

# **CIVIL SOCIETY STRATEGY ENGAGEMENT EXERCISE: IOF RESPONSE**

**MAY 2018**

## **ABOUT THE INSTITUTE OF FUNDRAISING**

The Institute of Fundraising (IOF) is the professional membership body for UK fundraising. Our mission is to support fundraisers through leadership, representation and education, and we champion and promote fundraising as a career choice. We have around 600 organisational members who bring in more than £9 billion in income, and over 6,000 individual members.

## **OUR RESPONSE**

This is a summary version of our response to the Civil Society Strategy Engagement Exercise. While the formal consultation responses were submitted through the Government's online portal, we highlight below key areas and themes that we have made to Government on behalf of our members.

## **GENERAL COMMENTS**

We welcome the opportunity to contribute our views to this engagement exercise on the Civil Society Strategy. A strong, clear, and positive Government strategy is fundamental to underpinning the future success and sustainability of civil society organisations as well as the vibrancy of social action and communities.

The IoF's vision is 'Excellent fundraising for a better world' - our contribution to this exercise focuses on the intrinsic role of fundraising and giving in enabling civil society to thrive so that it can do more for beneficiaries, communities, and causes both at home and abroad. Fundraising is the key that unlocks our country's generosity and connects millions of people to causes, raising billions of pounds and bringing positive benefits for donors and supporters. Without a skilled and confident fundraising profession, and the dedication and commitment of millions of volunteers involved in fundraising, civil society would not exist as we know it, and not be able to be the civil society for tomorrow that we want and need it to be.

We believe that success for the new strategy can be delivered by focusing on key themes which underpin the areas of priority that are being consulted on (public services, people, partnerships, and place).

- **A meaningful commitment to continued strategic engagement and dialogue with civil society embedded across government**

A mark of the success of the new strategy will be for it to frame and inspire strategic engagement and joined up working across all of government. While the new strategy will sit within DCMS, this should not just be a DCMS strategy, but a strategy for the whole

Government. We want to see all government departments adopting a strategic approach within their respective spheres and in dialogue with the sector to agree priorities and identify the right interventions, support, and policies to best enable civil society to succeed and thrive to do more.

A cross-departmental initiative, driven by DCMS, that brought together representatives from each department at a high level, including key sector representatives, could set out common ground, principles of engagement and dialogue, and seek firm commitments from each department.

- **A shared agenda for the good of society**

Government and Civil Society are not the same thing. But there is more that unifies us than divides us in our purpose and focus on public benefit and social good. The key question of how we best work together on our shared agenda for the good of society must be at the heart of the strategy. We need open, frank, and continuing discussions between government and civil society – civil society organisations need to be not only heard, but listened to – and in return the sector needs to be challenged constructively, and debated with.

- **A focus on organisations that deliver public benefit**

The concept of civil society can encompass a wide range of organisations and sectors with lots of different parts of society contributing to a healthy and successful civil society. However, for the purposes of the strategy, and development of policies and objectives, we suggest a more focused approach on not-for-profit groups and organisations who deliver public benefit. Every charity, community organisation, faith group, sports club, in its own way, has objectives and a mission to deliver public benefit, as do the government. It is in this shared goal of increasing and promoting public benefit that government and civil society's interests coincide and as such should be the primary focus of the strategy.

We also believe that there is a specific need for Government to consider how to best support and enable smaller charities across the sector. The pressures on some smaller organisations are particularly acute, and recent research from Localgiving emphasises the need for sustainability and skills (particularly in income generation and fundraising) to be prioritised.

We were pleased to co-host with DCMS a small charities fundraising summit in January this year to review and look at what interventions and policies can help stimulate and grow fundraising capacity in small charities and hope that Government reviews the findings as part of their consideration for the new civil society strategy. The full report is available at

<https://www.institute-of-fundraising.org.uk/library/small-charities-fundraising-summit-follow-up-report-co-hosted/>

## **ENABLING MORE PEOPLE TO PLAY AN ACTIVE ROLE IN SOCIETY**

Fundraising inspires citizenship and participation – giving to a cause people care about is a form of civic action which people take to improve things for themselves and their communities as well as to make a change in the world that they want to see which cannot be delivered through political parties and democratic institutions. Fundraising brings people together around a cause, promotes and inspires volunteering and campaigning, is a key way for charities to promote their services and public benefit, and results in positive changes for donors themselves. It is also fundamental in supporting the voice, campaigning, and advocacy work of the sector by providing the unrestricted income and independence that are so important to civil society organisations.

