

# THINK

## State of the Nation (Scotland) Final Report 23 September 2008



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## 1.0 Introduction

THINK Consulting Solutions is the UK's leading voluntary sector consultancy providing fundraising, marketing, new media and communications services at a senior strategic level for many of the UK's largest charities. This report has been prepared by THINK Intelligence, our specialist research and analysis arm.

THINK Consulting Solutions has commissioned this report on the state of fundraising in Scotland as it was apparent that very little statistical information or evidence exists to highlight the trends in the sector specifically in Scotland.

This report is intended to give an overview of fundraising in Scotland, starting with the sector as a whole then breaking down into component parts. The report will be primarily narrative due to the lack of statistical evidence, but this has been included where possible.

There are some important differences between existing statistical analyses of the charitable sector in Scotland. The two organisations producing the bulk of the statistics are the Office of the Scottish Charity Regulator (OSCR) and the Scottish Council for Voluntary Organisations (SCVO).

The OSCR produces statistics based on active charities registered with them. This means that their statistics cover all charities, including those with a statutory remit such as universities and NDPBs and cross-border charities i.e. those registered with the Charity Commission in England and Wales.

The SCVO statistics are based on estimates of numbers of registered charities plus non-regulated voluntary organisations in Scotland. SCVO therefore does not include income from Scottish Universities, quangos, churches, or cross-border charities operating in Scotland but headquartered elsewhere.

The comparative statistics are therefore:

### **OSCR**

- 23,806 registered charities
- £12billion income

### **SCVO**

- 45,000 voluntary organisations
- £3.2billion income

According to the OSCR, cross-border charities alone account for 42% of Scottish income (£5.06billion), represented by just 355 organisations (1.5% of all Scottish registered charities). This means that the income of all registered Scottish charities based in Scotland is likely to be nearer £6billion (= 23,451 actual Scottish-based charities).

The question is should we be treating Scotland as a separate fundraising market, instead of looking at the UK as a whole. However, many statistics do not include Scotland and

Northern Ireland when presenting themselves as UK-wide. If existing statistics are to be believed the answer is no, but because of devolution, legislation and charity law, we believe we have to treat Scotland as a separate fundraising market.

### **Definition of fundraised income**

For the purposes of this report, and wherever possible, we have defined fundraised income as the donated income and other funds charities raise from the general public, companies and charitable trusts and foundations. It includes legacies, grants, donations, subscriptions and memberships, income from events and some sponsorships. It excludes grants from public bodies.

It should also be noted that the OSCR statistics from the Scottish Charities 2008 Report includes UK-wide income from cross-border charities as above.

SCVO statistics are based on income for the regulated voluntary sector (registered Scottish charities + credit unions + housing associations) minus British Council figures, Scottish Universities, quangos, churches, charities with headquarters elsewhere and private schools.

### **Life span of content**

This report has been compiled and completed at a time when the economy and world markets are in a state of flux. The report is relevant based on information available in mid-September 2008 but we would advise that with such rapidly occurring events that the report may well quickly be out of date.

## 2.0 Size and Value of Voluntary Sector in Scotland

This first section includes an overview of the sector as a whole, how it is managed and who the key players are.

<b>Number of registered charities</b>	23,806 <sup>1</sup>
<b>Value of the not for profit sector</b>	£8.6billion <sup>2</sup>
<b>Value of “fundraised” income</b>	£12billion <sup>3</sup> - £3.87billion <sup>4</sup>
<b>No. of persons employed in sector</b>	129,000 (83,500 FTE) professional paid staff from 45,000 voluntary organisations; 1.2 million volunteers. It is unknown what percentage of these actually work for the 24,000 registered charities, but it represents around 5% of Scotland’s workforce. <sup>5</sup>
<b>Growth rate of charities</b>	Between 8-9% between 2006-2008
<b>Number of grant making foundations</b>	SCVO estimates there to be around 4,000+ <sup>6</sup> but this is likely to include those who give to individuals and also charities that make grants. For purely trusts that give grants to charities, it is estimated that there are between 500-550 <sup>7</sup> .

### 2.1 Income of the top ten charities registered in Scotland

OSCR published a list of the top 300 registered charities in Scotland in February 2008. However, this list was produced using income figures for 2005/06, which makes the list somewhat outdated when looking at the current top ten. The vast majority of accounts for 2007/08 have not been filed or published yet, so the most accurate figures must be used from 2006/07. Based on this information, below is a list of the top 10 charities registered in Scotland based on 2006/07 income figures (**NB**. This is slightly different from OSCR’s produced top ten list).

<sup>1</sup> OSCR Scottish Charities 2008 Report

<sup>2</sup> SCVO 2007

<sup>3</sup> OSCR Scottish Charities 2008 Report (includes UK-wide income from cross-border charities)

<sup>4</sup> SCVO statistics 06/07 based on income for the regulated voluntary sector (registered Scottish charities + credit unions + housing associations) minus British Council figures, Scottish Universities, quangos, churches, charities HQ-d elsewhere and private schools

<sup>5</sup> SCVO Statistics 2007

<sup>6</sup> Based on SCVO estimates from 2004

<sup>7</sup> This includes 360 known trusts and a further estimated 140-190 additional ‘hidden’ trusts

	Organisation	2005/06	2006/07	2007/08	OSCR figures
1	British Council	£517.5m	£551m	£564.6m	£517.5m
2	University Of Edinburgh	£438.9m	£485.5m	NF	£438.9m
3	The Open University (registered in 2007)	N/A	N/A	£352.7m	£352.7m
4	University Of Glasgow Court	£312.4m	£370.8m	NF	£312.4m
5	Glasgow Housing Association	Overdue	£296.7m	NF	£296.7m
6	Oxfam	£293.1m	£290.7m	NF	£293.1m
7	NCH	£219.5m	£217.7m	NF	£219.5m
8	The British Red Cross Society	£233.1m	£200.6m	NF	£233.1m
9	University Of Strathclyde	£193.4m	£212.3m	NF	£193.4m
10	University Of Dundee	£165m	£182.8m	NF	£165m

Key: NF = Not filed

Of the top 10 charities registered in Scotland in 2008, five are Universities (with one cross-border University), four are cross border charities and one a Registered Social Landlord. However, all 'cross-border' charities report their total (UK) income, rather than figures for their operations in Scotland, so these do not accurately reflect the income generated by these organisations specifically in Scotland.

### Income of the top ten SCVO-defined charities registered in Scotland

	Organisation	2005/06	2006/07	2007/08	OSCR figures
1	Institute of Evolutionary Studies	£113.8m	£624.4m	NF	£113.8m
2	Scottish Arts Council	£76.8m	£83.2m	NF	£83.2m
3	Richmond Fellowship Scotland	£43.5m	£46.7m	NF	£46.7m
4	National Trust For Scotland	NF	£41m	NF	£34.4m
5	Quarriers	£37.8m	£39m	NF	£37.8m
6	Cornerstone Community Care	£26.4m	£28.1m	NF	£26.4m
7	Capability Scotland	£26.9m	£27.7m	NF	£27.7m
8	Turning Point Scotland	£27.4m	£24.7m	NF	£24.7m
9	Learning And Teaching Scotland	£23.7m	£22.9m	NF	£22.9m
10	National Library Of Scotland	£42.5m	£18.4m	NF	£42.5m

Key: NF = Not filed

## 2.2 Observations on the Scottish market:

### Is there a group of market leaders who dominate fundraising?

Organisations in Scotland (excluding cross-border charities, Universities etc.) that have the highest incomes (£10m+) are few in number but take up much of the sector's overall funding and paid workforce. These organisations include large housing associations, large social care and medical research charities, wildlife trusts and also include grant-making trusts. See table: **Income of the top ten SCVO-defined charities registered in Scotland** above.

**What is happening in terms of fundraised income?**

According to the SCVO, in 2006 while the sector as a whole was growing (in terms of income and employment), the vast majority of voluntary organisations (over 4/5ths) were financially more or less the same or in decline. Only a minority experienced growth and therefore only a minority were responsible for overall growth of the sector<sup>8</sup>.

Growth in the sector was shown to be more common for large (over £1m income) voluntary organisations and to slightly lesser extent for mid-size organisations, than for small under £100k organisations. All three income levels (under £100k; £100k-£1m; £1m+) had roughly the same level of organisations in decline in this period, accounting for approximately 14 per cent of organisations.

**Is there growth in number of registered charities?**

Yes, since inheriting more than 30,000 records from HMRC in 2005 a total of 9,604 charities have been removed from the register due to being inactive, untraceable, folding or amalgamating with another charity. In 2008 there are now 23,806 active registered charities. Taking this into account, the increase in active registered charities is between 8-9% over two years. In 2006 alone 2,114 charities registered with OSCR.

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<sup>8</sup> Based on a survey of 466 responding voluntary organisations in Scotland, 2006

### 3.0 Individual Giving

According to the latest UK Giving Report 2007, the annual estimate of total UK giving is £9.5 billion. Of this, just over £3.752 billion was given via Gift Aid, the main tax-efficient giving mechanism. Therefore we can estimate that total giving in Scotland in 2007 was an estimated £760m<sup>9</sup>.

#### Causes and Organisations

There is no specific data on the causes supported by people in Scotland, only UK-wide data (not including Northern Ireland).

#### Causes supported by individuals in the UK<sup>10</sup>

Cause	% giving from individuals		
	2004/05	2005/06	2006/07
Medical research	21	23	17
Children/young people	14	15	12
Hospitals/hospices	14	14	11
Overseas	9	11	9
Animals	8	8	5
Religious	7	7	16
Disability	7	8	4
Homeless	6	5	3
Education	4	5	6
Health	4	4	2
Elderly	5	5	2
Environment	3	3	3
Sports	2	2	3
Arts	1	1	0

The following table shows the breakdown of donations to the most popular causes by individuals in 2006/07 as taken from CAF's *UK Giving 2007* report. These figures are worked out as a percentage of total UK giving based on the population of Scotland (as a percentage of the UK population).

