



Building Bridges

Philanthropy strengthening communities



Rhodri Davies and Louisa Mitchell
Advised by David Carrington

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Foreword

By Lord “Eddie” George

Baron George, of St Tudy in the County of Cornwall and Former Governor of The Bank of England

We are living in difficult times. The global financial system has been under severe stress as this report goes to print and has suffered major setbacks. The City, the jewel in our own economic crown, is having to learn important lessons and the economy as a whole is facing the prospect of a period of recession. But Britain must not forget its other great traditions that have endured over the years through economic ups and downs. We have a long history of philanthropy that meets this description and now is an important time to build on that tradition to develop a thriving modern philanthropy that meets the needs of the day and will endure into an uncertain future.

This report is about the role that people can play in addressing the needs of our society when they have created financial wealth that they are prepared to invest philanthropically. It gives motivational examples of individuals acting as leaders in the communities who are not only financially generous, but are dedicating significant time and energy to bridging social divides and making their communities better places to live, work or simply be. It also details community level giving vehicles and other infrastructure available to the mass-affluent who can find it difficult to navigate through this particular jungle.

Whilst some of those who have created their own significant wealth in Britain in the last fifteen years will not create the same levels of wealth in the coming years, many of them will fare better than most in a downturn. All eyes will be on those who have started some of the inspiring new philanthropic initiatives that have emerged

and it will be the first real stamina test for our “new philanthropists” since their method of long term support and long term engagement started. I urge them to hold their ground as the effect of their withdrawal from the philanthropy market may be disproportionately negative given the potential wider impact on our culture of giving.

When calm has resumed, as the British economy rebuilds itself, I hope there will be an ongoing focus on responsible behaviour, both socially and in business. I hope that many of the wealth creators who ride the economic storm can continue or start to act as philanthropic leaders, establishing a sustained culture of British philanthropy which may raise less money during years of economic hardship but which pervades our national identity, strengthens our society and raises significant sums in years of economic gain. This requires clear signals from Government and collaborative relationships at the grass roots level with existing local services and representatives of local government.

Such a development is in all of our interests, since state funding, the key engine of growth for the voluntary sector in recent years will necessarily become more constrained given the more difficult economic condition and it is vital that we unlock private philanthropy to support a vibrant civil society that provides for our communities across Britain. We need a modern British philanthropy that takes the strengths of the past and supports our present day communities of mobile and diverse populations with modern techniques and technologies.

Executive summary

Very few people will be unaffected by the global financial crisis, so it may seem an inauspicious moment to be discussing how to expand philanthropy among the wealthy in Britain. The first of our two reports on the subject, *Give and Let Give* – on building a culture of philanthropy among high-earning City professionals – was published when bonuses were still booming in December 2007. Despite the scale of the crash since then, the fact remains that wealthy people will fare much better than most in the imminent recession; what is more, their numbers have grown prodigiously in the past 15 years. The total wealth of the 1,000 richest people increased from £99 billion in 1997 to £412.8 billion in April 2008.¹ Below them, the so-called mass affluent have also grown rapidly and now constitute about 10% of the population.

In America, where a culture of philanthropy is deeply rooted, charitable donations hardly fall during the bad times – an average of 1% during all recessionary years since 1967.² In the UK, we start from a much lower base – only 18.6% of adults give in a regular, planned way to charity.³ But a new breed of philanthropist has emerged from the ranks of the new rich, and they are offering their drive and business skills as well as their cheque books.

It will be crucial for sustaining the development of a philanthropic culture in this country that this new group of philanthropists continue with their activity during the difficult years ahead. If they withdraw their long term funding and engagement at this first hurdle then the negative effect may be felt across the whole voluntary and social enterprise sector, since they have set such an important leadership example for a modern British philanthropy.

In our first report we found both that City professionals liked to act in concert

with others from the financial services community and that a significant number were not conducting their philanthropy at a community level. These observations prompted this research, in which we set out to assess the role of communities in building a culture of philanthropy in Britain and the role of philanthropy in strengthening communities and building what Robert Putnam has called “bridging social capital”.

We interviewed more than 30 high net worth philanthropists who are involved at grassroots level in order to discover what motivates them to give, how and where they do so, the rewards enjoyed and difficulties encountered. In sections 2 and 3 we let them speak at length in their own words as a series of case studies. From these accounts of their practical experiences we have isolated the positive factors that promote the creation of a sustainable culture of community philanthropy and the barriers that still exist. In the final section, we first describe the ingredients necessary for a flourishing philanthropic culture and conclude with a practical agenda for action that builds on the broader recommendations of last year’s report.

Our interviewees had deliberately chosen to concentrate their philanthropy not on a big national or international charity but on a community or project close to their home or work. Some were also deeply involved in a community of interest. Surprisingly, many had found it was not particularly easy to give their money away at this grassroots level. The main difficulty that they encountered at the outset was in identifying the most pressing needs and then finding the right local projects to give to. Many local groups are doing excellent work, perhaps turning round a difficult estate or cleaning up an environmental black spot, but may not even be registered

¹ Beresford P, *The Rich List*, *The Sunday Times*, 25 April 2008

² *Giving During Recessions and Economic Slowdowns*, Center on Philanthropy at Indiana University, September 2008

³ *UK Giving 2005/6*, Charities Aid Foundation, NCVO, 2006. Planned giving includes direct debits/standing orders, covenants, payroll giving and membership fees

charities. Intermediaries played a vital role in providing contacts and local knowledge; these included specialist advisers, peer group giving circles of different types and above all the Community Foundations, whose work we discuss in some detail. New web-based initiatives such as localgiving.com and globalgiving.co.uk are also being developed which will fulfil many of these functions.

Community Foundations are invaluable for researching the needs of local areas and introducing donors to small charities or projects operating below the radar and which they had carefully vetted. Community Foundations also offer donors the option of remaining anonymous if they wish, administrative support, the ability to pool funds with others on a chosen project and tax-efficient giving. Those people we interviewed who had dealt with a Community Foundation praised their work without exception, but many had not and it turned out that they were largely unaware of their existence.

Once our interviewees had found the right project to back, greater engagement often followed, such as offering strategic advice or taking a board seat – although some felt that charities could make more effort to make the most of their skills. The reward of involvement in an area where they lived or worked was that the philanthropists could regularly observe the impact of their giving and be reassured that their money was being used well. They were often surprised and delighted about how much difference a relatively small amount of money could make – an important observation in this time of straitened circumstances.

A number spoke about the delicate topic of their relationship with beneficiaries, one which does not arise when giving to a large national charity. They were aware that it had to be dealt with sensitively and some preferred to shelter behind the mask of a named trust or complete anonymity. But

once they were deeply involved with a community, all said it would be very difficult to walk away – their commitment to an area became long-term, the bridges they had built were solid.

“ If you engage with a cause, then you find yourself not just creating new social networks but bridging social divides, which in turn strengthens the community you live in or work in. You are then embedded as part of the strength of that community and it is very, very difficult to walk away ”

Matthew Bowcock

This was one aspect of community building; the other was the growth of communities among donors themselves. Through organisations that are promoting venture philanthropy and social investment as a new method for philanthropy, such as the Private Equity Foundation and Venturesome, or formal giving circles that introduce charities or issues to potential donors such as the Philanthropy Workshop and the Funding Network, or just informal groups that have grown from their local involvement, philanthropists found support and advice that sustained them in their mission.

Our practical agenda for action considers our interviewees' comments on their motivations and their methods, both the barriers and the positive factors, in order to develop a sustained philanthropic culture in Britain anchored by community giving. We recommend that:

- inspired individuals, intermediaries such as Community Foundations, private banks, financial advisers, companies and charities themselves establish easily accessible giving circles or vehicles that provide formal and informal networks – so that they become as common as book groups and investment clubs
- entrepreneurs and established philanthropists develop virtual matchmaking

and social networking sites using web 2.0 effectively to build online communities and enable good feedback from charities to donors

- intermediaries, from Community Foundations to private banks, provide simple but flexible portfolios of products suited to individual donor needs
- the Government considers tax effective measures that recognize the changing nature of philanthropy today. These may include lifetime legacies, which would enable more people to make significant gifts during their lifetime; tax reliefs on volunteering and the lending of buildings to community organizations; tax incentives to encourage social investment, and ensuring that opportunities for charitable tax reclaim keep pace with the growing use of mobile phones and the internet for making donations
- the media promote everyday role models to develop a widespread culture of philanthropy and cultivate a positive vocabulary for philanthropy

4 Field, F, "Acceptable behaviour contracts for the super-rich", Allen Lane lecture, February 2008, www.allenlane.org.uk/2008.htm

One other source of dissatisfaction was the paradoxical domination of the voluntary sector by central government funding. Private donors did not necessarily want to pool their money in a government scheme pursuing government-defined goals. Off the record, some also mentioned that local councils may obstruct projects where they see philanthropic input as a threat rather than an asset. Above all, there was confusion about what the role of private philanthropy should be, where it fitted in. The Government's generous Grassroots Grants programme should be a step in the right direction to start clarifying the respective roles of government, voluntary sector and private donors.

Frank Field MP was right when he recently described philanthropy as a "counterpoise", or counterbalance, to governments, "a crucial part of sustaining the freedom which a thriving civil society bestows on its citizens".⁴ A shift in attitudes is required to build our charitable culture into a fully-fledged philanthropic one – one that must be led by high net worth individuals and embrace the mass affluent.

1

Community and philanthropy

Our aim in this section was to find out what community means to some of Britain's leading philanthropists and what role it plays in influencing their philanthropic activity, not to enter into the often fraught debate about what constitutes community. For the practical purposes of philanthropy we distinguish between a community of place based on geographical location, often neighbourhood, and a community of interest or purpose, based on active involvement in a cause or an issue. We view philanthropy as covering a wide spectrum of activity including donations of money, time and skills, but with financial support at its core. We use as elastic a definition as possible in order to reflect the growth and diversity of philanthropic contributions and initiatives in Britain today.

1.1 Communities of place

Our interviews were focused on philanthropists who we knew operated either in a specific locality or within a defined community at a grassroots level – overwhelmingly this was the place where they lived (some or all of the time) and/or worked. Those outside London tended to live and work in the same area and did not separate the two communities. Grant Gordon, director general of the Institute for Family Business, said: “For many of our members, the word community keeps on coming up when discussing philanthropy. That is because family businesses tend to be embedded in a specific part of the UK and even if they do not do all their business there, they usually have a big footprint in that place.”

Definitions of wealth

High net worth (HNW), super-high net worth (SHNW) and ultra-high net worth (UHNW) are terms used in the private banking and wealth management industry to define the level of wealth of clients. HNW individuals are those with over £500,000 of investable assets, SHNWs have in excess of £1.5 million and UHNWs more than £15 million.⁵ All three groups in the UK have grown fast over the past few years, and it was forecast (in 2007) that there would be over a million high net worth households by 2017.⁶

The “mass affluent” are people who have liquid assets to invest but not at the level that would traditionally place them in the realm of private wealth management clients. Definitions vary: Barclays Wealth defines mass affluent as having between £250,000 and £500,000 of aggregate wealth,⁷ MasterCard as having earnings of between £35,000 and £70,000 per annum,⁸ and Charles Schwab as having between \$100,000 and \$1 million to invest.⁹ A useful working definition is the one employed by Philanthropy UK, which defines the mass affluent as the wealthiest 10% of the population.¹⁰

In this report we use HNW broadly to mean the very wealthy (ultra, super and regular HNWs) and mass affluent as roughly those in the wealthiest 10% of the population who are not HNW.

5 *UK Landscape of Wealth*, Barclays Wealth Insights white paper, 2007

6 Ibid

7 www.mastercard.com/uk/wce/PDF/23323_WorldMasterCard_PressRelease_280907.pdf

8 www.businessweek.com/magazine/content/04_10/b3873084_mz020.htm

9 www.philanthropyuk.org/Resources/USphilanthropy

10 Ibid

Philanthropists who were living and working in London tended to divide their efforts between a focus on a place very close either to their home or work, and a focus on issues of interest that might also be London-wide issues. There was no discernible difference between those choosing work or home as their principal target. David Robins, chairman of New Philanthropy Capital and formerly of investment banks UBS and ING Barings, said: “People who work in the City think of their home as their community more often than their workplace and that is because working patterns have changed – people used to stay with the same company for a long time and felt great affinity to that company, but now they move around much more.” However, hedge fund manager Michael Hintze (42) suggested that “home” was no longer a simple concept because many of today’s high net worth individuals have more than one home and move around frequently. Wandsworth, where he lived, had a less transient population than areas such as Belgravia and Chelsea that contained many foreigners and people with second homes, and “which might make it hard for them to connect with their community”.

Commuting, owning multiple residences and working for global companies have influenced the way people perceive communities of place today. Michael Campbell, chairman of the Ellis Campbell Group and of Hampshire Community Foundation, (36) said that an increasingly mobile population had had a profound effect in his area: “Communities in the broader sense have broken down for different reasons. Most people commute, so they are not working where they live and do not have that same relationship with a place. Many of the old anchors are missing – no pub, no local shop, no local school, and the church is no longer providing the same sort of cement that it used to.”

Some economic migrants retain a responsibility to their community back home. A 2002 survey on community giv-

ing in Silicon Valley found that 78% of people who had lived in the region for five years or less identified more strongly with the place they grew up in than Silicon Valley itself.¹¹ “Diaspora” philanthropy has become an important force though it is difficult to put a figure on it.¹² There an increasing number of organizations aiming to encourage and assist diaspora philanthropists: The Asian Foundation for Philanthropy, for instance, is a UK-based charity that aims to help British Asians who want to contribute to social and economic development in India by removing many of the barriers to giving overseas. It enables donors to find effective, credible organisations and advises them on tax. Philanthropists such as Cobra Beer founder Lord Bilamoria and mining magnate Anil Agarwal are notable examples of diaspora givers in Britain.

Although some individuals retain a sense of responsibility to their place of origin, others feel a responsibility to where they are now. One private equity professional said: “I could have decided that my community is my hometown...I still go back a lot but I live here, so I feel that my community is where I am now.” His young family had helped him to put down roots. Another interviewee explained: “It is easier to relate to a local community if you are part of a church or your children attend a school. For a single person with no children and no religious involvement it can be difficult to see where the ties with locality are going to come from.” Entrepreneur and local philanthropist Matthew Bowcock (34) said: “Many people in Surrey do not come from Surrey – they may come from Liverpool or Bristol or Scotland – but I find they do stop and think about their relationship with, say, Dorking, and whether or not it is just a dormitory, if I say something to them like: ‘You might not think that Dorking is your home town, but your children do – your family do’.”