With an estimated 61% of the UK population giving around £11bn of donations and legacies each year, fundraising activities and campaigns are a key way of engaging citizens with civil society. Fundraising should also be considered as a social good due to the positive outcomes that people experience as a consequence of giving. Research shows that almost two thirds of people who give go on to take an additional positive action having donated (talking to friends and family about a cause, signing up for newsletters or getting involved in campaigns) and also 43% of people reporting that they feel better or more positive, as well as change their behavior having had that interaction with a charity through fundraising (e.g., more aware of health issues, more environmentally aware and use less water, more knowledgeable of social issues). [IoF, YouGov].

Fundraising makes a positive difference in helping people take action, improve lives and communities, as well as inspiring changes in behavior of donors – we believe that the more fundraising can grow as a result of the new civil society strategy, the wider the benefits will be felt across all parts of society.

We know that there is potential for more people to give, and for people to give more. We would like to see the civil society strategy outline a roadmap of how it can work across government, and prompt action by each department to promote and grow fundraising and giving in all areas across civil society. Government can also have a key role in convening and facilitating partnership dialogue across sectors and stakeholders and should review how it can best bring different organisations together to work towards an agreed objective of increasing charitable donations.

We want to see a strategy which has a clear and stated goal of seeing charitable donations rise. Part of achieving this are specific interventions and action that Government should commit to, including:

- Celebrating, promoting and encourage giving and fundraising as a strategic objective within, and by all Government departments
- Greater use of match-funding schemes
- Adoption of ‘nudge’ based approaches to prompt charitable giving
- Maximising the value of charitable tax reliefs, and
- Promoting gifts to charities in wills
- Convening partnerships and stimulating collaboration between sectors and organisations across the public, private, and civil society realms (as well as high

net worth individuals) to explore and identify initiatives to foster and promote fundraising and giving.

The diversity of the sector, as well as those who give, needs to improve. More people will take action and be involved in civil society when they see organisations that reflect the communities they serve. Improving diversity – at all levels – across civil society can also help to reach and inspire parts of the population who are less likely to give.

### **ENCOURAGING MORE YOUNG PEOPLE TO PARTICIPATE IN SOCIETY**

The vast majority of people who give to charity do so regularly and throughout their lives. This means that good fundraising is founded on establishing positive engagement and nurturing relationships with supporters, rather than looking at giving as one off transactions. A strategic and long-term approach is essential to achieve this that puts the supporter at the heart of the activity, and the earlier in their lives that people get involved in fundraising and giving, the greater the benefits for both them, and for society.

We believe that young people should be encouraged to get involved in fundraising activities early on and aware of the difference that donations make in the world. By bringing fundraising into the classroom younger people will also become more aware of issues (e.g, international development, environment, health) and can raise awareness of the charity sector more generally.

Student fundraising is another area where great fundraising happens and we believe that in other areas of young people's lives (workforce, sports club, arts organisations) there is a real opportunity to engage younger people in the value of charities and inspire social action. This would also help to improve diversity of the fundraising workforce and encourage more people to do volunteer fundraising (as well as giving) throughout their lives.

### **WORKING IN PARTNERSHIP**

We agree with government that working towards shared goals by pooling knowledge and resources can often improve outcomes and have a greater positive impact on society. In addition to celebrating and promoting partnerships across sectors, the value of partnership working between civil society organisations, and how more collaboration can be better facilitated, should not be overlooked as part of this strategy.

Examples of where, why and how partnerships are working well:

- Strategic and cause-led partnerships between charities and the corporate sector, for example British Red Cross and Co-op work to tackle loneliness  
<https://www.redcross.org.uk/get-involved/partner-with-us/our-partners/co-op>
- Corporate partnerships to support charities, for example Making a Difference Locally raising money through local stores

- Collaboration between similar organisations to harness greater impact through joint action (Children's Hospices Across London)

We see a huge potential in more place-based giving initiatives and the collaboration that can be brought together from all sectors to identify local need and maximize effectiveness of funds raised for strategic interventions. We believe that the strategy should focus on government's convening power and ability to facilitate discussions and partnerships, as well as looking at the skills that will enable partnerships to develop and flourish.

Other initiatives should be considered to review how government can enthuse, incentivise, or nudge behaviour changes that may inspire more partnerships to support civil society, including promotion of corporate giving and a review of corporate gift aid.

## **THE FUNDING AND FINANCING ENVIRONMENT**

The timing of this engagement exercise is particularly appropriate given the pressures that civil society organisations are facing; from trying to cope with rising levels of demand following an economic downturn and then through a period of austerity, to looking specifically at the top priorities for government in the context of the future uncertainty of Brexit. However, it is important to recognise that the diversity of the sector means that these pressures or challenges will impact upon charities differently - and that varying sizes of organisations and sub-sectors will have different views on what an effective pool of funding and financing looks like.

