Arts Council England

Evaluation of Catalyst: Evolve

Final Report, Executive Summary

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BOP Consulting

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Credits

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Executive summary

Catalyst: Evolve was a £17.5 million programme which ran between July 2016 and August 2019. It supported 139 arts organisations across England to unlock private income. Catalyst: Evolve grantees were mainly small in size, based outside London and had a limited track record of fundraising.

Catalyst: Evolve builds on Catalyst Arts, a larger programme which ran between 2012 and 2015. The programme had three aims: 1) develop fundraising skills, competences and, ultimately, capacity; 2) raise private income to support grantees' business models; and 3) build knowledge and expertise about good practice in cultural fundraising. Both programmes are part of Arts Council England's policy to help the sector develop a more mixed economic model, based on public funding, earned income and private income.

Subsequent to evaluating Catalyst Arts, BOP was commissioned by Arts Council England to carry out the evaluation of Catalyst: Evolve. Our research ran from October 2016 to June 2020. It assessed the effectiveness of the programme and also facilitated sector learning through coaching and communicating effective fundraising lessons. The evaluation has included case studies, surveys, learning events, and analysis of programme management data. The evaluation has also included reporting the findings back to the sector. Communication material produced to do this includes blogs, video case studies, podcasts, and infographics, as well as written reports and case studies. The full final report as well as other publications can be found here.


Push bar to open

What key lessons can we draw overall?

There is a clear pathway of change – which applies to organisations of all sizes, locations and artforms – that enables them to unlock private income and Catalyst has consistently supported this journey for the last six years

The biggest positive impact on the grantees has been the uptake of fundraising activity and the subsequent organisational change that has been put in place. Unlocking private income can be done and our research has identified a real 'pathway of change' for organisations that are looking to improve their fundraising efforts. Both the current and previous evaluation have identified a commonly occurring set of activities undertaken by organisations in pursuing this goal, which then typically lead to recurring processes of organisational change. These activities and changes have been formalised in the logic model used for the two evaluations.

Relatedly, there is a set of good practices in common that can apply to organisations of all kinds

We have found consistent evidence of how a series of 'good practices' underpin successful private fundraising. What is the learning from these good practices? This is explored through 35 Catalyst Stories, each one describing a different Catalyst journey across a varied range of organisations. While there is no 'one size fits all' model for private fundraising in the arts, the research has identified a common series of good practices and useful approaches:

- Creating a strong mission and vision and case for support
- Establishing a fundraising strategy with clear objectives
- Developing fit-for-purpose governance
- Engaging the entire organisation, including organising away days and internal meetings with all parties involved (e.g. finance team, boards)
- Investing in training at all levels (e.g. front of house/board training)
- Recruiting and hiring new members of staff or board members with fundraising skills
- Accessing external expertise (e.g. conferences/consultants)
- When relevant, developing membership schemes and customer relationship management (CRM) systems
- Undertaking donor research and cultivating relationships before making the ask.

Unlocking private income takes time

While the programme did also help organisations to raise private income, as we outline in greater detail below, financial change is happening at a slower pace than organisational change. This is not surprising. Unlocking funds from the private sector and transitioning towards a more mixed economic model require medium to long-term timeframes and will require organisations to continue to keep up their good work and invest in fundraising. Encouragingly, most grantees are planning to either maintain the resources they now allocate to fundraising or increase the resources they allocate to fundraising in the immediate future.

Organisations are looking to collaborate, share and help each other

Organisations of all sizes, and especially the small to medium sized ones, are looking to collaborate and connect to each other. BOP has run 12 regional and national learning events. These events have been well attended and grantees continuously expressed how sharing learning and discussing with their peers helped them to better understand and progress towards unlocking private income.

Programme design: A successful formula

The programme design has featured the use of capacity building grants alongside match funding and this combination has been demonstrated to be very helpful to organisations. We consistently found that grantees were able to experiment right from the beginning and that match funding was a great incentive for private donors. In this sense, the two programmes have created an example of how arts funders can support organisations to help themselves transition towards a more mixed financial model for culture.

What if the programme had not been put in place?

Grantees reported that, without being part of the programme, they would have not embarked on the same process of change. For most of the organisations that responded to the survey (53%), they attributed Catalyst: Evolve's impact to lie in accelerating shifts in their revenue mix that were already underway. Only 15% reported that the programme had no impact on their mix of revenues.

That the observed changes across the grantees can be attributed to the impact of the Catalyst: Evolve programme, and would not have happened in any case, is further strengthened when looking at a small number of organisations that applied for the programme but were not selected. The fundraising journeys of these 'counterfactual' organisations over the last three years showed that – without Catalyst support – they have largely lacked the time and human resources to properly develop and implement their fundraising strategies.

What kind of external factors could influence the lasting impact of the programme and how so?

It remains to be seen to what extent this impact will be a long-lasting one. The adversity of external conditions – including the economic consequences of the pandemic, the uncertainty surrounding the UK's future trading relationship with the European Union, the residual effects of austerity, as well as the limited pool of private givers to the arts in England – all pose a risk of diminishing the positive impact of Arts Council's Catalyst policy.

