
Review of Philanthropy in UK Higher Education

**2012 status report and challenges
for the next decade**

Report to HEFCE by More Partnership

September 2012

Contents

Foreword	2
Executive Summary	4
Recommendations	10
Chapter 1: Introduction	13
Audiences for this report	14
Evidence base for this report	14
Report structure	15
Chapter 2: The past ten years	16
The Matched Funding Scheme 2008-11	19
The ethics of HEI engagement with philanthropy	23
Workforce development and capacity-building	23
Institutional leadership	26
Chapter 3: Why donors give to higher education	28
Chapter 4: The role of Government	36
Matched funding – impact and future	36
Taxation, Government policy and financial education	37
Indirect encouragement and celebration of philanthropic behaviour	41
Chapter 5: Impact of philanthropy on higher education	43
What donors support and make possible	43
Giving as a proportion of total university expenditure	45
Donor influence	46
Chapter 6: Lessons for universities	48
Broad changes universities can make	48
Embedding experience	50
Fundraising practice	52
Workforce development	54
Chapter 7: Myth busting	59
Chapter 8: Conclusions: The next ten years	65
List of Appendices	64

Foreword

1. Philanthropy is “the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes”¹. This is one of the UK’s great traditions – and education is one of the greatest causes. From medieval through Victorian to modern times, generous donations have facilitated the development of academic institutions. Philanthropy has enabled them to become internationally successful and to play their part in the economic, social and cultural successes of the UK over many years.
2. Yet, ten years ago, the picture in the UK was one of a few well-known institutions attracting support from a relatively small number of benefactors. Some well-established institutions benefited from philanthropy but most did not. This was in contrast to other parts of the world, particularly the USA, where universities of all kinds were being supported by philanthropic donations. The recognition that the UK was no longer making the most of our philanthropic tradition led, in 2004, to the Thomas Report on Voluntary Giving to UK Universities, which made a number of important recommendations for the UK higher education sector.
3. This 2012 review looks at how things have changed in the past decade and how the sector has responded to the recommendations of that report. The Higher Education Funding Council for England (HEFCE) has established a steering group drawn from different parts of the philanthropy landscape in higher education: donors, fundraisers, vice-chancellors from universities at different stages of philanthropic development, and Government, with secretariat support from HEFCE. The review group have worked with fundraising consultancy More Partnership to deliver an in-depth analysis of how universities have changed in the way they manage institutional advancement in general and philanthropy in particular.
4. We have a very positive story to tell. Universities² have changed and they have delivered. Funds raised in the UK in the last five years have increased from £513m to £693m.
5. There are now beacons of good practice in fundraising here in the UK. We no longer need to look to the USA for all our learning. While there is still progress to be made, it is clearer what works in our own context and what does not. We have shared experiences across institutions and, by working together, we have seen all higher education institutions improve.
6. This review demonstrates that a key part of success in this area is being clear about an institution’s identity, having realistic expectations about what is achievable and identifying “best in class” UK institutions as role models.
7. The environment in which universities are operating in 2012 is one of profound change. There are real financial pressures on Government, institutions and donors. The need for philanthropic support has grown, yet, in this economic climate, there must be a risk that

¹ Oxford Dictionaries definition.

² “Universities”, in this context, used to indicate all forms of higher education institution.

universities may consider reducing their investment in the infrastructure for fundraising. Fundraising is a long-term game that cannot be turned on and off without losing the support of donors. Universities must hold their nerve and continue to improve. If they do not, they will not reap the benefits set out in this report. If they do, they have the opportunity to receive £2 billion per annum from some 630,000 donors by 2022. Indeed, if they learn from each other and treat their donors well, they may do still better.

8. The review group members have all felt privileged to be part of this review. We have seen the impact that well-managed philanthropy has on institutions as well as on donors. We have appreciated the considerable work that More Partnership put into the background research and the preparation of the final report. We commend the recommendations to you for serious debate within university executives and governing bodies as well as within Government.

Signed:

A handwritten signature in black ink that reads "Shirley Pearce". The signature is fluid and cursive, with "Shirley" on the top line and "Pearce" on the bottom line.

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Executive Summary

Philanthropy benefits universities and society

- Higher education matters enormously. At the same time, philanthropy is a force for good. Philanthropic giving to higher education makes a partnership of immense power and value. The responsible use of wealth, solidarity across the community, and shared purpose for worthwhile aims are ideas that resonate in times both of uncertainty and of prosperity. Donors, on all scales, enable remarkable people to achieve significant ends, in shorter timespans, than would otherwise be possible.
- Universities are charities, making a significant charitable impact. They have therefore not only the right but the obligation actively to seek and responsibly to handle philanthropic gifts. Higher education can deliver social progress across the spectrum, connecting with the widest range of passions and interests from donors. It changes students' lives and improves their life chances – offering opportunities to open doors of every kind. It provides society's best chance of tackling the big issues of our times, from the diseases that killed our parents to resource shortages, to the misery of war, to the ominous gap between rich and poor. *"If a donor is interested in global warming, young people or the future of the country, these can be reflected in their funding of higher education."* – foundation director
- There are now many good examples of fundraising universities in the UK, rather than a handful of universities with fundraising offices. An effective advancement programme – driving the ability to raise philanthropic funds and strengthen reputation, to engage alumni and other supporters, and to communicate compellingly, externally and internally – has become part of the definition of a successful university. *"I'd find it hard to conceive of a decent university that didn't do this."* – Vice-Chancellor
- The thinking that informs effective fundraising is the same attitude of mind that will build interest and engagement in student recruitment, in a satisfying student experience, and in a transition to mutually welcome alumni relations. Philanthropic investment is not an alien intrusion to the campus, therefore, but an organic part of achieving institutional clarity and of building effective relationships and partnerships. Asking the questions that focus a fundraising proposition can help to articulate wider institutional priorities.
- The key opportunity for higher education institutions (HEIs) lies in the way universities are understood as charitable entities and in particular on the force of their "case for support". Promoting public understanding of universities as good causes delivering social impact is a shared concern for Government and for the sector.

Giving to higher education is becoming more popular

- At the end of financial year 2006-7, 131 institutions reported £513 million in total funds raised from 132,000 donors. Five years later, 152 institutions reported £693 million from more than 204,000 donors. That means 16% more institutions, reporting an overall rise of 35% in funds raised, and 54% more donors.
- Capacity-building is working. Fundraising performance correlates closely with investment.
- Higher education accounts for more £1 million+ gifts than any other sector. Universities attracting seven-figure gifts in recent years include Aberdeen, Bath, Birmingham, Edinburgh, Exeter, Glasgow, Huddersfield, Kent, King's College London, Leicester, London South Bank, Loughborough, Manchester, Middlesex, Nottingham, Nottingham Trent, the Royal College of Art, the School of Oriental and African Studies, Southampton, University College London and others. Generosity to universities and colleges is not only the province of JK Rowling and James Dyson, of the Wolfson Foundation and Santander UK. It flourishes in a community of ordinary students, alumni, academic and other staff, parents, neighbours, and supporters of what universities and colleges stand for and do well.
- The 204,219 donors who gave to UK universities in 2010-11 include trusts and foundations, corporate entities and individuals, both alumni and non-alumni, in their lifetimes and through their wills. Their gifts ranged in scale from 50p to £50 million+. Giving to UK higher education has even grown since the recession in 2008, when it decreased in North America and when giving to other UK charities also declined.
- It has been suggested that the wealthy in the UK are, as a group, less generous than those with lower incomes. Yet the statistics show that the “giving wealthy” do so exceedingly generously in absolute terms and when measured as a proportion of income. The task is not so much to persuade the givers to give more – welcome as that would be – but to persuade the non-donors among the wealthy to become donors. The aim is to build a sustainable base of support with their help.

Philanthropy is not all about money or new buildings

- At its best, philanthropic support not only adds financial resources to an institution, but also brings the intellectual and emotional engagement of the donor. Philanthropists are attracted by innovation, excellence and energy; their gifts also help to drive these qualities. Donors may have useful wisdom to add to the academy, whether to its governance, operations, or its core academic pursuit; “gift agreements” should define the terms of engagement. It is notable how often interactions between donors and the projects, academics and students they support generate optimism and enthusiasm. This is a virtuous circle.

- Donors give to universities that solve problems, rather than to ones that have problems. They like to add value. Knowing that the institution is well led and effectively governed, with ethical policies and efficient structures, builds confidence and engagement.
- Focusing on donor motivation unlocks the biggest gifts. That is highly individual but it may be informed by culture, religion and family practice. In Asia and in the Confucian tradition, respect for learning runs deep. Some cultures enjoy alignment with “cutting edge” work. Unsurprisingly, donors show little interest in paying for basic infrastructure, which they – and most of the academic community – regard as the business of the Government.
- Gift acceptance issues should be considered alongside other areas of risk that vice-chancellors need to manage in the business of running the university (such as the ethics governing research and knowledge transfer). All such questions need to be considered carefully in the light of an institution’s overall values and care for its reputation. Structurally, universities offer a high degree of scrutiny and accountability.

The current UK climate for philanthropy is good, but more can be done

- UK Governments in recent times have framed the funding of higher education so that it draws less from the public purse and more from individuals (if and when they earn enough). This shift has changed the landscape quite profoundly. It presents both challenges and opportunities for philanthropy.
- Concern has been expressed that there will be greater difficulty in encouraging alumni to support universities at a time of increased student fees. There is no evidence from outside the UK, however, that the rise in fees in England will necessarily prove a deterrent to future support in the medium-to-long term. Indeed, a number of commentators have made the point that people tend to value what they pay for, and drawn attention to the robustness of giving to US and Canadian universities, fees notwithstanding. Evidence from the US also shows that a high quality student experience will be critical in how alumni view their university in the future – and how willing they are to support it.
- Tax incentives – while they rarely trigger generosity in a stony heart – send signals about the Government’s interest in encouraging philanthropy and help reinforce social expectations. Institutions and donors alike are well-served by a Government that generates consistent messages and joined-up thinking. For the taxation of gifts of income, the UK has a regime that, while a little complex in structure, is as encouraging of giving as that prevailing in the USA. This is underpinned by Gift Aid and Payroll Giving, and by the welcome abandonment of suggestions for a 25% cap on tax relief for charitable gifts.
- For gifts of capital, the treatment of gifts of listed securities and real property and the new inheritance tax provisions are powerful tools that decrease the tax impact of giving and thereby increase the amounts that are given. However the UK still

lags behind North America in two particular areas: gifts of broader classes of asset than listed shares and property, and gifts with reservation.

- Matched funding has worked for universities in England and Wales and should remain in the repertoire.
- The Government has endorsed the role of philanthropists through initiatives such as the Giving White Paper of 2011, and through envisaging an increasingly important role for philanthropy in arts and culture. There is a great deal to be gained by joined-up thinking in messages encouraging philanthropy. The Giving White Paper established a new honours committee to ensure recognition for exceptional and sustained philanthropy. The Government and society in general needs to applaud giving as among the highest forms of achievement, and to be seen to be doing so.

We set ourselves ambitious goals for the future

- We call on universities and colleges to be robust about the process of asking potential donors to give, but to understand that they will do so only when they feel that a relationship has been established and is valued. The object of support needs to be above and beyond what they might expect to be funded by universities themselves from other sources.
- In the US, after about 50 years of consistent fundraising, the participation rate from alumni of public universities is about 10%. A target of 5% for the UK within the next 10 years, with a number of universities achieving double digit rates, would put the UK onto the US track. This rise, from 1.2% today, will only be achieved by more asking, which in turn will rely on stronger, more durable alumni bonds.
- We stress the importance of investment in alumni relations to all universities and colleges. There are a huge number of ways in which alumni can give their support – through volunteering, acting as ambassadors, recruiting graduates, recommending the university to others, commissioning research and so on. We recommend that alumni relations activities are strategically focused so as to strengthen institutional goals through the engagement of alumni, students, former staff and other friends, and also by the creation of benchmarks against which interest, engagement and commitment can be measured and improved.
- We see lessons to be learned from the arts and charity sectors, for instance in growing experience in using new media in fundraising (text messaging, social networking, viral media etc) and in legacy giving, making use of the Legacy10 provision (where anyone leaving 10% of their taxable estate to charity will qualify for a reduced rate of inheritance tax), among other opportunities; we see particular openings for fundraising for medical and health-related causes, sometimes in partnerships; and we envisage greater prominence for academic champions of institutional philanthropic priorities.

- Over the next decade, we expect that many more activities across higher education will be funded either purely or largely by philanthropy, adding value and flexibility across institutions. To develop this strand of investment, universities need consciously to strengthen a culture of philanthropy around them and to embed relevant expertise and conviction. Skilled fundraising professionals remain in short supply. Workforce development for this group is a priority.
- We expect that the geographical profile of giving will shift towards Asia, and that more effort and expertise will be expended in achieving an understanding of giving cultures all over the world. Ethics will be increasingly signposted, with the consequences of the Woolf Report leading to more robust principles and procedures for handling major gifts.
- We envisage that every university will have an account, by the end of the decade, of the good work being made possible through acts of generosity. As well as big projects, we expect that thousands of students will have been helped to attend universities by the award of scholarships and bursaries, and we urge the recipients of all such awards to think about giving back to their universities – or forward through their universities to the future – when they can.

Recommendations

Recommendation 1: All universities should develop institutional advancement plans – including fundraising, alumni relations and communications activities – based on a clear understanding of their own distinctiveness, goals and particular opportunities. There is a range of good practice for them to consider in shaping these plans, much of it now drawn from within the UK. They should invest consistently with a view to longer-term benefits.

Recommendation 2: Universities have a responsibility to engage actively with external supporters. In particular they should build purposeful and business-like relationships of mutual respect with major donors so as to enable philanthropic investments in the institution that are strategically aligned and satisfying to both parties.

Recommendation 3: The mechanism of matched funding is effective in incentivising giving and in capacity-building. It would be good to construct a cost-effective follow-up HEFCE scheme whenever resources are available. In the meantime and additionally, the university sector and individual HEIs should work with donors to create imaginative local opportunities for challenge funding.

Recommendation 4: A stable and predictable fiscal framework is a requirement for a high level of giving. In this context, Government should:

- **On income tax relief, continue its commitment to the Gift Aid and Payroll Giving schemes, and to the direct connection between the tax for which an individual is liable and the tax relief available on giving that income away.**
- **Support initiatives to make the administration of the schemes simpler and more transparent for donor and charity, and continue its welcome commitment to allowing charities to recognise the generosity of donors without compromising the Gift Aid status of the gifts.**
- **On capital tax relief, extend the classes of asset that can be tax-effectively given away to include unquoted securities and chattels, with a minimum value on the latter. The Capital Gains Tax threshold of £6,000 for disposal of chattels is a suggested starting place. Government should be open-minded towards schemes that allow significant gifts of capital with reservation, for example Lifetime Legacies.**

Recommendation 5: HEFCE, working with Universities UK and GuildHE, should launch and support a public information campaign promoting the value of universities as a powerful channel for philanthropic investment and a good cause of wide social interest. The higher education sector should actively support it.

Recommendation 6: The Government should continue to celebrate and honour the significance of philanthropy, and of the donors who make it possible. Coherent thinking and consistent messages across the third sector, including higher education, are vitally important in valuing those who give while creating and sustaining a supportive environment encouraging a culture of generosity.

Recommendation 7: All universities should have clear processes and governance mechanisms for acceptance of gifts as part of their normal ethical and risk management frameworks. These must be underpinned firmly by the organisation's values, which should guide any decisions relating to the acceptance or otherwise of specific gifts.

Recommendation 8: In recognition of the key part that institutional leadership plays in successful philanthropic fundraising, Universities UK and the Leadership Foundation should identify champions of advancement within their membership who will promote the sharing of good practice and the education of those who have ambitions to become leaders of higher education institutions.

Recommendation 9: University governing bodies should strengthen their own competence and understanding of institutional advancement, expecting at least an annual report on the institution's activities in this field and ensuring that the selection criteria for incoming vice-chancellors include active engagement with fundraising and alumni relations.

Recommendation 10: Institutions should consider how best to embed fundraising within their infrastructure, such as providing a programme of support, learning and reward for academic and other staff who play an active role in philanthropic activities, and draw up a rolling plan to do so.

Recommendation 11: In order to embed good practice in advancement within institutions, HEFCE should create a pump-priming fund to which HEIs can bid for bespoke programmes to facilitate education in fundraising expertise and culture change at a range of levels.

Recommendation 12: The university sector and individual HEIs should make better use of the data and benchmarking analysis that is increasingly available so as to improve their own fundraising performance and should continue to improve data collection. They are urged to take part in the Ross-CASE benchmarking survey of fundraising in universities.

Recommendation 13: Universities should take active steps to grow a culture of philanthropy in their communities whatever the funding environment. The new funding arrangements for England accentuate opportunities to emphasise and enrich the student experience and to build a coherent transition from the student years to alumni engagement.

Recommendation 14: Given the pressing need for experienced advancement practitioners in this maturing field – and the range and complexity of issues identified in this report – HEFCE should fund a thorough review of workforce and training issues to assist in developing a clear set of specific recommendations.