#### Most popular causes for individual giving in Scotland 2006/07

Cause	Value of donations £ <sup>11</sup>	% of total
Medical Research	£129.2m	17%
Religious	£121.6m	16%
Children/Young people	£91.2m	12%
Hospital/Hospices	£83.6m	11%

<sup>9</sup> Based on total UK giving as a percentage of the UK population in Scotland (i.e. Total UK Giving x % of Scottish population (8%))

<sup>10</sup> UK Giving 2007, CAF

<sup>11</sup> Based on total UK giving as a percentage of the UK population in Scotland (i.e. Total UK Giving x % of Scottish population (8%) for each cause )

Overseas	£68.4m	9%
Other	£53.2m	7%
Education	£45.6m	6%
Animals/animal protection	£38m	5%
Disability	£30.4m	4%
Environment	£22.8m	3%
Homeless	£22.8m	3%
Sports	£22.8m	3%
Elderly	£15.2m	2%
Health	£15.2m	2%
Arts	N/A	0%
<b>TOTAL</b>	<b>£760m</b>	<b>100%</b>

### UK charitable giving, by region and country 2004-2006<sup>12</sup>

Region/Country	2004/05		2005/06		Difference (average gift)	Difference (donors %)
	Average monthly gift per person £	Donors %	Average monthly gift per person £	Donors %		
London	22	50.5	23	53	+5%	+5%
East of England	11.82	58.8	20	61	+69%	+4%
South East	14.83	58.7	17	56	+15%	-5%
North East	11.06	58.5	15	60	+36%	+3%
UK	14.17	57.2	15	58	+1.4%	+1%
South West	15.17	62	14	58	-8%	-7%
Wales	10.1	53.1	14	67	+39%	+26%
Yorkshire/Humber	11.28	53.2	14	53	+24%	-0.4%
Scotland	16	61.2	13	63	-19%	+3%
East Midlands	13.56	57.4	12	56	-12%	-3%
West Midlands	10.74	55.8	12	54	+12%	-3%
North West	14.2	59.2	11	59	-23%	-0.3%

\*Figures taken from CAF's UK Giving Survey 2004/05 and 2005/06.

These figures show that for Scotland the average monthly gift per person has gone down by almost 20 per cent in one year between 04/05 and 05/06, although the number of donors has increased by 3 per cent. However, in 2004/05 both average gift and percentage of donors were above the UK average. In 2005/06 average gift was below the UK average but the percentage of donors remained above the UK average. Unfortunately we are unable to provide a comparison for 2006/07 as this data has been removed from the latest reports.

This shows that charitable giving in Scotland in 2004/05 was particularly strong, with the UK's 2<sup>nd</sup> highest average monthly gift and the UK's 2<sup>nd</sup> highest percentage of donors. In 2005/06 Scotland dropped to 8<sup>th</sup> in the list of highest average monthly gift, but remained 2<sup>nd</sup> with the highest percentage of donors. This does suggest that overall charitable

<sup>12</sup> Figures for 2007 have been excluded from the UK Giving report 2007 due to 'not having enough space'.

donations by individuals has probably fallen slightly over these years but the growing number of donors, albeit gradually, does give an optimistic outlook.

The current situation with the crisis in world banking has resulted in the majority of redundancies being made across middle management. Key senior managers are likely to be retained and some are even still receiving their bonuses. An example of this is at Lehman Brothers New York office where a £1.4 billion pot has been ring-fenced, potentially to pay out bonuses to senior U.S. staff accrued over the first nine months of this year.

As the credit crunch bites, the behaviour of consumers is changing. It is anticipated that these changes in spending habits will have an impact on giving habits.

### 3.1 Payroll Giving

- For the year ending March 2007, Payroll Giving raised £89 million for charities
- An additional £10m was raised from employers matching their employees' contributions
- £7.1m of this (£89m) is estimated to have been raised in Scotland
- Approximately 13,000 charities benefit from Payroll Giving (with an average income of £6,846 per charity)
- The latest year on year figures suggest that by the end of March 2008 this figure will have increased by 28% over the previous twelve months, breaking the £100 million barrier for the first time<sup>13</sup>.
- Payroll Giving accounts for under 1% of all charitable donations in the UK and less than 3% of all tax-efficient donations.
- During the year 2006-2007 there were around 644,000 payroll donors (52,000 in Scotland)
- This is expected to rise by 31% in the year ending March 2008<sup>14</sup>

There are approximately 24 million employees paid through PAYE in the UK. Only 10.5m (44%) of these are employed by organisations with Payroll Giving schemes in place. In 2006/07, of these 10.5m employees, only about 6% gave through Payroll Giving. The average donation made through Payroll Giving is between £7 and £10 per month.

Despite the successes of 2007/08 the full potential of Payroll Giving to raise money for charities, appears largely unrealised. Less than half the workforce is covered by Payroll Giving schemes. In organisations where Payroll Giving schemes are in place there is wide variation in take up amongst employees.

<sup>13</sup> 'Review of Payroll Giving', Institute of Fundraising, August 2008

<sup>14</sup> IoF, unpublished

### 3.2 Volunteering in Scotland

The main body for volunteering in Scotland is Volunteer Development Scotland (VDS), funded by the Scottish Government, which promotes, supports and develops volunteering at a national level. It also helps to deliver the Scottish Government's Volunteering Strategy (2004-2009). The VDS currently has over 500 member organisations. Part of the VDS is the Volunteer Centre Network Scotland (VCNS), which has 32 volunteer centres operating out of 60 offices in Scotland.

According to the latest figures on the numbers of people volunteering released by Government there has been no discernable trend up or down in the numbers between 2001 and 2008, despite the significant levels of public funding that have been invested. The figures are from the Government's *Citizenship Survey*, an ongoing survey used to measure the levels of volunteering in England and Wales.

In Scotland a recent report by VDS – Formal Volunteering Research Findings Scotland No 2 - found that over 1.52million adults had undertaken formal volunteering the last year.

Regionally this is broken down as:

Area	% Volunteering
Glasgow	38
Edinburgh	48
West	32
South East	31
North	48

The survey, which took place in 2002, found that 38% of the adult population in Scotland say that they had undertaken one or more formal or informal voluntary activity, unpaid, to help others in the past 12 months.

Some key facts include<sup>15</sup>:

- Around half of the adult population have volunteered at least once in the past year (a figure just above that for the rest of the UK)
- Women are more likely to volunteer than men, but only slightly more so
- Younger people are just as likely to volunteer compared with middle aged people
- People with children in their household are more likely to volunteer than those who have no children living with them
- Just over 50% of the people who go to volunteer centres are on jobseekers allowance or incapacity benefit
- About 25% of the people who volunteer in Scotland are involved with a public body, for example the local council or National Health Service
- It contributes an estimated 100 million hours per week and £41 billion per year to the social economy of the UK

<sup>15</sup> VCNS website, based on the UK Volunteering Survey 1997.

### 3.3 Legacies

Legacy income is well known to be a vital element of the voluntary sector economy. Worth an estimated £1.9 billion a year to charities, legacy income represents around 6% of all income received by charities, whilst for the largest charities this increases to some 10%<sup>16</sup>. This demonstrates how legacy income is of particular importance to the fundraising success of the major charities.

However, there appears to be a significant and worrying slow down in the growth of legacy income for many charities. In 2006/07 the top 300 fundraising charities in the UK showed legacy income growth of just 1.2% in real terms, compared with the 7% reported for the late 90's. The Charity Market Monitor 2008 reports that different causes are experiencing markedly different trends:

- Health causes attracted the highest amount of legacy income at £355 million in 2006/07, followed by social welfare at £287 million
- Animal protection legacy income fared well on scale and growth with £177 million in legacy income
- Religious and faith based legacies saw the greatest real increase between 2002/03 and 2006/07 at 135%
- Social care causes showed poor, almost static, change in legacy income

There is very little information on legacies in Scotland, or indeed the UK as a whole. In Scotland, approximately 5% of those who die leave legacies to charities and give to around 2.7 charities per charitable will. In 2005 the average value of a legacy in Scotland was approximately £17,000. This figure is slightly lower than that in England and Wales<sup>17</sup>.

Based on figures compiled by Smee & Ford we can see the estimated number of legacies over the past 16 years.

	1991			2001			2007		
	Deaths	Charitable Wills	% leaving legacy	Deaths	Charitable Wills	% leaving legacy	Deaths	Charitable Wills	% leaving legacy
UK	564,000	23,000	4%	535,000	29,000	5.4%	504,052	25,202	5%
Scotland	61,041	2,442	4%	57,382	3,099	5.4%	55,984	2,799	5%

Whilst legacy figures are very much based on estimates, this table does demonstrate that legacy giving may well have peaked some years ago and is now beginning to fall. This reflects the fact that the number of elderly is likely to double in the next 20 years, which will threaten future wealth and subsequently charitable legacies. One might argue that the number of wealthy has also risen sharply in recent years, but the reality is that wealthy individuals are moving away from legacies towards more proactive giving during their life and not after it. This is shown with the increasing number of trusts and foundations set up by the wealthy, determined to give away a portion of their wealth before they die.

<sup>16</sup> NCVO

<sup>17</sup> Smee & Ford – not publicly available

The outlook for legacies does not appear to be so rosy, but should we not ask ourselves if this actually presents an opportunity rather than a threat? Yes, property values are falling and houses taking longer to sell resulting in even longer delays between notification of a legacy and receipt of the bequest. There will inevitably be an impact on charities in the short term. Some charities with a high dependency on legacy income may well find themselves exposed if there is a dramatic fall in property prices. But taken in the context that the current market is comparatively small, there are still undoubtedly opportunities to increase the market for charities.

