Coutts



The Million Pound Donors Report 2011

IN ASSOCIATION WITH THE CENTRE FOR PHILANTHROPY,
HUMANITARIANISM AND SOCIAL JUSTICE AT THE UNIVERSITY OF KENT
WRITTEN BY DR. BETH BREEZE

University of Kent | CPHSJ Centre for Philanthropy, Humanitarianism and Social Justice

Coutts Philanthropy Services

Coutts was the first private bank in the UK to establish a dedicated philanthropy advisory team. Today, our resident experts have many years of experience working in the field of philanthropy and with charitable organisations in the UK and internationally.

Coutts offers families and individuals bespoke advice to ensure their philanthropy is both effective and rewarding. This includes: setting philanthropic objectives; identifying and understanding the context of social, environmental or economic issues; building relationships with charitable organisations or social enterprises; reviewing impact; and engaging the next generation.

The Coutts Forums for Philanthropy create opportunities for clients to learn from some of the world's leading practitioners, to share their experiences with peers and develop their networks. Forums have explored a range of issues including venture philanthropy, family philanthropy, local philanthropy and social investment.

Coutts research and insights on philanthropy provide clients with practical guidance and support.

In addition to the Philanthropy Services, Coutts also offers philanthropists support with establishing and managing charitable trusts/foundations, banking services for charities and specialist charity investment services.

Coutts & Co has developed this report in association with Beth Breeze from the University of Kent. However, organisations noted in the report are not endorsed by Coutts & Co and the report does not constitute recommendations for funding or investment. Any risk associated with supporting organisations in this report are the donor's own. Coutts & Co does not receive a commission or payment in any form, cash or kind, from any organisations noted in this report. Donors should seek independent tax advice regarding the tax effectiveness of their donation. The document contains references to third party websites. The views and opinions expressed in these websites are those of the website authors and are not necessarily shared by Coutts.

FOREWORD BY MAYA PRABHU



In just four years of compiling this data (beginning 2006/07), we have identified over 750 gifts of at least £1 million pounds with a combined value of £5.8 billion. While much remains to be done to encourage increased and more effective philanthropy in the UK, it is important to pause and celebrate the contribution made by private donors (individuals, professional trusts and foundations, and corporations).

This year's study records a total of £1.3 billion in donations given or received in the UK during 2009/10. This is a fall of £236 million compared with the total amount of £1.54 billion the previous year. We believe these figures are consistent with other studies in both the UK and the US, and reflect the general sentiment of nervousness in the economy, and falls in wealth that followed the banking crisis in 2008. In a longitudinal study of this nature, we expect to see peaks and troughs and would hesitate to identify a trend from a single year's data.

The 'Discussion' section of this report highlights the growing interest in 'local philanthropy', and of donors wishing to adopt a more structured approach to their giving to achieve greater impact.

This report is not just about statistics. It is through the case studies of donors and their recipients that we hope to build a greater understanding of the thinking and practice behind making and receiving million pound gifts. We are grateful to Mary Cornish, Richard Ross, Andrew Wates, Sophie Moss and Lucy Sargent for so generously sharing their stories.

Our warmest congratulations and thanks to Dr Beth Breeze and her colleagues at the Centre for Philanthropy, Humanitarianism and Social Justice for their commitment, rigour and tenacity in developing this report.

Since inheriting the family fortune in 1837, Angela Burdett-Coutts devoted much of her energy to charitable giving and became one of history's great philanthropists. This culture of philanthropy has always been at the heart of Coutts core values, and continues today through the leadership of Michael Morley, Chief Executive, Coutts UK.

We hope you enjoy reading this report.

KEY FINDINGS





- In 2009/10 we identified 174 separate donations worth £1 million or more, made by UK donors or given to UK-based charities. The total value of these donations was £1.3 billion
- A total of 80 of the 174 donations were made by individual donors - who remain the most significant source of these donations. They contributed £782 million, or 60% of the total value of £1.3 billion
- In the four years that this data has been tracked, the number and value of donations has gone up and down. While year-on-year trends may reflect external factors – such as the economic environment – they are also considered typical in a small dataset
- Higher education remains the most popular destination for these largest gifts, but international development has seen the biggest increase in popularity amongst million pound donors, and was the most favoured cause amongst individuals
- As in previous years, the most frequent size of donation is exactly £1 million. Many donations (44%) were worth between £1-£1.9 million, and over half (56%) are worth £2 million or more
- A total of 10% of donations were worth £10 million or more. As in all previous years, all eight-figure donations are 'banked' into charitable trusts and foundations, rather than given directly to operating charities to be spent
- Overall, around half the total value of million pound donations (48%) was 'banked' in foundations rather than 'spent' on charitable activity in 2009/10. This represents an increase from the 36% that was 'banked' in 2008/09, meaning more funds are available for future distribution – but less money has been received by operational charities
- A total of 154 organisations received million pound donations and, as usual, most (140) received only one gift of this size. Organisations receiving multiple donations of this size were primarily well-known universities and arts and cultural institutions in London



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| 01 | INTRODUCTION





This publication is the fourth edition of the Million Pound Donors Report, which collates and analyses data on all identifiable UK charitable donations of £1 million or more.

It describes and discusses 174 donations worth at least £1 million, made by UK donors or to UK charities in 2009/10, with a combined value of £1.312 billion.

As in previous years, this edition of the report also assesses the scale and impact of these gifts, analyses trends in major giving at this level and presents case studies of both 'million pound donors' and 'million pound recipients'.

We are aware that our data is likely to under-estimate the true value of this largest level of philanthropy. This is due to donations that are either made anonymously, or for other reasons have not appeared in an identifiable form on the public record.

It also doesn't include very big donations that fall below our lower threshold of £1 million. This means the data in this report does not represent all significant giving, as it does not capture gifts of £10,000 - £999,999 that are still of great importance to the causes they benefit.

We believe, however, that 'million pound donations' are a useful unit of analysis, because it is economically and psychologically significant to both donors and recipients.

Themes for the 2011 report

While it's tempting to dwell on changes to the quantity and value of million pound donations, this report offers far more than a numeric analysis. As in previous reports, we include case studies. There is much to be learned from these accounts and we attempt to draw out some of the key lessons in the discussion section of this report. In particular, we focus on two aspects of contemporary philanthropy in the UK - the increased interest in local giving, and the efforts to create structures and strategies for giving.

Continuing to build a culture of philanthropy

We are delighted that the first three Coutts Million Pound Donor Reports have received such a warm welcome, and have proved useful to a wide variety of people and organisations including donors, charities, fundraisers, philanthropic advisors and policy makers who care about developing the UK's philanthropic culture. We hope that this 2011 update will also be valuable, and we look forward to receiving feedback on how we can improve both the content and the presentation in future years.

| 02 | FINDINGS

1. The number and value of million pound donations

A total of 174 charitable donations worth £1 million or more were identified in 2009/10, with a combined value of £1.312 billion. While these figures have gone up and down in the period since we started tracking this data - as shown in Table 1 - the latest figures represent the lowest number of both donations and total value since we started collecting data in 2006/07.

Year	Number of donations worth £1m+	Total value of donations worth £1m+
2006/07	193	£1.618 billion
2007/08	189	£1.405 billion
2008/09	201	£1.548 billion
2009/10	174	£1.312 billion

Table 1: The number and value of million pound donations from 2006-2010

2. The average size of million pound donations

The average (mean) value of a million pound donation (MPD) in 2009/10 was £7.5 million (see Figure 1). This is lower than the mean value of £7.7 million found in 2008/09, but higher than the lowest recorded mean value of £7.4 million in 2007/08. However, the mean can be a deceptive figure as it is strongly influenced by outliers such as the handful of especially big donations. Therefore the median (the middle value when all are placed in ascending order) and mode (most frequent value) are more useful indicators of the 'average' size donation. In 2009/10 the median maintains its value at £2 million, as was the case in most preceding years (with the exception of 2007/08 when it was slightly lower), and the mode remains £1 million, as it is every year.

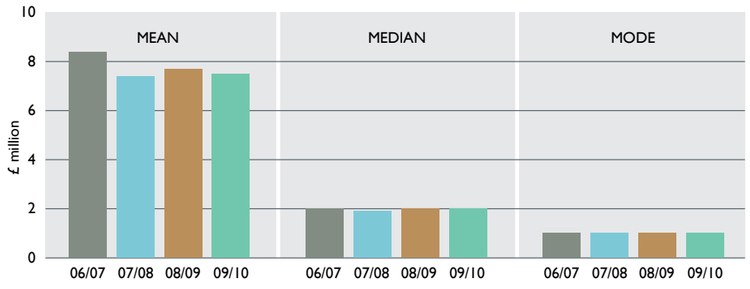


Figure 1: The average size of million pound donations

3. The source of million pound donations

Some individual and institutional donors (charitable trusts and foundations or corporations) made multiple donations worth £1 million or more in 2009/10. Therefore a total of 73 different million pound donors were identified, which is fewer separate donors than the 95 identified in 2008/09 (see Figure 2).

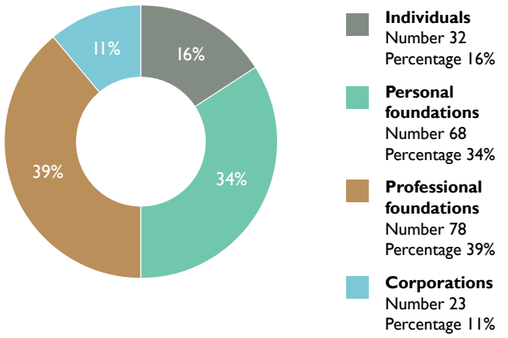
Just under half (46%) of all million pound donations (80 donations) were made by individuals, either directly or through a personal charitable trust or foundation. The use of formal vehicles for giving continues to dominate, with most of the individual MPDs made via trusts and foundations.