Chapter 1: Introduction

9. This review, commissioned by the Higher Education Funding Council for England (HEFCE), assesses the state of play in 2012 in philanthropic support for higher education in the UK³. Looking back over the experiences of the past decade, it identifies progress and learning; looking to the decade ahead, it proposes actions to take in order to maintain the current considerable momentum. Our purpose is to identify good practice – by donors, by institutions and by Government – that will embed philanthropic fundraising in the attitudes and behaviour of UK universities. It is also to build confidence in the range of home-grown examples now available for consideration. “If you adopt realistic objectives and appropriate tactics, investment in fundraising works” – Vice-Chancellor
10. An important baseline for this review has been the 2004 Thomas Report on Voluntary Giving to UK Universities. The assumptions and recommendations of the Thomas Report have been revisited through the process and will be referred to many times in this report. The Thomas Report has stood the test of time. A central tenet expressed then and strongly affirmed here is that universities are charitable bodies: they have therefore not only the right but the obligation actively to seek and responsibly to handle philanthropic gifts.
11. A point of evolution from the Thomas Report is the recognition that philanthropic relationships are about more than money. They help to unlock latent value of a range of kinds within higher education and within individual universities and assist in communicating and sharing that value widely. This is a process that requires more than a narrow focus on fundraising. Although at times this report discusses professional fundraising and development practice, it also uses the term “institutional advancement” to capture the strategic and synergistic overlap between development, alumni relations, supporter engagement and communications functions⁴.
12. At the heart of this review lies the conviction that higher education matters enormously and, in parallel, that philanthropy is a force for good. Giving to higher education makes a partnership of immense power and value. The responsible use of wealth, solidarity across the community and shared purpose for worthwhile aims are ideas that resonate in times both of uncertainty and of prosperity. In the current *zeitgeist*, universities have a critical role to play. And donors, on all scales, enable remarkable people to achieve significant ends in shorter timespans than would otherwise be possible.
13. The “case for support” for universities is touched on many times in this report. In essence, universities transform individual lives. There is no one they do not touch. Via a complex interplay of disciplines they tackle society’s most perplexing issues (from the environment, to health, to social injustice), addressing causes rather than symptoms. They provide cultural and sporting infrastructure and vitality. They are the knowledge

³ The review was commissioned by HEFCE. Much of the research, data and findings are applicable across the UK, however.

⁴ See Glossary of terms in Appendix 1 .

base that is the foundation of our international competitiveness and economic growth. They are engines for community and regional cohesion and identity. They help shape the way we live and behave. They are an asset in which the UK has unusual comparative advantage⁵. “Higher Education is a jewel in UK PLC” – Foundation Director

- 14.** All of this is of the greatest significance, both within and beyond the confines of the campus: what society expects of universities has never been more demanding; universities themselves wish to offer more to their communities and to the world. In a context where the obligations on recipients of both public funding and private philanthropy are increasing, it is critically important that universities explain clearly, vigorously and repeatedly what they are for and what they make possible.

Audiences for this report

- 15.** It will be clear from the Recommendations that this report is intended to be of use not just to the higher education sector but also to Government (including representatives of the cultural and third sectors as well as the Department for Business Innovation and Skills), to donors, to business, to the media and to the community at large. We have a common interest in the prosperity of UK universities and in the growth of philanthropy to enrich the society we share. More particularly, the report may serve as a sort of handbook to university personnel at all levels, including governors, vice-chancellors, deans, heads of professional services and fundraising practitioners – all of whom contribute to accelerating philanthropic giving to their institution.

Evidence base for this report

- 16.** Over 500 voices have been heard in the creation of this report. The contributors are acknowledged in Appendix 2.
- 17.** A significant volume of data, both qualitative and quantitative, was assembled in order to inform the findings. A literature review of more than 75 academic papers and other publications was carried out and is detailed in Appendix 3. Data was analysed from five years of the Ross-CASE survey, the most comprehensive collection of UK data on overall fundraising progress in higher education. Correlations between fundraising success and a range of factors can be found in Appendix 4. An analysis of our data methodology, which led to a new division of institutions into groups by a combination of year of obtaining university status and length of activity in advancement, is set out in Appendix 5. Drawing on Ross-CASE data and other intelligence to ensure an appropriate cross-section of higher education institutions (HEIs), 55 people were interviewed in person or on the telephone, 35 from 23 institutions as well as 13 donors and seven others with an interest in higher education. Selected quotations illustrate their views throughout, while case studies exemplify particular practice.

⁵ See HEFCE Higher Education – Business and Community Interaction Survey 2010-11 and Universities UK publications *Driving Economic Growth, Beyond Bricks and Mortarboards, Higher Education in Facts and Figures* and *Big Ideas for the Future*.

- 18.** In order to include as many views as possible, both representative and personal, an open consultation has taken place, which attracted over 450 responses online and in written form. Details of the consultation are available in Appendix 6.

Report structure

- 19.** The core of this report (chapters 3-6) addresses four questions posed by HEFCE in order better to understand and so to improve philanthropic giving to UK universities: what we can learn by understanding donors to higher education (chapter 3); what actions Government should take to encourage philanthropy further (chapter 4); the impact of philanthropy on higher education (chapter 5); and lessons institutions can apply in order to strengthen and embed their philanthropic potential (chapter 6).

Framing this is a retrospective assessment of the highly positive experience of the past ten years (chapter 2) and a forward look toward the next ten years, which requires the navigation of some unknown territory (chapter 8).

Some of the mythology of fundraising as it has grown up around UK universities is also explored (chapter 7) to test its reality and applicability against the growing body of data and experience now in evidence.

Chapter 2: The past ten years

- **Capacity-building is working: fundraising performance correlates consistently with investment.**
 - **Giving to universities has become more popular. The activities of the past decade have resulted in higher philanthropic revenue, a steady rise in the number of donors (large and small) and a marked increase in professionalism.**
 - **The challenges set out in the 2004 Thomas Report have been substantially met.**
 - **There are now many good examples of fundraising universities in the UK, rather than a handful of universities with fundraising offices.**
- 20.** As the 2004 Thomas Report into Voluntary Giving to UK Universities pointed out, the “advancement of education” is one of the oldest definitions of charitable purpose. But the sense of fundraising as an instrument of institutional strategy and a professional business in which universities need to invest is a mere quarter of a century old. The Campaign for Oxford of the late 1980s, an Association of University Administrators (AUA)⁶ conference on fundraising in 1989, the creation of CASE Europe (Council for Advancement and Support of Education) in 1994 and the formation of the Development Directors’ Forum (forerunner to the Ross Group) in 1997 were landmarks. All of these were examples of the sector taking initiatives to understand and improve institutional practice. The Thomas Report, set up in the wake of the Government 2003 White Paper on the Future of Higher Education, provided an important prompt. This HEFCE Review of Philanthropic Support for Higher Education looks back therefore over a decade of accelerating engagement between external donors and internal agents generating philanthropic activity.
- 21.** Philanthropy to universities in the UK has a far longer history than the past ten years. It dates back to at least 1284⁷. Right across Europe there are examples of universities and colleges and schools founded and sustained by charitable intent. British civic universities were created by public-spirited action from families such as Wills in Bristol and Cadbury in Birmingham⁸. The Vice-Chancellor of the University of Sheffield is clear that his university was established “by public subscriptions and the donations of ordinary working people”. The 1960s institutions initiated by the Robbins Report, such as Warwick and East Anglia, were launched with public appeals to their region. There is no university in the country, however young or old, that has not been touched by philanthropy. The

⁶ For Glossary see Appendix 1.

⁷ A gift of 50 marks “for the support of poor students” was made to the University of Cambridge in that year, as former Vice-Chancellor Professor Alison Richard has reported.

⁸ It is estimated that giving in the eighteen years after the foundation of Yorkshire College in 1872 to what became the University of Leeds is worth, in 2012 terms, between £66m and £150m, for example.

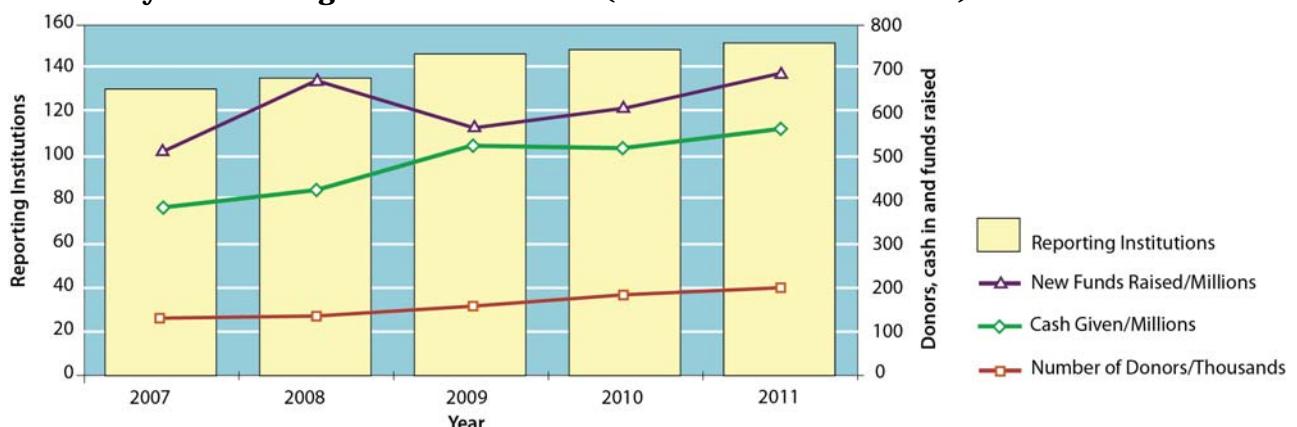
evidence rests in the names, familiar and less familiar, attached to buildings, chairs, institutes, scholarships, academic programmes and student facilities on every campus, honouring the people who have made these possible – from Bodley to McEwan to Wolfson to Sainsbury to Murray Edwards. Although the UK tradition of philanthropy for higher education may be less celebrated than the parallel tradition in the USA – muted perhaps by national diffidence and downplayed as it was by the rise in the role of Government in funding institutions after the second world war – it is nevertheless authentically our own.

Case Study: building a culture of philanthropy

The University of Sheffield was proudly founded on philanthropy. In 1905, the local citizens raised £50,000 in penny collections to contribute to the creation of their university. Yet by 2002, that honourable habit had somewhat faded. In that year, the number of donors to the university was down to six, contributing a total of about £100 a year. Students and staff could pass through the campus with little sense of the people and gifts that had made their university experience possible. When the Development and Alumni Relations Office was set up in 2002, it set out not only to build stronger alumni relationships and to raise donations but also consciously to highlight the university's own philanthropic inheritance. A series of donor plaques and honour boards have been installed around the university as a tangible indication of what generosity can achieve. The plaques and the stories they capture demonstrate that donors come from all eras and walks of life, from pre-war alumni, to those who have only just graduated, to the founding citizens with their contributions of copper coins. In the past decade, 12,000 individual donations have amounted to over £30 million for the university. Students, alumni, staff and visitors now have a sense of the tradition of which they are a continuing part – and as a result can be inspired to continue this tradition themselves in the future.

22. We have seen remarkable progress. Six years ago, across the UK 131 institutions reported £513 million in total funds raised⁹ at the end of the financial year 2006-7 from 132,000 donors. Five years later this had risen to 152 institutions reporting £693 million from 204,000 donors – 16% more institutions reporting an overall rise of 35% in funds raised and 54% more donors.

University fundraising results 2007-2011 (source: Ross-CASE data)



⁹ Funds raised means all new commitments made to an institution in a year. So a cash gift unplanned at the beginning of the year, and the whole value of a multi-year pledge secured during the year both count as "funds raised." It does not include payments made in respect of pledges secured in earlier years.

- 23.** It is notable that the momentum of this progress has thus far continued to resist the drag of the recession, of continuing economic uncertainty and the progressive increase in student fees in England. Contributing to this achievement are over 150 HEIs that now have some sort of development office and alumni relations capacity, thanks in no small measure to the impetus of the Matched Funding Scheme 2008-2011 and the Universities UK (UUK) managed capacity-building scheme that preceded it, which were key recommendations of the Thomas Report. (See chapter 4.)
- 24.** The Universities of Oxford and Cambridge have led the way. Building on powerful advantages (including 800 year histories, high-profile brands and an intimate, collegiate, undergraduate experience), they have delivered the first two £1 billion+ campaigns¹⁰ by UK universities – the philanthropic equivalent of the 4-minute mile and the most successful major gift fundraising of any charitable organisations in Europe. They have helped raise the expectations and the sophistication of other institutions (including leading mainstream charities and cultural bodies), of donors and of professional advancement staff. We applaud the achievement – though it is important that other organisations without the same set of assets remain level-headed about what they can achieve in comparison. We also applaud a range of other institutions that have done impressively well. (See Chapter 7, Myth Busting, “Cumulative Advantage”.)
- 25.** The annual Coutts Million Pound Donor Report from the Centre for Philanthropy at the University of Kent confirms that higher education accounts for more £1 million+ gifts than any other sector. Naturally this includes gifts to the usual suspects. But the list is widening. Universities attracting seven-figure gifts in recent years include Aberdeen, Bath, Birmingham, Edinburgh, Exeter, Glasgow, Huddersfield, Kent, King's College London, Leicester, London South Bank, Loughborough, Manchester, Middlesex, Nottingham, Nottingham Trent, the Royal College of Art, the School of Oriental and African Studies, Southampton, University College London and others.
- 26.** A small number of major donors account for a high proportion of philanthropic giving to education. But one of the strongest signs of the past few years that universities are seen as vehicles for public good is the steady rise not only in the sums given to universities but in the number of donors making those gifts. Generosity to universities is not just the province of JK Rowling and James Dyson, of the Wolfson Foundation and Santander UK, but is flourishing in a community of ordinary alumni, parents, neighbours and supporters of what universities stand for and do well. The habit of giving is growing, in step with institutions' increasing commitment to a culture of asking.
- 27.** It is gratifying to revisit the challenge in the Thomas Report that “if higher education can raise its share of donations to the proportion seen in the USA, the sector would receive £600 million annually”; it has done so, within the seven years since the challenge was issued. In Chapter 8, we set the sector a new challenge for the decade ahead.
- 28.** A significant gain of the past ten years is the availability of increasingly robust management information, including data on the revenue and costs of fundraising. At the

¹⁰ In this report, “campaigns” is generally used to mean a focused and exceptional fundraising effort by the institution. For example, King's College London's World Questions| King's Answers campaign www.kcl.ac.uk/kingsanswers/index.aspx

time of the Thomas Report in 2004, almost all the data on higher education fundraising available for consideration derived from North America. The dogged evolution and increasing openness of the Ross-CASE survey capturing key philanthropic statistics, to which all but a small handful of HEIs in the UK have contributed, now provides the basis for insights and broad benchmarking that can be used to understand relative performance, a valuable asset for Vice-Chancellors and professional advancement staff alike; an asset also that needs to be developed further in the years ahead (see chapter 7).

- 29.** In order to analyse and present data meaningfully across the range of HEIs, we have opted to group universities not by mission group, as has been the previous practice, but by age of foundation or year of obtaining university status. See Appendices 4 and 5 for grouping, methodology and results.

The Matched Funding Scheme 2008-11

- 30.** The Government made available up to £200 million for a matched funding initiative for England, intended to incentivise giving to universities and to encourage professionalism within institutions. It allowed HEIs to apply to take part in one of three tiers. Tier 1 allowed a match of 1:1, capped at £200,000 over three years. Tier 2 matched at 1:2 (i.e. 50p match for every £1 raised), with a cap of £1.35 million. Tier 3 matched at 1:3 with a cap at £2.7 million. Full details of the HEFCE scheme can be found in Appendix 7.
- 31.** In Wales a separate matched funding scheme drew on £10 million from the Higher Education Council for Wales (HEFCW) and was structured in two capped tiers, matching 1:1 for lower level fundraising operations, and 1:2 for more developed fundraising universities. Funds were also made available for capacity building.
- 32.** We have been able to draw on detailed results of the schemes here which show that they have proved an important and valued incentive for many HEIs, accelerating conversations and raising sights. For universities with less mature development operations they have proved a significant prompt for those institutions to think more deeply about the role that might be played by philanthropy. *"It provided a very good incentive for staff to be more creative and entrepreneurial."* – Vice-Chancellor
- 33.** There were two supportive elements to the HEFCE scheme beyond the provision of matched funding. The first was an extensive programme of capacity-building training in fundraising, delivered by CASE Europe over a four year schedule. The programme was separately evaluated in 2012. It proved to have reached widely across the university sector. More philanthropic gifts followed, along with more confident, technically accomplished and better-networked fundraisers. That training programme may well prove to be the enduring legacy of the Matched Funding Scheme. (See also chapter 6 on workforce development and Recommendation 14.)
- 34.** The second element was a public information initiative to provide contextual support to encourage giving to universities, underlining the message that universities are charities delivering wide impact to society. A campaign entitled "Give the Gift of Knowledge" was devised. In the event, it was suspended owing to a Government freeze on marketing spending. Recommendation 5 below proposes a resumption of this plan.

- 35.** For many institutions at all levels the Matched Funding Scheme overall has proved important in attracting new donors, and in adding urgency to the giving of both new and existing supporters. Details of the achievements of the HEFCE/CASE Matched Funding Award winners¹¹ are provided in Appendix 9 “The leverage was attractive and important.” “We stretched ourselves to go into the top tier, and saw it as an ‘essential spur’. We definitely raised more as a result – the combined message of gift aid and matched funding was compelling.” “The match helped us a lot; we promoted it in our alumni giving and saw it rise accordingly.” – Development Directors
- 36.** As a result, the English scheme made matched funding payments of over £143 million, triggered by around £580 million of giving by donors. Fifty-five institutions reached the cap within their respective tiers, while 43 others, although not meeting their own tier’s cap, raised more than needed to achieve the same level of match in the next lowest tier.