We are entering a new generation of potential legacy givers. Traditionally the majority of legacy value has come from the largest estates, but people need to understand that any amount, however small, will make a significant difference both for them and for their chosen charity. That they can leave the majority of their estate to their family, that is important, but they can also leave a gift to charity. We need to turn all our colleagues into legacy fundraisers. At the moment it is just left to one or two people with the word 'legacy' in their job description to get the message across. Everyone should have the confidence to talk about legacies, not leave it to the few. The public need to have a clearer understanding of the impact a legacy will make and that will only happen if we all talk about it.

The current downturn in the economy is likely to make the new generation of potential legacy givers even more cautious. Their security and the security of their family as they get older will be their primary concern. As property prices decrease and the cost of living increases they will no longer feel they have the same levels of economic stability experienced in the past few years.

## 4.0 Corporate Fundraising

According to the DSC's *Guide to Company Giving*, over 500 companies in the UK give a combined total of £290m in cash donations to voluntary and community organisations. However, of those 500 only two are represented by Scottish-based companies (Pennon Group and Stagecoach Group). Interestingly, Business in the Community estimates that its 21 CommunityMark companies invested almost £600m in the community through employee time, funding and other contributions. This suggests that donations to charities represent only a very small percentage of total community investment (approximately 2%).

Corporate fundraising in Scotland, as in the rest of the UK, is only a very small part of charitable income. Corporate sponsorship accounted for 3% of the sector's income in 2001, 1% in 2004 and just 0.3% in 2006.

The take over of HBOS by Lloyds TSB has seen the effective disappearance of Scotland's second largest company. What the future donations strategy for the merged organisations will be remains to be seen but it would appear inevitable that future funding will not equate to that given by both companies at the moment.

As profits fall, companies are reviewing their external relations strategies. The early signs are that charitable giving will suffer unless it is clearly linked to a well developed CSR policy and / or will deliver outcomes like increased profit, customer loyalty, brand awareness / publicity, improved staff motivation.

### **Business in the Community**

Scottish Business in the Community (SBC) is a not-for-profit company with around 75 top member companies (60 members and 15 associate members) committed to improving their positive impact on society. Business in the Community (BiTC) has over 750 members, which represents 1 in 5 of the UK private sector workforce. There are a number of organisations who appear to be members of both organisations, including Scottish & Newcastle and ScottishPower.

The CommunityMark is a new national standard that publicly recognises companies that are the best investors in their communities. Successful CommunityMark companies have passed a rigorous, independent assessment including scrutiny by their employees and community partners.

The 21 businesses with the CommunityMark in the UK are:

- The Town House Company
- Rangers Football Club
- Heart of Midlothian Football Club
- Design Links Ltd.
- Contract Scotland Ltd.
- BT
- GlaxoSmithKline
- HBOS
- KPMG
- M&S
- PricewaterhouseCoopers
- RWE Npower
- Tesco
- Zurich
- Ernst & Young
- Barclays
- Deloitte
- J. Sainsbury PLC
- Axis
- Blackburn Rovers Football Club
- Elementus

Of these 21 companies, five are Scottish SME's, competing with much larger FTSE-100 Plc's.

This year's SBC Awards for Excellence went to a number of Scottish companies, including:

Award	Description	2008 Recipient(s)
BUPA Healthy Communities Award	Recognising company community programmes that work with voluntary and/or public sectors to improve the health and wellbeing of UK communities	Kingdom Shopping Centre, Fife
Merrill Lynch Education Award	recognising company community programmes that raise the achievement of young people through building sustainable partnerships with schools to the benefit of pupils aged 5-19 years in the UK	<ul style="list-style-type: none"> <li>• Design Links</li> <li>• John Lewis Glasgow</li> <li>• Rangers Football Club</li> <li>• Standard Life</li> <li>• Oracle</li> <li>• Scottish Power</li> </ul>
Large Company of the Year		Lloyds TSB Scotland
SME of the Year		Design Links

### Scotsman 250

The 'Scotsman 250' is a list of the top 250 companies driving Scotland's economy in 2007, compiled each year by *The Scotsman* in association with Deloitte. According to this list, the top 10 companies in Scotland are:

1. Royal Bank of Scotland (RBS)
2. HBOS
3. Standard Life
4. Scottish and Southern Energy
5. FirstGroup
6. Scottish & Newcastle
7. British Energy Group
8. Arnold Clark Automobiles
9. Grampian Country Food Group
10. Wood Group (John)

Of these companies, five appeared in the Guardian's FTSE 100 Giving List 2006, which ranks companies on giving by the percentage of pre-tax profits donated to community investment. These include:

Company	Giving List Rank	% of pre-tax profits donated	Total donated (£)
HBOS	36th	0.73%	£29.53m
Royal Bank of Scotland	38th	0.71%	£56.2m
Standard Life	67th	0.2%	£1.86m
Scottish & Southern Energy	84th	0.06%	£0.5m
British Energy Group	88th	0.03%	£0.18m

Top Scottish Companies with Active Community Investment Policies

Scotland

Company	HQ	Top 250	SBC	Annual giving (2007)	Types of Support											
					D	S	COY/OS	P	EF	V	GiK	PG	MG	TF		
Royal Bank of Scotland	Scotland	1 <sup>st</sup>	✓	£57.7m			Fairbridge; Barnardo's; The Prince's Trust; YouthBank; BTCV	✓					✓		✓	
HBOS	Scotland	2 <sup>nd</sup>	✓	£55.2m	✓	The July Project; NOEL Singing for Fun; Northern Ballet	British Heart Foundation; WRVS; Family Holiday Association; RNLI; Age Action		✓				✓		✓	✓
Standard Life Plc	Scotland	3 <sup>rd</sup>	✓	£2.5m	✓	The Children's Classic Concerts; Junior Road Safety Officers Scheme; Wester Hailes CHAI	The British Lung Foundation; The Place2Be; Tenovus; Beechwood		✓				✓			
Scottish and Southern Energy	Scotland	4 <sup>th</sup>	✓	£685,000 (£873,000 in 2008)			Sometimes; Currently children's hospices		✓				✓		✓	✓
FirstGroup Plc	Scotland	5 <sup>th</sup>	✓	Not stated	✓	First Monster; Glasgow 2014; Outward Bound; The Paul Lawrie Junior Golf Development Programme	Save the Children/UCAN		✓				✓			
British Energy Group Plc	Scotland	7 <sup>th</sup>		£700,000 in 06/07 for COY			Multiple Sclerosis Society; Help the Hospices									
Stagecoach	Scotland	11 <sup>th</sup>	☐	£700,000		Oasis Academy	Guide Dogs for the Blind; Samaritans; Railway Children; Dorset Voluntary Search and Rescue; businessdynamics		✓				✓		✓	



Scotland										
Clydesdale Bank	Scotland	✓	Not stated	✓		Help the Hospices	✓	✓	✓	✓
McGrigors	Scotland/ England	✓	Not stated	✓		Alzheimer's Scotland; Revive MS Support; Marie Curie; Aberdeen Foyer; Grampian Autistic Society; Northern Ireland Children's Hospice; Ulster SPCA; Macmillan; St. Margaret's Hospice; Yorkhill Children's Foundation; Streetwork; Cash for Kids; Action Cancer; Portaferry RNLI; Kidscape; St. Mungo's	✓	✓		

**Key:** **SBC** = Scottish Business in the Community member; **D** = Donations; **S** = Sponsorships; **COYIOS** = Charity of the Year/Ongoing Support; **P** = Partnerships  
**EF** = Employee Fundraising; **V** = Volunteering; **GiK** = Gifts-in-Kind; **PG** = Payroll Giving; **MG** = Matched Giving; **TF** = Trust/Foundation

The table above has been compiled using both the Scotsman 250 list and the Scottish Business in the Community member list. The table represents those key Scottish companies with discernable community investment policies.

Corporate investment in the charitable sector is only a small percentage of overall charitable income. Some even suggest that investment is on the decline, but looking at past and present figures for these particular Scottish companies community investment is actually on the increase. Growth in corporate charitable giving has been rising year-on-year and in some cases has grown considerably over the past few years. If we take the top 4 companies in Scotland, we can see their community investment over the past three years has been rising, particularly acutely for those investing below £5m per year.

#### Total Community Investment by the Top Four Scottish Companies 2005-2008

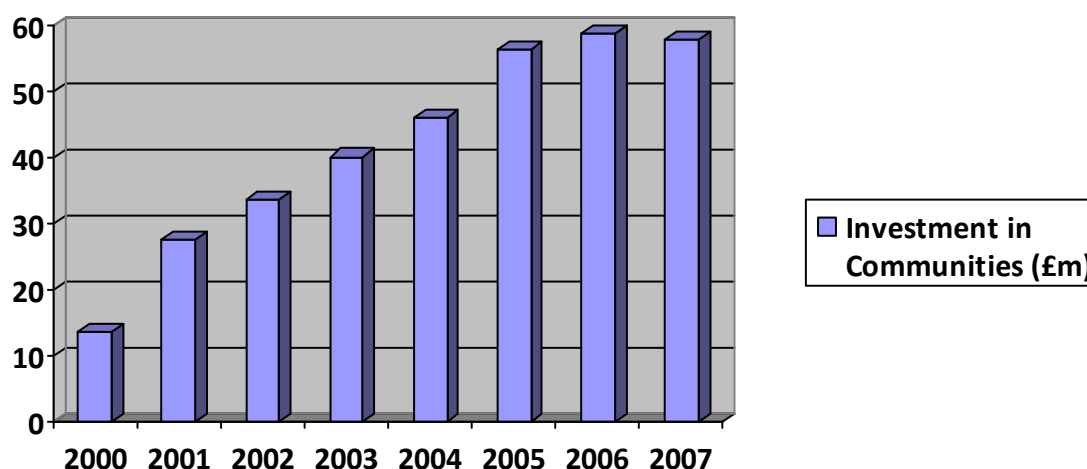
Company	Total community investment				% change over 3 years
	2005	2006	2007	2008	
Standard Life	£1.5m	£1.6m	£2.5m	N/A	+60%
Scottish and Southern Energy	N/A	£495,000	£685,000	£873,000	+57%
HBOS	£43.1m	£44.2m	£55.2m	N/A	+22%
Royal Bank of Scotland	£56.2m	£58.6m	£57.7m	N/A	+2.6%

## Corporate Community Programmes – Case Study

### Royal Bank of Scotland

In 2007, RBS contributed more than £57.7 million to community programmes throughout the world (although this includes \$25 million invested in more than 4,000 non-profit organisations in the US). Since 2000 RBS has invested £333.4 million in communities across the world. As a result RBS has been recognised in the *Fortune* list of 'World's Most Admired Companies' where they were ranked 4th for community investment.

