchasing charity goods or giving through direct debit or legacies or other forms of planned giving. This is also the mode of giving that generated most income. It raised more than double purchased giving and more than six times planned giving. However the average amount donated through such collections over a month was £11, compared to just over £13 for purchased and £17 for planned giving.

5. What sectors do Scots donate to?

The majority donate to a range of charitable organisations. Charities such as medical and caring charities are supported throughout Scottish society.

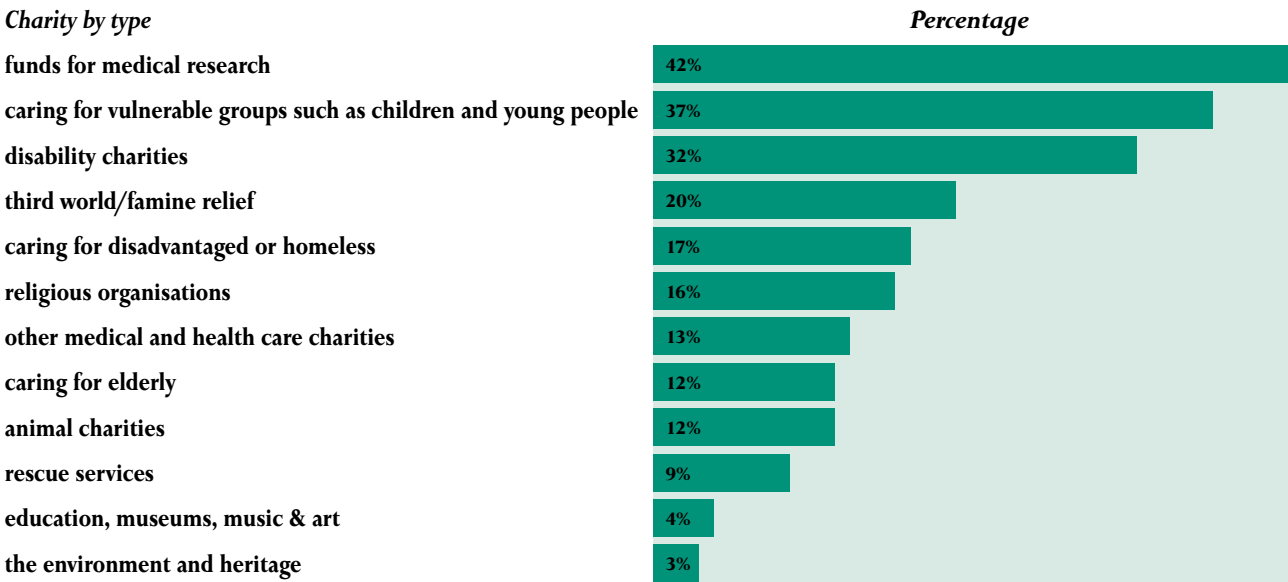


Table 2. Charity donations by sector

There is evidence of a degree of self-interest with medical research attracting the highest support. The difference in terms of age groups appears to be that charities for children and young people are supported by younger age groups and those with dependent children, homeless charities by single people, and religious organisations by older people. Interest in third world development charities and in rescue services is highest in the higher earning groups.

Those in the lowest economic groups give significantly more to local charities, and higher earning groups give more to Scottish and international charities.

6. Factors causing irritation to donors

The SCVO survey revealed various causes of irritation. Almost three quarters of those surveyed considered that charitable organisations do not make it clear where they spend their money; three fifths get annoyed at being asked to donate too often; almost two thirds are concerned that people collecting for charities are not genuine; and two fifths consider that people from their local area don't benefit much from the work of charitable organisations.

However, being asked to give never irritates one third of Scots. Irritation is highest when giving involves personal interaction between canvasser and giver or unsolicited intrusions (street collections irritated 23%, door-to-door collections 22%, appeal letters 22%, telephone appeals 24%, and collections in supermarkets slightly less at 13%).

It can be concluded that very few Scots donate income via modes of giving which they find irritating.

7. Changes over time

The proportion of the population donating is fairly constant for each mode. However, between 1998 and 2000 there has been a small decrease for certain modes of philanthropic, planned and purchased donations.

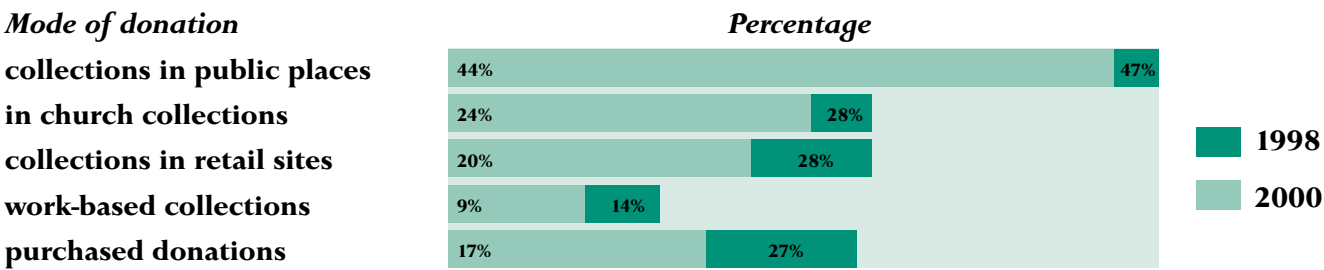


Table 3. Proportion of population donating by mode

Of equal concern are the significant reductions in the proportion of the population donating through subscription/membership fees (9%-3%), attending charity events (11%-2%), sponsorship (16%-8%), and buying raffle/lottery tickets (46-15%) While the latter may be a consequence of the National Lottery, reasons for the other drops in donated giving are less clear. There has also been a fall in the proportion donating income to religious organisations from 27% in 1997 to 16% in 2000.

However the actual sums donated to charitable organisations have increased in recent years (average sum donated by street, retail and house to house collections has risen from £8.82 in 1997 to £11.09 in 2000). However despite an increase in planned giving in 1998 (average sum £17.82) the average sum donated in 2000 fell to £16.76.

The composition of the donor base

Scotland's varied geography and economic activity interact with complex cultural factors to produce local variations in donated income. The level of cash donations is not directly associated with disposable income. It has continued to fall in the 1990s reflecting in part continued ageing of the population and levels of net out-migration. The stagnation in population level contrasts with the continuing increase in the number of recognised charities. These factors combine to produce a climate of considerable uncertainty for both potential donor and recipient alike. Volatility in the pattern of giving has been increased in recent times by the initial surge and subsequent retrenchment of National Lottery income.

1. The common weal

Much of our contemporary ethos of giving dates from the Victorian period. In keeping with the then high levels of church membership, benefactors looked to improve their social and personal standing by being seen to be generous to their fellow citizens of lesser means. Many of the larger foundations and trusts date from this time. Even with the increasing cultural diversity of the resident population in recent years, these traditions have persisted, although now articulated in different ways in the different faith communities, each reflecting their own unique approaches to charitable giving and activity. A common tradition across many faiths is the tradition of 'tithing', i.e. donating a percentage of earnings to further the charitable activities of a given church in supporting needy families and individuals. The strength of these commitments is shown in that, of the top 1000 charities recorded by the Directory of Social Change, 28% are faith related. Many of the charities originally founded to benefit members of a particular faith or of that faith in a particular area of the country, or people engaged in a particular trade, have now become much more 'open' in their pattern of support for the entire community.

The patterns of giving established in the nineteenth century have been maintained to the present day. One consequence of the stability in the pattern of giving is that some areas of charitable giving persistently find it more difficult to attract funds. Until recently, there was little in the way of effort to address the needs of these groups. Some have benefited from the availability of Lottery funds. The creation of the Scottish Community Foundation was a conscious effort by the Scottish charitable sector to meet the needs of their colleagues who find it more difficult to attract financial donations. Typical examples of such neglected areas include help for ex-offenders and existing offenders' families while the husband (typically) is in jail, supporting services for patients with mental illness and improving integration into wider society for individuals with hearing difficulties.

2. A new giving constituency - minority ethnic communities

The stereotype of the charitable giver is white, middle-class, and elderly. However demographic changes, wealth creation, and an upwardly-mobile younger generation are challenging this picture. The minority ethnic communities already comprise 6% of the UK population and are expected to double to 12% in the next 25 years. Apart from sheer numbers, the wealth and contribution to the UK economy of these communities is very significant. Their spending power has been estimated at almost the same size as the charitable sector in England and Wales. Most charities have largely ignored this group of potential donors. Minority ethnic communities are very much part of the charitable framework of society for several reasons: the majority of them come from faiths that have

charity at their heart, many of them have substantial personal wealth, and some of them are active volunteers working for overseas charities. Younger members of minority ethnic communities are looking for ways to integrate within UK plc. They are often more financially secure than their parents, and likely to be philanthropic in outlook, although their community and country of origin are less likely to benefit.

3. Socio-demographic factors

Changed social patterns, with the need for both partners to contribute to household incomes and a marked increase in households' levels of indebtedness, have reduced the average level of truly free income from which individuals can contribute to the common weal. In England, population growth has compensated to some extent for the decline in average individual giving. In contrast, the population level for Scotland⁵ has stagnated for most of the last century and is today relatively stable at just over 5.1 million.

There is strong statistical evidence to show a highly variable geography of giving capacity across Scotland. Consider the contrast between the 42.3% of the school roll eligible for free school meals in Glasgow and the 22.9% in a similar position in Edinburgh.⁶ Even more striking proxies for likely donor capacity are comparative unemployment rates. These show (for June 2000) that Glasgow City's total unemployment rate at 8.6% was the highest, with the Orkney Islands the lowest at 2.0%, and the all Scotland figure 4.8%. It is important to remember that there are almost as wide variations within these local authority areas. Even more interesting, this does not always correlate with actual giving in those cities. As an example, (Radio Clyde's) annual appeal for children raised £501k from an audience of some 1 million listeners compared to Radio Forth's £126k from an audience of some 600,000.

4. The business climate

Scotland continues to have a low indigenous growth rate for businesses compared to its international competitors and this deflates the level of potential giving from such sources. It is also true that there are comparatively few of the UK's major companies headquartered in Scotland, which depresses the amount of cash whose distribution is determined by local management. The corollary is also true - that there are also many UK companies with trusts and charitable funds, which are not distributed in Scotland. There are also a large number of one person businesses for whom no tax incentives yet exist to encourage charitable giving. In the light of emerging evidence on payroll giving in the small and medium enterprise (SME) sector, this is an area where much necessary promotional work should be targeted. Prominent individual businessmen and women nevertheless continue the philanthropic tradition.

Measuring charitable contributions from companies is difficult as the definition of what constitutes a charitable contribution varies from company to company. Figures quoted in Annual Reports sometimes include a monetary value for time spent on employee volunteering activities, secondments and gifts in kind. However, it is cash which charities most need and can use most effectively. Past surveys by the Scotsman newspaper of Scotland's 300 largest businesses have shown that less than 25 of them report making charitable donations of over £100k per annum. A group of major UK companies have come together as the London Benchmarking Group to discuss what levels of giving are appropriate for them as social circumstances and profit levels vary.

There are a small number of companies in the Per Cent Club operated by Scottish Business in the Community. Companies gain membership of this worthwhile initiative by pledging 0.5%

of their pre-tax profits for charitable purposes. Regrettably, few companies meet this criterion and membership has been stagnant for a number of years, despite marked improvements in company profitability in the last five years.