Case Study: reaching new heights

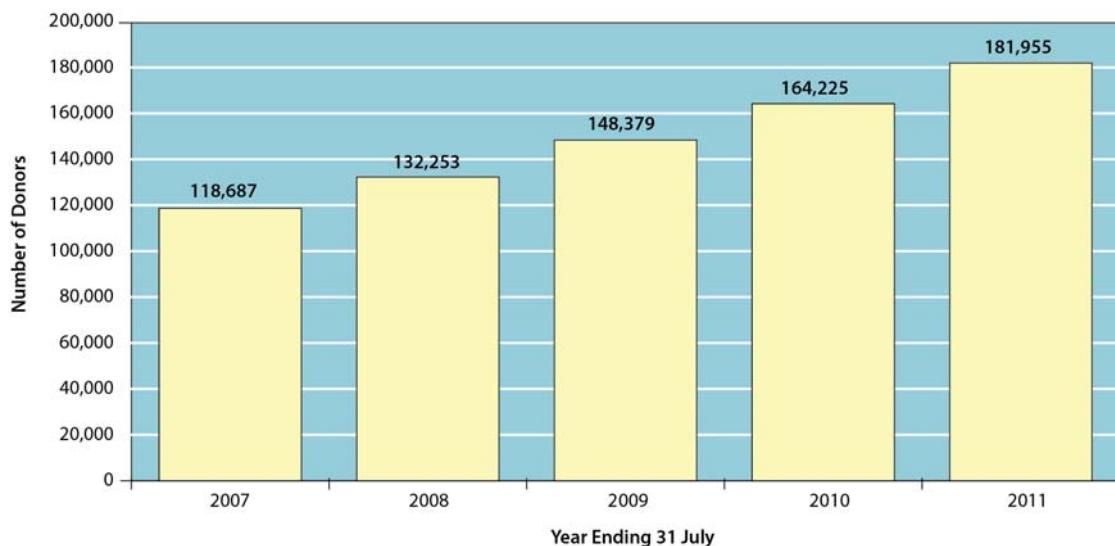
At SOAS (School of Oriental and African Studies), the director, governing body and senior management team realised the potential of the Matched Funding Scheme and sought to invest in and support a professional development and alumni relations function. A new team was appointed in 2007-08 with a brief to reconnect the school with its donors, alumni and supporters. The management team and many governors became actively involved with engaging donors and the early decision that matched funding income would fund student-facing projects, particularly scholarships, attracted wide support from staff, students and alumni. A new Alumni & Friends Fund was launched and raised £100,000 for scholarships, hardship support and a variety of student projects. During the life of the scheme, SOAS attracted a number of six- and seven-figure gifts from international philanthropists, foundations and alumni and reached its maximum £8.25 million tier 3 cap.

- 37.** The growth in absolute donor numbers in England has been very encouraging indeed, as illustrated by the chart below. The acceleration in numbers during the period of the scheme is noticeable and is set against a background of challenging economic times: growth in giving to higher education has been maintained in a period when giving to other UK charities has declined and when, in North America, giving to higher education also decreased¹².

¹¹ CASE Europe initiated an awards programme for 3 years in the context of the HEFCE scheme to highlight good practice and celebrate achievements.

¹² HEFCE Circular letter 14/2012.

Number of Donors to English Higher Education



38. It is clear that the leverage generated by the idea of matched funding is very attractive to donors at all levels. It acts both as an incentive and a stopwatch; it gives the donor a significant sense of value for money.

Case Study: matching the match

At the University of Huddersfield, fundraising is a cross-institution effort. Individuals and groups, from senior management to lecturers and students, are involved in raising money for the university. During the Matched Funding Scheme, Vice-Chancellor Professor Bob Cryan asked staff, students and members of the local community to donate money that would then attract Gift Aid. Professor Cryan also offered to match donations of up to £10,000 with his own money. His matches, too, attracted Gift Aid, making each original £1 donated worth £2.50. HEFCE's Matched Funding Scheme then doubled this to £5. The university then supplemented the funds, making every £1 donated worth £10 altogether. Within three days, Professor Cryan had raised gifts worth £10,000, with the student body donating £3,000 and over 400 staff members making gifts to the university. A local donor, Graham Leslie, then gave £100,000. Over the course of a month, the university created a £1.1 million scholarship fund, which it then supplemented from its own income to create a £3 million fund available to support 10,000 students.

39. The Matched Funding Scheme was preceded by a pilot, capacity-building scheme, administered by UUK. Twenty-seven HEIs bid for £7.5m of funds to invest in fundraising infrastructure, which they had to match themselves. Appendix 8 contains analysis of five years of fundraising by institutions in the UUK scheme compared with the rest. There is clear evidence that those universities dating from the 1960s or earlier that received capacity-building grants have grown their relative fundraising success more quickly than those that did not receive such grants. The evidence from younger universities is less conclusive, but the proportionate sample size is smaller and advancement practice in those organisations was often at a very low level. It may also reflect the prohibition, under

the terms of the scheme, on spending the grant on alumni relations work¹³. The grant will have allowed the older universities to capitalise on their more developed alumni relationships.

The ethics of HEI engagement with philanthropy

- 40.** Improvement in fundraising performance has come with increased scrutiny, both internal and public, of the source and application of private gifts. This is a natural and appropriate development: attention is a kind of compliment to increasing fundraising success; it flows from the inherently critical nature of the academic community and from the increasing transparency of contemporary communications. At its best, philanthropic support not only adds financial resources to an institution, but also the intellectual and emotional engagement of the donor – indeed these can be a prerequisite for gifts of any substantial size. Donors may have useful wisdom to add to the institution, whether in its governance, operations, or its core academic pursuit. In this case the partnership brings benefits, and sometimes even transformation, to both parties.
- 41.** The correlated risk inherent in such partnerships has been most publicly illustrated by Lord Woolf's 2011 report on relations between the London School of Economics and the Gaddafi regime in Libya, much discussed by university governing bodies during 2011-12. The Woolf report dealt with a broader range of issues than the seeking and handling of donations, but it contains lessons relevant to this report, and is required reading for university governors, vice-chancellors, academics and administrators. Universities have been revisiting policies, procedures and a framework to ensure that an appropriate level of scrutiny takes place of all relationships with those who have something to gain from association with the institution. See Chapter 6 for future recommendations, which recognise this as an important issue but encourage a proportionate response.

Workforce development and capacity-building

- 42.** The rise in professional development staff and their competence is another cause for satisfaction, looking back over the past decade. “The sector should invest and professionalise” was a clear message from the Thomas Report that has been widely embraced. This is partly a matter of numbers. There has been a tripling in the body of fundraisers over six years to the 1,140 fundraising staff and 550 alumni relations staff reported in the 2010-11 Ross-CASE Survey. “Bench strength” matters: of the many measures contained in the Ross-CASE survey, the one that most consistently correlates with fundraising performance, across all ages and types of HEI, is the number of staff and the size of the budget devoted to fundraising and alumni relations¹⁴.

¹³ This restriction applied only to the pilot scheme and was not extended to the HEFCE Matched Funding scheme, where HEIs had discretion on the use of matched funds.

¹⁴ See Appendix 4 for more detailed analysis on fundraising performance and Return on Investment from Ross-CASE data.

Case Study: demonstrating the value of sustained investment

Over the last seven years the University of Birmingham has been steadily investing in its Development and Alumni Relations Office. Between 2003-04 and 2010-11, the level of new gifts increased by more than a factor of three from £1.765 million to £5.733 million.

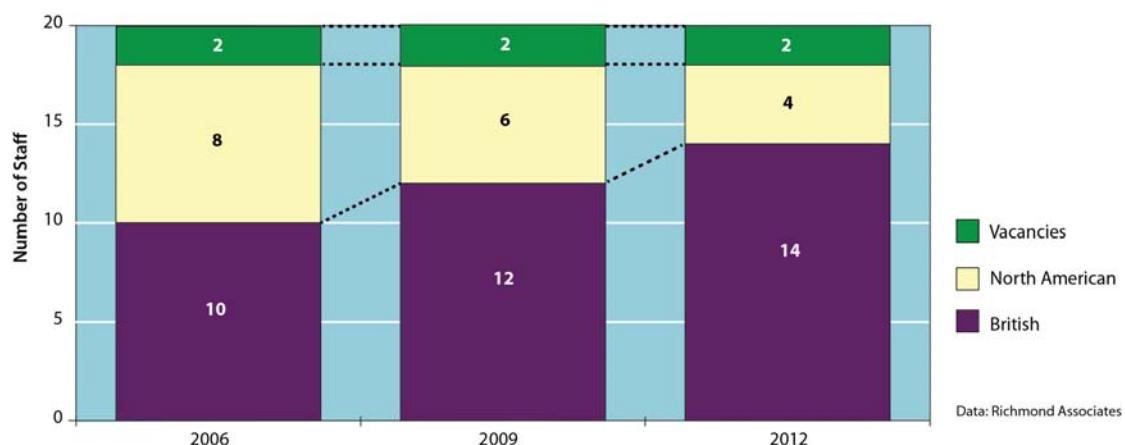
As a result the university is now able to count on a predictable and valuable level of philanthropic income. Results include:

- Construction of the Bramall Music Building providing a new home for the Music Department and a 450 seat state-of-the-art auditorium. The project included a successful naming campaign for around 250 seats, demonstrating widespread appeal.
- Gifts ranging from 50p to £5.6 million from alumni and donors in 150 countries.
- Scholarships for 350 students, awarded as part of the Access to Birmingham widening participation initiative.
- A growing number of alumni volunteers – in 2011-12 more than 500 people have given over 2,000 hours of their time to support the university.

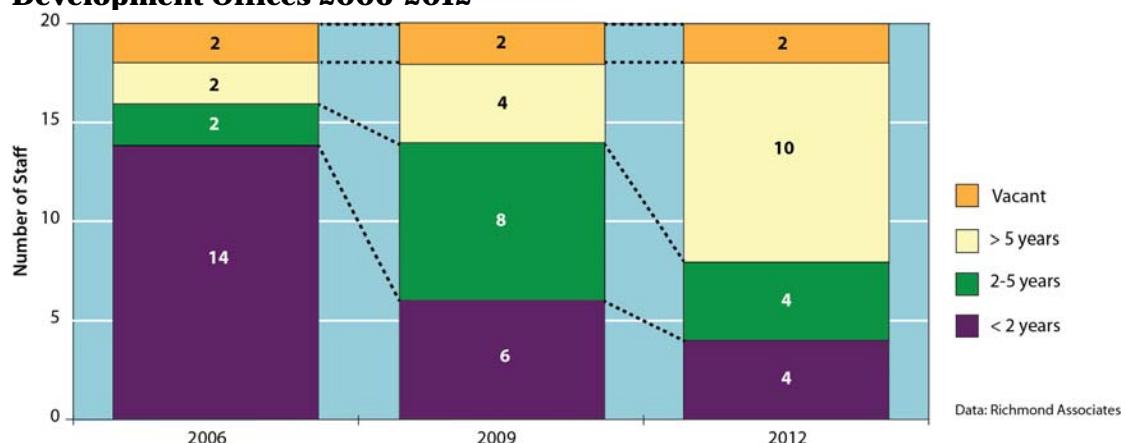
Investment continues with the objective of doubling philanthropic support to a steady state of at least £10 million a year by 2014-15, and radically to increase and deepen alumni involvement in the fabric of the university. By the end of 2012-13 the number of front line fundraisers will have doubled from eight to 16 and the expanded alumni relations team will be working closely with them, careers, marketing and other colleagues.

- 43.** There is a strong correlation too, between the input to fundraising – i.e. people and budget – and the return on that investment (ROI). It is important to note that there are times – especially in the early stages of building fundraising capacity, when up-front costs are high, and while expanding operations – where it is less appropriate to focus on ROI and more instructive to look at net yield. For example, if an advancement office spends £500,000 and raises £2.5 million, a net yield of £2 million is achieved, for an ROI of 20%. However if £3 million is spent to raise £10 million, while the ROI (30%) is worse, the net yield becomes £7 million. Care needs to be taken not to under-invest by focusing solely on ROI.
- 44.** In staffing, quality, experience, confidence and continuity all have an impact. The pioneering generation of UK university development directors had the dubious honour of seldom working for someone who knew more than they did about the task in hand. This was building the bike in transit. A common response to the skill shortage was the appointment of North American development staff. While the talent pool today remains frustratingly shallow (see chapter 6), home-grown experience has accumulated steadily, with the advantage that those being appointed more immediately understand the nature of the culture in which they operate. The charts below show over six years the origins of a group of development directors from 20 fundraising-active universities, and their length of service. It can be clearly seen that, in this group at least, the leadership of the advancement effort has become more stable and more locally developed than in the past.
“You couldn’t miss the thorough professionalism of the people concerned. The development team are not just positive but awfully good at what they do” – Vice-Chancellor

Comparison of Origin of Development Directors in 20 Older Development Offices 2006-2012



Length of Current Service of Development Directors in 20 Older Development Offices 2006-2012



- 45. In addition to importing talent, universities have made development appointments from the arts and from mainstream charities – with mixed experiences. Universities are peculiarly complex organisations and the nature of the case for support for education – the argument for giving to universities – can be markedly different in nature and in timescale from that pertaining to other charities (see chapter 6).
- 46. “Growing our own” young development staff and smoothing the path for mid-career appointees with transferable skills has been an important common endeavour of the past decade across the higher education sector – with some success – and remains a priority for future action. CASE in particular has drawn on its member universities in the UK and around the world to share expertise and good practice; virtually all UK university boats have risen with the resulting philanthropic tide (although some boats are clearer about their destination than others).
- 47. A number of training activities, again especially although not exclusively CASE-led, have been instrumental in raising aspirations and competence. The CASE Spring Institute in Educational Fundraising (SIEF), with its 1,265 participants over 11 years, is the training experience that development directors most often look for on the CVs of new recruits. Several CASE programmes supported by HEFCE under the umbrella of the Matched

Funding Scheme have been innovative for the present while also promising long-term benefits. These include the Graduate Trainee Scheme (27 participants) and the Leadership in Development Management (LDM) programme for mid-career professionals, including a North American study visit (79 participants). Programmes have also been promoted for academics who are involved with fundraising, mainly through a series of “Development for Academic Leaders” events.

- 48.** While SIEF has concentrated on the technical and the tactical for new recruits, the LDM in particular has helped in the transition from fundraiser to manager of institutional fundraising. Participants have gained not only a far clearer sense of how to run their own operations, but also a better understanding of what it is that their academic and administrative colleagues need to do for fundraising to become a *sine qua non* in their universities and colleges. This has helped embed in institutions the behaviours and structures necessary for attracting ongoing philanthropic support.
- 49.** Urgent need has combined with the talent shortage of the past decade to generate considerable fundraising velocity but it did so in a somewhat inward-looking and opportunistic way. Increasingly professional but not yet quite a profession; as university advancement officers enter a new phase of greater maturity it is appropriate to reappraise the needs of that workforce and the consequent training and regulatory environment in a broader context and over a longer timeframe. (See Recommendation 14.)

Institutional leadership

- 50.** The Thomas Report stressed the critical role of institutional leadership. The experience of the past ten years has borne that out. Indeed, the research for this report has not identified any successful and sustained fundraising programmes where the head of the institution is disengaged from the activity. If the vice-chancellor’s foot comes off the accelerator, momentum demonstrably falters. Another of the gains of the past decade is the number of vice-chancellors and other senior staff for whom philanthropic fundraising has become a natural expression of aspiration for their university and who work in a trusted partnership with their key advancement staff. [“This takes time but my Development Director and I are slow-burn people” – Vice-Chancellor](#)
- 51.** There is much cause for pride and enthusiasm in the achievements of the past ten years. They provide impetus, good practice and confidence to build on for the future. Yet there are external and internal factors that could have the capacity to inhibit fundraising success. Not least among these are the global economic climate and a radical new undergraduate funding regime in England. (See chapter 8.)
- 52.** There are also other worrying indications masked, to some extent, by the successes of recent years. Among these are the number of universities whose advancement operations might be regarded as “at risk” owing to the time taken to break even and, perhaps more worryingly, the vulnerability of even proven advancement operations to changes of institutional or office leadership; the still modest (but slowly improving) level of alumni giving overall; and the surprising underperformance of some institutions that should surely be able to do better.

53. There is continuing scepticism (and genuine concern) about fundraising within sections of the academic community and cynicism beyond, especially in the media. Some universities have the experience not of immature operations so much as serial start-ups, often because of the appointment of insufficiently experienced staff or because early expectations were set too high; sometimes because vice-chancellors and registrars have lost confidence or changed tack. Stop-start makes for a bumpy ride and a longer journey.
54. As university advancement moves into a second, more mature and better-informed phase, it is important to draw on data, lessons learned and effective practice from within and beyond the UK to create more finely tuned models for what an ambitious but realistic fundraising programme should look like. This has to be done in a manner that respects and honours the ecosystem of the UK's HEIs. An Oxbridge campaign model is not a template for a 1990s HEI, nor will an effective 1960s university advancement function necessarily resemble one for a performing arts institution.
55. This report, therefore, seeks to identify, encourage and contextualise effective practice, and tests a number of propositions about institutional advancement that have thus far been perhaps over-eagerly accepted. *"This is a wholly different situation from 10 years ago. We should celebrate and be proud of the progress."* – Donor

Recommendation 1: All universities should develop institutional advancement plans – including fundraising, alumni relations and communications activities – based on a clear understanding of their own distinctiveness, goals and particular opportunities. There is a range of good practice for them to consider in shaping these plans, much of it now drawn from within the UK. They should invest consistently with a view to longer-term benefits.