**RBS Investment in Communities 2000-2007**



The table below breaks down this figure by type of investment they make:

<b>Community investment by type</b>	<b>Amount</b>
Cash support	£38.6m
Time value	£3.3m
In-kind donations	£13.7m
Management	£2.1m
<b>Total</b>	<b>£57.7m</b>

Other contributions to community investment in 2007 include:

#### Volunteering

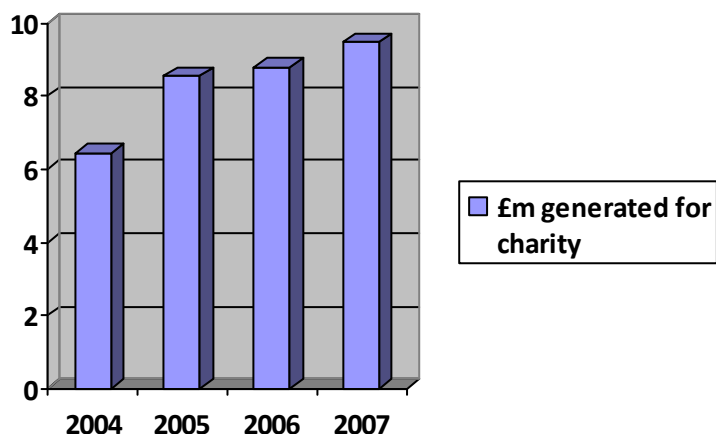
- 173,996 business hours for volunteering have been granted
- Over 2,400 employees got involved with RBS charity partners in the UK
- Non-profit partners are able to register volunteer opportunities within RBS

#### Payroll Giving/Give As You Earn

- 15,000 employees donated to good causes each month
- £3,472,338 was donated by employees
- £5,996,141 was then added by RBS group

- overall total of £9,468,479 was received by more than 3,700 charities across the UK and Ireland
- RBS group continues to add £2 to every £1 that employees give to the charity of their choice
- For the third year running RBS group was awarded the Gold 'Payroll Giving Quality Mark' which acknowledges that more than 10% of our employees participate in GAYE

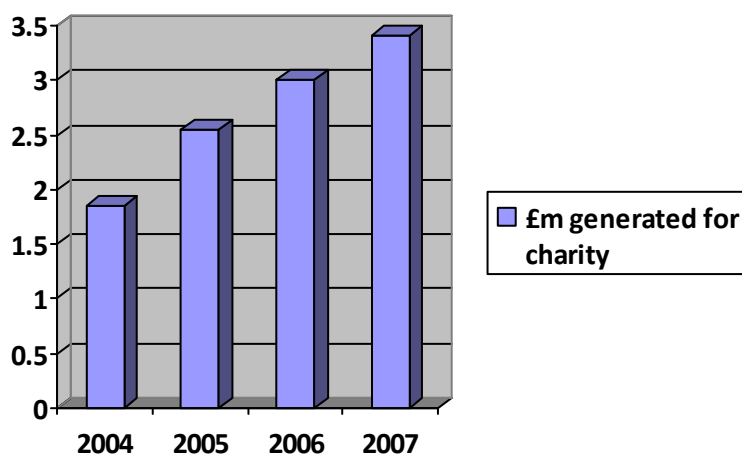
#### **GAYE funding 2004-2007**



#### Community Cashback

- RBS Group awarded 8,314 cash grants to good causes employees gave their time to as fundraisers or regular volunteers
- This equates to £3,377,200 in additional funding
- Employees can claim an award between £100 - £1,000 for the charities, schools and community projects they're involved in

#### **Community Cashback Funding 2004-2007**



### Children's Charity Awards

- 91 children's charities received a share of RBS's annual £1m donation, each receiving £10,000
- Tommy's received £100,000
- 10 charities nominated by employees outside the UK also received £10,000

### Programmes

- In 2007 635,982 secondary school children in the UK received lessons in financial education through their MoneySense for Schools programme
- RBS launched a new partnership with UK based charity Macmillan Cancer Support to improve advice about the financial implications of a cancer diagnosis
- 25,000 calls were taken by the RBS group funded Lone Parent Helpline, which offers advice specifically for single parent families
- Four organisations received a share of £100,000 towards their financial inclusion projects through our RBS Innovate Fund.
- Over 1,000 schools made the case as to why they deserved to win a £100,000 playground improvement grant through RBS's Supergrounds 'Dream Playgrounds' scheme
- A further 150 primary schools received a Supergrounds Award

### Priorities for 2008

RBS list their community investment priorities for 2008 as:

- Increase our overall contribution to communities across the world
- Extend access to our matched giving and employee volunteering programmes to our employees across the world
- Increase the nominations from our employees to the Chairman's Awards for Community Excellence
- Increase the share of our Supergrounds programme invested in countries outside the UK
- Increase the opportunities for employees to volunteer for good causes as part of their personal development
- Build on the contribution we inherit from the ABN AMRO Foundation

Royal Bank of Scotland announced pre-tax losses of £691 million for the first half of this year. This is the second biggest banking loss in UK corporate history. Sir Fred Goodwin described the loss as 'chastening'.

## 5.0 Statutory Funding

### 5.1 Central Government

In Scotland, the Scottish Government is the main source of statutory funding although some UK Government departments, such as the Department for International Development (DfID), give grants UK-wide.

The Scottish Government has defined a set of five strategic objectives that underpin its **purpose** which is:

*'To focus Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.'*

The **five strategic objectives** are:

OBJECTIVE 1 – Wealthier and fairer

Enable businesses and people to increase their wealth and more people to share fairly in that wealth.

OBJECTIVE 2 – Healthier

Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.

OBJECTIVE 3 – Safer and stronger

Help local communities to flourish, becoming stronger, safer places to live, offering improved opportunities and an improved quality of life.

OBJECTIVE 4 – Smarter

Expand opportunities for Scots to succeed from nurture through to life long learning ensuring higher and more widely shared achievements.

OBJECTIVE 5 – Greener

Improve Scotland's natural and built environment and the sustainable use and enjoyment of it.

These strategic objectives are supported by **15 National Outcomes** which describe what the Government in Scotland wants to achieve over the next 10 years. Investment in the third sector is therefore aimed at voluntary sector organisations that contribute to the achievement of one or more of these outcomes:

1. We live in a Scotland that is the most attractive place for doing business in Europe.
2. We realise our full economic potential with more and better employment opportunities for our people.
3. We are better educated, more skilled and more successful, renowned for our research and innovation.
4. Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
5. Our children have the best start in life and are ready to succeed.

6. We live longer, healthier lives.
7. We have tackled the significant inequalities in Scottish society.
8. We have improved the life chances for children, young people and families at risk.
9. We live our lives safe from crime, disorder and danger.
10. We live in well-designed, sustainable places where we are able to access the amenities and services we need.
11. We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.
12. We value and enjoy our built and natural environment and protect it and enhance it for future generations.
13. We take pride in a strong, fair and inclusive national identity.
14. We reduce the local and global environmental impact of our consumption and production.
15. Our public services are high quality, continually improving, efficient and responsive to local people's needs.

The Scottish Government is supporting the Third Sector with £93 million of funding over the next three years. Funding will be available through the:

- Scottish Investment Fund
- Third Sector Enterprise Fund

### Scottish Investment Fund

The Scottish Investment Fund is a £30 million fund provided by the Scottish Government to be delivered between 2008-2011 and beyond. The fund aims to help trading charities and social enterprises increase their turnover or become financially sustainable. Opening on September 1<sup>st</sup> 2008, the fund will invest this sum over the course of three years, and is seen as a long-term vehicle for investment in the sector. Around half of the fund will be used for loan and other repayable finance (recycling fund) and half as non-repayable grants.

To be eligible, organisations must have been trading successfully in Scotland for at least three years, or in the case of consortia or joint ventures, one of the constituent partners must have been doing so. They must also be considered to have potential for growth and/or sustainability, and either be investment-ready in terms of their management, governance and financial position, or be in a position to become so. The programme aims to investment in around 60-80 organisations over the period 2008-2011.

#### **Distribution of funds over the next 3 years**

<b>08/09</b>	<b>09/10</b>	<b>10/11</b>	<b>Total</b>
£4m	£10m	£16m	£30m

In June 2008 the Scottish Government appointed Social Investment Scotland (SIS) to manage the £30 million Scottish Investment Fund. SIS is a unique partnership between Scotland's four biggest banks and the voluntary and public sectors. It provides loan finance and business support to social economy organisations who are unable to raise any or all of the loan finance they need from normal commercial sources.

[www.socialinvestmentscotland.com](http://www.socialinvestmentscotland.com)

£4 million from the Scottish Investment Fund was awarded to Inspiring Scotland, the new initiative developed by Lloyds TSB Foundation for Scotland. It aims to apply the venture philanthropy model in Scotland and the first issue to be addressed is 14 to 19 year olds who struggle to make a successful transition to adulthood and the grant will be used to improve play opportunities for children most in need, recognising the importance of physical and social environments on health and wellbeing. Inspiring Scotland is registered as a grant-making trust with OSCR.

### Third Sector Enterprise Fund

Funding for organisations which are not eligible for the Scottish Investment Fund and are at an earlier stage of development will be available through the Third Sector Enterprise Fund. The Fund will support organisations that want to build their capacity to operate in an enterprising way. This fund will be worth £12m over three years and offer sums of up to £100,000 based on an assessment of business plans and social outcomes. Full details will be released in the next few months.