The total value of the donations made by individuals was over three quarters of a billion pounds (£782 million). Individuals therefore remain the most significant source of these biggest charitable gifts, accounting for 60% of the total value of million pound donations (£1.312 billion) made in 2009/10. However - as in previous years - this total is influenced by one major donation into a personal charitable trust, highlighting yet again the degree to which this data is affected by single donations.

Professional foundations (defined as those where the founder is no longer alive to direct the flow of grants) are responsible for a larger share of these largest gifts than in previous years. In 2009/10, 44% of donations worth £1 million or more came from this source, compared to 39% in 2008/09.

Corporations (including direct charitable contributions from companies and those made via corporate foundations) account for around the same percentage of MPDs as in previous years. They're responsible for 10% of all donations worth £1 million or more in 2009/10, compared to 11% in 2008/09.

Type of donor 2008-2009



Type of donor 2009-2010

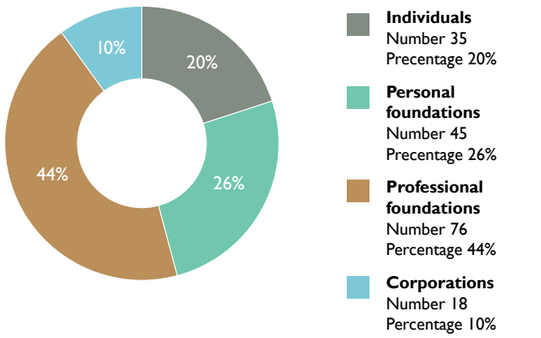


Figure 2: The source of million pound donations

| 02 | FINDINGS

4. The location of million pound donors

The 2010 report, published last year, contained the first analysis of the geographical location of million pound donors. Collecting this data is complicated, as many wealthy individuals have more than one residence and some institutional donors have more than one office. However, we have again sought to establish the 'main' address for each donor and found that London seals its position as the capital city of philanthropy in the UK. Over half (56%) of all individual donations worth £1 million or more came from people or organisations based in London (see Figure 3).

This year sees a significant drop in the number of donations made to UK charities from outside the UK, with just five international donors (primarily from the USA) compared to 15 in 2008/09.

5. The value of million pound donations

As in previous years, many of these largest donations tend towards the lower end, with 44% being worth less than £2 million. This figure is the same as the previous year. However, this means that the larger part of MPDs (56%) continue to be worth £2 million or more, including 10% that are worth £10 million or more (see Figure 4).

This top 10% includes one donation worth £100 million or more, consistent with 2008/09 in which one nine-figure donation was also identified. As with all mega-philanthropy, this donation was banked into a personal foundation for distribution at a later date, rather than given directly to front-line charities.

Location of donations 2011

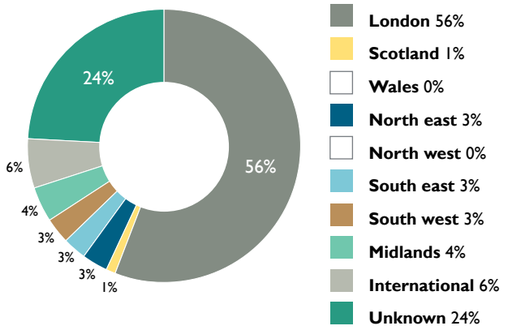


Figure 3: The location of million pound donors

Value of donations 2011

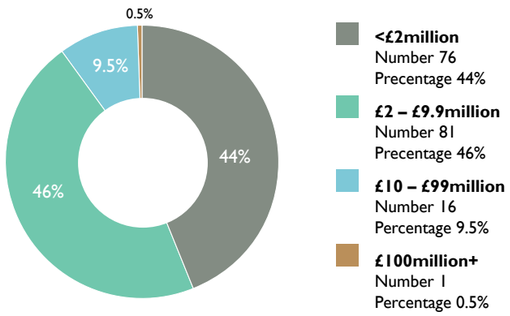


Figure 4: The value of million pound donations

6. Are million pound donations 'banked' or 'spent'?

Since this report began, we have tracked the percentage of biggest donations that is given directly to front-line charitable organisations for immediate 'spending'. We also report on the percentage that is 'banked' into charitable trusts and foundations for distribution at a later date.

The trend away from 'banking' and towards 'spending' identified in the first three years of this report has reversed, with a larger percentage 'banked' (52%) rather than 'spent' (48%) (see Table 2). Given the smaller sums involved in 2009/10, this means a significant drop in the value of funds reaching charitable beneficiaries, down from £998m in 2008/09 to £631m in the most recent year. However, as this money is irrevocably committed, it remains available for charitable spending in future years.

Year	Amount 'banked' in foundations	Amount 'spent' directly on charitable beneficiaries
2006/07	£913m (56%)	£705m (44%)
2007/08	£597m (42%)	£808m (58%)
2008/09	£550m (36%)	£998m (64%)
2009/10	£681m (52%)	£631m (48%)

Table 2: Are million pound donations 'banked' or 'spent'?

7. The recipients of million pound donations

A total of 154 organisations were recipients of million pound donations in 2009/10 - seven fewer than in 2008/09 (see Table 3). The 154 organisations include both operating charities and charitable trusts and foundations. The vast majority – 140 - received only one donation worth £1 million or more. Organisations that received multiple million pound donations are primarily well-known universities, or London-based arts and cultural organisations. Unlike previous years, when a small number of organisations received four or more MPDs - including 2008/9 when two organisations received over 10 donations of this size - we only identified organisations receiving two or three MPDs at most in 2009/10.

Number of million pound gifts received	Number of organisations receiving this many million pound donations in 2009/10
1	140
2	8
3	6

Table 3: The recipients of million pound donations

| 02 | FINDINGS

8. The distribution of all million pound donations

As in all but one of the years since the start of this study, the most common destinations for MPDs are trusts and foundations (see Table 4). Over half (52%) of the total value of MPDs made in 2009/10 was placed into these giving vehicles, which is indicative of a widespread desire to undertake philanthropy in a formal and organised way. It is also promising for the future as the full value of these donations is yet to be unleashed into the wider charity sector.

Last year's top cause, higher education, has slipped back into its usual number two slot. Its temporary elevation was probably due to the launch of a matched funding scheme which incentivised donors to contribute to UK universities.

International development has seen the biggest increase, up from £53 million in 2008/09 to £143 million in 2009/10. Indeed, this cause accounted for over a fifth of all 'spent' donations (i.e. after removing the value 'banked' into trusts and foundations). This finding may be related in part to the response to the Haiti earthquake, which occurred in January 2010. Further reasons are offered by Jamie Cooper-Hohn, who featured as a case study in the 2008 report, when she explained why she and her husband focus their philanthropy on improving the lives of children living in poverty in developing countries,

> *"Million pound donors are interested in taking on a big problem and trying to address a very specific issue. The sector we work in allows you to do that, and you get more value for money – whether it's £100 or £1 million it goes a lot further in international development than money given to any other cause."*

Arts and cultural causes saw a drop in both their number and value of MPDs. However, this may change in the future as a result of the government's £55 million matched funding scheme to build endowments in the cultural sector. It was launched in July 2011 to kick-start fundraising efforts across that sector.

While most charitable sub-sectors receive less than 10% of the total value of MPDs, all types of causes can continue to count on some support from the UK's biggest donors. This is consistent with the findings of previous years.

Subsector	No. of MPDs	Total value to this subsector	Mean value	% of total value	% of total value of 'spent' donations
Foundations	40	£681.1m	£17.0m	52%	–
Higher education	43	£299.36m	£7.0m	23%	47.5%
International development	25	£142.59m	£5.7m	11%	22.6%
Arts and culture	21	£60.47m	£2.9m	4.6%	9.6%
Health	18	£43.74m	£2.4m	3.4%	7.0%
Human services and welfare	5	£35.74m	£7.1m	2.7%	5.7%
Education (not universities)	9	£16.77m	£1.9m	1.3%	2.7%
Overseas	7	£13.59m	£1.9m	1.0%	2.2%
Environment and animals	2	£7.03m	£3.5m	0.5%	1.1%
Other public service benefit	3	£6.9m	£2.3m	0.5%	1.0%
Religious organisations and causes	1	£5m	£5m	0.4%	0.8%
All	174	£1.312bn	£7.5m	100%	100%

Table 4: The distribution of all million pound donations

| 02 | FINDINGS

9. The distribution of million pound donations made by individuals

Since the second edition of this report, we have provided separate data on the amount and distribution of MPDs made by individuals, as there is a particular interest in their philanthropic activities.

In 2009/10 we identified 80 separate donations made by individuals, either directly or through a personal charitable trust or foundation (see Table 5). This is 20% fewer than the 100 MPDs identified last year. The total value has also decreased, from just over £1 billion, to £782 million. However, the average (mean) value is similar, at £9.8 million in 2009/10, compared to £10.2 million in 2008/09.

The causes favoured by individual donors giving at this level have also changed. Higher education has dropped from the top cause (once money 'banked' in foundations is excluded from the calculation) to the fourth most popular destination, after international development, arts and culture and human services and welfare.

