

Raising Finance for Net Zero Projects – Preliminary insights arising from the National Funding Feasibility study

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What we plan to cover today:

Introduction to Action Planning

National Funding Feasibility

- Our brief
- Our methodology (and team)
- Our preliminary insights

Q&A

Introductions



Net Zero Carbon National Funding Feasibility - our brief

Our Brief



- Provide strategic support for a fundraising feasibility study, market testing, and a resourcing plan...(plus also delivery support for local 'demonstrator' projects, updating the grants directory, and delivery of training)
- **In summary:** identify the contribution to be made via traditional fundraising to the Net Zero Carbon goal by 2030.
 - Consider how best to leverage CofE's existing Net Zero funding commitments over three triennia via fundraising

Fundraising Feasibility Study

- Research the potential fundraising market-place for net zero carbon
- Gather intelligence about prospective funders/partners



Net Zero Carbon National Funding Feasibility - our methodology

Our methodology:

Understanding and internal analysis

External analysis

- Sector funding market–place
- Funder research across Trusts & Foundations, Lottery, Statutory, Corporates, Major Donor, Community
- National, regional and International – not local
- Using various lens including environment-led funders, community-led funders, faith-led funders

Market testing

- Case for support development and testing with circa. 20+ potential funders and partners

Analysis, conclusions and recommendations

Some of the rest of our team on this project



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Net Zero Carbon National Funding Feasibility - our preliminary insights

Context

A fundraising feasibility study is an important milestone in the process of planning any fundraising appeal or campaign.

It is primarily concerned with identifying the audience/s and testing calls to action, before making strategic and resource recommendations.

There is also potential for relationships to grow out of some of some of the interactions from the study.

Context

For NZC projects to succeed, need for:

Someone with **passion**,

Someone with **time**,

Good, tailored **advice**

Permission to undertake the work,

And finally, **money** to do the work.

For fundraising to succeed, need for:

A clearly defined **problem** (carbon emissions contributing to climate change),

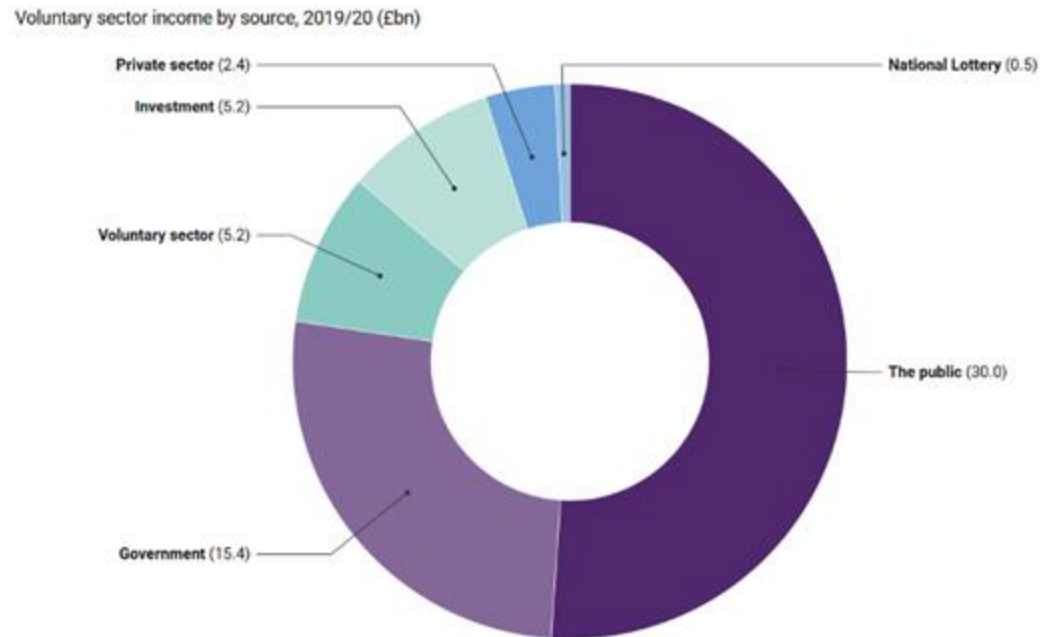
A **solution** to that problem (decarbonise the Church),

An **audience** with both (financial) capacity and desire to work with you towards the solution (funding sources),

A **call to action** (the Case for Support and “fundraising ask”),

(Ideally) an ongoing **relationship** beyond a single *transaction* (commonly known as *donor stewardship*).

Market-place



Source: NCVO, Charity Commission • [Get the data](#) • Created with [Datawrapper](#)

A summary of our findings...

Potential biggest funding/fundraising contributors to Net Zero Carbon:

1. Statutory funding (76%)
2. Community (18%)
3. Trusts, Foundations and Lottery (environment, community, faith) - at a strategic level (3%)
4. High Net Worth Individuals - at a strategic level (2%)
5. Corporates - at a strategic level (1%)

Other:

- Green bonds
- Legacy giving

Statutory

The Office for Budget Responsibility's 2021 Spending Review analysis^[1] highlights £25.5bn of planned government NZC spending between 2021/22 and 2024/25; an average of £6.38bn per year.

