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Board Meeting - 12 June 2020

**Board Paper No. [3]**

|  |  |
| --- | --- |
| **For Decision** | **Recommendation**  Board members asked for feedback. |
| **For Monitoring** |
| **For Information** |

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**FUNDRAISING STRATEGY**

**2020-2023**

**THE OBSERVATORY FOR SPORT IN SCOTLAND**

**FUNDRAISING STRATEGY**

**2020-2023**

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## **Introduction**

This fundraising strategy sets out an approach to fundraising for The Observatory for Sport in Scotland (OSS) over the next three years, focusing on securing the revenue funding required to grow the organisation and support the research programmes undertaken and planned.

This strategy is designed to support of the vision and mission of OSS to build an evidence-based platform that recognises the potential for improvement across the range of sports activities and levels, including school sport in Scotland. It will support the specific focus of OSS on community sport and supporting the growth in sport participation for all ages and abilities at community level.

This strategy focuses on three core areas of fundraising activity as follows:

* **Individual Giving, Including High Net Worth Individuals** – A focused strategy for engaging with individuals at all levels, building on the successful ‘Founder Funders’ programme for individuals, and developing and implementing legacy and in-memoriam giving, regular giving and the cultivation of major prospects and high net worth individuals. This strategy covers all forms of individual giving from existing to new donors, and low level to major donors. It also sets out what OSS must do to comply with new laws and codes of fundraising practice in terms of charitable giving in the UK and the levels of resource that may be required over the next three years to maximise giving from this constituency group.
* **Trusts and Foundations** – This part of the strategy looks at the changing world of Trust and Foundations in the UK and what OSS is doing to appeal to this sector and fulfil the increasing detail sought around projects funders are prepared to support, including the wider impact they have.
* **Corporate Giving** – This part of the Fundraising Strategy focuses on capitalising on gifts from the corporate sector, where UK companies rank among the least likely in the world to support charities. It seeks to build on the ‘Founder Funders’ scheme and create attractive propositions for corporates to consider supporting OSS in a number of different ways. packages. It will also look at the stewardship that companies seek in return for support and what OSS will do to fulfil this.

A fourth income source, Government and other stakeholder contracts, is being developed by OSS and willbuildon the growth of new and strengthened relationships with key stakeholders across Scotland, from national to local levels across community sport, leisure and recreation. This will be led by the Director, supported by the Executive Committee and Research Advisory Group.

## **OSS – A Brief History and Context**

Following research and scoping led by founder Charlie Raeburn in 2015-16, the Observatory for Sport in Scotland was registered as a charity in Scotland on 31st August 2016 with the following charitable objective:

*The organisation’s purpose is the advancement of education, primarily, but not exclusively by undertaking, or commissioning, original research in order to produce data and analysis that will be widely disseminated to promote sport as a force for the improvement of all aspects of life. Potential benefits will be the positive impact on health and well-being, gender and race relations, education and social welfare and making contribution to civic society and the wealth of the nation.*

The OSS is a ‘think-and-do tank’ with a growing network of partners from across the world committed to achieving sustainable improvement to Scotland’s population now and in the future. Working closely with national and local government, businesses, sports bodies and communities, we use our collective knowledge, networks and enthusiasm to tackle the various challenges to community sport, health and wellbeing in Scotland.

**Our Values**

Ambition. Collaboration. Quality. Independence. Informed. Sustainable.

**Our Vision**

A healthier Scotland where every person can access sport and its wider benefits for life.

**Our Mission**

To inform, influence and support stakeholders and communities to increase and widen participation in all forms of sport activity, and help to arrest Scotland’s physical and mental health and wellbeing problems.

OSS has evolved from a successful model adopted in the most active countries such as Sweden, Denmark and the Netherlands. The Danish Institute for Sports Studies (IDAN) and Mulier Institute in the Netherlands provided cohesive templates for the OSS. IDAN was established as an independent research centre by the Danish Ministry of Culture in 2004, primarily financed by state lottery funding, to establish a general overview of and insight to the fields of sports and non-formal education nationally as well as internationally, to analyse the implications and perspectives of policy initiatives within the fields of sports and non-formal education and to initiate public debate on key issues in non-formal education and in Danish and international sports politics.