Commenting on this finding, Joanna Motion, until recently a senior figure at CASE, the organisation responsible for promoting philanthropic donations to universities globally, and now a consultant at More Partnership, says:

> *"University development offices in the UK are still evolving organisms. 'Spikes' in donations, rather than a steady upward trajectory, are a reflection of that. The growth in professionalism that the Government Matched Funding Scheme has helped to drive will, however, push both the number and scale of gifts to education steadily upward over the next few years."*

Subsector	No. of MPDs	Total value to this subsector	Mean value	% of total value	% of total value of 'spent' donations
Foundations	26	£593.76m	£22.8m	75.9%	–
International development	10	£54.74m	£5.5m	6.9%	29.0%
Arts and culture	12	£34.87m	£2.9m	4.4%	18.5%
Human services and welfare	4	£33.4m	£8.35m	4.3%	17.7%
Higher education	11	£22.11m	£2m	2.8%	11.7%
Health	5	£14.55m	£2.9m	1.9%	7.7%
Education (not universities)	5	£7.25m	£1.5m	1.0%	3.8%
Environment and animals	2	£7.03m	£3.5m	1.0%	3.7%
Other public service benefit	2	£5.84m	£2.9m	0.7%	3.1%
Religious organisations and causes	1	£5m	£5m	0.6%	2.7%
Overseas	2	£3.86m	£1.9m	0.5%	2.0%
All	80	£782.41	£9.8m	100%	100%

Table 5: The distribution of million pound donations made by individuals

| 03 | DISCUSSION

While there has been a decline in the number and value of the donations, we believe that there are also many positive and promising messages contained in these pages - primarily in the case studies - which reveal a growing desire amongst philanthropists to do it 'differently' and 'better'.

This chapter discusses the wider context for the UK's philanthropy sector, focusing on:

1. **Million pound donations and wider trends in charitable giving**
2. **Philanthropy and the social, economic and political context**
3. **Initiatives to encourage philanthropy**

It concludes with an overview of two themes that have emerged from the case studies and from observations of the changing field of philanthropy:

a. **The growing prominence of local giving**

b. **Creating structures and strategies for giving**

1. Million pound donations and wider trends in charitable giving

While the number and value of million pound donations have gone up and down in the time since this report was first launched in 2008 (covering the 2006/07 period) the figures in this year's report are the lowest we have identified. However, data collected on other types of charitable giving - and in comparable countries - shows that the changes in major philanthropy set out in this report are comparable with wider trends.

The authoritative UK Giving report[1] shows that general charitable giving in 2009/10 amounted to £10.6 billion, a figure that shows some uplift in giving levels but is still some way off the peak of £11.3 billion in 2007/08.

The Sunday Times Rich List 2010 reported an 11.5% decrease in donations by its top charitable givers. As this drop coincided with the 37% fall in wealth brought about by the recession, the authors conclude that "relatively speaking, philanthropy remains buoyant".

Research into annual trends in the charitable giving of the largest 100 UK family foundations found an 8.7% fall in the value of donations from this source between 2008/09 and 2009/10. The report, published by the Centre for Giving and Philanthropy and the Pears Foundation, found a year-on-year decline from £1.41 billion to £1.29 billion.

In the USA, even more significant changes have been recorded. Data on million dollar donations compiled by the Center on Philanthropy at Indiana University[2] shows changes in both the number and total value of million dollar donations over a similar period[3], as shown in table 6.

Data from the top 400 fundraising charities in the USA shows just how hard the recession hit. 2009 saw an unprecedented 11% decline in the total raised, and the small gains of 2010 mean they are still not raising as much as they did before the recession[4].

So while it's clearly disappointing that we found some dip in the year-on-year figures for million pound donations, it is consistent with wider trends.

| 03 | DISCUSSION

Year	Number of $ million donations made by individuals	Total value of $ million donations made by individuals
2008	745	$12.87 bn
2009	455	$4.97 bn
2010	605	$4.44 bn

Table 6: Million dollar donations made by individuals in 2008 to 2010

2. Philanthropy and the social, economic and political context

Philanthropy does not occur in a vacuum - it is influenced by the economic, social and political climate. These are clearly difficult times, primarily in an economic sense, with the continuing fallout from the recent recession and the start of the Eurozone crises in Autumn 2009.

2009/10 was a period of political change, with the formation of the new coalition government in May 2010, and the subsequent introduction of the efforts to reduce government deficit through severe and wide-ranging cuts in public spending.

Contemporary philanthropy is a product of these difficult times and it is not surprising that we find ourselves in a time of flux and uncertainty.

And as interesting as annual fluctuations can be, we shouldn't place too much emphasis on year-on-year trends. The world of million pound donors in the UK is a small one, consisting of fewer than 100 individuals. What may appear to be a significant development (in either a positive or a negative direction) may simply reflect the decision of a few donors to make, delay or withhold a donation within any given financial year. A year in which a particularly large donation is made is a happy one - but the reverse isn't necessarily true. Decisions to establish major new foundations or make a significant donations must happen at some given date, but the failure of such singular events to be repeated in the following twelve months does not necessarily indicate grave problems in the underlying philanthropic culture.

Recession has uneven consequences; some individuals have seen profits and personal wealth rise, and some individual and institutional donors feel no pressing reason to reduce their giving.

Equally, even where wealth has fallen, some may decide to maintain – or even increase – their giving, on the basis that their remaining wealth is still substantial and that their contributions are needed now more than ever. Conversely, some donors whose wealth remains relatively intact may be feeling financially more cautious, and decide to reduce or delay making larger donations.

Reductions in wealth are likely to have had some impact on UK philanthropy. The World Wealth Report published by Capgemini and Merrill Lynch Global Wealth Management refers to the "staggering losses" that occurred as a result of the recent turmoil in the global financial markets.

While markets have seen modest recovery since the 2008 low, it is likely that many individuals are feeling cautious and less willing to deploy their financial resources. According to the 2011 edition of the World Wealth Report, despite a 7.2% increase in the wealth of European high net worth individuals (HNWIs) during 2010, they are very aware of the risks, and the report concludes: "In these uncertain times, HNWIs are keen to preserve capital."[5]

Major philanthropic acts are usually preceded by major wealth creation events. Typically, an entrepreneur sells his or her company and uses some of the proceeds to establish a private charitable foundation. Yet 2009/10 was a particularly slow time period for the sale of companies. According to media reports initial public offerings (IPOs) ground almost to a standstill during this period[6], and the IPO market was described as "lacklustre" and "continuing to struggle in the UK"[7]. A senior financier claimed that renewed stock market turbulence had held back the IPO market[8].

In other words, the sources of wealth that traditionally instigate fresh philanthropy just haven't been there – so it's not surprising that fewer acts of major philanthropy have occurred.

It's also important to remember that the scale and extent of philanthropy is affected by changes in demand, as well as in supply.

Donors may remain willing to donate – yet giving can drop because charities feel it's not an appropriate time to ask for big donations. Fundraisers may have decided not to launch major new appeals or make 'big asks' of their donors once the extent of the recession became clear.

As Karl Wilding, Head of Policy, Research and Foresight at the National Council for Voluntary Organisations (NCVO) says:

> *"This data does not suggest that giving by the rich is falling off a cliff edge. Very few donors make million pound donations, and we know that datasets with small populations are likely to be more erratic. They say that one swallow doesn't make a summer, and it's also true that one data point does not make a trend. The ups and downs in the number and value of million pound donations looks to me like the sort of natural undulation you would expect to find in this sort of dataset. Rather than focus on the year to year change, we instead should focus on the bigger picture - how do we build a culture of philanthropy where many, many more gifts of this size are the norm every year and changes of this magnitude are negligible?"*

3. Initiatives to encourage philanthropy

In the past twelve months there have been high profile efforts to encourage the development of philanthropy from both within and outside of government.

Governmental philanthropy initiatives

Philanthropy has emerged as a key plank of the current coalition government's Big Society agenda. The past year has seen a number of efforts to implement the promise made in the coalition agreement back in May 2010, to "take a range of measures to encourage charitable giving and philanthropy".

March 2011's budget set out a number of ideas to build a more philanthropic culture, including a proposal to reduce inheritance tax for those who leave at least a tenth of their estate to charity. Further tax breaks were accorded to people donating works of art and historical objects of national importance.

Two months later, in May 2011, the government published a Giving White Paper, with the central aim of making giving 'easier' and 'more compelling'.

In the foreword, the two ministers with responsibilities in this area - Nick Hurd, Minister for Civil Society, and Francis Maude, Minister for the Cabinet Office – declared: "Our ambition is to stimulate a step change in giving."

This kind of language indicates a White Paper containing more than policy proposals. Indeed, it also identified the wider benefits generated by giving at a number of levels: for those who are helped by philanthropic funding, for wider society that is strengthened by the relationships and trust that it builds, and for the givers themselves who benefit from the pleasure of making a difference. Recognising the importance of the wider philanthropic infrastructure, the White Paper also describes the importance of providing "better support to those that provide and manage opportunities to give".

Another element of government efforts to promote philanthropy is providing new means to celebrate giving.

| 03 | DISCUSSION

This is intended to counter the cynicism about the motivations of major donors that persists in the UK – particularly in some sections of the media. A significant example is the creation of a new philanthropy committee to review candidates for honours.

Non-governmental philanthropy initiatives

The past twelve months have also seen a variety of pro-philanthropic activity outside government.

For example, Philanthropy UK, the leading resource for free and impartial advice to aspiring philanthropists, has attracted ongoing funding for its work, and re-launched its website at www.philanthropyuk.org

The most high profile non-governmental initiative of 2011 was The Philanthropy Review, a sector-led inquiry, which sought to encourage more giving by a larger number of people. The Philanthropy Review was launched in December 2010 and published its final report in June 2011, which contained three sets of specific proposals:

1. Making it easier to give, for example by promoting payroll giving and establishing charity bank accounts.
2. Encouraging giving, for example by extending tax breaks to donations of all types of assets and by introducing Lifetime Legacies[9].
3. Changing the culture of giving, for example by educating a larger number of children about giving from an earlier age, and by launching a national campaign called Give More to galvanise support for charities during these difficult economic times.