Chapter 3: Why donors give to higher education

- **The key opportunity for HEIs lies in the way universities are perceived as charitable causes and in particular on the force of their “case for support”.**
- **Donors like to add value and to make a difference. They regard the provision of core funding for infrastructure as the Government’s business.**
- **Focusing on donor motivation unlocks the biggest gifts. For many major donors, meeting students and other beneficiaries is the most rewarding form of donor “stewardship”.**
- **Money can be transformative. But this is not just about money.**

56. “Donors will give to universities”, asserted the Thomas Report. And so it has proved. *“If you believe in young people and you want a good planet and community in 20 years, then you give to universities” – Donor.* The simultaneous growth in philanthropic revenue to UK universities and in the number of donors, set out in chapter 2, is both validation and encouragement. The experience of getting to know and understand donors better has been highly educational for institutions.
57. Identifying the reasons why potential donors do not give is not straightforward, since by definition the relationship between fund-seeker and potential benefactor may not be close. One submission to the open consultation for this review cited these obstacles: scepticism about why donations are needed (“the university is rich”); lack of a personal philanthropic habit (so that a gift of a token amount unrelated to capacity is felt to be sufficient); competition from other charities that have a more emotive appeal. Each of these reservations present challenges in communications as the sector collectively contributes to changes in the culture of giving.
58. Over half the UK population gives to charity each year, yet only 1.2% of UK alumni currently give to their university (cf circa 10% at US public universities). These figures should be a wakeup call. They indicate the scale of the potential improvement for universities in engaging their supporters and conveying the understanding of the charitable impact universities deliver. While this review has uncovered some sobering instances where donors found it frustratingly hard to get a university to respond to an intended gift – in effect through a lack of fundraising-readiness; or where donors expressed a reluctance to give again, essentially because of poor stewardship of their first gift – the key opportunity for HEIs lies in the perception of universities as charitable causes, or otherwise, and in particular on the force of their case for support. Reflecting on these issues, there are a number of lessons to be learned, which will stimulate and safeguard future growth.

59. There are core attributes to effective fundraising that all HEIs should recognise.

- Fundraising is most effective when it is an expression of the institution's mission, identity and strategy; a process that is integrated into the institutional mindset rather than bolted on to the edge. Close alignment with strategy builds internal momentum and facilitates appropriate external partnerships with supporters. Donors respond to clarity over the institution's overarching story and want to understand its highest priorities. The intersection of institutional aspirations with individual passions is fertile ground. When a university also invests in these projects, it demonstrates commitment to donors.
- The commitment and active involvement of institutional leadership is inescapable. Donors, famously, give to universities that solve problems, rather than to ones that have problems. Knowing that the institution is well led and effectively governed, with ethical policies and efficient structures, builds confidence and engagement. This can take time.
- Key donors – who account for the largest gifts – expect and deserve serious dialogue with universities as to the aim and use of their donations. They seek a purposeful and business-like relationship with the institution and its leaders. This too can take time.
- Universities need the mechanisms and the confidence actively to *ask* for gifts, in a timely and appropriate way. Reporting back on the impact of the donation and "stewarding" the donor is a requirement for any gift and may be the pathway to future gifts.

60. Beyond those principles, universities with different histories and opportunities can and should devise bespoke advancement plans that are tailored to their own situation and range of potential supporters. There are multiple routes to philanthropic engagement, as the case studies here illustrate: Harvard and Princeton tend to be breezily cited but it is counter-productive for the UK to become fixated on practice followed by the handful of US Ivy League institutions.

Case Study: the power of personal experience

Leeds-born entrepreneur and philanthropist, Terry George, who left school without any qualifications, has given £20,000 for a new programme to encourage working class teenage boys in Leeds to consider a university education at Leeds Metropolitan University. "The Aspire 2 Achieve programme is something I feel passionately about because it raises the aspiration of boys from similar backgrounds to mine and gives them the chance to make the right choices about their future", Mr George explained.

Case Study: flexible collaboration

Professor Nathu Puri gave £1 million for the Nathu Puri Institute for Engineering and Enterprise to foster enterprise amongst engineers at London South Bank University (LSBU) and elsewhere. He is working closely with the university to prepare the next generation of leaders for the engineering industry and to support the UK engineering industry's efforts to enhance its competitive advantage. Professor Puri studied engineering at the National College of Heating, Ventilating, Refrigeration and Fan Engineering, which became part of LSBU.

- 61.** Among the learning of the past ten years is the importance of distinguishing between “alumni” and “donors” – the two categories frequently overlap but are by no means synonymous. Some of the most significant gifts in value to a range of UK universities have come from non-alumni sources – not only from trusts and foundations and from corporations but also from individuals whose connection to the institution is based on belief in an area of expertise or regional affiliation or respect for its leadership. But the majority of gifts in number, and the majority of small gifts, have come from alumni. See Chapter 7, Myth-busting, “Most of the money comes from alumni”.
- 62.** In parallel, vice-chancellors have come to realise that “it’s not just about the money”; they value their relationship with alumni in connection with a range of outcomes, in fields including home and international student recruitment, curriculum development, mentoring, careers placement and growth in reputation. Word of mouth is potent. A growing band of informed supporters who champion the university is an invaluable asset, whether or not that support is expressed in directly financial terms. A university’s alumni relations activity can be refocused – and justified in times of tight budgets – through a strategic lens.
- 63.** The 204,219 donors who gave to UK universities in 2010-11 include trusts and foundations, corporate entities, and individuals, both alumni and non-alumni, during their lifetimes and through their wills. Their gifts ranged in scale from 50p to £50 million+. In addition to the categories already instanced, it is important to note that they include those who are already part of the university community: academic and other staff, students, parents, neighbours of the institution and users of its cultural and sporting offerings, for instance. They all matter. But universities are getting better at appreciating that donors have different and often personal motivations and that paying respectful attention to what potential supporters care about is the key to unlocking the biggest gifts.

Case Study: staff giving

The Institute of Education created a successful staff giving programme by championing a traditional approach to philanthropy. A campaign for a Centenary Scholarship for a postgraduate international student was launched in 2007. The institute agreed to use money from its matched giving programme to leverage gifts from staff and the institute’s director, Professor Chris Husbands, personally offered to match the money raised. Fundraising took place over an intensive week and included cake stalls, auctions and prize draws, as well as face-to-face fundraising from staff. Numbers of staff donors to the institute rose from two in 2006 to 150 in 2011 and students are now benefiting from a series of scholarship awards.

- 64.** Donor motivation may vary at different points in the individual life cycle – and the capacity to express that motivation also of course fluctuates. Touch points mentioned by donors to this review included the years at which their children went to university, the death of a parent and passing the age at which a parent had died.
- 65.** Donor motivation may be informed by culture, religion and family practice. In Asia and in the Confucian tradition, respect for learning runs deep. Some cultures enjoy alignment with “cutting edge” work. Understanding the force of these motivations is important both for institutions forming international relationships and for those living among substantial ethnic communities.

Case Study: a public appeal engaging the whole community

The University of Leicester appointed its first development director in 2008. When in 2011 the university set out to raise £1 million to help complete and equip the new £12.6 million Cardiovascular Research Centre at the Glenfield Hospital, a myriad of groups and individuals from Leicester's diverse ethnic communities provided support. Cardiovascular disease, the UK's major killer, disproportionately affects the South Asian community – effectively 25% of Leicester's neighbourhood. The appeal touched the hearts of many people, including friends and family of heart attack patients, and generated a variety of fundraising initiatives from skydives to sponsored golf tournaments.

The target was achieved in less than a year, following a gift of £500,000 from leading local philanthropist David Wilson. This successful public appeal was matched by a dedicated major gifts programme which yielded a further £4 million for the Cardiovascular Research Centre. In August 2012 a further £7 million, the university's biggest ever donation, came from the John and Lucille van Geest Foundation to provide an associated £2.5 million Biomarker Facility and a £4.5 million endowment to establish a Heart Research Fund.

Case Study: international relationships

Lebanese-born businessman George Farha is one of a growing number of international alumni who are supporting universities in the UK. Raised in the United Arab Emirates, George Farha studied Chemical Engineering at University College London (UCL) in the early 1990s. Today he runs a series of businesses and investments that operate throughout the Middle East, North America, Asia and the UK, and he is now settling once again in London with his family.

Driven by his desire to contribute to the experience of UCL's students, to do what he can to ensure they have a world-class experience, at a world-class university and in a world-class city, George made a significant donation to refurbish a café – now the George Farha Café Bar – within a much-needed new Student Union building. The facility is now a hub of student activity, and offers a space for students to study and socialise over coffee or lunch.

- 66.** In chapter 5, this report considers the impact of philanthropy on higher education. What, for their part, do donors ask of universities? “*We need to know there’s a plan. We want you to keep us informed. Make us proud of our connection with you.*” – Donor
Philanthropists are attracted by innovation, excellence and energy; their gifts also help to drive these qualities. They like to add value. Unsurprisingly, donors show little interest in paying for basic infrastructure, which they – and most of the academic community – regard as the business of the Government. They often expect university investment in the project too, demonstrating institutional commitment and a realistic balance between types of funding.
- 67.** Donors have different philosophies. Major donors (those that give more than, say, £10,000) in particular give from conviction. Research for this report has reinforced the importance to many donors of a widespread sense of obligation, to “give back”, in recognition that their university experience has enriched their lives and opened the door to their own wealth; it is also increasingly common to hear donors talk, in effect, of

“giving forward”: to progress a cause, to contribute to a local community, above all to make a difference. It follows that donors have a reasonable and lively interest in seeing the impact of their gift. Delivery and communication of progress toward outcomes and measurement of impact is important, even if things are not going to plan. “[They love the tangibility of funding particular students, having the chance to meet them. They also believe in the ripple effect, that each student funded will go back into their community and do good work](#)”. – Philanthropic adviser

68. Donors have choices. Philanthropy does not respond to compulsion and although alumni have a natural, potentially life-long association with their university, the institution would be ill-advised to expect it can “own” their generosity without earning it. “[Much fundraising puts onto alumni an obligation they didn’t know they had](#).¹⁵ Contributors to this review were relieved that the Government has dropped the notion of converting the repayment of student loans into a regular giving mechanism. Development directors prefer the chance to build a close relationship based on volition and shared interests to an impersonal form of levy.
69. Donors who participated in the research for this report typically gave to more than one cause – and indeed several give to more than one university. Donors talk to each other and can compare and contrast. If they lose confidence in the organisation, having done due diligence, they will not give again. In this context maintaining continuity of dialogue is essential – having a regular relationship with one named fundraiser alongside institutional leadership is helpful.
70. Donors are often highly attracted by the idea of their gift leveraging further funding – by enabling institutions to attract more philanthropic gifts, Government funds or research income. This is one of the reasons matched funding schemes are appealing and why some donors are willing to let – or to propose – their own gifts be used as a match.

Case Study: the Moritz challenge

The biggest philanthropic gift for undergraduate financial support in European history will underpin a major new scholarship programme at the University of Oxford – making it possible, starting in autumn 2012, for students from low-income backgrounds to complete their studies with zero upfront study and living costs. The transformative programme is founded on a £75 million commitment from alumnus Michael Moritz and his wife Harriet Heyman which, with a “matched funding challenge” to the collegiate university, will generate an unprecedented total of £300 million to support UK undergraduates from lower-income backgrounds.

The total gift of £75 million to Oxford will be made in three tranches of £25 million. Each £25 million will be matched by the equivalent of investment returns of £25 million from the university’s own endowment, making £50 million in total. Then there will be a challenge to the collegiate university and its supporters to match that £50 million through further philanthropy. Only when the £25 million stimulus has led to a full £100 million for student support will the next £25 million be given. This process will happen three times over, until Moritz and Heyman have donated £75 million in all and Oxford has a total of £300 million dedicated to undergraduate support.

¹⁵ Rich Mintz, Blue State Digital to CASE Europe Annual Giving Conference, 2009.

- 71.** The new generation of wealthy people who have made their own money, rather than inherited it, have high intellectual and business expectations of their causes. These donors often have expertise and business knowledge of benefit to institutions, beyond their philanthropic investment. They want to be engaged and taken seriously, to be part of the intellectual endeavour, not taken for granted. “*You give because of what you expect the gift to do for the organisation, because you want the university to succeed. Your interests go wider than your particular donation: you care about the fundamental purpose and philosophy of the organisation that shaped your decision to make the gift.*” – Donor
- 72.** Donors have rights. In the past, universities’ stewardship of donors and their gifts has often been inadequate and inconsistent. This is improving, with mature advancement offices now having thoughtful stewardship plans for high level donors, including communications about the impact of gifts. But it remains an area to be strengthened. All donors need to be thanked and some will wish to have their gifts appropriately celebrated, which, indeed, helps advance a culture of philanthropy through modelling good behaviour. But it is by no means the case that a desire to see a name in lights is an invariable driver for the biggest gifts (although many academic colleagues are under this apprehension). Meeting students and other beneficiaries is one of the most valued forms of stewardship of all. At that point, the business-like basis for philanthropic investment merges into an emotional return. The chance to engage with university “treasures” whatever they may be (e.g. art collections, music performance, archive materials) is also highly valued by some donors.
- 73.** Several donors advised this review that they did not feel able to commit to large donations at the moment because of the economy. Advancement staff need to be sensitive to the financial reality of their supporters’ circumstances and to be prepared to offer thoughtfully structured opportunities to give over a longer period. Indications from the USA as reported in *Giving USA 2012* are that major donors are remaining cautious while the economy begins to pick up, more attentive than ever to the clarity of the case and the effectiveness and impact of their gift. The new funding regime in England, with the focus it places on student costs, was seen by many donors, large and small, as providing a compelling and urgent call for their support.
- 74.** The Thomas Report recommended greater recognition and celebration of giving to higher education both by institutional and national leaders. This report affirms a continuing need for recognition and celebration of generosity. The Matched Funding Scheme provided a framework and CASE made awards honouring donors to a range of institutions at all three levels of the initiative including, for example, the University of Wolverhampton, the University of Brighton and the Guildhall School of Music and Drama¹⁶. Many universities have established mechanisms such as a “Chancellor’s circle of benefactors” or “Alumnus of the year” awards, providing a focus for recognition and celebration. The media also has a part to play in shaping attitudes that encourage or demotivate donors.

¹⁶ The full list is included in Appendix 9.

Recommendation 2: Universities have a responsibility to engage actively with external supporters. In particular they should build purposeful and business-like relationships of mutual respect with major donors so as to enable philanthropic investments in the institution that are strategically aligned and satisfying to both parties.

“Organisations have to make up their mind whether they are forming a relationship with a donor or whether they’re simply a raiding party” – Donor

Chapter 4: The role of Government

- **Matched funding has worked for universities in England and Wales and should remain in the repertoire.**
- **The UK has as generous a system of tax relief on gifts from income as in the USA – although the USA's is simpler. Modest adjustments to tax provisions for gifts of capital can help further.**
- **Promoting public understanding of universities as “good causes” delivering social impact is a shared concern for Government and for the sector.**
- **Consistent messages across the third sector to celebrate philanthropy and honour donors will help create an environment of generosity.**

75. UK Governments in recent times have framed the funding of higher education so that it draws less from the public purse and more from individuals (if and when they earn enough). This shift is changing the educational landscape quite profoundly. It presents both challenges and opportunities for philanthropy.
76. In addition to the ways in which Government interacts with universities, Government action contributes materially to how donors behave, and is influential in at least three areas:
- Direct fiscal intervention, as has taken place with the Matched Funding Scheme and the earlier capacity-building scheme administered by UUK.
 - Fiscal policy – the tax and regulatory environment in which giving takes place.
 - Indirect encouragement and celebration of philanthropic behaviour. “[Mood is everything](#)” – [Donor](#)

Matched funding – impact and future

77. The Matched Funding Scheme (MFS) 2008-11 is reviewed in Chapter 2 above. It has brought about changes for the good for both institutions and donors. A number of universities have created their own challenge funding initiatives or added their own layer to the MFS (as in the Huddersfield and Oxford/Moritz case studies above). A version of the Government scheme is currently in operation through the Department for Culture, Media and Sport for the arts and cultural sectors, with £100 million available for matching. The mechanism is an increasingly familiar one.
78. Most matched funding schemes in other parts of the world have operated for longer periods with several iterations, often with adjustments to the ratio of the match, the level

of the ceiling or the framework defining participation. Hong Kong, Singapore and Ontario provide examples. When the UK scheme was announced by the then Prime Minister in 2007, there was a working assumption that a second opportunity might follow here too. Many contributors to this report expressed the hope that the MFS of 2008-2011 could be continued with a further injection of external funds, perhaps for specific capacity-building ends. On the strength of recent experience, it would be good to construct a cost-effective scheme whenever resources are available. It is clear, realistically, that the present economic context makes that unlikely in the short term. Other sources of funding for matches therefore need to be found. There are three that merit serious consideration:

- Donor matching. Universities can actively seek major donors who will be willing to provide challenge funding for matched giving programmes – perhaps for specific projects or perhaps to drive up participation in a regular giving programme.
- Other Government funds. From time to time public money becomes available to universities for a variety of ring-fenced projects, sometimes with the requirement that these funds be matched. While philanthropic income will not be the only source of a possible match, advancement offices would have a stronger opportunity to draw on philanthropic funds to meet such challenges, if they are given realistic timescales and structures.
- Internal funding. At least one university added to the recent MFS by offering its own money in order to encourage alumni to give and academics to become involved with fundraising. In most instances, donors wish to see institutional financial commitment to the projects they are invited to invest in. This internal match – sometimes matching an external match – has been widely used in Canada, especially in the creation of endowed Chairs.

Recommendation 3: The mechanism of matched funding is effective in incentivising giving and in capacity-building. It would be good to construct a cost-effective follow-up HEFCE scheme whenever resources are available. In the meantime, and additionally, the university sector and individual HEIs should work with donors to create imaginative local opportunities for challenge funding.