11 *Giving Back The Silicon Valley Way*, Community Foundation Silicon Valley, 2002

12 Johnson P, “Diaspora philanthropy: existing models, emerging applications”, *Alliance* magazine, vol 10 no 4, December 2005

Dr Helen Bowcock commented in a speech to the Community Foundation serving Tyne and Wear early in 2008 that she saw today's mobility as an opportunity for philanthropy: "If people want to make connections, to be visible, perhaps even to seek status in what has become an increasingly mobile society, isn't philanthropy a way to do that?"¹³ Even among highly mobile professionals who may never be in any one place for more than a few years, there are those who recognise the value that attachment to a locality can have. During a career in finance spanning more than 25 years, Nick Ferguson, chairman of SVG Capital, (16) has lived all over the globe, from New York to Singapore, but the moment he found his "home" was still a revelation. "Everybody needs a sense of place. I had always had a funny feeling that I thought was adrenalin, ambition or wanderlust but the moment I closed on buying a small farm in Scotland it went away and it has never come back. That told me I had got my sense of place." The bulk of his philanthropy is now concentrated on Argyll.

A number of interviewees expressed uncertainty about the role of philanthropy in their local community because of the increasingly domination of the State over the voluntary sector. State contributions to voluntary groups have risen by 36% in the past five years and the jump between 2004-05 and 2005-06 (the latest data available) was particularly large – a total increase of £3.3 billion.¹⁴ This increase has been accompanied by a significant shift towards the Government contracting with charities for the delivery of specific services. In 2000-01, 55% of State funding was in the form of grants that allowed charities to operate with a degree of autonomy, but by 2005-06, less than 40% of state funding was of this type with centrally directed contracts now forming the core.¹⁵ This shift has led some to suggest that charities are being "muzzled by contract and neutered by subsidy".¹⁶ Although some

philanthropists may be attracted to leveraging State spending, for many such a strong government hold on the voluntary sector can be a disincentive as they do not want their money and efforts simply bolted on to government funding and used to meet government goals.

“ In this country, even when we try to decentralise, all too often we still don't quite manage to get down to the grassroots”

Stephen Hammersley

It is not just the changing nature of state funding to voluntary organisations that deters some private individuals from supporting the sector, but more generally the increasing centralisation of local government – about 96% of its revenue comes from central government.¹⁷ This was explored in detail in Policy Exchange's publication *The Decline and Fall of Local Democracy*, which concluded that: "Local government has its hands tied: it cannot respond to local needs, it cannot raise its own local income, it has little scope for targeting and working in partnership with efficient service providers in the private and non-profit sector and local people have no one to call to account."¹⁸ Philanthropists could be added to this list; our interviewees felt unsure about where they fitted into the jigsaw of local government and other services at the community level.

Stephen Hammersley, CEO of the Community Foundation Network, observed recently in an interview with *The Guardian*: "In this country, even when we try to decentralise, all too often we still don't quite manage to get down to the grassroots."¹⁹ The Government's Grassroots Grants programme (discussed in section 2) is designed to stimulate private philanthropy for such projects, and may help to clarify the roles of the different sectors involved.

13 Bowcock H, speech to the Community Foundation serving Tyne & Wear and Northumberland, 2008

14 UK Voluntary Sector Almanac 2006, NCVO

15 Ibid

16 Whelan R, *Involuntary Action: How Voluntary is the 'Voluntary' Sector?*, IEA Health and Welfare Unit, 1999 as reported in an article by Frank Prochaska for the Social Affairs Unit, March 2005

17 Wilson D and Game C, *Local Government in the UK*, Palgrave MacMillan, 2006

18 Travers T and Esposito L, *The Decline and Fall of Local Democracy, A History of Local Government Finance*, Policy Exchange, 2004

19 Brindle D, "Giving a Lead" *The Guardian*, 2008, at www.guardian.co.uk/society/2008/apr/30/voluntarysector1

1.2 Communities of interest

Young, mobile people with high earnings potential may not be inspired by a particular place until later in life when they have a family and feel it is time to put down roots. Nevertheless involving them in giving early in their careers is vital for developing a British culture of philanthropy. For this group, communities of interest, based on schools, universities and faith, or causes, such as the environment or health, are likely to take precedence over locality at first.

Technology – above all, the social networking capabilities of the web – and travel present new opportunities for communities of interest to thrive. Matthew Bowcock (34) summarised the potential: “I think people build their own philanthropic communities, particularly when their community is a cause. With the modern social networking technologies people can build completely new communities out of philanthropy, but they are as likely to be virtual as geographic.” Adele Blakebrough of CAN/Breakthrough (45) felt that non-geographic communities would be increasingly important for philanthropy: “I think that community of interest is as important as community of locality. A good example would be Fathers Direct, a community made up of single dads all over the country. Or Amnesty International as a bigger one – it is irrelevant whether their offices are in Enniskillen or in Bedford, people are attracted to it for the issues and form a community around them.”

Michael Hintze (42) summarised how communities of interest and place can overlap: “Nowadays with killer telecommunications and travel, the definition of community has changed and community circles can be created from diasporas. Things I support philanthropically because of community connections are my old university, the University of Sydney, the church, and where I live in Wandsworth.”

1.3 Social capital

The more connections there are between members of a community, whether based on place or interest, the stronger the community itself becomes. The more connections there are within the network as a whole, the more value, or social capital, all its members get from being a part of it. The concept of social capital is usually associated with the political scientist Robert Putnam: “Whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them.”²⁰ Thus social capital has both internal and external features. For the individual, building a strong network of social connections will usually benefit their own interests. Putnam points out: “A well-connected individual in a poorly connected society is not as productive as a well-connected individual in a well-connected society. And even a poorly-connected individual may derive some of the spill-over benefits from living in a well-connected community.”²¹

But we should not forget that community can be the basis for exclusion rather than inclusion. According to Anthony Cohen: “‘Community’ involves two related suggestions: that the members of a group have something in common with each other; and the thing held in common distinguishes them in a significant way from the members of other possible groups.”²² For some communities it is vital that they be outward-looking and inclusive, others may be deliberately inward-looking and this might be their main attraction. Putnam distinguishes between those with “bonding social capital” and those with “bridging social capital”. He writes: “Some forms of social capital are, by choice or necessity, inward looking and tend to reinforce exclusive identities and homogeneous groups. Examples of bonding

²⁰ Putnam R, *Bowling Alone: The Collapse and Revival of American Community*, Simon & Schuster, 2000

²¹ Ibid

²² Cohen A, *The Symbolic Construction of Community*, Tavistock, 1985

social capital include ethnic fraternal organisations, church-based women's reading groups and fashionable country clubs. Other networks are outward looking and encompass people across diverse social cleavages. Examples of bridging social capital include the civil rights movement, many youth service groups, and ecumenical religious organisations."²³

Communities sharing common leisure, political or academic interests are likely to involve people of similar backgrounds and to have a high stock of bonding social capital. Communities defined by philanthropic goals seem more likely to form links between individuals from different walks of life and so increase their members' stock of bridging social capital. Matthew Bowcock (34) stressed its importance: "Often we live in our worlds in which we associate with our own little strata and we rarely look outside that. So it can be surprising to find there are pockets of deprivation and people living different lives right alongside you and that is the most valuable place to get integrated. It is getting to know the local youth worker who runs the community centre or the person who runs the disabled association that matters. It is supporting them that brings about change."

Philanthropy can both strengthen existing community organisations and build new ones by linking donors to the community they live in. Jim McAllister (24) agreed: "It is not all about money – it is about involving yourself in the community. I have had many instances when people want to get involved once they see I am committed and not just a fly-by-night." Michael Campbell found that he became more involved in the community around his home in Perthshire than he had in his original home Hampshire because in order to get the initiative he became involved

with in Perthshire off the ground: "I had to go out and start talking to the relevant local people, meeting people from all walks of life." However he also thought that donors should not have unrealistic expectations about the effect their philanthropy would have on their place in the community: "It can happen that the donor feels more a part of the community through their philanthropy, but that is an added advantage – feeling that the wider community is more cemented and more cohesive is enough."

The relationship between donor and recipient can be uncomfortable, bringing to mind notions of largesse and hand-outs – "a slightly uncomfortable power relationship" as Matthew Bowcock called it. He suggested that three different constituencies were involved: "recipients of projects who might have mixed feelings about it and perhaps even resentment that the donor has so much and they do not; workers – often volunteers – many of whom are easy to form a relationship with because of the common interest; and finally, the big fish in the local pond – the local councillors, community activists, the mayor and other people involved in local activity who are often pleased to see people investing in the community."

Engagement is most likely to develop between donors and those in the second of these constituencies – the workers in community organisations. Michael Head, chairman of Kent-based furniture manufacturer Crown Products, said that through his involvement with local voluntary organisations: "I learnt how difficult it is to raise money, and I learnt how many small organisations there are around us that have committed people running them. They are often good at what they do as their core business, but struggle with fundraising because it is not their expertise."

²³ Putnam R, *op cit*

2

Communities of place

2.1. Motivation

Our previous report on philanthropy, *Give and Let Give*, suggested that an individual's

philanthropic "journey" followed a similar trajectory to their professional career – "an individual is motivated to start on a jour-

**Nick Ferguson,
Argyll and London**

"Everybody needs a sense of place," said Nick, "I had always had a funny feeling that I thought was adrenalin, ambition or wanderlust but the moment I closed on buying a small farm in Scotland it went away and it has never come back. That told me I had got my sense of place." Nick's family had deep roots in Argyll, but it had taken spells in London, Germany, the U.S. and Singapore to make him realise that this was really where his heart lay, so when he decided to get more serious about philanthropy it was obvious that Argyll had to be a part of it.

Although he had spent a lot of time in the area, and knew that "there were only two EEC deprived areas left in the UK, and that's Argyll and West Cornwall," Nick was still aware that he needed help to find the organisations doing the work on the ground. A chance conversation with a friend in Vermont who had faced a similar prob-

lem when starting to give locally offered the solution. "I asked him: will you hire somebody? And he said 'No - I go to the local Community Foundation and give them a donation and they give me some of their staff time to do a mapping of the issues affecting the area.'" Realising that this approach could also work for him, Nick contacted the Community Foundation Network, who were able to put him in touch with the Scottish Community Foundation (SCF).

Nick and his wife Jane established a similar relationship with the SCF as his friend had in Vermont: he outsourced the research into the issues affecting Argyll and the organisations working there to the SCF, in return for a contribution to their core operations. The mapping exercise helped them to determine how to act on their motivation: "We were driven by our passion for Argyll, and then by the wish to help the people living there improve their lives. Then we had to make a deci-

sion on where we could have the greatest effect. We decided to focus on young people because we felt that was where we could have most impact and because they are the future. We set out a simple "mission statement" namely to help strengthen communities by investing in initiatives which would improve access to learning, education, training and employment."

The focus on children and young people manifests itself in a number of different ways. Nick believes: "We can help at different stages of their lives, from parenting, advice, building self-confidence, education and training through to creating job opportunities." This has led Nick and his wife to get involved with organisations ranging from Home-Start, which provides mentors for young families – to the Argyll Construction Skills Training Centre in Lochgilphead which provides training and apprenticeships in construction to young people in the area, who previously had to go all the way

to Glasgow if they wanted to qualify as builders.

As well as straightforward grant-making, Nick and his wife have got involved with microfinance through their partnership with the S.J. Noble Trust. This is designed to encourage entrepreneurship in Scotland. Nick explained: “If someone has a need for money that the bank will not supply, or they cannot afford bank rates, we will give them either a grant or an interest-free loan.” This loan involves minimal paperwork, as “the loan document is basically a sentence on a piece of paper that says ‘I will repay this if I can’”. Some people have questioned whether this can even be worth the card it is written on, but Nick said: “It certainly is in a community, because everyone will know if they cheat on you, and will not buy whatever it is they are selling.” By his reckoning, their partnership with the S.J. Noble Trust has created about 160 jobs at minimal cost, and because some of the money was given as loans it is now being repaid and can be used again, allowing the initiative to go from strength to strength.

Nick believes that giving locally has two major advantages for the results-oriented philanthropist: “It is easier to have a major effect, and you can also see that effect for yourself. You know when you’re having an impact.” The ability to go and see for themselves what their money is doing has not only given Nick and his wife

confidence in their giving, but has also given them a sense of community with those in the organisations who share their purpose. “It is really interesting to go and meet and talk to these people. And they can see you as a friendly partner – they do increasingly ask us things like ‘how do we solve this?’ or ‘do you know someone who might help on this?’”

Although the impact may be greater and easier to assess, local involvement often requires more work at the outset to find the right projects. Nick pointed out: “We don’t need to do an awful lot of work to give £1,000 to the British Museum. We do need to do a lot of work when helping something like the Home-Start expand from Kintyre to Cowal – I want to meet them and feel comfortable about the leaders, and about the issues.” But Nick does not really see this as a barrier because he understands the importance of due diligence from his professional experience. He said: “Part of the reason we are doing our philanthropy very carefully is because it is like any other form of investment: if you do it in a hurry you will get it wrong. We were very honest with ourselves about how little we knew, which is why we worked with the Scottish Community Foundation for a whole year before we even started, just to understand what the landscape was, and why we continue to work with them and with S.J. Noble Trust now. Both do a first-class job.”

Although Nick is comfortable with some aspects of the visibility that comes with being a philanthropist – he is, after all, chairman of the Institute for Philanthropy and chairman of the Courtauld Institute of Art – he is more circumspect about the work he does in Argyll. In fact, when it came to establishing their own family charitable trust, he and his wife decided to call it the Kilfinan Trust rather than have their own names on it. “Some friends locally know what we do, but blowing your own trumpet is not what you do in that part of the world. If someone asked me if the Kilfinan Trust was mine I would not lie, but I would not offer the information first. But I could not care less if people know what we do in West Kensington and will happily talk about it.”