Although the inquiry has finished, a core group of The Philanthropy Review will continue to meet to oversee implementation of its recommendations. It is therefore likely to continue to be a key player in the philanthropy sector in the coming year, not least because it has earmarked 2012 as 'a year where giving is celebrated, where more people think about what they give and where those who can, pledge to give more'.

a. The growing prominence of local giving

Local philanthropy gives donors the opportunity to make a contribution to a community that matters to them personally, whether it be the area where they grew up, built their business, raised a family or have a special connection for some other reason.

This type of philanthropy has risen in prominence during 2011, and promises to continue to attract attention into 2012 and beyond. Efforts to promote local philanthropy are being initiated in a wide variety of sectors including the government, the media, charities and corporations, as the following three examples show.

One of the most prominent geographically defined philanthropic initiatives that has arisen in recent years is the London Dispossessed Fund, organised by the Evening Standard newspaper. Begun in summer 2010, it has now raised over £7 million to address the causes and effects of poverty in the capital city. The riots of 2011, which started in London and caused greatest damage in areas already experiencing high levels of deprivation - such as Tottenham and Lewisham – brought new momentum, and monies are now being distributed to riot-hit areas.

The fund is being run in partnership with Community Foundation Network (CFN), whose chief executive, Stephen Hammersley, says:

> *"This initiative tapped into the desire of Londoners to make a difference. Some of the well-off gave significant sums and many others gave smaller amounts. People also volunteered, and community groups were equipped to change people's lives for the better as a result. This goes on around the country all the time, enabled by community foundations. In London, the partnership with the London Evening Standard newspaper - which ran a series of stories highlighting the plight of disadvantaged Londoners – provided the oxygen of publicity and profile that took it to a new level."*

CFN is also spearheading a new three-year project to transform local philanthropy across the UK. The Esmée Fairbairn Foundation is funding the initiative to the tune of £750,000 to mark its own 50th anniversary. This will be used to create a fellowship of local philanthropists. Activities will include donor education and donor networking events, with the ultimate aim of strengthening the culture of local giving across the UK. Commenting on this initiative, Clare Brooks, Director of Philanthropy at CFN, says:

> *"The idea of creating a fellowship of local philanthropists came about as a response to the realisation that sociability and conviviality make philanthropy more attractive to potential donors. Donors really do enjoy getting together and swapping stories, contacts, skills and information. We are delighted that The Esmée Fairbairn Foundation has chosen to support this initiative, and are convinced it will help to encourage more and better giving."*

In September 2011 a new report focused on local philanthropy was published by Coutts. *Inspiring Local Philanthropy: Making a difference in local communities* was produced as a result of the many conversations Coutts has with clients who want to support the communities they care about.

The report highlights the contribution of philanthropy to local communities, showing donors how to get started, and sharing inspiring approaches and stories. One of the donors featured in the report is Andrew Preston, who created his wealth by working in the financial sector in London, before returning to live and concentrate his giving in his home town of Middlesborough. He is quoted as saying: "I just feel a sense of pride about where I grew up and I think it is my duty to help the community."

The report also includes a profile of Peter Saunders OBE, who lives and has built his business in rural Wales, where he now channels his charitable activity. He describes some of the many advantages of focusing philanthropy on a local geographic area: "The great thing about giving locally is that you have intimate knowledge of that area. This means that you can select what you fund wisely, get involved with the causes and influence what happens with the funding".

The case studies of million pound donors contained in all editions of the Million Pound Donors Report show that many of the nation's biggest donors focus their giving on a particular geographical area.

The charitable trust established by Mary Cornish, profiled in this edition of the Million Pound Donors Report, gives to projects in Yorkshire. This focus is described as a result of both practical and personal factors that are relevant to herself as a donor and to her fellow trustees, as she explains: "We all just decided it would be a lot tidier and a lot more personal to us if we restricted it to the county where we lived and worked".

Mary Cornish also says the geographical restriction makes it easier to visit projects, either during the application process or after funding has been provided, to see how the work is progressing. The opportunity to see the projects they have funded in action and to meet staff, volunteers and beneficiaries, is often cited as important for donors.

In sum, local giving is viewed by many philanthropists as an especially satisfying way to support the causes they care about, because it makes the philanthropy more meaningful, which in turn can make it more real, inspiring and enjoyable.

| 03 | DISCUSSION

b. Creating structures and strategies for giving

Many of the million pound donors profiled in this edition of the report, and in earlier editions, have described the importance of a process where they have moved from a 'scattergun' approach in which funds are distributed reactively to a variety of diverse causes, to a more focused distribution to a smaller number of causes that they have pro-actively chosen. For example, Richard Ross, whose foundation now exclusively funds medical research, says:

> "Initially we didn't have a focus for our philanthropy, so there was no structure to our donations. We received up to a thousand requests a year and gave mainly to welfare causes."

There are many ways of acquiring a philanthropic focus, and a large number of sources or advice to help philanthropists create a structure for their giving.

For example, Coutts has produced a Philanthropy Handbook, and Philanthropy UK has collated a wide variety of such resources on its website, and in a publication called 'A Guide to Giving' (now in its third edition and also sponsored by Coutts), which is available online and in hard copy www.philanthropyuk.org/publications/guide-giving

The editor of the first edition, Susan Mackenzie, says:

> *"Major donors should remember three key principles: give responsibly, understand the impact of your giving and seek good advice. Effective giving involves making informed choices, being confident that gifts will make a difference and being assured that donations are an efficient use of money".*

Developing a philanthropic strategy takes time and effort, especially when large sums of money are involved. John Stone, who was profiled in the first edition of this report said:

> *"When we began we didn't have a passion for any particular cause, we really started with a blank piece of paper. We sought advice from Coutts and New Philanthropy Capital, who asked us lots of questions and got us thinking about how we could achieve the biggest effect with the money we had."*

Since 2008, John Stone has greatly scaled up his philanthropy, and now says,

> *"As thinkers from Aristotle to Andrew Carnegie have pointed out, it is harder to give money away intelligently than it is to earn it in the first place. In my case, it has taken me five years to scale up my philanthropy to be able to make significant grants. I wanted to be sure that my money would be put to the best possible use and have the biggest impact on those I chose to help. It does take time to give strategically in this way, but I believe it is better to proceed slowly and carefully, to ensure that philanthropic donations are committed wisely, which should bring more more long-term benefit to society and, as others will be more inspired by seeing money well-spent, it should eventually result in bigger funding for charities."*

In the simplest terms, a philanthropic strategy finds the best match between a donor's values, passions and interests, their resources available (including money, time and expertise), and the challenges and opportunities in relation to their chosen area(s) of interest, as the following diagram illustrates:

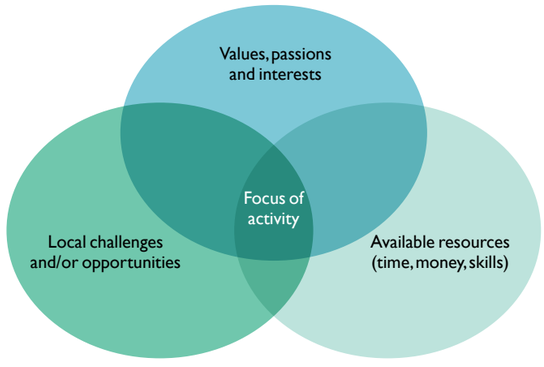


Figure 5: Finding a focus for giving

The appendix on 'How to make a million pound donation' at the end of this report, also contains useful advice to donors starting out on their philanthropic journey.

Yet it is also important to remember that creating a philanthropic strategy is a dynamic process that needs to be refreshed on an ongoing basis. The content of the three circles in Figure 5 are open to change throughout a donor's lifetime, so it becomes necessary to revisit decisions made about where and how to focus philanthropic efforts.

As Maya Prabhu, Head of UK Philanthropy at Coutts, advises:

> *"There is no single 'right way' to do philanthropy but many right ways. In developing your philanthropy strategy it can be helpful to begin by thinking about your interests, passions and concerns, understanding the context of the issues or geographical areas you may wish to support and then matching this with the resources your have to offer – financial, your expertise and network."*

Finally, it's worth noting that more focused, structured and strategic philanthropy creates a virtuous circle where the donors' confidence and enjoyment raises both the incidence and level of their giving as David Carrington writes in the foreword to the Coutts Philanthropy Handbook:

> *"The more confident and informed the donor becomes, the more active and discerning they become as philanthropists, both in their support for the charities on which they choose to focus their attention and also in their advocacy among friends and colleagues of the personal value they derive from their philanthropy."*

| 04 | CONCLUSION

This report sets out everything we have been able to learn about million pound donations made in the UK, or to UK charities, in 2009/10. As we indicate in the introduction and in the methodology appendix, we are aware that our data is likely to under-estimate the true value of this largest level of philanthropy.

It is therefore a conservative estimate when we claim there were 174 donations worth £1 million or more, made in 2009/10 with a combined value of £1.3 billion. This is a clear decrease in both the number and value of donations from the previous year, and we have suggested a number of potential explanations for this situation, notably:

- Decreases in wealth - and associated falls in financial security and confidence - may have left donors less inclined to give away large sums
- Those seeking funds within charities may have been less likely to ask for large sums, believing the economic situation makes such an ask inappropriate or more likely to fail

It's likely that a combination of factors is at play, and a more precise understanding of what is happening is unlikely to become clear for some time.