Taxation, Government policy and financial education

79. Philanthropy flourishes in an atmosphere of positivity: in the UK, the tax regime may affect the amount, timing and means by which a donor gives, rather than the initial motivation so to do.
 80. Tax incentives – while they rarely trigger generosity in a stony heart – send signals about the Government's interest in encouraging philanthropy and help reinforce social expectations. Institutions and donors alike are well-served by a Government that generates consistent messages and joined-up thinking. This review welcomed therefore the reversal of the proposals to cap tax relief on charitable giving aired in the 2012 budget.
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- 81.** There is a considerable body of research from the USA and the Netherlands that the “tax-price” of making a gift has a significant impact on the amount that a donor feels able to give. “[Dutch] tax records show that amounts donated by high level donors [those giving over 1% of their income] are strongly sensitive to changes in the tax price.” Moreover, the relationship between tax relief and giving is not linear, but instead has a profound gearing effect. The result is that if the tax-price of giving is increased (as was proposed in the March 2012 budget) then the amount that is given will fall by a far larger proportion than the increase in tax paid by the donor. From the Dutch research again: “If the tax price of giving increases by 10%, the amount donated decreases by 19% in the year after.” Correspondingly, a reduction in the tax-price results in increased giving.
- 82.** Gift Aid, with its remit broadened in 2000, is the most frequently used tax effective giving method in higher education. The October 2010 report from the Gift Aid Forum to the Economic Secretary to the Treasury recommended that Gift Aid be largely left alone, and this report supports that view. We strongly endorse the principle that the tax relief remain intimately linked to the rates of income tax paid by donors, so that the final net cost to a donor of making a gift is the same as the net income foregone.
- 83.** The suggestion, made during the 2012 charity tax debate, that the higher rate element of the tax relief should be returned to the charity instead of the donor is not one with which this report can agree. Kevin Russell of the charity Stewardship described the proposal as “logically and technically flawed”. It would require donors to tell charities, and charities to record, their highest rate of tax and the extent of their liability to that rate. Even if donors were happy to pass this information to charities, many donors do not have this information until some time after the end of the tax year – long after a donation has been made. This process would have to be updated year on year. It would greatly add to the administrative complexity of an obligation that many smaller charities already find onerous.
- 84.** Some donors, especially those at a higher level, support the idea of introducing a more American style regime whereby the donor makes a gross payment to the charity and receives all the tax relief. The argument for this methodology is not that it will save donors money (which it will not), but because it has the virtue of simplicity, for the charity and for any donor who has to file a tax return. However, the majority of UK donors do not complete tax returns, and research in some pre-1960 universities shows that 95% of eligible donors are using Gift Aid. These two factors provide powerful arguments for not changing something which, by and large, is working well. There appears to be a degree of fear about the complexity of explaining Higher Rate Relief to donors. University fundraisers can address this by articulating clearly the mechanisms for its calculation and reclaim by donors. A simple guide to this process as at September 2012 is included as Appendix 10. More broadly, greater financial literacy is needed for fundraisers involved in major gifts fundraising, especially in respect of higher rate and capital taxes, asset structures and the way in which the wealthy hold their wealth.
- 85.** The review of Payroll Giving currently taking place is welcome. University fundraising staff, who have a natural interest in close links with their supporters, emphasise the importance, in any revision, of an immediate connection between donor and charity.

Further growth in payroll giving for higher education is unlikely unless that closeness can be built in.

86. Together, through Gift Aid and Payroll Giving, and with the absence of the proposed 25% cap, the UK has, in comparison with other nations, a regime in respect of the taxation of gifts of *income* that, while a little complex in structure, is as encouraging of giving as that prevailing in the USA. See Chapter 7, Myth-busting, “We don’t have the right tax regime”.
87. In respect of gifts of *capital*, the treatment of gifts of listed securities and real property and the new Legacy10 inheritance tax provisions for legacy giving are powerful tools that decrease the tax-price of giving and thereby increase the amounts that are given. However the UK still lags behind North America in two particular areas: gifts of broader classes of asset than listed shares and property and gifts with reservation. The Thomas Report highlighted each of these and they remain a matter that puts the UK at a competitive disadvantage.
88. It is straightforward to obtain a valuation of listed securities and the Valuation Office Agency provides a robust way of valuing property. It has therefore been argued that these are the only two asset classes (beyond works of art) that should be included in the scheme that allows tax relief on gifts of assets. An extension to other asset classes would be welcomed by donors and institutions alike, including unlisted securities and chattels such as paintings, book collections, jewellery, etc. Her Majesty’s Revenue and Customs (HMRC) capital taxes office already has to agree valuations on such assets for probate. A floor might be set below which tax relief would not be claimable, in order to avoid a large number of very small valuations. In this way we might encourage donors to think about giving away items of value that could be sold by institutions, and those that would find a proper home in academic collections.
89. The Thomas Report recommended the introduction of planned giving vehicles in the UK. There has been much further discussion about Charitable Remainder Trusts (CRTs; in the UK often called Lifetime Legacies). We know that the wealthy are already using these in the UK to achieve a variety of non-charitable purposes. Lawyers are familiar with their operation. What is not yet available in the UK is the ability to tax-effectively separate capital from income, and then to direct ownership of the capital to a charity, and ultimately the income as well. Were such instruments to be introduced in the UK, a handful of universities would be among early adopters. But from examining planned giving experience in Canada, it seems likely that the overall take up by donors would be limited. We recommend in chapter 6 that universities indeed make concerted efforts to develop their legacy programmes but anticipate that the familiar instruments of legacies and bequests will be the main focus.
90. Paul Schervish and John Havens refer to an impending “cascade of wealth”¹⁷ in the United States where, despite recent corrections in the property and stock markets, around \$41 trillion is due to change hands in inter-generational transfer over the next 50 years. Arguably a comparable (although smaller) accumulation of wealth is building in the UK, in the hands of an increasingly affluent retiring population who are living longer. For

¹⁷ Today’s Wealth Holder and Tomorrow’s Giving: The New Dynamics of Wealth and Philanthropy, Paul G Schervish, Journal of Gift Planning.

those who are concerned about long-term care costs, CRTs provide a way of irrevocably giving capital to a charity, while retaining the security of income.

91. A number of major donors interviewed in the course of research for this report expressed frustration at the extent of irrecoverable VAT which is levied on university expenditure. This felt to them like a tax on their giving. This is a matter of EU jurisdiction, however. In general, this review supports the work of the British Universities Finance Directors' Group on issues of VAT relating to universities, and of the Charity Tax Group on the same in respect of all charitable organisations.
92. This has been a tumultuous period for higher education, especially in England, with a very major change in funding model, together with particular issues for philanthropy such as the now dismissed tax cap proposal. Many of those interviewed emphasised the need for a period of consolidation and predictability. Donors to large projects are willing to take risks, but abhor regulatory uncertainty which decreases confidence and therefore the likelihood and extent of giving.
93. Recent changes in charity law have highlighted the charitable status of universities, most of which are exempt charities. Despite this, there is widespread ignorance of the meaning of this term; for example some suppliers decline to give charity discounts to universities – even for their fundraising activities – because they “do not have a charity number”. The funding councils act as the regulator of these charities, in the same way that the Charity Commission, Office of the Scottish Charity Regulator (OSCR) or Charity Commission of Northern Ireland (CCNI) regulate other charities. This regulation is adequate and does not appear to need any modification. Wider understanding of the meaning of the term “exempt charity” would be helpful, especially if there were some formal third party reference point held by HMRC or the relevant domestic charity regulator to which exempt charities could point.

Recommendation 4: A stable and predictable fiscal framework is a requirement for a high level of giving. In this context, Government should:

- **On income tax relief, continue its commitment to the Gift Aid and Payroll Giving schemes, and to the direct connection between the tax for which an individual is liable and the tax relief available on giving that income away.**
- **Support initiatives to make the administration of the schemes simpler and more transparent for donor and charity, and continue its welcome commitment to allowing charities to recognise the generosity of donors without compromising the Gift Aid status of the gifts.**
- **On capital tax relief, extend the classes of asset that can be tax-effectively given away to include unquoted securities and chattels, with a minimum value on the latter. The capital gains tax threshold of £6,000 for disposal of chattels is a suggested starting place. Government should be open-minded towards schemes that allow significant gifts of capital with reservation, for example Lifetime Legacies.**

Indirect encouragement and celebration of philanthropic behaviour

- 94.** The Government published the Giving White Paper in 2011 that explores ways of encouraging more people to give. The paper said much about getting more people to give small amounts, through text messaging and cash points for example. Mainstream charities have led the way in these developments and universities can learn from their experience. There is further work to be done in encouraging a higher level of giving, the area where higher education has a concentration of expertise.
- 95.** It has been suggested that the wealthy are, as a group, less generous than those with low incomes. Yet the statistics show that the “giving wealthy” do so exceedingly generously both in absolute terms and when measured as a proportion of income. The task is not so much to persuade the givers to give more – welcome as that would be – but to persuade the non-donors among the wealthy to join in. The various giving forums that exist at present should concentrate at least as much on getting more of the affluent and wealthy to give as on the important job of persuading young donors to get into the habit of giving, this review argues.
- 96.** We must do better at articulating and celebrating the enormous contribution made by higher education to our economy, our culture and the building of civil society and a better world, as this report has identified elsewhere. Some individual universities are working hard to change this: for example the University of Bristol has been asking its alumni “Do you care about something – cancer, the environment, education?” and answering that question by saying “Chances are, Bristol does too.”
- 97.** The Government and its agencies have a special opportunity in supporting public information campaigns such as reactivating the “Give the Gift of Knowledge” initiative, which was launched as a communications vehicle in support of the Matched Funding Scheme but suspended owing to the Government’s freeze on marketing expenditure. Positioning universities as powerful vehicles for charitable investment makes their cause of wide social interest, to alumni and non-alumni supporters, to students, and to staff, through lifetime and legacy giving. And in parallel, universities should increasingly look for ways of explaining their mission in terms of their impact locally, regionally and beyond.
- 98.** The media can amplify or frustrate this process. Reports of gifts to universities are described all too often in terms of “begging bowls” and “shaking down alumni”. In media reports, the word “donor” is regularly linked to stories about the funding of political parties where some kind of transaction or perceived favour is suspected¹⁸. Conversely, the Times leader commenting on the £75 million gift to enable disadvantaged students to go to the University of Oxford (see Moritz case study above) positioned the debate on an exhilaratingly high plane: “[There could be no smarter or more appropriate investment](#)

¹⁸ Reform of party funding, by removing this kind of tainted association, could have an energising effect on giving to charitable causes, including to higher education.

than in the education of Britain's future teachers, scientists, businessmen and artists. The fruits of Michael Moritz's philanthropy are, thrillingly, beyond calculation."¹⁹

- 99.** It is important to note, as evidenced by the president of CASE to the open consultation, that the process of encouraging giving back to one's university, now considered by many as a particularly American habit, was prominently encouraged as a matter of public policy in the US for many years. Sustained communication on the benefits and expectation of alumni involvement, for example, were the subject of an Ad Council campaign that included television spots to promote alumni loyalty.

Recommendation 5: HEFCE, working with Universities UK and GuildHE, should launch and support a public information campaign promoting the value of universities as a powerful channel for philanthropic investment and a good cause of wide social interest. The higher education sector should actively support it.

- 100.** The Government has endorsed the role of philanthropists through initiatives such as the Giving White Paper of 2011 and through envisaging an increasingly important role for philanthropy for arts and culture. There is a great deal to be gained by "joined-up thinking" in messages encouraging philanthropy. The Giving White Paper established a new honours committee to ensure recognition for exceptional and sustained philanthropy. The Government and society at large needs to applaud giving as the highest form of achievement, and to be seen to be doing so. "People who give need to feel good about giving. Sometimes it's going to bed at night feeling good; others do it for public recognition; but somewhere between people need to feel good. Government needs not to make it difficult and someone in Government needs to be saying it matters." – Donor

Recommendation 6: The Government should continue to celebrate and honour the significance of philanthropy and of the donors who make it possible. Coherent thinking and consistent messages across the third sector, including higher education, are vitally important in valuing those who give while creating and sustaining a supportive environment encouraging a culture of generosity.

¹⁹ July 12, 2012.

Chapter 5: Impact of philanthropy on higher education

- **An effective advancement programme has become part of the definition of a successful UK university.**
- **Philanthropic giving provides funding for an increasingly important proportion of total university expenditure; it adds significant value and flexibility of funding across a wide range of university activities.**
- **Acceptance of philanthropic gifts is one of several areas that should be considered as part of an institution's normal risk assessment procedures and processes; a proportionate response to an important challenge.**
- **The non-financial benefits of alumni relations and the involvement of other supporters to help advance institutions' goals are increasingly recognised as universities seek to differentiate themselves and use their networks within a ferociously competitive external environment.**

What donors support and make possible

- 101.** Donors give to teaching and learning and to enhance the student experience; to research and to enterprise; to cultural and sporting opportunity and to heritage. They give to turn ideas into reality and to make an impact – focusing on the ends for which scholarships and programme funding and buildings are the means.
- 102.** An effective advancement programme, with the ability to raise philanthropic funds and institutional reputation, to engage alumni and other supporters and to communicate compellingly, both externally and internally, has become part of the definition of a successful university²⁰. “I'd find it hard to conceive of a decent university that didn't do this.” – Vice-Chancellor of a 1990s university
- 103.** In the UK, universities are explicitly clear that philanthropic funding cannot and should not cover the core costs of running the institution. As the Thomas Report insisted, voluntary giving “is not a substitute for other sources of higher education funding, particularly public funding.” “Fundraising is about additionality. It's not just to fill a gap.” – Vice-Chancellor. Philanthropic income has nevertheless come to be materially significant for a range of institutions, including many research-intensive universities and a number of specialist institutions. “Ours is a marginal cost business: at the margins, philanthropic income makes a disproportionate impact.” – Fundraising Adviser

²⁰ See Appendix 4 for the correlation between rankings and fundraising ambitions.

- 104.** Importantly, philanthropic funds can be used, at the discretion of the institution, in partnership with donors, to help institutions to grow and to enhance their activities, to advance strategic plans more quickly and in ways that would not otherwise be possible. “Strategically it’s important, it means you can shift the needle” - Donor.
- 105.** It is open to all institutions to experience the particular impact that philanthropic funding – as distinct from, or in synergy with, other forms of revenue – can make on the university, its people and its goals. “A dementia research project was knocked back by research funders three times over several years – it became a highly-rated campaign priority and got funded in a few months!” – Academic Donors have kick-started programmes. They have been prepared to take risks. They can be nimble. Donations enable activities to take place that would not otherwise have been possible and institutional goals to be achieved faster, better and to a higher standard than would otherwise have occurred. “The difference between a £75 million and a £100 million research facility in chemistry is significant. Philanthropy can be the bridge across that gap. It brings freedom, flexibility, greater financial security.” – Director of Development

Case Study: it wouldn't have happened without philanthropy

Thanks to a £1 million donation from the Michael Bishop Foundation in 2011, the Glendonbrook Centre for Enterprise was established by Loughborough University to promote, support and deliver formal and informal enterprise education to students and staff across all schools. The centre was named in honour of Sir Michael, now Lord Glendonbrook, whose generous gift also funds postgraduate fellowships.

Case Study: creative in-kind giving

BioCity Nottingham, one of Europe's largest bioscience incubators, was made possible by a huge donation of laboratory and office buildings and equipment from BASF, the chemical company, to Nottingham Trent University (in what is believed to be the largest ever corporate donation to a post-92 university). Launched in 2003, the 129,000 sq ft award-winning site currently hosts over 70 companies and 600 employees. BioCity is a success story of partnership and co-operation and is the result of an effective collaboration between Nottingham Trent University, The University of Nottingham and the East Midlands Development Agency. The purpose of BioCity Nottingham is to provide a home for developing biotechnology and healthcare companies.

- 106.** Beyond ambitious infrastructure, the lives of individual students and the quality of the student experience can be immediately enriched by voluntary giving – a realisation that becomes of increasing significance in the new funding regime in England. “Why do we give to higher education? We believe there are many places you can choose to put your money. Giving people an exceptional level of education improves all the other areas (by training doctors, lawyers, politicians, NGO leaders, etc). It's better to make a small number of higher value donations to universities.” – Donor

Case Study: transforming the student experience

The University of Aberdeen's stunning new library enables students, academics and the wider community to take full advantage of the best library resources available. It also houses the university's historically significant Special Collections.

The library has had a transformational effect on student experience, offering double the number of study areas and quadruple the number of personal computers. Student use of study spaces, which have extensive digital facilities, has increased 105%.

Over £17 million was raised to help fund the library from 3,000 graduates, friends, trusts and companies. Gifts ranged from £10 to seven figure amounts. All donors are recognised on an innovative, interactive donor wall designed by students.

Education activities are at the heart of the project. These include interactive children's workshops and programmes for schools and community groups. So far over 400 primary pupils have visited the library.

