

# PHILANTHROPY IN SCOTLAND'S COLLEGES

## SURVEY REPORT 2022

FJ Philanthropy



## Executive Summary

Fundraising and alumni relations is currently in an embryonic state within the college sector in Scotland, but there are many opportunities for growth and long-term success. Colleges in England and Wales have begun work in this area in recent years, from taking time to profile their alumni<sup>1</sup> and celebrate success stories, building a sense of community among alumni<sup>2</sup> to building relationships with alumni and businesses for donations<sup>3</sup>. Indeed, work has begun in Scotland too with several colleges already investing in alumni engagement<sup>4</sup> and fundraising. However, it would appear that much more could be done to fully maximise the opportunities that could be available to Scotland's colleges, if some of the insights and recommendations which follow are considered.

In order to better understand the current alumni and fundraising landscape within the college sector, all of Scotland's colleges were invited to participate in the survey, with around 50% providing a response. This was a smaller volume than desired and may, in itself, serve as something of an indicator as to the level of appetite or priority that exists currently. However, based on the responses to the survey, the following actions / interventions are recommended:

- *colleges should consider the merits of including alumni and development as part of their strategic planning, and what role their arms-length foundations might play in supporting this.*
- *provide training to the sector spanning areas such as bid-writing; stewardship; fundraising strategy; board workshops, and alumni engagement to increase sectoral capacity and confidence.*
- *colleges should clearly articulate their case for support in order to help funders understand 'why' they should consider supporting.*
- *create a call to action to colleges who have not already implemented an alumni engagement programme to consider doing so.*
- *create standard reporting guidance for the sector and collect data annually on philanthropic income received (in a manner perhaps analogous to the CASE-Ross Survey conducted among Development and Alumni Relations Offices within the UK HE Sector).*

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<sup>1</sup> <https://www.ncl-coll.ac.uk/news/newcastle-college-alumni-launches-music-festival/>

<sup>2</sup> <https://www.sccb.ac.uk/about-the-college/alumni>

<sup>3</sup> <https://www.tmc.ac.uk/news/manchester-college-builds-industry-ties-local-construction-company-lovell-homes/>

<sup>4</sup> <https://www.edinburghcollege.ac.uk/friends-of-edinburgh-college>

- *create legacy giving programmes for staff, alumni and other stakeholders for Scottish colleges bespoke to their individual circumstances, as appropriate.*

## Introduction

The College Development Network (CDN) commissioned FJ Philanthropy (FJ) to survey Scotland's colleges to better understand the status quo with respect to fundraising and alumni engagement within the sector, and to explore the opportunities that may exist for colleges now and in the future.

## Methodology

Following discussion with CDN and the college Business Development Directors group, it was agreed to gather feedback through an online survey. Ultimately, 13 colleges responded to the survey (circa 50% of the college sector in Scotland). An initial analysis of the responses received is detailed herein. This initial sampling and response (and response rate) provides food for thought and paves the way for more targeted and tailored support for the sector and individual colleges alike.

## Context

Stakeholder relations and fundraising are commonplace throughout the charity sector, and within the educational context specifically. Universities and schools (most commonly, but not exclusively, independent schools) dedicate time and resource to these activities and in many cases have done so for decades. Within the last decade there has been substantial growth in the income received by universities, for example, from a combined income of around £700m back in 2010-11 to more than £1.1bn in 2020-21<sup>5</sup>. This is a growth trajectory that looks set to continue. With respect to individual institutions, income varies from less than £100k per annum through to over £100m, but on average the range is between £100k-£20m per annum.

The investment made by individual universities, for example, ranges from small teams of fewer than five staff with modest annual budgets, typically within the post-1992 context, through to highly efficient and well-resourced professional departments with greater than 200 FTE<sup>6</sup>. Ultimately, scale is often relative to the age of the department, the age of the institution and the overall size of the stakeholder population, but one thing is clear - there are no shortcuts and ultimately given the right time, resources and institutional support, a Development & Alumni relations function can provide a much valued (and often much needed) additional source of income for any institution. Indeed, work applied to engage alumni early and retain contact with them can help in the years to follow as institutions with greater numbers of engaged, contactable alumni tend to fair better when it comes to fundraising<sup>2</sup>.

