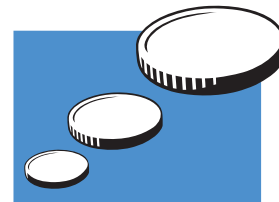


Giving Insights



New
Philanthropy
Capital

Autumn 2006

Go figure

Investing in older people brings a 1,400% return



Front cover images: Kristian Buus

Older people: past their sell-by date or an underestimated resource? **The Retired & Senior Volunteer Programme (RSVP)** shows that tapping into the time and talent many older people have in surplus can generate a return of 1,400%. While delivering this return for donors, RSVP benefits both the volunteers and the communities they help.

The charity helps improve the health and well-being of 10,000 volunteers, aged between 50 and 90. 'I am out and about nearly every day, and am far too busy to sit and worry about minor ailments,' said one volunteer. 'I thought I would grow old quietly ... but I have made so many new friends that my phone won't stop ringing,' said another.

It is hard to calculate the exact value of the new friendships and renewed sense of purpose that volunteering creates. However, it is possible to estimate the benefits of combating isolation and encouraging active lives:

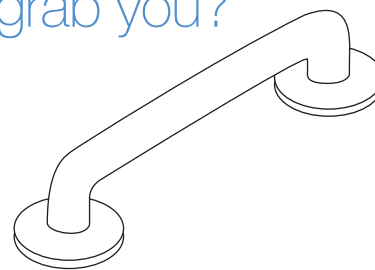
- It would cost at least £300 per year to give each volunteer the same amount of social activity through a local community centre.
- It saves the NHS a further £300 if each volunteer avoids just one night in hospital by being more active and healthy.

Continued on page 2 ...



Mary (front), pictured here with her support worker Donna (left), enjoys visits from RSVP volunteers like Ted and Maureen (back).

How does this grab you?



The first of our series about simple solutions to complex problems.

Fitting grab rails in older people's houses is one of the vital support services provided by the **Catholic Welfare Societies (CWS)**.

On a practical level, grab rails can prevent people from falling when they get out of the bath, or help them to negotiate steps at their front door.

This in turn saves broken bones and other injuries. It keeps older people out of hospital and helps avoid complicated medical treatment to mend old bones.

At the same time, grab rails help older people to live safely in their own homes—giving them the confidence to enjoy active and fulfilling lives.

CWS supports nearly 4,000 people each year from all backgrounds in Manchester. Other services include providing hot meals at a day centre and helping older people with shopping or visits to the doctor.

Sometimes a simple solution like grab rails can make all the difference ■

Sue Wixley

See our website for two-page recommendations on RSVP, CWS and many other charities featured in Giving Insights.

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Kristian Buus

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Registered charity number 1091450.

Editorial

Tough love—this issue of *Giving Insights* is full of it

This edition of *Giving Insights* highlights charities working with older people (front page) and the needs of refugees and the charities that work with them (pages 3 to 5). In the first of a series of giving maps, we look at a handful of charities operating in the deprived neighbourhoods of East-London (pages 6 and 7). Charities play a vital role in these areas. Ditto for those working with prisoners and ex-offenders, addicts, disaffected youths excluded from school or in other tough areas.

We like these hard issues at NPC. They are tough, unfashionable, but the need is great. Unfortunately, fashion and popularity rather than effectiveness can determine a charity's ability to fundraise. One charity working with pensioners, RSVP, achieves a social return of 1,400% yet, if it is like others helping older people, it raises £1 for every £3 raised by animal charities.

Fortunately, many of our clients like these issues too. Presented with compelling opportunities to help those in real trouble, our clients are interested. It is our contention that, provided with evidence of success and independent assessment of the work of charities, donors are willing to take on difficult issues. Evidence for this is mounting.

NPC's goal is a charitable market where money flows to where it will be best used—not just to the most palatable and comfortable causes. To make this happen we will continue digging up information on tough issues and directing donors to good charities that are creating change. This still leaves ample room for personal preference and attachment to causes. Donors can make a big difference by directing their funds and energies to issues they care about and which affect us all, directly or indirectly, as Dame Stephanie Shirley (page 3) and Eddie Jordan (back page) do. We should also heed Eddie Jordan's advice on our gambling budgets.

Also in this *Giving Insights*: different ways for donors to get involved (page 9: Getting engaged); pitfalls to steer clear of (page 10: What not to fund); and why more lawyers are making the case for philanthropy (page 11) ■

Martin Brookes
Head of Research

Go figure

Continued from page 1 ...

