

Philanthropy UK

a project of ACF

September 2002

Issue 4

Current news from the world of philanthropy

The purpose of this newsletter is to help to foster a connective network between those who are interested in all aspects of exploring and promoting new ideas about philanthropy. It is published every two months and is distributed free via email to anyone who expresses an interest in this field. The current mailing list is about 180. Recipients are drawn from a wide range of organisations including funders, academic institutions and researchers, umbrella bodies and associations, various independent initiatives and consultants. It is also available on the Philanthropy UK website.

ASSOCIATION OF CHARITABLE FOUNDATIONS

New Chief Executive

The Executive Committee of ACF recently announced the appointment of David Emerson, currently Senior Executive at the Theatrical Management Association, as the new Chief Executive for ACF. He hopes to take up the post no later than 1 January 2003 and in the months till then will make himself available for ACF events, including the AGM on 19 November.

David has a background which spans the grant-giving interests of ACF members. He has a BSc in Geography and an MSc in Landscape Ecology, Design and Maintenance. He was a community worker and Adult Education Tutor in the North West and spent 4 years at the Rural Department of NCVO. Then he changed tack, took a postgraduate diploma in drama and became an actor, stage manager, production manager and video producer. He has had 4 books published (two of them with Baroness Pitkeathley) and is experienced in speaking on public platforms, radio and television. Since 1996 he has been successful in building the membership and the web contact systems of T.M.A, in lobbying government for more cash for regional theatre and in writing a monthly information briefing on financial, legal and management issues. He is also the very part-time Secretary of the Stephen Oliver Trust, which gives grants to promote contemporary opera.

Recent publications

The **Quality Framework**, published in May, is a self-assessment tool aimed to bring quality to grant-making and give guidance on systems and procedures. It is divided into nine sections covering **Governance, Strategy, Assessment, Monitoring, Communication, Administration, Personnel, Finance and Evaluation.**

Each section is divided into three levels: the first level is relevant to UK law, the second gives guidance on good practice and the third level demonstrates an advanced level of practice.

The **Good grant-making information sheets**, published in May, are a set of five valuable information sheets which support the Quality Framework with more detailed advice. The titles in the series are: Assessing applications: an introduction; Producing guidelines for grant seekers; Assessing grant-making risk; Monitoring and evaluation; Reading applicants' accounts.

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COMMUNITY FOUNDATION NETWORK

The price of giving

While the costs of fundraising are well recognised, those associated with grant-making, by contrast, are not. Diana Leat, Senior Research Fellow at the Centre for Civil Society at the London School of Economics, has produced a report for Community Foundation Network on the costs of grant-making and the variables that influence them – published as “The Price of Giving”.

Typically, community foundations handle funding from a range of donors. However, understanding these costs has added urgency as community foundations now regularly undertake the management of grant-making from a range of statutory agencies where the level of audit and accountability in spending public money is high.

“Commissioners” of local grant-making can be unaware of the real workload and costs involved in planning and seeing through a grants programme. Government contracted grant-making, for example, often emphasises grants to emerging and new community groups: but the more ambitious a stream of grant-making is in seeking to reach small community groups, or to finance emerging issues or “hard to reach” groups within the population, the higher the unit cost per grant will inevitably be. This report was commissioned to help community foundation Boards and staff think through the real costs of adding new streams of grant-making to their work and to give some guidance to public sector donors.

“The Price of Giving”, promises to be a useful manual for grant-makers interested in exploring thoroughly what it costs to undertake different kinds of grant-making, within different funders’ regimes. It sets questions within the context of different “ages and stages” of community foundations and looks at concerns about mission drift and opportunity cost as well as the more obvious and tangible costs. The focus is on community foundations, but the framework should have wider relevance for other grant-makers.

Copies are available at £10 including postage from
Community Foundation Network
Swallow House, 11 Northdown Street, London N1 9BN
Tel: (020) 7713 9326 **Fax:** (020) 7713 9327

network@communityfoundations.org.uk www.communityfoundations.org.uk

Donor advised and donor directed funds in community foundations

A couple of newsletters ago there was some discussion about *donor advised funds*-tailor-made funds, managed by a charitable foundation, that combine an ability to be highly responsive to the charitable interests of an individual donor, with full management on that donor's behalf of all the administration involved in handling and investing their donation (including tax claims) and the whole process of grants management. This option is mentioned in the guidelines to setting up charitable trusts issued by Philanthropy UK. A high proportion of community foundation donors seek this sort of service in undertaking their local giving. Readers may be interested in some examples:

John Manser, CBE DL, and his wife Tessa were keen to divert some of their charitable giving to their local communities. Until they were introduced to Wiltshire & Swindon Community Foundation, they had always been faced with the difficult job of deciding which local groups would most benefit from their support. They set up a substantial fund with Wiltshire & Swindon Community Foundation, as they saw this as a simple and effective way of being able to help their community in perpetuity.

