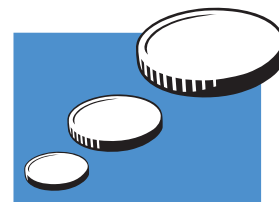


# Giving Insights

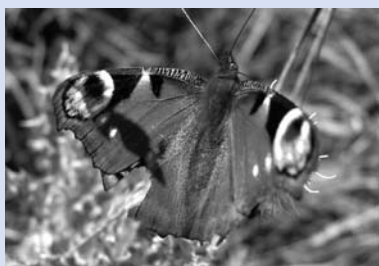


New  
Philanthropy  
Capital

Summer 2006

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For many of us, charities are an afterthought to the serious business of working and living our lives. For others, charities play a vital and integral role, providing the services or support that make life bearable. Many such charities are NPC recommendations. And they can work in unlikely and unexpected settings.

As summer finally arrives, this edition of *Giving Insights* highlights, amongst other issues, the way that charities use gardening to help people cope with mental health problems, provide purpose and meaning to older people, or deal with the torment caused by torture.

Finding good charities is only half of the story. Servicing donors so that they want to give more is the other half. This *Giving Insights* contains a number of articles about ways donors are getting more value from their giving.

This risks sounding terribly worthy but also dull and painful—education, seminars, choosing a focus, and family conferences conspire to create an impression that giving is difficult, time consuming and expensive. It need not be.

NPC provides help on all aspects of giving, from selecting which charities to support to devising a strategy and picking issues. The time commitment is modest and can be tailored to the demands of the donor. But the returns are spectacular. If you want help packaging a portfolio of charities achieving such returns or planning your giving, do get in touch ■

**Martin Brookes**  
Head of Research

## Go figure

### A year's gardening or 20 nights in a psychiatric ward?

Work, paid or otherwise, helps people with severe mental health problems to stay well and out of hospital, and work projects can reduce hospital stays by 70%. **The Scottish Association of Mental Health (SAMH)** runs several work projects devoted to gardening. Built on reclaimed waste land, SAMH's Evergreen project is a half-acre oasis in the economically depressed area of Kirkcaldy.

The dozen or so participants working at Evergreen have severe mental health problems, but are involved in all aspects

of the gardening work and also offer gardening services to the local community. Evergreen is modelled on the Redhall Walled Garden, its sister project in a 1750s garden in Edinburgh. Participants in both projects are enthusiastic about the benefits

It costs just £2,200 a year to support a participant at Evergreen. By contrast, a typical four-week stay on a psychiatric ward costs around £6,750. Assuming a project like Evergreen reduces hospital stays by 70%, the savings to the health

*Continued on page 2 ...*

service are around £4,200 per patient. Even if the health service foots the bill for Evergreen, the net savings are still £2,000 per patient.

However persuading mental health services and local authorities to provide full funding for projects like Evergreen is a challenge. Evergreen is facing possible closure this summer because of cash shortfalls unless it can negotiate a comprehensive funding package from the authorities very soon.

If Evergreen closes, many of its participants will find themselves back in crisis and admitted to hospital. Not only are psychiatric wards expensive, they can damage your mental health. In a survey by the charity **Mind**, 45% of patients felt that psychiatric wards made them worse and 30% felt unsafe and frightened. Clearly, keeping people out of hospital is a better way to help them.

A year's gardening or 20 nights in a psychiatric ward? Go figure ■

Iona Joy and Iona Miller

## Hospital



or

## Gardening



Download **Don't mind me**, our new report on adults with mental health problems from the NPC website

# It's a family affair

**The Financial Times estimates that between £20,000bn and £60,000bn will change hands worldwide between parents and their children over a generation. Philanthropy offers a unique way for a wealthy family to develop their shared values and to create a legacy they can all be proud of.**

'Every £100 I give away means £100 less for my teenage daughter to spend on more shoes.' This revealing comment from an NPC client shows how some wealthy parents are using philanthropy as a way to teach their children about the value of money.

For many years, families have gone to private banks and others for training on managing their wealth. Today, more and more are approaching organisations like NPC for advice on managing their philanthropy.

One NPC client, for example, encourages his children to read NPC's charity recommendations and to take an active role in building the range of charities supported by the family. His family visits projects together, witnessing the charities'

work first-hand. This helps the family to understand the need for, and the impact of, their funding.

### Sharing family values

Philanthropy can bring together multiple generations and provide the impetus for discussions on shared values and aspirations. One wealthy family, for example, uses an annual foundation meeting to reunite different parts of the family who are scattered across four continents. Another uses its foundation as a proving ground for the younger generation, and this goes hand in hand with their increasing role in the family's international businesses.

Some families are taking time during their holidays to show children poverty in South Africa, India, Brazil and elsewhere. Spending time with people living in

Every £100 I give away means £100 less for my teenage daughter to spend on more shoes.

townships or favelas helps wealthy families to connect with development charities and micro-finance institutions. As one seven-year old comments: 'I've had a bittersweet experience that's inspired my life and perception of the world.' Another seven-year-old boy returned home from India and started fundraising seed capital for a microfinance project in Orissa.