Also, we can put a figure on the support that volunteers bring to local communities through helping schoolchildren with reading, supporting frail older people to live independently and tending community gardens, amongst other activities. Each volunteer gives an average of 300 hours a year and it would cost employers at least £1,500 a year to pay someone to do this work on a minimum wage. It costs RSVP just £140 a year to recruit, train and support each older volunteer.

Thus, a £10,000 donation to help RSVP support 71 volunteers for a year generates benefits of approximately £140,000.

Without charities like RSVP, many older people live in isolation, and one in six goes a whole week without contact with family, friends or neighbours. RSVP successfully recruits volunteers from poor areas where this problem is more acute and many older people experience the 'triple whammy' of deprivation, isolation and social exclusion.

Does investing in maturing assets pay off? You do the maths ■

Tris Lumley

Dame Stephanie Shirley: from child refugee to philanthropist

At the age of five, Dame Stephanie Shirley was forced to flee to England without her parents to escape the rise of Nazism. Since then, she has built up a multi-million pound business, and now she is devoting her retirement to spending her hard-earned money in philanthropy.

There is a saying: 'once a refugee, always a refugee'. Dame Stephanie 'Steve' Shirley has worked hard to dispel that myth—leaving her difficult days as a child refugee behind her to become one of the wealthiest women in the UK.

Now retired from the IT world in which she made her name and her fortune, the 73-year-old is not using her wealth to fund a restful retirement. Instead, she has chosen to work as a philanthropist in the field of autism.

'I needed to make sure that the life that was saved was worth saving,' she says of her work through her grant-making trust, **The Shirley Foundation**. 'So I try to make sure that I add value and that I give something back to the country that took me in.'

‘I try to make sure that ... I give something back to the country that took me in.’

Dame Stephanie was forced to flee Germany when her Jewish father lost his job in 1933. She lived in seven countries before her fifth birthday. Eventually she escaped to England from Austria without her parents on a train packed with over a thousand children. The journey lasted for two and a half days.

'I lost my doll on the train,' she remembers. 'Children react to different things. I was in floods of tears for this doll.'

Facing an unknown future

The experience had a deeply unsettling affect on five-year-old Dame Stephanie, who clearly remembers the fear of not knowing what would happen next.

She and her sister were met in England by their foster parents, who had responded to an advert placed in the local paper. A few months later, she started school. Years later Dame Stephanie would meet up with her parents again, although they never revived a close relationship.

'I didn't know any English before I got here,' she says. 'Well, my father had taught us what he thought were useful phrases like 'slow combustion stove' and 'windscreen wipers'! But not how to ask to go to the toilet.'

After school, Dame Stephanie studied for a part-time maths degree while she worked at the Post Office Research Unit. This was where her passion for technology began.

She entered the world of business technology and launched her own company in 1962 on her dining room table with just £6. She adopted the name 'Steve' in order to get a foot in the door in a very male-dominated sector, but she decided to employ only women. Today her company, Xansa, is a highly successful public company.

Dame Stephanie's early experiences as a child refugee helped her to develop skills that she says gave her the edge in business.

'When your pattern is disrupted from a young age, you know that tomorrow could be completely different and come to expect that as the norm,' she says. 'I welcome change. I try to embrace it and am able to deal with it.'



Libi Peddar

A new start

Dame Stephanie Shirley

Continued from page 3 ...

‘After many years, I made serious money and now I’m giving it away to causes that I care passionately about and where I can add value. I concentrated on IT, which is my professional discipline, and now on autism, my late son’s disorder.’

‘I know from having received charity myself that there is a lot of talk about how ‘you should be grateful’, which isn’t pleasant.’

The Shirley Foundaton is now one of the top 50 grant-giving foundations in the UK with £50m donations committed over the past seven years. Indeed, extending the care home that Dame Shirley had initially created for her son Giles to other vulnerable adults with autism was one of her first forays into philanthropy.

Ask Dame Stephanie why her philanthropy is not focused on charities working with refugees, and she will say it is because she no longer feels like a refugee. But her experiences as a refugee still inform her approach to charitable giving.

‘I know from having received charity myself that there is a lot of talk about how ‘you should be grateful’, which isn’t pleasant,’ she says. ‘I try hard not to patronise beneficiaries.’