However, as the engagement exercise document highlights, the funding and financing environment that supports the work of the voluntary and community sector has changed significantly in recent times. As the demand for services increases across all parts of the sector the need for sufficient and greater resources becomes ever-more pressing - recent research from Localgiving highlighted that while 85% of local charities and community groups predict a further increase in demand over the coming year, just 14% of these groups feel sufficiently resourced to cope with that increase.

Charities are working hard to meet this demand, despite the challenging environment outlined above. However, unless these organisations can work sustainably they will not be able to continue to meet these needs in the future, and if they are less able to deliver services then more pressure will be put on public services and other organisations. The sustainability of one organisation can have a domino effect on others - the multiplier effects of increased challenges and demand across the sector need to be avoided.

The one overriding factor that both drives and inhibits change in civil society is the resource and capacity of civil society organisations to achieve their goals. No civil society organisation or charity can make any change in the world without having some resource to do so; whether that's through raising or earning money that can then be used to work towards charitable objectives, or time and expertise given by volunteers. Put simply, the

more resource an organisation has, the more it can do and the more it can change. The less resource it has, the harder that becomes.

Our members fundraise across the UK to deliver the resource that drives impactful change for individuals and communities here and abroad. The amount that fundraisers raise through voluntary donations and earned income is the largest source of money for the voluntary sector. It is also money that funds core costs - the vast majority of this income is unrestricted which charities can then allocate as they see most appropriate for their cause. This can include new and innovative approaches to service delivery, making investments in development, campaigning and many other activities.

While levels of voluntary income raised through fundraising has remained relatively stable over recent years of wider economic austerity and uncertainty, investment in fundraising continues to generate successful results, with over £4 raised for every £1 spent [NCVO]. This return on investment is even higher for smaller charities and it is the most reliable and sustainable form of income for civil society.

Civil society organisations have taken steps to adapt to this environment, and reassess how they can be sustainable. More organisations intend to diversify their income – primarily through fundraising in new areas and increasing income from existing areas. While there is no one ‘silver bullet’ to address funding and financing challenges, there is a clear strategic decision that is more likely than any other to deliver the long-term results needed: an investment in excellent fundraising. Continuing to nurture positive relationships with loyal supporters, while reaching new donors, diversifying fundraising activity, making the most of digital opportunities and innovating will all be vital for individual charities – and the sector as a whole – to succeed in having an effective pool of funding and financing.

*Where is there the potential for changes to the funding and financing environment to better support the work of the voluntary and community sector, for example increasing the use of new models of funding, use of technology and/or changes to current funding practice?*

### Skills

An investment in fundraising skills and capacity is often the best strategic decision an organisation can make. Research consistently shows that, across the charity sector, for every £1 invested in fundraising, many times that return is then brought in through voluntary income. The IoF’s organisational members have a return on investment (ROI) ratio of around 5:1 [IoF] and in the case of International Development charities, for example, £1 of fundraising brought in nearly £6 of additional donations [Peter Backus, University of Manchester]. There is also a ‘spillover effect of fundraising’ which suggests that the efforts of one charity may increase contributions made to other charities with a similar cause or mission [Peter Backus, University of Manchester].

Civil society organisations want to be able to play a greater role, but they will only be able to do so if they have a sound and sustainable basis on which they can develop. The only

thing that can deliver the scale of the resources needed is fundraising, which will lead to more giving, enhanced opportunities for volunteering and civil engagement, and the delivery of more charitable activities.

#### Technology and innovation

Longer term changes require innovation, particularly in the digital arena.

Against the current political and economic backdrop, longer term social changes are bound to test and shift the basic assumptions on which the charity sector works. *The Commission on the Voluntary Sector and Ageing* described the demographic change of an ageing population in the UK as a 'seismic shift' – by 2033, nearly a quarter of the UK population will be 65 or over [NPC]. On top of this, we live in a rapidly evolving world, where technological advances are changing the way we communicate, make payments and deliver services. Digital is now a part of everything, and that presents new and different challenges for charities.

That said, technology - until now - has played a somewhat limited role in fundraising and the wider charity sector compared to other industries. There is certainly more that can be done. The majority of organisations lack the resources to reap the full opportunities presented by changes in technology: they have small budgets and are without the required expertise and equipment.

While it may be difficult for some organisations, the opportunities of innovating and embracing new technology are clear: there are new and different ways to communicate with both supporters and beneficiaries, whether that is providing information about access to services or making it easier for the public to connect with, and freely donate to, the causes they care about. It is clear there is real scope to support charities in developing their digital capabilities. Civil society organisations are often, naturally, more risk averse. There is also a lack of strategic approach from funders, investors, the tech sector, and Government [NPC]. A concentrated effort to support civil society to innovate and embed new technology and digital activity is needed.