In Australia, a group of second-generation philanthropists have created their own forum to talk about the business of giving. In the UK, peer-to-peer initiatives tend to involve parents rather than their offspring. However, as donors involve their children more and more in their family's philanthropy, wealthy family gatherings could soon start to look like philanthropic giving circles and funding networks ■

Kris Coppock

# Back the bid for a living wage

This time last year, Londoners were celebrating their city being chosen to host the 2012 Olympics. A year on, London Citizens is helping to ensure that those involved in the preparation for the Games are also winners.

Will the 2012 Olympics help to regenerate a deprived part of London? Yes, says the charity **London Citizens**, but only now that the Olympic site has been declared a 'living wage zone'.

London Citizens believes that putting extra cash in peoples' pockets by paying them a living wage is 'a direct way to ensure regeneration happens'. It is also 'a dignified way to do this', says Catherine Howarth of London Citizens. 'After all, these are hardworking people living in one of the most expensive cities in Europe and finding it hard to make ends meet'.

As many as one in five Londoners earn less than £7.05 an hour, the current living wage rate. For low paid workers, employment is not necessarily a route out of poverty. Indeed many people on low incomes take on two or three jobs in order to get by. This has a huge knock-on effect on families and communities, contributing to poor health and social exclusion.

Last year, London Citizens started campaigning for a living wage to be part of the procurement agreements with companies involved in the Games. Today, the charity is working with Mayor Ken Livingstone to ensure that this policy is put into practice.

The cleaners working at places like Morgan Stanley, the Royal Bank of Scotland and other companies in the City are also benefiting from London Citizens'

campaigning. Such firms recently agreed that outsourced service staff should be paid a living wage and receive benefits such as sick pay and a pension.

London Citizens is helping to ensure that the Games improve the lives of those involved, and that more Londoners are paid a living wage. You too could make a difference. Consider supporting London Citizens. Or, if you work in an office, find out if the people keeping it clean and safe can survive on their take-home pay ■

**Lenka Setkova**

*London Citizens is featured in our **Local action changing lives** report, available for download from our website.*

# A charity takes on knives

No one knows how many young people carry knives. It is feared the number might be as high as one in five in parts of the UK. A police knife amnesty and a number of fatal stabbings highlight the dangers of a society in which carrying knives becomes commonplace.

Young people are more likely to carry knives if they are in gangs and combating the insidious reach of gangs is the work of one charity, **Leap Confronting Conflict**. Leap has an excellent track record of tackling gang and other aggressive behaviour.

Working for almost 20 years, Leap now reaches around 2,500 young people around the UK each year across the range of its work. Gang work is more focused. Leap runs workshops which include role plays, discussions and games in order to explore the costs and gains of gang membership. Around 100 young people and youth workers went through Leap's programme in the past year in Bristol, Burnley, Liverpool and London.

Much of this work involves introducing young people to the idea of choices, giving them the wherewithal not to go

down certain paths, to resist pressure to join fights or carry weapons.

Spreading this gospel requires more foot soldiers and, encouragingly, many of those attending the course go on to youth work. For example, 60% of those who attended one project in Kings Cross, London, applied for jobs in local youth service.

We are all alarmed and possibly frightened by violent crime. We have seen violent incidents reach into what seem safe and secure communities. We might bemoan an inadequate police response and wail that something must be done. Among the many things that could be done is that people could support Leap. Like all small

charities, Leap struggles to meet demand and to pay the bills. It currently needs funds to secure its offices in north London. And more staff could extend their work.

It is possible to be alarmed by knife crime and do nothing about it. It is, after all, government's responsibility to tackle crime. But government clearly does not do enough or is incapable of doing the right things. In which case, we must accept and tolerate such violent crime.

It is possible, also, to be alarmed and provoked into action. And effective action is easy. It is no more complicated than writing a cheque ■

**Martin Brookes**



Image supplied by Leap Confronting Conflict

# The business of giving

**A new breed of discerning donors wants to make sure their money is going to charities that offer the highest possible returns. NPC works with donors and charities to make giving more businesslike.**

A survey by *The Economist* on wealth and philanthropy earlier this year coined the phrase ‘philanthrocapitalism’ to describe a new breed of donors who regard funding charities as an investment for social return. Philanthrocapitalism is helping to create a more discerning market for funding charities—a market in which money flows more readily to those organisations that offer the highest returns.

Providing information to donors so that funds can be allocated more effectively to the most efficient charities is part of the work of a ‘broker’ like NPC, which aims to improve the flow of information to this new breed of philanthrocapitalists. NPC’s researchers find and highlight charities doing effective work. These charities are then presented to donors as funding opportunities.

Many small and medium-sized charities are funded largely by grant-making trusts, rather than by donations from individuals. Securing funding takes time and consumes valuable resources. Invariably charities do not have dedicated fundraisers, so managers have to take time out from running the organisation or helping beneficiaries in order to fill in forms and report back to funders.