By supporting charities that work with refugees, donors can help to unlock the potential of some of the 3,000 unaccompanied child refugees who arrive in the UK every year—just as Dame Stephanie did more than 65 years ago. After all, we could do with more Dame Stephanies in this world ■

Eleanor Stringer and Sue Wixley

The Shirley Foundation helped fund NPC’s forthcoming research report on the role of charities in the autism sector, due out in 2007

Koss Mohammed coordinates the **Somali Women Support and Development Group**, a small community-based charity in west London that helps families from Somalia to settle into life in England. The group runs lessons in English and maths, as well as arts and drama classes, to help children of refugees and asylum seekers in the area.

Mohammed knows just how lucky these children are. When she arrived from Somalia nearly 20 years ago at the age of just 13, there were very few Somalis living in the UK—and very little support available for refugees.

‘We had to deal with difficulties on our own. There wasn’t a strong community to help us,’ she says.

As the bitter civil war escalated in Somalia, many more Somali refugees started arriving in England. Mohammed became involved in helping the new arrivals. ‘I had a lot of people coming to my flat asking for help—needing me to translate, to come to meetings, to tell them where to go for services,’ she says.

This was how the Somali Women Support and Development Group was born—out of an environment of grass-roots community support. The idea was for an organisation to deliver advice and guidance from within the Somali community.

Grass-roots support for refugees

Mohammed has been able to draw on her own experiences as a refugee to steer her clients in a very hands-on way through the challenges they face integrating into their new life in the UK.

For example, Mohammed found settling into school in London tough when she first arrived because of her lack of English language skills, although she had been top of her class back in Somalia. First she was able to set up a homework club for children by collecting donations. Now she uses her experience to help children to succeed by providing supplementary classes in English, maths and IT, which helps them to gain confidence and to achieve their full potential at school and beyond.

Mohammed faced other barriers to settling in this country too: ‘Other people’s looks made me feel like I didn’t belong,’ she says. ‘When people are not used to you, they are afraid of you and you start to feel like an outsider, like you’ve ended up in the wrong country. This makes you lose confidence.’

‘When I came to England, there was no emotional support. We had to deal with difficulties on our own.’

Koss Mohammad runs a charity for Somali women in West London



Kristian Buius

“Other people’s looks made me feel like I didn’t belong”

Like Dame Shirley, Mohammed recognises how her own experiences have affected her outlook on life and determined her own path in helping other people who are facing similar problems to her own. ‘It was a long hard road,’ she says. ‘It has made me become who I am today. It has made me strong, and given me the chance to help other people.’

After 20 years in London, Mohammed is now planning to return to Somalia to put her skills to use in community grass-roots projects back home. ‘Being here and working with children from my country, I have found that they are coming over lacking skills,’ she says. ‘If I can’t help my country, who will?’ When she goes, the organisation that Mohammed set up will continue to provide much-needed support to Somali refugees in this country ■

Eleanor Stringer and Sue Wixley

NPC’S report on child refugees will be out in late 2006. Home truths, our report on adult refugees and asylum seekers is on our website.

Charity Insight



Prison Reform Trust

Around 50,000 prisoners cannot read as well as an 11-year-old, and up to 30,000 prisoners are illiterate.

The Shannon Trust runs a mentoring scheme that enables prisoners to teach illiterate inmates to read. People who graduate from this scheme are more likely to gain accredited qualifications and a job on release, which can prevent reoffending.



Philanthropy diary

Some upcoming donor events that might be of interest.

Executive Philanthropy: 10 October, London

Management guru Charles Handy will launch his book ‘The New Philanthropist’ at an Executive Philanthropy conference in October. Other speakers on the day will include: Nigel Morris (NPC trustee and former President and Chief Operating Officer of Capital One), entrepreneurial philanthropist John Studzinski and Conservative peer Lord Taylor.

The forum will be an opportunity to hear from those at the cutting edge of philanthropy and to meet others with a common interest in charitable giving. Participants will include senior executives and partners from FTSE 100 companies.

For more information: www.executivephilanthropy.com

Coutts Forums for Philanthropy: 4 October (London), 12 October (Coventry) and 17 October (Merseyside)

Next month, Coutts & Co will hold a fourth series of seminars for private donors. The events provide an opportunity for philanthropists and their families to network with peers and seek advice from New Philanthropy Capital, Community Foundation Network and Charities Aid Foundation.

Participants will hear about the needs and opportunities in various charitable sectors, such as cancer, disability, education and international development and will have the chance to participate in some lively and wide-ranging debates. As a participant from a previous forum commented, ‘Excellent day—plenty of food for thought, I feel more confident to make worthwhile donations’.

For more information please telephone Coutts’ Family Business & Strategic Philanthropy team on 020 7649 4054.