The Mulier Institute was founded in 2002 and is the only independent, non-profit, scientific sport-research institute in the Netherlands. It is engaged in fundamental, practice-focused and policy relevant social-scientific sport research, monitoring developments within the Dutch sports sector. It builds its own databases and trend series, in close cooperation with academic and professional universities both in the Netherlands and abroad, as well as with other research organisations and statistical administrative bodies, such as CBS Statistics Netherlands and Eurostat. The institute aspires to enhance the quality of sport research and sport policy in the Netherlands.

The OSS set out to build Scotland’s first evidence-based platform to support improvement across a range of sports activities and levels, including school sport, but with a particular focus on community sport - the primary underpinning infrastructure to Scotland’s wide sporting landscape. The OSS was built on the development of a set of criteria, recognising, but enhancing existing models, collecting data and measuring community sport participation, and facilitating benchmarking with other countries. The OSS has filled a gap in the Scottish sports landscape by creating a body, which based on objective information, drives open, ongoing and transparent debate and decision-making aimed at taking sport forward.

OSS is governed by a Board of Trustees, with a Chair, Vice-Chair and other board roles. It grew from one to two staff in 2019 with the Executive Director joined by a Programme Officer, employs consultancy support as and when required and is supported by a strong team of sport, business, education and university leaders, and researchers from across the world.

## **OSS – The Fundraising Challenge**

From 2015-19, OSS secured over £287,000 (£232,000 core and £55,000 research) in funding to develop the organisation and research. OSS now seeks to raise a minimum of £150,000 per annum to develop its programme of research and grow its staff base to support this, however, the charity has an aspiration to raise a total of £1,000,000 by 2023.

To date, fundraising for OSS has been undertaken by a well skilled and experienced volunteer, who has secured the funding required to maintain OSS at the current level primarily through individual contacts. In 2019-20, OSS has increased its reach from 200 contacts to over 1,000 and implemented a new Customer Relationship Management (CRM) system to establish a more professional and effective recording, management and stewardship system. OSS now needs to build from this, diversify fundraising income streams and deliver a fundraising step change to deliver the necessary funding required for the survival and growth of the organisation.

## **Developing a Positive Fundraising Culture at OSS**

This short section of the strategy looks at how OSS seeks to embed a positive fundraising culture to ensure ambitious fundraising targets can be achieved. This is important for an organisation as small as the OSS as fundraising success depends on maximising its staff and volunteer resources.

All charities are formed to solve a problem, to find solutions and to drive change, and OSS was created to address decline in Scotland’s sporting landscape. Change is rarely easy, especially in the fast-moving environment that charities operate in today. Many are experiencing cuts as well as increased competition and Brexit and COVID-19 have added to these pressures. Charities and their supporters are constantly connected and distracted, their attention split between a barrage of instant social media updates and the real world outside. Because supporters expect fast responses and information in ‘real time’, the environment for fundraising by charities has never been tougher.

In the OSS, fundraising stretches wider merely than the Director and Programme Officer, and actively involves and is enthusiastically supported by voluntary board members and advisers. Ensuring everyone is valued in this fundraising culture is key to a achieving the OSS ambition and vision.

For OSS to achieve the vision, mission and fundraising targets in the time required, it seeks to adhere to two key cultural challenges:

1. OSS must be every bit as proud of its fundraising and its fundraisers as it is of its mission and vision; and
2. Everyone within OSS should view themselves as being essential to successful fundraising and clear of their role in it.