Philanthrocapitalism offers a double win: the better allocation of funds between charities, and the more efficient operation of those charities. »

## Cutting fundraising costs

NPC can reduce the costs of raising funds and help charities to operate more efficiently. Take the charity **HALT Domestic Violence** (Help, Advice and the Law Team), which works in Leeds to help victims of domestic violence. It is one of the pioneers in this area, seeking to provide early and effective legal protection to women and children.

HALT is a small charity. In 2005, it spent £155,000 and employed five full-time staff. In 2003, NPC recommended HALT as an excellent funding opportunity for donors following its report about domestic violence, *Charity begins at home*. Until then, the director of HALT spent an estimated 22% of her time—or 58 days each year—raising money and complying with donors’ requests for information.

The director spent one day with NPC analysts, answering questions about the charity and its achievements. Since HALT became one of NPC’s recommended charities, the director has to spend just half a day each year reporting back, so that NPC can tell funders how the organisation is doing. That’s a total time investment of just 2.5 days in three years. This is a tiny fraction of the time she spends with other funders, both before and after receiving grants.

In return, HALT has received grants amounting to almost 20% of its funding

from NPC’s philanthropic clients. Over time, this proportion will grow as NPC increases its pool of clients. And HALT itself should grow, thanks to their donations.

The time spent by HALT’s director reporting back to NPC’s donors will remain unchanged, at less than a day per year on average. And the director of HALT will get the large bulk of her 58 days back to run the charity and improve its results even further.

‘There is no doubt that NPC saves charities time and resources, which includes financial resources and personnel resources (and my state of mind!),’ says HALT’s director.

NPC’s work not only helps to direct donors to good charities, it also helps charities to become more efficient. The information and service provided by NPC helps to lower the cost of raising funds so that charities can spend more of their money and time delivering the high returns that make them attractive to donors.

In this brave new world, not only is money allocated to the most effective charities, but these organisations are able to use the money more efficiently.

Philanthrocapitalism—the creation and development of a market for funding charities—offers a double win: the better allocation of funds between charities, and the more efficient operation of those charities. The real winners are, of course, the people who benefit from the work of these charities ■

**Martin Brookes**



*NPC helped cut fundraising costs for HALT. Now its staff have more time to support victims of domestic violence.*

*istockphoto.com*

# Taking a structured approach to your giving

By Maximilian Martin, UBS Philanthropy Services



## The giving challenge

Giving away money can be a difficult undertaking. In our work at UBS Philanthropy Services, we frequently encounter the following pattern with our clients.

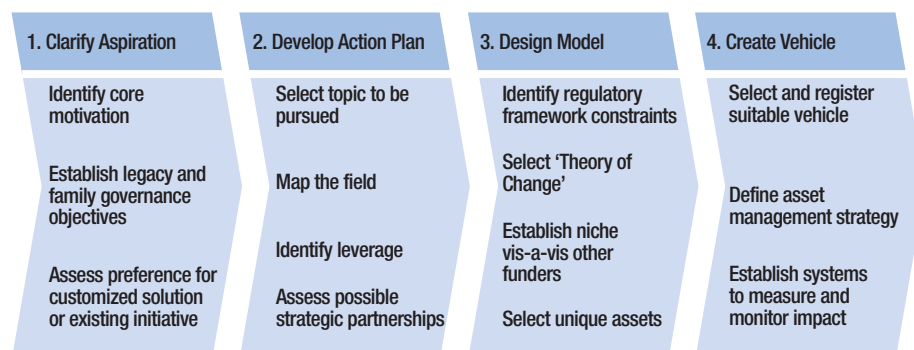
A philanthropist has supported an organisation with substantial amounts of funding, often over extended periods. He has witnessed some of the impact of the organisation's work, and is convinced that the organisation is run by committed and competent people, but does not feel he or she has fully grasped its intervention model (ie, the activities the organisation undertakes in response to the issue it is tackling). The philanthropist is not sure whether the organisation is making the right strategic decisions for the future, but feels unable to provide input—given the incomplete information available.

What should the philanthropist do? Philanthropy is about expressing values and creating impact. Every philanthropist who seeks to translate into action the principles that are most precious to him or her faces a challenge: creating lasting change is more easily envisioned than attained.

## Structuring philanthropic thinking

When setting the parameters of the philanthropic engagement, it is critical to address a set of underlying questions early on: What do I want to achieve through philanthropy? What values do I want to express? How can I translate my aspirations into a tangible action plan? How can I establish the right contacts

## The structured UBS advisory approach to philanthropy (Source: UBS Philanthropy Services)



with reputable philanthropic organisations and peers? In the UK alone, there are over 180,000 registered charities.

Managing this complexity is not trivial. Two types of drivers shape the personal philanthropy model. *External factors* are the regulatory frameworks of a given jurisdiction or other funders' objectives in a thematic field or region. *Internal factors* are determined by the donor's objectives. The key is to enable the philanthropist to make meaningful use of his or her unique motivations, skills and resource set. Typically we take our clients through the structured advisory process outlined above.