Nick is beginning to overcome this tension, by choosing very carefully the way in which he is public: “What we are doing more of, is telling friends who say ‘we would like to do something in Argyll’. They might have come from there and be part of the diaspora, or they might have bought a house up there years ago.” Nick and his wife have begun to harness this enthusiasm by encouraging matched funding from those who are interested. Nick explained: “On one project I’ve already talked to two people and said, ‘look, I’ll do 20 per cent, would you do 20 per cent too?’”

ney and builds up to a crescendo depending on career development, age and wealth creation”.²⁴ For many the first act of giving is the result of being asked to do so by another member of their community, whether a work colleague, fellow church-goer or neighbour.

Martin Smith, former deputy chairman of New Star Asset Management, recalled: “I discovered I had some ability to persuade other

people to support things that I was supporting myself, as long as I was leading from the front. So I was not shy about saying to others, ‘I think this is really worthwhile and if you think it is worthwhile would you like to come alongside me?’” He confirmed our earlier finding that a sense of social responsibility was an important reason for starting the journey: “I formed the view pretty early on that with capital accumulation came the

**Michael Oglesby,
Manchester**

“I think that anyone who works and lives in a region has a responsibility to ensure that the region prospers and works properly and the only way to do that is by getting involved,” explained Michael. And he has certainly got involved – as well as being Vice Lord Lieutenant of Greater Manchester and chairing the boards of a number of public institutions such as the Royal Northern College of Music, Manchester Cancer Research Centre and MIDAS (the inward investment body for Manchester) he is also an active philanthropist in the North West. This philanthropy is partly done personally and partly through the company philanthropy of Bruntwood Group, the property company he and his family own and run. He founded the company 30 years ago, and has grown it into one of the leading commercial property owners in the region, with over 65 buildings in Manchester, Liverpool and Leeds. As he looks out over Manchester from his office 24

floors up above the city’s central plaza he notes: “We own roughly a quarter of all the commercial office space in the city, and that gives us a real and tangible relation with our locality. As we have expanded into other cities in the region, we have formed the same sorts of bonds in those places. Doing what we do – owning and running property – means that you cannot really help having a strong sense of identity with where you live and work.”

For Michael, philanthropy was one obvious way of playing what he saw as his appropriate role in Manchester: “I owe this city a great debt. I arrived here 40 years ago with my family, and during our time here the place has changed beyond recognition. As an entrepreneur, when I set out I never thought that I would get to the situation I find myself in now. It seems only right to put something back, because Manchester played such a large part in my being able to get where I am.” The fact that Bruntwood is a family company means that

this division between his personal and the company philanthropy is less clear than it might otherwise be; the family’s values run right through the company. They give either through the family charitable trust or directly from the company, which on a practical level allows them to separate the grants they make. Michael explains why this is important: “We do not want to completely impose our interests on the company, and we recognise that there are some things we want to fund that are probably not right for the company to focus on.”

Michael believes that keeping Bruntwood’s giving separate from his family giving is crucial because he sees philanthropy as a key part of defining the ethos of the company. “We want all our employees and customers to understand the values and commitment to community that are at the heart of this company. These have to belong to the company rather than just us as a family, although our values have obviously helped shape those of the company.”

²⁴ John R, Davies R, Mitchell L, *Give and let give: building a culture of philanthropy in the financial services industry*, Policy Exchange, 2007

Bruntwood's corporate philanthropy involves all the company's employees through things such as matching individual donations and offering two days paid leave a year for volunteering. The power of philanthropy to unite people is not lost on Michael. As well as bringing together employees, he believes it can play an important role within families, particularly those who own businesses, because it can help them define and maintain shared values outside the framework of the company: "Not all family members are or want to be involved in running the family business, so there is a danger of a gap appearing between those who do and those who do not. Philanthropy brings all the

members of the family together and can give them something to share outside the business."

For those who have founded family businesses, sharing their philanthropy with their heirs apparent can help guarantee that any eventual succession does not result in the heart of the company being lost. Michael said: "When it comes to passing on the business to the next generation, you want to make sure that you are not just passing on a business ethic but a much wider legacy. Philanthropy is very much part of that."

As Bruntwood's operations have expanded from its origins in Manchester to cover a greater swathe of the North West, Michael's philanthropy

has expanded alongside them. But this expansion will not continue to a national level. He explained: "Although we do give to some national causes, that's never going to be the focus of what we do. We tend to give grants in the £10,000 to £20,000 range – the sort of amounts that probably would not make a huge difference to a big national charity, but can have a massive impact on smaller, local organisations. What is more, not only can you be confident that your money is having a greater effect, but you can really see that effect as the outcome of your giving is on your doorstep. For a businessmen like me being able to see that your cash is making a visible difference is incredibly appealing."

responsibility of capital redistribution."

Another interviewee said: "The country house which I have is very nice, but it is not mine, it just happens to be that I am the current generation living in it. In 100

years' time, or even 20 years' time, it will be somebody else living there, so just like with the money, I have a responsibility to use it as a way of giving back to the community it is located in."

Alexander Hoare, London
Alexander is Managing Partner of one of Britain's oldest private banks, C Hoare and Co, and is clear about the motivations for focusing his personal and company philanthropy on the local area in London: "I think a lot of philanthropic engagement is about enlightened self-interest, so I am not ashamed or embarrassed to say that the bank's charitable trust has the local community as one of its criteria

for giving. I think it has served us well for 300 years and I am not about to change that."

It is not just the long history that enables him to see the value of giving to organisations "within half a mile" of Fleet Street, but more the daily responsibility of operating there: "Where you work is where you have staff, you have customers and you have suppliers, so there is a sort of nexus of operations around a given place, whether

you've been there for 300 years or three years." He does admit, though, that the question of personal affinity with a place is more complex. "I live in Bayswater and I don't really know anyone in Bayswater – but then I've only lived there for two years. Before that I lived in Chelsea, where we have a branch, we have a large chunk of our customer base and quite a few of the family. So when Chelsea Hospital had a huge

appeal, I thought ‘we all love Chelsea Hospital – we enjoy driving past it every day, I play cricket facing there, so why not support that?’ And he concedes that, “In Chelsea, our home and our work are very closely connected.”

Alexander’s sense of local community is strengthened by his Christian faith and his involvement with his parish, although as he points out, this may in fact be another factor in his current lack of identification with Bayswater, as he still attends his old church in Chelsea. His churchgoing provides him with a ready-made notion of “local”, which those who do not attend any form of formal worship might struggle to find in a city as vast and diverse as London. But he thinks the challenge is “to find the level at which people feel that the benefit is going to the community that they want it to get to.” He believes this could address a basic human desire: “Community is a kind of human driver or need. I think most people would rather be in a community than not.”

There are further reasons for local philanthropy being appealing, as Alexander explained: “I have more confidence about where our money is going with a local initiative and we get more visible feedback. It certainly is not that we do not give at all to big charities, but we are more minded to give to things where we are really making a difference and we are confident the money is being spent well.”

Alexander also feels a sense that it is easier to have an impact with smaller sums at a local level and finds that appealing: “I do not have unlimited sums. I am not the Prime Minister – I have small sums and I target them to people doing good work locally.”

Alexander’s interest in operating at a grassroots level stems from his approach to business, where he says: “I do believe in small initiatives, businesses which are close to their customers, close to their staff, close to where they live.” This led to a similar approach in his philanthropy, where he “found that microfinance is a way of having small sums working really well across much of the third world.” The success of his experiments with microfinance raised a question: “Building on that I thought: how can you have similar success in modern industrial Britain? And I latched upon social entrepreneurship as an answer.” He now supports a number of social enterprises in London, particularly through his involvement with the charity Training for Life, which runs initiatives such as the Hoxton Apprentice and the Westminster Centre for Independent Living.

Even a committed local philanthropist such as Alexander, who has deep roots and knows the area well, admits that it can be difficult to give effectively at a community level. “There are a lot of charities – small charities – out there with fantastic poten-

tial, but the trick is to find them.” His solution is to enlist the help of Capital Community Foundation, one of the London Community Foundations. “What they do makes a lot of sense – they aggregate a certain amount of expertise in how to get stuck into the London community. That saves us an awful lot of work, as well as lessening the risks of failure or missed opportunity.”

He believes that the strength of Community Foundations lies in their local expertise and is happy to make grants to Capital Community Foundation’s central endowment so that it can use this expertise to distribute the money to community organisations. He worries that the increasing focus on creating tailored funds for donors could be detrimental for Community Foundations because “they might all spend too much time worrying about how their investments are managed and not enough time on their core business.” Banks, such as Hoare’s, could potentially play a key role in overcoming the tension: “One way forward might be for Hoare’s bank to have a donor-advised fund and for our several hundred customers to be able to say “do this thing, do that thing, do it this way” and so on. Then the Community Foundation could get on with their core business of applying their local knowledge to make grants to deserving organisations, and we could manage the funds – which, after all, is our core business.”

Michael Oglesby (18), chairman of the Bruntwood Group in Manchester explained: “As an entrepreneur, when I set out I never thought that I would get to the situation I find myself in now. It seems only right to put something back, because Manchester played such a large part in my being able to get where I am.” Although Nick Ferguson (16) of private equity group SVG Capital, felt his

“sense of place” in the highlands of Scotland, he also dedicated significant effort to his philanthropy in London because he spends much of his time there: “Wherever you are you should be involved. If you are giving philanthropically, then part of it should be in your local community, so I am involved in things in London as well as Scotland.” Matthew Bowcock (34) in Surrey sum-

Michael Head, Kent

Michael runs a business founded by his father after World War II. It originally made wooden toys, which were in short supply at that time, but over the years Crown Products has become a leading kitchen and bedroom furniture manufacturer. The business started in London but moved to Kent in the 1960s.

Years spent living and building a successful family business in Kent and being one of the largest employers of local people there have rooted Michael in the area and he feels he has “a commitment to the district”. When it comes to his philanthropy, he says that he considers his community to be, “Canterbury District because I work and live in it.” He feels a deep sense of responsibility and a strong pride in the area and he wants to have a hand in providing better opportunities to the people of Kent. He explained his philanthropy as follows: “Wherever possible we focus our support on things that are close or connected to the business. If we

are helping the local school, for instance, there is a reasonable chance that we are helping the children of someone who works for us.”

The focus on young people is a running theme. Like many philanthropists, Michael relates this interest back to his own upbringing: “When I was 13 I belonged to youth clubs and tennis clubs that someone somewhere had set up for kids like me to benefit from. I simply want to support people doing that kind of thing and many other things that benefit young people today.”

It was an impressive interview by two teenagers from the local secondary school for a project they were doing that really got him started on his philanthropic journey. It was a school with a poor reputation but the girls so impressed him that he called and asked if he could make a donation to the school. Four years of work interacting with that school, together with being involved with Canterbury City Council and an organisation which became Canterbury 4 Business, and leading a £700,000 fund-raising drive

for his village hall left him a committed philanthropist.

With Kent Community Foundation he set up the Crown Charitable Fund with a half-million pound endowment to ensure there is a certain amount to give, in perpetuity, to local organisations. Subsequently he has established two more funds with Kent Community Foundation – one for the New Marlowe Theatre and one for the Spires Academy, formerly the Montgomery School in Canterbury, an opportunity that emerged from his involvement with Canterbury 4 Business.

Like many philanthropists who give through Community Foundations, help in finding the right local projects is key. He explained: “It is much harder to give away money at a local level. You can give money to big international type charities or even Save the Children or the RSPCA, but to give money locally and feel that your money is used wisely can be difficult.”

He is a strong advocate of local giving, not just because of his sense of responsibility to

give back to the area in which he has had business success, but also because of the positive experience being closely involved with the projects can give. He said: “I want to go and look. I don’t want to listen to someone talking to me for half an hour, I can tell in ten seconds for myself. For instance, when I walk into school assembly at the Spires Academy, I can see the difference immediately.”

He takes his role as a philanthropist very seriously and he wants his money to bring about positive change. Of the Spires Academy he said: “It is scary as hell. We pretty much own this school which has 350 pupils and I find that a huge responsibility.” Although he tries to remain “invisible” (he was clear that he would only participate in this research if it encouraged more philanthropists to act) and he does not “do thank yous”, he realises that his role in these projects is somewhat public and he does not want them to fail – although he gives the impression that is more because Michael Head does not abide failure than because he is worried about his reputation. He used the Crown name for the fund with Kent Community

Foundation so that any of the family can participate in it should they wish to do so in future but he admits that it has raised the company’s visibility in the area, particularly given that its business profile is fairly low.

He is very hands on about his major projects – by his own admission, he is a “lousy chairman, better as a director”: “I have learnt so much through my involvement. I have learnt how difficult it is to raise money, and I have learnt how many small organisations there are around us that have very committed people running them. They are often very good at what they do as their core activity, but struggle with fundraising because it is not their expertise.”

He also explains that he has learnt just how far his money can go, not just for the major Spires Academy type projects, but the smaller ones funded through the Crown Charitable Fund too: “It is hard for most people to imagine just how much difference five hundred or a thousand pounds can make in a given situation.”

But he recognises that giving lots of small amounts effectively to a large number

of small organisations requires a lot of administration and careful project vetting – to him that is the beauty of Kent Community Foundation. He says he found the concept of a Community Foundation quite strange to start with, he was not sure he wanted a third party to administer his family’s charitable giving, but he could not be more effusive in his praise now: “It can be a difficult concept to sell to people, but once you get involved in it you realise it is genuinely fantastic. How often have you thought ‘I’d like to fund X Y Z be it £5,000 or £500 million’ but you just don’t know how to get started? And if like me, the thought of lots of administration, bureaucracy and other obstacles put you off, then the simplicity and ease of working with a Community Foundation is a refreshing solution – it turned my idea into a workable reality. Normally in life things that appear to be too good are too good, but this one is not like that; it really does work. For anyone interested in getting involved with, or giving to, their local community, I urge them to get in touch with their local Community Foundation.”

marised this sentiment: “Will I live in Surrey until I die? Possibly not, but it does not matter – right now it is where I live and I have an obligation to it.”