To achieve the above, OSS looks to ensure that the tried and tested methodology of the seven pillars for successful fundraising are in place, as they embark on raising all the funds needed to secure a sustainable future and to finance the research required to drive change in sport participation in Scotland. The seven pillars are:

1. **Leadership** - Fundraising should be led from the top, by the Director and Chairman, and by example. OSS must inculcate across the organisation the fundamental belief that money and the mission are the same. Without effective fundraising, OSS will not achieve the aims of the organisation.
2. **Unity** – OSS is more than simply a fundraising vehicle but the whole organisation must be united behind a well-defined single emotional proposition (the case for support for OSS) that connects with the powerful and emotive vision and mission that OSS has developed.
3. **Investment** - Raising money costs money. Investing in fundraising is demonstrably more effective than almost any other kind of investment. OSS is investing in its fundraising, both with systems and staff, to build its committed donor base.
4. **Donors** - The donors to OSS are vital to the delivery of the mission and vision and everyone in the organisation should understand this and understand their roles in a strong stewardship plan, creating and sustaining mutually beneficial relationships with current and prospective donors.
5. **Communication** – Effective and consistent communication is key to driving action and results. It is vital that no significant steps towards prospective donors are made without the knowledge and agreement of the Director, and, as far as is possible, all communication is shared with all members of the Fundraising Committee to ensure all are up-to-speed. Other than when special relationships offer greater potential of success, communication will be handled by the Director and Programme Officer.
6. **Inspiration and Motivation** - Motivated, inspired and proud fundraisers raise more money and so it is vital that all Fundraising Committee members share progress and praise, and seek to learn from but also support each other through inevitable failures.
7. **Telling the World** – OSS have been active in presenting their case to external audiences. We will continue to do this with clarity, passion and conviction in order to communicate success and growth. It is vital for fundraising success that OSS speaks with a single voice to prospective donors, and all members refer to the Case for Support prior to engagement.

**Individual Giving Strategy** There has been significant work undertaken around individual giving, stewardship and development of a Founder Funders membership scheme by OSS since its inception. This strategy seeks to evolve from this effort and provide a more structured approach moving forward.

The Unique Selling Proposition (USP) of OSS, as the only research institute of its kind in Scotland providing high quality, independent research on sport in Scotland, should resonate strongly with individual giving constituencies, extenuated by the focus on developing community sport and recreation for all ages and abilities, as opposed to a focus on elite sport participation.

Individual donors can support OSS in many ways, whether by responding to an appeal, through regular giving, by making a major gift or leaving a legacy. It is an area of fundraising that is changing rapidly, with traditional donors reducing in number and younger generations interacting differently with the causes they support. New opportunities are arising, including tribute funds, online fundraising, social media viral campaigns, crowdfunding and email appeals taking their place alongside more traditional methods.

However, Institute of Fundraising research revealed that charities raise £6.44 per £1 invested in membership/committed giving and committed individual giving is second only to Trusts in terms of financial yield. The Individual Giving Strategy is inextricably linked to the Major Donor Strategy, with the combined aims of both for OSS being to:

* Identify, research and approach potential major gift donors.
* Create a wider framework for regular individual giving across all donation levels.

In 2019, the OSS launched a new Individual Supporters Scheme at the following levels:

* Gold – £2000+
* Silver - £500-£1999
* Bronze - £100-£499

Donors receive a range of benefits, including website mention, research information, invitations to events, private briefings and regular communication. A target for 2020 is a stronger communications approach to market these levels to the database members, and on the website and social media.

Having increased OSS contacts to over 1,000, and installed a new Customer Relationship Management (CRM) system, in May 2020, interrogating the database list considering the above is a critical exercise for OSS. This will enable it to better understand the current, warm audience to the cause, and help to formulate and position the case for support over the next two years, the fundraising asks for individuals and the type of stewardship required to move donors up a ladder of giving. We hope that this work, in turn, will help to inform future donor recruitment, identifying where the gaps are in the donor profile mix and which audiences yield the best individual giving results for OSS. Naming rights (such as for specific research or for the National Survey) is also be a consideration for future events.

**In Memoriam, Tribute Funds**

Celebration, Tribute and In-Memorial Giving are unlikely to generate significant levels of funding for OSS. Given this, while these activities should look to be developed, they are considered a low priority in 2020-23 with focus centred on more likely sources of funding.