## What do you want to achieve? From theory of hope to theory of change

An ongoing charitable involvement poses additional challenges. Many philanthropists want to be 'hands on' and get involved personally. To play a constructive role in setting the strategic direction of an organisation, two conditions must be met: setting clear objectives and developing a roadmap for getting there. Let us take a case: the challenge of improving children's health and education in a shantytown. A whole range of interventions is conceivable, but which achieve the greatest impact, in the most cost effective way? Identifying this requires an understanding of the causal relationships between inputs (the components of an intervention) and results (what is achieved). Many donors

and civil society organisations (CSO) are investing energy into understanding these relationships better.

Often, the default position is to operate with a 'theory of hope'—if we provide more training, education and extra-curricular activities to keep adolescent inhabitants of the shantytown busy in meaningful ways, this will surely make a positive contribution and reduce crime.

A more rigorous way to proceed is to detail a 'theory of change'. For instance, what is the connection between more training and less crime? Is there a causal connection between the two? Or are other factors really reducing crime? A theory of change seeks to define the most relevant building blocks required to bring about a given long-term goal. It articulates empirically testable assumptions about the relationships between interventions and short-term as well as long-term outcomes.

*Continued on page 6 ...*

Philanthropy is about expressing values and creating impact.

## Taking the ‘cockpit perspective’

The joint elaboration of a theory of change tends to be an excellent tool to mobilize stakeholders and to develop a shared vision of reachable long-term objectives. The rubber hits the road where such thinking is applied to practical planning work on the ground. This requires translating the theory of change into a decision-support system that can be used to measure progress along the way, and to identify whether interventions are achieving the desired results. There are two things to keep in mind:

- Ensure that the benefits of measurement outweigh their cost
- Avoid creating stacks of post-mortem reports that detail what worked and what did not in a specific project, but cannot be applied to ongoing decision-making

To be effective, impact measurement must be relatively cheap, simple, and its results available without major time lags. This involves tradeoffs. Effective measurement establishes ongoing monitoring of a few key variables which are fed back into the organisation’s decision-making process. Measurement becomes part of a management system. When asking: ‘how good is the organisation at doing good’, one is well advised to consider multiple perspectives. The vantage points will differ from a focus on finance, customers, processes and renewal that is familiar from approaches to measurement in business, such as the Balanced Scorecard concept.

To return to the client example above, a structured analysis of the organisation operating holistic education and health programs in shantytowns surfaced the following issues:

- *Current results.* The CSO’s achievements were impressive. The number of people served grew constantly. The CSO introduced new programs and expanded the scope of existing programs. However, an increased effort to diversify the donor base had met with limited success.
- *Underlying performance.* The CSO was able to reach a significant portion of its community with at least one of its services. The programs had proven successful in educating students and

providing an alternative to insufficient public education and health services. Their cost effectiveness was unclear. As in the case of many grassroots CSOs, data on cost-effectiveness had never been collected, and real comparison with other institutions was impossible.

- *Risk management.* The CSO faced several risks. Dependence on government funding sources and the public policy environment created financial vulnerability. Matching donor priorities with financial needs was difficult. Staff turnover and a great dependence on volunteers put future growth and service quality at risk. The social and political risks associated with working in a high-crime area were significant. Yet, for decades, the sheer determination of the organisation’s leadership had always enabled the organisation to carry on.
- *Assets and capabilities.* The financial analysis was sobering. Cash flow was negative. However, there were important intangible assets: a well known ‘brand’ in the immediate shantytown community. Students themselves turned out to be the CSO’s most attractive intangible asset. As they stayed out of trouble, they embodied its work and goals.
- *Major change projects.* In spite of the funding challenge, there were no major change projects underway. New projects and programs had always emerged as an extension of existing operations to reach more residents of the communities serviced. The guiding principle was ‘more of the same’. This changed when the results of this analysis became available to the main donor.

“Being serious about measurement puts donors in a position to reward excellence.”

## Wanted: good decisions in uncertain times

Philanthropists and civil society leaders alike need to be realistic: being serious about measurement is a good start, but no guarantee that better decisions will be made. The actual nature of the decision-making process influences the decisions that are eventually reached.

Notwithstanding, greater transparency about causal relationships, and access to instruments that support decision makers with data, allows for better run civil society organisations. And being serious about measurement puts donors in a position to reward excellence.

Gathering better information on the multiple dimensions of a CSO’s performance is a necessary condition for continuously enabling the organisation to do good better. Achieving goals is contingent on sound decisions regarding focus and resource allocation. Taking a structured approach to giving, combined with proper attention to measurement issues unlocks an immediate benefit: a differentiated understanding of the grantee organisation’s activities and the challenges it faces ■

### About UBS Philanthropy Services

UBS Philanthropy Services provides its clients with one-stop access to cutting-edge expertise and implementation solutions in the ‘jungle’ of civil society – with the excellence and open architecture that are trademarks of UBS.