Guy Hands (40) of private equity company Terra Firma felt the responsibility for his whole firm: “As people working here, we are

transitional, we come in and we go out, but within the Southwark community there are people who live here all the time and their economic position is very different to ours, their age group is quite often different – very young and very old – and at Terra Firma we feel that we should support the current needs

of the community that houses us.” Sir Paul Nicholson, chairman of County Durham Community Foundation, and former chairman of the Vaux Group, shared this view: “If a company is operating in a tangible community, particularly something like a brewing company, it relies on its local people and it must be seen to be a responsible citizen in that community. Employees must be proud of working for the company and customers must feel happy about buying the product.” David Robins, formerly of investment banks ING Barings and UBS in London also agreed: “You cannot exist as a company, you cannot exist as an individual and turn a blind eye to what is going on in the community of which you are a part.”

This view was echoed by owners of family businesses. Grant Gordon pointed out that the line between the individual and the company is more blurred for family businesses, so it perhaps easier for them to understand their role in the local community: “I do not think family businesses have a magic formula. If you take it back to basics, they tend to be not just about wealth creation and successful enterprise but are underpinned by a family who bring to the business a certain set of values. In those values there is usually an element of realisation that the family has done well by where they are and the people who have helped them along the way, so it is fitting to put something back into that community.”

Jim McAllister (24) of Rutland Group is entirely motivated by his ability to improve the communities he becomes a part of through his work in property development: “I do not see how you can possibly work in a community without getting to know it. The first thing I do when I am involved with a community is find out what the problems in that community are and then try and resolve them.” Some philanthropists found their motivation was tied to love of a specific place. Londoner David Gold, former investment banker and now CEO of the voluntary sector recruitment agency

ProspectUs, said: “I was brought up in London and I love London. I am passionate about it and I hate the fact that not everyone gets the same opportunities”. Nick Ferguson (16) felt a “give where you live responsibility”, but was also driven by “passion for Argyll, and then by the wish to help the people living there improve their lives”. This theme was echoed by Scottish entrepreneur Angus MacDonald: “The West Coast and the Highlands of Scotland is the area I have a real interest in and there is no money there, no indigenous money and there has been a brain drain for 200 years, so it really needs a hand.”

The idea of a social contract between individuals and society forms a core part of the teachings of many religions on the virtuous life. Former Prime minister Tony Blair echoed this when explaining his motivation for establishing a Faith Foundation in an article for Philanthropy UK: “So much philanthropic effort has a religious motive. Helping others is a central tenet for every major religion, and countless voluntary groups are rooted in their members’ faith.”²⁵ Some religions even go beyond a general endorsement of giving and have a tradition of tithing; stipulating that one must give away 10 per cent of all earnings. Lord Griffiths of Fforestfach, vice-chairman of Goldman Sachs International, reminisced that during his upbringing in post-war Wales, “there was an expectation that people give a tenth of their income; the only question was should the tenth be before tax or after tax?”²⁶ In a recent interview with Philanthropy UK, Sir Trevor Chinn CVO explained: “Giving to charity is deeply embedded in Jewish life and teaching. The Hebrew word for charity, Tzedakah, means righteousness, for charity is a duty. In Eastern Europe, Jews had charitable organisations for all aspects of communal life – the poor, the sick, the handicapped, for refugees. Everyone was supposed to give to charity; even a pauper was obligated to contribute a nominal sum.... So charity is not a

²⁵ Blair T, “My Philanthropic Journey: Giving Back with passion and Commitment”, in *Philanthropy UK Newsletter*, Issue 33, June 2008

²⁶ Lord Griffiths was interviewed for our last report, *Give and let give*, published in December 2007. This quote is part of the profile in that report.

choice.”²⁷ The challenge presented by trying to promote role models to build a philanthropic culture in the UK is that for some philanthropists driven by faith, the compulsion to give comes with the caveat that one’s giving must not be spoken about.

Alexander Hoare explained that his faith is an important element of his philanthropic motivation: “I am a Christian and I get some of my kicks out of running a bank, but I remember I’ve got a ‘higher authority’ up there and I see the bank as an opportunity for me to try and do His will through philanthropy.” He conducts most of his philanthropy around the Hoare’s Bank headquarters in central London and is driven by a desire to build the bank into its community but also to ensure that the locale is a safe and

desirable place to be. “It is about enlightened self interest. I am not embarrassed to say that one of the bank’s charitable trust’s criteria is local community. Personally I don’t want to get knifed, so if something we do can contribute towards tackling knife crime, then so much the better.”

Michael Head told us that as a family business deeply rooted in their area, Crown Imperial was well aware that the benefits of their giving in the community may come back to them in many different forms: “We have worked here as a business for 40-odd years and have a commitment as to the district. Wherever possible we focus our support on things that are close or connected to the business. If we are helping the local school, for instance, there is a reasonable

Jim McAllister, Surrey and elsewhere

“I define community as being anyone or any place that is affected by anything that I am doing,” said Jim McAllister, chief executive of property development firm the Rutland Group. Rutland has development projects all over the UK, and Jim has a clear view of his responsibilities: “Wherever we have projects, I get involved in the community. It would be easy just to come in and make money but I don’t see how you can work in a community without getting to know it. Anyone who does that is wasting their time and it is the sort of thing that gives developers a bad name. I am an environmentalist though, so I am always trying to leave something behind me that is an improvement to an area rather than just an effect.”

The extra responsibility and visibility developers have in a local community also brings the power to effect change in many different ways. Jim said: “I realised early on that developers, particularly property developers, have an enormous opportunity to achieve good if they interact properly with the community and an enormous ability to be able to affect an area where they are working.” He also points out that the range of ways to act philanthropically may be broader for a developer: “Philanthropy does not just need to be about giving money; it can take many different forms. Being a developer gives me the ability to be able to put things into a community that would normally be beyond the reach of even wealthy individuals, because I can use the system to improve

the community, which is difficult in other ways.”

Simply having land and property in an area opens the door immediately for helping the local community, as Jim explained: “We set up a scheme teaching young people to be mechanics. We reasoned: if they are going to steal cars, let’s get them away from that and teach them how to build cars and repair them instead. We could do that because of our large land holdings.” The community can also benefit directly from a developer’s core activities. Jim recounted how, as part of a development project near Heathrow, he had tried to make sure the community was involved: “As we were building headquarters for IBM, Cisco, SAP – all these big companies – we actually took all the local parent-teacher associations round those buildings so we

27 Philanthropy UK Newsletter, September 2008, <http://www.philanthropyuk.org/Newsletter/Sep2008Issue34/Makingacapitalcontribution>

could show them how a building comes from the ground up. They ended up seeing it before anybody else did in its finished state. And we could say to them, 'If your children stay in school and you encourage them to do so, they can work in buildings like this. There is not a wall between this business community and your community over there; your children can work here.' That is philanthropy but in a different way, if you see what I mean, it is not money, but it is contributing to the community."

In the Hounslow project, as with any sympathetic development, there were also overt benefits to the community from improvements to the local environment. Jim is careful to point out the importance of giving the local residents a sense of ownership: "As part of what we did, we built the largest public park in London in the 20th century and we gave it to that community. Before it ever formally opened to the public, we took all those local residents into it and we walked them round and said, 'This is yours now.'"

"It is not all about money – it is about involving yourself in the community. And that might mean money, but it is most important to have engagement." Jim's work involves many different areas and he considers himself a part of all those communities, with responsibilities to each one. He explained: "I do not see how

you can possibly work in a community without getting to know it. The first thing I do is find out what the problems in that community are and then try and resolve them...I have had many instances when people in the community want to get involved once they see I am committed and not just a fly-by-night."

Acting philanthropically in the local community also appeals to Jim's desire to have impact. He pointed out: "I want to affect the communities that I am working in. I cannot do that by giving nationally because it would never percolate down. So I tend to focus at a local level because I feel that is how I can best help." He can also more easily assess what that impact is: "At a community level you can actually see the effect of your giving. When you get a card from a group of kids you have helped that they have all signed, you think, 'that is having an effect'. I would rather do that than go to a wider stage, because I want to see the results of what I am doing."

There can be difficulties: "I have had to refuse to give to some things simply because I felt it would be misunderstood. I have had to say, 'I cannot do this because I do not want to seem like I am trying to gain favour in this community.'" He believes that being engaged helps to overcome misconceptions people might have, but has also found that the vehicle he uses

for his giving has made it easier too. He explained: "We have set up a fund at our local Community Foundation and one of the great advantages is that it makes it easier to focus on the things we are interested in. We get hundreds of grant requests, and what I can now do is direct people to the Community Foundation, as all our giving goes through that. So we are not saying no to them, we are saying, 'Send it to the Community Foundation, they will analyse it and if they feel that it fits within our criteria then you will receive a donation.' The beauty of it is that if it does not fit our criteria, it might fit someone else's, so the Community Foundation can point them to a different donor." His involvement with Surrey Community Foundation has led to him taking a position on its board and he is now keen to fly the flag for Community Foundations and local giving. "You must not show off or be boastful about giving. It must be done in a sedate way. But at the same time it is important to get the message across to others who might give in a community. Some of us who are donors at the Community Foundation have been meeting local people who we know are wealthy and who are not yet tuned into the community. Because if we can show them what their peers are doing within the community, it might make them think."

chance that we are helping the children of someone who works for us.”

Guy Hands had a word of caution for philanthropists driven by a desire to improve their local community (40). He explained that the more a philanthropist is intent on bringing about social change, the greater the risk that the actions will create tensions: “Once you move from reactive charitable giving to having an effect on how the community acts, rather than just helping at the edges, there is going to be some debate about whether that is good or bad. It is not a completely clear thing.”

2.2 Methods

Most of our interviewees who were giving in their locality did so either through their own foundation or were benefiting from the expertise of a local Community Foundation (CF). The very highest net worth individuals with their own family offices or family business usually have the infrastructure and administrative resources they need. They are sufficiently well known in their community that they do not need to go out and search for local causes or projects to support because they are already targeted by fundraisers. For those individuals for whom it does not make sense to start their own foundation, either because they do not have the appropriate level of wealth, or they do not wish to set up the infrastructure required to run it, or because they simply do not know how to go about it, Community Foundations are one solution. They can provide administration and have expert local knowledge.

Even though he already had his own private foundation, Nick Ferguson (16) decided to enlist the expertise of the Scottish Community Foundation (SCF) to hone his philanthropy in the Highlands. He makes a donation to SCF’s central endowment each year, and in return it provides a number of hours of research and

evaluation by a member of staff. He explained: “Philanthropy is like any other form of investment, if you do it in a hurry you will get it wrong. We were very honest with ourselves about how little we knew, which is why we worked with the Scottish Community Foundation for a whole year before we even started, just to understand what the landscape was, and why we continue to work with them and with the S.J. Noble Trust now. Both do a first-class job.”

2.2.1 Community Foundations

Community Foundations (CFs) are charitable trusts whose main aim is to support projects that engage local people in making their communities better places to live. They build endowments and make grants to local organisations, as well as managing funds on behalf of individual and corporate donors. The first CF was set up in Cleveland, Ohio in 1914. There are now over 830 in the US, of which 717 are grant-making. By 2006, these had combined assets of just under \$50 billion and made grants of around \$3.6 billion in the preceding year.²⁸ They are among the most generous of American foundations, accounting for only 1% of all grant-making foundations in the country but about 9% of total giving.²⁹ The Community Foundation model first arrived in the UK in the 1980s. The Charities Aid Foundation (CAF) used funding from government and the Charles Stewart Mott Foundation to cover the administration and start-up costs of six CFs. By March 2007 there were 57, holding over £160 million in endowments and managing a further £40 million in associated trusts. In 2006-07 they made grants of over £75 million.³⁰

The early CFs focused on attracting donations from members of the community in order to build an endowment that could be used to make grants to local charities. Endowment funds remain the bedrock funding, although the donor-

²⁸ The Foundation Center, *Key Facts on Community Foundations*, April 2008

²⁹ *Ibid*

³⁰ *Ibid*

advised fund is an increasingly important vehicle.³¹

The Community Foundation Network (CFN) is their umbrella body in the UK. Stephen Hammersley, CFN's chief executive, explained that its work includes starting CFs, supporting their growth and creating opportunities for them to develop and raise new funds for philanthropy. "We are a charity where our board is comprised of our members so we are owned by the Community Foundations in that sense." Sir Paul Nicholson, a trustee of the County Durham foundation, described CFN's role as "cross-fertilisation and idea exchange between foundations".

Some of the early CFs are now significant sources of local funding and community leadership. For instance, in the year to March 2007, the CF serving Tyne & Wear and Northumberland managed £43 million on behalf of more than 140 donor funds and awarded £7.8 million in grants to almost 1,700 local voluntary organisations.³² The typical organisation funded by a CF is not a big-name charity, said Stephen. "It is usually a volunteer-led organisation with three or four staff...they make a good contribution to the local estate by making it a better place to live, or by giving young people something to do, or by helping people coming out of prison to settle back into the community, that kind of thing."

In association with Coutts private bank, CFN has launched the Grassroots Personal Fund, designed to allow individual donors keen to support local and grassroots organisations to take advantage of the money available from the Government's Grassroots Grants. The latter is a £130 million programme of investment funded by the Office of the Third Sector and delivered by the Community Development Foundation (CDF). The programme is scheduled to run from 2008-2011 and is divided into two parts: an £80

million small grants fund for community organisations; and a £50 million endowments programme to enable local funders to generate additional donations on a matched-giving basis and invest them in endowments. The Coutts fund is a straightforward product offered to the bank's clients, allowing them to give money towards the endowment of any CF that is eligible for matched funding through the Grassroots Grants.

The benefit for the donor is that for an effective cost of around £75,000 they can give £256,420 in endowment funding.³³ This provides a real incentive, for those who are keen to make their philanthropic gifts work as hard as their for-profit investments. The benefit of generating endowment funds for CFs, and for local voluntary organisations in general, is that the capital is protected, thus providing a sustainable source of non-governmental money for the community sector. And by donating in this way, philanthropists interested in community-level giving can draw on the extensive local knowledge and expertise of the network. Stephen Hammersley called it "a remarkable initiative with the potential to transform local charitable giving".