**Legacy Giving**

Legacies, or gifts in Wills raise £2bn every year for UK charities, but while legacy numbers are predicted to rise across the UK, charities predict a fall in value from an average of £19,000 in 2015 to as low as £1,000 per legacy in 2045. OSS will seek to develop this area of giving, but it is not considered a priority.

**Crowdfunding**

Crowdfunding has become a buzzword for charities, often seen as a quick and easy fix to meet a fundraising target. When done well, crowdfunding can play a crucial part in any fundraising strategy, but all too often, it can be rushed, poorly considered and supported, and lead to failure. Today, social media and high visibility play a key role in successful crowdfunding campaigns, but they work best with a target between £50,000-£200,000 with a powerful call to action to engage people.

In designing any potential crowdfunding campaign, OSS should consider:

* Identifying a reachable target
* Having a strong communication strategy, launched some time prior to launch
* Ensuring a clear pitch to explain a fundraising campaign and its impact
* Campaigns with video raise on average 370% more than those without
* Campaigns that update at least three times a week raise on average 239% more than campaigns that update twice or less
* Promotion is key to a successful crowdfunding campaign, with email, social & PR outreach

## **Major Donor Strategy**

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Description automatically generatedEngaging high net worth individuals in supporting the work of OSS is a key focus for OSS in achieving the funding targets required, and OSS has done well in this area to date. Inducing individuals to choose OSS over others and encouraging them to increase the frequency and size of their gifts is the key focus of developing an effective individual giving programme to inform a successful and growing major donor programme.

Individuals as donors are important because even when approaching companies, trusts, foundations or any funding body, it is an individual engaging the individuals who represent those organisations. “People give to people” is a truism and the personal relationships that develop and build over time leads to successful fundraising that cross-fertilises funding areas.

This ‘pyramid of giving’ is often referenced when planning both an Individual Giving and Major Donor Strategy. If stewardship is working effectively, individuals will move up through this pyramid. Research shows that it costs three times as much money to find a new donor as it does to keep an existing one, and 30 times as much to attract a new donor from cold as to have an existing donor find a new one for OSS. Therefore, OSS is continuing to develop strong relationships with a growing group of influential donors, known to have strong major donor prospect networks and developing its Business Leaders Group and other ambassadors to advocate the cause alongside Trustees.

Major donor engagement events also play an important part in cultivation and through Trustees and peer-to-peer networks already established, OSS can access several prestigious venues in Scotland and in London (where there is a significant and wealthy Scottish diaspora). This provides a platform for emotive and inspirational engagement in the work of the organisation. Prospective major donors can also be positioned to host OSS focused events in their office or home, inviting others to engage and widening the pool

**OSS Fundraising Pyramid for £300k – concluding calendar year end 2021**

**£198,750**

5k

300k

**All other potential donors**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Target** | **Cumulative** |  | **Potential prospects** | **GROSS TARGET: £300,000 RECEIVED/PLEDGED: £126,900** **NET TARGET: £173,100**  **Pledged/Received** | **Net Target** |
| 100k | 100k | **2 @ 50k (8 prospects)** | Fidelity, Ann Budge, Brian Souter Brodies, Aegon, Martin Gilbert, Malcolm Offord | Aberdeen 37.5k, TO’S 45k | **255k** |
| 60k | 160k | **3 @ 20k (12 prospects)** | Roy Leckie, Stuart Leckie, Dunedin, Hampden & Co | Steel Asset 9k  Stephen Fairfield 10k | **230k** |
| 50k | 210k | **5 @ 10k (20 prospects)** | Wildland (15k), Garfield Weston, Douglas Noble, Mactaggart | CR CAF 10k | **211k** |
| 40k | 250k | **8 @ 5k (32 prospects)** | PF Trust, David Shaw Stewart Rathbones, Stafford Trust | Gower/Vine Trust £2400  More Partnership £4500 | **211k** |
| 30k | 280k | **12 @ 2.5k (48 prospects)** | Munro/Noble, Aegon |  | **£206,500** |
| 15k | 295k | **15 @ 1k (60 prospects)** | K Dalglish, T McNab. D Mackay, D Smith, J Weir, D Ledingham, S Middleton, G Hartop | 5 @ 1k: Rose, IM, SF (CR) Whyte, Campbell | **£201,500** |