- 107.** It is notable how often interactions between donors and the projects, academics and students they support generate optimism and enthusiasm. This is a virtuous circle. As a number of the case studies show, gifts are escalated as a result.
- 108.** A wider range of HEIs also recognise the non-financial benefits of taking advancement seriously. *"Your alumni are your history. You need them to be part of the future as well as the past. It's especially important in an institution that is the product of many mergers."* – Vice-Chancellor

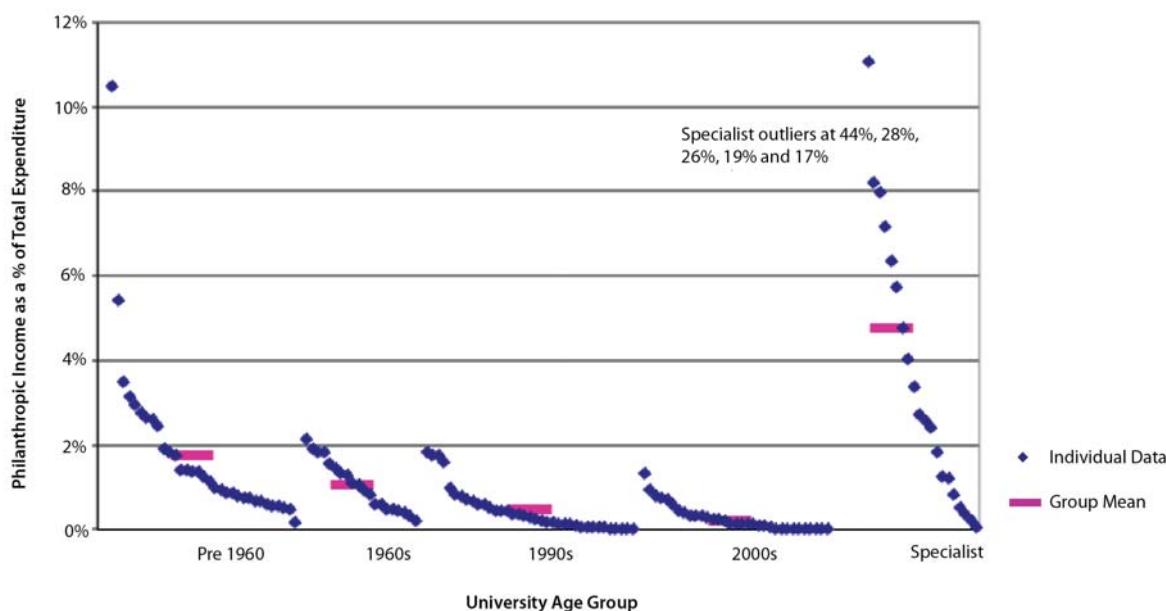
Case Study: the gift of time

As part of its "Creating a world-class university together" campaign, the University of Exeter began asking alumni to give gifts, not only of money, but also of their time and expertise to help students. More than 1,000 alumni gave over 8,500 hours of volunteer time during the campaign. As a result, previously disengaged alumni have also made financial gifts to the university.

Giving as a proportion of total university expenditure

- 109.** Philanthropic giving provides funding for an increasingly important proportion of total university expenditure. Across the sector, excluding Oxbridge, such income accounts for 1.36% of total institutional turnover, and 2.2% if Oxbridge is included. The range is from functionally zero up to a remarkable 44%.
- 110.** The following chart shows the proportion of philanthropic income in each institution across different university age groups. There is a clear trend, with the age of the university affecting the mean contribution to turnover. Of note are the extent to which some 1960s universities lag in fundraising performance behind their pre-1960s comparators; and the extent to which the best of the 1990s universities are ahead of many 1960s institutions. Six of the specialist institutions outperform the best pre-1960s university. This is partly a function of philanthropic income that is given to music colleges by their charitable examination subsidiaries, but this does not account for all of the out-performance of this sector. The highly focused nature of their activity and of their supporter-base provides them with an advantage here. It underlines the need for generalist institutions to develop a more compelling narrative about their mission and impact.

Philanthropic Income as a % of Total Expenditure



- 111.** As the case studies and comments above indicate, philanthropy is felt by those most affected by it to punch above its proportionate weight. We are hampered in demonstrating this more precisely, however, by an absence of data at a granular level. As other charities become increasingly able to report clear impact statements, universities also need to show how studentships, posts, programmes and buildings are made possible by philanthropic funding – and the consequences of those investments. See Recommendation 12 on use of data and benchmarking.

Donor influence

- 112.** The great majority of domestic donors genuinely have the interests of their beneficiaries at heart. Those interests include independence of mind, a thought-through institutional strategy and respect for core values. Interviews with donors for this review have been inspirational. Such donors understand the limits of their reasonable influence. In some cultures a more direct *quid pro quo* may be considered usual, and an experienced Advancement Office will be alive to these issues, ensuring that they are escalated to the appropriate level early and earnestly enough that the university's principles and reputation are not compromised.
- 113.** The report recommends that gift acceptance issues should be considered alongside the other areas of risk that vice-chancellors need to manage in the business of running the university (such as the ethics governing research and knowledge transfer). All such questions need to be considered carefully in the light of an institution's overall values and care for its reputation. It should be recognised that transparency and accountability are governing conditions for our times.

Recommendation 7: All universities should have clear processes and governance mechanisms for acceptance of gifts as part of their normal ethical and risk management frameworks. These need to be underpinned firmly by the organisation's values, which should guide any decisions relating to the acceptance or otherwise of specific gifts.

Chapter 6: Lessons for universities

- **A compelling and authentic case for support is, by definition, bespoke. It needs to be carefully tailored to reflect and communicate each institution's distinctive nature and situation: one size does not fit all.**
- **Strengthening a culture of philanthropy takes conscious commitment. It should be an inevitable part of what students and staff experience in their university years.**
- **Mature advancement operations express their progress as steady upward steps, rather than a series of spikes. Each institution will be best served if the relevant expertise and conviction are embedded for the future.**
- **Skilled fundraising professionals are mission-critical. They are in short supply. Workforce development is a priority and requires follow-up activity.**

Broad changes universities can make

114. When people think about “giving to charity”, universities may not be the first causes that come to mind. Yet, as evidenced by the Coutts Million Pound Donor Report (University of Kent), universities already attract the largest gifts made to any kind of good cause and have a long and honourable tradition of philanthropy.
115. Higher education has the range of subjects and activities and the infrastructure to deliver social progress across the spectrum, connecting with the widest range of passions and interests from donors. It changes students’ lives and improves their life chances – offering opportunities to open doors of every kind. It provides society’s best chance of tackling the big issues of our times, from the diseases that killed our parents to resource shortages, to the misery of war to the ominous gap between rich and poor. *“If a donor is interested in global warming, young people or the future of the country, these can be reflected in their funding of higher education.”* – Foundation Director
116. Aspects of university life form attractive philanthropic projects in themselves – such as scholarships, travel awards and book grants that enrich the student experience. In other important ways, universities provide the means to accomplish far-reaching philanthropic ends – eradicating malaria or facilitating social mobility, for instance.
117. Structurally, universities offer a high degree of scrutiny and accountability; a bias to the long-term is built in. Universities provide cultural excitement. They are the locus of knowledge, innovation and talent. Universities have the most compelling case possible for philanthropic support. This is a matter of pride and excitement. The university sector, together with Government and society as a whole, has a shared interest in working to

position higher education both as a philanthropic good in itself and as one of the most robust and effective channels to deliver social and economic benefits. See Recommendation 5 above.

- 118.** A prerequisite for attracting the interest of donors is clarity over what the institution is and what it stands for. “It’s tough to raise money effectively if you don’t know who you are, what you’re seeking to achieve, which projects will help you get there and who the supporters are who might be interested in your achievement.”²¹ A distinctive and compelling case for support derives directly from institutional priorities and mission. It is not simply a shopping list of desirable projects; rather it needs to demonstrate how philanthropy can play a critical part in the delivery of the institution’s strategic goals and aims. This depends on the ability to make hard choices and a willingness to engage with external communities.
- 119.** These attributes go to the heart of effective leadership of contemporary institutions. The advent of the new funding regime in England sharpens the focus still further. The kind of thinking that informs effective fundraising, in effect, belongs to the same attitude of mind that will build interest and engagement in student recruitment, in a satisfying student experience and in a transition to mutually supportive alumni relations. Philanthropic investment is not an alien intrusion to the campus, therefore, but an organic part of achieving institutional clarity and of building effective relationships and partnerships. Indeed, asking the questions that focus a fundraising case can help to articulate wider institutional priorities.
- 120.** Working to embed understanding of philanthropic principles and experience within our institutions will deliver real long-term gains. But it follows that one size does not fit all; building on common underlying principles, different kinds of institutions will make greatest philanthropic progress if they pursue advancement plans tailored to their own identity, history and opportunity.

Case Study: articulating a distinctive mission

Birkbeck, University of London was founded in 1823 by George Birkbeck who had a radical vision of establishing an evening college for the working people of London. The founding father launched a successful campaign to raise the money needed to set up and run the college. Records show that many committed individuals and societies of the day invested in Birkbeck’s ambitious plans. Today, the college consciously articulates its inherited story to prospective and current students, alumni and other supporters, engaging them in its distinctive mission. Alumni and other friends support the college so that it can continue to offer high quality, transformational educational experiences to one of the capital’s most non-traditional student bodies. The support comes in many forms from donations to very active lobbying to secure the quality of experience for part-time students. At a time of great change in the sector, Birkbeck’s alumni and donors have developed a powerful voice as persuasive and determined allies.

- 121.** Strengthening a culture of philanthropy is a conscious commitment. Universities can act both to highlight their own philanthropic heritage and to inculcate philanthropic

²¹ See the HEFCE-supported Distinctiveness in Higher Education project www.distinct.ac.uk

expectations from the first day students arrive on campus. It suits the democratic temper of our times if a continuing allegiance to the university is a matter for all, and not just the wealthiest: “make it normal” is an important message.

Case Study: positioning the institution as a good cause

In August 2012 Vice-Chancellor Professor David Greenaway, staff and friends of the University of Nottingham are cycling 1,100 miles from Cape Wrath to Dover to raise money for “Nottingham Potential”, to provide opportunities for students who might not otherwise consider higher education. A previous sponsored Life Cycle from John O’Groats to Lands End raised more than £230,000 against a target of £150,000 for the Sue Ryder Care Centre for the Study of Supportive, Palliative and End of Life Care, based at the university.

Embedding experience

- 122.** The Thomas Report identified three key elements to the creation of a successful asking institution: institutional leadership; lay leadership; and a professional development operation. This review affirms the importance of all three, reports with satisfaction on the progress made in these areas (see chapter 2) and encourages further actions.
- 123.** In order to ready themselves for the next phase of philanthropic growth, universities should plan for further evolutionary changes. These include the recognition by councils and boards that an appetite and competence for philanthropic leadership are important attributes for incoming vice-chancellors; that deans, senior management teams and other key academics gain from exposure to the fundraising process; and that workforce development for fundraising and alumni relations staff should be articulated with clarity and will require adjustments both by universities as employers and by members of a group that will increasingly define itself as a profession.

Case Study: strategic alliances

Building internal alliances has proved a critical factor in achieving fundraising success. At Cardiff Metropolitan University a close partnership has developed between the vice-chancellor, the director of strategy and the development director. The director of strategy has been helpful in setting practical markers and boundaries over fundraising projects. This has enabled the university to explain very clearly to major potential donors how the fundraising priorities play into the overall strategic plan. This in turn has given donors the confidence that their gifts are supporting key university goals.

- 124.** While many of the biggest donors expect the involvement of the vice-chancellor at some part of the relationship-building process, a major gift is likely to support a particular part of the university. In this context the academic champion is an essential figure in illuminating what makes the university special and illustrating what a major gift can accomplish. We do not suggest that there is a single way to clinch successful academic involvement, but as with so much else in the advancement field, commitment from the top is indispensable. Busy academics will naturally feel an element of “what’s in it for me?”, and advancement offices and university leaders need to be able to answer the question. When they are involved, it will be important for academics to share their experiences and successes among their community; a culture of philanthropy needs to

permeate institutions, rather than being perceived as the responsibility of vice-chancellors and development directors.

125. Lack of understanding and commitment from the top severely limits what professional advancement staff can achieve. Yet, while there clearly has been progress, it remains the case, because of the relative newness of institutional commitment, that only a handful of vice-chancellors of UK universities have themselves been appointed from a context where they were accustomed to seeing institutional advancement done well²².
126. It is still not straightforward for vice-chancellors to acquire expertise in this area – and only too easy for them to become distracted by other institutional demands. The Thomas Report commended visits to North American institutions by vice-chancellors and other senior staff to see a version of the future for themselves. The annual study tour to Canada conducted by CASE Europe has provided one means of fulfilling that role, and the “alumni” of that experience now number 69.
127. Looking to a future where philanthropic activities become more deeply embedded in institutional practice, there are a range of agencies, including UUK, that can help foster expertise and conviction. We suggest that incoming vice-chancellors begin by looking to successful UK universities that match their institutional profile to understand what is possible and how they might begin.

Recommendation 8: In recognition of the key part that institutional leadership plays in successful philanthropic fundraising, Universities UK and the Leadership Foundation should identify champions of advancement within their membership who will promote the sharing of good practice and the education of those who have ambitions to become leaders of higher education institutions.

128. Vice-chancellors are appointed by governing bodies. It was a recommendation of the Thomas Report that governing bodies should examine the scope for greater involvement of lay leaders with fundraising interests in the life of the institution. While we have seen evidence of the impact of active volunteers and of development boards, particularly in support of campaigns there is little practice yet of the appointment to boards and councils of lay leaders with experience of fundraising or philanthropy, alongside those with specific backgrounds in e.g. finance, human resources and estates. **“Board engagement is critical. Their tenure is often longer than the vice-chancellor’s. This hasn’t been on their agenda.” – Vice-Chancellor**
129. Executive search firms handling the appointments of vice-chancellors report that, in research-intensive institutions and in a number of specialist HEIs, the leadership of institutional advancement has become an explicit requirement. **“In past years, the degree to which fundraising experience is included in job specifications has been significantly dialled-up.” – Executive Search Consultant** Within younger universities, the ambassadorial and representational role of the vice-chancellor is, thus far, a more usual way of representing the function.

²² For example, the current Vice-Chancellor and Principal of the Universities of Oxford and St Andrew's.

Recommendation 9: Governing bodies should strengthen their own competence and skills in institutional advancement, expecting at least an annual report on the institution's activities in this field and ensuring that the selection criteria for incoming vice-chancellors include active engagement with fundraising and alumni relations.

- 130.** Attention needs to be paid to informing and involving a wider range of leading academic and other staff including heads of schools, academics at the top of their field and young ambitious academics who are on their way up. Many of these will already be successful at bringing in income from a range of other areas, making fundraising a natural next step. Support from the advancement team and the vice-chancellor will be essential in this, identifying those academics who might be best placed to play an active role in institutional philanthropic activities, offering support as well as learning and training opportunities. Active consideration about the role that successful philanthropic involvement might play in academic progression and reward would send an encouraging signal in this area.
- 131.** A number of HEIs have already reflected their commitment to shared institutional leadership by including Key Performance Indicators for development and alumni relations activity into the expectations of deans, senior management teams and other key players: Southampton, Birmingham and Coventry universities are examples.

Recommendation 10: Institutions should consider how best to embed fundraising within their infrastructure, such as providing a programme of support, learning and reward for academic and other staff who play an active role in philanthropic activities, and draw up a rolling plan to do so.

Recommendation 11: In order to embed good practice in advancement within institutions, HEFCE should create a pump-priming fund to which HEIs can bid for bespoke programmes to facilitate education in fundraising expertise and culture change at a range of levels.

Fundraising practice

- 132.** A common understanding of how the range of professional services within an institution should interact with the advancement function will be a real asset to a university, most especially in embarking on a campaign. It is highly desirable if the Association of Heads of University Administration (AHUA), the British Universities Finance Directors Group (BUFDG)²³ and other representative bodies regularly include advancement issues in their deliberations.
- 133.** Internal communications that are clear, consistent and upbeat underpin a university's ability to make and keep friends. And the resulting institutional profile, reputation and leadership help to attract donors from within and beyond the alumni community.
- 134.** Advancement professionals have a particular responsibility in a maturing environment to be clear, transparent and accurate. Simplicity of language and accuracy in reporting will

²³ See Glossary, Appendix 1.

serve everyone well in the long term. This is best worked through in close alignment with the university finance office.

- 135.** It is encouraging to see academic research into philanthropy beginning to take root in UK HEIs, at the same time as the professionalism among their advancement staff is strengthening²⁴.

Recommendation 12: The university sector and individual HEIs should make better use of the data and benchmarking analysis increasingly available so as to improve their own fundraising performance and should continue to improve data collection. They are urged to take part in the Ross-CASE benchmarking survey of fundraising in universities.

- 136.** There has been insufficient investment in legacy fundraising. An unintended consequence of the Matched Funding Scheme (for which legacy income was not eligible) may have been to downplay within universities the value of legacy initiatives. This is an area that provides significant opportunity for every kind of HEI in the coming ten years and legacy programmes can be launched and sustained with modest resources. For UK charities generally, as much is given through legacies as through trusts and foundations, yet universities typically focus far more intently on the latter. Experience from Canada, as well as from the charity sector in the UK, suggests that strategic and concerted effort in this area will bear fruit and help provide sustainable funding over time. This should include promotion of the Legacy10 provision for tax relief, where anyone leaving 10% of their taxable estate to charity will qualify for a reduced rate of inheritance tax.

Case study: the lasting impact of a legacy

142 years ago, ER Langworthy of Manchester left £10,000 “to encourage discovery in physics”. The legacy made possible the University of Manchester’s Langworthy chair of physics. In 2010, the current Langworthy professor, Andre Geim, co-won the Nobel prize for physics. Quite remarkably, he is the fourth holder of that chair to have won a Nobel – Rutherford, Bragg and Blackett being the others. The impact of Mr Langworthy’s generous will has been felt in generation after generation.

- 137.** The new funding regime brings with it many uncertainties. There has not been a rise in undergraduate fee levels anywhere in the world on the scale of the change in England in the years ahead. Experience from elsewhere can therefore tell us only so much. What limited evidence there is from the introduction of the £3,000 fee in England in 2008 suggests that a dip in numbers giving is likely, at least in the short term and in that cohort²⁵.

- 138.** But the change inevitably spotlights the student experience, which translates naturally into the alumni experience. Linking the transition is powerful. A number of universities including the University of Birmingham, for instance, hold a welcome event for freshers. A recent alumnus is invited to speak to the new students, embedding the idea of

²⁴ It may be timely for the Government and research councils to bring together academic research into philanthropy with the growing band of practitioners to study philanthropy in higher education.