Labour promised in 2021 to spend £28bn a year until 2030 on 'green' projects, funded by borrowing, should they be elected to government (by January 2025 at the latest). That promise has recently been revised downward in favour of ramping up investment to £28bn after 2027.

Whoever is in government, we expect climate change mitigation to receive significant funding but it is impossible to predict programmes or amounts with certainty.

[1] [Climate-related measures in the Budget and Spending Review - Office for Budget Responsibility \(obr.uk\)](#)

Statutory

Our research has identified a range of relevant 'live' funding opportunities, and a number of important trends.

Opportunities to bid for statutory funding often require the ability to develop projects or initiatives that fit the funding priorities, sometimes requiring a degree of lateral/tangential planning, at speed and in partnership with other stakeholders.



Statutory

- **Identified as a hugely significant potential contributor towards funding for NZC.**
- **All building types would be of interest** including schools, churches, church halls, Cathedrals (those with regional status and visibility).
- **A time of change.** At a national level, most stakeholders recognise that with a potential change in government in 2024, policies and funds available may change and at present it is challenging to forecast the change.
- **Our funder research** also found that with many funds opening, and closing, during our market research process this does mean that there needs to be **'investment ready' projects in order to be in a position to apply for statutory funding.**

Community (Individual Projects)

Donations, small and large, from the public make up more than half of all income to the UK charity sector every year (£30bn).

The majority of this funding is unrestricted (able to be used as the charity wishes towards its legal objects). Community giving would sit within this.



Community (Individual Projects)

The Church of England's own figures for parish fundraising puts at £163m-£200m per year the sums raised for repairs and new building work, mainly to churches.

Around a third is believed to come from congregational giving (£54m-£67m). This money was raised “using existing tried-and-tested approaches to fundraising.”

Resource and know-how are already in place – this must be harnessed and supported in order to raise more^[1]

[1] NZCPB(23)1_6a_Church_overview_paper, Feb 2023.



Community (Individual Projects)

For individual project contributions, our 'marketplace' analysis sits within a figure of £250m pa of public giving to UK environmental causes.

In our analysis it aligns most closely with churches (and church halls) and cathedrals; there may be some instances where Parent Teacher Association (PTA) fundraising contributes to a school NZC project, or grant-funding is sourced as a required contribution to a statutory funding source, but we anticipate that this will be relatively small-scale.

Trusts, Foundations & Lottery

The most recent report into UK environmental funding via TFL^[1] identifies **206 UK foundations** (including Lottery funders) supporting environmental priorities between 2016-2019.

Collectively, these foundations distributed 13,000 grants to just over 5,000 organisations, averaging £306 million per year in total.

50% increase on the previous period to 2016, but only 5.8% of all UK Foundation giving relative to other issues.

Climate change is a fast-increasing funding priority.

[1] *Where the Green Grants Went* (8), EFN, 2021.

Trusts, Foundations & Lottery

Despite being the 3rd-most funded climate change strategy across Europe between 2017-2021, work to decarbonise buildings received just under 10% of foundation funding across the region.

Our own research identified around 150 potential TFL funding opportunities for Net Zero Carbon projects across England.



Trusts, Foundations & Lottery

- **Potential to contribute by 2030 via strategic funding partnerships + local level applications. New strategies and flexibility...**
- A key consideration for most of the stakeholders consulted was the **outcomes and impact on the wider community** of any Church of England building achieving Net Zero Carbon status.
- No funder consulted expressed that they were motivated by Carbon reduction in and of itself.
- **Evidence is key.** Funders outlined that any bids would need to provide a lot of evidence to the effectiveness of intervention.

High Net Worth Individuals

Pro Bono Economics estimates that the 1% highest earners in the country contribute £950m to charities every year.^[1]

Based on separate analysis which indicates that **“only 3% of total philanthropic giving goes to environmental causes,”** we can extrapolate a figure in the region of £28.5m per year from HNWIs to all environmental causes.



[1] <https://www.civilsociety.co.uk/news/highest-earners-have-given-less-to-charity-while-incomes-rose-research-finds.html>. The typical median income of someone in the top 1% grew to £271,000 in 2018-19.

High Net Worth Individuals

We commissioned research to identify HNWI donor prospects with estimated wealth of £25m+, whose primary motivators are environment, climate change and net zero.

That research identified an initial cohort of 42 prospects. In due course, further research will doubtless reveal more. We are actively pursuing conversations with a sample of those in order to understand their philanthropic motivations and to test a NZC Case for Support with them.



High Net Worth Individuals

As with intelligence gathering into TFL, we do not anticipate significant income from HNWI to a national campaign, other than towards Green Bonds.

This percentage of potential HNWI income assumes a small number of donations arising from centrally resourced donor prospecting and stewardship.

The Case should be built around ‘our missional response as a Christian church’ – that’s what would set the Church apart from others.

Donors will be looking very closely at the **implementation model, the execution plan**– will it work? Is it scalable?

Some major donors may get behind the vision, but that they would be **more likely to support tangible local projects, than the national strategic approach.**

A potential area for HNWI to engage would be around impact investment.