Benefits for donors

Interviewees who had used Community Foundations were unanimously positive about their experience, and thought that CFs could help to overcome barriers to local giving. The principal attractions they cited of giving through CFs, were the access to local expertise and projects, the choice to be anonymous or not, the ability to pool funds with others on a chosen project and the possibility of making tax efficient donations to organisations that are not registered charities because the Community Foundation, which distributes the grants, is itself a registered charity. Given that 50 per cent of community philanthropy is distributed to non-regis-

³¹ A donor-advised fund is a ring-fenced vehicle for charitable giving established by a public charity or other host. Donors put cash or assets into the vehicle and then recommend recipients and the size of grants.

³² www.communityfoundation.org.uk/aboutus

³³ An initial donation of £100,000 is brought up to £128,210 by Gift Aid. Then, 100% of matching money takes it up to £256,420. If the donor is a higher-rate taxpayer, he can reclaim the difference between higher rate and basic rate tax paid on his donation ((40%-20%) of £128,210= £25,642. Then £100,000- £25,642= £74,358)

34 This is an estimate from the Community Foundation Network based on surveys and feedback from members, but CFN believes the actual percentage may be higher than this

tered charities, this is an important benefit.³⁴

Local expertise

One of the main barriers to giving at a local or community level, according to almost all our interviewees, is simply that of finding worthwhile grassroots organisations and projects to fund. Michael Head (21) thought: “It is much harder to give away money at a local level. You can give money to big international-type charities or even Save the Children or the RSPCA, but to give money locally and feel that your money is used wisely can be difficult.” Community Foundations can give donors confidence in making donations to small organisations, by acting in an accreditation role. Many of these organisations will not be registered charities, so it can be difficult for a donor to judge their legitimacy. Michael Campbell (36) said: “If you are talking to a voluntary group doing innovative things in a small village somewhere, you have no idea whether they are valid or not, regardless of how good they may seem on the surface. So at this level you really do need an intermediary to make sure that your money is going to be spent wisely.” George Hepburn believed this was an important role for CFs: “It is akin to making small cap investments. You need more advice on picking projects that you do not know – you need somebody to vouch for them.” They could also “play a brokering role in putting wealthy donors in touch with good local projects”.

“There are a lot of small charities out there with fantastic potential but the trick is to find them”

Alexander Hoare

Matthew Bowcock (34), a Community Foundation Network (CFN) trustee, thought this could be a huge draw for busy

donors: “There is a large mass of people who want to do interesting projects but do not have the time to go out and find them. The Community Foundation’s value is brokering the community groups with the capacity to fund them.” Explaining why Hoare’s bank had decided to use the London CF, Capital Community Foundation, for some of its giving, Alexander Hoare (19) explained: “There are a lot of small charities out there with fantastic potential but the trick is to find them. Capital has a systematic way of finding them, and that saves us a lot of work and reduces the risk of missed opportunity because we can rely on their expertise.” Sir Paul Nicholson also saw the value of CFs for his company’s philanthropy, calling them “a convenient vehicle for a big organisation to get into the locality”. Katharine Barber, director of Capital, said: “Many people in London or elsewhere set up sizeable private charitable trusts, but are not necessarily getting the satisfaction out of that experience that we could offer them. Often they say ‘I have struggled to find the local organisations I wanted to reach,’ and that is where we can really help.”

A donor can use the local expertise of a CF in different ways. Some are happy simply to give their money to the CF and let it decide where best to use it. Entrepreneur Angus MacDonald, for instance, has set up a named fund at the Scottish Community Foundation. Having specified the funding criteria he was happy to let it get on with things. He explained: “I think giving money away is a very special skill and not something I really have any knowledge of.” Michael Campbell (36) has enjoyed being more involved, but still thought the expertise of the CF was vital: “It can provide a donor with the ability to be more focused, so he can say, ‘These are my interests’ and the Community Foundation can say, ‘I’ve got a fantastic case here in Hythe’ or ‘I’ve got

a very deserving cause in Portsmouth and you can go look at them. If you do not like either of those I can point you in another direction.’ There is no way that that donor, who is probably very busy, could investigate for himself where those opportunities are. The Community Foundation gives him the ability to learn so much more.”

Managing visibility

Philanthropists in Britain are often uncomfortable with being known as a donor. Apart from the cultural barrier presented by the fact that the British do not like to talk about money and the media’s tendency to include philanthropists in the celebrity category, there is a practical concern for donors: if they become known as givers, they are likely to be inundated with funding requests. This may be particularly acute when giving within a community of which they are a member, so any tension arising from the imbalance in wealth is felt more keenly. A CF can set up named funds, which allow donors to control the level of visibility they have. Matthew Bowcock (34) explained: “One of the reasons I like the Community Foundation is because it has allowed us to set up a named fund, in our case the Hazelhurst Fund. It does not have our name on it; it is the name of our house. A number of people do know it is us, but it still means that I can go to the local youth group and say ‘I am from the Community Foundation...’”

Michael Campbell (36) agreed: “Your degree of visibility as a donor via a Community Foundation can be as high or as low as you want. That is the great advantage. And your degree of involvement can also be as high or as low as you want. You can gear your giving through a Community Foundation in exactly the way you want so you can be really hands on or you can be totally invisible, with an anonymous fund, and nobody would

even know that it was you.” Angus MacDonald thought that there were limits on how much protection using a CF could give a publicity-shy donor: “In reality it would take people 15 seconds to find out that I was the guy behind my fund. But if I go into the village hall that I have part-funded and look at the list of donors, it says ‘the Moidart Trust’ thank goodness. It is useful to be that one step removed, but I do not want to exaggerate; it is not a big step.”

Maintaining focus

Community Foundations should understand donors’ core interests, so that they can filter out grant requests and present them only with funding opportunities likely to be of interest. And if a request is declined, the CF may be able to put it to one of its other donors. This is a huge advantage from the charities’ perspective, as any fundraising request they make to the CF will not only be directed to more than one donor, but more importantly they will be the right donors. Jim McAllister (24) explained: “One of the great advantages of setting up a fund at our local Community Foundation is that it makes it easier to focus on the things we are interested in. We get hundreds of grant requests and what I can now do is direct people to the Community Foundation, as all our giving goes through that. So we are not saying no to them, we are saying, ‘Send it to the Community Foundation, they will analyse it and if they feel that it fits within our criteria then you will receive a donation.’ The beauty of it is that if it does not fit our criteria, it might fit someone else’s, so the Community Foundation can point them to a different donor.”

Michael Campbell agreed: “One of the attractive things about the Community Foundation is that an application does not go to a fund, it goes to the foundation, and the foundation looks at it and

says ‘It is in this poor part of the county and it is for disabled kids – I know just who will be interested in that.’ And perhaps one donor is interested in that particular area and another donor at the other end of the county is interested in disabled kids, so they can broker the relationship to say ‘Well, let’s suggest that this much comes from this fund and this much comes from that fund’, which often works well.”

The future for Community Foundations

Although the philanthropists who had used CFs were positive about them, most of the rest had never heard of them. Those interviewees who were involved either at a board or executive level in CFs were under no illusions that there was still a huge amount of work to be done for the CF model to fulfill its potential in the UK. They all recognised that there was widespread ignorance, particularly among potential donors, about what CFs are, what they do and what benefits they offer. George Hepburn believed that they should be a natural home for new philanthropists and could promote social change in their communities. Their development had been distorted in recent years by having to manage government grant contracts and by the misapprehension that they only made small grants. “A clearer sense of purpose and direction is needed.”³⁵

Donors as champions

Matthew Bowcock (34) recalled that: “Once the director of the Community Foundation realised I was willing to give time to help, she wanted me in every single meeting with a potential donor, because I talk not so much as a trustee but as a donor. I say: ‘Here is what I’ve been able to do, and here is why I have enjoyed it and here is what you have to be careful of’ and give a little bit of advice and guidance. And the best salesmen for CFs are the donors,

because if one donor says to another ‘This worked really well for me’, that is one of the most powerful messages.” Michael Campbell (36) likewise said that he was happy to act as an ambassador: “I am a client and also chairman of a Community Foundation, but it is like the chap who liked the razors so much that he bought the company – I really do think the product is exceptionally good.” Michael Head (21) echoed this sentiment, saying: “It can be a difficult concept to sell to people, but once you get involved in it you realise it is genuinely fantastic.”

Building strong donor communities

There are all round benefits of forming a strong donor community, not just attracting other donors. George Hepburn said that in his experience: “One of the best things we can do is just put people in touch with someone who is a few years ahead of them in philanthropy, to talk about some of the issues.” Rosemary MacDonald told us that at Wiltshire and Swindon Community Foundation, where she is director, they have consciously decided to make a selling point of their donor community: “One of the things we are offering to our donors is engagement with the local community, a social life and introductions to other people who are like them. And that is appealing because when people buy their farmhouse in the middle of a field with no neighbours, it can be a massive culture shock.”

Matthew Bowcock (34) has witnessed firsthand the attraction for many donors of meeting like-minded people in a relaxed atmosphere: “We find that inviting our existing fundholders along to events with prospective fundholders works very well. Philanthropists can influence other people enormously, and often organisations forget that rich people like to hang out with rich people, they like sharing the same problems. If you can put philanthropists together with other

³⁵ Hepburn G, *Gazing Idly into the Obscure Distance: Directions for Community Foundations over the Next 20 Years*, Community Foundation Network, 2007

London: a special case

A survey of individual giving for 2005-06 showed that Londoners gave more on average than anywhere else in the country per head of population. Only 53% of Londoners were donors, one of the lowest figures in the country, but their gifts were substantially more than those of donors elsewhere.³⁶

The sprawl of separate communities and the capital's sheer size makes motivating community philanthropists a challenge. A recent report reviewing London's needs referred to its communities as: "less coherent than those in other parts of the country".³⁷ Nevertheless, London has some historic charitable trusts with large, established endowment funds which have provided consistent support to the capital for generations such as The City of London Corporation's City Bridge Trust and The City Parochial Foundation. London's new Mayor, Boris Johnson, is soon to launch The Mayor's Fund with philanthropist Sir Trevor Chinn as the Chairman. Details of The Mayor's Fund are yet to be announced but there is likely to be a strong focus on tackling some of the deep rooted social problems in the capital through finding and supporting existing successful grass roots projects across boroughs. Michael Brophy, former CEO of Charities Aid Foundation and now vice-chairman of the Capital Community Foundation, thinks that a pan-London identity may be starting to emerge: "People associate with bits of London. In the past it has been said that there is no such thing as a pan-London identity, although arguably with events like 7/7, the Olympics and shared concerns like gun and knife crime, this is changing."

London's working population is highly mobile and diverse in terms of background with many commuters coming in from outside the capital, or living on one side of the city and working on the other side. Several interviewees thought the gruelling work and commuting schedule of the City's financiers was a deterrent to them connecting locally. Jim McAllister (24) summarised: "Sitting there in a glass box, they will never get involved in the community. And they never see the community in which they live because they leave early in the morning and come back late at night. Somehow there has to be a way to get them to see the communities both in which they work and live and that will change their attitude to both."

Fred Mulder has witnessed this lack of local connection in The Funding Network (TFN), the giving circle he set up in London to which charities are invited to make presentations: "I do not think that people in London have a great sense of community and at TFN we do not do much to foster local support of the local community in London, but elsewhere we do; TFN Oxford is doing very well in that regard." One reason was the number of international organisations based in London which meant that the demands were often different to elsewhere in the country: "Outside London, the proportion tends to be about 80% local organisations to 20% national or international organisations at TFN events, whereas in London it is more like 50:50." He felt this was not only because of the nature of charities available, but also that the workforce in London had greater diversity of backgrounds and a more global perspective.

Katharine Barber, Capital Community Foundation's director, recognised the diversity of London's population compared to other cities when she said: "The challenge for any Community Foundation is to respond to the identity of Londoners on many different levels." Katherine also believed that focusing on citywide themes, such as gun and knife crime, but with individual projects operating at a grassroots level in London's communities would be vital. And of course, building donor relationships would be critical to its success: "We need to create a donor base with some super-high net worth individuals to act as leaders to others who are keen to give at a less substantial level." Capital CF is trying to attract more private philanthropists and build up a London Endowment Fund. Michael Brophy has written that London needs "a

³⁶ UK Giving 2005/06, CAF/NCVO

³⁷ *The Collaborative City: Working together to shape London's future*, Young Foundation, 2008

powerful injection of private capital.”³⁸ There was a previous attempt from 1997 to 2003 to form a London-wide organization which could strengthen the development of the existing CFs in the capital, of which there are five.³⁹ Money that had originally been raised for the development of this London CF was instead used to commission a comprehensive review into its future prospects.⁴⁰ It noted that there are peculiarities to London which suggest a pan-London CF has significant challenges. Michael Brophy said of the challenge for CFs in London: “We have got a huge journey to travel down to unlock people’s imagination about what they can actually achieve with philanthropy in London. The private donor to date has ignored our sort of philanthropy which is not the case in the regions.”

prospective philanthropists, they really enjoy the freedom of that environment.” This was echoed by Angus MacDonald, who emphasised the benefits for CFs in encouraging these sorts of donor networks: “It is a great opportunity for them because if they can get the rich philanthropic people with interests of their own together so that they bounce ideas off each other and stimulate thoughts, then they will benefit too.”

Building strong donor communities also means considering the mass affluent. CFs need to consider getting such donors involved early in their careers, using their relatively small amounts of money collectively to bring about greater change than would be otherwise possible and establishing long-term relationships with them so that they can act for them when they have bigger gifts or investments to make. Sir Paul Nicholson told us that “the best description of Community Foundations came from America: they enable people with more modest means to make a major contribution.”

Offering flexible service to donors

Our interviewees agreed that one of the greatest attractions of Community Foundations for donors was the ability to make the service fit the client’s needs, and that this message needed to be communicated effectively to potential donors. The traditional role of a CF was to collect donations to build an endowment that could provide long-term funding to

organisations working in the community. However, community philanthropy expert Shannon St John has argued: “The widespread perception that traditional Community Foundations sustain their operations by building endowments for that purpose is a misconception.”⁴¹ George Hepburn explained: “It is asking a lot for people to give us £1 million or £10 million for endowments just like that. They need to build their trust in us and we need to earn their respect. We try to involve them in how their money is spent and never forget it is their money. And some people will never want to give up that control in perpetuity and prefer to hand us the money year on year.” Nick Ferguson (16) is an example of someone who wanted to manage his money himself, given that is partly what he does for a living, but wanted to give through a CF in order to access their local expertise, and the Scottish CF were able to provide a structure that worked for both them and the Fergusons.