Given the budgetary pressures facing Scotland's colleges<sup>7</sup> and many aspects of college operations and strategy competing for a share of a budget envelope, colleges have, in the

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<sup>5</sup> [https://www.case.org/system/files/media/file/CASE\\_2022\\_CASE-Ross\\_Infographic\\_0.pdf](https://www.case.org/system/files/media/file/CASE_2022_CASE-Ross_Infographic_0.pdf)

<sup>6</sup> <https://www.case.org/system/files/media/file/CASE-Ross%20Report%202022%2C%205.23.22%20with%20links.pdf>

<sup>7</sup> <https://futurescot.com/looming-skills-emergency-as-scottish-colleges-face-funding-cuts/>

main, not prioritised investment in fundraising and alumni engagement activities to-date. However, there does appear to be an appetite to consider how this might change and, in some cases, colleges have taken their first steps in this regard and are already beginning to realise some benefits.

More broadly, there are some considerations for how colleges could be supported to develop their fundraising and alumni engagement. Around a decade ago, HEFCE supported the training and development of staff within the university sector by creating capacity-building training programmes<sup>8</sup>. This was in tandem with government support at the time to match-fund philanthropic support across the sector (to a maximum of £200m in total). These interventions (among others) helped to stimulate the growth of the fundraising and alumni industry within higher education.

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<sup>8</sup> <https://dera.ioe.ac.uk/15466/1/HEFCE%20Philanthropy%20Report.pdf>

## Summary of Responses

All of Scotland's colleges were invited to participate in an online survey on their fundraising and alumni relations activities. The objective was to generate insight on the current levels of activity across the sector, identify any emerging trends, and consider any opportunities and recommendations. A copy of the survey can be found in Appendix 1.

### **Income generated from philanthropic sources**

Of those who responded, over 75% had received income from the business community and an impressive 92% had received income from trusts and foundations. This was mostly delivered on an ad-hoc basis by staff in departments rather than by dedicated teams, although some colleges have already invested in dedicated teams (which will be discussed further later in the report). Income from individuals (including alumni) was less common, with less than 40% of colleges receiving income of this nature. Something that would help the sector as a whole would be the standardisation of recording and reporting of philanthropic income. This is something that has benefited the university sector over the last couple of decades. Clarity on what qualifies as a donation, how and when income is recorded and accounted for, and a universal nomenclature across the sector would greatly speed up comparisons and enable useful benchmarking to occur. Whilst there are undoubtedly some inconsistencies in terms of what has been reported here, there are some worthy highlights.

***Recommendation: create standard reporting guidance for the sector and collect data annually on philanthropic income received.***

The average income received from individuals (including alumni) over the last three years is just over £23,000. To put this into context, the largest gift was £46,000 which came in the form of a legacy, whereas cumulative giving of £1,500 made up the lowest income level from individuals at a different institution. Nevertheless, for a sector that has not invested heavily in this area, these numbers alone are encouraging. Despite it seemingly being a one-off, the receipt of a legacy gift is very encouraging. It demonstrates a considered decision by a donor and it would be interesting to explore how much was known about their intentions in advance of the gift being received. Legacy gifts from alumni are worth cultivating, but an often overlooked source of legacy income for educational institutions are former staff. This mode of fundraising does not require a significant budgetary allowance, but does require patience and consideration.

***Recommendation: create straightforward legacy giving programmes for staff, alumni and other stakeholders.***

Income from businesses, trusts and foundations offers further encouragement. Whilst there is a spread of income levels across the respondents, average annual income from businesses was just over £28,000 (highest - £500,000, lowest - £5,000) and from trusts & foundations the figure was over £43,000 (highest - £535,000, lowest - £20,000). In the case of the latter, whilst there are rarely easy or quick-wins in fundraising, trusts & foundations exist to support charitable activities and increased effort in writing bids to relevant trusts &

foundations will likely result in this income stream growing further. To put this into context, the HE sector in the UK receives more than £450m per annum from trusts & foundations.

Overall, these income figures paint an encouraging picture, not least given the limited resource dedicated to this form of income generation. The vast majority of the respondents indicated that this was undertaken on an ad-hoc basis by staff throughout their institution, rather than being directed by a dedicated team.

Several colleges had received unsolicited gifts in recent years. As mentioned earlier, this has included a legacy gift in one case, but also a six-figure gift from a local business owner. Once again, this should be a cause for interest and optimism as it tends to suggest that some investment in proactively seeking funds would begin to yield results.