Generous and imaginative corporate donors are still to be found. Among small and medium enterprises (SMEs), a very encouraging example is Veitchi (Holdings) Ltd. This company recently secured 84% take-up on payroll giving from staff with an average donation of £12 per month per employee before tax additions. The company matched the cash raised which brought the total to £17k. At the larger level, BT has some 10,000 employees on payroll giving across the UK who give £1.2 million annually, again matched by the company.

The pattern of corporate donations has changed significantly in the last decade and there is a much stronger concentration on direct sponsorship of major sporting and cultural events, rather than on cash donations to charities. The latter have been replaced in many cases by donations in kind and by the increasingly common practice of seconding staff with key professional skills to help develop aspects of charities' operations and performance, including aspects of their internal management and financial systems and their use of ICT. Corporate giving is also typified by discounted terms for certain goods or services. A good example is Virgin Trains' Charity Line initiative, where for a £15 account charge, charities who become registered users can access a dedicated phone line for bookings and enquiries, and can use discounted saver tickets even in peak periods.

Strong evidence that complacency exists was revealed by the findings of a 1998 MORI survey into Corporate Community Involvement. It found 60% of top executives believed that industry and commerce paid sufficient attention to their social responsibilities, a view shared by only 9% of the general public, their customers.

Overall, the present contribution from corporate Scotland is paltry, and certainly not in keeping with what their employees give in a private capacity. Some improvements have been achieved where shareholders have come together to put pressure on directors to increase giving. If we are to move to more effective forms of giving, then companies will have to provide the leadership to encourage their staff to take up the corporate giving opportunities for employees made available by the Chancellor in his March 2000 Budget statement. That can be encouraged by companies pledging to match employee donations, by active and straightforward championing of the cause of charities within the company and by reporting back to donors what their collective effort has helped deliver. A small but significant step might be to amend the Companies Act to make it necessary in annual reports and accounts to record separately company and employee donations to charity.

5. Charitable donations from overseas

There is a significant Scottish Diaspora, although it is less homogenous culturally and less focused politically than the Irish. Unlike the Irish, there has been very little tradition of sending cash back home to those family members who remained in Scotland. Efforts to access the cash resources of the Scottish Diaspora have been on a small scale and have had only limited success. One notable exception was the effort made in the USA to generate funds for the major extension to the National Museum of Scotland, opened in 1999. Private donations of £1.9 million were secured from the United States for this major cultural icon of the new Scotland, against £1.5 million raised from individuals resident in Scotland. Corporate giving amounted to £1.9 million and trusts contributed £4.0 million. Other donations from overseas made £0.2 million. Most important, some 300 gifts (about 15% of the total) produced about

85% of the total sum raised. The National Museum of Scotland Appeal was helped by its opening being so close to that of the new Scottish Parliament.

The Scottish Community Foundation, formerly the Caledonian Foundation, now works with organisations and groups with an affinity for Scotland rather than trying to secure funds from Scottish interests abroad. Overseas connections will typically involve both a territorial dimension to the affinity as well as a thematic dimension. A good example is the link between the Sierra Club in the USA, founded by the exiled Scot, John Muir, and the John Muir Trust based in Scotland - sharing the Sierra Club's commitment to the protection of the wild places of the two countries.

6. Donating to causes outside Scotland

There is also a tradition of giving to UK charities and international development and aid projects and objectives. There has been a coming together of this latter group in recent times, with SCVO support to better co-ordinate their activities and, in particular, their main appeals to pursue maximum returns with minimum overheads. There are still significant charities in various former colonies which continue to be fully funded by the donor activities of committed groups based in Scotland (e.g. Dr. Graham's Homes in Kalimpong) and these seem to be remarkably stable in their ability to replenish personnel and cash over successive generations. In more recent years, there has been a great expansion of the sector's activities in the former Communist countries of Eastern Europe. This has included humanitarian aid, including the charter of two vessels full of relief supplies, for the new republics of Bosnia-Herzegovina and the Kosovo enclave in the former Yugoslav Federation. In some areas, the input has been of a professional character, such as the work of Quarriers in developing child care and Penumbra in re-establishing mental welfare services in Eastern Europe. Cash raised in Scotland has been vital to making these initiatives possible.

7. The role of groups in donating to charities

The scale of Scottish society lends itself to strong elements of collectivism, in terms of trades unions, professional institutes, societies and associations. These in turn have become large bodies attracting substantial amounts of freely given income which is used for a variety of purposes, many of a philanthropic character and most decidedly not always or solely for the benefit of members. These groups range from well organised groups attached to international voluntary organisations such as Rotarians, and Lions International Foresters, through the Scottish Trades Union Congress with its 46 affiliated trades unions, 34 Trades Councils and 634,797 individual members respectively, to the very strong professional groups. Many of the large professional groups are prominent in charitable roles as trustees or professional advisers. The numbers in these groups make it fairly straightforward for them to meet on a regular basis, develop common standards of practice, and outlook towards charitable activity.

8. Expansion of the base of demand

The number of charitable organisations has expanded considerably over time, as evidenced by the numbers included in SCVO's Charities Register in Scotland (CRIS) database. The rate of formation of new charities is about four per day in Scotland. Information on the number of charities that effectively cease operations and become moribund but are not wound up is very scarce indeed. There is a need for serious

research in these areas. The information held by SCVO suggests that there are some 44,000 voluntary organisations in Scotland and, of these, some 28,000 are recognised by the Inland Revenue as charities. This proliferation of charities competing for finance from the public should, all other things being equal, be leading to a dilution of the average amount available per charity over time. The Group has not been able to carry out reliable research to determine the extent to which this is the case, but it is an area for further work.

9. The role of private trusts and foundations

There has been a significant contraction in the real value of the resources of the long established private trusts and foundations to sustain their historic levels of activity. Many of their former activities had been assumed by the state by the end of the 1960s and their resources were increasingly seen as supplementary or complementary to those provided by the state. However, the state's ability to sustain its contribution became uncertain through the 1990s. Some organisations found themselves returning to their original way of working as statutory provision contracted. These trends were particularly noticeable in the educational and welfare areas. A good number of these services were reintroduced on the basis of a contractual relationship between the charity as provider and the local authority as contractor.

A much more serious impact on trusts' ability to generate, retain and distribute cash has been the decision by the Chancellor in his 1999 Budget statement to remove the exemption from VAT on share dealings for charities. This followed the withdrawal of the exemption through which charities were exempt from liability to pay Advance Corporation Tax. These decisions were criticised by the Charities Tax Reform Group, which has argued for the decisions to be reversed. The Chancellor's decision has led some commentators to question whether there is a continuing value to trusts as a specialist means of generating and distributing cash.

One issue that has caused some friction with Scottish based trusts is the level of disbursement to Scotland from trusts that claim to operate on a UK wide basis. Research has shown that those trusts give only 4% of their annual distribution to Scottish organisations. For example there has been criticism of the Great Ormond Street Hospital campaign in Scotland, when very few children resident in Scotland benefit from its facilities, and when its activities are not subject to oversight by Scottish charity regulators. The Group understands that this issue of balance between licence and beneficiaries will be considered by the Charity Law Review Commission.

The advent of the contract culture brought in a number of changes for the charities concerned. The local authorities were used to securing full accountability from their suppliers, with specified professional standards and a supporting management structure to oversee delivery and appropriate monitoring. This produced for some charities a real feeling of being involved with an alien, bureaucratic style of operation where meeting the costs of operating to the contract were often underestimated initially and where both parties to the contract had to learn quickly how to make adjustments.

These processes were paralleled for the trusts and foundations by the grant giving procedures of the major new player in grant giving in the 1990s, namely the National Lottery. As part of that body's need for transparency and public accountability, it put in place a very process driven model of decision making. Detailed application forms with supporting guidance on completion and a link between applicant and individual grant

officer responsible for seeing the application through to a decision created a new relationship between charity and donor. Some trusts and foundations have moved towards elements of these Lottery procedures, but have tried to make them less bureaucratic and more accessible for smaller groups, who would otherwise incur substantial costs merely in preparing applications. For many trusts and foundations the move towards a more formal application system became inevitable as the sheer number of applications grew and a fair means of allocation had to be introduced.

The pressure of increased numbers of applications is not thought to have yet affected Scotland's many private trusts to the same extent, although details on their operations are not so widely available. There has been considerable unease in the Scottish voluntary sector and from some in the Scottish legal profession about the lack of public accountability of these Trusts. Their reluctance to supply details of their operations and the barriers put in the way of those seeking copies of their annual reports and accounts are not consistent with modern expectations of public accountability for the privileged position they occupy. Wider moves towards transparency in the activities of such bodies are likely to be considered by the Charity Law Review Commission. There is a widespread view in the voluntary sector, already conveyed to the Commission by SCVO in its initial oral evidence, that these private trusts should be required to make their annual accounts publicly available at no charge to enquirers.

10. The National Lottery

The public's preferred type of support for charitable or voluntary purposes seems to be undergoing change. The newest large source of funding has come from the National Lottery. This has been seen in some quarters to encourage innovation and novelty at the expense of basic, ongoing services that drive much of the day to day needs of most charities. Some have suggested that the availability of National Lottery funds has produced an increase in the number and pace of applications for recognition as a charity. In a market driven economy, over-subscription for funds will always present difficulties, as will the faster pace of adjustment to new sources of finance on the part of many established voluntary bodies and charities. This is especially likely to be true if there are aspects of the new funding source which give rise to ethical or moral problems for potential recipients. The initial resistance to the availability of Lottery resources on the part of some of the churches and related bodies, because of its association with gambling, is a case in point.

The Group was aware of the present enquiry by the House of Commons Culture, Heritage and Sport Select Committee into the operation of the National Lottery and it would wish to strongly support the need for an objective examination of any level of additionality achieved by the Lottery since it began in 1994. The recent disclosure that the New Opportunities Fund has released only 18.6% of its available monies is viewed as totally unacceptable by the Group.

The Lottery had an initial focus on larger projects and this feature of its operation was given a boost by the special events, facilities and projects mounted by the Millennium Commission. The initial requirement to secure matching funding was difficult for a number of charities to meet. The lack of Lottery grants for smaller charities looking for limited funding led to the creation in Scotland of the Awards for All scheme, run jointly by all the Lottery Distributors.

11. Tax efficient giving

The changes announced by the Chancellor in his March 2000 Budget represented the widest extension of additional tax benefits for charitable giving ever seen in the UK. In brief, these provided for: -

- An end to the lower and upper limit for donations by Gift Aid;
- Special encouragement to employers to set up payroll giving schemes including funding 100% of the set up costs;
- Adding an extra 10% to all donations made via payroll giving for the three tax years from 2000-2001 onwards, thus making every donation of £6 by a higher rate taxpayer worth £11 to the charity;
- Considerable simplification of the paperwork required by the donor and the charity to witness to the contract between them;
- A commitment to a major publicity campaign to sell the changes to the public.

The state has an interest in encouraging citizens to provide for services by their charitable giving. If this did not happen, the state would have to provide these services, and taxation would increase markedly. The state, very slowly and in a disjointed policy progression, has encouraged means by which individual citizens can enhance the absolute value of their donations via the tax system. This provides additional benefits to the charity at no additional cost to the donor. Thus, there are a wide variety of means by which personal and corporate donor activity can be both stimulated and maximised. The low take up of these schemes thus far in the United Kingdom when compared to the United States and other countries may reflect a lack of knowledge, some suspicion about personal information being revealed to a third party or that people simply don't understand them. This results in potential donors not helping their chosen charity in this way.

