

Cause4 Seminar 'My Kind of Philanthropy' Report

Introduction

Philanthropists Thomas Hughes-Hallett, Harvey McGrath and Lloyd Dorfman were key-note speakers, sharing their insights and informing discussion at Cause4's Philanthropy Seminar 'My Kind of Philanthropy' on Tuesday 7 June 2011 hosted by Forsters LLP. Addressing an audience of other philanthropists and charity leaders, they shared their own personal experiences and insights as philanthropists at a time when the Government has recently published its *Giving White Paper* and when The Philanthropy Review being chaired by Hughes-Hallett is shortly to publish its conclusions.

Other attendees comprised philanthropists from across the UK, together with Chairs, Trustees, CEOs and Directors from across the Charitable and Private Sectors. These included representatives from: *Herbert Smith, Art Fund, Brunswick Arts, Asia House, Hoares Bank, DancexChange, Spit Publishing, Prudential PLC, Leonard Cheshire, Think Again Media, Act Network, Cork Gully, DCMS, Afghan Action, Youth Music, Coutts, The Reading Agency, Travelex PLC, Localgiving.com, Spark, New Deal of the Mind, Greenhouse, Volant Trust, Association for Research into Stammering Children, ACEVO, CAF, The Cricket Foundation, Marie Curie Cancer Care, Camelot, City Bridge Trust, Forsters, Oxford Brookes University, Work Book Night, Martin Ring Associates and Tinnitus Clinic.*

As a consequence of the discussions stimulated by these speeches during the Seminar and of questionnaires completed by delegates attending, Cause4 offers the following thoughts and recommendations:

1. Government's role and the role of philanthropists

The Seminar welcomed Government's recognition that it has an important role, identified in the *Giving White Paper* as a facilitator of philanthropy, able to encourage partnerships amongst charities, promoting good practice, whilst also giving consideration to tax-relief to make giving easier.

The Seminar also recognised that pressure to give should not come from Government and believed that this would be, and has been in the past, counter-productive. Instead, philanthropy should be led by the most philanthropically active individuals who are able to exert peer-group pressure on others capable of stepping up their levels of giving.

2. Tax-effective Giving

It is understood that, living in times of constraint when the Treasury is looking to control national expenditure, immediate possibilities for providing higher levels of tax-relief might be limited. However, the Seminar wonders to what extent the potential short-term costs to the Treasury in increasing tax-relief on charitable donations could be off-set against longer-term reductions in Treasury expenditure in supporting good causes. This is on an understanding that a significant overall increase in the sum of giving, stimulated by new tax-relief, could over time allow current direct expenditure by Central Government to support The Third Sector to be reduced.

The Seminar wonders to what extent long-term financial modelling has taken place to consider the costs to The Treasury in providing higher levels of tax-relief in the event that an additional £1billion, for instance, were to be generated through enhanced individual and corporate donations and which would simultaneously lower Government's long-term direct contribution to The Third Sector.

3. Creating Syndicates

In line with the concept of peer-group pressure, the Seminar warmed to the notion of Syndicate Giving whereby groups of individuals and others might come together to support specific projects or programmes and create 'a sum of the parts' that could achieve so much more than individuals operating in silos. Syndicates are formed to own race-horses so why not to 'own' specific charitable projects?

4. Galvanising Advisors

Much progress can be made by encouraging accountants, lawyers and bankers that advise their wealthy clients about managing their money to place philanthropic prominently on the agenda. It is thought that suggesting that money be given away is generally counter-intuitive, running contrary to an established idea that success is measured by increasing rather than reducing levels of wealth. Awareness programmes could play an important part in challenging this perceived culture amongst advisors.

5. Targeting the Mass Affluent

The Seminar supported the view that in order to make giving a social norm, much remained to be achieved in reducing the disparity in levels of relative generosity amongst those on small incomes, who give four times more as a proportion of their means than the more affluent. Philanthropic success lies in focusing upon the mass affluent on a minimum income of £50,000 per annum.

6. Donating Skills

To most people philanthropy generally suggests the giving of money. However, we should not lose sight of the importance of donating time and skills. In the same way that investors in new enterprises give their experience and expertise to organisations in which they are investing and, in so doing, help improve performance, so too do philanthropists and the charities they support. Philanthropists should also be regarded as 'investors' intent upon achieving returns.

7. Understanding Philanthropists

It is important to understand that philanthropists cannot be neatly pigeon-holed. They are unique individuals with different needs and expectations; they need to be listened to carefully. It is unwise to have pre-conceptions about what 'makes them tick'.

There was widespread agreement that many charities are either shy of engaging individual philanthropists or don't have strategies in place for doing this, including galvanising trustees and other prominent individuals within their networks who are willing to talk to potential donors at peer-to-peer level. Charities can benefit from training and encouragement from external agencies and other charities in developing skills and know-how in approaching individuals.

Whilst philanthropists might identify causes they wish to support differently - some taking a very strategic approach, others a more spontaneous and entrepreneurial one -, all philanthropists expect results and cost-efficient performance. Reducing costs is as important as generating new income in establishing efficiency. Charities with extensive overheads are very much less appealing.

10. Encouraging the Young

It is never too early to promote philanthropy amongst the young. Instilling awareness of charities and encouraging giving during formative years is important. Getting young people at school to research charities, to visit them, to assess their impact and encouraging them to undertake local fundraising and volunteering is an excellent way to get them switched onto the work of charities and the importance of giving. The Youth and Philanthropy Initiative supported by Credit Suisse provides a good model.

Likewise university students offer fertile ground. In this age of Facebook and other social media platforms, there are opportunities to challenge universities to raise money for good causes in a spirit of friendly rivalry deploying the technology that is part and parcel of young people's lives.

12. Corporate Giving

Payroll Giving is the most effective way to give since donations are made at source pre-tax and are additionally supplemented by further Government support. There is vast potential to promote Payroll Giving much more broadly in the UK – and not least in encouraging corporate leaders to evangelise about the scheme and highlight potential causes that might resonate with employees.

The Seminar suggests that thought be given to incentivising corporates to engage in 'commercial sponsorship' of charities (as opposed to charitable donation) at a level that would offer very significant support. For example, corporates could be allowed to leverage their association with a charity through services provided by the charity which directly promote their brands and develop business opportunities, but without VAT being imposed on the services provided.

14. Living Legacies

Whilst the *Giving White Paper* was met with broad approval, it was nonetheless felt that there was a serious omission with regard to developing Living Legacies, schemes which enable individuals to donate and enjoy their philanthropy whilst they are alive. If there is a serious ambition that individuals should donate 10% of their estate to charities on their death, an opportunity clearly exists to encourage this by providing immediate tax-relief and, with the help of a socially-minded lending bank, to advance gifts during the life-time of donors.

Not only would this allow individuals to enjoy their philanthropy in their own life-times, but it would enable their own families to become engaged in the causes being supported, this providing another potential legacy.

15. Recognition

The issue of how to recognise donors is a difficult one and perhaps the one area where philanthropists themselves are least able to offer advice. We put forward the view that whilst many philanthropists will tell you that recognition is unimportant to them, and whilst many will be genuinely reluctant to have their name in lights, generous philanthropy is deserving of acclaim and, furthermore, acknowledgement can importantly serve to encourage others.