Philanthro-quotes

- ‘We will apply critical business principles and a private sector mentality [in spending the donation in Malawi and Rwanda]. ‘Our approach will enable economic development by supporting the cornerstone needs of the two countries in market development, health, education, water and sanitation.’
(Sir Tom Hunter about his joint initiative with ex-president Bill Clinton).
- ‘I have some small hopes that what I’m doing might encourage other very rich people thinking about philanthropy to decide they didn’t necessarily have to set up their own foundations but could look around for the best of those that were up and running and available to handle their money ... People do that all the time with their investments.’
(Warren Buffet in *FORTUNE Magazine*, June 2006).
- ‘A sea-change in culture won’t happen overnight. But we need more beacons and exemplars like these to show the way.’
(Salvatore LaSpada, chief executive of the Institute for Philanthropy)

See the article on Warren Buffett’s gift (page 8)

Mapping giving: East London

Kris Coppock and Lindsey Harrison

The East End of London is rife with extremes. In the shadow of the regenerated docklands, which provide homes to the affluent, lie some of Britain's poorest communities.

Here we look at five charities whose efforts to tackle some of the pressing issues facing these communities have attracted funding from NPC donors. (We will set our SatNav on other areas of the UK in future *Giving Insights*.)

One in five East London families lives on less than £9,500 a year

London Citizens is an alliance of local residents and community leaders who are focused on achieving common goals, and tackling the root causes of poverty. For example, the charity's Living Wage campaign is securing better pay and working conditions for local cleaning, catering and security staff.

The **Execution Charitable Trust** has given London Citizens £220,000 over several years. The Trust's Chairman James Blackburn comments: 'We were really impressed by the charity—it has succeeded in galvanising disparate groups, which is particularly relevant given East London's multi-ethnic population ...'

In the Isle of Dogs area, two out of five families have no paid employment

The **Cedar Centre** provides practical support to over 1,500 local people each year. The purpose-built facility hosts English lessons, childcare provision and job search facilities to help residents secure work. The centre also provides advice on housing and legal problems, entitlement to benefits and immigration issues.

An NPC donor, who prefers to remain anonymous, opted to fund the charity for three years to the tune of £36,000. The donor told NPC: 'We are delighted to support the Cedar Centre. It is a well-established, professionally managed project, and work closely reflects the needs of the local community ... When I visited I was struck by how busy the centre was and how obviously accessible its services were. I was also impressed by the professionalism of the management.'

A stylized map of East London is shown on the left side of the page. It consists of various grey-shaded regions outlined in black. Three blue callout boxes are connected to the map by thin blue lines. The top box points to a central area, the middle box points to a southern area, and the bottom box points to a western area. A thick, wavy blue line is drawn across the middle of the map, roughly following the River Thames.

One in four of East London's children has emotional, behavioural and social difficulties

Chance UK provides mentors for around 100 vulnerable children in Islington and Hackney. Meeting with a mentor once a week for a year improves children's social skills, behaviour and attendance at school. One child told his mentor at the beginning of the year: 'I don't want to do anything when I grow up: just get a flat and sign on ...' Now he wants to study for A-levels and possibly go to university.

A wealthy NPC client, who prefers to remain anonymous, recently donated £30,000 to Chance UK. NPC analyst Emilie Goodall explains their action: 'The client wanted to change children's life chances. He recognised that opportunities in life are dictated partly by background and suitable role models and that, however hard they try, government and the formal education system often fails disadvantaged children. At less than £5,000 per child, our client could see that donating to the charity represented sound economics, and a small price to pay to change a child's life chances.'

Disabled people rarely get the chance to mix with non-disabled people—or to access the arts

Epic Arts runs creative workshops in schools, hospitals and churches, bringing together more than 1,200 disabled and non-disabled people in Tower Hamlets, where isolation is exacerbated by ethnic divides and poverty. One participant said: 'Often I feel more disabled by the way people look at me. They look at me with sympathy, assuming that I can't. These workshops have proved to me that I can!'

Recently, a family turned to NPC for advice on giving and chose Epic Arts from a selection of NPC's charity recommendations. NPC's Senior Client Development Manager Maya Prabhu explains: 'The family looked at the recommendations together and were particularly taken with Epic Arts' work with disabled and non-disabled children. They are planning to visit one of the workshops they have funded.'

Many older people in East London feel isolated because of conflict and a lack of understanding between different ethnic communities

Magic Me brings together schoolchildren and older people in Tower Hamlets. Its award-winning art projects build understanding, trust and respect across generational and cultural divides.