The prospective tax advantages available to charities are fundamental to their application to the Financial Intermediaries and Claims Office of Inland Revenue (FICO) for recognition as a charity. Yet only 7000 out of the 28000 FICO recognised charities in Scotland made a tax claim for the financial year 1999-2000. These figures represent a wake-up call for the sector. There is a suspicion that the former threshold of £250 for minimum donations for Gift Aid may have depressed the uptake of the tax benefits for some smaller charities. The number of tax claims potentially represents an important performance indicator for individual charities and for the sector as a whole. The new arrangements for Gift Aid, with no minimum level, should make it worthwhile for more, smaller charities to claim in future. More significantly, increases in the figure could be one litmus test for the success or otherwise of the campaign to be mounted by the sector and other partners to increase the effectiveness of giving.

The SCVO survey suggests that there is a higher rate of contributions as a percentage of individual's income from the more elderly and those on low incomes, than is the case for wage earners. Yet these people are the least likely to think it worth their while to use tax breaks to add to the value of their gift. This is an area where the voluntary sector must work together with the Government on the content and presentation of a major awareness campaign to jointly boost income from these sources.

12. The continuity factor

Most charities seek to build a long-term relationship with a donor and will seek to reflect the individual's interest in particular aspects of the charity's work. Many charities have life membership available to encourage these long-term relationships. In the conservation charities, some individuals are known to be more interested in species protection, land purchase or work on practical land and habitat management projects. This allows membership databases to be deployed to the maximum effect when seeking income for specific appeals. Committed members normally give regularly and predictably and an increasing proportion of this type of donor now gives tax effectively. As an example, the John Muir Trust has recruited some 493 new members (some 8% of the previous total) since it launched its appeal to purchase Ben Nevis on 6th April this year. Of these new members, 271 donated to the appeal using Gift Aid (55% of the total).

However, social and economic changes may be working against the long-term relationship charities seek. There is regular survey evidence about the public's concerns about job security, reinforced by employers' move towards a 'contract culture'. Other elements of social uncertainty include the high costs of accessing property, the increased real costs associated with bringing up children, the uncertainty of endowment outcomes, when before these could provide surpluses which afforded an opportunity to be generous to family and possibly to charity on maturity.

All these factors seem to lead to a giving strategy for many Scots that is:-

- short term
- impromptu
- impulse driven
- inconsistent or irregular
- totals not very much over the year for any one charity.

This is exactly the opposite of the nature of the income stream sought by the charities themselves. They seek an income stream that is:-

- long term - preferably life long and with a 'dividend at death' via a legacy;
- planned, on the basis either of contracted commitments via Gift Aid, Payroll Giving or other regular contributions;
- calculated so that they achieve the maximum effect in the eyes of the donor;
- consistent, regular, tax efficient and building towards a life long relationship with the charity;
- forms a significant total over the lifespan of the donor.

This mismatch is nothing less than a call to action on the part of the charities to guide their supporters to act in a particular way to allow them to flourish.

Charities continue to enjoy widespread public support and confidence, but need to be more effective in the way in which they seek donations from the general public. To produce the switch towards the kind of donation stream that would best meet charities' needs rather than see charities scrabbling for funding demands action from the voluntary sector as a whole as well as individual donors and charities. It also demands action from business, central and local government and from those within the sector, for example private trusts, who can generate valuable intra-sectoral leverage and a change in attitudes. Each of the players can contribute to this demanding but positive agenda and increase donated income to the level required to give the sector the freedom of action it needs. If there is to be a raised level of future public

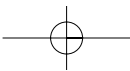
giving for Scottish charities, then these conflicting supply and demand characteristics have to be resolved. This requires a strategy and its key elements are set out in the conclusions and recommendations of this report.

Conclusions

- Any recovery or increase in donations will have to come from increased donations from the existing population - population growth will not deliver the necessary growth in donations.
- Charities need to be encouraged to work together and in partnership with the corporate and public sectors to raise overall levels of donations.

Recommendations

- There should be a sustained public information campaign involving the voluntary and charitable sector, local, national and UK governments, the media, private industry and the general public to convince people of the value of planned giving for their favourite charity;
- The charitable sector should build upon the wider campaign to stimulate business leaders to promote the benefits of payroll giving with their employees;
- Professional and other groups, societies and associations should be encouraged to adopt a wider positive role in society using their financial muscle for public good;
- Introduce, via the recommendations of the Charity Law Review Commission, new obligations on private and other trusts that they make their Annual Reports and Accounts freely available on request, as a requirement for continued charitable recognition;
- The Westminster Government should review the very large scale impact on charities of its decision to remove their entitlement to Advance Corporation Tax and, in particular, whether there is any longer any material tax benefit from designation as a trust.



Chapter Four

A review of the range of fundraising techniques now in use

A very wide range of techniques is now deployed by fundraisers in what is an increasingly sophisticated market, reflecting the ingenuity of fundraisers and their response to the need to be innovative. Four broad types of activity are recognised in marketing terms (cash cows, rising stars, problem children and decaying dogs). It is important to realise that these techniques, used in different combinations, may not produce the same outcome for every charity. House to house collections, generally perceived as a dead dog by many larger charities, may be a very productive means of raising money for a newly started charity or one which has a large number of volunteers. Similarly, some rising star techniques may be beyond the means of some smaller organisations because they don't have the financial reserves to be able to take risks or face their up-front costs. Every charity should review frequently every technique in terms of their own circumstances. It is the search for the best combination of methods that will preoccupy most charities, as no one method is ever likely to meet all cash needs.

The use and effectiveness of individual fundraising techniques varies over time and there is an ongoing need for innovation, both to capture public imagination and to stay ahead of the competition. There is also a need for standards to be set for how any one technique is used and the ICFM has produced a helpful series of 13 Codes of Practice dealing with topics as diverse as fundraising in schools and telephone recruitment of collectors.

At any one point in time, individual charities will be using a basket of techniques, each of which will have its own strengths and weaknesses, and which will produce different results depending on the character of the individual charity and the detailed way in which individual techniques are deployed. Charities will vary their basket of potential currencies depending on their size, the length of time any one technique has been in use for them, its effectiveness and any policy changes dictated by the charity's management. The other key features are the amount of cash available to support a new or continuing initiative, and the number of volunteers available to the charity. Although the language is from the school of marketing, many charity fundraisers will recognise the following terms:-

- 1. Cash cows
- 2. Rising stars
- 3. Problem children
- 4. Decaying dogs

Examples of each of these are now considered.

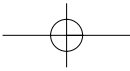
1. Cash cows

Introduction to endowments - the gift that keeps on giving

The concept of endowment, the long term investment of resources resulting in both 'capital growth' and 'income', has been applied over the centuries to considerable benefit by individuals, families, churches, companies and even nations. Yet within the charitable sector, with the exception of a few large players, there are few organisations that see endowment as directly relevant to their needs and even fewer that have actively sought to build their own endowment funds.

So what is endowment and what is its value?

Simply put, an endowment is a permanent, or, at the least, a long term investment, generally in



stocks and shares, which results in both income (often dividends on the shares held) and capital growth (an increase in the value of the sums invested). The dividend represents a share of the annual profits of the companies in which 'shares' are held, whilst capital growth is the increase in the value of the shares held. Generally a Fund Manager (often within a financial services institution) acts on behalf of the endowment holder or investor, buying and selling shares to ensure the maximum return.

Many of us rely on endowments. Endowment mortgage and pensions, for example, are based on a long term investment generating a return (that is combined capital growth and income) to be applied for future benefit. Similarly the National Insurance systems of some European countries are based on endowment, where unlike the UK, National Insurance contributions are invested in a national endowment fund, the income from which is used to meet the cost of welfare benefits. In this way countries may contribute significantly when the economic circumstances are good preparing for times when the economy may falter. Saving for a rainy day!

And what of the charitable sector?

Looking more specifically at the charitable sector the vast majority of grant-making trusts rely on the principle of endowment. All the familiar names, the Rowntree Foundation, the Carnegie Trust, the Tudor Trust, etc. are all based on endowment. Often this has been a single large gift or legacy from a philanthropist, which is invested in perpetuity to provide a permanent and ongoing source of funds for the support of charity. Of fundamental importance is the fact that whilst each of these trusts make grants from the income, the value of the endowed sum also increases in real terms. This ensures that the benefit to the community in the long term is considerably greater than the value of the original gift.

It is also true that some larger charities hold their own endowments. Often these are built on gifts from legacies with the return on the endowment being applied either for a particular purpose, the upkeep of an historic building for example, or as a general contribution to revenue costs. In some parts of the world, endowment income can be a major source of funds for the support of charities. Community Foundations in the USA, for example, which are general grant making bodies supporting the community within a defined geographical area, for example the New York Community Foundation hold \$30 billion in endowment. This generates, on average, \$1.8 billion each year for the support of charities and community groups. This equals total turnover in the Scottish voluntary sector.

So how is this relevant to Scotland? Outside of endowed grant making trusts and the larger charities, the principle of endowment is not well developed within the Scottish voluntary sector. The experience in other countries, however, suggests that the concept could be much more widely applied, resulting in considerable long-term benefits. Scotland is unusual in that a single community foundation covers the whole nation but like all community foundations the Scottish Community Foundation offers the facility for any party to establish endowment funds under its constitutional umbrella. This can be done tax efficiently and cost effectively, individual endowments being invested collectively to ensure maximum returns.

How can this be done?

There is a range of possibilities. Globally, the greatest rate of growth in the total number and absolute value of endowments held for the benefit of the community has been within the community foundation movement. Community foundations generally cover a specific geographic area supporting the community within that area by making grants to voluntary

organisations, community groups and in some cases individuals. The funds for grant making come from a range of sources but most importantly from endowment. Generally this endowment is built in a number of ways and may comprise individual named funds where a company, organisation or individual has established their own endowment fund within the Foundation on the understanding that the benefit of the fund will be applied according to the donor's particular interest. This could be, for example, within a certain geographic or charitable area. Often for larger funds the individual establishing the fund may participate in the grant making process having a direct influence on the allocation of grants.

The second largest area of growth within community foundation endowments is 'organisational endowment' whereby individual charities may establish their own endowment funds within a community foundation on the understanding that the benefit of the fund will be passed to the charity concerned. The charity then seeks to build the endowment by raising funds for this purpose whether through legacies or direct donation.

Certain local authorities have also applied their powers to encourage the establishment of endowment funds for the benefit of local communities and a number have done so using community foundations as the body which holds the endowment and distributes the income. Through the town and country planning acts, for example, local authorities may ensure that developers take actions to benefit the community through a process known as 'planning gain'. The concept here is fairly straightforward and is best demonstrated by means of example. If, for instance, a developer buys agricultural land on the periphery of a large town and applies to the local authority for planning permission to build commuter housing on the site, approval will result in a marked increase in the value of the land. Without laying a single brick the developer has secured a significant increase in the value of his/her asset. This is planning gain, whereby the simple action of securing planning permission results in a material benefit to the developer.

Planning legislation allows local authorities to negotiate with developers to ensure that some of the benefit of the 'planning gain' is passed onto the local community. Generally this takes the form of the provision of community buildings or other facilities and examples include the provision of children's play areas or a stipulation that a proportion of homes within a particular development must be social housing for low cost rental etc. It is possible, however, for the local authority to negotiate a cash payment in addition to or in place of community facilities or physical developments. Some local authorities have stipulated that such sums be held by a third party for the purpose of establishing a permanent fund or endowment for the benefit of the local community and examples of endowments of millions of pounds secured through planning gain are provided by the Spitalfields Market development in central London and the redevelopment of former goods yards at Paddington Station. Another smaller but significant example is provided by Bristol City Council which is shortly to establish a 'planning gain' funded endowment fund within the Greater Bristol Community Foundation targeted at child care provision in a disadvantaged area of the city.

