

The Heritage Alliance

Response to DCMS Ten Point Plan
for Philanthropy

November 2011

The Heritage Alliance

Clutha House, 10 Storeys Gate
London SW1P 3AY

T: 0207 233 0500 F: 0207 233 0600
mail@theheritagealliance.org.uk
www.theheritagealliance.org.uk

The Heritage Alliance welcomes the Government's commitment to boosting Britain's culture of giving and the subsequent 10 Point Plan drawn up by DCMS to incentivise philanthropic activities to benefit the arts and heritage. The Heritage Alliance strongly supports Minister John Penrose's wish that 'heritage gets its fair share'. In May, the Alliance wrote to the Minister saying that it would take steps to explore this through our Funding Advocacy Group and report back.

The Funding Advocacy Group met in October to share information with DCMS officials and others on the scope and scale of philanthropic giving according to the experience of our members. A group of Trustees subsequently discussed the 10 Point Plan in detail and we have also met English Heritage and the Heritage Lottery Fund on this issue.

In this, our formal response to the 10 Point Plan, The Heritage Alliance identifies which points hold the most potential for heritage bodies. This paper outlines how it intends to take these forward on behalf of the independent heritage movement and indicates where further government action could deliver a significant step change in the nature and scale of private and corporate support to our heritage.

1. Within the £100 million match funding programme the Catalyst Endowments is a £30m investment in a match-funding initiative for the creation of endowments to support the UK's heritage from the Heritage Lottery Fund (HLF) and the Department for Culture, Media and Sport (DCMS).

The HLF's major Catalyst Endowments scheme is aimed at larger cultural institutions. Whilst this is welcome, the programme is likely to benefit a very small number of heritage organisations plus perhaps some of the larger museums. The Alliance feels the programme will have limited relevance for the majority of heritage organisations given their capacity to raise the required level of match funding.

There is also a broader issue around the use of endowments. The majority held by heritage bodies result from past legacies rather than being planned per se, while the current low level of interest derived from capital locked up in this way prompts questions whether this is the best use of resources for achieving charitable objectives, a point on which the Coalition for Efficiency (CfE) has issued a discussion paper.

Our members are non-government, voluntary and private organisations that promote, conserve, study and involve the public in [our heritage](#).

The Heritage Alliance is an operating name of Heritage Link. Heritage Link is a company limited by guarantee registered in England and Wales Registered No: 4577804 Registered Charity No. 1094793 Registered Office: Clutha House 10 Storeys Gate London SW1P 3AY

The Heritage Alliance will review the scheme when the outcome is known (early summer 2012) to identify which heritage organisations have benefitted and the scope of their ambition. If the level of penetration at local level is low, the Alliance will report to HLF with recommendations on how the scheme, if repeated, could be improved to reach a greater number of heritage bodies. A pot for smaller endowments might be the answer.

Endowments do have their place in the mix of funding. Our review could also provide an opportunity to review the legal constraints on existing endowments to enable heritage and other charities to use them more flexibly, for example taking out capital on loan, spending the fund entirely over the long term, as well as ways of attracting bequests to existing endowments.

If this form of philanthropy is to make a significant contribution, fiscal relief for the donor should be considered not only for straightforward endowment funds but also to boost the wider development of endowment-like schemes such as Heritage Maintenance Funds.

We would welcome DCMS support in taking these recommendations to other Government Departments and specifically to the Treasury and Office for Civil Society.

2. Tax incentives

2.1 Inheritance tax: The new measure from 6 April 2012 allows those who leave 10 per cent of their estate to charity to have their inheritance tax reduced from 40 per cent to 36 per cent

Legacies are important to the heritage sector, turning that emotional connection between people and place into financial support. The experience of our members illustrates that this, especially if unrestricted, can be transformational for the beneficiary.

Top beneficiaries are health and animal charities followed in fifth place by the National Trust. The challenge here will be ensuring the small and local heritage charities are on the radar of those who make or influence these decisions

We welcome the new charity Legacy10 which is leading on this campaign.

The Heritage Alliance will meet with Legacy10 to ensure it is aware of the challenges facing smaller organisations, and find out more about its plans for promotion and guidance. The Alliance will disseminate Legacy10's communications and guidance throughout its membership and the wider heritage sector, encouraging bodies to make full use of the public campaign. Legacy promotion will be part of the proposed *Giving to Heritage* capacity building programme under 4.