At UBS Philanthropy Services, we seek to enable our clients to learn about trends in philanthropy, access specialists, and work through pertinent issues in small peer groups by means of knowledge exchange platforms such as the UBS Philanthropy Forum. Clients who wish to deploy more than £10 million often choose to draw on our dedicated advisory unit, both in the case of a first philanthropic engagement and ongoing commitments.

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# An educational portfolio

**Much of the recent debate about funding in education has focused on city academies and this has crowded out consideration of the many other options available.**

Sponsoring an academy is the right choice for some donors, particularly those with an appetite for risk. However, there are a great many other opportunities for donors to work with existing schools to improve children's education and well-being. Effective charities are working in a range of areas, such as tackling bullying, providing social and emotional support, and working with children with special educational needs.

The case for funding these charities is compelling: they are cost-effective and deliver proven results. By helping to deliver a fulfilling education, charities improve people's life chances, making them more employable, happier and better at building relationships.

Which charities a donor supports will depend on their personal preferences, for example, the issue they are looking to tackle, or the pressing problems in their

local schools or community. Here we present an illustrative portfolio of charities worth £250,000. All of the charities support children with learning difficulties.

There are a great many choices available to donors and NPC's recent report, *On your marks*, provides information on these options and weighs up the pros and cons of each ■

**John Copps**

## A mixed portfolio of education charities:

<p><b>Advisory Centre for Education (ACE)</b> gives practical advice and guidance to thousands of parents and children each year during and after exclusion from school. Over two-thirds of children who are excluded have special educational needs. Together, these can have in serious long-term consequences, including low academic attainment, poor job prospects and even crime and imprisonment. ACE helps to ensure that these are avoided by enabling children to continue their school education. It also trains around 100 professionals each year and they go on to share their expertise with hard-to-reach communities. A donation of £30,000 could pay for ACE's training materials to be updated, enabling it to reach more families.</p>	<p><b>I CAN</b> helps more than 10,000 children with communication difficulties, such as speech and language disorders arising from developmental delays or physical disability. The charity helps children overcome problems that would otherwise hinder their academic performance, confidence and well-being. A donation of £20,000 would fund 200 nights of accommodation at one of I CAN's schools for children with severe communication difficulties. Staying overnight means the children can take part in after-school activities, which many are unable to do normally since they live far away. After participating in I CAN's programme, many children are integrated back into mainstream schools.</p>
<p><b>The Independent Panel for Special Educational Advice (IPSEA)</b> helps children with special educational needs to get extra support from government. IPSEA provides individual, case-based support to parents. Where they have difficulty securing the provision they are entitled to, IPSEA will represent them at an appeal. The charity is successful in 70% of cases, which on average cost £270, yet secure additional support to the value of £3,000. A donation of £100,000 a year could enable it to expand its services, which are currently overstretched. This could include answering 3,600 extra calls to its advice line, representing more cases at tribunal, and increasing campaigning and lobbying.</p>	<p><b>Springboard for Children</b> helps young children who are having difficulty learning to read and write. Through intensive one-to-one support, it supports 360 children each year, at a cost of £1,800 per annum. Children are referred to Springboard by their teachers, and are on average two years behind their classmates in reading and writing. In 88% of cases, Springboard's work helps the children catch up with their classmates. A donation of £100,000 a year could fund the charity's roll-out in a new inner city area.</p>

### Charity Insight

Asylum decisions in the UK are unreliable, according to the National Audit Office and United Nations High Commissioner for Refugees. One in five decisions is overturned on appeal.

**Asylum Aid** provides expert legal advice, helping more than 80 people each year get legal status as a refugee. It also helps to improve policy, for example, it helped secure the right for trafficked women to seek asylum.



# An investor in charities

**Futurebuilders England is the self-styled venture capitalist organisation of the charity world—investing in high-risk charities in the public sector in the hope of achieving equally high social return. NPC interviews Chief Executive Richard Gutch to find out what makes Futurebuilders different from other funders.**



**R**ichard Gutch is the Chief Executive of Futurebuilders England, a funder with an innovative approach to supporting charities. Futurebuilders invests in charities so that they can deliver public services effectively. NPC's advisory team reviewed Futurebuilders' activities after its first year of operation. The findings were fed into the organisation's first learning report, published in October 2005.

## When was Futurebuilders established?

We were set up in 2004 after a review by the Treasury into the role of the third sector in public service delivery. The review concluded that there was a potential for the sector to play a much bigger role in delivering public services and pointed to two main factors that were holding it back:

The first problem was a lack of access to the right kind of finance—difficulties borrowing money, for example.

The second barrier was found to be skills and systems weaknesses, often in IT or financial management.

Futurebuilders was set up in order to help address these weaknesses.

## What is the aim of Futurebuilders?

We're very much about investing in organisations to help them get ready for business. Our investments help organisations to grow so that they can compete to deliver public services.

The main part of our investment is a loan that our investee organisations will repay when they secure contracts.

Our investees use the loans to build their capacity or 'skill up'. So, for example, they might apply for a loan to recruit for a certain role, develop their IT systems, enlarge a building or develop better pricing systems.