²⁵ Data from the University of Bristol’s regular giving programme, where new graduates have been asked to donate consistently and professionally from graduation for over 10 years.

continuity in their first week. Graduation ceremonies provide an important rite of passage where the institution has the chance to stress that “graduation is not goodbye”.

139. Many universities have found that funding scholarships and bursaries is a compelling introduction to giving to the institution, along with other projects that impact positively on student experience – provided it is made clear through donor recognition that the benefits have been made possible by gifts. This is an argument available to all HEIs. With thoughtful stewardship – particularly when donors and scholarship beneficiaries interact in person – it can prove the start of a sustained and satisfying donor relationship. *“It is impossible to know, at this stage, what the overall impact of higher fees will be on the willingness to donate. While loans are being paid off it will reduce the capacity to give. However much of this reduced capacity will occur at a point in individuals’ lives when they are in any case less likely to donate at any significant level, so the overall impact on giving over a lifetime could be relatively small.”* – Director of Development

140. Concern has been expressed that there will be greater difficulty in attracting alumni support in the context of higher student fees. Yet this review has not found clear evidence from elsewhere that increased student tuition fees will necessarily prove a deterrent to future support in the medium-to-long term. Indeed, a number of our contributors have made the point that people tend to value what they pay for and drawn attention to the robustness of giving to US and Canadian universities, fees notwithstanding. Evidence from the US also shows that a high quality student experience will be critical in how alumni view the university in the future.

Recommendation 13: Universities should take active steps to grow a culture of philanthropy in their communities whatever the funding environment. The new funding arrangements for England accentuate the need to emphasise and enrich the student experience and to build a coherent transition from the student years to alumni engagement.

Workforce development

141. In order to be effective, successful university fundraisers need to have credibility with their academic and management colleagues as well as with donors and their own staff: in practice, to manage sideways, as well as down and up. These are demanding roles, as well as highly satisfying ones; there remains a seller’s market for professionals with the required mixture of commitment, capability and chemistry to work in UK universities. *“I’ve been consistently impressed with the calibre of Development Directors, juggling complex portfolios, articulating so well their institution’s story. But is the next generation coming through to the same extent?”* – Foundation Director

142. There now exist excellent role models of advancement practitioners within UK universities. More of them are needed. The development and sustainability of a skilled, motivated and successful workforce is a preoccupation for many fundraisers, vice-chancellors and indeed donors. One donor described the development director in the institution he supports as *“mission critical... and I’d expect the vice-chancellor to understand that, if there was ever a risk we would lose him”*. Several “pinch-points” in terms of professional development were highlighted in our discussions.

- 143.** At **entry level**, are new graduates aware of the career opportunities and are they thinking of this as a rewarding career to join? A “front door” that could be widened is the internship programmes provided by a few university development offices, as well as the experience of joining the student calling team for regular giving programmes, as offered by many HEIs.
- 144.** At **mid-level**, there is a challenge of rapid turnover. As fundraisers begin to enjoy some success, there are many opportunities to move and be promoted to positions for which they are not necessarily equipped. There can also, at this level, be an issue about understanding the nuances of policy-making and prioritisation in the wider university, and how those fit with donor requirements and preferences.
- 145.** At the **top of the profession**, there are development issues around learning to manage very large and complex teams, of the balance between management and fundraising and of further career progression. In North America, but not yet in the UK, it is normal to see a Vice President for Advancement included in senior management teams.
- 146.** The traditional career route in the profession has been to start in alumni relations or regular giving, to make a transition over time to face-to-face asking and major giving, with the single destination being the role of Development Director. Because of high competition within a small talent pool, this transition can happen very rapidly. Alternative career paths and multiple end-points are starting to emerge, but only relatively recently.
- 147.** Not all great fundraisers make good managers and leaders. Institutions need to consider how to recognise outstanding talent without necessarily thrusting good people into unsuitable roles.
- 148.** In addition to these issues that are specific to fundraising, there are wider workforce development questions to consider – for prospect researchers and alumni relations professionals; for stewardship officers and database managers. All of these activities are essential for successful fundraising to flourish, yet none at this point has the breadth of learning programme available to fundraisers.
- 149.** Happily, some excellent learning opportunities already exist. Here, as elsewhere, the profession has had to create, in a generation, materials, experiences and skills in the form of good practice that can be shared with new entrants. In particular, CASE Europe has pioneered an internship programme to help attract graduate talent, runs the annual week-long residential Spring Institute in Education Fundraising, typically for those in the first two years in the profession, and provides a number of international visits and development opportunities for senior development professionals. CASE’s offering is of course supplemented by other professional bodies, including the Institute of Fundraising, but it has played an important galvanising role from the beginning. It is important to record here the time and energy given up voluntarily by advancement professionals via CASE to share their experiences and views. This model has been a strength to the sector – but it also represents a risk, with mounting pressure on the time of a limited number of experienced presenters.

- 150.** Considering the workforce development issues “from the bottom up”, attracting new recruits to the advancement profession could benefit from the celebration of achievements to date and re-launch of the “Gift of Knowledge” campaign, as referenced elsewhere in this report. It would help to position development as an exciting career that can make a significant impact.
- 151.** CASE’s internship programme has been widely praised, and a version of the programme should be devised with the active involvement of interested universities beyond the end of HEFCE support for the scheme²⁶. Universities have also become increasingly savvy about recruiting bright students who have been successful at telephone fundraising (both their own and those from other universities). This is a group that already understands and has championed the arguments for giving to education and has no fear of “the ask”. In time they will make excellent volunteers as well as potential recruits.
- 152.** There is work to be done on understanding the extent to which those outside the higher education sector have applicable (or adaptable) experience to bring in. A parallel source of expertise could be of increasing value to universities and will assist in stopping a drift towards “shared practice” and achieve more “best practice”.
- 153.** There is a case for the creation of a set of more bespoke professional development opportunities for more experienced staff – the Development Directors of 3-5 years from now. It is encouraging to see in some universities that dedicated programmes have been developed (the Oxford Inspire programme is a good example and there are others). For slightly smaller development offices, there may be merit in forming consortia of institutions at a similar stage of progress to address common issues or questions. This has happened to some degree via CASE through programmed visits to North America that have combined presentations and seminars with on-site visits and interviews. These have been warmly received; some of the more advanced offices in the UK would also now be well placed to host such visits.
- 154.** At a senior level, more can be done to assist the transition from successful fundraiser to the leader and manager of a significant university function. Probably the most important factor for retention here is the level of understanding, encouragement and support provided by the university. Part of this may involve learning opportunities to acclimatise to a new role, and sometimes also to a new sector. One development director we interviewed is currently on the Senior Executive Development Programme at London Business School, and others were seeking suitable management and leadership development courses. Contributors to this review from a cultural sector background have spoken approvingly of the Cass Business School MA in cultural administration and of the Clore Leadership Programme for mid-career development. The latter allows for a year-long learning experience plus a work placement and project; a version for higher education could be very beneficial.
- 155.** It is important for institutions of higher learning to be open to all training and professional development proposals and ideas from their development teams and to

²⁶ In Canada, the McConnell Fellowships (later the Meloche Monnex Fellowships) provide a useful model.

assess which might contribute effectively in an educational context. Underlying these considerations is the critical challenge of what it means to be a profession.

156. In relation to different roles within development, we heard positive feedback about some Institute of Marketing courses for major gift fundraisers in particular, and suggest that collaboration with CASE in this space might be persuasive. There is richer and much more substantial empirical data available in mass giving than in major gifts, and there is also a growing group who view management of an outstanding regular giving programme as a career end-goal. These roles require great intelligence, rigour, tenacity and people skills, as well as a familiarity with statistics, and the nurturing of this group as a “sub-profession” is important.
157. Alumni relations specialists have a choice of dedicated week-long CASE Institutes in the USA and Asia-Pacific, and we would hope the growing body of knowledge and expertise in this area will see the creation of a “Europe” option soon.
158. Research, stewardship and database management skills are catered for in a more patchy and fragmented way; staff in these functions would benefit from understanding the deeper and broader context of institutional advancement.
159. In general, it should be noted that advancement roles are female dominated (with 75% of participants at the CASE Spring Institute typically being women). Greater flexibility and creativity in Human Resources practice in appointing and retaining these individuals might serve universities well. Nor are advancement roles marked by great ethnic diversity. Steps to attract a wider range of staff, mirroring more closely the range of donors with whom they may interact, would increase universities’ philanthropic firepower.
160. Understanding why key individuals succeed and what the attributes are that they bring to their roles and also why others leave the sector or move roles would add a significant extra source of data and value, we suggest.
161. The review has encountered pronounced and contradictory view about ways of shaping and validating career paths, ranging from formal accreditation to an agreed set of informal milestones.

Recommendation 14: Given the pressing need for experienced advancement practitioners in this maturing field – and the range and complexity of issues identified in this report – HEFCE should fund a thorough review of workforce and training issues to assist in developing a clear set of specific recommendations.

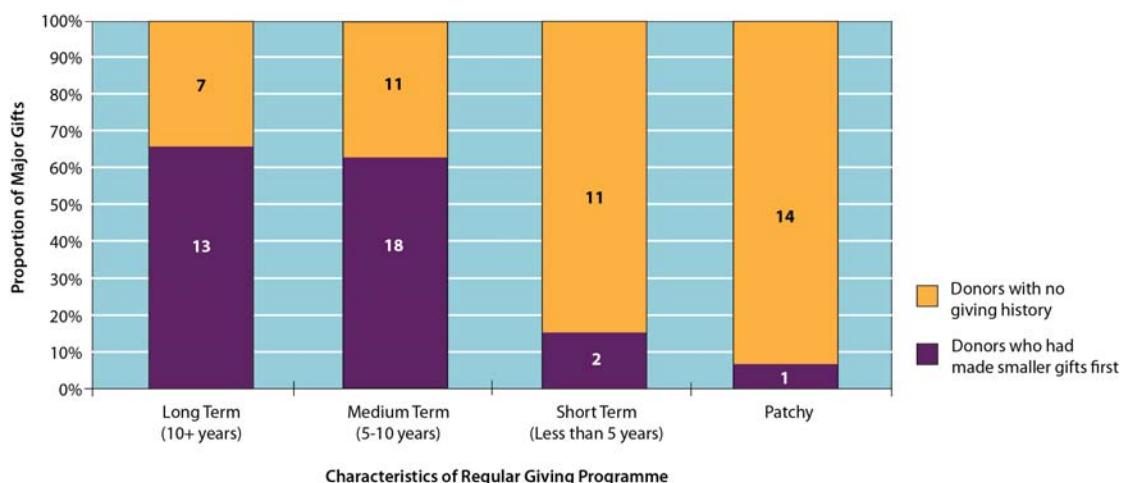
Chapter 7: Myth busting

- 162.** Among the issues this review has sought to examine are a series of tenets of received wisdom, often imported from the USA, which are felt by some in the advancement community to have assumed the status of unhelpful “myths” that need testing at least and sometimes busting. These often have a kernel of truth in them, but have sometimes been applied without consideration of the particular circumstances in which they function. We can now bring data to bear on some of these issues, and offer the view from professional experience on several others.
- 163.** It should be emphasised that the intention here is not to replace one myth that something always works with an equal myth suggesting that it never does; different advancement tactics can work in different environments. Perhaps the most important factor to stress is the diversity of the higher education ecosystem, and the desirability of testing and learning from others before adopting approaches with widespread ramifications.
- 164.** The “**myths**” we have examined as part of this process are these:
- a. **“To them that hath shall be given” or “cumulative advantage” or “it’s all very well for Oxbridge”**. There remains a view in parts of the higher education system that fundraising cannot work for younger HEIs that are not research-led or that do not specialise in areas viewed as conventionally fundable, such as medicine. There is no doubt that the potential is not equal across the higher education system: roughly 50% of philanthropic income given in 2010-11 went to the two ancient English universities, and the data show that carrying out medical or related research correlates positively with philanthropic revenue. However, we have been heartened by examining very positive fundraising results in a number of post-92 institutions with a “we try harder” approach. These have included impressive sums raised at Nottingham Trent University, the University of the West of England, and London South Bank University. There is no magic formula for younger universities. What has proved important is a very strong focus on the institutional vision and mission, with areas of strength being translated into projects that are attractive to identified donors; commitment from the senior leadership; hard-working fundraiser(s) able to command the confidence of senior academics (and continuity of staffing in development); and sometimes creativity about recognising who might be a good lead donor. Evidence from the Ross-CASE survey suggests that there are a very few universities that are spending more on their fundraising operations than the cash income from philanthropic sources. Where this is the case it is almost universally true that the operation is currently expanding from a low base. This underlines the need to invest for the medium term, but also suggests that any university can make a healthy return on fundraising, probably within three years, if they do so wisely.
 - b. **“A successful Regular Giving programme (Annual Fund) is an essential element of a successful development programme.”** This is an important myth to question, because in some younger institutions where this has been regarded as a prerequisite, attempts to start wide-scale regular giving have been somewhat

premature, and have been launched before a case for support has been fully articulated. This has, understandably but unfairly, led to a loss of confidence in fundraising. Commentaries in the Ross-CASE Reports have also tended to emphasise the importance of generating large numbers of smaller gifts. The data show a correlation between the number of gifts an institution receives and the overall amount that it receives. In our view, both for older HEIs, often with a warm alumni pool, and for specialist institutions, where there is a natural coalescence and synergy between institution and subsequent career choice, regular giving is important both for revenue and for identifying potential major donors. It should be encouraged as actively as possible, and regarded as a career choice for some fundraisers, rather than a stepping stone to being a major gifts officer. In newer institutions, however, where most alumni have not yet reached the zenith of their lifetime net worth, and where significant changes of name, status, merger and so on have taken place, regular giving should not be treated as an essential factor in achieving success or failure; it should be considered more as an outreach exercise than a revenue generator. Over the medium term, it will be important to identify areas of connection with alumni, perhaps around particular disciplines and to create a pipeline of potential donors, but, initially, regular giving should be approached cautiously, without over-optimistic expectations and with a plan for incremental growth. It is arguable for some institutions that a targeted legacy campaign by direct mail to a small number of older alumni would pay dividends more quickly, together with an emphasis on the charitable aspects of the mission, rather than on the presumed obligation to “give back”.

- c. **“Big gifts tend to be made once alumni donors have made 12 or 13 smaller ones.”** Analysis in the US does indeed show this to be the case, and emphasises the importance of patience and relationship building. But this must be understood in a context (unlike the UK) in which all alumni are asked to give repeatedly from, or even before, graduation. Thus it is true that the stream of smaller gifts will have allowed fundraisers to identify who is philanthropically inclined, and to accord them good stewardship of their lower level gifts. However it is dangerous to assert that there is a causal connection between the small gifts and a subsequent large one, or even that it is not worth asking for a large gift until that stream of smaller gifts has appeared. We have tested data from four pre-1960 UK universities, with differing histories of regular giving activity, and all with successful major gifts activity, having raised between 13 and 30 gifts of more than £50,000 from alumni. Our analysis is presented in summary below, and in detail in Appendix 11. It shows that while there is no question that having a consistent regular giving programme helps to identify and cultivate major gift prospects, and that the more consistent that programme the higher the likelihood of identifying such prospects, it is by no means a prerequisite for successful major gift fundraising from alumni.

Comparison of Giving History of Major Donors in 4 Broadly comparable Pre-1960 Universities



- d. **“The VC should spend 30% of his/her time on fundraising”.** The proportion of time varies, but the demand for a substantial allocation of leadership time is often viewed as a *sine qua non*. In our judgment, much more important than a quantum of time set aside for advancement work is the willingness by leadership to accommodate an advancement need at short notice. So, rather than setting every Friday aside to see prospects (many of whom it turns out have commitments in their lives other than waiting for this opportunity to meet the vice-chancellor), it may be more important to clear a couple of hours of internal meetings, or block space for an overseas trip at relatively short notice because a potential donor has some availability. Time is an important commodity for vice-chancellors, and it may become a source of frustration if too much of it is “pre-assigned” to development activity. It should be emphasised that not all prospect meetings turn into gifts; in fact, a relatively small proportion will do so in the short term. If early meetings do not bring immediate results, it remains important for the vice-chancellor and other academic leaders to do all they can to accommodate meetings with potential major donors, and have patience that this will pay off in time. Changed priorities for the use of the vice-chancellor’s time also have implications for his or her senior team.

- e. **“You have to have a campaign to get a step-change in fundraising”.** Assessing the Ross-CASE data, for pre-1960s universities, the most significant correlation in the size of an institution’s fundraising success is its campaign target. That this factor is more significant than even spending or numbers of fundraising staff is an important finding. However, it does not reveal which way around the cause and effect is working. It is our contention that perhaps it is not so much that launching a campaign makes an institution successful, but that successful institutions launch campaigns. We are supported in this suggestion by the fact that outside the pre-1960s universities, and where the Ross-CASE data showed that there was a campaign target, no statistically significant correlation could be found between that target and the fundraising success of the institution. Campaigns are periods of intense fundraising activity, aimed at generating a specific financial target, usually for a defined series of goals. Many very successful institutions have never run

comprehensive institutional campaigns but have still raised very significant sums (the Universities of Glasgow and Manchester are good examples). The advice remains: readiness for a campaign should be determined by institutional objectives, donor readiness and to some extent staff understanding and commitment. Poor reasons for running campaigns are simply a desire to raise more money, an upcoming anniversary or to emulate or compete with a neighbour university. A commitment to a campaign requires a gearing up in investment.

