

Legacy Foresight and Arts Quarter LLP have come together for the third time, to research the evolution of legacy fundraising in the UK arts community. Published in December 2016, the research specifically explored how practice and perceptions have shifted in the sector's legacy fundraising activities' over the past six years. The report builds on two previous Legacy Foresight/Arts Quarter surveys in 2010 and 2012. It is based on responses from over 100 arts and cultural organisations, ranging from prestigious bodies with a worldwide following, to much-loved local and community arts organisations.

## Legacy giving in context

Gifts in wills are a vital source of income to UK charities. In 2015, some 40,000 people left 120,000 bequests, worth an estimated £2.56bn. Thanks in part to charities' marketing activities, the legacy sector overall is growing, with the proportion of people leaving a charitable will rising from 4.3% of all deaths in 1990 to 6.2% of deaths today<sup>i</sup>.

However, it appears that arts organisations are still punching well below their weight in legacies. Just 27 arts organisations feature in the top 1,000 legacy charities<sup>ii</sup>. In 2014/15 these organisations received £14m in legacy income – well under 1% of the total market. On average, legacies represented just 8% of voluntary income and 3% of total income for these 27 organisations; compared to 13% and 5% respectively for the not-for-profit sector overall.

However, on a positive note, over the past five years these 27 arts organisations enjoyed underlying legacy income growth of 5.6% p.a. – somewhat faster than the average for the wider Charity Commission sample of 4.2% p.a.

Our latest survey shows that while there have been some gains in terms of income and numbers of gifts, when it comes to the arts, legacy giving – and fundraising – still tends to be concentrated into the hands of a few large, well-known organisations. Just 38% of the organisations surveyed received any gifts in wills over the last three years. Of this 38%, 70% earned less than £25,000 p.a. in legacy income. Just five of the organisations surveyed received income averaging £250,000 or more p.a. and only one averaged over £1m p.a.

## Resourcing is a major obstacle

In terms of strategic focus and resource allocation – both human and financial – there is still much that can be done. 58% of organisations stated they were yet to encourage stakeholders and/or members of the public to leave gifts in their wills.

Although this overall figure has remained constant since 2010, there is an interesting change in attitude. Those who did not promote legacy giving were asked why not? The main reasons in both 2010 and 2016 were a lack of capacity and the demands of other priorities, while in both years one in five had not even considered the prospect. But whereas in 2010 a significant minority (10%) felt that it was not appropriate for them to promote legacy giving, in 2016 there was very little feeling that this was an inappropriate activity (1%).

Resourcing is undoubtedly a key barrier to legacy promotion. Just one of the 116 organisations surveyed had a full-time team member allocated to legacy activities, and 48% had no discrete staff allocated. The most likely scenarios were access to 25% of the time of either a full-time or part-time staff member.

Financial resourcing was also an issue. 50% of respondent organisations had no budget for legacy fundraising in the current financial year, while for the remainder budgets were mostly small. Half of those who had any budget had £2,500 or less available to them and only 8% spent more than £5,000 p.a. on legacy marketing. For many smaller organisations, the idea of legacy fundraising is well off the radar.

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## Legacy promotion techniques used

Looking at the methods used to communicate legacy messages to stakeholders and the public, since our 2010 research there has been a growth in legacy promotion on arts organisations' websites (93% have a legacy section on their website) and inclusion in general email marketing (28% vs 14%).

At the same time, has been a decline in the use of postal marketing campaigns for legacy promotion (falling from 26% to 19%). Both of these changes are in line with the legacy market as a whole and the growing use of digital media in fundraising across all sectors.

Compared to 2010, there has also been a decline in one-to-one approaches (32% vs 19%) but an increase in larger legacy events (14% vs 23%). The decline in one to one fundraising may be due to competition for limited resources at a time of increasing pressure on fundraising functions. Legacy events would seem to be a perfect forum for arts organisations because they give the opportunity to showcase creativity and involve warm supporters in the arts experience.

As shown in these findings, legacy fundraising tends to sit with sole (19%) or senior fundraisers (28%) who have responsibility for a variety of activities. In one fifth of organisations, and more in larger organisations (turnover £1m+), it sat with individual giving.