While this annual report can give a flavour of developments in UK philanthropy, it's important to reiterate that the small world of million pound donors in the UK means that no firm conclusions can be drawn until we have data stretching over a longer period. Indeed, the key lesson from the figures in this year's report may be that we must learn to accept that major philanthropic gifts occur in a lumpy and uneven fashion, and resist reading too much into sudden peaks and troughs.

We can, however, safely conclude that this has been an eventful year for philanthropy in the UK. Philanthropy is under the spotlight and a number of encouraging developments have taken place – including proposals for new incentives and efforts to encourage and celebrate giving.

It's also important to remember that this heightened awareness is accompanied by greater public scrutiny of charitable giving, especially by wealthy and high profile people. This can result in greater criticism - at least in the shorter-term - when public perceptions are driven more by opinions on wealth than the act of giving it away.

There have been key changes in the wider context for philanthropy – some coming from government and some not. There have also been interesting developments in the appeal of local giving and the creation of structures for philanthropic activities.

We hope this fourth report on million pound donations will help to inspire potential donors. We also hope it will prove useful to policymakers developing initiatives to encourage major philanthropy - and that it will help fundraisers to develop their relationships with people who have the capacity to make million pound donations.

We also hope it continues to fill in an important gap in our collective knowledge about major donations and stimulates useful discussions. We appreciate feedback from any readers, be they donors, fundraisers, policy makers or others who care about philanthropy – which can be sent to the author at b.breeze@kent.ac.uk. We'll take all comments on board so that future versions of the report can be even more comprehensive.

We will continue to collect and analyse data on million pound donations and look forward to publishing our findings for the years 2010/11.



CASE STUDY: MARY CORNISH MILLION POUND DONOR

Mary Cornish chairs The Brelms Trust, which she established in 2007 with an endowment of £2.6m. She was also a trustee of the Evan Cornish Foundation from 2005-10.

"My mother, siblings and I all contributed to set up a family foundation in my dad's name, and I was involved in that for just over five years. But I'd always had in the back of my mind the idea of setting up something in my own right, which reflected my background. I studied sociology at university, then was employed in the voluntary sector, followed by statutory social work services where I helped to develop and support community groups. I worked firstly as a volunteer in Reading, and then in York and Sheffield in some areas of huge disadvantage, delivering services to those individuals, so I had experience in that field and felt I knew what I was talking about.

I wanted to do something really constructive with the wealth that was coming to me from my father rather than keep it for myself – I know that risks sounds saintly, but I'm not! The idea just grew inside my head, and it's something I used to discuss with my father quite a lot. Like many entrepreneurs, he wasn't driven by making money but by being creative and doing new things all the time. He used to donate haphazardly to organisations that wrote to him, and could be ridiculously generous, then other times he wouldn't give anything - there was no structure to his giving. I talked to him about it, but it wasn't his field and if I'd had the time I might have been more involved in his company giving strategy.

Then a number of things came together at the same time: I inherited the money, I felt I had the time and a bit more energy than earlier in life when I was busy with my career and family, and I had some experience to know where that money might best be directed. So I got on and did it! It took about a year to go through the hoops to get The Brelms Trust set up. We formally started in 2007, so we're now in our fourth year.

The name of the trust is an acronym: each letter stands for the names of one of my four children, my mother and my granddaughter, so it's meaningful to me. The first trustees, in addition to myself, were my solicitor and two close friends who are also ex-colleagues, who I knew would be interested and have something to offer. I didn't involve too many people from a wider sphere because I wanted it to be small and personal. Also, not many people from my social life were aware that I had any background of wealth – I wasn't being secretive, it just wasn't relevant to my lifestyle. There were only certain people who knew that I could potentially have been a very wealthy person, but I chose to shift it sideways, if you like. The trustee group evolved and the circle has gone wider: there's now five of us, and I'd like to get it up to six or seven to fill the gaps in skills and background.

It sounds like such a sound-bite, but our aim is to make some kind of difference. As we give out relatively small grants, we focus on smaller organisations embedded in their communities because they can do a lot with sums which would make very little difference to a big charity, so we're unlikely to fund organisations with an annual budget over £1 million. We don't give unrestricted funding, we prefer to fund projects with an identifiable price tag - like a summer playscheme for example. If an applicant can't show the project is separately run and controlled within the umbrella of their organisation, then we'd say no - however good it looks. We do fund capital and revenue costs and we're willing to pay for the boring things that are very difficult to get funding for, like manning the telephone or paying the rent. We've noticed that capital fundraising appeals are quite successful, because it's easier for funders to relate to something tangible, so we tend to help to maintain an organisation or set up a new idea, rather than help to build a building – which anyway has to be maintained and staffed. Recently we've had a few requests to part-fund salaries because of actual or threatened local authority cuts, so we've helped to prevent workers' hours being cut.

We only support projects in Yorkshire but we didn't set out with a geographical focus, it happened by accident. I was having discussions with the other trustees whilst writing our objects for the Charity Commission and we all just decided it would be a lot tidier and a lot more personal to us if we restricted it to the county where we lived and worked. Also, we're keen to meet applicants – it doesn't always happen, it can just be on the phone or by email - but we visit about 25% of applicants during the assessment process or after the first year of a multi-year grant, to see how they've progressed.

When we visit we usually meet the person who put in the application, who's often a trustee, but we also want to meet with a worker who's actually on the ground and see the project in action if that's feasible. We try to be careful not to be intrusive but if you get invited to have a cup of tea

CASE STUDY CONTINUED: MARY CORNISH MILLION POUND DONOR

with people who use the project then that's a good opportunity to find out how they feel and what's going on. If we visit prior to a decision being made, we're always careful to make it clear that doesn't mean there's any guarantee of a grant.

We're always very honest about the grant being a one-off, or - if they've asked for it over three years - that it may not be renewed if it's not going the way we think it should, or the way they intended it to. But we have learnt to be less rigid about how our money is spent because things can change so quickly – members of staff leave, the financial situation can change and targets alter as a result of that, and sometimes things just don't work out. As long as the organisations that we fund tell us, and can justify and explain the changes, then we usually say "that's fine".

I don't like to think in terms of 'donations' – to my mind that's about putting a pound coin in a tin and not thinking about it again. We think in terms of giving grants, which involves really thinking about what you do and then re-visiting it, so it's a living thing whereas a donation is over and done.

We get about 240 applications each year, of which we fund about a quarter. I didn't want to set an arbitrary limit of, say, allocating £50,000 at each grants meeting because you could get ten really brilliant organisations that absolutely do need £10,000 each, and another time there might only be two we want to fund. I don't want the tail to wag the dog: it makes a mockery of our administration system if someone submits a great application, jumps through all the hoops and then we say no because of a notional limit.

We keep a laminated copy of our charitable objects in the office, and have it in front of us at trustees meetings to save us getting very excited about an application and then realising it doesn't actually fit our objectives, or the opposite - we might not like the look of something but if it fits our objects then we should consider it carefully. Sometimes our newer trustees ask how we arrived at certain decisions and I think "was that me, did I drive that through?" but they're quite right to ask. I may be the donor but I've only got one vote, the same as any trustee, though so far we've managed to come to all decisions collaboratively without needing to vote. If we get a good application that's really not for us, then we will try to point them in the direction of a trust that might fund them.

One stand-out experience came when we visited an organisation which, like many, undersells itself. It's in an area of disadvantage and the project was about trying to get kids safe, off the streets and hopefully back into education. We were really confused by the application because it looked like they just wanted funding for a music studio – we were intrigued but it didn't really meet our objectives so we went to visit and it blew us away. There's a problem in that town with girls from about the age of 12 onwards being recruited into prostitution. A lot of young girls and young boys went to that base during the day for safety and one of the things they like doing is recording rap songs – the kids would come in and express themselves through music. They invited us to have a cup of tea in the common room and I made a comment about a collage on the wall that was made of pictures of kids who'd been involved in the project. Someone said to have a look at another collage, which they said was made of kids who are no longer with us – at first I thought they'd moved on but no, they had died. They were very young, under 16, and they'd been known to the project but had fallen by the wayside. We ended up giving them a lot more than the £3,000 that they'd asked for! That project might have slipped through the net if we hadn't visited, because if two of us are not sure then we usually reject it, because we have plenty of other applicants to consider.

We always ask recipients how they will measure the impact of the grant: we don't want to know about bums on seats, we want to know what difference it will make. There are so many immeasurables but organisations have to try and find some way to measure what they're doing. For example, we fund a project that cares for people who live on the streets and they define success as their users still being alive in the morning, which puts it into stark relief. To some extent we all know we're playing a little game. We're asking for information that we know is almost impossible to give and they know that too, but they know they've got to give it to us. It's just about keeping an eye open, not so much for people spinning a yarn but for where the impact might be pretty minimal – like reaching just one person, and then it's up to us to decide if that's still worth funding. Sometimes grantees admit they've failed and give some or all of the money back. It doesn't happen often but I think it's terribly honest.

Most people don't know that the trust is only funded by me, and I don't always tell them because it's just not relevant. It can get in the way when I meet people - it sets the relationship off on a different track that I don't want to go down. I don't think of myself as the donor, and I've

intellectually distanced myself from the initial donation into the trust and I now think of it as the trust having success, rather than something that I've done. Although occasionally I feel my dad on my shoulder, or think: "dad would have been interested in this project".