“We realised that there are an enormous number of small charities and voluntary groups around the county, dealing with a wide range of issues from disability to homelessness, from young people in isolated areas to the frail elderly. When we talked to the Community Foundation we realised that they were exactly what we were looking for: a straightforward way of hitting straight to the heart of the key issues affecting people in need around the county” said Mr Manser, “since they have the local knowledge needed to be able to understand and identify the specific needs of our local community.”

The Mansers also use CAF as an efficient way to give to their preferred national charities, and others of particular interest to them, and see CAF and the Foundation as providing a complementary service.

The **Needham Cooper Charitable Fund** is a donor directed endowment fund within the Greater Bristol Foundation, set up in 1999 by Joyce Cooper. Joyce had set up a charitable trust with her husband, Bill Needham Cooper, shortly before he died in 1988 and had always channelled some of the trust's income through the Foundation to support a range of smaller, local projects that she would not be able to find out about on her own.

Then in 1999, around the time of her 90th birthday, she decided to reduce the day-to-day administration of her trust and set up the fund within the Foundation.

The fund is a working partnership between the Foundation and donor, with the Foundation suggesting projects that might be of interest to Joyce and providing advice and all the associated administration. Joyce has a clear vision about where the money from her fund should be spent – elderly people who are living in isolation and poverty are high on her list of priorities.

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September 2002

Issue 4

Working with the Foundation allows Joyce to retain “hands-on” decision making about grants to be made from her fund and the arrangement has been an ideal way for her to support local organisations:

“It is perfect and I feel that it has consolidated the close personal relationship that we had built up with local groups over time. I am delighted that the local charities we’ve been able to support over the years will still be helped in years to come.

THE ETHICAL PROPERTY COMPANY

On September 23rd, The Ethical Property Company announced the launch of the largest ever UK public share issue by a social enterprise. The company aims to raise £4 million to set up further centres for charities, campaign groups and social businesses.

The share issue demonstrates the company's continuing success in delivering social, environmental and financial returns. The company now owns and manages eight resource centres in Bristol, London, Leeds, Sheffield and Oxford and has over 60 tenants including The Big Issue South West, OXFAM, the Women's Aid Federation of England and the Green Party. Tenants benefit from fair rents and services tailored to their needs. All properties are developed and managed according to strong social and environmental criteria.

The company has paid its investors dividends of 3% after basic rate tax for the last three years and the share price has increased by 5%.

"This a unique opportunity to invest in a property company while at the same time supporting groups working for social change" says managing director Jamie Hartzell. "Social investing is just as important as giving to charity. Assuming the company meets its dividend projections, I can invest £2,500 in the company, helping groups with their property needs, and still have £75 a year to give away."

Funds raised will be used to set up new centres including a centre in London for development groups such as the World Development Movement, an environment centre in Brighton and a community resource centre in Manchester.

www.ethicalproperty.co.uk

info@ethicalproperty.co.uk

THE ETHNIC MINORITY FOUNDATION

Jim Swindells was appointed as the first Director of Marketing and Fundraising for the Ethnic Minority Foundation (EMF) in August 2002. EMF was established in 1998 to develop resources for Black & Minority Ethnic communities in the United Kingdom. The Foundation aims to build an endowment of £100 million to strengthen the development and build the capacity of black and minority ethnic organisations. The income from this will be used to provide core funding to BME voluntary sector organisations. The Foundation is also recruiting 100,000 BME professionals to contribute to the endowment fund, become trustees, committee members and advisors to ethnic minority voluntary organisations and mentor ethnic minority individuals.

“The creation of the endowment fund will provide a solid base of funding, so that black and minority ethnic organisations will be better able to secure their long term sustainability, which is a superb and unique concept”, says Swindells. “It will also fund the training and development of individuals from ethnic minorities, to ensure wider representation on policy tables, and will help to overcome the problems of exclusion from mainstream resources”.

EMF’s new Marketing Team will aim to recruit a donor base of 100,000 individuals to support the fund and will also look for corporate sponsorship and to build upon the contributions from charitable trusts and government sources.

Swindells joins EMF with over 10 years experience in charity fundraising, including 3 years at animal welfare organisation The Blue Cross, and previously with disability organisation Sense and children’s charity NCH Action for Children.