It was very positive to note that over 50% of the responding colleges had an active alumni engagement programme. Many were relatively new, but this is a crucial step in building and

#### Case Study - Edinburgh College

Edinburgh College has recently launched its alumni community, Friends of Edinburgh College, with the aim of growing a network of former students and staff for the benefit of the network and the institution. They hope that by bringing together the collective experiences and expertise of the community, they can support learning both during and beyond students' study and create a lifelong network of personal and professional contacts.

Furthermore, there are two additional strands to the group, a dedicated mentoring programme designed to be value-adding to existing students whilst also providing a means of former students to 'give-back' as well as promoting the Edinburgh College Development Trust which supports students through fundraising income from alumni and businesses alike.

maintaining connections in the long term. Not all alumni will want or be able to support their college philanthropically, but engagement is crucial to building a longer term culture of support. There is undoubtedly an opportunity here for all of the colleges to consider this moving forward.

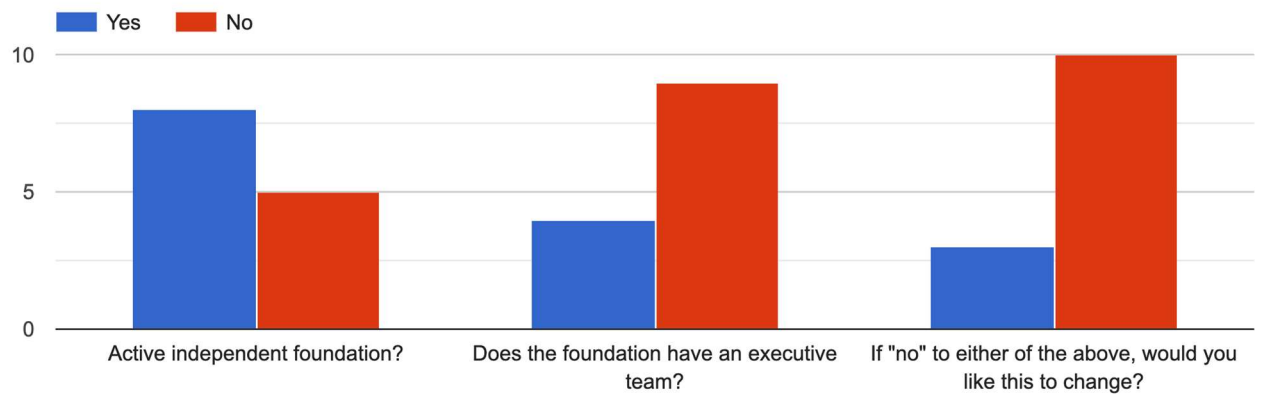
***Recommendation: colleges who have not already implemented an alumni engagement programme should consider doing so.***

#### College Foundations

Around two thirds of the colleges surveyed have an active independent college foundation at arms length to the college, but it is unclear if the potential of these foundations is being

maximised, or indeed if they necessarily need to form a part of any future college fundraising strategy. This is something perhaps worthy of further, separate exploration.

Does your institution have an active, independent foundation?



There is scope for fundraising to play a more active role in colleges and their ambitions, though at present just under 40% of those surveyed indicated that fundraising was part of the organisational strategy.

**Recommendation:** *colleges should consider the merits of including alumni and development as part of their strategic planning, and what role their arms-length foundations might play in supporting this.*

For the colleges where fundraising was part of the overall strategy it tended to be in support of growth or to reduce dependency on existing income streams. This was in addition to looking at support for specific initiatives, for example student support, facilities or equipment. At the more progressive end of the spectrum, one college has invested in specific staff and

#### Case Study - West College Scotland

West College Scotland has been proactive in its approach to securing income from alternative or external sources, including local and national government funds as well as income from trusts and foundations. The small team focusing on Advancement has annual financial goals which are aligned to the college's strategic and operational plans. The team is not purely inward looking and administrative in nature, it also proactively engages with external stakeholders to ensure it can become aware of emerging opportunities.

Resources go beyond the team itself with West College Scotland invested in subscriptions and memberships to widen their awareness of the Advancement landscape and the associated opportunities.



To build on the successes to date, the team would like to explore new fundraising channels and they are keen to better understand the scope that exists to fundraise from individuals, in particular, high-net-worth individuals. Additionally, they would like to be able to do more with trusts and foundations by increasing the number of successful grant applications.