I haven't made a decision about the trust's lifespan, I think of it as ongoing certainly for ten years, which means more donations will have to be made to maintain the current level of grantgiving. We have invested the money well, but at the moment we are making grants worth about £400,000 a year, which is more than the interest, so we are knowingly eating into the capital. Both Gift Aid and advice from accountants are quite helpful for making donations at a particularly advantageous time tax-wise. Those factors affect the timing of donations rather than drive my decision to donate, but if the trust was struggling financially and needed topping up then I would do so, whatever the timing.

I remember the moment when I transferred over £2m into the new trust – it was exciting to be starting a whole new huge project and a new phase of my life, rather than just thinking and talking about it, I was actually doing it and making it real. I wouldn't have done it if I hadn't felt financially secure and if my advisers hadn't assured me it was financially possible. When I revisit the question of giving my wealth away, I don't keep weighing up the options of spending it on luxuries versus charity. But what does occur to me occasionally is 'when do my children get a say?' To their credit, my children have never questioned my giving the money away rather than keeping it for their inheritance. I've been careful not to make my children feel they ought to be involved in the trust and I don't know if they will in the future. I haven't set it up in any way as a dynastic model like some family foundations. They're all busy doing their own thing in very different worlds. They're very much aware of the trust, they support what I'm doing and if they want to be involved I would see that as a great thing.

I really enjoy the work, although it's not really work - it's fun! Some people worry that it's not right if you derive any pleasure from doing philanthropy. I'm not only doing it for my pleasure, but it doesn't worry me to say that I am having fun as a side-effect. I enjoy meeting the organisations, finding out more about them and I'm really pleased that we have managed to make a difference. I'm not interested in seeing my name on things or that kind of glorification. I don't mind being mentioned as a donor in a charity's annual report and accounts and I sometimes go to low-tech and low-cost events, like charity open days or anniversary celebrations, where it's nice to meet charity staff and patrons and other supporters, so I get involved in that way but plaques are not important to me.

I would advise others starting out not to attempt to do everything yourself and to be prepared to pay for good help and support. I decided to appoint an administrator right from the start, because I knew from my experience with the family foundation how much work was involved. Whatever the size of the trust it still needs to be managed and governed. I'd also say that training for all trustees is essential and we always encourage trustees to claim expenses, even if they're not taken up.

You get to a certain stage in your life where you feel the need to give something back in a way that reflects what you've been involved in. After thinking about it for around fifteen years, I'm glad I've had the time and the energy to set something up in my own right. Overall, the main feeling is excitement and great fun to be working with a team of people. It is emotionally challenging sometimes, but it's also intellectually challenging and very rewarding."

CASE STUDY:
ANDREW WATES
MILLION POUND DONOR



Andrew Wates was until recently chairman of the Wates Group, a family-owned construction services company based in Leatherhead, Surrey. Andrew is now chairman of the grants committee of Wates Giving.

"My father and his two brothers established the Wates Foundation in the 1960s, since then it has distributed almost £90 million. It had been run as one totality until recently when we split the grant making between three committees to reflect the arms of the three founding families. This reorganisation meant some strategic loss, but it completely re-energised the involvement and participation of family members. Our philanthropy has become more local and personal because we went from being a traditional, institutional grant maker to putting a far more personalised, individual stamp on our giving. Until the reorganisation, requests for funding had largely been coming through our website, but now many of the applications are being initiated by the family members themselves. It has been a real joy to see the participation of the next generation in our family philanthropy. They are now running it, and it gives me tremendous satisfaction to see that.

I am more directly involved in Wates Giving, which we set up in 2008, as I am Chairman of the Grants Committee. Wates Giving is neither a typical corporate charity nor a traditional family trust, but something in between. I call it 'personalised corporate giving' and think it is a reflection of the new age in grant making. It is funded by a percentage of annual group profits and we distribute around £1.5 million each year.

Wates Giving is all about the stewardship principle. The reason we're doing it is because we believe that if you have a successful business then you should use the wealth created wisely. It might sound quite Victorian, but we think that wealth comes with responsibilities. Without sounding too pompous about it, we do talk about our giving as a family; we discuss why we do it and we do believe it is our responsibility.

Two-thirds of Wates Giving awards go on long-term funding for projects in the communities where we work, as a result of suggestions made by people working for the Wates Group. The participation of employees is a great way of binding the family and the business together and it sends a message out to the communities in which we work because our people are the representatives of the business.

We have five headline themes for Wates Giving, to bring some structure to the process:

Our first theme is Education, training and employment. One of our biggest projects is an online learning resource for teachers and students of the Construction and the Built Environment (CBE) Diploma. It complements existing teaching materials and brings the construction industry to life via a virtual building site. It's been pretty successful: we've reached just under half of the target market, we've got 3,500 students using our programmes and we're in well over half the colleges that are teaching the CBE diploma. We are watching what will happen to diplomas with interest and will continue to support practical solutions such as this.

The second theme is Community Building, which involves many small grants, but we do like to have two or three bigger projects running at any one time. When the business is working in an area we're usually on site for four or five years and we want to engage with the communities in which we're working. The Wates Group provides training and mentoring, as well as funding through Wates Giving, to get useful new community projects going. An example is the money and technical support we've given to establish a community café in Manchester, which will promote healthy eating, set up allotments and create jobs, as well as provide a hub for the community.

The third theme is Social Enterprise. The Group's target is to help one social enterprise to get going on each of our construction sites, which is about 200 in total, and we are helping the business achieve this ambition. After 12 months The Group has engaged with 60 or so, with about £700,000 of orders for the enterprises. It has been hard work, but it is a great way of leaving something useful for communities in addition to the buildings. By the time construction is complete on site, these enterprises have got their business going, such as making sandwiches or recycling, and that is fantastic, that is a success from our point of view. We want to help build the fabric of the communities that we've built, to help the people living there have some pride in their community, and get some earning power, to help bind that community together. This is a priority for us in the next twelve months, and we want to get some bigger social enterprises involved.

The next theme is the Environment and energy sustainability because, like everybody, we are concerned about things like renewable energy. Wates Group is committed to zero carbon, we have a green car policy and through Wates Giving we are funding some PhD research at Exeter University in this area.

Finally, we like to use our funding to advance thinking on social issues. So under our 'Thought Leadership' theme we sponsor research from time to time. For example, we have recently published a study on reducing crime through a different approach to re-investing in criminal justice and community sentences. It's in line with the talk about Big Society and localism from the new government, which has new ideas about how you approach criminal justice in the 21st century. It also links to the part of our business that builds prisons.

The other third of Wates Giving supports projects that family members bring forward. For example, we gave a big grant to the library at Emmanuel College, Cambridge because many of us went there, including my father, my son, my brother and myself. Emmanuel is a college with great vision around investing for the long term, We also gave £60,000 to redevelop the club facilities at Dorking rugby club, because the Wates company is based in nearby Leatherhead and many generations of the family have played rugby there. The club has a hugely successful youth development programme involving nearly a thousand local youngsters.

Of course, it is inevitable that our philanthropic interests reflect our business interests. We do a lot of work in areas like social housing and building prisons, so that's where the opportunities arise. Ideas for projects come from meeting people, like prison governors. I do find that the more you get out there, the more people you meet and the better the ideas you come across. For example, we've always had a strong interest in prisons and after a conversation with the prison governor we gave £150,000 to help set up 'The Clink', a highly innovative idea for a training restaurant inside High Down prison. Prisoners get the chance to gain qualifications and experience cooking and serving meals to the public. The Clink has other funders too, which we actually prefer because it reduces risk, increases the total monetary value and raises the quality because you get the experience and input of partners. We don't mind if those collaborations result in us getting less recognition or credit. We do promote Wates where we can, but it's not a driver of our philanthropy. It's just nice to see results.

I think the most important thing about our philanthropy is the family engagement. Our core values as a family are to create wealth and to play our role in communities. Wates Giving is just a modern development of what my father and his two brothers started. It is professionally structured and well managed and I hope we do set ourselves high standards. It came after a lot of thought and conversation about how we should do it. Wates Giving is a great means for us, as family owners, to remain in touch with Wates staff. It demonstrates our values in action.

I think that personal involvement is where the satisfaction comes from. All of us work hard to make sure that we do engage with the giving because it helps to sustain our drive. The satisfaction doesn't come from giving the money away but from seeing the impact it has had, knowing that a small amount of money has changed lives in some way."

CASE STUDY:
RICHARD ROSS
MILLION POUND DONOR



Richard Ross has worked for his family's business, Regentsmead, since 1967 and is currently Chairman. Richard is also Chairman of the family's charitable foundation, Rosetrees Trust.

"I come from a very low profile family who do not seek publicity. My father, Nat Rosenbaum, came to the UK as a baby, left school at 13 to work in a market and eventually created a successful private company, Regentsmead.

Nat thought laterally and worked incredibly hard, and he and my mother were unchanged as individuals by their success and were always willing to help others. I enjoyed a privileged life as a result of this success, graduating from LSE and qualifying as an accountant before joining Regentsmead in 1967.

My parents celebrated their Golden Anniversary in 1987 and established the Rosetrees charitable trust to mark that occasion and to share their good fortune with the community. 'Rosetrees' is the English translation of our family name, Rosenbaum.

Initially we didn't have a focus for our philanthropy, so there was no structure to our donations. We received up to a thousand requests a year and gave mainly to welfare causes. My mother, being an elderly lady, liked the idea of helping other elderly people. She was very generous to Jewish Care, which is a voluntary care organisation for Jewish people providing outstanding community-supported care, which reflects the Jewish approach to charity, particularly for the elderly. They were building a new residential home and my mother decided she wanted to make a large donation to ensure there was sufficient money to build the new home. The family unit is central to Judaism, which is why we fund high quality care in the community, free to those who can't pay. Even non-religious Jews who don't go to synagogue retain the traditions, and thousands of years of persecution has drawn the community together and enhanced the religious concept of helping others, which is passed from generation to generation.