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GOOD FOUNDATIONS

Nigel Siederer, former Chief Executive of Association of Charitable Foundations has set up his own consultancy, The Good Foundations Consultancy, working with people who are interested in setting up new foundations.

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Philanthropy UK

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September 2002

Issue 4

INSTITUTE FOR PHILANTHROPY

In January 2002 the two initiatives at University College London that are focused on the charity and voluntary sector joined together and since then there has been a dual track of work each complementing the other: the more practical, legal and regulatory projects of the Institute for Philanthropy in the Law Faculty being underpinned or inspired by the research of Les Hems and the Centre for Voluntary Sector Policy.

Their two current major pieces of work are good examples of the twin tracks.

Les Hems and the Institute have been commissioned by the Inland Revenue to undertake a survey of the income of UK charities and other bodies eligible to make tax claims (such as churches and universities). While the Inland Revenue holds some information on the tax claimed by UK charities and other eligible bodies, it does not have a full picture of the income of these organisations. This survey seeks to rectify this by establishing a benchmark for the main categories of income for two financial years - 1999/2000 and 2000/2001. The survey will be used to inform Government policy and specifically to assess the impact of the measures announced by the Chancellor of the Exchequer in Budget 2000 to promote tax effective giving. The Institute is grateful to those organisations taking part in the survey and hopes that this information will enhance fundraising practice and it should also be invaluable for all those of us who are interested in tax incentives. A summary of the findings will be available from the Institute when the work has been completed.

The other project is the development of a comprehensive information system for the Charity Sector. We commissioned a study of the economic costs of giving, how much of a donation got through "the Pipeline" and how much was used for management, administration, publicity and fund raising costs. Deloitte produced a very professional report but warned that it could not be relied upon because it was impossible to obtain comparable information from the published accounts of charities. The second stage was to map current initiatives relating to donor advice and performance assessment. All these initiatives reported that they had encountered the same problem – the lack of basic information - and had to gather it individually. An overview of the position in the USA showed that this problem had been comprehensively addressed with the introduction of the website www.guidestar.org. The third stage was to contact the founder of GuideStar, Buzz Schmidt. He agreed to come and talk about his experience. After a week in May when he met both government and sector representatives (including several grantmaking foundations and individual philanthropists) we decided (with additional financial help from the Charity Commission and an individual donor) to go ahead with a feasibility study leading to the possible development of a GuideStar type system for the UK. Buzz Schmidt is now in the UK with his family until December working on exploratory project to test out whether and how such a system could be introduced. Anyone wanting to talk or meet with him should contact the Institute. The Institute's role as a catalyst is now coming to an end as a separate, independent organisation is being set up to carry on the GuideStar project.

On 1st October, Sir Anthony Mason is giving a talk on Ethical Dilemmas for Charities. Ansbacher Bank have once again generously sponsored this event.

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September 2002

Issue 4

Although it is now fully subscribed, we hope to be able to put a copy of the lecture on our website.

This website has recently been completed and contains an updated version of the Atlas Directory and summary papers of our seminars.

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www.instituteforphilanthropy.org.uk

THE LONDON PARTNERSHIP

On Monday 23rd September the Institute of Directors held a seminar to launch a report called The Giving Economy. The seminar was a co-badged with **The London Partnership**.

The London Partnership has developed out of a need to educate and encourage a new generation of philanthropists amongst the new wealthy, particularly the young wealthy high earner in the City of London. The concept is a `giving club` technically called – a micro trust. Each micro-trust will operate under the larger umbrella of **The London Partnership** which will provide charitable status and one set of annual accounts. Tax reclaims, administration, research and coaching etc will be done by The London Partnership. There is a fully developed and inter-active web site.

Micro-trusts are donor driven. There will be a brief for each micro-trust dictated by the donors. There will be an agreed time table of events with a defined exit route. Every donor will be individually coached through the process of making a donation. The micro-trust will cease to exist once it has completed its programme (estimated at 2 years). The process is expected to repeat itself and multiply as each micro-trust donor enjoys the experience and encourages their colleagues and contemporaries to join in and set up a new micro-trust.

Example: if a micro-trust attracts 5 donors @ £5,000 each they will give away £25,000 plus matched funding from employers and tax benefits. In the next round each original donor may set up their own micro-trust and attract 5 new donors to their group e.g. 25 new donors and so on. The minimum donation is £2,500.

The emphasis is solely to develop the individual donor. There are already 18 micro-trusts partially funded and new donors are being attracted to the scheme at present mostly by personal contact and private invitation. This model can travel both geographically and in the size of the donation. It is very flexible.

There is a comprehensive management structure in place, with advisory boards and consultants to undertake research and advise the micro-trust investors.