Many CFs are increasingly focused on providing donor services rather than pure endowment building. This trend began in the US, where increasing numbers of CFs began to establish donor-advised funds so that individual donors or families could set up named funds within the foundation and retain some control over the distribution of grants.⁴² This focus on a donor’s interests is critical to the future development of CFs in Britain. Michael Brophy wrote in his pamphlet for Capital Community Foundation:

38 Brophy M, *Why London Needs A Rich, Powerful Community Foundation*, for Capital Community Foundation, 2008

39 The five London CFs are: Capital Community Foundation, Thames Community Foundation, St Katharine’s & Shadwell Trust, East London Community Foundation and North West London Community Foundation. Capital CF and Thames CF announced in summer 2008 that they were to merge at the end of the year.

40 Carrington D, *The London Community Foundation: Review of Development (1997-2003) and of Future Prospects*, report commissioned by the Charles Stewart Mott Foundation and the Office of the Deputy Prime Minister, 2004

41 St John S, “Questioning the conventional wisdom”, *Alliance Magazine* special feature *Focus on Sustaining Community Philanthropy: Looking for New Models*, March 2006

42 This concept of “servicing donors” was first floated in the US by Bill Davidow, a prominent Silicon Valley business leader, in a speech to the fall conference of the Council on Foundations in Miami, September 1990

“We think of our supporters as clients. Clients and providing service may seem to some at odds with charity. We think not. Our value is to work out with a foundation or a company (and its employees) but above all with individual clients how best to deliv-

er in London what they want to achieve.”⁴³ A further development is themed funds, which could give to organisations outside a CF’s geographic area and even overseas, though some are uneasy about this shift of emphasis.⁴⁴

⁴³ Brophy M, *Why London Needs A Rich, Powerful Community Foundation*, Capital Community Foundation, 2008

⁴⁴ Such as Barry Gaberman of the Ford Foundation, quoted in *Alliance* magazine, March 2006

3

Communities of purpose

3.1 Motivation

Guy Hands (40) explained the ethos behind his philanthropic journey: “The overall binding question for what I do philanthropically is this: in an ideal world, what would I want this community to be like? I know that utopia is impossible, but I want to know how my contribution around the edges can be most effective in at least work-

ing towards that utopia.” All philanthropists want to bring about change, but some are more driven by an innate sense of duty and social responsibility. Others combine their sense of responsibility with a passion for change which makes them incredibly purposeful and if time and skills allow them to become personally involved in a hands-on manner, frequently highly effective.

Matthew Bowcock, Surrey

After living and working all over the world, Matthew sold his technology start-up company to a UK company and moved to Surrey. He had no ties or roots there and, by his own admission, he knew nothing about the local community or its needs. He was very aware that Surrey is commuter territory and has a mobile population. Rather than being deterred by this environment, he saw it as an opportunity: “All the more reason to be community minded.” Much of his community philanthropy is undertaken jointly with his wife, Dr. Helen Bowcock, who is now undertaking research into community need in Surrey.

Rather than what is often deemed the more conventional

method of the community finding donors and drawing them into charitable initiatives through fund raising activities, Matthew used their philanthropy as a way of integrating himself into the community. When Matthew described his motivations, he said: “It is about building yourself into the community”. When it comes to contributing in a community, Matthew believes there are two key drivers: “Either someone gets involved with their geographic community because they come from there and feel a sense of loyalty to it, or they get involved because they actually want to get engaged physically and mentally and they want to belong in their community, to participate in it.”

He sees the latter as an opportunity for a new generation of philanthropists today

given our more mobile population of the 21st century:

“When people move from London or overseas to a new part of the UK at a certain stage in their life, they arrive to live in a place, they have no social networks, maybe just a couple of friends through work, and they want to build social capital. This is an opportunity for philanthropy.” In fact, in Matthew’s case it is about more than just building himself into the community since he is deeply driven by an innate desire to bring about social change. He just prefers it to be in Surrey so that he understands the role that the organisations he is supporting can play in local society. “Will I live in Surrey until I die?” said Matthew; “It does not matter, right now it is where I live and I have an obligation to it.”

Matthew has high hopes for what communities can achieve, believing that strong communities make for better societies. He believes that strengthening relationships between 'haves' and 'have-nots' is vital and that philanthropy has a key role to play. Now that he is an active philanthropist with a thriving trust managed by the Surrey Community Foundation, Matthew has had his eyes opened to the vast divide between the relatively well educated, professional population of Surrey – largely commuters – and the population of local people who are generally in less well paid jobs and some of whom have suffered from the weaknesses affecting many areas of Britain today. Matthew said that until he started to actively support local charitable projects, "there were places I never knew existed – a housing estate down the end of a road just past our house, for example." Matthew tries to address areas of deprivation with social change initiatives and has a particular interest in how to turn housing estates around through initiatives which are led by residents.

But he did not find it easy to uncover causes and projects. Matthew recounted: "To begin with I found it very, very difficult to give our money away in Surrey. It was not until I started to understand the concept of a Community Foundation that

I actually started to find the groups to get involved with. Giving away money is much, much harder than people think." Helen reinforced this in her speech to The Tyne and Wear Community Foundation in early 2008 saying: "The Surrey Community Foundation has provided an effective means for us to target and evaluate grant applications. Perhaps of most importance, it has connected us with our local community, provided connections which had not existed for us since neither of us is from Surrey. It has opened our eyes to the social needs on our immediate doorstep to which, I hate to admit it, we were completely oblivious."

So impressed were they with what Surrey Community Foundation could offer them, they threw themselves wholeheartedly into it. Helen is now undertaking research into the scope for community philanthropy in Surrey and Matthew is on the boards of the Surrey Community Foundation and the umbrella organisation, the Community Foundation Network (see page 26).

Matthew is a great believer in carrots instead of sticks and he is very clear that "the biggest motivational carrot of all is engagement." He expanded: "Encouraging an individual to become involved with a cause, participate in a group's activities, visit the site of the group's activity, join the discussion about the organisa-

tion's future, become a trustee or whatever it may be is the single biggest trigger for maintaining someone's interest." It is not about "performance targets and growth" but in the "qualitative dimension, the impact that the service has on people's lives and what would happen if that service was taken away." Conducting philanthropy locally, in his geographic community allows him to "engage" with groups he supports with his efforts and his money. Matthew summed it up as follows: "I find the ability to live and breathe exactly what our support is offering is a key motivator to keep going."

His enthusiasm for bringing about social change and for understanding what Matthew calls "the social dynamic of change" appears to have helped him to overcome what both Matthew and other interviewees have referred to as "a slightly uncomfortable power relationship." By this they mean the tension that sometimes exists between donors and the workers in charitable organisations, but most frequently and more acutely, between donors and beneficiaries. He tries to be careful that his actions are not divisive. He recognises the value of philanthropic activity in building bridges in communities – the bridge among the donor community itself (Matthew refers to donors as "the best salesmen" for bringing other donors on board to

a cause) and the bridge between the donor community and the people operating the charitable organisations can be very rewarding and relationships are relatively straightforward. However, the bridge between donor and beneficiary can be more complex depending on the issue being addressed and he is sensitive not to patronise or cause resentment at this level.

He believes that much of this possible tension can be avoided through communication. He explained that experience as an entrepreneur building businesses can be valuable to the many social purpose

organisations he visits today – site visits are a key part of his activity as they help him to connect with his community, understand local needs and ensure that he uses their money to great effect.

Matthew finds it difficult when determining how to spend his money whether to aim for “a large impact on a small number of lives or small impact on a large number of lives” and whether to “treat the symptom or try to address the cause.”

Ultimately he is driven by a sense of responsibility to where he lives today and to improve the quality of life for

people around them. This is driven by an interest in social change and a desire to be able to “touch” his philanthropy. He recognises that, in today’s world of mobility, philanthropy will not necessarily be defined by geographical community. Matthew summarised the future for philanthropy by saying: “I think people build their own philanthropic communities, particularly when their community is a cause. With the modern social networking technologies people can build completely new communities out of philanthropy, but they are as likely to be virtual as geographic.”

Matthew Bowcock said: “I find the ability to live and breathe exactly what our support is offering is a key motivator to keep going.” Many find it equally important to have some control or to observe the results of their philanthropic endeavours. David Gold explained that a desire to take an active role in their philanthropy had influ-

enced his family’s decision to focus on London: “We insist that the trustees visit all of the projects twice each year in order to ensure we are using our money wisely, so logistically it is much more straightforward if we limit ourselves to London. And frankly there is enough need here.” Jim O’Neill (38), chief global economist at Goldman

Michael Campbell, Hampshire and Perthshire

“I have always had a pro bono element to my working life,” said Michael, chairman of the Ellis Campbell Group. He explained that being self-employed has allowed him great freedom in this regard: “I have always been able to do roughly what I want, so I suppose I’ve always spent on average about 30 per cent of my time on pro bono things.

For a long time though, our family charitable giving was reactive, as it so often is – we dealt with things as they appeared or waste-papered them. Then around the end of the 1980s we decided as a family to refine our thinking and set up a charitable foundation that would have a local emphasis.”

Michael is clear about what underpins his philanthropy: “Communities in the broader sense have broken down for

different reasons. Most people commute, so they are not working where they live and do not have that same relationship with a place. Many of the old anchors are missing – no pub, no local shop, no local school, and the church is no longer providing the same sort of cement that it used to for communities.” Michael firmly believes that local philanthropy, done properly, can be a tool to help rebuild and strengthen weakened commu-

nities. He said: “I think without a doubt it can, and we try to focus our giving as much as possible on anything that we think will help reconnect communities. Anything that helps to reform community is, to my mind, terribly important because with community goes responsibility, and it seems – although this may be a generalisation – that responsibility is something that is lacking today.”

Although community breakdown is the issue Michael addresses, he is driven by his active involvement in the projects he supports. It is important to him to be close to projects and engage in a hands-on manner. “You have got to have a hand somewhere close to the tiller.” Having a greater level of engagement with the organisation and causes he is donating to is more rewarding for him than passive giving. “The benefit of getting more closely involved is that you can understand the issues and organisations that much more. There are some people who like to write a cheque and others who like to get their hands a bit dirtier. I think there is a huge benefit to getting a bit closer to some of these projects and seeing if there is something to be done to help them work more effectively.” Michael believes that in most cases philanthropists will be able to add value: “Many of the people who might be philanthropists have got skills in terms of manage-

ment or specialisms which they could bring to bear and would be enormously helpful.” Michael does warn, however, that a local philanthropist should not assume that their involvement will automatically connect them with the other members of the community they might be trying to help: “I do not think one should look for a close relationship between donors and beneficiaries. It is unreasonable to expect this as generally people do not want to be the subject of philanthropy and the closer they get to the source of the money the more uncomfortable they get.”

However, Michael’s own experience has strengthened his connection with the community. As well as the work he does in Hampshire, he and his family are also involved in Perthshire, where they have had a home for many years, and their philanthropy there has had a huge impact on their relationship with the place. “Although our day-to-day involvement in Perthshire is less, we have probably become more involved in the community through our activities Perthshire than through most of our involvement in Hampshire.” When they first decided to focus their giving in Scotland as well as Hampshire they realised that it was a different experience, as they were more removed from the recipients of their gifts. A chance conversation with a friend led them to the

door of the Scottish Community Foundation, where they set up a fund to handle their giving in Perthshire, which “turned out to be an enormous success.”

A few years later, Michael decided to narrow their focus in the area: “I wanted to establish an initiative in our local town to address a particular problem, which was that the police presence had been removed. There was drug pushing going on in front of everyone’s eyes and the young people were becoming disconnected from the community, from ambition and from everything else. I wanted to get a youth initiative established, but I knew it would be hard from a distance. So I spoke to the Community Foundation and said ‘this is my idea, can you help me?’ and they said ‘of course’. I helped set up the initial committee, but they then took over the running of it. And it has proved to be a great success, and even spread to the rest of highland Perthshire.” The project has forged links for Michael across the local community. “In order to get the initial committee together it meant I had to go out and talk to the relevant people who would help. So I met people from all different strata and walks of life which helped me become more bound into the community even though I do not live there all the time.”

He subsequently became involved with his local

Community Foundation in Hampshire, which he currently chairs, and he is happy to extol the virtues of these vehicles to other philanthropists. “I am like the chap who liked the razors so much that he bought the company,” he joked, “I really do think the product is exceptionally good.” One of the main benefits is the level of local expertise Community Foundations have: “They can provide a donor with the ability to be more focused, so he can say, ‘These are my interests’ and the Community Foundation can say, ‘I’ve got a fantastic case here in Hythe’ or ‘I’ve

got a very deserving cause in Portsmouth and you can go look at them. If you do not like either of those I can point you in another direction.’ He pointed out that this level of attention to a donor’s specific needs can be incredibly helpful: “There is no way that that donor, who is probably very busy, could investigate for themselves where those opportunities are. The Community Foundation gives them the ability to learn so much more.” When it comes to making donations, Community Foundations can also offer another advantage to donors who might be wor-

ried about becoming a magnet for fundraising appeals because they act as “an intermediary.” Michael explained: “Your degree of visibility as a donor via a Community Foundation can be as high or as low as you want. That is the great advantage. And your degree of involvement can also be as high or as low as you want. You can gear your giving through a Community Foundation in exactly the way you want so you can be really hands on or you can be totally invisible, with an anonymous fund, and nobody would even know that it was you.”

Sachs, said that this was also one of the key factors in the decision to focus the charity he co-founded, SHINE (Support and Help in Education), on London in the early days: “We wanted to make sure that we could properly monitor the effectiveness of the money we were giving.”

Michael Hintze (42) was clear that bringing about change was an important motivation for him. But he needed to give within

frameworks that allowed him to understand the level of influence he was having. So by focusing his giving to projects near his home in Wandsworth, to his alma mater in Sydney, to a community he is part of through his faith, and to a community he is part of through his interest in the built environment for example, he can stay in control of his activities and understand their influence. He concluded: “If I was giving money

Jim O’Neill, London and Manchester

Jim O’Neill, chief global economist at Goldman Sachs and founder chairman of the children’s educational charity SHINE (Support and Help In Education), admits that his upbringing had a huge influence on his approach to philanthropy: “I came out of school in Manchester with people who were very disad-

vantaged and it has always stuck with me. There were people who were a lot brighter than me, but because of their background and family circumstances had no real chance of getting anywhere, and that has always influenced me.”