Aim 1 findings: Fundraising competences, skills and capacity

In line with programme objectives, Catalyst: Evolve did indeed enable an important process of organisational change among its grantees – from building ownership of their fundraising strategy, to developing positive attitudes towards fundraising.

Fundraising strategy

In particular, 76% of organisations now share their fundraising strategy with the whole organisation, 59% stated the entire organisation is now delivering the fundraising strategy and 44% have revised their mission and vision statement during the programme.

Confidence and awareness of good practice

The groundwork laid by grantees eventually led to a broader set of organisational changes including:

- **Increased confidence**
  - 91% reported greater confidence in fundraising
  - 88% can now better communicate they are a charity that needs support
  - 86% now have a more proactive approach to fundraising
  - 68% reported improved relationship management with donors
  - 54% felt more empowered when negotiating with donors
- **Awareness of good practice and willingness to innovate**
  - 80% reported their understanding of donor motivations is enhanced
  - 79% were more aware of the importance of fundraising
  - 79% were now more inclined to experiment with new strategies.

Fundraising capacity

Fundraising capacity has grown at all levels. Of the grantees that responded to the Year 3 survey, our research shows all grantees had recruited, or tried to recruit, at least one staff or board member in order to increase their fundraising capacity. Of these, 42% hired a new manager with fundraising skills, 33% a new board member, 29% a new assistant, and 10% a new director. Nevertheless, in both Year 2 and 3 the evaluation has provided evidence that grantees have found it challenging to attract and recruit members of staff with fundraising expertise, across all regions.

As a result, organisations have learned to share responsibilities for fundraising across all staff members, rather than responsibility lying with one single fundraiser. This has helped to establish a culture of fundraising within the organisation, which is a very important outcome – one that is flagged as a critical factor of success by broader theory and research in fundraising.1

Engaging the board of trustees

Catalyst: Evolve also helped many grantees to facilitate fundraising discussions at board level in order to engage trustees in unlocking private income. These discussions often led to very positive results. Of the grantees that responded to the Year 3 survey, 83% stated that the board of trustees were now confident in fundraising (+41 points since programme start). Further, 48% reported that the board of trustees was now engaged in delivering the fundraising strategy. However, as this last statistic illustrates, around one half of boards are still not fully engaged and our research consistently showed that grantees have faced a common set of challenges in this respect. These include: little knowledge or understanding of fundraising plans; difficulties in convincing the board to give to the organisation; a reluctance by trustees to ask for money; a reluctance to accept fundraising as part of their responsibility; and difficulty with attracting board members with fundraising skills.

Cost-benefit of fundraising activity

By the close of the programme, fundraising activities were cost-positive for 71% of grantees that responded to the survey. This was a 37 percentage point increase from the start of the programme, when only 34% reported that their fundraising activities were cost-positive. These results reinforce the findings from the previous Tier 2 and Tier 3 Catalyst Arts grantees, who reported a 31 point increase (at the end of the Catalyst Arts programme, activities were cost-positive for 76% of grantees).

In both phases of the Catalyst programme, greater cost effectiveness has been achieved despite adding more to the cost side of the equation in terms of more staff resources and spending on other items such as campaigns, events and customer relationship management (CRM) systems. Clearly, this indicates that while more money is spent on fundraising, this has been more than matched by the increase in fundraising income that has been achieved through implementing these changes.

1 Cynthia M. Gibson (2015) *Beyond fundraising: what does it mean to build a culture of philanthropy?* Evelyn & Walter Haas Jr Fund. https://www.haasjr.org/sites/default/files/resources/Haas_CultureofPhilanthropy_F1_0.pdf

What?

A £17.5 million programme to help organisations develop fundraising skills and raise more private income.

When?

July 2016 to August 2019.

Who?

160 arts organisations were supported across England to unlock private income. These organisations were small, mostly based outside London, and had a limited track record of fundraising.

What has the programme helped its grantees to achieve?

£11.1m of private income secured.

The number of organisations targeting individual giving rose from **51%** to **94%** during the programme.

- **71%** of grantees met their private 71% income target
- **76%** now share their fundraising strategy with the whole organisation
- **79%** are more inclined to experiment with fundraising strategies
- **80%** reported a better understanding of what motivates donors

Why?

Catalyst: Evolve built on the success of the previous £100 million Catalyst: Arts programme, which had similar aims but targeted organisations of all sizes with more experience of fundraising.

83% stated that the board of trustees were now confident in fundraising, up from 42% at the start of the programme.

What were the most recurring challenges encountered by grantees?

Attracting and recruiting staff with specific fundraising expertise.

Raising income from corporate sources.

Converting targeted donors into actual donors.

Aim 2 findings: raising private income and improving business models

Overall revenue mix

Financial change is beginning to happen for Catalyst: Evolve grantees. However, this is unsurprisingly happening at a slower pace than the organisational change reported above. Unlocking private income is a long-term process and therefore it is hard to generate immediate results within a limited timeframe. Considering the overall revenue mix of grantees, our research shows that philanthropy as a share of overall revenues increased by +3 points to 16%, and sponsorship increased by +1 point to 2%.

