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helping non-profits thrive

How can the next government and the sector increase the size of the fundraising cake?

Over the last twelve years we have seen one really good initiative to raise donated income for charities, and a lot of inconclusive enigmas. The really good initiative was Gift Aid, and the half-hearted, short-lived enigmas form a short but depressing list: the Giving and Philanthropy Centre, share giving, the Giving Campaign, a charity 'Tsar', and the Beacon Fellowships. Have I missed any?

Charities and non-profit groups need new sources of revenue now more than ever – and donations are the biggest single potential source of income. There is plenty more that both the sector and government can do to increase donations. Increasing donations right now is not just a good thing, it's an absolute necessity. We need to shift fundraising innovation up a gear if charities are to compensate for the drop in government spending that is to come.

The next government must prioritise investment in fundraising and communications innovation in a way that we haven't seen before. The reality is that fundraising has been a third class citizen when it comes to government funding. Volunteering and social enterprise have been the teacher's pet of ministers' attention and investment. But investment now in innovation could pay themselves back many many times over – it really is a case of investing to save.

Here are six examples of where I believe fundraising has potential to grow:

- **Liberalising raffles:** Raffles are highly regulated and controlled. Liberalising raffles would make it easier to raise more money from raffles. At present, charities are regulated in terms of the levels of prize money they offer, the frequency of raffles, the percentage spent on admin and on prizes - and all sorts of other areas. While there has been some relaxation on the total income that can be raised by any one organisation, much of the rest of the regulation still exists. Indeed, many charities still waste their time and resources capturing information on who HASN'T sold their tickets, because the regulation says that all tickets should be accounted for. If the regulation were swept away, not only would less be spent on bureaucracy, but charities would be able to raise more money.

- **Income from financial services**. In the United States, 40% of all giving comes from affinity or planned giving through financial service products. The equivalent in the UK is negligible. But imagine if pensions, mortgages, ISAs, investment trusts and a host of other financial products included easy mechanisms to give to your favourite charities. There are no overwhelming barriers, simply the co-ordination of the development of affinity financial products between charities and financial providers, thus enabling a change in our culture, in which the public sees financial products as an opportunity to give.

- **Text message donations.** While progress has been made, the charges from operators are still too high to make this a sustainable area for donations. If charges drop the income will start to flow. O2 has already led the way by dropping charges to just 15p out of £1.50. We need other mobile operators to follow suit, so that the public can know that their donation can be made cost-effectively who-ever their mobile operator is.

- **Rethinking the psychology of legacies.** Patterns of wealth and mass affluence have changed enormously in the UK over the last 25 years. Many older people have more wealth than ever before. The Remember a Charity campaign has been working hard to put legacies higher on people's wealth planning but there is still huge potential to grow this stream of income. At the heart of this is working out a narrative, a persuasive argument, that helps people see that they can leave money to charity and still help their loved ones.

- **Rewarding Major Donors.** British charities are still far too reluctant about giving wealthy people the recognition that many would welcome. Talking at a hospice fundraising conference the other day, I asked how many were allowed to name things after donors. Just a handful of hospices are named after somebody who gave money, and many told me privately that their medical staff and/or their trustee boards have reservations about the practice. In contrast just look at how the US university system recognizes their donors compared to us. But if we want to persuade people to give money, we have to be prepared to give the recognition that so many want. It would be nice if we didn't have to but we have to live in the real world. Oh yes and if you don't believe me that we are pants at naming in recognition of major donors: try and think of which examples of where this has happened. The NSPCC's Weston House...... a wealth of university and art establishments..... and what else?. See what I mean?

- **Creating a gift aid allowance for every citizen.** My children all have a pension. Better still the government adds tax to that pension. This is not because they are very financially aware (although their grandfather is) but they are using what every UK citizen is entitled to – a pension allowance to which tax is added *irrespective* of whether the individual pays tax. If we want to encourage old people and young people, unemployed people and unworking people to give to charity, everybody should have a giving allowance of say £1000 a year, to which the chancellor would add Gift Aid. This would help older people who have a life time of paying tax under their belt (but aren't right now) to give tax-effectively, and it would help young people to start giving from any age. It would in reality create a society where everybody can give tax-effectively, irrespective of their wealth.

- **Making it easier for small charities to reclaim VAT.** Anybody who is a small business or a consultant has had their VAT simplified. Rather than work out all the VAT charged and all the VAT paid out, there is a range of tariffs depending on the business types. So consultants send 11% of the 17.5% to the revenue and keep the 6.5%. This works up to a ceiling of £250k per annum above which proper records must be kept. We could have a similar system for Gift Aid for small charities, where for every £1000 raised from individuals it is assumed that 75% of those individuals paid tax and would have signed a declaration. The charity would then submit a Gift Aid reclaim on 75% of the total income from individuals. Anybody who has submitted a claim on behalf of a small charity will know just how difficult and time-consuming (and therefore less likely to happen) claims are. If we want small charities to claim their fair share of Gift Aid, we need to make the system simpler.

These are just a few examples of how a consortium of charities, or the sector or the Government can act to increase the potential for giving. I have no doubt that there are many other ideas for how collective action can raise more money. If the Government wants voluntary donations to replace state funding, then a small investment now will reap benefits much greater in years to come.

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November 2009