The Guardian chose the charity to receive some of the money from the newspaper's Christmas appeal in 2004. NPC Client Development Manager Claudia Botham explains: 'The Guardian was looking for a portfolio of effective charities working to tackle the issues faced by older people. Magic Me was chosen because the projects are fun and creative, and improve the lives of isolated older people in Tower Hamlets. Magic Me's ground-breaking work is now being replicated across the UK.'

Warren Buffett's gift to giving

AP Photo / Seth Wenig



Peter Wheeler explores some of the possible lessons to be learned from Buffett's super size donation. Wheeler is an NPC trustee, Chair of Futurebuilders England and a former Goldman Sachs partner and Managing Director. He writes here in his personal capacity.

A version of this article was first published in Philanthropy UK's quarterly e-letter (www.philanthropyuk.org).

There has been a lot of commentary in the news about Warren Buffett pledging most of his \$40bn fortune to the Bill & Melinda Gates Foundation. Much of the coverage has been adulatory; a little has been cynically negative. In my view, it is too soon to tell just how great this is, though I am inclined to think that it is very much on the side of great.

It is worth keeping track of the arguments that are now circulating so we can check back in a few years' time and evaluate how well this has worked. That way we can learn from great initiatives just as we do from failures.

Things to like about it:

- The money— let's agree, it is an awful lot—will probably do a great deal of good. Certainly it is better that the world doesn't have to wait, until Mr Buffett (who is 75 and in rude health, according to his doctor) has passed away.
- There are plenty of much worse places he could have committed it than the Gates Foundation.
- The Second Richest Man in the World has concluded that the right thing to do is to give away much of his wealth now. What an example for those with \$4m, \$40m, \$400m and \$4bn.

Indeed, the amount of money in aggregate that (we) Rich Folk have to give away dwarfs Buffett's billions.

- A lively debate is prompted about whether Mr Buffett gave it to the right foundation. We need that debate badly.
- A lively debate is further prompted about whether one philanthropic organisation can be too big and powerful, and how its role relates to those of government and supranational agencies with related agendas. The debate includes consideration of the appropriate degree of accountability in very large public and private foundations
- Mr Buffett has not tried to reinvent the wheel. He decided that the world does not need another huge foundation with the settlor's name on the door. He knows he does not play golf like Tiger Woods and has made the best pick he could.
- How many other foundations could make a credible case that they would use \$1-2bn a year well? The Gates Foundation may or may not be 'the greatest ever', but most likely it is at the very least 'good enough' to beat retention of the cash in the commercial capital markets.

Things to be concerned about:

- Mr Buffett has commented little about why he chose Gates. There are excellent arguments, but it would be enormously valuable to see them spelled out in the same kind of detail (with the same kind of wit and wisdom) that he spells out his investment thinking for Berkshire Hathaway shareholders and the public.
- Bill Gates is by no means yet the 'Tiger Woods of philanthropy' as Buffett suggested. He is the richest man in the world though. And he is taking his philanthropy very seriously.
- The Gates Foundation already has more capital at its disposal than any other. This move by Buffett increases 'market concentration'. Some good may come from this, but also, potentially, some harm. Are the Gates trustees wise enough to know how to handle those issues? (It might be noted that Microsoft's record on similar issues is mixed at best.)
- The Gates Foundation is already stretched and will now have to double its capacity to get the money out. This has the potential to crowd out other organisations, sucking resources and able people from (a) other places where they are needed to pursue causes not on the Gates agenda, and (b) in the same places where 'competing' interventions may deliver higher returns.
- Gates is only doing a few, admittedly huge, things: global health, including HIV/AIDS and malaria; and US K-12 education. This has the merit of focus. But how much thought did Mr Buffett give to why he wants to support those things? It may have been a lot—he is a thoughtful man—however it could be useful if he would share that thinking. After all, trade-offs and prioritisation are at the heart of any investment decision because resources, no matter how huge, are always limited.

Mr Buffett's generosity is to be applauded and, indeed, sets a high water mark for other wealthy individuals making significant gifts. Perhaps just as importantly, his gift also brings to the fore important issues in giving. These are debates worth having and we should welcome the challenge. ■

Getting engaged

Donors increasingly aim to be ‘engaged’ in their relationship with the charities they fund, but what does this really mean? Delving deeper, NPC found that, just as business investors can vary the extent of their involvement, so there is a spectrum of ‘engaged’ approaches to supporting charities.

Engaged relationships can be equally beneficial for charities and donors. Donors can become more knowledgeable about the charity’s work, whilst the charity can gain valuable skills, contacts and resources.