## Priority stakeholder groups

This year, we also asked arts organisations who were their top three priority targets for legacy fundraising. We found a significant focus on individual donors, particularly those giving more than £1,000 a year (77%). Members (47%), audiences (40%) and trustees and other senior volunteers (53%) were also high priorities. Website and on-site visitors were only secondary targets, and there was very little emphasis on the public at large or – most surprisingly – on general volunteers. In the broader charity sector, volunteers are often seen as very good prospects for legacies because they are likely to feel passionate about the cause they are helping. Compared to other charities, arts organisations are significantly more likely to know the supporters leaving them a gift in their will. On average, two thirds of the people leaving a bequest to arts organisations were known supporters. This suggests that within the arts community specifically, there are closer donor relationships than in the wider charitable community as a whole, where approximately half of all legacies come from people who are completely 'unknown' to the charity concerned.

However, while it's positive that arts organisations know so many of their legators, it suggests that they may be missing out on a larger group of occasional supporters and others from their wider interest groups, who could represent huge potential for future bequests.

## Types of gifts received

Following interest from the sector relating to past surveys, this time we asked specifically about the types of gifts received:

- Two-fifths of the organisations receiving gifts in wills were left non-financial, non-property gifts (primarily artistic assets such as artworks or archive materials) which contribute to collections or inventories
- A quarter of the organisations surveyed were left artistic assets which they retained and a further 10% were left artistic assets which they subsequently liquidated
- While the majority of monetary bequests were unrestricted to a particular area of activity, on average, 13% of bequests were restricted (broadly in line with the legacy market as a whole at 11%). Legacy Foresight's wider research shows that legators will opt to support a particular area of work, if they are both aware of it and care strongly about it. For arts organisations, this could be an important opportunity – enabling highly engaged supporters to picture exactly what their gift will help to achieve.

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## The future

Despite the current issues of resourcing, only 9% of the arts organisations surveyed felt that legacy fundraising would be insignificant over the next five years. Just over a quarter felt it would be significant or very significant, while a third said it was an emerging activity which would play a key role in the next five years.

In additional feedback, several organisations said they were currently developing legacy fundraising strategies, often linked to major/individual giving activity.

Perhaps surprisingly, there was relatively low awareness of legacy initiatives and bodies in the wider not-for-profit sector. Only 40% had heard of Remember A Charity and only 15% were aware of the Institute of Legacy Management. Yet if resources are tight, bodies like these provide an opportunity to amplify voice and gain knowledge in a relatively low-cost way. Arts organisations can certainly learn from charities in the wider sector, not just their own.

Likewise, mainstream charities have much to learn from arts organisations' positive, imaginative messaging and apparent close relationship with their legators.

## Conclusions

Over the next ten years the wider legacy market will benefit from the sizeable but ageing Baby Boomer generation. Boomers are an affluent, active group and open to the idea of leaving a charitable legacy. If they support the arts during their lifetime (as indeed many do), there is the potential to engage them in the idea of helping something they love to carry on when they are no longer there.

We are pleased to see the changes in activities and attitudes, because we believe - at a time when other income streams may be vulnerable - there is great potential for arts organisations in the legacy market. Arts organisations have the advantage of knowing the majority of the people who leave them legacies, which means they can engage potential legators in positive messages about the difference gifts in wills could make.

## More about Legacy Foresight

Legacy Foresight are Europe's foremost analysts of the legacy and in-memory giving sectors. We appraise the state of the markets, produce income forecasts and research into donor motivations. Our work is used both for ongoing performance management and for long-term strategic development.

Since our first legacy project in 1994, the Legacy Foresight team has worked with over 100 British charities, including all the top 20 fundraising brands. We now work in the Netherlands too, bringing insight and intelligence to a growing circle of Dutch fundraisers.

Legacy Foresight's flagship benchmarking service - Legacy Monitor - has been in operation since 1998, and now involves over 80 leading British not-for-profit organisations, including a growing group of arts and heritage charities such as the Royal Academy of Arts, Help Musicians UK, English Heritage and the National Trust.

<http://www.legacyforesight.co.uk>

## More about Arts Quarter LLP

Arts Quarter specialises in supporting the arts and wider creative sectors to deliver improved revenues, stronger brands, enhanced communications and effective staff and board structures. Their approach is pragmatic and grounded, based on our knowledge and expertise in the field, developed over almost 30 years.

<http://www.artsquarter.co.uk>

<sup>i</sup> Legacy Monitor, 2016

<sup>ii</sup> Charity Commission Register of Charities