#### **Distribution of funds over the next 3 years**

<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>Total</b>
£2.7m	£5m	£4.3m	£12m

The initiatives come as part of the Scottish government's [Enterprising Third Sector Action Plan, 2008-11](#) launched in June, which sets out a range of activities to "create the right conditions in which an enterprising third sector - including social enterprises - can thrive". The action plan contains a series of actions to be delivered over the period 2008-11 around the following seven objectives:

- Opening Markets to an enterprising third sector
- Investing more intelligently
- Promoting social entrepreneurship
- Investing in skills, learning and leadership across the third sector
- Providing support for business growth
- Raising the profile of enterprise in the third sector
- Developing the evidence base

Examples of other specialist government funds available to the charitable sector include:

- *The Scottish Climate Challenge Fund* - £18.8 million over the next three years (2008-11) to provide grants to a range of community organisations to help with planning, learning, communication and action to reduce carbon emissions
- *Historic Scotland Fund*
- *CashBack for Communities Fund* - funded from money reclaimed from criminals, it aims to support local youth projects across Scotland, with budget allocations for each of 32 local authority areas
- *Voluntary Sector Development Fund* - £1 million is available for 2008/09 to enable small and medium-sized voluntary organisations in particular to meet the cost of training staff to Scottish Social Services Council (SSSC) standards

- *Scotland Rural Development Programme* - a £1.6 billion programme of economic, environmental and social measures designed to develop rural Scotland over the next six years (2007-13)
- Violence Against Women and Improve Lives Affected by Domestic Abuse which will distribute £44m and includes a fund of £10m for Tackling Domestic Abuse over 3 years
- Race Religion and Refugee Integration Funding Stream £5.5m between July 2008 - March 2011
- The Fairer Scotland Fund which was launched in April 2008. It is an amalgamation of 7 previous funds -Community Regeneration Fund; Community Voices Fund; Working for Families Fund; Changing Children's Services Fund (Social Inclusion element); Financial Inclusion Fund; Workforce Plus; More Choices, More Chances. It will distribute £145m per year between 2008/09 – 2010/11 via Community Planning Partnerships

## 5.2 The Scottish Funding Council (SFC)

The Scottish Further and Higher Education Funding Council (SFC) is the body that distributes funding for teaching and learning, research and other activities in Scotland's colleges and universities. It distributes more than £1.6 billion to Scotland's colleges and universities for teaching and learning, research and other activities in support of Scottish government priorities. There are 43 colleges and 20 higher education institutions funded by SFC.

The SFC is a Non-Departmental Public Body (NDPB) of the Scottish Government and was established formally on 3 October 2005 under the terms of the Further and Higher Education (Scotland) Act 2005. The Council replaced the former Scottish Further Education Funding Council (SFEFC) and the Scottish Higher Education Funding Council (SHEFC) and brought together funding and support for Scotland's colleges and universities under one body.

To deliver its responsibilities, the Council's board meets usually nine times a year. It has established committees to advise it on specific responsibilities and these meet either regularly on given cycles or as required.

## 5.3 Local Government

There are 32 unitary authorities in Scotland who are responsible for the provision of the entire range of local public services. Increasingly, local authorities are asking voluntary organisations to deliver some of these on their behalf - moving towards an 'enabling' rather than direct service provision role.

As well as services that are their statutory responsibility, the local authority may wish to support services delivered by voluntary organisations, which are particularly geared to local circumstances or 'add value' to local communities.

The Scottish Compact is an agreement between the Scottish Government, its agencies, Non-Departmental Public Bodies (NDPBs) and the voluntary sector on the principles of

working in partnership. Actual working arrangements will vary from area to area. There may be a local voluntary sector liaison officer with specific responsibility for liaison with the local voluntary sector and co-ordinating funding arrangements within your local authority. Alternatively, agreements may be made with individual departments and committees<sup>18</sup>.

## 5.4 European Union

In Scotland, Structural Funds are the significant source of European Union funding for economic development in Scotland. Programmes run over a 7 year period. From 2000-2006 Structural Funds spending provided over £1.1 billion of support for Scotland, supporting the Scottish Government's aims of boosting economic growth and improving productivity in Scotland while reducing economic and social disparities.

### Structural Fund investment in Scotland 2000-2013

2000-2006	2007-2013	% change
£1.1bn	£540.2m	-51%

The next round of Structural Funds Programmes is for the period 2007-2013 and will total around £540.2m. This is roughly half the level of funding provided in the previous 2000-2006 round and the eligibility rules for projects have been made much tougher. It may also be the last major inflow of money that comes to Scotland from these funds<sup>19</sup>. The vast cut is due almost entirely to the enlargement of the EU through the accession of new Member States whose development needs are greater than Scotland's. The reduction is, however, thought to be broadly in line with the reductions sustained by the rest of the UK and in most of the older EU Member States.

The structural funds include:

- **European Regional Development Fund - ERDF**  
This is one of the main Funds in Scotland - it supports regional economic conversion and development and is available in Objective 1 and Objective 2 areas.
- **European Social Fund -ESF**  
ESF supports training and employment and is available throughout Scotland.
- **European Agriculture Guidance and Guarantee Fund - EAGGF**  
EAGGF supports rural development and is only available in the Highlands and Islands Special Transitional Programme Area.
- **Financial Instrument for Fisheries Guidance - FIGF**  
FIGF supports the adaptation of the fishing industry and its communities and is only available in the Highlands and Islands Special Transitional Programme Area.

For Round 1 funding 2000-2006, there were five programme management executives to administer distribution of funds. These were:

- [East of Scotland European Partnership](#) (Lowlands and Uplands of Scotland)
- [Highland and Islands Partnership Programme](#)

<sup>18</sup> SCVO

<sup>19</sup> East of Scotland European Partnership (ESEP)

- [Objective 3 Partnership](#)
- [South of Scotland European Partnership](#)
- [Strathclyde European Partnership](#)

The objectives were:

- **Objective 1** - Highlands and Islands Special Transitional Programme (administered by HIPP)
- **Objective 2** - assisting regions or areas affected by industrial decline and/or in the redevelopment of rural areas – West, East and South Scotland (administered by SEP, ESEP and SSEP respectively)
- **Objective 3** - helping improve the prospects of the long-term unemployed, young people and those who are socially excluded and also helping working people adjust to changes in the workplace (administered by O3P).

For Round 2 funding 2007-2013, there are now only two programme management executives administering the funds – East of Scotland European Partnership and the Highland and Islands Partnership Programme.

#### East of Scotland European Partnership (ESEP)

ERDF and ESF are distributed as follows:

#### ERDF

Priority	Total Allocation	Committed Funds
Priority 1: Research and Innovation	£72.66m	£47.36m
Priority 2: Enterprise Growth	£96.39m	£43.41m
Priority 3: Urban Regeneration	£80.08m	£14.73m
Priority 4: Rural Development	£40.33m	£3.12m
<b>TOTAL</b>	<b>£289.46m</b>	<b>£108.62m</b>

#### ESF

Priority	Total Allocation	Committed Funds
Priority 1: Progressing Into Employment	£95.61m	£66.63m
Priority 2: Progressing Through Employment	£78.58m	£14.13m
Priority 3: Improving Access to Lifelong Learning	£33.64m	£6.97m
<b>TOTAL</b>	<b>£207.83m</b>	<b>£87.7m</b>

## Structural Fund distribution across Scotland 2000-2013

Management Executive	Round 1: 2000-2006					Round 2: 2007-2013				
	ESF	%	ERDF	%	Total	ESF	%	ERDF	%	Total
ESEP	?	?	?	?	£174.7m	£207.83m	42%	£289.46m	58%	£497.3m
HIPP	£47.7m	25%	£144.8m	75%	£192.5m	£35.1m	30%	£81.9m	60%	£117m
O3P	?	?	?	?	£357m	N/A		N/A		N/A
SSEP	0	0	£50.3m	100%	£50.3m	N/A		N/A		N/A
SEP	?	?	?	?	£292m	N/A		N/A		N/A
<b>Total</b>					<b>£1.1bn</b>	<b>£242.93m</b>		<b>£371.36m</b>		<b>£614.3m</b>

### Note:

There are some discrepancies in these figures. For example: ESEP claims total funding allocated to the Lowlands and Uplands Scotland area for the 2007-2013 Structural Funds Programmes is approximately £497 million. HIPP claims to have been allocated £117m for the Highlands Islands, which gives a combined total of £614m. Yet ESEP claims that the total allocation for Scotland is just £540.2m.

## 5.5 International Development

The Department for International Development (DFID) has four funding schemes for charities:

- *Civil Society Challenge Fund (CSCF)* - aimed at UK-based NGO's working to provide lasting benefits to poor communities and under-represented people in the developing world.
- *Development Awareness Fund (DAF)* and the *Mini Grants Scheme* - UK-based NGOs or networks which share DFID's commitment to raising awareness and understanding of development issues.
- *Partnership Programme Agreements* - agreements between DFID and influential civil society organisations in the UK which set out at a strategic level how the partners will work together to meet the Millennium Development Goals. Strategic Funding is provided, and is linked to jointly agreed outcomes.
- *Governance and Transparency Fund (GTF)* - targeted principally at NGOs. It will also consider proposals which involve local/regional government bodies and certain for-profit groups (particularly those in the media), where their involvement can show to be an integral part of the project/programme proposal.

There are around 70 Scottish international development organisations registered with NIDOS. There is no breakdown of DFID grants awarded by country but a few Scottish organisations have recently been awarded grants from CSC and DAF, including:

- Mercy Corps Scotland - £778,000 (2 x grants)
- Strathclyde University - £295,000
- The International Development Education Association of Scotland (IDEAS) - £300,000
- Scottish Education and Action for Development (SEAD) - £59,000

There are no Partnership Programme Agreements with specific Scottish NGOs and no recently granted GTF awards for Scottish NGOs either.