Other endowment options.

There always exists the possibility for individuals and companies to establish their own endowment funds held directly or through a charitable trust established for the purpose. Certainly for companies and individuals this will generally only make economic sense if the sums involved are considerable i.e. several million pounds, and in terms of the distribution of the income from the endowed sum, effective grant making requires a considerable degree of knowledge and expertise and this can pose particular problems for individuals and companies alike.

For charities, larger players may be well placed to establish their own endowed funds offering donors the opportunity to contribute in perpetuity for the benefit of the organisation. For smaller charities, however, the holding of an endowment can be problematic. It can offer a means by which charities may complement their existing fundraising particularly when seeking legacy income, but the fund may be viewed as an 'unrestricted asset' or 'reserve' by grant making bodies. This may act as an obstacle to revenue fundraising. Further, in seeking to invest a relatively small sum the investment return may be limited and investment fees significant. In such cases the community foundation route addresses each of these points and would seem the most appropriate path to follow.

ii) Legacies

Legacies are still one of the most frequent means by which substantial sums are received by charities, and usually where they have absolute freedom to use the cash to benefit any aspect of its work. In recent years, though, there has been a drop in both the number of legacies and their average value as reported by the major Scottish charities.

One problem for the future of legacies remains the number of Scots who die without having made their wishes clear in a proper will as to what should happen to their estate. The best estimate for Scotland is that about 30% do make a will.⁷ The position has been much improved by the growth in home ownership between 1979 and the present day. Many individuals and partners are advised to make out a will as a necessary part of securing a mortgage from a bank, building society or other lender. In doing so, they will be faced for the first time with making decisions about what should happen to their assets should either or both die. For this reason, the Group consider that the leading lenders for house purchase should be brought into discussions with representatives of the sector to see how applicants for mortgage finance might best be made aware of their potential to help charitable activity in their forward financial thinking, as reflected by their wills.

This means targeting a much younger age group for legacy potential than has been thought to be the case in the past. Many charities still think that the key time for targeting legacies is in the approach to retirement. However, it is this group that is now faced with potentially having to lose their main asset to cover the costs of care in the community, should either partner require it. This is a significant deterrent to this group making this kind of provision. Another problem recognised by the financial community itself, is the failure of some endowment policies to meet the costs of house purchase, reducing the opportunities for more generous provision for charities.

The Chancellor's decision to allow shares to pass to charities on death without attracting any form of taxation does provide a real stimulus for the expanded numbers of small investors to consider making a legacy. Financial advisers to such clients should be under a duty to ensure they are made aware of this type of possible beneficial legacy for their favourite charity.

The Will Aid initiative is a commendable effort by the legal profession to improve the numbers of people making valid wills. By concentrating the activity into a Will Week every two years, the lawyers contribute the £50 flat fee to a group of charities. Across the UK, some 60,000 such wills have been made since 1988 and some £4 million has been raised for charity (some donate more than the flat fee). The next Scottish campaign is in November 2000, and it is hoped to exceed the 838 wills made under the scheme in 1998.

The most interesting figure of all is that the 60,000 wills made under the scheme will generate a further £7 million worth of residuary bequests and legacies to charities.

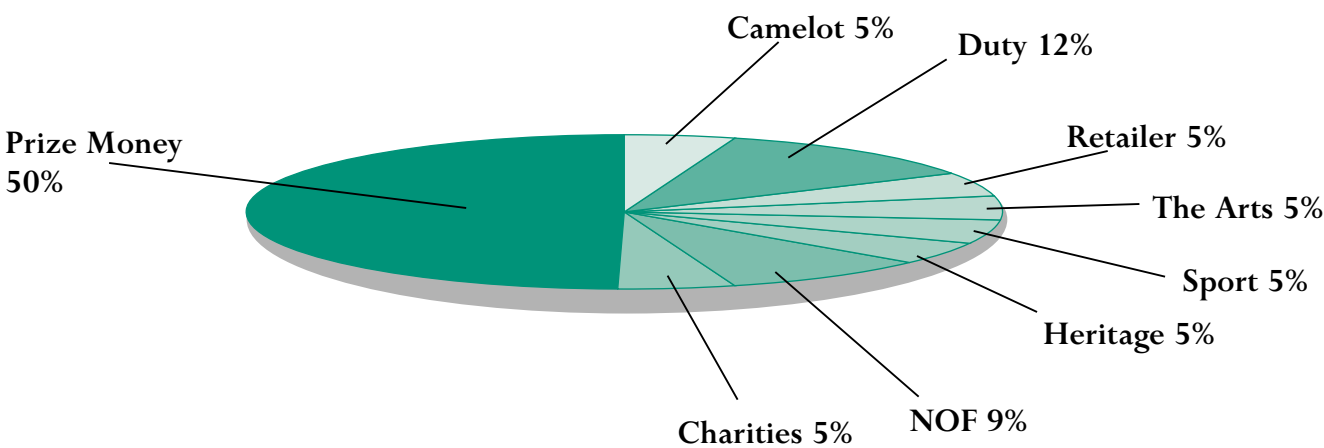
Scotland does not have a central Register of Wills, as is the case in England and Wales. There is a view expressed by the Institute of Charitable Fundraising Managers, and some in the Scottish legal profession, that the creation of such a register might help to bring to light legacies intended for charities but which never reach them because details of the will itself never become known. The Group suggests this is an idea that the Charity Law Review Commission may wish to examine.

iii) Lotteries

The advent of the National Lottery in 1994 was presented by some of its proponents as a new cash cow that would do much to restore the level of free income for charities. While there is no denying the scale of its gross income, it is possible now to also classify it as something of a “problem child”. Income has fallen in both the UK and Scotland, and the UK figures below conceal the fact that the Instants strand of Lottery sales has fallen from £1.5 billion in the first full year of operation (1995-96) to only £0.5 billion in 1999-2000. The net picture raises more qualifications. Charities lost out through falling proceeds from the football pools. Concerns about abstraction of other income previously destined for charities prompted the Home Office to carry out a study into the impact of the Lottery. Publication of this Report is now imminent.

The way the National Lottery works is still poorly understood by many. The following pie-chart and tables are designed to show how it works in practice. The pie-chart shows how the total resources are shared between the different Lottery distributors, prize-winners, Camelot, retailers and the Government, which takes 12% in gaming duty. The most critical point about income from the Lottery is that only a small proportion of the stake is made available for good causes. The Government takes a substantial share, not least in Gaming Duty, prize winners even more so, and there are deductions for the outlet operators and Camelot as the licence holder. The persistent concern is that the net position has never been as positive for the sector as the crude data on receipts would suggest.

Chart 1. Distribution of total lottery resources



The pie-chart shows how the cash is shared between the distributor. This has varied to quite a considerable extent since the Lottery began in 1994. Table 4 shows how large a share will be taken in the future by the New Opportunities Fund (NOF).⁸

Table 4. Changes in lottery distribution. 1994-2000

	Charities	The Arts	Sport	Heritage	Millennium	NOF
1994 to 10/97	20%	20%	20%	20%	20%	–
10/97 to 02/99	16.7%	16.7%	16.7%	16.7%	20%	13.3%
02/99 to 05/99	5%	5%	5%	5%	20%	60%
05/99-end of 2000	16.7%	16.7%	16.7%	16.7%	13.3%	20%
From end of 2000	16.7%	16.7%	16.7%	16.7%	0%	33.3%

Table 5 shows there has been a fairly stable share of total UK sales accounted for by sales in Scotland, although the steep increase in the Scottish proportion of sales in the first period of the current financial year is very striking, as is the sharp downturn in total sales up to then.⁹

Table 5. Lottery income by Scottish TV areas

	STV	Grampian	Total Scotland*	Total UK £(M)	Scottish % share of UK sales
1994/95	£67,731,386	£23,520,130	£91,251,516	1191	7.8
1995/96	£291,117,729	£107,807,832	£398,925,561	5217	7.6
1996/97	£268,187,028	£91,934,645	£360,121,673	4723	7.6
1997/98	£320,030,652	£102,854,483	£422,885,135	5137	7.7
1998/99	£307,540,391	£110,641,351	£418,181,742	5207	8.0
1999/00	£296,277,338	£107,142,987	£403,420,325	5093	7.9
2001/01 (to date)	£102,743,608	£37,406,874	£141,150,482	1481	9.5
Total to date	£1,656,628,132	£581,308,302	£2,235,936,434	28049	

The UK experience of the Lottery reflects that of other countries. The table above shows sales in two of the three Scottish TV areas, which are used as the basis of records maintained by the National Lottery. The Border TV area is excluded as the Scottish figures are swamped by sales in the Tyneside and Wear conurbation. These show an initial volatility until takings peaked in 1997-98. Since then, there has been a decline and the information for the first 18 weeks of the current financial year suggests a very steep fall. This has to be balanced against the higher number of special draws in the latter half of the year. Of interest is the very

consistent Scottish share of total sales at about 8%, but the sharp increase in the first part of the current financial year is interesting, showing a gain approaching 20%. These figures mask the changes in the internal streams of sales since 1994. Instant sales have sharply declined from £1.5 billion in 1995-96 to only £560 million in 1998-99. A number of special extra and larger draws, as well as the new Thunderball draw have been introduced to stimulate sales.

Most important of all is that charities have to compete for the available funds, which were designed to fund new projects, rather than contribute towards the core operating costs of charities. The money is not free and for those charities carrying on a core activity with no need for project development, there is neither incentive nor likely benefit from the Lottery.

Several of the larger charities, such as Diabetes UK, the RSPB and WWF run quarterly lotteries, which bring in substantial sums net of costs. For such charities, national companies are keen to put up prizes as they go to addressees throughout the UK and are a form of very low cost publicity. There is evidence that some sections of these membership organisations do not like to be asked to contribute in this way and a send back facility is usually available. In Scotland, local, large scale lotteries have been used to fundraise for hospices in both Ayrshire and Glasgow.

iv) Charitable trusts

There are considerable numbers of trusts in Scotland, many of which are managed through the legal profession. Information about many of them is scarce and details of their grant making even scarcer. Yet, collectively, these trusts are believed to control very substantial sums of cash, which is used both in a directly beneficial way for individuals and in the way that they provide capital or revenue support for more front-line charities and voluntary organisations that actually provide services to clients. This latter kind of support is a vital part of the Scottish charities means of doing business yet is probably the most protected from analysis and public accountability.

The Group considers it essential that this area of charitable activity be opened up to public scrutiny, that its grant making and applications processes be made more transparent and that it be a requirement that for any such Trust to be recognised as such, it should be required to meet the registration criteria for Scottish charities determined by the Scottish Charity Law Commission and passed into legislation subsequently by the Scottish Parliament.

v) Government and European sources

For a number of charities, most notably those in the environmental field, there are an increasing number of alternative “cash cows” available to support their work. Non-Departmental Public Bodies such as Scottish Natural Heritage, and the resources of the European Regional Development Fund and the European Social Fund have provided major grants to support large scale projects or development work in support of the voluntary and charitable sectors. Examples of these in the environmental field include:-

- Aid towards the cost of land acquisition for nature conservation;
- Grant assistance for the regeneration of native woodlands,
- Conservation of threatened habitats.