We also give grants that are used to cover those costs that can't be reflected in the service fee, such as start-up costs.

## How does your investment model work?

By giving loans to organisations, we encourage them to think in a businesslike way. They have to ask themselves: 'How am I going to develop an income stream that's going to enable me to repay this money?'

Through this approach, we aim to ensure both a social and a financial return. Firstly, we want to make sure that our investment makes a difference to people's lives further down the line when they use the services provided by our investee. This is our overriding concern, because we won't fund anything that doesn't have a demonstrable social return.

Secondly, we try to achieve a financial return so that an organisation can become more sustainable. This means that it can repay our loan and we can go on and invest this money in something else.

## How do you differ from other funders?

We have a completely different mindset. It's about looking to earn income as opposed to spending money that you've been given. One of our principles is that you really should never give a grant to something that could be funded through a loan.

We're a bit like venture capitalists in the third sector in that we're investing in high-risk projects for high social return. And, as with venture capitalists, we will find that our investments don't all work. Although they look very promising, some don't deliver in the end for one reason or another. We won't have done our job if we don't have investments that don't work, because it means we won't have taken the risks.

“We're a bit like venture capitalists in the third sector in that we're investing in high-risk projects for high social return.”

## What is the size of the fund and how many organisations have you supported so far?

We've recently completed our first round of funding and have invested in 123 organisations to date, with a total of investment offers coming to about £45m. The fund is worth £125m, of which £110m is available for investment, so we still have £65m to invest.

We're currently in discussion with Government about the possibility of getting further capital into the fund and extending the life of Futurebuilders beyond mid-2007.

*Continued on page 9 ...*

‘We won’t have done our job if we don’t have investments that don’t work, because it means we won’t have taken the risks.’

### What challenges do you face in making loans to charities?

The biggest challenge is undoubtedly the difficult environment for commissioning and purchasing public services. This is important because the extent to which our investees succeed in securing contracts will determine the extent to which they can repay their loans from Futurebuilders.

We know that lots of commissioners and purchasers look to the voluntary sector as a cheap option—they don’t always want to pay a price that reflects the cost of capital that investees have to pay themselves. Contracts are often on a very short-term basis and it can be a real challenge for investees to get good contracts. It’s quite a complicated picture and not something that we can improve single-handedly.

Another important issue that we’ve had to address is organisations’ fears about loan finance. However, with the right engaged approach they can become less anxious. We’re quite pleased that 70% of our investees are first-time borrowers.

### How do you overcome these challenges?

We are very engaged investors. We really want to be working alongside investee organisations for a long time to make sure they succeed. We are in regular contact and have quarterly meetings and an in-depth annual review.

Also, we’re about to start running some training courses for our investees on full cost recovery and winning contracts. The first course will help participants to apply the cost recovery template developed by NPC and acevo—the Association of Chief Executives of Voluntary Organisations—as it’s so important that they get the pricing of their services right.

In terms of addressing the difficulties in the contracting environment, we try to help our investees overcome these challenges themselves, for example through our training days and start-up grants. We also make sure that we share what we learn with Government, for example—case study material can be really powerful.

### How can private funding fit in with your approach?

At the moment, private money comes in at an earlier stage—when an organisation is developing its ideas, perhaps piloting a project or testing something before getting into contractual relations with a public sector purchaser. But looking ahead, if the market develops in the way that we hope it will, there could be a role for private investors doing the sort of thing that we are doing—or even for them to do it with us.

A private investor might be attracted to the idea of lending like we do. In a sense their philanthropy is the risk they’re taking. They’re not doing it in order to get a huge financial return but because they think they’ll get a social return and are prepared to take that risk.

### How does Futurebuilders work with organisations like NPC?

We worked with NPC and consultants from Policy into Practice to produce our first learning report. We found that NPC completely understood what we were trying to do and had an appetite for some of the tricky intellectual issues that surround our investment model and needed quite a lot of thinking through.

We learnt a lot through that study and as a result we’ve tightened our investment model. The only way you’re going to make a broader impact is if you learn from what you’re doing, share that learning with others and do things differently as a result ■

Sue Wixley

Find out more about Futurebuilders England: [www.futurebuilders-england.org.uk](http://www.futurebuilders-england.org.uk). Read about **full cost recovery** on NPC’s website.

#### Charity Insight



Nearly half of people in mental distress report physical or verbal abuse in public, and over half experience discrimination in their own family.

**Mental Health Media works to change attitudes to people with mental ill health, by training people with mental health problems to express themselves publicly and encourage the media to improve their portrayal of the issues.**

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# Giving perspective: a focus for giving

**NPC's advisory work gives us insight into many of the challenges associated with giving effectively, as well as some of the practices adopted by donors to address these. Here, we share some observations on developing a more focused approach for giving.**

A number of donors, ranging from individuals who are new to charitable funding to experienced funders, are looking to define a more specific focus for the areas they choose to support.