*Assistant Principal: Enterprise and Skills, Sara Rae commented: “The College has been engaged with Advancement activities for a number of years. Our Development Funding team has personnel with sound grant development and project management skills, as well as extensive stakeholder engagement experience. We would be looking to diversify and expand our development funding and income generation strategy further, in line with the College’s Corporate Plan and wider strategic ambitions.”*

infrastructure to support fundraising, whilst ensuring it is communicated widely among the relevant college stakeholders. This model would be worthy of further exploration as there is a clear and accepted correlation within the higher education fundraising context that return on investment correlates proportionally<sup>9</sup>.

## **Strategic Focus**

With respect to the colleges who have not, as yet, considered fundraising from a strategic perspective, most were open-minded to the idea, particularly with the knowledge that additional income streams may become increasingly important. Funding pressures on the sector as a whole are widely recognised and unlikely to diminish given ongoing geopolitical issues, the energy crisis and UK and global inflation increases. Despite these challenges, there are opportunities for colleges to demonstrate the important role they can play in tackling issues that transcend education. This would, for example, allow colleges to be more creative in their thinking as they approach external organisations for funding. The programmes within colleges may have implications for a wider array of charitable causes for example ex-offender reform, poverty or other societal issues, and not simply the advancement of education. It is this creativity and flexibility of thought that has allowed the university sector to raise hundreds of millions of pounds from grant making trusts & foundations in recent years. Critical to this is developing clearly articulated messages that link to the strategy of the institution, through the so-called “Case for Support”. This ground work will be essential to any long-term development programme.

Whilst individual institutions should develop a case for support which is particular to them, there is no doubt that the sector as a whole can develop some compelling narratives worthy

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<https://www.case.org/system/files/media/file/CASE%20VSE%202019%20Res.%20Brief%20%234--Advance.%20Invest.%20and%20Fndrsng--screen.pdf>

of external support. There are several examples of need, already with associated costs, given in the recent report by Colleges Scotland, for example<sup>10</sup> (including the disparity of per head funding for colleges versus all other stages of education, or the cost of providing equipment to those in digital poverty).

*Recommendation: colleges should clearly articulate their case for support in order to help funders understand 'why' they should consider supporting.*

Having a focus on philanthropic fundraising over the next 3-5 years was something that 11 of the 13 respondents felt was either likely or already in train. Only one college responded with a definitive 'no'. There were caveats and concerns from some, notably around the resource required (in terms of budget and people) as well as potential skills gaps. Where some colleges might feel apprehensive about making additional investment in this area, a more detailed exploration of colleges that are further ahead in their philanthropic funding journey may prove much-needed reassurance and/or stimulus.

The challenges the sector will face in the coming years are, undoubtedly, multifarious. For example, digital transformation, campus/estate maintenance and redevelopment, and progress towards net zero. However, the overarching theme that emerged from the survey was financial/economic pressures. Others pointed, additionally, to challenges around skills, changing market dynamics, the need to modernise IT systems and meet environmental targets, with the latter two again ultimately coming down to finance. The cognisance of these challenges and the potential additional costs involved presents an opportunity to think more holistically about income streams moving forward, and for colleges to ensure that they are not missing out on new income streams.

There is a recognition from the respondents that they would benefit from support in up-skilling staff, writing fundraising strategies, embedding a culture of fundraising and philanthropy within the college environment, ensuring that any such strategy is integrated but also bespoke to each specific institution.

A small number of responses referenced the need or desire for 'quick-wins', however, colleges will need to go on a journey that is given adequate time, resource, and institutional buy-in to generate results. The extent and rate of return on investment is something that often comes up and would be worthy of further detailed examination as this is not always a straightforward answer. The higher education sector is worth looking to for general comparison in this regard, in some of the seminal reports such as the HEFCE report referenced above<sup>8</sup>. What is important is that investment is sustained, even if at modest levels, over the long term.

The overall consensus amongst respondents is that they would welcome training or support in developing their fundraising capacity. On a scale of 1-10, the average response in favour of this was 8 out of 10 (70% of responses were scored 8 or above). This would be an

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<sup>10</sup> <https://collegesscotland.ac.uk/documents/briefings-and-publications/publications/1789-cs-spending-review-2022-25-final/file>

extremely positive and valuable evolution of this preliminary investigation and one which will benefit not only those who took the time to contribute to the dialogue, but to the sector as a whole.