One day, a professor wrote to ask for support for his work researching cancer and it just clicked a button in my brain. I realised that my mother had given money to a home to look after older people with Alzheimers. I thought: what if research could cure people of Alzheimers so they didn't need to go into a home? That would be fantastic. So we made a small donation to that professor over 20 years ago, which marked the beginning of our focus on supporting cutting-edge medical research.

We support the best medical researchers during their PhD and post-PhD phase, when they don't yet have a guaranteed income from a university appointment and might have to give up medical research without funding, which would be a loss for them and for our country. It's nuts that their professors are spending so much of their time seeking funds for their students. Most professors aren't good fundraisers, they are leading experts in their field of medical research, and searching for funds stops them doing their greatly skilled work. So we are supporting the best researchers when they are in the bridging position between learning and becoming established university appointees. We are looking for the best, the most skilled people who are going to become professors and who are going to be leading research in ten or twenty years time.

Our philosophy has been to fund basic research, letting researchers explore ideas they want to test out. It is very long-term but it creates the foundation on which medical progress depends. Without research we wouldn't have aspirin, antibiotics or keyhole surgery and going forward research will lead to tissue engineering to replace worn body parts and gene therapy. We are now trying hard to find translational research projects that lead to earlier health benefits. Contributing to this life changing work is extremely interesting, constructive and totally worthwhile.

It is important to be patient for this kind of philanthropy. If you plant saplings you wouldn't come back six months later and expect to see 50 foot high trees! But we believe that if we spend a lot of thought and energy finding the very best researchers in a particular field, then over time that will give the best chance of major health benefits.

In 2010/11 we gave away £1 million, mostly to Imperial College, University College and Kings College, because they are in London and we can visit easily and establish good communication, which is a vital part of our approach. Rosetrees supports research on business lines because the money is derived from many years of hard work by my parents. We look for areas where we can make a major difference, we go into a lot of detail when we assess possible recipients and get applications peer reviewed to be sure we're getting the very best value from the amount of money that's available.

We fund a lot of projects using a pyramid system. We start with a relatively small amount for the first three years and if the researcher shows that they're capable of doing good work then we continue and give them more money. But no one knows at the start who is going to be successful. By supporting over a hundred projects we're spreading a wide net and giving ourselves a good chance of picking out the most successful, long-term research. We also support seed corn and pilot projects, which has successfully leveraged £50m in grants from other funders in the last decade. We expect this to increase to £100m in the next five years, and my mission is to help leverage an additional £1bn for medical research, which will make a major difference to everyone's health.

We're trying to find co-donors to fund research with Rosetrees so that we can make even more of a difference. We're not looking for the credit, but we've done a lot of the spade-work and we're happy to freely share our expertise in cutting edge medical research. If, for example, I could meet a wealthy person whose spouse had heart trouble, and one of the professors we've identified is an expert in stem cells to regenerate the muscles in the heart, then we should be able to get together to fund that research. If there was some way of getting the co-donation model moving, then we could massively increase the amount of funding available for medical research. I know this would speed up medical discoveries and from my own experience I know how fulfilling and exciting it is for the donor to have been part of this process of discovery - I find it easy to give away my money if it is well spent.

I would like to help alter the mental approach of people living in this country towards helping others. We're living in a world where the rich are getting richer and the poor are getting poorer. I'm a capitalist so I'm all for people who create wealth, but I'm also all for people who get rich helping other people. I work in the financial sector and I think people need to re-assess their values, because entertainers, sports stars and bankers earn a fortune, whilst the professors who find cures for all our illnesses don't earn what a banker's secretary earns. I would like to help change that over time.

My advice to anyone thinking of becoming a philanthropist is to consider what interests you, because you're only going to be good at it, if it interests you. But have an open mind because I didn't set out to become a philanthropist in the medical field, it was just a string of circumstances that brought me here.

For me it is not just a case of giving away money, it's about meeting the researchers we fund, being involved in what they're doing and being part of it. Meeting people like neuroscientists is more interesting than anything I will ever do in any other part of my life. Other people might just want to write a cheque and feel good. There's nothing wrong with that, but I think it's like seeing the first half of a film then deciding not to see the second half. By getting involved in what the people we fund are doing, we get to see the complete story; it's a wonderful extra dimension to life. If you can find a focus for your philanthropy, and spend time and energy working at it so that it becomes an integral part of your life, you'll be helping others and you'll get more pleasure from your giving than from anything else you've ever done."

CASE STUDY:
NSPCC
MILLION POUND RECIPIENT



Sophie Moss is Senior Development Manager at the National Society for the Prevention of Cruelty to Children (NSPCC), which was founded in 1884 and is a leading UK charity, with the aim of ending cruelty to children.

"We could not have started or succeeded in raising our goal of £250 million for the Full Stop Appeal without donors capable of giving £1 million or more. That money is now being spent to deliver services that are protecting thousands of children and young people across the country. Since the Full Stop Appeal ended in 2007, we have continued to receive the support of a smaller number of million pound donors, who are helping us to further develop those services. Most of them started supporting us during the Full Stop Appeal, which began in 1999 so some have been with us for over a decade, and they've extended their support because they really love supporting the NSPCC's work and seeing what a difference it has made.

Last year we helped over half a million children and young people through our local projects and our helplines and the impact of million pound donations is huge. We're really grateful to all our donors and can't thank them enough. The gifts of million pound donors are transformational because they help us to achieve amazing things, like launching new projects or significantly scaling up existing services. When we want to start something new, we need these biggest donors to commit first because that gives other people the confidence to give. Big donations also enable us to plan ahead knowing we have the income to make our ideas to keep children safe a reality.

Our biggest individual donor is Richard Caring, who has supported us since 2005, when he held a multi-million pound fundraising dinner in St Petersburg. Combined with the monies raised by his organisation of the sale of NSPCC wristbands in Top Shop stores across the UK, these funds enabled us to set up a new NSPCC Centre in Camden, London, called Fresh Start.

Fresh Start was a groundbreaking project, which brought together a range of professionals dedicated to child protection, paedophilia detection and prosecution, and ongoing support for abused children. This centre of excellence worked nationally on a targeted and focussed solution to the problem of child sexual abuse, and therefore benefited from integrated working and information sharing between the different teams at the project.

Another of our current big donors is Doug Ellis OBE who is from Birmingham and formerly Chairman of Aston Villa Football Club. He has supported our work in various ways since 2002 when the NSPCC was chosen as Aston Villa's 'Charity of the Season'. At a visit to one of our ChildLine Centres, he learnt that we could only answer two-thirds of the calls received each day, and the situation was even worse at night when we receive some of the most serious calls to ChildLine; if a child is calling at 2am or 4am then they are likely to be in a desperate situation, that can sometimes even be life threatening. Having decided to do something about it, he talked to the staff at the centre and met Esther Rantzen (the founder and now president of ChildLine) and then pledged to donate more than £1 million, spread over five years. So far this gift has enabled us to establish the night service in Birmingham and to double the size of the team so that they can answer hundreds more calls. It can be hard to find volunteers willing to work through the night so the funding has also enabled us to employ some paid counsellors to fill in the gaps. The morale of the night service team was definitely boosted by the gift. They were all involved in explaining how crucial the service is to Mr Ellis and see the donation as recognition of the importance of their work in speaking to children who have no one else to turn to every day. Mr Ellis visits the centre regularly to meet the team and to see how things are going. He wants to hear about the work he is funding and any developments, which shows a commitment that the staff really appreciate. In turn, he really admires the commitment of the volunteers who are giving up their time and working through the night to help children.

When a donor makes a gift of £1 million or more, they usually prefer to support a specific area of our work. We've almost always known them for quite some time and have already talked to them about the kind of project they might like to support. It is understandable that they want to fund something that interests them, in return for such a substantial sum of money.

Often people who give at this level are very time-poor, but we try to arrange for them to meet NSPCC staff who are carrying out the work they are funding. Donors develop close relationships with the fundraising staff, but for them to actually talk to the staff who are working with the children and hear how the work is developing, makes a real difference.

The kind of feedback we provide to donors depends on factors such as the time they have available, their preferences for different methods of communication and the confidentiality aspects of the work they're supporting. Some people like facts, figures and statistics, so we would explain the impact of their gift by, for example, telling them how many extra calls we can take as a result of their donation. Many donors prefer to hear about the children we've helped because they feel it puts their support into context, it's a human example of the difference they're making. Those stories (shared on an anonymous basis) are memorable because they are very powerful. On an ongoing basis, we give donors regular updates on the projects they are funding, as well as news of any developments within the overall charity. We make sure we tell our donors about these developments before they become general knowledge because we feel that they are very much part of our charity, so they should know before the general public.

We also talk to donors at this level about how we can recognise their donations. For example, to say thank you and to recognise the importance of his support, we have named our Birmingham night team, 'The Doug Ellis OBE Birmingham ChildLine Night Service Team'. There is a plaque to commemorate this at the centre.

We need million pound donors like Doug Ellis who are happy to talk about their commitment to the NSPCC and to promote the extent of their support, in order to encourage other donors. However, if our supporters prefer to be anonymous that's more than fine.