2.2 Gift Aid

The Alliance welcomes the simplification of the Gift Aid process; the relaxation of administration and the raising of the benefit limit are both helpful developments for the sector.

The Heritage Alliance would welcome clarification from HMT regarding Gift Aid on in-kind contributions. Currently Gift Aid can be claimed on in-kind contributions from a

company, but not on contributions from an individual, which seems to be an inappropriate restriction in the context of the Government's Big Society agenda. The Heritage Alliance will seek a meeting with HMT to clarify the Government's position on Gift Aid on in-kind contributions by individuals.

2.3 Lifetime giving:

The Alliance feels there is scope to develop incentives to encourage a culture of more modest lifetime giving as well as high wealth donors. It would be useful to consider more closely proposals such as the Dutch model, whereby people can commit a proportion of their monthly income to a charity for a period of five years in return for which this sum is exempted from income tax.

The Alliance will bring to the attention of HMT and DCMS, Dutch and French fiscal measures to generate lifetime giving. If adopted in the UK, a similar scheme could absolutely transform the culture of giving.

We would welcome DCMS' active support over these fiscal incentives with the Treasury and/or HMRC

3. More visible public recognition for philanthropy, thanking donors, demonstrating the value of philanthropy and encouraging others to give, including greater recognition through the honours system

The Alliance always promotes the recognition given through the Honours system and works with other bodies on joint nominations of senior national figures as appropriate.

The Honours system offers valuable public recognition for those who donate both time and money for the public good, yet the Alliance believes the overriding purpose of the Queen's Honours should be to recognise sustained effort at all levels rather than one-off donations from wealthy benefactors, however significant. There is scope to extend other awards to include heritage, such as the Prince of Wales' medal for Arts Philanthropy.

The Heritage Alliance will continue to promote to its members and the wider heritage sector details of awards schemes, Honours, and other opportunities for recognition of their valuable voluntary contributions to society.

The Alliance will meet with Arts & Business to explore whether the remit of the Prince of Wales' medal could be renamed and extended to recognise donors to heritage.

DCMS could support the heritage sector by recommending the Prince of Wales' medal for Arts Philanthropy be extended to include heritage, or by supporting the Alliance in identifying a sponsor to establish a parallel top national heritage award for high wealth donors.

4. Developing fundraising skills and capacity across the culture sector– to increase and share skills and capacity, promote best practice, professionalise fundraising and develop a culture of 'asking' as well as 'giving'.

The Alliance welcomes this focus on increasing and sharing skills and capacity, and is well placed to develop capability and capacity in the heritage sector building on its track record of fundraising skills seminars and regional events 2003-9.

This is where the Alliance, with its network of membership bodies and their local and regional members sees the greatest need, where a national programme would make most difference and in particular help the smaller heritage groups access funding in an increasingly competitive market.

The Heritage Alliance is already in discussion with English Heritage and HLF over an application under the £5m capacity building strand of the HLF's Catalyst Scheme to develop a UK wide initiative. English Heritage is generously offering a secondment to help develop this bid.

DCMS could support the heritage sector by continuing to monitor philanthropic giving for example through in the Taking Part survey. Without this and the data from Arts & Business, it is more difficult to monitor the scale of philanthropic giving but care should be taken to ensure that results are not skewed by the extraordinarily large organisations which are not typical of the sector. The strength and potential of the heritage movement is also in the middle sized and smaller bodies.

5. Promoting and increasing planned giving, including legacy giving

As point two above.

6. Supporting the long-term development of endowments

As point one above.

7. Harnessing digital technology to boost philanthropy

The heritage sector is already making good use of digital technology to attract individual donations.

There are generic issues such as how smaller charities can access public-facing incentives such as ATM giving. Smaller heritage charities often find it difficult to influence the selection of recipients for this, especially where company staff have a say in the choice of beneficiary.

The Heritage Alliance will ensure that developing these opportunities further will form a key part of its bid to lead the *Giving to Heritage* programme for the sector. It will also be delivered through the Alliance's own strategic objectives 2012-15 which put emphasis on exploring new patterns of engagement to deepen understanding and commitment, making full use of new social media platforms.

8. Increasing giving from international donors

Increasing focus on international donors is not cost-effective for most heritage charities except for those with significant resources and a niche overseas market. A highly competitive environment does not encourage collaboration.