A range of styles

One of the most hands-on types of relationship is ‘venture philanthropy’, in which donors provide management support, guidance and oversight as well as funding.

The Andrews Charitable Trust is credited with inventing venture philanthropy in the 1950s. Its founder, Cecil Jackson-Cole, grew a series of successful businesses, and the trust was pivotal in setting up ActionAid and Help the Aged. Jackson-Cole also helped to accelerate the growth of Oxfam from its roots as the Oxford Committee for Famine Relief by seconding one of his business managers to become its founding Secretary General.

The trust is still very active today, and in the past two years, has worked with around ten charities in a range of sectors. Its model has been adapted by several venture philanthropy funds on both sides of the Atlantic.

Both corporate and individual donors adopt engaged approaches. These range from an individual supporter helping a charity with its fundraising to another sitting on the charity’s board. Companies also choose to engage on different levels. For example, Execution Ltd, a London-based equity brokerage has organised workshops on issues of common concern to the charities it supports through its charitable trust, which is advised and administered by NPC.

A variant on the model has been developed by Pilotlight, which involves giving time rather than money. Set up in 1996, it operates like a club, matching high flyers from business who want to donate their skills—‘Pilotlighters’—with small, innovative charities looking to strengthen their organisations and management. This approach aims make the most effective use of the volunteers’ talent by giving charities advice that fits with their overall development plans.

Engagement takes different forms for grant-making foundations. Staff of the Lloyds TSB Foundation for England and Wales actively worked with charities that were exploring opportunities for joint initiatives. Lloyds’ involvement included providing the stimulus for collaborative projects, contributing to the development of proposals, and serving on steering groups and advisory panels as needed. Charities were overwhelmingly positive about the ‘added value’ brought by the foundation’s involvement.

Funders often engage with charities to learn from the knowledge and experience they have gained through their work at the coal face. For example, the Esmée Fairbairn Foundation gathered a wide range of learning from the charities it funded when working on its £3 million strategic initiative, Rethinking Crime and Punishment. The foundation produced a compelling and comprehensive report to raise the level of debate around prison and its alternatives.

Potential pitfalls

While engaging can bring benefits, donors should aim to avoid some potential pitfalls.

It can be difficult for a donor to balance the roles of funder and advisor. Advice from a funder can easily be construed as instruction, and donors should be wary of setting the initiative where a charity may know best. Conversely, even if donors are giving a charity their time, and therefore have a relationship, they can do well to stand back and make an independent assessment of whether to continue their financial support.

Becoming more engaged increases the effort required by donors and charities alike. Some charities have said that dealing with several engaged funders could be excessive.

However, provided that these pitfalls are avoided, engaging with charities can lead to a more productive and responsive partnership between charities and donors—and can ultimately lead to better results for a charity’s beneficiaries ■

Padraic Brick

Charity Insight



Millan Radulovic / BigStockPhoto

30 years of conflict and sectarian violence have left a legacy of poverty and social exclusion in Belfast.

Windsor Women’s Centre (WWC) supports 500 people of all ages and backgrounds each week. The charity plays a critical role in improving family life in Belfast. It provides training and childcare, and works with other charities to influence government policy and break down divisions between communities.

What not to fund

NPC's mission is to improve funding for effective charities. Every day, we advise donors on which charities to fund, according to their interests and objectives. But what about which charities not to fund? Here are seven reasons why NPC would not recommend funding a charity.

1. A charity may be efficient, but not effective

A charity may have a strong management team, good governance, an efficient infrastructure and excellent finances. However, in NPC's view, it may not deliver worthwhile results. For example, we would not recommend funding a charity that provides financial advice to a relatively affluent group.

2. A charity may not have a clear strategy or vision

NPC looks for organisations that know what they are doing, why they are doing it and how their work will change lives. Without this clarity of vision and strong leadership, it is unlikely that a charity will be able to sustain its results over time to create lasting impact. For example, we would not recommend a charity that provides training to people in long-term unemployment if it had no strategy outlining how this training would translate into improved employment prospects.

3. A charity may not respond to changing needs

Charities must adapt to the needs of their users over time. NPC looks for evidence that a charity frequently asks people what they need, and plans to deliver services that meet current and future demands. We would not, for example, recommend a charity that provided day-care provision to older people in an area where this was no longer needed.

4. A charity may duplicate the work of others

It is all too easy to set up a new charity without surveying the landscape of existing provision. NPC looks for efforts to collaborate with other organisations when designing new services, to avoid unnecessary duplication.

For example, we would not recommend funding a new charity that provides advice to refugees from a particular country if other similar charities already existed.