## 6.0 Lottery Funding

### Quick Facts

- At present for every £1 spent on a Lottery ticket 28p of this goes towards good causes.
- Since its launch in 1994, the lottery has raised over £21 billion for good causes.
- Over 70 per cent of adults play the Lottery on a regular basis, and the crossed fingers logo is recognised by 95 per cent of the UK population.
- National Lottery Games consist of draw-based games, such as Lotto, scratch cards, and Interactive Instant Win Games
- Responsibility for distributing money raised for good causes does not rest with the Government or Camelot but with a number of independent distributing bodies.

In Scotland money raised for good causes is distributed by a group of Scottish Lottery distributors, which currently includes:

- Big Lottery Fund
- Awards for All (also distributed via the other schemes)
- Scottish Arts Council - £219m
- Heritage Lottery Fund
- Sportscotland - £222m
- Scottish Screen

### 6.1 Big Lottery Fund (BLF)

The Big Lottery Fund in Scotland has £257 million to spend between 2006 and 2009. Lottery funds currently available in Scotland only are:

#### Awards for All Scotland

**Minimum grant:** £500 **Maximum grant:** £10,000

**Description:** Awards for All is a partnership between the Scottish Arts Council, the Big Lottery Fund, the Heritage Lottery Fund and SportScotland. Funds are available for activities which bring people together, improve quality of life, increase involvement and help groups to become well organised. In 2007/08 1,852 awards totalling £9.1 million have been made.

#### Investing in Communities

Principle funding portfolio in Scotland, launched in June 2006 and will make investments until September 2009. The Big Lottery Fund in Scotland has £257 million to spend between 2006 and 2009 on the following programme areas:

- *The Dynamic, Inclusive Communities (DInC)* investment area aims to help the sector build and strengthen itself. To date, eight awards totalling £2.7 million have been made, and one award of £8.5m to SCVO.
- *Growing Community Assets* aims to enable communities to have more control and influence over their development through owning and developing their local assets.

A total of £50m is available to support communities across Scotland in acquiring, managing and developing community assets. Funding is available for things like land, buildings and vehicles. Revenue grants are also available to further develop assets and for communities to share knowledge and skills on the ownership and management of assets. Since the programme launch in May 2006 49 grants totalling just over £17m have been made.

- *Life Transitions* supports people at times of change in their lives. The funding is focused on young people, people over 50, people going through employment and learning transitions and people facing challenging times in their lives such as moving on from addiction. In 2007/08 Life Transitions made 49 grants worth £16.4m taking the total invested so far to £23.5m. An additional £15m will be invested by May 2009.
- *Supporting 21<sup>st</sup> Century Life* aims to promote an appreciation of each other by encouraging communication and connections within and between communities and by bringing different generations together. Around £35m is available and up to 31 March 2008 74 awards, both capital and revenue, totalling £28.2m have been made throughout Scotland.
- *Investing In Ideas* fund is used to test and develop ideas that could eventually become fully-fledged projects. Grants are given for between £500-£10,000 with the aim of providing up front development support to potential applicants across the four investment areas above. Priority is given to smaller voluntary and community organisations with an income of less than £50,000. In 2007/08 awards totalling £1.5m were made, taking the total invested to date to £3.2 million.

Recently closed schemes:

#### Primetime

A public involvement collaboration in partnership with BBC Scotland was launched on 30 May 2007. Primetime aims to promote the positive and increasingly important role that older people play in Scotland. It funds projects that are about older people in Scotland feeling good about themselves, making a positive contribution in their communities, and improving links between older and younger people.

The Scottish public will decide which projects receive funding because projects in six areas of Scotland, shortlisted by a decision-making panel, will feature in BBC Scotland television programmes to be broadcast in the Autumn of 2008, and TV viewers will be able to phone in to vote for those that they think should be supported. The decision-making panel met on 22 April 2008 to decide which projects should proceed to the television vote.

#### Young People's Fund

This programme closed in August 2007.

UK-wide funding programmes open to Scottish charities are:

Fair Share

**Area:** UK

**Closing date:** 31 December 2013 (2009 in Scotland)

**Minimum grant:** £5,000 (with some flexibility) **Maximum grant:** £250,000 (with some flexibility)

**Description:** Jointly funded by the New Opportunities Fund and Community Fund, Fair Share is targeting 77 areas across the UK and aims to build capacity and sustainability, build social capital and improve liveability.

Research Programme

**Area:** UK

**Closing date:** May 2009

**Minimum grant:** £10,000 **Maximum grant:** £500,000

**Description:** The BLF is providing up to £25 million to fund social, medical or socio-medical research led by voluntary and community sector (VCS) organisations in England, Scotland, Wales and Northern Ireland.

Ticket sales for the main National Lottery draw fell by £105m last year to £2.75bn, the lowest in a decade. But EuroMillions, which operates across nine countries, has seen UK sales rise 10% to just under £500m, reflecting the increasing lure of huge payouts.

Camelot is planning to launch a monthly global super-draw and has been in talks with 48 countries, including Australia and the US, and hopes to launch within four years.

In the US, of the 42 states with lotteries, at least 29 reported increased sales in their most recent fiscal year. And of those 29, at least 22, including New York, New Jersey and Connecticut, set sales records. This increase in sales is being attributed partly to intense marketing of their products through greater presence in stores, new games and partnerships with sports teams and television shows.

A study by Emily Haisley, a postdoctoral associate at the Yale School of Management, published a research paper in July 2008 on lotteries in *The Journal of Behavioral Decision Making* which showed that when people view themselves as doing worse financially, then that motivates them to purchase lottery tickets.

John Mikesell, a professor of public finance and policy analysis at Indiana University, published a study in 1994 showing that from 1983 to 1991, lottery sales tended to rise with unemployment rates. "The findings were that in slump periods, lotteries historically have gotten a little bump upward," said Professor Mikesell.

## 6.2 Awards for All

Awards for All is an open scheme aimed at charities, voluntary and community groups, sports clubs and arts organisations. Awards for All funds projects that fall under the broad headings of: environment, education, health, heritage, sports, arts and community.

Awards for All Scotland is supported by the Scottish Arts Council, the Heritage Lottery Fund, sportscotland and the Big Lottery Fund. Grants are awarded between £500 and £10,000 .

	2005			2006			2007			2008		
	No. of grants	Total value	Average grant	No. of grants	Total value	Average grant	No. of grants	Total value	Average grant	No. of grants	Total value	Average grant
<b>UK</b>	12,731	£48,911,917	£3,833	17,339	£80,866,778	£4,656	10,793	£68,165,890	£6,296	6,460	£43,113,468	£6,670
<b>Scotland</b>	1,991	£7,110,419	£3,571	2,140	£9,984,062	£4,665	2,218	£13,638,887	£6,149	1,011	£6,210,006	£6,142
<b>England</b>	9,229	£36,417,728	£3,946	13,635	£64,395,010	£4,722	7,300	£48,101,237	£6,589	4,876	£34,286,504	£7,032
<b>Wales</b>	657	£2,134,221	£3,248	794	£2,711,765	£3,415	716	£2,543,033	£3,552	434	£1,580,171	£3,641
<b>Northern Ireland</b>	854	£3,141,505	£3,678	770	£3,617,524	£4,698	559	£3,673,748	£6,572	139	£1,008,341	£7,254

\*Figures taken from the Awards for All website

The percentage of total UK Awards for All grants given in Scotland is higher than its percentage population (2005: 15.5%; 2006: 12.3%; 2007: 20.6%; 2008: 15.7%). However, every year since 2005 Scotland has lagged behind England and Northern Ireland in average grant size, only beating Wales which has significantly lower average grant size than the rest of the UK.

### 6.3 Scottish Arts Council

The Scottish Arts Council is the principal channel of public funding for the arts in Scotland. Although they receive most of their funding from the Scottish Government, they do also distribute funds from the National Lottery to the arts in Scotland.

Priorities until 2009 include:

- make the arts available to those who have had few or no opportunities to appreciate them
- increase the numbers and broaden the range of people enjoying and taking part in the arts
- increase arts activity for and by children and young people
- in partnership with others, enable a fair geographic spread of facilities and activities throughout Scotland

Funding will be distributed via:

- Small Capital Grants Fund - for buildings and equipment
- Public Art scheme
- Awards for All
- Inspire Fund (available in 2008/09)

#### Scottish Arts Council Income 2006-2008

Income source	2006/07 Budget	2007/08 Budget	% difference
Scottish Executive	£61.22m	£43.7m	-38%
National Lottery	£15.78m	£15m	-5%
<b>TOTAL</b>	<b>£77m</b>	<b>£58.7m</b>	<b>-23%</b>

**N.B** Creative Scotland, a new development agency for the arts and creative industries, is scheduled to take over the existing functions of Scottish Screen and the Scottish Arts Council in 2009.

### 6.4 Heritage Lottery Fund

Heritage Lottery grants are focused on everything from museums, parks and historic places to archaeology, natural environment and cultural traditions. Since 1994 over £3.97 billion has been committed to over 26,000 heritage awards throughout the UK.

In Scotland HLF has given close to **£500m** funding of more than 2,000 projects, with grants ranging from £500 to multi-million-pound awards. This equates to around **13%** of all Heritage Lottery grants in the UK.