Corporate/Private Sector Giving

Accounting for £2.4bn per year, corporate giving makes the smallest contribution to the UK charity sector.

Alongside other giving sources analysed, that trend may increase in future; there is a growing trend of recognition that traditional notions of Corporate Social Responsibility do not go far enough.

Initiatives such as *B-Corp* and *1% for the Planet*^[1] are becoming desirable brand affiliations, but clearly still have a long way to go to have impact on charity sector income.

[1] Both of these are accreditation-type affiliations which demonstrate corporate commitment to climate and social justice.

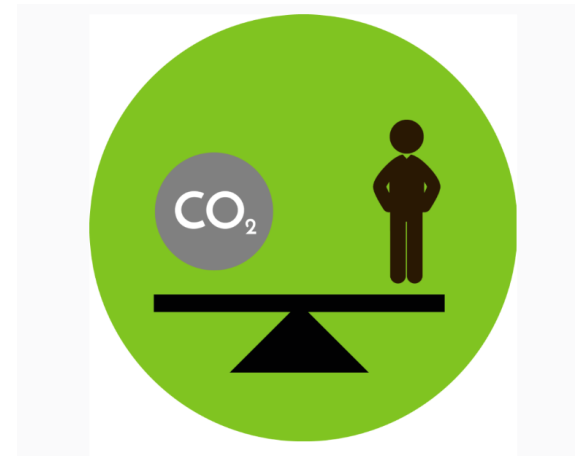


Corporate/Private Sector Giving

Our research identified potential corporate themes and targets for consultation, rather than well-defined funding opportunities to be pursued.

As we continued to seek suitable avenues for market testing interviews, we found some **enthusiasm from within the energy sector** – seeking research and development learning opportunities at a scale that few organisations other than the Church of England can offer. Ecology is one such example for strategic engagement.

We do not anticipate corporate giving to be a significant contributor to the campaign, but some opportunities might arise.



Corporate/Private Sector Giving

We have set a conservative projection resulting from our research and analysis, mindful that private sector is the smallest contributor to the charity sector.

Strong support from all for environmental and Net Zero initiatives, and high commitment to net zero, carbon reduction and green energy.

However, apart from landfill operators, the corporates we were able to consult with during this process **did not tend to fund projects**. Therefore, the real opportunity is around the Church of England procurement for renewables and green energy going forward and the potential for new supplier agreements which enable the Church to meet its aims and ambitions.

For carbon offsetting, there may be opportunities throughout the period to 2030 to consider action such as a Carbon Tax

Another potential area is land use.

Green Bonds

Green Bonds are a financial instrument specifically designed to fund environmentally friendly projects and initiatives. They serve as a means for investors to support climate and sustainability objectives while earning a return on their investment.

The green bond market in the UK has witnessed significant growth in recent years. According to the Climate Bonds Initiative, the total issuance of green bonds in the UK reached £46.2 billion in 2020; a substantial increase compared to previous years.

This growth reflects the rising demand for sustainable/ESG investments and the commitment of both public and private entities to finance environmentally friendly projects.

Green Bonds

There is the potential to utilise this mechanism to enable the Church of England to reach Net Zero.

The Bonds would be sold to investors, who then get a return based on the success of the initiative in reducing carbon emissions. Companies would buy carbon credits so as to compensate for their own carbon production. This income is then used to repay the investors.

Green Bond finance does not fall under the umbrella of 'fundraising' in a classic sense.

However, the subject arose multiple times in our conversations and interviews with both internal and external stakeholders.



Legacy Giving



It might be appropriate to consider a Net Zero Carbon linked legacy-giving campaign. However, it may seem less likely that people would bequest a sum to a national funding pot rather than their local church or school, potentially creating difficulties if the named beneficiary is unable to spend the gift locally on a NZC focussed project.

Alternatively, might churches and dioceses choose to apportion some of their legacy income to NZC focussed fundraising needs?

Mapping funding source to building type

Source	Relevant for:
Statutory	All (potentially) Schools, Housing, Transport, Diocese
Community	Churches, Cathedrals, TEI's, Schools
Trusts, Foundations and Lottery	Central campaign, Churches, Cathedrals, TEI's, Transport
Corporate	Churches, Cathedrals, Transport
HNWI	Central campaign, Churches, Cathedrals, TEI's, Transport,

Potential Income?

The NZC vision to 2030 is not a single fundraising campaign or appeal. In fact, it has been a recurring mantra through our research that

“this campaign is not about a single fundraising appeal, but rather 30,000 individual appeals. It is not so much a single campaign which might fail, but rather a question of the magnitude by which it will succeed via many small appeals.”

Considerations for Cathedrals Net Zero Funding

Essentially, each project will be a capital appeal:

- Build a clear and compelling case for support - NZC on its own is not a good justification.
- Research funding sources. Statutory likely to be key. Also Trusts and your donor contacts.
- Resource the appeal.
- NZC will be increasingly important for funders even outside of a NZC focussed appeal.
- Connect with national and diocesan level resource - they are all pulling in same direction!

Questions and Discussion