**The Role of Events in Major Donor and Individual Giving**

Organising events as a means of fundraising can be a great way to involve an array of different people in the philanthropic efforts of OSS, including friends, patrons and prospective donors. It can raise awareness for the fundraising need in a fun way, reaching new audiences and a wider potential new supporter base. However, such events involve time, effort and costs and so before a fundraising event is confirmed, it should be robustly appraised, including anticipated gift expectations and it should only go ahead if there is a high degree of confidence that it will:

1. Make more in donations than it will cost OSS to organise;
2. Make substantial progress in cultivating key funders and in promoting the wider work and fundraising need of OSS; or
3. Is a key part of donor stewardship and is to thank those that have already supported OSS.

The event must be part of a larger strategy that includes a strong case for support, a strong fundraising plan, and the creation of strong relationships with all donors.

For example, high net worth individuals are the most likely candidate group and should be the key target audience for special events within the OSS diary. Given this, there should always be a fundraising presence and fundraising ask made at all OSS events, ranging from fundraising materials being placed on seats and in programmes, to the right OSS trustees and volunteers being present.

It will be vital for OSS Trustees and ambassadors to be able to make asks in a confident manner at events. The Trustees are representing the cause and if they can’t make the ask in public, it impacts on the confidence prospects will have in the project - the Trustees must be seen to believe in the cause they are wanting others to support.

## **Corporate Fundraising Strategy**

Companies in the UK continue to be engaging in charities at a very low level in comparison with other countries. Corporate giving in the UK has always accounted for less than 2% of all company profits. Companies continue to recover from the global recession, and as they anticipate the impacts of Brexit and COVID-19, they remain wary of supporting charitable endeavour. However, with many corporates now re-assessing their charitable support programmes and with the links growing stronger between high net worth individuals, trusts and corporates, there are opportunities for OSS in this area. OSS is seeking to develop these key points:

1. **The OSS Unique Selling Proposition** – Corporate giving has been falling and those successful in this area deploy creative thinking and resource into each corporate lead. Research in 2014, indicated that on average, a major UK company will receive 50 approaches a week from charities wanting help, so OSS has developed a strong base case to stand out from the crowd. Fewer companies appear now to support arts, heritage and sports activity, and most look for deeper and meaningful relationships with the charities they support. OSS is seeking to develop its offer back to companies in terms of employee engagement and supporting companies in achieving the CSR strategies.
2. **Research** – OSS is undertaking a new approach to research across the Fundraising Committee, involving staff and volunteers, both in identifying routes into corporates and influencers close to them. The development of robust strategies and plans are designed to ensure a level of professionalism required by many corporates, and trusts and foundations.
3. **Corporate Stewardship** – OSS is developing a stronger suite of benefits for corporates, linked to their peculiar requirements, and seeking to improve stewardship through the policies outlined above.

The OSS launched a Corporate Supporter Scheme in 2019 with the following levels:

* Gold – £2500+
* Silver - £1500-£2499
* Bronze - £500-£1499

Companies receive a range of benefits, including website mention, research information, invitations to events, private briefings and regular communication. A target for 2020 is a stronger communications approach to market these levels on the website and social media.

**Corporate Sponsorship**

Some companies want to sponsor a project because they believe in the concept of supporting the local community at grassroots level while other companies want to increase their profile in the local community; some want to boost their corporate social responsibility credentials and others to increase staff morale and retention and employ volunteering activities as ways to do this. But there is always a reason for what they do, and OSS uses research to establish what those reasons are.

Benefits for sponsorship to be considered include:

* Naming rights associated with the National Survey or different programmes of research. This requires some thought and discussion to see what OSS will accept in terms of naming rights and how this should be delivered.
* Annual high-profile OSS Supporters Dinner at a prestigious venue featuring celebrity speakers (which in turn could be sponsored by corporates).
* Volunteering and mentoring opportunities for company staff – increasingly important to companies.
* Branding of company logos in promotional material for events.
* Sponsorship deals for main events
* Media articles to promote events and publicise good work.