A visit to the charity, Kids’ Company, through the Goldman Sachs Community Teamworks program was the spur to serious philanthropy.

He explained: “The influence was always there, so as soon as I came into more significant wealth following the Goldman IPO I was easy bait to think about doing something in terms of giving money. Then Kids’ Company just crystallised in my mind that I wanted to focus on education.” This also appealed to his professional outlook. “I am an economist and I believe the

most important thing is to raise productivity, and education is critical for that.

SHINE as an organisation believes in projects to help highly disadvantaged but aspiring children, particularly at primary level.”

Along with a handful of like-minded City colleagues, Jim set up SHINE to try to address the problems of education in deprived parts of London. But they did not allow their enthusiasm to rush them into anything. Instead they approached it as they would a new project at work. Jim said: “We got three people we knew to do a ton of research for us for six months on everything that was going on in education.” The organisation started with a board of five trustees, all of whom came from City backgrounds, and were keen to apply the rigour and focus on results that they shared in their work to the way SHINE operated. This approach is a defining characteristic of the organisation. “New trustees or new people we associate ourselves with have to buy into our philosophy otherwise it does not work.”

SHINE’s work is primarily focused on projects in London, and the successes it has had so far indicate that it has a positive impact on the communities in which it operates. When asked whether he feels more a part of these communities as a result of his philanthropy, Jim is cautious: “I

would not be arrogant enough given my current situation to think that being involved in SHINE means I am going to be hanging out with the kids in one of our schools in the East End!” But he is sure that it has built a community among those who get involved in funding SHINE and are brought together by the common goal of improving educational provision for children. By way of evidence he said: “We are just embarking on selling tables for our annual fundraising dinner. I have sent out messages to people that otherwise I would not really touch base with, but there is a sense that many of them are kindred spirits, so their response is ‘Yes, definitely! SHINE is such a good thing, and you guys do it in such a way that the dinner is a fun night as well.’ That is really strong.”

As well as dictating the central theme of his philanthropy, Jim’s upbringing led him to the conclusion that the majority of his efforts should be focused on London, where he lives and works. “I was so aware from my school days of the disparity between rich and poor that can exist in the space of a few miles, so it was obvious to me that we should do what we were going to do here in London.” Acting locally also has another benefit that appealed greatly to the results-oriented philanthropists involved with SHINE. “One of the strong beliefs we

had - and this just comes with who we are as business people - was that we wanted to make sure that we could properly monitor the effectiveness of the money we were giving. That has been a huge influence on what we do with SHINE, and keeping track of our impact is so much easier when our staff can just hop on the tube and go and see the projects we are funding.” The SHINE model has, to a lesser extent, also been rolled out in Manchester, but Jim admits that the greater distances involved can present a challenge to the desire to monitor impact: “We have three-and-a-half full-time staff here in London. In Manchester we have to rely on a link person, so find we are a bit less comfortable with what we do there, as we are so used to having it all within touching distance.”

Because he is so close to the projects that SHINE funds it is much more apparent when the relationship with a grantee is not going according to plan. And Jim is honest about this being one of the realities of philanthropy. “There have definitely been decisions we have regretted and pulled away from. There are no hard feelings on the organisations we were funding, it is just that some of the things we touch will turn out not to have been the right thing for us to have done with our money, based on subsequent information.”

to aid in Africa, it is not clear to me that I would feel able to manage that properly in my current set up.” Michael Campbell (36) summarised that in order to have influence: “You have got to have a hand somewhere vaguely close to the tiller.”

Michael Oglesby (18) said: “Not only can you be confident that your money is having a greater effect, but you can see that effect because the outcome is right on your doorstep. For a businessmen like me, being able to see that my cash is making a visible

Guy Hands, Southwark and Kent

Guy is Chief Executive Officer of Terra Firma, the private equity firm which was established in 2002 as the independent successor to Nomura Principal Finance Group set up in 1994. Terra Firma invests across a range of industries including renewable energy, aircraft leasing, residential property and gas distribution but is best known for its ownership of Odeon, the cinema chain, and EMI, the record label. Guy and his wife Julia are active philanthropists and Terra Firma supports a number of charities and causes in Southwark, where their office is located.

Guy has experienced many diverse communities at different stages in his life including his secondary school, university, home and work place. It is his desire to support these communities that drives his philanthropy. He explained: “The overall binding question for what I do philanthropically is this: in an ideal world, what would I want this community to be like? I know that utopia is impossible, but I want to know how my contribution around the edges can be most effective in at least

working towards that utopia.”

For each community he supports, the needs are very carefully assessed. In Sevenoaks, a fairly wealthy area of Kent, his generosity fills the gap of non-government funded projects such as hospices and caring communities for the elderly. In Southwark, Terra Firma focuses on the development of a more equal and diverse society. Guy explained: “As people working here, we are transitional, we come in and we go out, but within the Southwark community there are people who live here all the time and their economic position is very different to ours, their age group is quite often different – very young and very old – and at Terra Firma we feel that we should support the current needs of the community that houses us.”

Giving cannot just be about the past, so in thinking about supporting their secondary schools, for example, Guy and Julia feel that it is important that the schools do not rely solely on support from their alumni. They also encourage the parents of current pupils to get involved in projects. Guy explained: “It’s almost saying, if I was there

today, what would I want?”

Guy is frank that his first efforts at giving were not especially rewarding. “My initial experience at community giving was quite disappointing because a number of the charities I chose to support were inefficient and disorganised and I did not feel that my support had any lasting effect.”

It is important to Guy to be able to see the effect of giving, and to be certain that the support is fostering long-term change. “If you cannot see the impact, it is very difficult for a businessman to give. A community charity may not always have the advantage of scale, but it does have the advantage of closeness and being able to demonstrate first-hand what it does.”

And like many hands-on philanthropists, he wants to remain connected, to establish a relationship with the recipient organisation. Such relationships form the bedrock of an on-going desire to give, and he summarised his expectations as follows: “For the smaller size gifts, a thank-you letter is fine, for the medium size gifts, I want to understand the effect and whether the objectives have been achieved

and for the larger size gifts I want to understand that and I also want to understand what effect that charity or appeal is having on culture and wider system change.”

He is realistic about the challenges of making lasting system changes, particularly when operating at the local level. “It is rare to come up with a local approach that could both be scaled up nationally and that is unique. It is similar to business in this regard – the number of times one comes up with a business idea that is different, that nobody else has thought of, that can then be scaled out nationally, is pretty small.” Despite this, he does acknowledge that the success of his efforts to persuade Mansfield, his Oxford College, to take more applicants from less privileged backgrounds has led other colleges and universities across the country to adopt the same approach. Similarly, providing grants for less economically able children to attend the international baccalaureate private school Sevenoaks is another initiative which can be rolled out elsewhere.

Guy’s reaction regarding the volume of funding requests that land on his desk is typical of a visible philanthropist. He clearly finds it emotionally tough to make the decisions on what to support. “Each year we try to weigh up how to spend our budget for our philanthropy

and each year it is very, very difficult because the people around us have expectations and they can be difficult to deal with. There are excellent charities addressing critical causes, but perhaps they can easily raise money elsewhere. There are important charities that have got themselves hopelessly into debt and perhaps we can clear that debt and move them on or perhaps they will just get into debt again. There are friends doing fundraising that we perhaps do not think will be very efficient or effective and they can be the most difficult to handle because we know them.”

These decisions are difficult because with system-changing philanthropy comes a debate about whether the cause is worthy or not, and he is very keen for his philanthropy to be an overall force for good. Although he is dependent on his wife for his philanthropic direction at home and on the employees’ charitable trust committee at Terra Firma for their work in Southwark, it is clear that his leadership and deep consideration of the best way to conduct his charity is essential to what he does. Colleagues describe his involvement at work as “symbolic as well as practical” in that he acts as a role model and also matches all employee donations to the charitable trust.

He hopes his employees see him as a role model in philanthropy and unusually for a

financial institution, the first item on the agenda of the Monday morning meetings is often a report from the charity committee or a presentation from a beneficiary charity. However, he does not want to be seen to impose, saying: “I do not judge people on whether they give or not, in fact I do not know who has and who has not given, but I think it is important as an employer to provide an outlet for people to give and to show them that I think it is important.”

Giving employees the option to donate to charities, he believes, gives them a greater sense of civic participation: “It shows that there is something beyond doing the business which is important because it gives people a real connection and a realism. It is very easy in the City to get disconnected from society, yet understanding that society is multilayered is very, very important.” He is keen to clarify that it is not just his employees that benefit; additionally he believes it is beneficial to society if the charities they support recognise that Terra Firma employees are “not just suit-wearing bean-counters, but have a human side as well.”

He recognises however, that monetary donations help only up to a point. It is up to individuals to build bridges across the different layers of society which requires time and effort as well as money. He notes

that for the majority of society, large sums of money become impossible to relate to, saying: “For most people in society, a £1,000 gift is an enormous amount of money,

and so to hear that someone in the City has given £5 or £10 million, does not really register in the same way as it is impossible for most people to visualise that sort of money,

so they hear it, but then it is gone. By contrast, meeting someone and seeing that person cares and is willing to give some time, is probably more effective in building bridges.”

difference is incredibly appealing.” Michael Head (21) was clear that for him being able to see the results of his giving was much more effective than having it reported to him: “I want to go and look. I don’t want to listen to someone talking to me for

half an hour, I can tell in ten seconds for myself. For instance, when I walk into school assembly at the Spires Academy, I can see the difference immediately.”

Not everyone felt they had to be in direct contact with the things they were

Michael Hintze, London

Michael is the founder and chief executive of CQS, one of the largest European alternative asset management groups. While the Hintze family lives in Wandsworth, Michael grew up in Australia where he attended the University of Sydney and earned a place at Harvard Business School, after which his career in finance began. To consolidate their giving and take more responsibility for their philanthropy, he and his wife Dorothy established the Hintze Family Charitable Foundation in 2004.

His early education at St. Leo’s College, a school run by the Christian Brothers in Sydney, helped to shape his view of community and fuelled a sense of obligation to give back that continues to this day. Although he works in a global industry and travels all over the world, he has experienced first-hand the opportunities provided by travel and technology:

“Nowadays with killer telecommunications and travel, the definition of community has changed and community circles can be created from diasporas.”

When asked to define the role of community in influencing his philanthropic activity, Michael explained: “I have my old university in Sydney and Harvard Business School, then there is my church activity which expanded to the Vatican Museums in Rome, then we have got our local community at home where there is no question that the work we have done with the Wandsworth Museum is about supporting the community in which our children are growing up and to which we have an obligation to give back.” This view is also reflected through CQS which donates substantial amount to community causes.

Whilst the traditional ‘home’ community he now lives in with his family and in which his children go to

school is one important framework for his philanthropy, he is also influenced by communities that have formed around his interests such as the arts, education, healthcare and religious causes.

For Michael it is the communities in which he gives that provide him with the context and framework that enable him to make sure his money is benefiting people and causes to the maximum effect. He may wish to have broader influence in his philanthropy, but he aims to do so through channels which feel tangible to him. He explains this saying: “One of the drivers for me in my philanthropy is the ability to influence. I think if I was giving to causes in Africa, I would not have the same ability to influence as I have by giving to the communities in which I am involved on a daily basis, whether that is where my children are growing up, the church or my alma mater.”

He expands on this point explaining how his day job also influences his philanthropy: “We do like to see what is going on so there is an element of a market place, and as a trustee of the Institute of Economic Affairs, that is quite important to me.” He also prefers to do high impact but lower profile philanthropy saying: “Giving to big causes can sometime be a bit of a media event and I prefer the more community type of event.”

At home he feels the pull of his local community very strongly but thinks that Wandsworth may be different to other London boroughs in this regard: “I like where I live, I feel very connected to that area and we enjoy our support of Trinity Hospice and Wandsworth Museum enormously. But Wandsworth has a less transient population than London boroughs like Belgravia and Chelsea that have many foreigners in them and many people with second homes elsewhere that it might make it hard for them to connect with their community.”

His support of Trinity Hospice has been crucial to the institution. He believes that when the hospice was in dire need of funding it was clever to target local residents and it was right that they supported it: “Trinity Hospice is a hospice that serves the community and is supported by the community, it is good for these organisations that serve the commu-

nity to be funded and run by community members as a force for good.”

Michael believes that if individuals are visible in their support of projects or causes in their community then they will be that much more committed. Of his own support of the Wandsworth Museum which was going to be closed down before he stepped in he said: “I will try my utmost to make this work and that is partly because it is on my doorstep and part of a community in which I feel very embedded.”

But all the time that he is operating at this very local level in Wandsworth, he also considers the broader picture and the broader framework in which he has lived his life and had his successes: “The UK has been very good to me in allowing me to achieve things I want to do and much of what I do philanthropically in the UK is driven by that desire to give back to the country for what it has given me. I believe very strongly this is an obligation.”

He reflects on how philanthropy can help to build bridges across society and relates a story about giving to his alma mater, the University of Sydney, where he was one of the first people to give a significant amount for a very long time. When he was interviewed by reporters about the gift he was treated with some suspicion as he was not integrated into that com-

munity and they did not know him well. Once he started to explain his story and where he came from, the atmosphere softened. The scepticism was highlighted by the fact that he was the first big donor to the University, something which has now changed as more donors have followed suit.

He used to be uncomfortable with people knowing about his philanthropic gifts, but he has become acutely aware of the importance of being public to a certain degree in order to inspire and encourage peers to action and of the importance of acting together in a community of philanthropists in order to bring about change. His recent appointment as a trustee of the National Gallery has allowed him to do this at a new level. He summarised: “No man is an island... Giving to a cause or an organisation can broaden the net and build a peer network of donors, there are friends and colleagues who sometimes support what I do and I sometimes support what they do.”

Nonetheless, he is realistic about what such publicity can do to the individual and about the ability to build bridges across different groups in society through philanthropy. “When you start giving the sort of money I am giving and running the sort of organisation I am running, the world becomes pretty strange.”