For example, the **Diana, Princess of Wales Memorial Fund** found, in its strategic review, that its current open grants process 'resulted in diverse and dispersed impacts, which do not necessarily add up to more than the sum of the excellent, individual parts'. Its new strategy proposes to allocate the majority of its resources to five-year programmes in its strategic subject areas.

## Why focus?

We believe that focusing funding can increase the impact of donations.

Focus helps donors to develop a detailed understanding of an issue, from which they can identify funding gaps and effective responses. For example, in the area of mental health, donors often prefer to support treatment, but NPC's recent research highlighted a critical need to tackle the stigma and lack of employment opportunities that reinforce mental distress. Understanding this enables donors to direct funding to areas of greatest impact.

A donor focused on a particular area can create a portfolio of mutually supportive activities, producing a whole that is greater than the sum of the different parts. For instance, funding one charity that supports disabled people, and another lobbying for changes in how local authorities support disabled people, can create synergies that funding just one of these charities may not provide. Expertise in an area also enables donors to identify the best charities and provide them with support, such as access to networks.

Because focus can increase the impact of giving, it can also make it more rewarding for the donor. This point was underlined by one private donor recently, who said:

'A tighter focus on a limited number of issues helped me to streamline my giving and made it feel more worthwhile'.

Charities also benefit from the expertise and clarity of focused donors. One charity, commenting on the focus of a grant-making trust, told NPC that: 'we appreciated their understanding of the project, and ability to suggest useful contacts and related work'.

## Defining a focus

Focus can relate to:

- an issue, eg, the **Bill & Melinda Gates Foundation** tackling malaria;
- a geography, eg, a private donor in his home town, or a corporate donor in an area where its business operates;
- a topic, eg, **Barings Foundation's** Strengthening the Voluntary Sector programme;
- an approach, eg, the **Skoll Foundation** supporting early stage ventures or a private donor supporting efforts directed at changing policy;
- or a combination of these, eg, geography and issue.

The choice of focus will be influenced by an individual's particular passions or an organisation's expertise. At the same time, a donor's decision must also take into account the nature of the issue being addressed, whether the need is real, and whether other funding and resources already exists to meet the need. Understanding the area of overlap between donors' interests and beneficiaries' needs will help to define the area of focus.

As an example, True Colours Trust's focus on improving the lives of disabled children and their families is partly driven by trustees' personal interest, but also by a realistic appreciation of the need. This was informed by a study of the area it commissioned from NPC, which identified

poverty in families with disabled children as a pressing problem. NPC's research enabled the trust to concentrate on some of the most difficult and neglected issues. True Colours jumped at the opportunity to tackle them, not only with funds, but also through its networks.

## Common lessons

Where a donor is passionate about the area, it is important that focus is not driven too strongly by the heart, but is balanced by the head. A donor's focus can distort the activities of the sector if charities change their activities in order to qualify for funding. **The Tudor Trust** recently widened its guidelines in recognition of this potential problem, after realising that some grantees had adapted projects to fit the trust's criteria, rather than meeting the best interests of beneficiaries.

The hardest challenge for many donors is that focus means saying no to some activities and causes. Some donors choose to retain a 'flexible fund' — a limited proportion of their total funds to be given out on a more reactive basis. However, as with many things in life, the more you put into developing your focus, the more you will get out ■

**Lucy de Las Casas**

### Charity Insight



**26% of disabled young people are not in education, employment or training.**

**Skill: National Bureau for Students with Disabilities helps disabled young people access post-16 education and training. It provides information and advice, and lobbies for changes to policy.**

# Charities with green fingers

**Should doctors be prescribing a daily dose of gardening to people with mental health problems? Are allotments the new therapy couch? And can a vegetable patch help a child with autism? A growing number of charities believe that gardening can offer benefits to people with a variety of ailments—from depression to post-traumatic stress disorder.**

For Dave gardening is more than an escape—it is a vital part of his treatment to address his mental health problems. Gardening gives Dave a reason to get out of bed in the morning, keeps him fit and helps him to meet new people.

Before he got involved in a charity-run allotment project, Dave, who was clinically depressed and suicidal, rarely left the house. He felt isolated and cut off from the outside world. Now he has discovered a new passion for life and a new love of the outdoors.

‘Oh, I just like to be out in the fresh air,’ says Dave. ‘It just seems natural.’

## Growing peace of mind

Gardening can provide a safe therapeutic setting for people facing a variety of different problems—from mental health issues to autism.

**The Medical Foundation for the Care of Victims of Torture** has found gardening particularly effective in its work with torture survivors. Those involved in the charity’s Natural Growth Project find it easier to talk about their past experiences when they are outside—in one of the project’s allotments—rather than in an enclosed room that might remind them of a prison cell.

The refugees and asylum seekers involved in this project are given a small plot of land to cultivate and also join an allotment group, which runs like a small community. This community can make a big difference psychologically for someone who has lost their own family, home, community and country.

Gardening provides a healing environment that offers growing peace of mind for people who have faced terrible suffering through torture.