- f. **“Development boards are a critical success factor”**. Where a development board of engaged and effective volunteers works well, it is an enormous asset. Some universities, such as King’s College London, are demonstrating the power of volunteers, especially to build enthusiasm around a campaign and to open otherwise inaccessible doors. But most of the volunteer leadership activity reported during this review was functioning at a sub-optimal level. Boards are time-consuming to service properly; they can default to busy work rather than critical action. In the early years of advancement activity institutions should move to the creation of a board with caution. Simple tactics to make them more likely to succeed include the presence of a clear remit agreed by all parties at the outset, time-limited job descriptions, strong leadership by an external chair who will tread an effective line in holding volunteer members and the university’s leadership to account, and the university constantly thinking about how it can “share the treasure” of its activity as a source of inspiration to the members. It may be helpful to say here, especially to those institutions newer to development activity: a board is not an essential component of fundraising, and many volunteers will help perfectly willingly in a personal capacity without the need to sit down in a larger volunteer group. It is worth working hard to persuade the “right” people to join, rather than to settle for immediate volunteers.
- g. **“Most of the money comes from alumni”**. For almost all institutions, most of the gifts (by number) will come from alumni. But very large gifts are more likely to come from trusts and foundations and other non-alumni individuals who happen to be passionate about a particular aspect of a university’s activity. Of course, charitable trusts are sometimes merely the giving vehicles for individuals, who often are alumni, and in many non-alumni gifts the role played by alumni as volunteers can be significant. In most of the larger campaigns in UK higher education, however, the experience has been that at least half of the actual income (by revenue) comes from sources other than alumni.
- h. **“Successful fundraising comes when staff/governors/boards give”**. The case is often made that major donors are inspired to give by seeing that many staff or governors have already expressed their commitment. There are examples of funders (the Kresge Foundation in the US is the most notable example) where some requirements of this kind are made. The numbers of donors asking such questions may well grow as the donor community becomes more sophisticated, but there are not significant numbers enquiring about staff or leadership giving at present in the UK. This is not to suggest that it is unimportant; in terms of morale it is very heartening to see staff feeling motivated to give to the institution that employs them (a very normal activity, after all, in a mainstream charity). But we have not found levels of staff giving to be a significant factor in determining an institution’s overall

fundraising success. Giving from staff, students and governing bodies should be applauded as an expression of a healthy philanthropic culture rather than a qualification for bringing such a culture about.

- i. **"We have 50,000 alumni, so if we write to them all and ask for £100, that's £50 million, right off".** There are several misconceptions here, among them the returns on direct mail. In fact, letters are likely to have a response rate of less than 1% in most universities. More importantly, successful fundraising does not rely on large numbers of equal sized gifts. In fact, across almost all higher education campaigns, more than 90% of the money comes from a much smaller group of very large donors. Hence the increasing focus on understanding the motivations of the biggest supporters. In 2005 Peter Wylie published an analysis based on five quite different research universities in the US²⁷. This tested the hypothesis that a typical number of donors giving 50% of a campaign's income represents the square root of numbers on the database (thus, 100 gifts in a database of 10,000, or just 316 gifts in a database of 100,000). This is, however, also a timely moment to point out the importance of regular giving both in identifying those potential major gifts and in signalling widespread community commitment to the project or campaign.
- j. **"You need a ton of money to do fundraising well."** Data from the Ross-CASE survey, across all institution types, shows that both investment in fundraising and the number of fundraising staff have a strong statistically significant correlation with fundraising success. In regular giving, the More Partnership Benchmarking study shows that RoI in most cases actually improves with extra expenditure. Increasing expenditure on fundraising is in many senses a matter of risk management. If the risk were low and the return assured, then the decision would be moderately easy. However, many institutions regard the risk as high and the return uncertain. This is a difficult background against which to invest. For small institutions or those new to fundraising it is very important to start and build at a manageable rate and to target areas of activity likely to have an impact on the institution and potential donors most likely to give. A scattergun start is likely to be expensive and to damage confidence rather than build it. For new entrants, emphasis on trust fundraising, on legacy fundraising where there is an identifiable community of alumni and supporters over the age of 50, and on a small number of individual donors with major gift potential is both manageable and likely to reap the best initial returns.
- k. **"The development director has to report to the vice-chancellor."** Data from the Ross-CASE survey shows some correlation in the pre-1960 group between the seniority of the person to whom the development director reports and fundraising success, but this correlation is not seen elsewhere. A range of organisational models has proved effective for different institutions at different times in their fundraising evolution. Rather than the reporting line, what matters is the relationship with the head of the institution, intimately tied in with the extent to which advancement is on the agenda of the senior management team and connected with university planning, and the extent to which the head of advancement commands the respect of senior university managers and academics.

²⁷ Sports, Fund Raising, and the 80/20 Rule, Peter B Wylie, 2005.

1. **“We don’t have the right tax regime.”** There is a common assumption that the tax regime in North America is more encouraging of giving than in the UK, and that this accounts, at least in part, for the UK’s lag in giving to higher education. In fact the UK has (since withdrawal of the 25% cap proposed in the March 2012 budget) as generous a system of income tax relief on gifts of *income* as the USA. As discussed elsewhere in the report, the mechanisms for higher rate taxpayers through Gift Aid are more complicated than in the USA, but the principle that someone can give away their gross income to a charity and not have to pay any tax on that gross income is identical in both countries. There is a difference, however, in the treatment of gifts of *capital*, where a US taxpayer can use a variety of options unavailable in the UK to give away assets tax-effectively. This is discussed elsewhere in this report. See also Appendix 10.

m. “If we can just appoint a fundraising guru, our problems are over”.

Experienced staff are necessary but not sufficient. The most effective fundraising in UK universities is taking place in institutions where a suite of conditions are fulfilled. These include engaged institutional leadership and academics, a clear case for support, and investment in the advancement functions. A single fundraiser, however skilled, will be hobbled if those conditions are not met. And in a job market where experienced practitioners are in short supply, exceptional fundraisers are unlikely to choose to work in an institution where they know it will be tough to flourish. Just because the field is unfamiliar to some institutions and uncomfortable to some vice-chancellors does not mean that standards of recruitment practice should drop. Due diligence about the track record of candidates and their part in the success of institutions where they have previously worked is essential. Making a successful appointment in this specialist area can call for creativity and flexibility – and also professional knowledge, which can be brought in for the appointment process.

n. “We must call our regular giving programme ‘The Annual Fund’, or establish some other brand for it.”

The term “Annual Fund” is adopted from the US private university tradition, where it is a contribution made annually by the donor to enhance the annual budget of the college or university. Its adoption in the UK is perhaps unfortunate, given that much of the revenue generated is neither given annually nor used for the general annual budget. Its use gives rise to the peculiar assertion seen in some fundraising literature that “the best way of giving to our Annual Fund is by monthly direct debit” and there is good evidence to suggest that it conditions universities into asking only once a year – and donors into giving once a year therefore. This is at variance with almost all charity direct marketing practice where asking (and giving) is much more frequent. In parallel, some universities have established separate brand identities for their regular giving programmes, feeling that the money must be isolated to demonstrate that it is not simply being used to replace funding the government once provided. Yet most universities work hard to establish and give life to their own overall brands. One of the themes of this report is that universities need to position themselves clearly as charities. There is a question whether isolating the regular giving programme from the main institutional brand aids that process. By comparison, donors to Oxfam or the RSPCA tend to give straightforwardly to the cause rather than to an “Annual Fund” for the organisation.

Chapter 8: Conclusions: The next ten years

- **The philanthropic acceleration and excitement of the past ten years can and must continue. Philanthropy changes higher education. And higher education changes the world. There is no stronger case for support.**
- **There is potential for philanthropic income of some £2 billion additional funding per annum from around 640,000 donors, with an alumni participation rate of 5%, by 2022. Income from legacies will become increasingly significant.**
- **To achieve this potential, conditions must be met for continuing investment, workforce development and the embedding of good practice.**
- **Alumni attitudes are fixed early in the student experience: we need a new emphasis on strategically aligned alumni relations.**
- **Anticipated future trends include more fundraising across borders, particular openings for medical and health-related causes, sometimes in partnerships, and greater prominence for academic champions of institutional philanthropic priorities.**

165. The Thomas Report of 2004 encouraged a step-change in philanthropic attitudes within and towards universities. Over the past ten years this has indeed taken place. Now the time has come for another step-change. By the end of the next decade, every university in the UK should be making a serious effort to fundraise and to engage its alumni in the delivery of its mission and goals. This report sets yardsticks for progress over the coming decade, and gives some models for different stages of the development of advancement in different types of institutions (Appendix 12).

Key messages for the next ten years

166. All the evidence has shown that investment in advancement brings positive results, even in times of austerity, offering ways to add value and to move forward more quickly and flexibly towards the delivery of important strategic priorities. Of course the reverse of this is also true; those that do not invest sensibly will not reap the rewards.

167. Fundraising for universities is fast maturing. Higher education institutions in the UK can be confident about learning from the many good examples of fundraising by universities in this country, rather than forlornly looking across the Atlantic for inspiration. There are also lessons to be learned from the arts and charity sectors, for example, in how to make a strong case for support, in growing experience of using new media (text messages, social

networking, viral media, etc) and in increasing efforts to enhance legacy giving, including making use of the Legacy10 provision.

- 168.** The shortage of skilled fundraising professionals remains a bottleneck, however, and must be addressed, making workforce development a matter of priority. Attention also needs to be paid to ensuring that advancement teams are sufficiently diverse to reflect their constituencies.
- 169.** There is a key opportunity to position universities more firmly as charitable causes and to put across the force of their case for support in more compelling ways. Individual institutions must carefully tailor their advancement messages to reflect and communicate their distinctive nature and situation: a consistent message of this report is that one size does not fit all. There are particular openings for fundraising for medical and health-related causes, sometimes in partnerships; we anticipate that greater prominence will need to be given to academic champions of institutional philanthropic priorities.

Case Study: the power of partnership

King's College London has been a pioneer in health fundraising, working in partnership with its NHS Foundation partners: Guy's and St Thomas', King's College Hospital and South London and Maudsley.

As part of the World Questions: King's Answers £500 million campaign, funds are being raised to enable King's scientists to work with their clinical partners on tackling some of today's most complex issues. The Cicely Saunders Institute for Palliative Care, funded entirely through voluntary gifts, is just one of the King's initiatives making a direct impact on people's lives. The institute was the first in the world of its kind. Its mission is to combine research, education and information provision to offer a comprehensive approach to the physical, social and psychological needs of people with progressive illnesses.

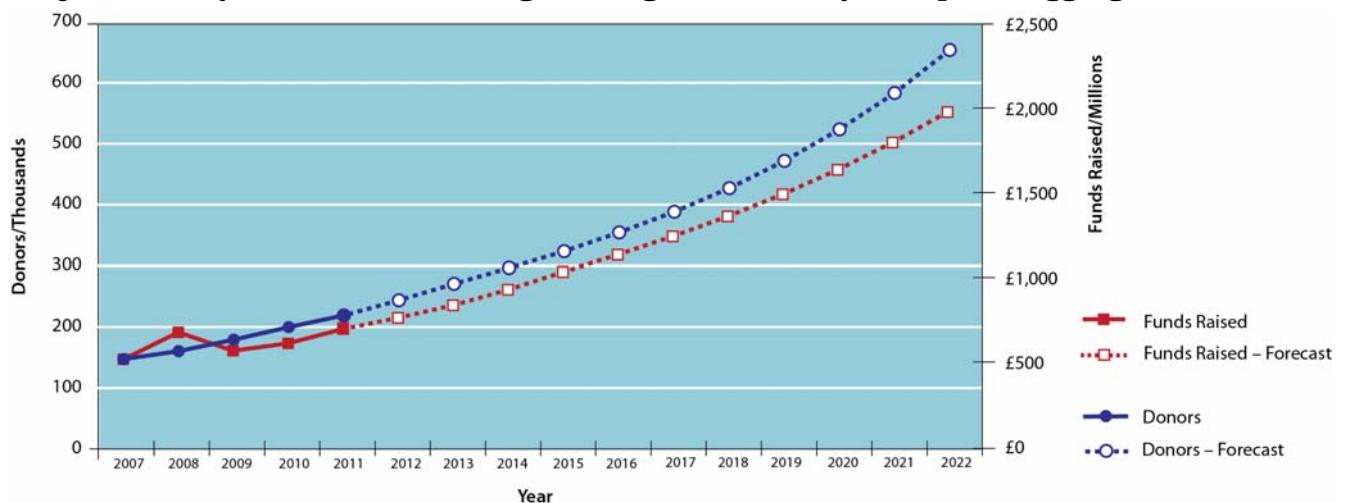
- 170.** Universities need to be robust about the process of asking potential donors to make gifts; they should also recognise that donors will do so only when they feel that a dialogue and relationship has been established and that their funds will be used to support initiatives above and beyond what they might expect to be provided from other sources.
- 171.** Investment in alumni relations is important to all universities. There are a huge number of valuable ways in which alumni can give their support – through volunteering, acting as ambassadors, employing graduates, recommending the university to others, commissioning research, as well as through giving. Supporter engagement teams should establish strategies to engage alumni, students, former staff and other friends, and also create benchmarks against which interest, engagement and commitment can be measured and improved – and to demonstrate the role they play in the delivery of strategic objectives. ["Alumni are the soul of the university." – Member of Council](#)
- 172.** The new funding regime in England provides universities with urgent reasons to activate alumni relations activities as soon as possible – in effect to treat students, as the University of Southampton says, as "alumni in residence"; US research has shown that predisposition to respond to requests for support (financial or otherwise) from a

university are fixed relatively firmly by graduation. Good alumni relations programmes will offer a variety of ways for alumni to become deeply involved in delivering a positive student experience, emphasising the importance of the relationship and benefits of a lifelong association with the university. Examples include alumni career presentations, advice and mentoring; involvement in work placements; as role models on campus and in external relations activities. Holding alumni weeks and philanthropy days, involving students as ambassadors at alumni reunions, asking alumni to spread the word at student recruitment fairs, all enable students and alumni to mix together to the advantage of both.

University advancement in 2022

- 173.** What might the higher education advancement ecosystem look like in 2020 and beyond? The scale and pace of change will continue: the first £1 billion+ fundraising campaigns outside Oxbridge will be launched and, possibly, concluded during this period. If the trajectory in growth in giving of the past ten years were to be sustained over the next ten, then there is potential to reach £2 billion per annum by 2022 from some 640,000 donors. While the growth of the past five years cannot be extrapolated indefinitely, there is no reason to believe it should not maintain momentum over the next ten years, if lessons identified in this report are followed.

Projections Beyond 2011 – Including Oxbridge, Forecast by Group and Aggregated



- 174.** Participation rates by alumni are likely to be challenged by the length of the recession and perhaps also by the introduction of the higher fee regime in England; nevertheless the trend here will also be upwards overall. In the US, after about 50 years of consistent fundraising, the participation rate from alumni of public universities is circa 10%. A target of 5% for the UK within the next 10 years, with a number of universities achieving double digit rates, would put the UK onto the US track. It is important to remember that alumni numbers rise significantly every year, so universities need to run ahead of themselves to keep up with participation rates. This rise, from 1.2% today, will only be achieved if more people are asked to give. This in turn will rely on stronger more durable alumni relations bonds.

- 175.** There will be higher levels of investment, success and innovation in other parts of the system. Numbers of gifts above £1 million to post-92 universities are already more frequent than we might have expected, and these will increase in number significantly, with many institutions running their own first campaigns. Some have already embarked on “quiet phases” and will launch in the next 12-24 months. The geographical profile of giving will almost certainly shift towards Asia, and more effort and expertise will be expended in achieving an understanding of giving cultures in BRIC (Brazil, Russia, India and China) countries.
- 176.** Ethics will be increasingly signposted, with the consequences of the Woolf Report leading to more robust principles and procedures for dealing with major donors in particular. Endowment fundraising – never easy at the best of times – will be more challenging with long-term interest rates at historically low levels.
- 177.** Institutions that are most ambitious about fundraising are likely to reflect the essential commitment of their leadership by dividing responsibility for advancement between “President” and “Provost” (whether or not those titles are adopted) – as prefigured by the Thomas Report. Similarly, roles such as Vice President for Advancement or Pro Vice-Chancellor for Advancement will appear progressively within senior management teams and be drawn increasingly from the ranks of advancement professionals. Previous exposure to fundraising and comfort with involvement in fundraising campaigns will become part of the person specification for chairs of councils as well as vice-chancellors. There is likely to be increasing engagement of charismatic chancellors as active members of the institution’s advancement team.
- 178.** Importantly, many more activities – big and small – across higher education will be funded either purely or largely by philanthropy. Every university should be able to point to positive examples of this by the end of the decade. Thousands of students will also receive scholarships and bursaries funded through donations and many of them will think about giving back to their universities – or forward through their universities to the future – when they can.
- 179.** Reconnecting with our own tradition of philanthropy for education is a process that the past decade has made invigoratingly possible. The task ahead is to develop that tradition for the next decade with energy, courage and a kind of realistic optimism. The task is necessary – for universities, for students, indeed for the world. It can be done. And the results, we are convinced, will be extraordinary.

List of Appendices

Appendices have been published in a separate file which is available at
www.hefce.ac.uk/pubs/rereports/year/2012/philanthropyreview/

Appendix 1 Glossary
Appendix 2 Acknowledgements
Appendix 3: Bibliography
Appendix 4: Analysis of Ross-CASE data
Appendix 5: Data analysis methodology and division of institutions into groups
Appendix 6: Open consultation introduction and survey instrument
Appendix 7 : HEFCE matched funding outcomes
Appendix 8: Results of the UUK Managed Capacity- Building Scheme
Appendix 9: HEFCE/CASE Europe matched funding award winners
Appendix 10: Tax reliefs available on giving in the UK
Appendix 11. Myth busting – does it take 13 gifts in an annual fund before someone will make a big gift?
Appendix 12 Key aspects of effective development operations