The Arts: a special case

Arts organisations often have strong groups of supporters and are particularly well placed to foster a sense of community among donors. Vernon Ellis, the recently retired international chairman of Accenture, is a keen supporter of the arts, chairman of English National Opera, the Classical Opera Company and a trustee of the Royal College of Music. In his experience, arts organisations can foster a sense of community among their supporters: “At the Classical Opera Company, for instance, we built a network of supporters who all got to know one another, and we would have events to bring them together. We had one event at the Barbican as part of the Mostly Mozart season and got a lot of our supporters along – we then held a dinner afterwards for them and there was an obvious sense of community.” And, he added: “People do like to join together with other like-minded donors, but they also like the sense of community they develop with the artists. In some ways, this is easier to achieve with smaller organisations but it is certainly possible also to achieve with larger organisations, for example with a production syndicate or the young singers scheme for supporters at English National Opera.”

This greater sense of collaboration between donor and recipient is peculiar to the arts. A patron of the arts and an up-and-coming young musician have a shared interest or purpose in a way that a donor to a homeless charity and a homeless person, for instance, could not be said to have. The donor and the musician, artist or actor are members of the same community of purpose or interest. Michael Campbell (36) noted: “...generally people do not want to be the subject of philanthropy and the closer they get to the source of the money the more uncomfortable they get”. But this discomfort is reduced by the more overt element of enlightened self-interest involved in giving to the arts: the end result of supporting arts institutions will usually be a performance or an exhibition that the donor will enjoy in addition to the normal satisfaction derived from philanthropy.

In some cases, this sense of enlightened self-interest on the part of the donor is pretty strong, as Vernon explained: “As well as supporting the art forms that they care about, the privileged access to star performers that can come through philanthropy is also an attraction.” The bonds formed between supporters and artists are real and strong: “There is in many cases a sense of truly getting to know and like the artists, who are usually very likeable and interesting people. And the feeling of being closer to the artistic endeavour is very appealing for many donors.” Speaking of his own experience, he said: “It is great fun – I have a lovely relationship with a lot of musicians, and sometimes we have had events at my house where people come and play. It is not why I do it, but it is a wonderful extra benefit.”

Supporters of the arts may have strong views of their own on what they like and how things should be done. If these views conflict with those of the people running the organisation, it can be problematic. However, Vernon believed that although this occasionally still happened, it is less likely now that donors and artists had a better understanding of each others’ concerns and needs: “Often what caused problems was an artistic director having a very purist approach that disregarded the views of both supporters and audiences; it was very producer-led. In most cases now there is recognition that although one does not simply abandon standards, one has to take account of public tastes and the realities of commercial pressures otherwise the organisation will simply go bankrupt.” Taking into account the views of donors and audiences was increasingly important according to Vernon, because: “In the past, the danger of going bankrupt was pretty remote because the Arts Council would be on hand to bail you out. That is not really the case now, so arts organisations need to have a better understanding of private funding and the needs of donors.”

There is still a substantial amount of public funding alongside the private funding in the arts sector and donors have had to accept an appropriate level of control. Vernon pointed out: “If an organisation is receiving substantial public funding, should a handful of private donors be able to have a huge say in the running of that organisation? The answer, surely is ‘no’.” But if a small

organisation is almost entirely funded by one person or a small group of people: “In that situation, there does not seem to be anything inherently wrong with that donor completely dictating what happens. Of course, that may not be the best thing from the point of view of artistic vibrancy, and you might struggle to find a good artistic director who was happy with that level of control by a donor, but there is nothing wrong with it in theory.” He does not believe that this would arise very often because for most donors: “The attraction of a small organisation is the sense of involvement one has, rather than the level of control one can exert.”

funding, but wanted to keep abreast of how their money was being used. Jim McAllister (24) was clear that the fact that he could have impact at a local level of a kind that he could not at a national or international level made him determined to stick to the former: “I want to affect the communities that I am working in. I cannot do that by giving nationally because it would never percolate down. So I tend to focus at a local level because I feel that is how I can best help.” Guy Hands (40) said that, in general, “if you cannot see the impact, it is very difficult for a businessman to give. A community charity may not always have the advantage of scale, but it does have the advantage of closeness and being able to demonstrate first-hand what it does.” This was a point of view endorsed by Alexander Hoare: “I have more confidence about where our money is going with a local initiative and we have more

visible feedback. We also give to big charities, but on the whole we are more minded to give to things where we feel we are making a difference and can be confident the money is being spent well because we can see the effects. We have a finite amount of money, so we either a) pour it into a bottomless pit, or b) put it somewhere where we can see it working really effectively. Which do we do?”

3.2 Methods

3.2.1 Venture philanthropy and social investment

Many of the philanthropists we interviewed who have created their wealth themselves and done so fairly quickly through business or finance want above all to apply their skills. Breakthrough (45), the partnership of private equity firms Permira and more latterly SVG Capital with CAN (formerly

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| <p>CAN/Breakthrough</p> <p>CAN (formerly Community Action Network) is a social enterprise practitioner network, which together with private equity firm Permira, launched Breakthrough. Breakthrough is a fund that invests in social enterprises, leveraging the skills and resource of Permira to help social enterprises ‘scale up’ their activity. CAN helps to find social enterprises from across the UK that are suitable for</p> | <p>Breakthrough investment. Once Breakthrough invests in a social enterprise, Permira partners and investment professionals work closely with the investee company, helping it to grow and develop by offering advice and mentoring alongside the substantial financial support that comes from the Breakthrough funds. Only certain enterprises are suitable for Breakthrough funding. Social enterprises need to be at the</p> | <p>right stage of their development, ready to ‘scale up’ and able to properly exploit the increased funding that Breakthrough brings. The social enterprises operate “like businesses”, “they might be not-for-profit”, argues Permira, “but they are run efficiently and effectively, utilising the skills and experience of Permira professionals to help them become stronger and more successful.”</p> <p>Ian Sellars, a partner at</p> |
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Permira, works with Law for All, a social enterprise based in Acton and Cambridge, which delivers high quality social welfare legal advice. What motivates him is the opportunity to apply business skills to a social enterprise that was fulfilling an important community role. Just as with the portfolio companies at Permira, he is driven by “making it a success” – “We want to attach ourselves to a clear social desire but equally we want it to make it work.”

Breakthrough measures success in many different ways. It is about efficient use of money, but there are also specific benchmarks for each company. For example, it might be number of people trained or tonnes of furniture recycled: “Generally there is no one magic solution for a social problem - it is different for each area. But it can be possible to use business skills to attack a social issue as Law for All has done, adapting a model that has worked in one area, to work in another, with specific identification of the new area’s needs and local characteristics.”

The long-term plan for first two Breakthrough funds is similar to a private equity fund, but without the financial return. Ian explains: “Although some of the organisations we back will continue to need funding, for us it is not just about the money, it is about developing the business and when we get to a point where we feel we have done that successfully, then probably the funding should stop. We should suggest other ways of raising

money and we should select a new enterprise to develop.”

Ian also highlights how much Breakthrough is a part of the Permira culture: “It is just very much a part of Permira, it is what Permira does and everyone knows about it, and everyone knows how we do it.”

Denise Holle, CAN’s Social Investment Director, thinks that the Breakthrough investment in Law for All and the relationship between the Permira team and the Law for All team has much wider impact and potential: “Two Permira staff have supported this social enterprise for nearly three years. The generalities of this relationship are replicable, and there is wider social impact both in terms of inspiring other Permira staff and partners, as well as the Law for All staff and customers who benefit. Social enterprises like Law for All really value the opportunity to work with Permira, and I know Permira feels the same way.”

Adele Blakebrough, former chief executive of CAN and chair of the Breakthrough advisory panel, is enthusiastic about the ongoing effect of Breakthrough and the importance of such models: “This self-sustaining business model has become a vibrant part of our enterprise culture. Permira’s business-like approach to generating social change makes it an attractive investment for a growing number of venture philanthropists.”

Adele is tireless in her work as a broker between business

and social enterprises and believes that despite the very specific needs of individual grass roots organisations, the general model can be replicated again and again to great effect. She concludes that this is one of the key motivators for those from the business community who are motivated enough to volunteer their time and skills: “The thing that really gets the team at Permira excited is making a positive impact on society. So the pitch is always, this solution is great for this social problem, and if you support it and it is successful, it can be replicated.”

Adele summarises her view of community when it comes to philanthropy and social investment: “Community is either community of place or community of interest – so that is neighbourhood, geographical location or community of interest of any sort, all of which are equally valid and important when it comes to philanthropy or social investment.”

But she has concerns about the over-use of the word community and the fact it can mean different things to different people. She explains why she prefers the word society: “Every time I am about to use the word community, I like to substitute it with ‘society’. Some philanthropists feel they ought to make a contribution to ‘society’ and for business people that society is often global because that is the world they work in, but they also understand that they live in the UK or somewhere where they make their money.”

Community Action Network) was established specifically to allow private equity professionals to apply their skills to “investments” in the social sector. This approach, which views charities and social enterprises as investments in need of the capital and advice required for sustainable growth, is often called venture philanthropy. Business entrepreneurs engage with social entrepreneurs to bring about effective and efficient change. Together they form a community united by purpose – the use of skills to deliver an end goal.

Permira says, of its breakthrough fund collaboration with CAN: “They organisations

we are working with might be not-for-profit, but they are run efficiently and effectively, utilising the skills and experience of Permira professionals to help them become stronger and more successful.” Similarly, Shaks Gosh, CEO of the Private Equity Foundation (PEF) that set out with the ambition of creating a collaborative, industry-wide philanthropy vehicle, explained: “We form SWOT teams, with a private equity person in charge as the deal captain.” Although this approach does not suit all charities, it can bring about dramatic changes for those that it does. (There has been much debate about how widely the “social return on investment”

The Private Equity Foundation

The Private Equity Foundation is backed by over 70 private equity firms and their advisers (banks, law firms, consultants, recruitment agencies and accountancy firms) who have come together to create a charitable foundation that represents their industry. They are united in their desire to empower young people to reach their full potential and all of the participant organisations invest both their money and their time through PEF to charities that address this issue. Sir David Walker, author of the 2007 report on UK private equity, has expressed how he sees the role of PEF: “As the private equity industry takes its place in the British business community it needs a voice – that’s the BVCA – and it needs a conscience – that’s the Private Equity Foundation.”

When established in 2006, despite the prevailing criticism of the private equity industry from the public, trade unions and government, PEF was hailed as a milestone in philanthropic collaboration. Its chairman, Ramez Sousou, CEO of TowerBrook Capital Partners, was adamant that its origins predated the attacks on private equity. Its ambitions are to create a collaborative, industry-wide philanthropy vehicle committed to real social impact.

Shaks Gosh, chief executive of the foundation who comes from a non-profit background, said: “The original intention of the trustees was to create a community of like-minded donors. At least in the beginning, that was even more important than the social mission. They were all already doing a lot philanthropically as individuals, and the foundation was not meant as a replacement for this, but as a valuable addi-

tion. That has certainly been borne out by our experience, as the value of having a vehicle that the private equity industry can unite behind is enormous.”

PEF recognises that this community has the ability to raise large sums of money. Indeed, in its first year of operation it raised an incredible £4.5 million in Europe and a further \$1.7 million for the US arm. Shaks recalls how, in the early days, chairman Ramez Sousou challenged the founders of PEF to think about making impact by collectively raising a significant sum, initially targeted at a national children’s charity. “The intention was to get people to act collectively to drive social change. But as well as that focus on social change, PEF is also about getting the private equity industry into the mindset of being intelligent donors.” Shaks admits that the notion of collaborative philanthropy was not always easy to sell: “At first

a lot of people had the attitude that philanthropy is a personal, private matter. In the 18 months I have been working on this, though, I have seen a real change and now many of them are saying, 'this is really good – we can achieve far more if we work collectively and it makes it much easier to get properly engaged.'"

Although the money is critically important, PEF believes that its donor community also has a wealth of expertise and skills that can help to transform many of the charities in which it invests. Empowering private equity professionals and their advisers to put time, energy and skills into the social sector is part of PEF's mission. "We looked at what private equity firms do in their day-to-day business and picked ten things that we highlighted as the key 'tools and techniques'. We then adapted these to use in our charitable work." The terminology and techniques used are familiar to the private equity professionals who get involved, and so are the methods. "We form SWOT teams, with a private equity person in charge as the 'deal captain', and then assemble a group with an accountant, a lawyer, a strategy consultant and so on. When we grant money to a charity, it is for three years and we also provide the chief executive with the support of the team we have assembled, who can help with strategic planning, financial manage-

ment or whatever is needed. Just like a business investment, the idea is to work with the charity to ensure that at the end of the three years when we exit, the charity is in a much better position in terms of scale, finances or strategic clarity than it was when we first got involved."

Shaks is certain that acting as the broker that can enable private equity people to give more than just money in an effective way is useful both for the donors and the recipient charities. "Our donors find it really useful to have someone who can say 'if you don't just want to give from the heart, but want to achieve real change, then these are the organisations to back and here is how you can get involved.' We have donors who have been giving for 20 years or more, but still come back from the first meeting we set up with a charity saying, 'that's the first time I have ever really engaged with a charity like that!'" This intermediation role is crucial to bridge the gap in experience and understanding that there can often be between business people and charities. It is often difficult for donors to find good small charities to back, and conversely it is hard for many charities to reach out to these sorts of donors, because as Shaks points out: "They often cannot put resources into dealing with the particular needs of these kinds of donors when they only

have limited funds available and they dealing with some of the most in-need people in the country. That is where we can help charities, because we can remove that burden."

PEF's aim of creating a community of socially responsible donors in the private equity industry means that it is aware of the need to inspire people to action and to keep them going. Part of the way it does this is by removing the barriers to getting involved for busy professionals in the industry, and enabling them to engage in a way that plays to their skills and is long-term. And the model has the power to draw in those from beyond the narrow private equity community, as Shaks points out: "The people in the teams we put together, not just the private equity guys, but the lawyers, the consultants and so on, they really get involved with the charities in a heavily engaged way because they are using their business skills." As well as engaging people through the head, PEF also recognises the importance of engaging heart, and enabling people to see the effects of their giving. For instance, Shaks explains that they organise events with the charities and projects they fund: "One example is a community centre in Newham that we have helped to fund. We are organising a day when our donors can come along to see the work that has been done." And this doesn't just help people see the work done by the particular charities