***Recommendation: provide training to the sector spanning areas such as bid-writing; stewardship; fundraising strategy; board workshops.***

## **Summary**

Colleges are currently in the early stages of developing their approach to fundraising and alumni engagement. However, there is an overwhelming sense emerging from the respondents that there is a desire to continue to do more in this area in the years ahead. There is a clear opportunity for colleges to diversify and grow their income in ways similar to that which universities have through their proactive and sustained effort in the philanthropy domain over the last few decades. This report summarises a range of recommendations which can help enable colleges to further develop their approach, including: bolstering alumni engagement activity and capacity, investing in training and development to increase capacity and confidence, and more clearly articulating their case for support. The CDN report *'International Ambitions – An Analysis of Internationalisation Across the Scottish College Sector'*<sup>11</sup> highlighted the myriad relationships that have been fostered around the globe by Scotland's colleges with businesses, individuals and educational institutions. These relationships can also provide additional scope for fundraising with the correct planning and execution.

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<sup>11</sup> <https://www.cdn.ac.uk/wp-content/uploads/2020/09/International-Ambitions-Report.pdf>

# Appendix 1 - Survey

## Philanthropy in Scotland's Colleges

### Survey aims and overview

Thank you for participating in this survey, part of a project commissioned by CDN and conducted by FJ Philanthropy.

The survey should take no more than 10 minutes to complete. The findings will contribute to a calculation that will estimate the value of current philanthropic funding in colleges. The resulting data will be used to produce a report on the scale and scope of philanthropic funding for colleges which will be made publicly available.

### Relevance

In order to make sure that survey responses are balanced, it is important that we capture the work of colleges which do not currently seek philanthropic funding as well as those which do. We are therefore grateful for your input whether or not philanthropic funding is currently part of your college commercial and business development plan.

### Information needed to complete this survey

If you have currently secured philanthropic funding, please note that you will need approximate revenue and activity breakdowns to answer some of the survey questions. For all questions, we would very much appreciate an approximation even if you are not certain of exact figures. We understand the sensitivity of providing financial information, and want to reassure you that competitive interests will be protected.

### Data protection and privacy

Please note that whilst it is crucial to understand which organisation you represent in order to ensure we do not double count information, all data provided, including financial, will be unlinked from organisation names as part of the analysis. If the sample size is small enough that your organisation might be identifiable from the raw data, raw data will also remain confidential beyond the analysis team.

Your responses will be anonymised in reporting unless for specific purposes (e.g. to highlight good practice) in which prior agreement with me sought from the relevant college. No organisational data will be shared out with the project team or any other external organisation. Any identifying data will be deleted 12 months after the end of this research project.

## Questions

1. Has your institution ever sought funding from any of the following (select all that apply), indicate if this is regular and whether or not this is dealt with centrally or on an ad-hoc basis by staff/departments:

(Please tick)	Business	Trust or Foundation	Individual (alumni or otherwise)	N/A
Funding source				
Regular/routine				
Ad hoc				

2. If your college has successfully secured philanthropic income in the last three years, please indicate, by source, the approximate amount by academic year in the space below (e.g. Business - 2019/20 - £5,000; Trust - 2020/21 - £10,000 etc.):
3. Does your institution have an active, independent foundation?

(Please tick)	Ye s	No
Active independent foundation?		
Does the foundation have an executive team?		
If "no" to either question, would you like this to change?		

4. If the college has an existing foundation, approximately what level of assets does it currently hold?
5. Briefly describe the relationship between the college and the foundation (where applicable).
6. Is fundraising part of your organisational strategy?  
Please give details of how fundraising features in your organisational strategy.
- If fundraising is not part of your strategy, please comment on whether you might consider incorporating this in the future.

7. Has your organisation received unsolicited philanthropic income in the last three years?  
If so, approximately how much and from what source(s)?
8. Does your institution have an active alumni engagement programme?  
Please briefly describe your alumni engagement programme.
9. Please outline whether or not you think fundraising/philanthropy could become an area of focus for your institution over the next 3-5 years.
10. If your institution has any capital expenditure plans for the next 3-5 years that are currently underfunded, please briefly describe the nature and approximate budget below.
11. From the perspective of income generation, in your opinion, what are the greatest challenges facing your institution over the next 3-5 years?
12. From the perspective of income generation, in your opinion, what are the greatest opportunities for your institution over the next 3-5 years?
13. What skills or resources do you consider your college would need to be successful at fundraising?
14. On a scale from 1-10 (*1 = not valuable, 10 = extremely valuable*), how valuable might you consider it to be for CDN to provide its members with training/support in relation to fundraising?
15. If there are specific types or areas of training that you would find most useful, please describe these below.
16. Finally, please use the space below for any further comments that you may wish to share.

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