These major cash intensive projects can only be realised by charities and voluntary organisations with the professional and financial staff able to compete for the funds by working up high quality applications. A growing and welcome trend is for bodies to work on joint bids. This produces more integrated proposals with a good deal of multiple benefits for flora, fauna, forestry, fresh and saltwater habitats and existing agricultural practice. Effective land management can then deliver a high value eco-tourist product which itself can generate income for the charities concerned.

2. Rising stars

i) Face to face donor recruitment

In recent months, Scottish high streets have seen individuals (typically young students) wearing brightly coloured tabards directly approaching individuals, introducing the work of a single charity or a group of charities and asking the member of the public if he or she would consider signing a direct debit to benefit the charity or charities concerned. This new technique at present does not require a public collection licence as no money changes hands in this transaction. The individual is merely committing to pay money through their bank account at some future date and continuing thereafter at a fixed point, either weekly, monthly or annually. This type of fundraising has attracted the interest of MSPs and there have been articles in the broadsheets examining the new phenomenon. There have been calls in some quarters for the practice to be licensed in the same way as on-street can collections.

This style of fundraising was introduced to help remedy the lack of regularity and predictability for charities in managing their forward financial planning. It has also been very successful in targeting those in the age group 20-35, who were noticeably less committed to giving, according to SCVO's survey. Although there would appear to be a single means of operation, there are in fact variations on the basic method and it is important to understand the differences in the marketing approach of each. If calling at the person's home, the charity worker presents the member of the general public with a group of substantial UK and international charities based in the UK. He then invites the individual to consider if they would like to become a donor and help one or more charities from a list. Having made their selection, the donor is then asked if they would like to give in the most tax effective way and, to keep the costs to the charity to a minimum, if they will fill out a direct debit mandate. The donor then makes out the appropriate paperwork on the doorstep and the company for whom the charity worker is working passes the details on to the charity for processing. There is a suspicion that this work may be commission driven. There is, as yet, not enough evidence of its use in Scotland on which to base a reasoned assessment.

The second technique leads with a single charity and is designed to attract the individual in the street to give to that specific charity. The individual is sold on the benefits of giving to that single charity in a tax effective way at the lowest administrative cost to the charity. This approach is more specific and relies on the perceived attraction of the specific charity.

Part of the public debate about this form of fundraising has been whether or not those carrying out the on-street work are paid for their efforts. While there are some volunteers engaged in this, the majority are contract employees of specialist firms. These companies are

not paid on a commission basis but are paid a fee consistent with pre-set targets. This fee is varied according to how well known the charity is. For their part, the companies do careful briefing on the nature of the charities involved, the way in which giving can be made tax effective and the benefits to charities of this way of giving. Hiring students to do the work and organising teams of staff to work together gives a feeling of shared endeavour in a good cause.

The early signs are that on-street donor recruitment of this type is proving to be a substantial new earner for those charities that have used it thus far in Scotland. This type of fundraising helps achieve the culture shift in patterns of giving which is a key objective of the Group.

As an example, the Scottish charity, Enable has come to rely on this method for some 10% of its “free” income of some £700k per annum, from a turnover of some £7 million. This is a 10% improvement in flexibility, the ability to make choices and to achieve sustainable growth. Enable have used the second technique outlined above, focusing on the charity first and foremost. They have found this approach also increases general public awareness about the charity and its work and has increased enquiries about the services that they provide. Individual amounts committed per person per month are not large. The average is £4 per month but there is strong evidence already of very small drop-out rates once individuals are signed up. The Group’s understanding is that attrition rates are higher when the charity is one of a number presented to the public (the first technique outlined above). The main gain to the charities is that this form of giving attracts more young people, and those who may not have given in a planned way in the past.

The high start-up costs of these approaches mean that they are likely to be most attractive to charities with some reserves who can absorb the £40 or so it costs to recruit donors on a door to door basis. It costs somewhat less to recruit donors on-street.

The Group considered whether this type of work should be treated as being essentially the same as public charitable collections and whether it should be licensed for the same reasons. The Group understands that the Scottish Charities Office has been looking at this style of fundraising following complaints from the general public, and Glasgow City Council has made the Scottish Executive aware of the concerns expressed to them by local residents. The Group saw the outcome, in terms of increased donations, as welcome and had no problem in principle with this style of fundraising. What they regarded as important, though, is that it should fit into the regulatory framework, so that the general public could see it formed part of mainstream fundraising. The Group believed that there was a need to make clearer to potential donors who employed the canvassers, and that canvassers should be requested to wear a badge clearly identifying the charity for whom their donation is intended and their employer. This amounts to a concern that these fundraisers be subject to the same transparency requirements as all charities. The companies engaged in the work should be subject to an approved code of practice. If these steps were taken, then this area would be treated the same in terms of licensing, identification and financial disclosures as other charities. The Group would support such licensing for this type of fundraising and recommends this to the Charity Law Review Commission.

ii) On-line donations via the Web

Until now, donating via the Web has been rare, despite the fact that there are some 10k new e-mail users every day. 10% of all donations to the Charities Aid Foundation are currently made on-line. In the SCVO survey only one on-line donor was identified. However, there can be little doubt about the ease of donating by this method, although it suffers two disadvantages. The first is current concerns over the security of some on-line financial transactions, the most recent being the

suspension of the Barclays Bank on-line banking service. The second is the innate conservatism of the donating market, as shown by the System Three findings. From the charity standpoint, the great advantage of on-line giving is the marked saving in administration costs and the steadily increasing numbers of the general public with ready access to the Web. The ability to surf, and the large number of charities which have their own Web sites, makes it a very large shop window for the sector. The individual donor can be kept up to date on what their favourite charity is doing, and can be provided with facilities for additional donations from special events throughout the year.

More recent appeals have shown the benefit of being able to accept donations via the net. Four examples from the UK: -

- Charity Card has seen online donations grow from just 1.47% of the total in October 1998 to 4.5% of the total in July 2000. Total on-line giving between those months was £630k.
- Children in Need saw online donations increase by 80% from 1998 to 1999 and raised £130 in 1999 (1.1% of the total)
- Comic Relief took £40k in 1997 on-line and £460k in 1999, 1.6% of the overall total.
- Friends of the Earth UK estimate membership and donations via the Web will account for 0.25% of total fundraising revenues for 2000.

iii) Lifestyle events

These events provide a challenge or opportunity to the donor as well as providing income for the charity. They are increasingly popular and encompass anything from walking the Great Wall of China to walking on a bed of hot coals! There are companies set up to co-ordinate trekking holidays, bicycling adventures in the Sahara or Mexico, as well as those aimed at specific activities such as white water rafting, abseiling, skydiving, walking on glass, dragon boat racing and others. The charity employs the company to organise the event or activity and pays a fee to the company per person taking part from some £50 for fire walking to some £1350 for a trekking holiday. The charity then sets a minimum sponsorship target which the volunteer participant has to raise to cover not only the cost of the event but to generate the cash donation for the charity. Venues can be local, national or international, depending on the numbers taking part and the nature of the event.

These events are easier for the medium to large charity with a larger support base, but if the idea is novel enough people can be tempted to have a go at something they have always wanted to try. In such cases the nature of the charity is almost irrelevant. Some events can be quite labour intensive for the charity - it is easy to underestimate the real costs of publicity, marketing, recruiting volunteers, stewarding and back up teams - and the gross costs have to be fully assessed. However, the only real barriers are likely to be safety and legality of the activities concerned, and these events are likely to prove of continuing value in the armoury of fundraising techniques.

iv) Affinity cards

The major banks and other personal finance bodies have been enthusiastic supporters of the introduction of affinity cards to the larger charities. The advantages to the charity are an initial fee when the individual account holder takes out the card and an ongoing income from a levy on the total turnover of those holding cards. This form of giving benefits the charity in two equally valuable ways and provides a reasonably predictable range of income to aid in forward financial planning. The advantages to the banks and others is a sound knowledge of the customer characteristics of the charity and the ability to guarantee 100% access to its membership in one mailshot. An example would be the RSPB affinity card which allowed the

bank concerned to reach almost 3% of all individuals in the UK with bank accounts at one mailing.

v) Cause related marketing

This has markedly increased in recent years and usually takes the form of a donation to a good cause being included in the purchase of a product. Over half of UK food sales are now accounted for by the big four retailers (Tesco, Sainsburys, Asda/Wallmart and Safeway). This concentration provides a very good medium for either the retailer themselves or the food producer, or jointly, to mount donations campaigns related to products. Customer feedback to these schemes is favourable and research in the retail industry shows some campaigns have an impact on the retailer's community standing and increase customer loyalty. The nature of this style of fundraising means that it is limited to the larger charities. One concern is that these campaigns have tended to become rather focused on fundraising for schools, rather than the voluntary sector. Tesco's original campaign for computers and Walker's Crisps for schoolbooks are examples. Such campaigns may end up diverting funds from charities and towards statutory organisations such as schools and education authorities, the net result being negative for the charitable sector.

3. Problem children

There are four categories:

- corporate support and sponsorship has already been discussed in detail earlier in this report.
- The next two were highlighted in the SCVO research. Both direct mail marketing and telephone fundraising were criticised by a number of respondents, as reported earlier in this report. Despite this the returns from these approaches still more than justify their retention in the range of options available to fundraisers. However findings suggest that these approaches will need to be watched to ensure returns do not decline to an unacceptable extent.
- The fourth category is charity shops.

i) Charity shops

This very important area, now usually broadened to cover trading activities in general, is often a very potent means of generating contributions of goods, cash, volunteers and attracting the interest of potential beneficiaries. Charity shops, a trend begun by Oxfam to initially attract donations of necessary clothing to help post-war Europe, have become an established part of the fundraising repertoire of most large charities. They do however require considerable amounts of volunteer time and other expensive forms of capacity (transport/storage/sorting/washing) for their profits to be maximised. Some local private retailers have complained that charity shops now deal in much the same range of goods as they do, and contribute unfair competition subsidised by tax exemptions. The only systematic look at this question by the former City of Edinburgh District Council disproved this assertion.

Charity shops perform on several levels, showing the value added nature of such voluntary sector activity, viz:-

- they provide a net income stream for the charity and a channel for those supporters of the charity who may not be able to give a cash donation;
- they generate constructive leisure time activity for volunteers, some of whom have past retail skills, which enable the shops to set standards in their trading activity;
- they provide full-time employment for those charities that operate a chain of such shops. Across Scotland, the numbers thus employed are significant;
- they provide a very welcome service to those less well-off individuals and families living on marginal incomes both in the UK and overseas.

The problems they face are those of any essentially commercial operation, namely:-

- the uncertainties of the supply and demand climate of the time;
- pressures for higher contributions in non-domestic rates;
- contraction in the numbers of suitable sites and shops;
- a commercial marketplace where discount traders are taking an increasing share of the mass market;
- the wider problem of recruiting and training volunteers to provide a quality service for patrons.

Despite these competing influences, charity shops seem likely to remain a key part of the income generation for charities for some time to come.

ii) Mailshots

The continuing level of unsolicited mail, postcode targeted in the majority of cases, is something which the survey evidence suggested was a problem, even in those cases where individuals did not themselves report receiving mail. “Cold calling” is done for two main reasons. The first raises cash for the subject of the appeal. The second forms part of the charity’s long term process of building a potential donor register. This register attests to the varying levels of commitment to the charity and enables records for virtually every household in the UK to be maintained. The long-term contacts generated by such a cold calling process add to the predictable and sustainable donated income sought by every charity.