This is a very similar picture to the previous Catalyst Arts programme, in which organisations reported a +4 point increase in philanthropy and +2 point in sponsorship. However, the increase in the share of philanthropy is a small change and, combined with the relatively small sample size (in absolute terms), it means that this observed difference, in this case, is not statistically significant.

Individual giving

Since the start of the programme, the number of organisations targeting individual giving has almost doubled. This was a key aim of the programme and it also seems to have had an effect on revenues: for grantees that responded to the Year 3 survey, individual giving has grown as a share of private income by 4 points since project start. Organisations that secured support from individuals often seem to have a longer track record of fundraising, including prior experience of fundraising from individuals.

Corporate

Corporate income was consistently flagged as the most challenging income category. Year 3 survey data shows only a 1 percentage point increase in these revenues, despite 66% of grantees that responded to the survey reporting that they had targeted corporate income through the programme. Grantees that did manage to raise funds from within this category typically had previous existing relationships with businesses.

Trusts and foundations

Almost all of the grantees that responded to the survey (90%) were regularly targeting private trusts and foundations before the programme started. Despite the pre-existing strong engagement of grantees with trusts and foundations, even more of these grantees had targeted this source of revenue by the end of the programme (98%). Relatedly, some grantees reported having reached ‘saturation’ point in terms of trust and foundation revenues. However, there was other evidence that showed that:

- grantees with a more limited track record of fundraising successfully applied to new (and bigger) trusts and foundations; and
- more experienced grantees were able to strengthen existing relationships and forge new ones, reporting feeling more confident and empowered as a result of the programme.

Overall success rates

Our analysis shows that, of the grantees that responded to the Year 3 survey, they had only a 20% success rate in terms of converting the new donors that were targeted. This is a relatively low success rate. It might be due to a number of reasons, including: the challenging nature of the macro economic environment; the increasing demand for, and limited pool of, donors giving to the arts; and the organisational profile of grantees, which according to the programme guidelines, had to only have had a previously limited track record of fundraising to qualify as a grantee.

Private income raised overall

The analysis of private income raised paints an overall positive picture. £11.1 million was raised in new private income by the grantees. This enabled them to draw down 90% of the £12.3 million of match funding that was available from the Arts Council, with 71% of grantees having raised 100% of their private income target. These results suggest that the match funding targets set at programme start were appropriate, and also that the programme was indeed successful in enabling grantees with only a limited prior track record of fundraising to improve upon this as a result of the programme.

Private income raised by artform

Combined arts organisations raised more than a quarter of the total income across the cohort (26%) but they also accounted for almost a quarter (24%) of the grantees. At the opposite end, while literature organisations only raised 5% of the total private income raised, they only accounted for 4% of the grantees.

In terms of the average amount fundraised by each artform, dance organisations generated the highest average (£92,621), though as with literature (which had the next highest average of (£84,395), these two artforms only covered a small number of organisations each (nine and six grantees respectively). Collectively, it was theatre that ‘underperformed’ the most in terms of artform, and this was not a result that was affected by there being only a small number of theatre grantees (there were 28).

Do size and geography matter in this instance?

The major finding in this respect is that the grantee experiences varied less in Catalyst: Evolve than in the first Catalyst Arts programme. The main reason for this is that the Evolve cohort was more homogenous than the first Catalyst cohort. Grantees were overwhelmingly very small arts organisations (76% of all grantees only had between 0-24 full-time equivalent employees, and 93% were either micro or small organisations). This means that the Evolve cohort looks less like the wider arts sector than the former Catalyst Arts cohort did (there were no large organisations at all in the programme and few medium-sized ones). This consequently means that it is not possible to easily extrapolate the findings from this evaluation to the wider arts sector regarding the effect of these structural characteristics on the ability of organisations to fundraise.

How successful was the programme in supporting organisational resilience?

Catalyst: Evolve was explicitly designed to support those arts organisations that historically have struggled the most with fundraising or have engaged with it the least. Therefore, in targeting inexperienced and small organisations as grantees, the Arts Council has definitely not supported any ‘low hanging fruit’; quite the opposite.

Our Year 1 and 2 evaluations documented how the organisations that have participated in Evolve started from a lower base and have had to build fundraising strategies and implement organisational change with generally fewer resources and knowhow. This current Year 3 evaluation shows how hard the organisations have found making the ask, with only a 20% success rate for the new individual donors that were targeted through the programme.

Yet despite having these challenges, the financial data analysed in Year 3 suggests that the grantees have proved to be relatively resilient to-date. Overall average turnover has increased by over 25% and the data strongly suggests that there has been a small shift towards philanthropy in the mix of revenues grantees have generated, and a small average increase in absolute financial terms.

In summary, the negative trends in the wider economy and public spending over the duration of the Catalyst: Evolve programme, combined with entrenched imbalances in private giving in the arts (see chapter 8 above), suggest that without their Catalyst activities, the grantees would have struggled more in this difficult operating environment. Catalyst: Evolve’s success or otherwise should therefore be judged on ‘distance travelled’ by the organisations, as well as by absolute measures of financial success.

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