5. A charity may not have any real interest in knowing what results it achieves

NPC always looks for a willingness to measure results. For example, NPC would be unlikely to recommend a charity that aims to change attitudes unless it made efforts to measure whether that change was occurring.

6. A charity may become focused on its own sustainability, rather than on delivering results to the people it works with

A charity's fundraising efforts can become divorced from the need it is supposed to meet. Symptoms of this problem might include a lack of user involvement in designing activities, fundraising campaigns that negatively stereotype the people they work with, and dominant organisations that resist innovation and growth among smaller charities in their field. NPC looks for evidence that a charity is fundamentally driven by the results it achieves for the people it works with, rather than by its own sustainability as an organisation. We suggest that donors look beneath the surface of slick fundraising campaigns and seek evidence of a charity's results.

7. A charity may not make effective use of its financial resources

Charities exist to deliver benefits to the people they work for. They may not do this effectively if they focus on their financial health rather than efficiently allocating finances to activities. One facet of ineffectiveness could be amassing

financial reserves to cover a number of years' expenditure. It is perfectly acceptable for charities to build up reserves to finance future expenditure on services or capital costs, but a donor might want to avoid giving to a charity with three years' worth of reserves, unless they are happy that their donation will not be used for three years.

Another facet of ineffectiveness could be minimising expenditure on management and administration. Many of the factors outlined here can only be addressed by spending money to develop a strategy, consult with users to establish real needs, survey the landscape to avoid duplication or start to measure the results of its work. For this reason, NPC rejects the common obsession with minimising admin cost ratios and suggests that donors think hard about whether they would prefer to fund a charity with very low admin costs or one with a clear and effective strategy which produces high returns ■

Tris Lumley

See our website for more on how NPC selects effective charities, including our Funding success report and 100 plus charity recommendations.

Charity Insight



Dementia affects 750,000 people in the UK and can leave them isolated, bewildered and depressed.

West Berkshire Alzheimer's Society uses music to help people with dementia and their carers feel more positive and less isolated. Around 35-40 people attend singing groups each week, where they meet other people, make friends and have fun.

Lawyers courting philanthropy?

In America, wealthy donors are increasingly turning to lawyers for advice on charitable giving. So is this trend heading to the UK too? NPC asked three experts for their views.

In a survey of American lawyers, 78% of respondents discussed charitable giving with their clients. NPC asked three tax lawyers in the UK whether philanthropy is becoming integral to their conversations with clients on this side of the Atlantic.

Our three panellists concluded that the trend here is not as marked as in the US, but charitable giving seems to be creeping into the lawyer's discussion with clients in this country too.



Charles Lubar—a partner in the tax practice at law firm Morgan Lewis—suggested that this emerging trend was in part due the UK government's encouragement of charitable contributions (for example, widening the Gift Aid net). And charities themselves are trying to encourage private philanthropy, he said, which leads to individuals taking a more active and strategic approach to their giving. This in turn leads to the need for specific advice on a range of giving issues.



Ceris Gardner—a partner specialising in tax and estate planning at Allen & Overy LLP—pointed to the abundance of newspaper articles on philanthropy. This has increased the general public's awareness of new ways to think about their giving, she said. Gardner also highlighted the new dominance of self-made wealth compared to inherited wealth among the UK's high net worth individuals. These different constituencies have very different approaches to giving their wealth away, she said.

Talking about philanthropy



All these factors make it easier and increasingly likely that clients will discuss philanthropy with their lawyers. However, **Anne-Marie Piper**—a partner specialising in charity law at Farrer & Co—highlighted the constraints created by hourly billing, which can make it difficult for a lawyer to initiate a conversation on philanthropy with clients. 'There's a limit on how proactive a lawyer can be on a subject the client may or may not want to discuss,' she said. 'Sometimes it is easier to initiate discussions about philanthropy at a client gathering, when the meter's not running and when clients are in the company of others,' she added.

Although the US survey strongly suggested that discussing charitable giving made good business sense for legal firms, our UK panel had mixed feelings about the value of these discussions.

Lubar felt that it definitely enhanced client relationships. 'It shows you care about the broader personal and social needs and desires of your clients rather than just trying to save them a few million pounds off their tax liability,' he said. However, his firm, Morgan Lewis, leaves it up to individual lawyers to decide whether philanthropy becomes an integral part of their responsibilities.