Decisions on how far and when to extend the circle of mailshot appeals to the wider public take a very considerable amount of judgment on the balance between costs and likely levels of income. The use of electronic databanks to maintain records on individuals’ donation history means that there will always be an ability to re-visit the “most likely to” category for another donation. Any personal donation record can be coded to reflect inherent biases in individual’s particular interests, so that a still higher donation strike rate can be achieved. Conservation charities can distinguish those with an interest in new reserve or land acquisition from those whose focus is on a particular species.

Some Scottish based charities, such as the Scottish Wildlife Trust, and more major UK charities, such as the RSPB, have very high success rates from appeals directed at their membership. When appeals such as that for the purchase of the Corrimony Estate in Easter Ross was launched, the income from the RSPB membership realised £750k between February and October 1997, exceeding the original target by over £50k. The RSPB has over one million

members, but the Corrimony Appeal targeted only 299,400. This selection was based on individuals' past donation records and their established pattern of giving in support of particular habitats. Looking at Scottish postcodes as a percentage of the average donation, giving ranged from 128-240% of the average.

4. Decaying dogs

This is a rather harsh term, since some of the methods it covers still generate substantial sums for many Scottish charities. It would be better to describe them as “tried and trusted” since they include house to house and public street collections, as well as the very wide variety of collecting boxes in shops, workplaces and offices and larger static collecting sites in supermarkets. These elements of fundraising have continued for so long because they depend on the old Scottish adage of “mony a meikle maks a muckle.” The Sick Kids Appeal for the Royal Hospital for Sick Children in Edinburgh has some 250 collecting sites scattered throughout the area served by the hospital and these generated some £8500 in the 1999-2000 financial year. As important as their ability to secure donations, though, is the ability of these fundraising methods to keep a good cause in the public eye, which can generate other giving to the good cause. Charities which are newly created or which have large numbers of willing volunteers can use these basic methods to help kick start their income needs and they can provide a predictable level of income if a regular cycle of collections and can sites is established. For community based charities such as local gala days, a single collection in the year is often the main means of ensuring the event continues and, in such cases, the collection is more like a “cash cow”.

Conclusions

Charities need to maintain a spread of fundraising activities as a means of reducing risk;
Charities need to be innovative in identifying new groups of potential supporters and in securing long-term commitments to donate from those new groups;
Charities, their fundraisers and their agents should be concerned that they operate to recognised codes of good practice, and should seek to be involved in their development and evolution in response to changed circumstances.

Recommendations

That ICFM, SCVO and CoSLA set up a steering group to develop comprehensive codes of practice for fundraising methods;
That any new regulatory structure set in place following the report from the Charity Law Review Commission should be designed to stimulate innovation and new ways of generating donations and not be overly prescriptive.

Fundraising and the law

The key question is whether or to what extent the present framework regulating charities' fundraising activities fits the much more diverse methods of modern fundraising. The scope of regulation has to be sufficiently flexible to accommodate innovation and the advent of new technologies and initiatives designed to support structured, tax efficient giving. As well as ensuring sustainable flexibility in the new law, it is essential that the thinking behind it is discussed with the general public and that it secures their confidence and trust. The section considers the ethical issues involved, such as how much should be spent on fundraising, whether it is appropriate for some fundraisers to be paid and the effectiveness of such methods. Finally, this section notes the establishment of the Charity Law Review Commission and raises some questions and issues which charities have asked should be resolved as part of its work.

1. The general public's view of present arrangements

The Group expressed its concern at the growing criticism of the regulatory framework within which voluntary and charitable bodies operate in Scotland. These concerns were reinforced by a significant number of the findings from the SCVO survey. Current public competition for funds is beginning to become a source of concern to a generous public, who feel that charities are becoming too ubiquitous and insistent in their search for donated income. There is regular public discussion, prompted by the media, about the spread of donor fatigue. Media coverage of court proceedings involving charity fraud feeds public doubts about some aspects of the present system. Despite this, the great majority of the general public continue to give.

We should not confuse two important drivers of public opinion of charities, namely confidence and trust. Confidence tends to be used of the general public's attitude towards the operation of the system as a whole. It reflects their belief that someone, somewhere is carefully monitoring the activities of charities, ensuring that they adhere to recognised standards of ethical behaviour and that the income donated to the sector is used to good effect. Trust implies a level of conviction and belief in the operations of the specific charity the individual chooses to support in an altogether more committed and personal way. Such donors will often have life membership of the body concerned, will be active donors of time as well as their private means and will campaign for the charity in their workplace and circle of friends. These individuals will have a view of the organisation unlikely to be changed by ongoing developments in its focus or activities. They are likely to give the body an unqualified endorsement if asked about its work and may robustly contrast its standing with that of other bodies in which they have general confidence but which they do not trust.

The general public have always sought reassurances about the operation of voluntary and charitable bodies, particularly the integrity and professional competence of the people who run them and the probity and care with which their personal financial donations are dealt with by the recipient. Having confidence that their money (and indeed their time,

if they also act as collectors for the cause) is used to the maximum is what is essential if the general public are to believe in the system. If this belief is high, then there is a much greater likelihood of the individual moving from a confidence-based relationship with the charity in question to one based on trust.

2. Sources of concern for donors and the present system of charities regulation

The information from the SCVO survey suggests that donor concerns increase with ever closer proximity to the donor's private space. Thus, donating small sums of money on the street is the most common means of making a donation, although the sheer numbers of such street collections is a matter for frequent comment among elected councillors granting licences. Being asked face to face on the street for a donation when details of your home address and that of your employer are required heightens public concern, as also does solicitation at the front door.

Larger charities, now engaging in donor recruitment on the doorstep, aim to target areas of higher disposable income. They try to sign individuals up for relatively modest sums of cash in the hope that these donations will continue for a long time, as people tend to forget such modest commitments, once started. These involve a step beyond the average door-to-door approach where individuals form part of a street or area contribution and where their personal donation is "lost" People seem to worry that the more intensive "signing-up" approach reveals their perhaps modest giving in contrast with that of other individuals, some of whom may be near neighbours. The charities which campaign in this way are very alive to this type of donor concern, but have continued the practice as net giving still sees an increase. At the level of the individual organisation, they can "discount" wider public concern by offloading responsibility for their own part in it to the entire charitable sector.

The survey evidence suggests that Scots are temperamentally more relaxed with more anonymous means of giving, that they give typically small amounts each time they give but that they give frequently. Above all, there seems to be no question in their minds about the need for and the role of the charitable sector in society. The new regulatory framework should reflect these realities, provide reassurance where needed and remove the more outdated or obsolete elements of existing regulation.

3. The concerns of fundraisers

There is a raft of minor issues which professional fundraisers and their representative body, the Institute of Charity Fundraising Managers (ICFM), have presented to the Group as needing attention in any effective package of reform. Some of their concerns are shared by the present regulator, the Scottish Charities Office. These are now listed in question format and are not in any order of priority.

Licensing of collections	<ul style="list-style-type: none">• With changed retailing patterns, is the existing definition of public place in the public charitable collection regulations of any continuing relevance?• Should static charity boxes be subject to licensing?• Should local authorities continue to licence charitable collections within their area?• Should it be an individual or the charity who is awarded the licence for a charitable event or collection?• Can the present system of returns of those licensing various types of events and collections be simplified?
Licensing of collectors	<ul style="list-style-type: none">• Is payment to collectors ethically acceptable, when most charities rely on volunteers to collect, or is this an inevitable result of the declining number of volunteers?• Should those seeking to persuade members of the public to complete direct debit mandates, either on the street or at their home address, be licensed?• Should an individual be required to be resident in the area for which they are licensed to collect?
Financial Management	<ul style="list-style-type: none">• What level of reserves or development capital is it appropriate to invest in building fundraising capacity or is this entirely a matter for those exercising management and control of the charity ?• Should there be a standard form of reporting in an Annual Report and Accounts, where valid comparisons can be made, aiding the decisions of potential donors in making their selection ?• Should the basis of such comparisons be stated as net outcomes or actual costs with profits ?• Does publishing such Reports and Accounts on the Internet, or possibly on the SCVO Portal site, afford opportunities for improved transparency and accessibility for the public to what charities are doing ?• Should the duties and responsibilities of Trustees or those exercising management and control be set out in statute ?
Registration	<ul style="list-style-type: none">• Should the privileges of charitable recognition/registration be set out in full in statute?• Should there be an annual effectiveness audit to provide grounds for donor confidence and trust ?

4. The role of the regulator

The group considered to what extent the present regulation of the charitable sector in Scotland helped to build trust and confidence on the part of the donating public. The Group concluded that the Scottish Charities Office was not and could not perform this function as presently constituted and that this deficiency had to be addressed by the Charity Law Review Commission. The Group's view is that it does not make sense for the regulator to be part of the criminal justice system. A form of civil supervision would be more appropriate and would bring the regulator closer to the sector and to those members of the general public wishing to complain about an individual charity or the operation of the supervisory system. It should also report annually to the Scottish Parliament on its performance and form the basis for an annual debate on charities, perhaps preceded by committee hearings. This baseline position leads to certain clear requirements. The first has to be the frank admission that the present system in Scotland is not able to deliver such confidence. It has no internal cohesion, lacks modern day necessities on supervision, audit and accountability, is clearly open to abuse and cannot accommodate moves towards more progressive low cost styles of donation which take advantage of emerging technology.

The first element required is to introduce a clear basis to any approach to the general public for donations. There is a need to anticipate action by the European Commission to derive an acceptable meaning for the term "charity", for it to be employed throughout the European Union to govern access to certain prescribed categories of funding. The Inland Revenue, via FICO, currently decides on the basis of application whether an organisation may be "recognised" as a charity for its purposes. It accepts that its parameters for making such a decision are severely limited. The Inland Revenue lacks the wider expertise to be able to properly challenge an applicant about the full range of its existing or intended activities. The Inland Revenue does not have to worry about anybody who, whether accidentally or deliberately, fails even to make application to them nor does it have to follow up the activities of those whose applications are rejected. These two missed categories reinforce the need for any supervisory body to have a monitoring role, where the oversight is concerned as much with those at the margins as those in the mainstream.

The supervisory role for charities is accorded only to the Scottish Charities Office (SCO) in the Crown Office. In practice, SCO has considered 921 complaints since its creation in 1992, the results of which are not open to public scrutiny. The Inland Revenue will probably continue to have a role to play in civil law aspects of charities operations in Scotland. The Crown Office will, equally frequently, see its functions in respect of the activities of charities as a matter of criminal jurisdiction. This fails to recognise that regulation requires a unified system of both civil and criminal law. In the Scottish case though, the common law should be sufficient to deal with most of the recognised likely offences of embezzlement, fraud, false utterance, bankruptcy, illegal trading and so forth. There will be special areas where specific new legislation can have a beneficial impact, for example in the specification of the duties of trustees. There is also now common ground on the necessary standards to govern such conduct, building on the work of the Nolan and Neil Committees.

The focus of any new supervisory regime should therefore be of a civil character, reinforcing participation by civil society in the activities, support, and funding of charitable activity. Such grounds for public concern as would occasion a formal complaint to the fiscal should be dealt with wherever possible in terms of common law or, in the case of trustees, in terms of a specific dereliction of duty. Such a change of emphasis would help to restore public confidence in the system, since it would allow the criminal justice authorities to concentrate resources on the serious cases.

