

Is Donation an Effective Tool in Helping the Local Voluntary Sector?

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There are thousands of charities across the UK, both large and small, which do some truly amazing and inspirational work. From *Cancer Research UK* making groundbreaking discoveries in the fight against cancer, to Plymouth-based charity *Grow4Good* helping people at risk of social exclusion to integrate through a community garden project, together they comprise an essential supporting pillar of civil society.

But sadly many of the smaller, local, charitable organisations in the UK are struggling to survive. According to the *National Council for Voluntary Organisations*, the total income from the Government to the voluntary sector fell by a total of £1.3 billion between 2010/2011 and 2011/2012, and interestingly the only charities to see an increase in funding of (£105 million) were the larger, international organisations. With only a handful of volunteers and scarce funding, it's no surprise that recent research by the *Charities Aid Foundation* found that one in five smaller charities now fear for their survival.

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The fundamental problem facing many local charities is that the drying up of grant funding to support their work on a long-term basis is happening just as

demand for these charities' services is, in many cases, increasing. This leaves funders, major donors and grant-makers in a difficult predicament when deciding how to distribute funds. Many groups providing valuable services to their communities will inevitably be left out. And even when a charity is able to secure a grant, it cannot assume that the funding will continue into the future as cuts become more prevalent.

The question is, how can the limited funding available be best used to help ensure the sustainability of the sector as a whole?

Rather than distributing funding in the form of grants, major donors can use their donations in an effective manner to incentivise and leverage giving from members of the public to smaller charitable organisations.

Part of the answer involves empowering groups to conduct their own fundraising and encourage donations themselves. By building a network of engaged supporters, smaller charities have the opportunity to not only create a stable funding base, but also to increase the impact they deliver within their community. Online fundraising, in particular, can enable smaller organisations to connect with interested parties and extend their supporter base in a way that is both time – and cost-effective. However, many such groups are not in a position to fully exploit this opportunity due to a lack of time, resources and confidence with online technologies. This is borne out by the fact that 59 per cent of charities with an annual income under £1 million do not currently accept donations online.

There is a need to educate and encourage these groups through the provision of training in social media, email marketing and online fundraising, explaining the importance of raising awareness to engage with members of the public and encourage donations, whilst also building their online profile.



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Recent research by the *Charities Aid Foundation* claims that seven in ten people in the UK give money to charity, but only seven per cent of donations go to small charities; a huge gap that underlines the problems smaller charities face in building public engagement.

This is where major donors can make a real difference. Rather than distributing funding in the form of grants, major donors can use their donations in an effective manner to incentivise and leverage giving from members of the public to smaller charitable organisations. As part of an integrated campaign, this kind of leveraged giving can be used to raise public awareness whilst simultaneously engaging small charities with online fundraising, and providing practical experience to develop their digital skills.

Campaigns such as #GiveMe5 not only provide an incentive for people to give, but also for charities to ask for donations and engage with online fundraising. They provide a basis for the start of two-way relationships between local people and the groups serving their community.

Incentivised giving initiatives are a success with charities and donors alike. By utilising a financial incentive – ranging from 100% match funding, to probabilistic matches and prize funds – they are proven to help local charities to secure donations online. At the start of the year we ran an incentivised giving campaign called #GiveMe5, which randomly matched 2,000 £5 donations made to local charities across two 24 hour periods. The £10,000 donation that facilitated the campaign generated a total of over £57,000 of funding, benefiting 465 local charities. The campaign proved to be a highly effective method of encouraging financial support for small charities from members of the public who otherwise would not have chosen to donate; four out of five donors (83 per cent) said the ability to have their donation matched influenced them to donate.

Campaigns such as #GiveMe5 not only provide an incentive for people to give, but also for charities to ask for donations and engage with online fundraising. They provide a basis for the start of two-way relationships between local people and the groups serving their community. With the right support, groups can be guided to nurture these new relationships and develop them into long-term financial support in the form of regular direct debit donations.

Incentivised giving provides a time and cost-effective way for funders and major donors to reach

hundreds of charities through a single transaction. Funds can be shared ‘democratically’ (ie determined by the choice of online donors) across multiple groups, whilst simultaneously augmenting the value of public donations.

My vision for the future of the local voluntary sector is one in which funding is not perceived as a persistent problem, but rather something that can be approached with confidence and from several angles. Local charities with the appropriate tools, resources and skills should be able to fundraise online and accept donations with minimal time-commitment. To further ensure their sustainability these charities can participate in national campaigns, so that they can benefit from amplified messaging, achieved by having a large number of groups working together at the same time, which in turn builds greater public awareness of local charities, the valuable services they deliver and the issues they face.

Local charities often step in to fill the gap where the state is unable to, providing protection or help for vulnerable people in our society, and improving and enriching lives. It is vital that we, in turn, protect the future of these groups and enable them to survive and grow. Major funders, the government and grant makers working together to use their funding in a responsible and sustainable manner, facilitating support from the general public, is both a practical and possible solution. If donations from the public are leveraged against larger donations from philanthropists in this way, it’s my belief that donation can, in fact, be an effective solution in helping the local voluntary sector to achieve sustainability.

Stephen started his career in telecoms and liked it so much he stayed there for over 30 years. He has worked in large corporates and tiny startups in the UK and the US. In 2000 he moved to Cambridge to head up ip.access which, under his 11 year leadership, grew to become a world leader in small cellular base stations. After a spot of interim chief executive work, he started a portfolio of projects including developing a TV miniseries, managing creative artists in the UK and US, and chairing a local animation software company. Having developed a passion for the third sector and CSR for technology companies, he took up the chief executive role of Localgiving in 2014. A father, Princes Trust business mentor and with a keen interest in contemporary music, Stephen has concluded that competence at electric guitar is still worth striving for, although fluency in Welsh, despite his best efforts and regular exposure to S4C, still escapes him.