Piper questioned whether many UK lawyers would feel equipped to provide philanthropic advice since this is not seen as a traditional part of the lawyer's role. 'Philanthropy per se is not part of the training lawyers receive nor the legal services we offer to clients. Lawyers are understandably nervous about venturing into philanthropy when there are so very many worthy causes out there. Many firms with charity practices (a minority of the profession) will, however, provide advice on the legal aspects of giving' she said.

At Allen & Overy, all new lawyers are trained in charitable affairs with firm-wide seminars educating everyone on the legal aspects of setting up a charity and other aspects of charitable giving. In addition, the firm holds regular seminars for their clients with subjects varying from ways of giving to the powers and duties of trustees, or the various methods of setting up foundations.

'We don't elaborate on the strategic element of giving, that's more NPC's role,' said Gardner. 'Our focus is more on the technical and legal aspects of giving.'

Increasing trend

Despite our panellists' differing opinions, what seems clear is that the trend for clients to ask their lawyers for advice on charitable giving is heading our way from across the Atlantic. Events or seminars that inform clients and advisers on various aspects of giving are on the increase. And while it may never be in the remit of a legal practice to offer specific philanthropic advice, lawyers may at least be in a better position to guide their clients to the relevant expert adviser.

'I believe that legal advisors are in an increasingly strong position to coordinate and advise on planned giving -providing tailored and bespoke advice and bringing in the relevant advisors. I hope that in the future law firms become the first port of call for wealthy families investigating philanthropic opportunities,' said Ceris Gardner, partner at Allen & Overy ■

Plum Lomax and Maya Prabhu



Edmond Terakopian
/ PA

Eddie Jordan recommends...

Ex-Formula One team owner, Eddie Jordan tells us why he is driven to support CLIC Sargent, a charity that cares for children with cancer and their families.

The charity I feel most passionate about is...

CLIC Sargent—a charity that improves the quality of life for child cancer patients and their families by providing specialist carers, homes, holidays and grants for families facing financial hardship. Families are often forgotten during their child's illness, and yet the stresses and strains placed on family life by childhood cancer are immense. A significant number of marriages break down as a result. CLIC Sargent's home-from-home support allows families to stay close to their children during treatment. This is a vital service because, for some types of cancer, treatment can last for many months.

I originally became involved in CLIC Sargent...

About ten years ago I was asked to sign autographs and bring in goodies for CLIC, which stands for Cancer and Leukaemia in Childhood. (This was before the merger with Sargent Cancer Care last year). Being naturally inquisitive, I decided to find out more about the charity's work. I couldn't believe what I found out. The quality of the nursing and the support offered to families is just incredible. These true professionals caught my attention. The fact that I could make a difference to the lives of these children and their families made a huge impact on me. So my wife and I got more involved.

An issue that CLIC Sargent could teach other charities is...

A successful charity in terms of fundraising is really driven by its patrons and board members, especially in an area where many charities are competing for cash. Charities need people with imaginative brains to encourage wealthy people to part with their money. CLIC Sargent has some great names supporting its work—including Cherie Blair, Gary Lineker and Barry McGuigan. The charity also organises some really inspiring and fun events. Charities aren't going to make a pile of money running a garden fête. They need events that are much more cleverly thought out. It's also vital for charities to make it fun for people to give their time.

“The fact that I could make a difference to the lives of these children and their families made a huge impact on me.”

One of the aspects I find so rewarding about my personal giving is...

I have followed the same philosophy with my own giving as we had at Jordan Grand Prix. I prefer to focus on one charity and really make a difference to that organisation, rather than be scattered around supporting many charities in a smaller way. The downside is that it

“I prefer to focus on one charity and really make a difference to that organisation, rather than be scattered around supporting many charities in a smaller way.”

makes you feel guilty having to turn down requests from other charities.

An aspect of giving I would like to see more of is...

Although a lot of people I know are hugely generous, you often see the same group of people at all the various charity events. I would like to see this circle of people expand. Instead of waiting to reach the age of 50 or 60 before thinking about charitable giving, people should start donating to charities at the age of 35 or even earlier.

One of the things I have learnt about supporting charities is...

To have some discipline with my budgeting. Each year I allocate a budget for my various activities—a certain amount to spend on gambling and a certain amount to give away. I would really like to see more people setting aside a certain percentage of their annual income for charity. People should become more conscious about their giving rather than randomly buying some unwanted gift at a charity auction. Work out what really affects you—whether it's firefighters, cot death or cancer—and structure your giving accordingly.

It's a whole lot less painful if you plan it first. You don't miss what you don't have. I find my giving hugely rewarding, but, as with my gambling, I need to be careful about planning what I spend—and not to give too much away! ■

Harry Charlton and Plum Lomax