The key to the likely success of any new system will be its registration and supervisory structure. The criteria for registration will probably require to encompass those used at present by the Inland Revenue. Advisory guidance will sit outside the registration system and will cover the full range of activities pursued by voluntary and charitable bodies. It will include the selection of office bearers, recruitment, selection and retention of staff, publication and form of accounts, a statement on overheads and details of an exit strategy should the charity fail for whatever reason. The guidance would include a suitable SORP (Statement of Recommended Practice) which would be specifically constructed to be of direct relevance to the operation of charities. It could cover advice on standards for individual fundraisers, taking advice from the experiences of bodies such as the Personal Investment Authority. To heighten public accessibility and provide improved arrangements for both payroll and personal donation via the web, any charities' register created would have to be in electronic form. It would be essential that it have the ability to be truly interactive with the various donor communities, those conducting research in the sector and those seeking partners to take forward innovative efforts to deliver improved services to clients. All this would be based on compliance with their founding constitution and articles of association.

All of this would be designed to help charities as much as possible to operate to common standards based on good practice guidelines worked out with substantial input from the sector itself. The ability to utilise the register as a basis for the development of wider links could also include advocacy where particular groups of clients might have common interests in respect of legislation and could make representations on a joint basis at the pre-legislative scrutiny stage. The ready use of web based technology would also at a stroke remove the right of trustees to charge individuals for the right of access to information on assets for which they were responsible.

The Group recommends a move towards a system in which the charities themselves would wish to see the register provide for consistency, and a leveling up in terms of best practice and a move towards real quality assurance. It should be possible over time to accord those charities who attain specified standards across the board some form of quality assurance recognition, which would itself provide even greater reassurance for the general public.

It will be very important to build sectoral and wider public confidence in the reform process as it develops. To this end, an essential part of the reform package should be to ensure the fullest discussion and communication about each and every aspect of the elements of reform.

Above all, it will be essential to remember that charities and voluntary organisations do not exist to raise funds or to gain public confidence. They exist to provide public benefit and the test of any reform to be implemented after the Charity Law Review Commission reports will be how any reforms will affect the end users of their services and support.

The contribution of the media

The Group were aware of the conflicting abilities of organisations of different sizes in their creative capacity and their ability to take risks in a media strategy. The Group sought the views of a senior TV producer on that medium’s role in charitable fundraising and how that might be reassessed. The Group also reviewed their own experience of the different methods, including the impact of the Internet and the expansion of channels and bandwidths. The Group concluded that this was an area where the media and the voluntary sector needed to collaborate more and achieve professional production standards at least equal to mainstream broadcasting. Print media were considered in less detail but the Group recognised that high levels of newspaper readership in Scotland enabled charities to put over their message effectively at low cost in local areas.

The media are of great importance to the ability of charities to start-up, expand and achieve sustainability. The voluntary sector in Scotland saw the need for specialist media advice and The Media Trust has supported a post based in SCVO to provide specialist advice on how Scottish charities and voluntary organisations can best use the media.

1. Large scale television appeals

The Group sought to test some of the public perceptions against the reality of how far media input really affected giving. The general public are known to respond well to established television based financial appeals, principally Children in Need, and Comic Relief. Such events do well, raising sums of up to £25 million and £15 million respectively. Scotland’s share is about £4 million, to be compared with the SCVO estimate of £1.8 billion annual turnover for the sector in Scotland. These events are probably the largest donating opportunities in the mind of the general public in Scotland and they perform a very valuable role in presenting a flavour of the width and quality of the contribution made to national life by the voluntary and charitable sector. They play a key role in raising public awareness of just what their personal cash contribution can do at the level of the individual, their family and wider society.

2. Community programming - a discredited currency?

The Independent Television Commission, in granting licences to operating companies, is required to ensure there is provision for community programmes. These are not broadcast at peak times but at suitable gaps in coverage or when a particular type of viewer, classified as more likely to be a donor, forms a larger element of the viewing audience. These times are typically in the late evening or on either side of religious broadcasts on Sunday evenings. The exceptions to this are TV appeals organised by the Disasters Emergency Committee for major overseas emergencies. These are normally broadcast at peak times on the five terrestrial UK channels, typically following news bulletins featuring the disaster in question. Such appeals have a very good record in generating a rapid and generous response, but again the figures are quite small when compared to year on year giving to aid charities.

The Group is concerned at the lack of creative effort going into community programming, despite its historic profile within broadcasting. They are critical of low programme standards in content and presentation, which they believe, would not be tolerated for mainstream programming. These low standards perpetuated an attitude that charities should be grateful for any television exposure. The Group considered the production standards of programmes produced in this way to be outdated, making it difficult to achieve Parliament’s public benefit objectives when BBC and ITV were created. Present programming for charities was seen as poorly produced, predictable in structure and content, reaching a small proportion of the potential audience and

frequently not matching in donations the actual costs of making the appeals. Nevertheless, the amounts raised are still a net advance for the charity and the sector arising from every broadcast, as licence payers collectively bear the cost of the broadcasts. With the expansion of alternative channels and greater use of home video, the already small potential audience is reduced still further. It is as yet too soon to begin to assess the potential impact of the new community channel on the pattern or scale of public giving to charity. That will require research as part of the planned wider examination by the regulator of the new channel's performance.

There has been a tendency to stick with standard formats for a remarkably long time. With recent relaxations in what is allowed in television advertising, charities are now trying out short paid advertisements, repeated over the evening, rather than the more extended, traditional free appeal slot. A shorter, better presented message which is repeated effectively has been shown to work for private sector advertisers. Programme makers need to show the same modern approach in how they present broadcast appeals. The mass appeals supported by the Disasters Emergency Committee, repeated after every news broadcast, demonstrate the production quality that is needed more generally in this area of broadcasting and the value of short telecasts, repeated over an evening. Advice from a professional broadcaster was that it was better to use six fifteen second slots than one 90 second broadcast.

3. Using television and radio to maximum charitable benefit

There are high costs involved in producing television based appeals. Some campaigning charities, such as Greenpeace and those involved in animal rights have been able to see their own uncut video footage used by the media. This is expensive and needs appropriate professional skills. This approach will always be the preserve of the few bodies that have both the necessary cash and skills. Of greater recent importance to voluntary bodies has been the opportunity presented by producers and writers of "soaps" to integrate storylines on particular medical or social issues where a voluntary body can act as script adviser. Even here, it is possible for writers to go only so far without the threat of excessively alienating core audiences. None of the four main competing soaps covered the asylum seekers story to any extent in early 2000. Medical stories are easier to handle, allowing a developmental line with elements of uncertainty which can add to longer term dramatic content. **The experience of the Campaign 2000 TV broadcasts run by Scottish Television suggests that television may be better at attracting volunteers than hard cash.**

Some radio programmes were developed in order to provide a channel for wider public education about issues. The Archers was originally a means of addressing topical issues of concern to rural communities, at a time when mechanisation and animal husbandry were changing very rapidly and an older farm workforce needed training. Radio was the obvious medium to achieve this. In that programme in recent times, there has been material on the need to protect raptors (a line suggested by the RSPB), and action against genetically modified crops (where advice was provided by Greenpeace). These stories generate income but it is an oblique means of doing so.

4. Radio and its role as a community fundraiser

Radio is more focused at community level, covers a large part of Scotland and has a similar licence requirement to serve community groups. Most station managers have gone far beyond this modest standard and have been very pro-active for a very wide range of voluntary bodies. Their flagship efforts have been for a range of childrens' charities. These operate throughout the year, with one concentrated burst of activity, very much on the Children in Need model. Using their very wide range of advertisers and local businesses as sources of goods and services which can be sold over the airwaves, these very professional and well supported events also generate a substantial increase in listeners. **They raise substantial sums of cash. Radio Clyde alone raised £501k in 1998-1999, and Radio Forth £126k in the same year. Moray Firth Radio raised**

£90k in 1999-2000 from a radio auction, car boot sales, attendance at agricultural shows and their “bring a £1 to work day”. Radio Clyde has raised over £5 million since it launched its “Cash for Kids” appeal in the late 1980’s.

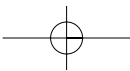
Local radio also performs a major recruitment function which is important to many local voluntary organisations. Unlike television, radio has much lower access costs and the production costs for a fund raising appeal are far less. The radio technique of simple message repetition tends to produce a better response from donors. Trailers are used less in TV appeal work, which relies on the established “brand” of the major annual events.

5. The “conventional” press

Press media has the advantage of low access costs (free for the freesheets) and total newspaper readership in Scotland is historically high, despite the well publicised falls in sales of home produced broadsheets in recent years. The papers featured strongly in some major fundraising initiatives, a notable example being the £10 million appeal for the first Children’s Hospice in Scotland, in which the Daily Record played a leading role. Similar appeals for the Yorkhill, Foresterhill and Royal Sick Children’s Hospitals in Glasgow, Aberdeen and Edinburgh have been boosted by support from the local press. As well as keeping the cause in front of the donating public, they can act as a simple post box for donations of cash and goods which can be turned into cash at major fundraising events. Providing this amount of “free” administrative back up can be a real benefit to the eventual recipient. The local press, which is particularly strong in Scotland and which has very high levels of readership, can form a very valuable means of attracting donations, most typically for a piece of specialist equipment. There has been some very high profile and expensive use of the national press for appeal purposes in recent times by for example Barnardos and the Aberlour Child Care Trust, using the services of top quality advertising agencies to try and present a modern image of their work with vulnerable groups. It is too early to evaluate the cost effectiveness of these campaigns, but other major fundraisers are very interested in the outcome.

6. The new kid on the block - The Web as new media

The Web can be treated as a medium, and the changes in the Chancellor’s March 2000 Budget statement made much of the potential of the Web for tax efficient, value added giving. The Government and charities are both keen to see the Web develop as a means both of promoting good causes but also of making it simpler to be able to contribute to maximum effect with the minimum of fuss. This is especially true for employers in introducing payroll giving, where the company operates out of a network of locations. Some one-third of the general population now has access to the Web at home, and this eases the speed of response to one off appeals where household income allows for donor activity. As a promotional tool, the Web will become ever more important as a vehicle for leveraging income as children now going through formal education begin to earn the cash that makes them potential donors (see section on fundraising techniques).

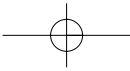


Conclusions

- **The media are one club in the golf bag of techniques and their potential contribution should not be overplayed;**
- **While there may a widespread view that TV is the medium from which to derive maximum financial benefit, the evidence does not support this;**
- **The print media can and do represent the most tried and tested method of generating local donations. The advent of freesheets has accentuated this for smaller and new start charities. Activities and how funds are used can be illustrated to good effect;**
- **The evidence suggests that local radio is beginning to play a serious role but that its full potential has yet to be realised.**

Recommendations

- **Charities need to develop an individual media strategy appropriate to their resources, target groups for donations, and whether they are community or nationally focused;**
- **Charities and the media should work together to maximise their mutual creativity;**
- **It is important for charities to use the media to build public confidence in improving tax efficient giving and moves to on-line giving.;**
- **There needs to be a recognition of TV's real role in raising awareness and educating the public about needs;**
- **Charities should build relationships with local radio, offering briefing and programming ideas;**
- **People like to be seen to be actively giving in their local "studio area" and the aggregated national totals of appeals become almost incidental. Local media promotion must balance national promotional activity to give donors an enhanced sense of ownership;**
- **However good the cause, the story for the media has to have a bit of real human interest and where to send donations has to be easily identifiable physically, electronically, and personally;**
- **Reflecting the sophisticated donor audience that now exists, the entertainment element in fundraising needs to be improved;**
- **Charities must be encouraged to take up the resources allocated by the Media Trust to provide specialist help for work with the media.**



The way ahead

A possible framework for action is proposed and the actions identified that need to be taken and those who seem best placed to carry them out. It is hoped that the parties identified here as having role(s) to play will come together in an appropriate forum to ensure the necessary co-ordination of their individual contributions. The overall quality of outcome would benefit greatly from such a co-operative approach.

