

**The following is the National Funding Scheme (NFS) response to observations made in a recent [Arts Professional](#) article:**

The National Funding Scheme's business model was always predicated on requiring two years of start-up funding to reach sustainability. The long-term nature of establishing this kind of scheme inevitably requires disproportionate up-front costs – all the more so when the objective is to benefit from significant network effects at a national scale. Securing funds has been very challenging; we have had the successes mentioned but also our fair share of setbacks. Initial funding was always part of the plan to help us to reach scale, when we will no longer need it.

Our governance structure has satisfied significant national funders, all of whom have strict guidelines and their own rigorous governance procedures. Any potential conflicts of interest are addressed and minuted (in accordance with good governance practice) at every NFS board meeting. Equally, all our funders' processes have been transparent, rigorous and fair.

To date, some 200 organisations have registered to use the DONATE platform and the 'self-serve' mechanism, which launched last week, will help these organisations (and others who've signed up in the last few days) to adopt it easily. They have done so because they recognise the benefits of a digital platform in helping provide a solution to some current arts challenges: donations are increasingly hard to come by; more established donations are not being replaced in the same way by younger donors; the ways in which people want to give and the amounts that they give are all changing.

The NFS is entirely focused on the arts and heritage sector (unlike other platforms mentioned in the article); benefits from a single Gift Aid declaration (you have to do one for each donation for JustGiving), and is predicated on an entirely different giving model. JustGiving is mostly a peer-to-peer model, whereby one individual sponsors another; the particular charity benefiting is secondary. DONATE enables arts organisations to engage directly with donors, reinforcing their brand and potentially building long-term relationships with new supporters.

Crucially, the National Funding Scheme is a charity - unlike the commercial providers mentioned. It was clear from the huge number of conversations held ahead of DONATE's launch that this was critical to the sector in terms of acceptance and reassurance. So too was our 'National' charitable designation. The support we received in achieving this designation was appropriate, above board and sensible to aid DONATE's growth, for acceptance by the arts and heritage sector across the UK and to gain the trust of donors.

Self-sustainability has always been the NFS' aim but was never a pre-condition of our set-up. Similarly, having consulted widely in the sector, the idea of charging for data was dropped well before the launch of DONATE.

The NFS licenses its technology from a commercial company precisely in

order to concentrate on its charitable aims. It would not be a good or appropriate use of a charity's time or limited resources to be building and iterating a technology platform. In the way that all charities buy in software and services from suppliers, that's the model the NFS has adopted. The technology company focuses on constantly improving the platform; the charity focuses on encouraging the adoption of that platform. This is sensible, appropriate and transparent.

The NFS continues to make progress towards its objectives. The Pathfinder phase was deliberately focused on a tiny number of the thousands of arts and heritage organisations in the UK precisely in order to learn lessons, refine the DONATE proposition and constantly adapt to the needs of the sector. Whilst the NFS was launched in March, a number of our Pathfinder partners chose to go live with the scheme in situ several weeks or months later due to their own internal timelines. It is no surprise therefore that levels of giving have been modest.

At the early stage of the platform's life, our focus has been on learning from and listening to our Pathfinder partners – as well as sharing our insights freely through regular case studies, statistical reports, analyses, presentations and workshops. These insights are posted openly on the NFS website and shared with funders, supporters and the media.

We are grateful for our Pathfinder organisations' willingness to take considerable risk and to experiment. Their guidance, advice and critiques (alongside the data insights generated) have been crucial in us launching the DONATE platform nationally on 31 January. Having supportive organisations around the NFS has helped us reach this stage; we will continue to benefit from this as we grow.

The NFS currently levies a 4 per cent charge on donations and Gift Aid but – as a registered charity – the intention has always been to reduce this as we build scale. The more the sector adopts the platform, therefore, the cheaper it will become for everyone to use and the more the whole sector benefits.

The reporting of the statistics from the Pathfinder phase is incorrect. Web app donations accounted for 93 per cent of the value of donations, not actual donations (for which web-giving routes such as web app and QR code accounted for just under two-thirds of donations). Although the results we are generating are at a very small scale as yet, they are very positive – and we are wholly confident they will grow significantly as we build scale.