

New Philanthropy Capital

Established in 2001, New Philanthropy Capital (NPC) has kept a relatively low profile to date but it is of considerable potential interest to ACF members in that it provides independent, research-based advice to individual philanthropists, grantmaking trusts, foundations and corporations. Here Giles Goschen explains NPC's work and how its advice seeks to identify where and how grantmakers' funds can be targeted most effectively to deliver their philanthropic objectives.

Assessing the effectiveness of charities is perhaps the second most difficult task faced by grantmakers, after evaluating the impact of a grant once it has been made. The lack of comparable data, the diversity of outputs, the disparity of needs, and the soft nature of many of the outcomes can make the task a far from exact science. Yet the issue is at the top of the grantmaking agenda, and many foundations are increasingly focusing on how they can improve their project selection process.

'Research which reveals best practice in the voluntary sector should be of significant value to donors'

Early in 2001, a group of senior figures from the financial services community came to the conclusion that donors would benefit from having access to a central research resource to help inform their grantmaking decisions. The result was the establishment later that year of New Philanthropy Capital, a charity tasked with increasing the quantity and improving the quality of charitable donations. There are now ten analysts at NPC, mostly from a financial industry background, with plans to double this over the next two years.

Track record

So far, NPC has advised on the allocation of more than £10 million of funding. An early client was Absolute Return for Kids (ARK, www.arkonline.org), a new charity established by leading players in the alter-

native investment industry. ARK has already established a remarkable track record, both as a fundraiser (more than £3m raised in its first year) and as a grantmaker prepared to invest funds on an ambitious scale. NPC acts as a contract-out research department for ARK.

NPC has also carried out work for BBC Children in Need (on monitoring and evaluation options), for Comic Relief's 'Sports Relief' event in 2002 (on sports-related UK community projects) as well as providing guidance for individual philanthropists, in areas as diverse as cancer charities, hospices, care of the elderly, refuges, and education. As a registered charity, NPC's work is supported by donor funding, and by client fees. As well as undertaking charity research for donors, Martin Brookes, co-head of research, wrote *Funding our future II, A Manual to Understand and Allocate Costs*, published by ACEVO in November 2002.

Toolkit

This manual is a toolkit for charities seeking to achieve much-needed financial stability and capacity for growth, by securing contracts and grants (from government and grantmakers) that fully cover the costs of charitable activity. During 2003 NPC will continue to be actively involved in the ongoing development of the manual (it is hoped that a web-based version can be made available) and in training courses that will disseminate the cost allocation model more widely.

The approach used by the research team is based on assessing need, delivery, and outcome. In defining need, the team focuses on the end-users of any charity's service: those facing disadvantages or problems in their lives. Delivery looks at the methods employed by charities to meet such needs; outcome analyses the effectiveness of the interventions. As the charitable sector knows, measuring outcomes, which can vary from the hard, such as addicts taken off drugs, to the soft, say pensioners feeling more connected with society, offers a profound challenge.

Bridging the gap

NPC sees its major role initially as bridging the information gap. Nigel Harris, co-head of research explained: 'There is a recognition within government and the sector that more transparency is needed, and we think our research will contribute to that. But we are also passionate that our research is of practical use to the donor community, influencing decision making and triggering flows of new capital.'

NPC analysts are the first to recognise that whilst most are experienced at pulling accounts apart, the real difficulty comes in understanding context. That is why they made the decision to build up specific sectoral experience, and to pursue a systematic approach towards covering the charitable sector. Harris again: 'Our research philosophy is built on the value of high quality financial analysis, together with the necessity of



Courtesy of Chris Leslie, Hope & Homes for Children, supported by ARK, researched by NPC.

building a deep understanding of the need which each charity is addressing.'

Teams of two analysts cover the following sub-sectors: community and family, education, health, and international development, with environment to follow. The idea is that one concentrates more on the macro issues, while the other researches individual charities. Currently, NPC is working on the issue of domestic violence in the UK, opportunities for private donors within the UK

State education sector, AIDS projects in South Africa and local multi-service urban community projects across the UK. This research, together with reports on the hospice, leukaemia and breast cancer sectors will be produced later this year. The whole prison sector, including prisoners' families and issues around youth offending, is another target.

As founder Miko Giedroyc explains: 'We are not doing anything new in terms

of the principles involved, but where we hope to make a difference is in covering the voluntary sector comprehensively with a view to disseminating our findings to third parties. Hopefully, this will create a major new resource for grant-makers to draw on.'

Economics

The economics of conducting detailed research mean that not all institutions have, or should have, their own in-house capacity. There have been a number of recent initiatives looking at the potential for sharing information, and for institutions to act collectively in funding projects. Bernard Mercer, Chief Executive of NPC believes that the provision of a central outsourced research department will provide a major catalyst for that process: 'Research which reveals best practice in the voluntary sector should be of significant value to donors, in helping them to apply funds more effectively. The range and depth of our research is growing rapidly, and we look forward to working further with trusts, foundations and philanthropists in informing their giving strategies.'

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