## **Trust and Foundation Fundraising Strategy**

Trust fundraising is often referred to as the backbone of any fundraising function and it delivers one of the highest returns on investment in fundraising; £9.56 for every £1 invested and is surpassed only by the return on income from legacies. In 2020, the OSS Fundraising Committee invested time and finance with volunteers supporting staff members, to assess more than 2,000 trusts and foundations, and their suitability for OSS projects.

OSS has received some funding through Trusts and Foundations and has identified 90 who will be approached in 2020-21 who we believe share our vision to widen community sport activity to all ages and abilities, particularly in deprived areas, and benefit the Scotland’s physical and mental health and wellbeing. There are four key actions that OSS is undertaking to ensure that it can sustain success in terms of Trust funding:

1. **Market penetration** – OSS is actively seeking to increase market penetration in the trust and foundation market where it already has secured some minor success. This is the safest growth strategy but there will be a natural limit on how much OSS can grow income as a result.
2. **Market development** – OSS has researched a range of trusts across the UK who have never been approached but for whom some of the work undertaken by OSS may resonate across sport, communities, social inequality, disadvantaged groups, and health and wellbeing.
3. **Product development** – OSS has been thinking creatively about the type of funding it is seeking and looking at the potential for unrestricted, one-off gifts alongside multi-year, restricted gifts to support the OSS work.

Because the connections between Trusts, individuals and companies has become so closely interlinked in modern day fundraising, a key resource being invested in by OSS is prospect research. Every possible Trust that could support OSS is being researched in 2020 and categorised to prioritise which Trust to approach when, for what and for how much, and whether there are routes in through individuals connected to that Trust.

For both major donors and trusts, OSS is also investing time and energy in finding influencers - people who know the people they need to influence. This will include a peer review list that goes out to all Trustees and ambassadors listing people that OSS wants to connect with, to map and annually refresh who is linked to whom.

Key to the success of the OSS fundraising strategy has been the development of a new ‘Case for Support’, that seeks to provide a concise and clear outline of who OSS is and what it is seeking to achieve, and how.

In planning for success in terms of Trust funding OSS adheres to the following principals:

* **Quality beats quantity** - Targeting applications closely to a trust’s requirements
* **Keep up with the changes** – Keeping track of updates, changes and new trusts emerging, checking websites and sharing information
* **If no response or rejected first time**, OSS always re-approaches, at least for clarification.
* **Use contacts** – OSS is developing its contacts and influencers to widen the support for the OSS case.

## **Effective Stewardship**

Underpinning the OSS fundraising function is a new stewardship plan, targeting these five key audiences and managed by the Director and Programme Officer (Appendix One):

1. Existing Donors
2. Major Individual Prospects
3. Trusts and Foundations
4. Supporters and Corporate Partners
5. Government and other external agencies

The way in which an organisation thanks and recognises donor support can make the difference between long-term sustainability and success and failure. The biggest reason for individuals stopping support for a cause is by not receiving a thank-you in a timely and tailored way. Currently best practice is that donors should be thanked within three days of the receipt of the gift, and it needs to make the individual feel that their contribution is highly valued by OSS and so come across as being tailored to each donor.

All donations will receive a confirmation email from OSS as soon as possible after notification of the donation with a personal follow-up email/letter from the OSS individual who solicited the donation or the Director within a week.

Gifts above £1,000 should receive a thank you letter signed by the Executive Director, with an invitation to a relevant OSS event or including relevant completed research. Any gifts above £5,000 should have a direct and personal thank you from the Chairman and highly personalised follow-up.

It is important to note that the type of thank you given should remain within the thresholds permitted by HMRC. Stewardship should always involve:

* A personalised written thank you within three days of the gift that is ideally personalised to the donor and personalised email/letter from relevant OSS contact;
* Invitations to relevant events at the appropriate level and within HMRC gift aid benefit rules;
* Monthly newsletter;
* Update on the anniversary of the gift or on completion of specific pieces of work if a donation was given to that specific work.