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Philanthropy UK

a project of ACF

September 2002

Issue 4

NEW PHILANTHROPY CAPITAL

From September 23rd 2002, New Philanthropy Capital will be located at:
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Main Number: 0207 401 8080

Fax: 0207 654 7888

info@philanthropycapital.org

www.philanthropycapital.org

PHILANTHROPY UK

Research

Over 70 in-depth and confidential interviews have been conducted with high net worth individuals, some who give significantly and some who do not. In addition, 15 individuals who have experience of advising those with substantial resources and 9 with experience in soliciting support in a wide range of sectors have been consulted. It is hoped that all interviews will be completed by the end of October. The analysis has now been started. We are being advised by Jane Ritchie, the former Director of the National Centre for Social Research, a specialist in qualitative analysis. The results of the work should be published next spring.

Venture Philanthropy

In July 2002 *Philanthropy UK*, in collaboration with **Pilotlight**, organised a small private workshop to discuss issues related to Venture Philanthropy. A paper based on discussions at the meeting was sent with this newsletter and can be downloaded from the website. Participants were provided with a set of briefing papers drawn from material published here and in the US. These can also be downloaded from our web site, together with Henry Drucker's paper of February 2000.

Guidelines

Revised brief guidelines on setting up a charitable trust are now available. They were also sent with the newsletter and are available to download from the website of *Philanthropy UK* and ACF.

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SOUTH BANK UNIVERSITY

Readers might be interested in a recent research paper on the subject of borrowing from banks by charities. The study attempts to understand the underlying reasons for the enormous disparity in the borrowing culture between the commercial and non profit sector. The report is available from Paul Palmer, Head of the Centre for Charity and Trust Research.

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TEACH FIRST

In July 2002 Business in the Community and London First launched Teach First - an innovative new scheme to recruit 200 top graduates a year as teachers in challenging inner city schools.

Teach First will target high flying students who would normally go straight into business. Placements will last two years, at which point graduates will be free either to continue teaching or go into business on fast track recruitment schemes.

“Teach First has the potential to broaden graduates’ horizons and build business links with the community. It could make a real difference for schools, graduates and business. The London Challenge means schools, businesses and local communities working closely together to raise standards in the Capital. It could be an important part of that drive”. Stephen Twigg, Education Minister.

Teach First graduates will teach in disadvantaged inner city schools - where more than a third of the pupils are eligible for free school meals. The scheme will start in London and may be extended across the country.

“We welcome the Government’s support for this scheme. Teach First will provide companies with talented recruits who have a broader range of experience than the average university graduate, while giving businesses the opportunity to put more back into the communities in which they operate”. Rona Kiley, Founding Director of Teach First.

“Teach First will target and train talented undergraduates who wouldn’t normally think of teaching. This will increase the pool of talent coming into the profession – helping schools to recruit additional quality teachers”. John Dunford, General Secretary of the Secondary Heads Association.

Canary Wharf, Capital One, Capital and Provident, the Corporation of London and McKinsey & Co are all founding business sponsors of the scheme. Other private sector support is being provided by the Garfield Weston Foundation, the Paul Hamlyn Foundation and the Sutton Trust.

Teach First will begin recruiting from Britain’s leading universities in late September 2002. Upon graduation, successful candidates will undergo eight weeks intensive teacher training before starting in the classroom in September 2003. Additional evening training and classroom support will be provided throughout the first year, giving all Teach First recruits qualified teacher status. In their second year, Teach First graduates will receive training and mentoring from the organisation’s business sponsors.

Brett Wigdortz, a former McKinsey consultant, has been appointed Chief Executive of Teach First.

THE FUNDING NETWORK

The next meeting of The Funding Network is on Saturday 16th November at the RIBA, Portland Place. If you are interested in receiving an invitation, including more information about the projects for funding that day, please contact Kate Thick; info@thefundingnetwork.org.uk

USEFUL WEBSITES

For the next newsletter we propose to include a section covering useful US websites which offer guidance on effective philanthropy. If any of you are aware of such sites could you please email us the details, with any brief comments as to their focus and strengths for inclusion.

Note to recipients

This is the fourth issue of a one year experiment. The recipients are themselves the contributors and we quite understand that not everybody will have something to say for every issue. However unless a reasonable number of recipients do contribute, clearly this venture will fail. If people actively engaged in some aspect of work in this field were willing to provide an update of their activities, say twice a year, it would be very beneficial to the sector as a whole.

Feedback and comments

Please send your comments and contributions for the next issue by 22nd November to theresalloyd@philanthropyuk.org www.philanthropyuk.org