‘The act of helping things grow is itself an important symbol of healing for people who have undergone torture, which is aimed at destroying body and mind,’ says Andrew Hogg at The Medical Foundation.

## Cultivating new skills

Gardening has also proved to be therapeutic and stimulating for many people living with autism. **The National Autistic Society’s** gardening groups are extremely popular. Taking part in a structured activity with a visible end result tends to appeal to people across the autism spectrum.

Tending plants can also be used as an educational tool for autistic children. Gardening teaches them about growth and change and helps them to deal more effectively with the stimuli of colour, touch, noise and smell, which they can often find overwhelming.

“Gardening can provide a safe therapeutic setting for people facing a variety of different problems—from mental health issues to autism.”

One charity that NPC featured in its recent report *Grey matters*, about growing old in deprived areas, has found that gardening can even help older people to feel young again.

**Retired & Senior Volunteer Programme (RSVP)** recruits, trains and manages older volunteers across the UK to develop and care for community gardens, amongst many other projects. This has a double benefit. Firstly, the elderly volunteers look after a garden that others use and enjoy. Secondly, they thrive on a renewed sense of purpose and new friendships that blossom and give them a new lease of life.

The results achieved by these charities (and by those featured on the front and back pages of *Giving Insights*) demonstrate the considerable mental and physical benefits of gardening.

Donors can help to sow the seeds of success by supporting charities that get people weeding, raking, mowing and digging. By helping these green-fingered charities to flourish, donors can be sure that many people will reap the benefits ■

## Sue Wixley

*The Medical Foundation for the Care of Victims of Torture is one of a range of charities recommended in **Home truths**, NPC’s report on refugees and asylum seekers in the UK, out in June 2006.*



Image supplied by Mosaic Clubhouse



# Monty Don recommends...

**Gardening guru Monty Don supports Thrive, a charity that uses gardening to change lives. He has also set up the Fork to Fork foundation, which encourages persistent offenders to go straight by growing their own food.**

## **The charity I feel most passionate about is ...**

**T**he **Fork to Fork** foundation, which works with very small groups of persistent offenders, the majority of whom are heroin or crack addicts. The charity provides the location and the means for these young people, who are often mentally and physically ill, to work with the soil and with animals. The specific goal is producing food. What they produce is mainly for their own consumption and is shared with their families and neighbours, but it is also sold on in box schemes and at farmers' markets. The ultimate aim of the charity is to tackle the related issues of substance abuse and crime by getting people back into the workforce and re-engaging them with society.

## **I was originally motivated to start this charity because...**

A few years back, I discovered that the tiny town in Herefordshire where I live had one of the highest per capita heroin use rates in the UK. At the same time, the more research I was doing on food and its impact on behaviour, the more outraged I became by the government's refusal to acknowledge the issue and ignoring the problem of rural drug use.

I had always dreamed of winning the lottery, buying some land and educating rural youth with skills that they could put back into the community to benefit the countryside and their community while earning them a living. I then realised that I didn't need to win the lottery to make a difference. I provided some seed capital for the project to start. With only £10,000–15,000, you can kick-start these

ideas with matched funding from other organisations. (Fork to Fork is jointly funded by the BBC, the Probation Service and myself.)

## **The most beneficial aspect of the charity for its users is...**

Getting the produce sold in box schemes or in farmers' markets is so beneficial because it makes the individuals deal with the community face-to-face. The important thing is about contact, responsibility and accountability. But even more simply, a lot of the benefit is the fact that, three times a day, the participants sit down and share a meal together. It's radical for them to eat food that they have grown.

Through my contact with **Thrive**—a charity that uses gardening to help change the lives of disabled and disadvantaged people—and my own experience of depression and the therapeutic process of gardening, I strongly believe that connecting individuals in a social context with growing things, and the weather and the climate, is very healing to that social group.

## **An issue that Fork to Fork could teach other charities is...**

To start slowly. This is why we are only running a pilot scheme at present. We quickly realised that, to be a success, we had to engage with the local community on their terms, particularly given the hostility towards the people we were trying to help. This meant running discussion groups and steering committees before starting up. My involvement with Thrive also illustrated that, if you work with

individuals, you can work on a very small scale. Sometimes giving someone responsibility for one seed tray is enough to make a difference to that person's life. Charities often don't need to think globally, but need to think personally.

## **One of the things I have learnt about supporting charities has been...**

To prioritise which charities to support. The hardest thing is turning down charities that approach me, but I can't support everything. I don't have the resources (time or money), but more importantly, it would dilute what giving is to me, emotionally and psychologically. I therefore only support charities that are local to me and have personal meaning to me. I also believe that, if possible, donors should have at least one charity that they spend time with, in order to reinforce the personal significance ■

## **Plum Lomax**

*See our reports on prisoners and ex-offenders, **Inside and out**, and on mental health, **Don't mind me**. NPC will begin researching substance abuse in 2007.*

“Sometimes giving someone responsibility for one seed tray is enough to make a difference to that person's life.”

**NPC in brief** is available on our website, plus charity recommendations and our research reports

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