OSS has developed a new stewardship policy and matrix, defining what donors will receive by way of thanking in line with the level of gift they have given. This will provide a quick and easy reference point for all Trustees and other volunteers, ensure parity of thanking across all fundraising activity and compliance with HMRC and fundraising best practice guidelines.

## **Budget and Resource**

OSS is seeking to raise at least £150,000 a year to develop the organisation and aims to exceed this to grow and support a wider array of research programmes and grow the staff complement. The charity has identified a target of £300,000 to be raised by 2021 and a total of £1m from 2015 to 2023. For an organisation of the nature of OSS, this is a substantive target to achieve in a difficult funding climate. However, OSS has benefited from the short-term work of an experienced fundraiser, and has strong fundraising volunteers in Iain More and Stuart Armstrong guiding the Director and Programme Officer. Longer term, OSS will seek to create a full-time Fundraising Manager/Director and fundraising researcher to grow the fundraising required to develop the organisation.

Considering all the above the following outlines a realistic income and expenditure budget for OSS fundraising over a three year period is as follows – the Statutory amount is based upon looking to secure government funding – which will need to be balanced against maintaining independence:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Income** | **Year 1** | **Year 2** | **Year 3** | **Total** |
| **Patrons** | £5,000 | £10,000 | £15,000 | **£30,000.00** |
| **Individual Giving** | £10,000 | £12,000 | £14,000 | **£36,000.00** |
| **Major Donors** | £30,000 | £50,000 | £80,000 | **£160,000.00** |
| **Corporates** | £2,500 | £5,000 | £10,000 | **£17,500.00** |
| **Trusts and Foundations** | £80,000 | £120,000 | £180,000 | **£380,000.00** |
| **Statutory** | £0 | £25,000 | £50,000 | **£75,000.00** |
| **Total** | **£127,500.00** | **£222,000.00** | **£349,000.00** | **£698,500.00** |

## **Monitoring and Evaluation**

* The OSS Fundraising Committee set the targets and oversees the delivery of the strategy with meetings every two months
* The Director and/or Programme Officer report to the Fundraising Committee on progress and the Director reports directly to the Executive Committee and Board
* Action plans for each aspect of the Fundraising and Stewardship is being drawn up on a six-monthly basis.
* OSS should agree the overarching review milestones and KPIs (i.e. progress against target, overall income, increase in donors, increase in number of donations, increase in number of repeat donations). The fundraiser should provide monthly reports on progress against targets from the overall strategy and subsequent action plans to be presented to the Board. Budgets should be monitored by and reported on by the relevant Trustees.

Key outcomes for fundraising between 2020-2023 have been identified as:

* New stewardship, individual, corporate, trust and foundation, and major donor programmes developed with a funding target of £700,000 that will take OSS’ total generated income from 2016-2023 to over £1 million
* High-quality, robust and costed ‘Case for Support’ papers to be produced for all projects
* New income streams created through providing research and analysis services to a range of public and private partners, without conflicting independent status and through more diversified philanthropic income streams.

Fundraising is pivotal to the strategic objective to ensure the OSS is a well-financed, sustainable organisation with diverse sources of funding. The objectives for fundraising to deliver this are:

1. Develop a fundraising strategy, with realistic and effective KPIs, fully understood and agreed by Board;
2. Engage and utilise expertise in Fundraising Group and Business Advisory in developing fundraising strategy and direction;
3. Identify key sources of funding across philanthropists, trusts and foundations, and corporate business;
4. Support the Executive Director and Programme Officer in developing the role;
5. Appoint a fundraising officer/director to manage and deliver on fundraising strategy;
6. Hold a minimum of four fundraising events per annum, with a geographical balance.