The HLF in Scotland has identified places that to date have received the least Heritage Lottery funding. As a result current priority areas are:

- Falkirk
- Inverclyde

- Renfrewshire
- South Lanarkshire
- In addition, support will be given to areas affected by deprivation and rural isolation

### HLF grants 2007-2008

Year	Number of awardees	Total value of awards	Average grant	Average grant (excl. £5m awards)
2008 (to May)	56	£8,388,900	£149,802	N/A
2007	163	£32,850,200	£201,535	£115,332

Figures taken from the Heritage Lottery Fund website (figures include Repair Grants for Places of Worship Scheme but does not include Awards for All grants)

### Heritage Lottery Strategic Plan targets – six years to 31 March 2008

Target	March 2008	March 2007	March 2006	March 2005	March 2004	March 2003
50% of the total value of awards will go to grants of under £1m	44%	40.8%	39.7%	36.6%	37.4%	35.9%
No more than 25% of the total value of awards will go to grants of £5m and over	21.7%	25.6%	28.7%	28.8%	26.3%	33%

This table shows a sustained effort to reach targets that ensure funding reaches a larger proportion of organisations. In 2007 three awards were given of approximately £5m

## 6.5 sportscotland

sportscotland is the national agency for sport in Scotland which aims to encourage everyone in Scotland to discover and develop their own sporting experience, helping to increase participation and improve performance in Scottish sport.

sportscotland has distributed more than **£240m** of National Lottery investment to Scottish sport since the National Lottery began in **1994**. This currently equates to around **1.35%** of all good cause money distributed by the lottery. All 32 Scottish local authority areas have benefited from funding including investment through community regeneration programmes helping the most deprived areas.

In general, the amount of money generated through the National Lottery has declined over the years. The lottery income that sportscotland has received has dropped from a peak of **£32m** in 1998 to around **£18m** in 2006/2007. When developing their strategy sportscotland expected their lottery income over the four year period of the strategy (2007-2011) to be around **£64m** (£16m per year), and so all funding allocations are based on this expectation. However, since the development of this strategy, the UK Government announced that some of their lottery revenues will be redirected to help support the London Olympic and Paralympic Games in 2012. This means that sportscotland's actual lottery investment will be much lower than expected.

sportscotland does have lottery reserves which were built up at the peak of lottery income when the stream of quality applications was insufficient to allow them to invest all of the

revenue available annually. Based on the four-year expected income of £64m, reserves of £26m were likely to be used.

**Projected Lottery investment 2007-2011 (based on projected income of £64m)**

<b>Aim</b>	<b>Investment</b>
Coaching	£2-4m
Community Sport	£7-10m
Performance Development	£38-42m
Quality Facilities	£27-31m
Strong Partners	£3-6m
<b>TOTAL</b>	<b>£77-93m</b>

What is interesting is that there are obvious opportunities for Scottish sports with the 2012 Olympic and Paralympic Games and possibly the 2014 Commonwealth Games in Glasgow, and yet money is being diverted away from core programmes and infrastructure in Scotland to make sustainable investment in sport and subsequent success at these events uncertain.

## 6.6 Scottish Screen

Each year Scottish Screen invests around £3m from the Scottish Government and £2.5m from the National Lottery. Scottish Screen has invested £24m of National Lottery funds in developing the screen industries in Scotland since 2000. At the end of 2007, Scottish Screen had available funds of £5.5m (2006: £4.74m).

**Scottish Screen income 2005-2007**

<b>Income source</b>	<b>2005-06</b>	<b>2006-07</b>	<b>% change</b>
National Lottery	£2.673m	£2.332m	-12%
Project money recouped	£287,000	£266,000	-7%
Interest/Investments	£229,000	£218,000	-4%
<b>TOTAL</b>	<b>£3.189m</b>	<b>£2.816m</b>	<b>-11%</b>

Scottish Screen invests in projects and activities that bring new audiences for film and increase access to moving image culture across Scotland, including more than £500,000 in the development of a network of cultural cinema hubs, £300,000 supporting film and moving image festivals, including the Edinburgh International Film Festival, and in enabling the distribution of specialised films with a cultural significance for Scotland. The Cinema Access Fund invested £86,000 from the Scottish Arts Council in improving the cinema experience for visually impaired, and deaf and hard of hearing audiences by providing soft subtitling and audio description equipment in 25 cinema screens across Scotland.

**N.B** Creative Scotland, a new development agency for the arts and creative industries, is scheduled to take over the existing functions of Scottish Screen and the Scottish Arts Council in 2009.

**What have been recent influencing factors on lottery spend?**

The National Lottery will contribute almost £2.2 billion to the public funding package for the London 2012 Olympic Games and Paralympic Games. Of this, £750 million will come from a series of designated lottery games. The remainder (£1,085m) is being transferred from the National Lottery Distribution Fund (NLDF) i.e. the central pot, to the Olympic Lottery Distribution Fund (OLDF) from 2009 (approved in January 2008).

In 2007, the remainder was just £675m (not £1,085m) to which the Scottish Arts Council was to contribute £7 million; Sport Scotland £7.3 million; and Scottish Screen £1 million. Of the relevant UK-wide distributing bodies, the Heritage Lottery Fund was to make a contribution towards the additional £675 million of £90.2 million; and the Big Lottery Fund was to make a contribution of £425 million. As a result of this increase (of 38%), it is almost certain that contributions from each of the Scottish lottery distributors will increase, thereby further reducing the amount available to Scottish charities.

According to the Secretary of State for Culture, Media and Sport no money will be taken before 2009 and grants already made will not be affected. They have also made an agreement with the Big Lottery Fund that resources for the voluntary and community sector will be protected.

## 7.0 Trusts & Foundations

### Scotland Overview

- SCVO has identified 4,000 grant-making trusts in Scotland, but a large percentage of these give to individuals, are too small to warrant investigation or are grant-making charities themselves
- The SCVO's directory of Scottish trusts lists 475 trusts but again these include many trusts that give to individuals
- The DSC lists 346 trusts in its latest 'Guide to Scottish Trusts'
- It is estimated there are another 150-200 unrecorded trusts based in Scotland that give to charities<sup>20</sup>

The exact number of trusts in Scotland is not known because there are a large number of trusts & foundations in Scotland that are not 'visible' in the current climate. This is due to the difficulty in researching registered Scottish charities and the amount of information currently available. It is also known that a number of trusts previously registered in England and Wales are now registered in Scotland because of increased privacy with regards to accounts.

Guidestar are currently considering including Scottish charities on its website. This would open up the availability of information to researchers and therefore the number of visible trusts and foundations would inevitably increase.

### Top Charitable Grant-Makers for Scottish Charities

The table below shows the main 24 grant-makers for Scottish charities based on grant-making over the past 3 years. Each of these trusts has assets and an income in excess of £1m and they can all make considerable grants to organisations and/or individuals.

Around 92% of these trusts are based in Scotland, with an additional 8% based in London despite their principal grant-making location being in Scotland. The grant totals are based on the most up-to-date grant expenditure figures available.

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<sup>20</sup> Based on ongoing and as yet unpublished research

## The Top Grant-makers in Scotland 2005-2008

Funder	Type of Organisation <sup>21</sup>	Year	Grant-making expenditure
The Scottish Arts Council	NDPB	2007/08	£59.9m
BBC Children in Need Appeal - Scotland	Fundraising Grantmaker	2006/07	£35.2m
The Robertson Trust	Trust/Foundation	2006/07	£7.4m
The Gannochy Trust	Trust/Foundation	2006/07	£5.6m
Lloyds TSB Foundation for Scotland	Trust/Foundation	2005/06	£5.4m
The Volant Charitable Trust	Trust/Foundation	2005/06	£5.1m
The P F Charitable Trust	Trust/Foundation	2006/07	£4.7m
The Hunter Foundation	Trust/Foundation	2005/06	£4.65m
The Laidlaw Youth Trust	Trust/Foundation	2007/08	£3.5m
Scottish Catholic International Aid Fund	Charity Grantmaker	2004/05	£3.5m
The Scottish Community Foundation	Community Foundation	2005/06	£3.5m
The Hugh Fraser Foundation	Trust/Foundation	2005/06	£2m
The Waterside Trust	Trust/Foundation	2005/06	£1.9m
The HBOS Foundation	Fundraising Grantmaker	2005/06	£1.7m
The Balcraig Foundation	Trust/Foundation	2005/06	£1.5 m
The Dunard Fund	Trust/Foundation	2005/06	£1.5m
The Northwood Charitable Trust	Trust/Foundation	2006/07	£1.5m
The Souter Charitable Trust	Trust/Foundation	2005/06	£1m
Cash for Kids at Christmas Charitable Trust	Fundraising Grantmaker	2005/06	£850,000
Moffat Charitable Trust	Trust/Foundation	2006/07	£814,000
Medical Research Scotland	Fundraising Grantmaker	2005/06	£743,000
Chest, Heart and Stroke Association Scotland	Charity Grantmaker	2005/06	£689,000
The MacRobert Trust	Trust/Foundation	2005/06	£636,000
RS Macdonald Charitable Trust <sup>22</sup>	Trust/Foundation	2005/06	£623,000
<b>TOTAL</b>			<b>£153.9m</b>

<sup>21</sup> See Appendix for organisation descriptions and statistics

<sup>22</sup> In 1995 the Truster of the R S Macdonald Charitable Trust, Roderick Stewart Macdonald, died and bequeathed his entire personal shareholding in Glenmorangie to the Charitable Trust, then estimated at £17 million. The shares were eventually sold at nearly three times that value. The result is that the R S Macdonald Charitable Trust controls very substantial assets; even on a conservative yield, future income was likely to be of the order of £1.5 million per annum. The income of the Trust had in fact increased to £2.2 million in the year 2005/2006.

Trusts and foundations are usually dependent on the performance of their investments for their grantable income. Depending on how these investments are held, they would normally be expected to suffer during a period of slow or negative economic growth.

As share prices fluctuate, the grant-making trusts and foundations that are dependent on the health of the financial markets will see their distributable income vary as dividends fall. It is still unclear how they will cope with this, with few having a clearly stated approach, but it is expected that they will feel obliged to honour any long-term commitments they have already made and therefore need to de-prioritise ad hoc applications.

Those that shifted their investments to oil and gas to benefit from the commodity boom will be exempt from the credit crunch, at least in the short term.

Those that distribute a share of post tax profits e.g. Lloyds TSB Foundation for Scotland, may find their distributable income diminish beyond recognition.