DCMS could support the heritage sector by challenging the disincentives to international giving. For example the Transnational Giving Europe scheme allows a beneficiary located in a foreign country to claim all the tax advantages in the country of residence of the donor but this benefit is reduced by the Charities Aid Foundation taking five per cent of the donation. This could be especially significant in the Great Campaign 2012 where our heritage and countryside are 'front of centre' (John Penrose 15 11 11) in the offer to overseas

visitors, students, workers and investors and could attract substantial European commitment.

9. Encouraging more investment by the business sector

As Arts & Business will shortly merge with Business in the Community, the Alliance feels this is an opportunity to push for greater parity for heritage in the new body's activities. Our Chairman will meet with Colin Tweedy to recommend a stronger emphasis on heritage as one of the two main pillars of our national culture, with some specific recommendations on how this might be achieved.

Attracting a higher level of business sponsorship will be addressed in the capacity building proposal *Giving to Heritage* outlined in point four above.

The perception that heritage loses out to arts in the level of philanthropic giving is reinforced by the way Government ministers and agency representatives refer to arts as shorthand for arts and heritage without celebrating our heritage as an integral part of our national culture. This needs to be rebalanced especially in view of the Great Campaign.

10. Strengthening links between culture and other sectors supported through philanthropy

The heritage sector already makes significant efforts to foster stronger links with neighbouring sectors. At national level The Heritage Alliance was one of the founders of the ACEVO Special Interest Group on Arts and Heritage, and meets regularly with NVCO, Voluntary Arts Network and The Sport Alliance, ensuring that these national umbrella bodies take account of cultural bodies' concerns. The Heritage Alliance will use these channels to campaign on the issues that affect a wide range of charities.

It should be noted that anecdotal feedback from Alliance members has shown that at both local and regional levels, competition may inhibit any enthusiasm for collaboration. Our proposed capacity building programme will address issues relating to joint working and joint funding initiatives.

DCMS' Third Sector Forum brought together voluntary sector bodies within the DCMS 'family'. It was a means of sharing information and co-ordinating a disparate sector which could now be used to bring our generic issues over philanthropy to the Treasury and Office for Civil Society and its strategic partners!

In conclusion

1. DCMS is well aware that that a one-size-fits-all philanthropy drive can not address all the needs of the rich and diverse resource that is the independent heritage movement.

Looking at the Heritage Alliance's membership, four different segments emerge:

1. The private owners (large and small) who are responsible for the vast majority of our residential heritage assets, and are represented in the Alliance membership by the Historic Houses Association. Its interests in this context centre around Heritage Maintenance Funds, Acceptance in Lieu and lifetime giving.
'Ordinary owners' ability to care for their historic property depends on external factors such as employment, income tax, pensions, vat, materials and skills. But

- philanthropy and the associated recognition can influence motivation as well as support a range of advisory services.
2. The majority of Alliance members are advisory bodies, not site or project based. Attracting core funding is much more difficult than finding sponsors for a restoration project or event but organisational development is badly needed to grow and professionalise the heritage movement. Full cost recovery may cover operational costs but not development finance.
 3. Regional and local heritage bodies that do not have the same access to money as metropolitan-based organisations.
 4. Smaller heritage bodies (the norm) have limited capacity and expertise which may put them at even more disadvantage as fund-raising become more competitive.

In our response above, we have tried to address the different needs of our membership and suggest that this analysis could be used by DCMS.

2. DCMS as facilitator

The heritage sector looks to DCMS Ministers and officials to promote its interests across government notably to HMT, CLG, DEFRA, DECC, BIS and OCS. We are concerned that reduced capacity in DCMS is severely limiting its influence and its former claim to be ambassador for the sector is untenable. DCMS might now act as facilitator and broker, and certainly not gatekeeper to other government departments. This will need a change in the relationship between government departments and the Heritage Alliance.

We would of course be very glad to discuss this further.

The Heritage Alliance
29 11 11

i

- ACEVO in partnership with Euclid Network and New Philanthropy Capital
- Community Foundation Network in partnership with Association of Charitable Foundations
- Institute of Fundraising
- Locality
- NAVCA
- NCVO
- Social Entrepreneurship Partnership (School for Social Entrepreneurs, UnLtd, CAN, Plunkett Foundation and Social Firms UK)
- Social Enterprise Coalition in partnership with Cooperatives UK
- Volunteering England