## **Appendix One – Stewardship Protocols**

|  |  |  |  |
| --- | --- | --- | --- |
| STEWARDSHIP PROTOCOLS | | | |
| Type of Donor | **Communication** | **Communication** | **OSS Staff Input** |
| Founding Funder | Newsletter & personal email  Personal letter (posted)  Advance notice of research with personal note from researcher  Event invitations - donor webinar | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |
| Renewal Donor | Newsletter & personal email  Personal letter (posted)  Advance notice of research  Event invitations - donor webinar | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |
| Corporate Donors | Newsletter & personal email  Personal letter (posted)  Advance notice of research with personal note from researcher  Event invitations - donor webinar | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |
| Trusts & Foundations | Newsletter & personal email  Personal letter (posted)  Research updates | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |

|  |  |  |  |
| --- | --- | --- | --- |
| Individual Supporters |  |  |  |
| GOLD | Newsletter & personal email  Personal letter (posted)  Advance notice of research – with personal note from researcher  Event invitations - donor webinar | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |
| SILVER | Newsletter & personal email  Personal letter (posted)  Advance notice of research  Event invitations - donor webinar | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |
| BRONZE | Newsletter & personal email  Personal letter (posted)  Research updates  Event invitations - donor webinar | Monthly  Annual | Newsletter & email  Steward  Research updates  Event invitations |

## **Appendix Two – Gift Aid and Benefits**

Partner and Supporter packages specify a minimum payment (a ‘minimum donation’) that must be made to secure a package of benefits. The benefits are designed to meet the Gift Aid rules in one of two ways:

1. The total benefit value is within the Gift Aid donor benefit limits so the whole minimum payment can be Gift Aided; and
2. The total benefit value is above the Gift Aid donor benefit limits but (as permitted by HMRC) the ‘split payment’ treatment is used. This splits the supporter payment into a part which is a consideration for the benefits (not eligible for Gift Aid) and part which is a donation (eligible for Gift Aid). To use this treatment HMRC require two conditions be met:
   1. The benefit must be separately purchasable; and
   2. The supporter is aware of this at the time of the donation.

For the split payment option, the marketing literature usually states the consideration value and donation value and explains that, if they wish, the supporter can purchase the benefits by paying just the consideration amount and no donation. The hope is that supporters will pay the full suggested amount anyway.

For VAT, HMRC accept the split payment treatment also works for VAT (subject to the same conditions) so any output VAT that may be due is only due on the consideration element and the gift element is outside the scope of VAT.

The problem lies with supporter payments where the whole payment is treated as a gift for Gift Aid (where the benefit value is within the Gif Aid limits). Here there is usually no option to purchase the benefits for less so, on the face of it, as the supporter must pay the specified minimum donation to obtain the benefits, the whole of the minimum donation is a consideration for those benefits and as such, within the scope of VAT. This is what HMRC has successfully argued in recent cases. To ease understanding of gift aid and VAT in relation to membership and Patron schemes, three test cases and their rulings, with implications in law, are given in later in this appendix.

In terms of OSS, when it comes higher-level giving programmes, to comply with the law as it currently stands and avoid standard-rating the whole minimum donation, they can agree to:

1. Explicitly adopting the split payment treatment, the problem being this renders a part of the payment ineligible for Gift Aid and it might mean supporters opt to pay for benefits only.
2. Structure the benefit package so it is a single VAT zero-rated or exempt supply. Making the package a single zero-rated supply would mean limiting benefits to being principally zero-rated items such as printed matter, so this is probably unrealistic. However, the scope for VAT exemption appears more realistic, especially if the supplier is an eligible body for the purposes of the cultural exemption.
3. Treat the donation as straightforward subscription. This is easier to administer but renders the whole amount ineligible for gift aid purposes and subject to VAT depending on the range of benefits given in return.

In terms of the benefit guidance from HMRC, the following applies:

* For donations up to £100, the value of the benefit can equate to a total of 25% of the donation;
* For donations between £100 and £1,000, the value of the benefit is capped at £25; and for donations over £1,000, the value of the benefit can equate to a total of 5% of the donation, up to a maximum benefit value of £2,500. Printed materials, if they are promoting the charitable objectives of OSS (such as a newsletter), are not counted as a benefit.