There can be little doubt that those resident in Scotland believe in the value of the work done by charities and voluntary organisations. The majority also contribute on a personal level, in quite a number of cases even when their personal circumstances suggest that this involves an element of sacrifice. Despite this, the challenges facing the charities these good people want to help are made more difficult by their chosen styles of giving. Meanwhile, at the level of the true philanthropist, who wishes to see their wealth benefit good causes, we have seen a marked contraction in the historic incidence of such individuals and they are not the force in the land they once were.

Industrial companies in the Victorian era were dominated by individual monopoly shareholders with considerable discretion as to the distribution of the profits earned by their own and their workforce's efforts. Modern businesses have to consider the well-being of their shareholders' funds and their responsibilities to their employees, while their ability to make charitable donations is more limited by the strictures of the Companies Act. That legislation should be revisited to amend it in such a way as to encourage companies to consider what they could do in giving more cash to charities. Larger companies have not yet realised the largely untapped resource of their employees' generosity, nor of the considerable help available from Government to meet the costs of setting up systems to deliver that capacity for the benefit of Scottish based charities. Scottish businesses' own giving is poor but there can be no excuse for their failure to provide the necessary means for their employees' generosity to be given full expression.

Many charities now earn much of their income by providing specialist services to user groups with contracted financial support from local authorities and even, in some cases, other charities. Government has been slow to respond to the changes in the pattern of giving, but has in recent years begun to recognise the challenge. All the parties involved need to ensure that income keeps growing to meet the established pattern of demand but also expands to accommodate new demands at home and rising international needs.

To do this, there is a real need to work together to bring about the necessary change in the Scottish culture of giving. The new culture is one that recognises that sustaining the future of present voluntary and charitable organisations need not demand the commitment of more money from those already giving. Thinking how we give not why and how much we give has to become the engine to attract substantial new resources into the sector. If even one-third of present giving were to attract the maximum tax concessions now being made available, then the real value of donated income would return in real terms to the levels seen in the late 1970s. All of the parties to the well being of our society must share this commitment to effective giving. The general public will have to tolerate a few modest "strings" to their giving if the charities are to retain the flexibility, independence and vitality that income without strings alone can provide for them.

That does not mean that there should not be at least some effort made to increase the total level of giving. The SCVO survey suggests that there are not many Scottish residents who do not give. The pattern of giving, though, is typically in small amounts and in a fairly random way. The charitable sector must assume the responsibility of better informing its supporters on how to maximise the income it needs to expand activities for public benefit. The sector also needs to put over more

effectively how much of the mainstream caring and other services are delivered now by charitable organisations. Above all, the general public recognise and respond to the added value that voluntary organisations bring to virtually any task they undertake. The public are less well informed about how much such services cost to deliver and that not all these costs can be recovered from contracts with local authorities and others. If services are to be developed and improved, be informed by the outcome of commissioned research and the evolution of best practice, this takes considerable and continuing investment. For clients and society as a whole to be reassured that necessary provision will continue, the hand to mouth existence of too many Scottish charities has to be brought to an end.

This requires a frank recognition that the professionalism of practice for which the sector has stood for many years has not been matched by the public's appreciation of what they do. The need for ever more inventive approaches to fundraising has diverted much of the creative and focused energies that really need to be invested in the core activities that caused the charity to be set up in the first place. Despite the constant search for funds, many charities begin the financial year with a planned deficit and trust that they can balance the books at its end. Living with the tensions this produces cannot be good for anyone's sanity nor the long-term health of the organisation. While recognising that competitive pressures will continue to exist in the sector, there is a need to set a new collective benchmark for the sector that affords it a general capacity for sustainability for the longer term. Only an increase in donated income has the potential to underscore such sustainability.

What now needs to be done

- All parties should promote the importance of non-tied income;
- The most urgent and important element is for the Westminster Government to fulfill its promise that there will be a quality campaign to change the culture of giving and to maximise the potential of the tax changes announced in the March 2000 Budget. For that campaign to be effective, it should be led by the charitable sector itself, with others making practical and creative contributions as appropriate.

Individual charities should

- In all their publicity material highlight ways of giving tax effectively;
- Claim the lead role in devising and running a major campaign to boost tax efficient giving to charities; and seek agreement with the Governments in Westminster and Edinburgh on the resourcing of such a campaign.
- Continue to try and develop means of creating and sustaining a long-term relationship with donors underpinned by a tax effective style of giving;
- Be professionally competent to advise employers on how to maximise payroll giving proceeds;
- Continue to be innovative in their fundraising ideas but consider how the free income generated by events can be tax maximised to benefit the charity;
- Seek arrangements with the financial services industry to emphasise to purchasers of mortgage and/or endowment products the benefits of being able to leave even a residuary legacy to their favourite charity(ies);
- Consider, as part of a sustainable funding strategy, the potential for the long term building of a permanent endowment to be held individually or collectively through the medium of a Community Foundation;
- Establish and make known the real costs of their core activities to help in creating the public understanding to initiate and underpin new, realistic levels of giving;

- Form groups where appropriate to work together, an example being the ICFM Committed Giving Group;
- Work with central and local government, companies, the media, CoSLA, ICFM and SCVO to improve effectiveness in delivering the strategy.

The Group considers it essential that this area of charitable activity be opened up to public scrutiny, that its grant making and applications processes be made more transparent and that it be a requirement that for any Trust to be recognised as such, it should be required to meet the registration criteria for Scottish charities determined by the Scottish Charity Law Commission and passed into legislation subsequently by the Scottish Parliament.

Public limited companies should

- Consider, as part of their long term financial planning for the support of charitable activity, the potential for the building of a permanently endowed charitable fund, held either individually or collectively with other companies through the medium of a Community Foundation;
- Re-visit their present pattern of giving to charities and voluntary organisations and ensure a balance in favour of cash donations made more effective by maximising associated tax concessions;
- Consider whether they might be able to base their charitable giving on a progressive footing by basing it on a fixed or reviewable percentage of profits;
- Determine whether their corporate giving might be made more effective by merging the available resources and increasing the critical mass, which can be improved still further by accrued tax benefits;
- Consider whether they might press the Charity Law Review Commission to review how undistributed benefits (e.g. unclaimed dividends) might be made available to charities;
- Introduce payroll giving for charities;
- Provide facility time for charities to present their activities to employees to encourage them to give via payroll giving;
- Companies in the creative media contribute towards the change in culture towards effective giving by making their talents available as part of a joint campaign;
- Recognise that not for profit organisations and plcs equally need financial reserves to take risks and fund development of services;
- Recognise that unrestricted funds are the most valuable resources a charity can have.

Fundraising Organisations should

- Adopt a code of conduct in relation to all forms of street collections.

Local government should

- Recognise the importance of on-street collections as a means of generating ready income for charities;
- Continue to make the most of the cash resources of those Trusts and Common Good Funds which it controls;
- Aid the stimulation of cash donations for charitable purposes in its ongoing discussions with local business communities;
- Consider using local discretionary funding powers through the rates for charitable purposes;
- Consider, as part of their long term financial planning for the support of the voluntary sector, how permanently endowed charitable funds, held individually or collectively through the medium of a Community Foundation, may be established or encouraged through the application of statutory and discretionary powers including for example cash contributions

- from developers by means of planning gain;
- Give a strong lead in introducing access to payroll giving for all Council employees;
- Identify any barriers to giving and press to have these removed.

Scottish government should

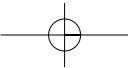
- Examine as part of the Charity Law Review Commission process ways in which that review can contribute to maximising cash donations to the sector by stimulating innovation, but not by being overly prescriptive;
- Introduce reforms of charity law and regulation to secure public confidence in the tax aided voluntary sector in Scotland as a basis for its future growth;
- Provide that Scottish Trusts be brought within registration criteria for Scottish charities, bringing them to the knowledge of a wider Scottish public;
- Consider using an existing Scotland-wide grant making Foundation to receive estates which would otherwise fall to the Crown, and for the proceeds in certain defamation and other cases where litigants may wish to see a good cause benefit from the outcome;
- Fund research in Scotland into the factors impacting on charities ceasing to operate and the amalgamation of charities;
- Urgently identify resources for a voluntary sector based campaign to build philanthropy and promote planned giving, working with all interested parties;
- Promote a major campaign in support of payroll giving among staff on the Scottish Executive funded payroll in Scotland, including all Non Departmental Public Bodies, the National Health Service, and Government Agencies, including those employed by Westminster Departments;
- Provide facilities on Government premises in Edinburgh and elsewhere to stage fundraising events, where appropriate and subject to suitable security;
- Identify any barriers to giving and seek to remove them.

Westminster Government should

- Urgently identify and assign the resources for an effective UK campaign led by the voluntary sector to build philanthropy and to maximise the opportunities afforded by the Government's incentives to more effective giving;
- Consult with the sector on the possible rationalisation of available schemes in an attempt to give the public a better focus on how to maximise their giving;
- Consider how incentives to give money to charities might be generated from the very large number of single trader businesses in the UK;
- Maintain a rolling programme of research into the trends in tax-aided giving in the UK and the factors which determine them;
- Expand the tax help line for charities promised by the Economic Secretary to the Treasury at the Charity Tax Review Group AGM;
- Review the impact on charities of its decision to remove entitlement to Advance Corporation Tax;
- Review the operation of the National Lottery in the light of the evidence of the Home Office commissioned work, which should be either repeated or refined to update its findings;
- Continue to remove barriers to giving.

The Media should

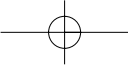
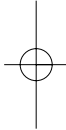
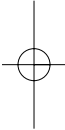
- Review the editorial and cost aspects of current fundraising broadcasts in the media under the auspices of the BBC, IBA and the four national councils for voluntary organisations.



SCVO and Umbrella Organisations should

- Continue to commission research into donated income;
- Assist in promoting the benefits of the value of giving without strings;
- In partnership with the ICFM, and CoSLA, set up a steering group to develop comprehensive codes of practice for fundraising methods.

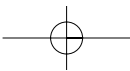
Whilst not in themselves requiring large resources, no one of these small increments is too demanding on the parties concerned. Taken together and pursued with care and commitment, the collective impact on what our charities can deliver in the future will be immense.



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⁴ ibid. Headline findings, pp 13-14.

⁵ General Registrars Office. Mid Year 1999 Population Estimates, published 12th May 2000

⁶ Scottish Executive News Release (29/6/00) School Meals in Education Authority Schools 1999-2000

⁷ This figure was supplied by Graeme Pagan, the Oban based lawyer who is the driving force behind the Will Aid initiative launched in Scotland in 1988

⁸ FitzHerbert, L et al (1999) The National Lottery Yearbook, Directory of Social Change

⁹ Source: National Lottery Commission. Note: The Border TV area is excluded from this table as the small Scottish population in the receiving area (Dumfries and Galloway and the area of Scottish Borders Council) is heavily outnumbered by the viewing population in northern England.