This table is based on each of the trust's most recent set of published accounts and presents an overview of how much each of these trusts gives to charitable causes:

<b>Grant-Making Expenditure</b>	<b>Percentage of trusts</b>
Under £1m	29%
£1m - £5m	46%
£5m - £10m	17%
£10m - £30m	0%
£30m - £50m	4%
£50m +	4%

The table below summarises the total income from these trusts over the past three years:

<b>Financial Year</b>	<b>Total Income</b>
2006/07	£265m
2005/06	£198m
2004/05	£156m

This table looks at how much trusts in Scotland are capable of giving to charitable causes:

<b>Grant Range</b>	<b>% of Trusts</b>
£1,000 - £20,000	17%
£20,000 - £50,000	4%
£50,000 - £100,000	12.5%
£100,000 - £500,000	46%
£500,000 - £1m	8%
£1m +	0%
Unknown	12.5%
<b>TOTAL</b>	<b>100%</b>

Only six of the trusts listed in this report published details on the number of applications they receive each year. With the exception of Cash for Kids Christmas Charitable Trust who receive a staggering 21,000 applications each year, the average number of applications received is 1394. Currently, this accounts for a 41% success rate for applicants who apply for funding. Furthermore, 17% of the grant-makers included in this report actively discourage unsolicited applications.

### Average grant distributed to Scottish charities/individuals

Category of Grant	Average Grant
Large Grant (£100,000+)	£193,000
Medium Grant (£20,000 - £100,000)	£32,000
Small Grant (under £20,000)	£8,000

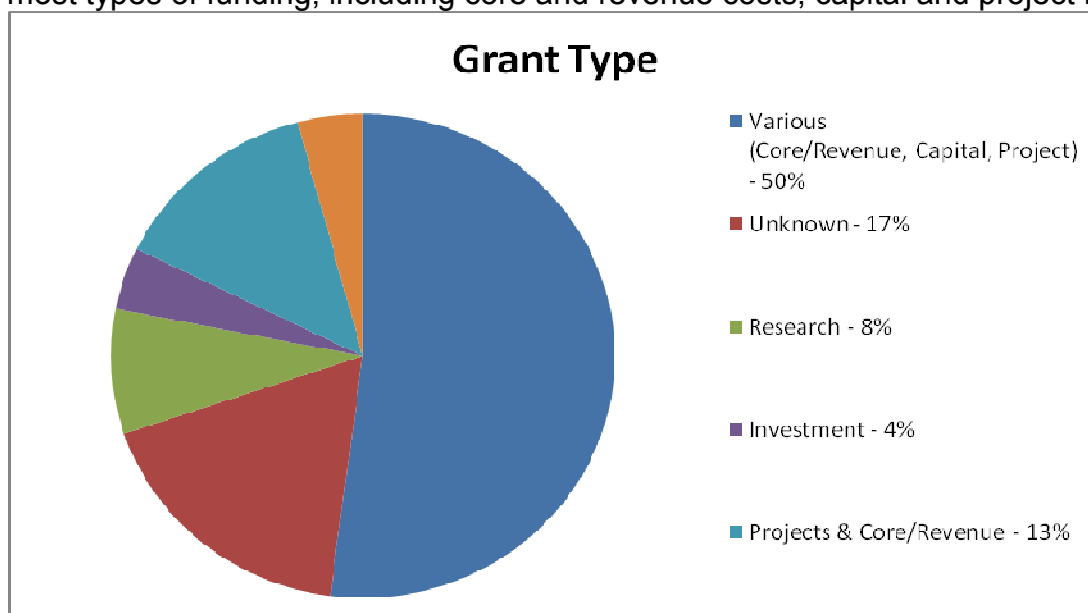
### Multi-Year Funding

An increasing number of charities require multi-year funding to help them plan ahead with some degree of financial security:

- 67% of these funders will consider multi-year funding
- 62% of which will fund up to three years
- 4% of funders (= one funder) will not consider any more than one-year funding
- The preferred duration of funding for the remaining 29% of grant-makers is unknown

### Grant Type

This pie chart indicates the type of grant most likely to be distributed by these main grant-makers. It is noticeable that 50% of the trusts and foundations on this list will consider most types of funding, including core and revenue costs, capital and project funding.



## Funders' Interests

This section examines what grant-makers list as their main areas of interest, both in terms of causes and geographical preference:

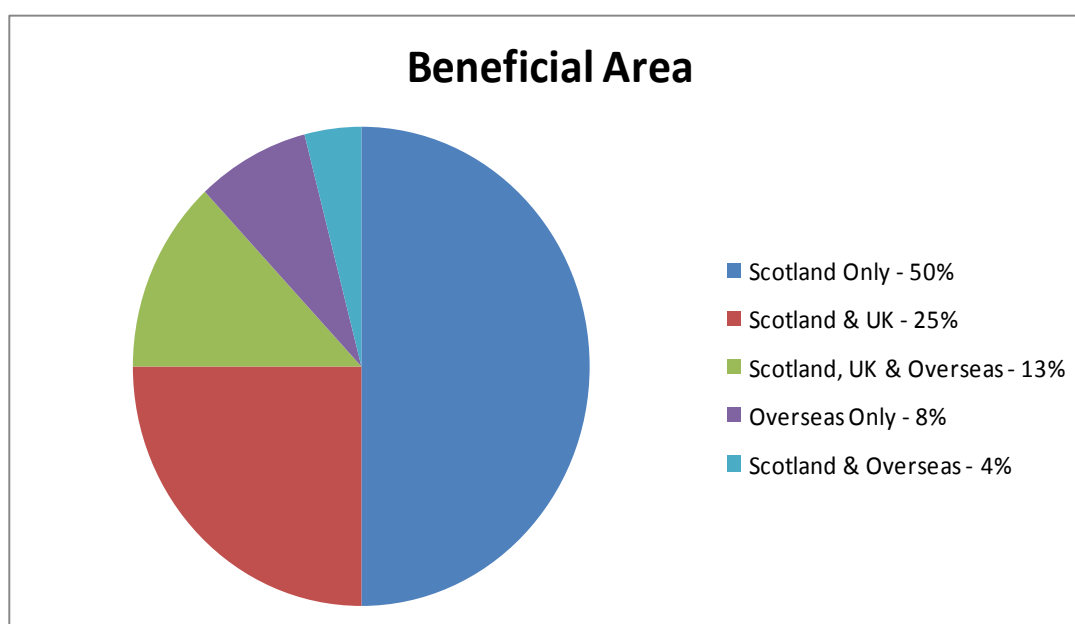
- 83% of the top grant-makers will only fund charitable organisations
- 13% are open to fund both organisations and individuals
- 4% of funders (= one funder) will only consider funding individuals and in the case of this particular trust, the trustees will only fund scientists and researchers

### Percentage of funders supporting each cause

Cause	% of funders
Social Welfare	75%
Children, Young People & Families	54%
Education & Training	42%
Health & Disability	21%
Culture, the Arts & Music	17%
Medical Research	17%
Environment & Conservation	17%
Faith-based	12.5%
Humanitarian	8%
Medical Facilities & Hospitals	8%
Sport & Recreation	8%
Others	25%

## Geographical Preferences

This pie chart indicates the beneficial area of geographical preference for the trusts included in this report. Whilst 50% of trusts will only distribute to charities/individuals based in Scotland, the remaining 50% will consider other charitable causes in the UK and overseas.



## 8.0 Appendix

There are several key points to note with this report:

1. The amount of third sector analysis and statistics on Scotland is limited. In many cases Scotland is merely blanketed under a UK-wide banner. Yet devolution has meant that the Scottish third sector needs to act quickly in order to establish itself as a separate and viable entity.
2. Existing statistics on the third sector in Scotland are confused at best and misleading at worst. For example, the OSCR published its top 10 list of Scottish charities in Feb 2008 but used income figures from 2005/06 and some for 2006/07. This renders them useless in providing any kind of comparison.
3. Where it has been impossible to find any existing statistics for key areas, we have attempted to provide a rough estimate based on the Scottish population as a percentage of the UK population (see table below).
4. We have assumed that giving trends are not noticeably different in Scotland from any other UK country as mentioned in various reports.

### UK Population 2007

Country	Population (2007 est.)	% of UK population
England	51,000,000	84%
Scotland	5,000,000	8%
Wales	3,000,000	5%
Northern Ireland	2,000,000	3%
<b>TOTAL</b>	<b>61,000,000</b>	<b>100%</b>

### Trust & Foundation Descriptions

This report has categorised grant-makers into 5 main categories:

#### 1. Charitable trusts and foundations

Independent charitable trusts and foundations which are set up to support the voluntary and community sector, mainly through grant-making activities.

- 67% of trusts researched for this report fall into this category.
- These trusts account for 31% of the total grant-expenditure of the major trusts included in this report.
- 54% of these trusts exist thanks to a personal donation, endowment or bequest.
- 29% of these trusts have strong corporate links and are funded from company profit, shares and investment income.

#### 2. Community foundations

Charitable trusts that support local community causes by managing and distributing local charitable funds.

- 4% of trusts researched for this report fall into this category.

- These foundations account for 2% of the total grant-expenditure of the major trusts included in this report.

### **3. Fundraising grant-makers**

Fundraising charities set up to raise funds for good causes and which also have responsibility for managing and distributing these charitable funds.

- 17% of trusts researched for this report fall into this category.
- These grant-makers account for 25% of the total grant-expenditure of the major trusts included in this report.

### **4. Charity grant-makers**

Large charities involved in direct service provision which also provide grants to individuals and/or organisations.

- 8% of trusts researched for this report fall into this category.
- These grant-makers account for 3% of the total grant-expenditure of the major trusts included in this report.

### **5. Non-Departmental Public Bodies (NDPB)**

A funding body set up as a channel for Government funding

- 4% of trusts researched for this report fall into this category.
- These funding bodies account for 39% of the total grant-expenditure of the major trusts included in this report.



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