It is a real advantage that our brand name is so well known and trusted however one disadvantage of being a national charity is that people often assume we have enough funding and that their money will make more of a difference to a smaller, local charity. But the NSPCC only operates with six months reserves so we do rely on ongoing donations. We've been in existence since the 1800s so we obviously use our finances very wisely, but donors like to hear that we are not sitting on huge piles of money but rather that we're using donations to help children as soon as possible.

Donors give for different reasons. It could be that they have an affinity with the charity. It could be that they have got children themselves and want other children to have a good upbringing, or perhaps something happened to them during their childhood and they want to make things better for other children. Another reason can be that they enjoy the networking side of giving. We invite our donors to different events where they can meet others who give at a similar level. Sometimes people begin as anonymous donors then come along to an event, where they meet other donors and then decide they are happy to go public because they are proud of what they've helped to develop with us.

Donors at this level don't always know each other, but they do know of each other. It can influence their decisions if they know that their peers have given at that level and have done so over a long period of time. It also gives them confidence in us as an organisation and helps them to trust that we will use any donations wisely. We haven't found that publicity about large donations leads to any decrease in donations in that area, because the sad thing is there's always more that we can do."

CASE STUDY: MARIE CURIE CANCER CARE MILLION POUND DONOR



Lucy Sargent is Head of Major Gifts at Marie Curie Cancer Care, which was founded in 1948 and is one of the UK's leading charity's supporting people with cancer and other terminal illnesses. Marie Curie's vision is that everyone will have the high quality care and support they need at the end of their life in the place of their choice.

"In the last fifteen years we have had four donors that have made million pound donations. Two of them were one-off donations from individuals of exactly £1 million each, and the other two were a trust and a family foundation whose lifetime value, over a couple of decades, cumulatively exceeds a million pounds.

Our most recent million pound donor is a northern entrepreneur. We got to know him when he paid the costs for someone he knew to undertake a challenge expedition to raise funds for Marie Curie. He was aware of our work and had some experience of cancer in his family, which meant there was some resonance from the start.

Step by step we were able to introduce him to our work through meetings and events. As we got to know him better we understood that he was interested in funding work within his own community; he wanted to make sure his money stayed local to where he lived. We sent him some information on a project that we wanted to establish in his area and we had a face-to-face meeting, but it was during a telephone call that he confirmed the gift, saying "I'm going to give you a one-er". We weren't exactly sure what a 'one-er' was, so we said, "Can you tell us what that means?" and he replied, "I'm going to give you a million pounds!" I remember it was unbelievably exciting in the office because we hadn't had a gift of that size for quite some time. The news quickly spread across the charity accompanied by huge and genuine joy at the knowledge that this gift would do so much for patients and families. We'd only recently established our major donor programme and there was some doubt within the charity as to whether we would be able to raise very large sums because we are a very broad base organisation, which historically has received lots of small donations from a large number of modest donors. So it was fantastic to learn that our charity can attract that kind of support. It was a clear sign that we were capable and ready to attract major donors. It gave us the confidence to think big in terms of our fundraising.

After the initial euphoria, it took nine months before the money came in. We almost started to worry but we later learnt that he was waiting to maximise the tax relief, which changed in the tax year ahead. When the money came through as a BACS payment there was a second wave of euphoria. We passed the bit of paper around the office and said, "Look how many noughts there are! Isn't this absolutely amazing, it will fund so much of our wonderful work". For the project team on the ground it was fantastic for them to know there was someone out there who believed in their work enough to fund it so generously.

We always try to have a conversation early on with our donors to find out how they want to work with us. We are happy for the relationship to be led by the donors because we want to be sure that they are getting enough information and that they are getting the right kind of information. For example, one of our million pound donors doesn't want to meet us or come to any events, he just wants reasonably regular reports about how we're using his money. Nor does he want any recognition, he is happy to know that the charity is doing good work and is helping people. But we have much closer relationships with some of our other donors who we meet regularly and invite to lunch with the chief executive. We have also provided naming opportunities to a seven figure donor. All our major donors have access to our leadership at any time, and are offered annual meetings with front line workers, such as our nurses, because we appreciate they don't only want to meet the fundraising staff.

It is difficult to know when it is appropriate to ask a big donor for another gift. Challenge grants can help to create opportunities to ask, for example we were offered £30,000 but needed to find a match to unlock it. We explained that situation to one of our biggest donors, and they kindly agreed to make an additional gift that year so we could meet the challenge.

Major donors are incredibly important, they help us to trailblaze and look at new and different ways of doing things. They enable us to test and trial different ways of working and tackling the big issues facing our society, for example the current demographic changes are creating huge challenges in health care.

The charity sector is very effective at innovation and finding ways to solve problems. Philanthropists are the people who help to fuel that innovation, making change possible within Marie Curie and other charities."

APPENDIX: HOW TO MAKE A MILLION POUND DONATION

When we spoke to donors and charities, we asked them to share their 'top tips' on giving and receiving donations worth £1 million or more. Here's what they said:

Advice for donors

"If you are comfortable to do so, work with the charity to make a public announcement about your donation. 'Going public' can help to raise the profile of the organisation and encourage other donors to come forward."

"Don't make unreasonable demands of the charities you support. The feedback you request should be proportionate to the size of your gifts and should not go on for years after the money has been spent."

"Think about your philanthropy as a way of educating your children – it can help them learn how to handle the responsibilities that come with inheriting wealth."

"Make donations that will transform the organisations you care about. Think about how your contribution can have the biggest effect over the longest time period – that probably means supporting the charity's capacity building rather than simply funding a building or a project."

"Try to stick with a charity or a cause for a long time instead of making lots of short-term grants to many different organisations."

"Give something back to the people and places that have helped to create your wealth."

"Be prepared to fund campaigns as well as more tangible things. If the campaign is a success then your money will have a massive and long-lasting impact."

Advice for charities

"Take your time and ask at the right time. It can take three or four years before a donor is ready to make a really significant financial commitment."

"Find out what benefits the donor would be pleased to get, as they are not always obvious or that difficult to fulfil. We give one major donor an annual staff car parking pass and he is delighted with it."

"Be prepared to give major donors access to the people within the charity that they want to speak to, including the most senior staff who can talk about strategy and the front-line workers who can explain what is happening on the ground."

"Major donors will rarely ask for formal acknowledgement, like naming opportunities, but they usually appreciate being asked."

"Involve your major donors as much as is appropriate. Million pound gifts come about because someone is passionate about what you do, so give them every opportunity to enjoy their passions."

"The bigger the donation, the more reassurance the donor usually needs. Give them every reason to trust you and believe their money will be well spent for maximum effect."

Appendix on Method

This report identifies all known charitable donations worth £1 million or more that were made either by UK donors or to UK-based charities during 2009/10, which is the last financial year for which full accounts are available. However, as charities' financial years end in different months, and their annual accounts are published at different times of the year, the donations included in this report could have been made at any time from 1st January 2009 to 31st December 2010.

Almost all of the data discussed in this report was gathered from publicly available documents, primarily from charity annual reports and accounts but also from print media coverage. Some additional data was also provided by donors and by charities in receipt of million pound donations, with the consent of their donors.

We include million pound donations to charitable foundations and trusts, because they are irrevocably committed to be spent for the public good. However, we are alert to the fact that including such figures risks 'double counting' when the original sum put into the foundation is added to the value of grants later distributed from that same pot.

The charitable sub-sectors are those used in the Million Dollar Donation List, which is compiled by the Center on Philanthropy at Indiana University. Whilst some definitions travel better than others across the Atlantic, we decided to retain their typology to enable cross-national comparisons. Further information is online at www.philanthropy.iupui.edu

Acknowledgements

As in previous years, the biggest thanks are due to our researcher, Kayleigh Newby, who worked diligently to identify major donations described in the annual reports and accounts of grant-making and grant-receiving charities and mentioned in the media. A number of organisations helped to supplement this information, with the permission of their major donors; thanks especially to the Community Foundation Network and CAF (Charities Aid Foundation). We are grateful to the donors and recipients who agreed to appear as case studies in this report: Mary Cornish, Sophie Moss, Richard Ross, Lucy Sargent and Andrew Wates. Thanks also to those who provided expert comments and feedback on the findings and earlier drafts of this report: Clare Brooks, Stephen Hammersley, Joanna Motion, Karl Wilding, John Stone and Jamie Cooper-Hohn.

This project benefitted enormously from the initial input of Melissa Brown and David Fleischhacker at the Center on Philanthropy at Indiana University, where The Million Dollar Donor List has been compiled for over three decades. This year we are glad to have made contact with Jason C Ward, the new co-ordinator of the Million Dollar List, which has recently been re-launched as a freely accessible and interactive website, at www.milliondollarlist.org.

Finally, without the funding provided by Coutts, and the ongoing support offered by Maya Prabhu, Lenka Setkova and their colleagues, we could not have completed this work.

Despite all this tremendous help, we know there are likely to be gaps in our data because some large donations are intentionally kept secret and others have simply escaped identification. We hope this report will prove the usefulness of sharing information and that more individuals and organisations will be willing to co-operate with future updates. Our aim is to create a longitudinal dataset that will be of increasing use to everyone seeking to understand and track trends in major giving, especially fundraisers, donors, philanthropic advisors, policy makers and all who care about encouraging major philanthropy in the UK.

About the Author

Beth Breeze is a co-founder of the Centre for Philanthropy, Humanitarianism and Social Justice at the University of Kent, and also works within the national Centre for Charitable Giving and Philanthropy, which has a presence in five UK universities.

Beth began her career as a fundraiser for a youth homelessness charity, and has spent a decade working in a variety of fundraising, research and charity management roles, most recently as deputy director at the Institute for Philanthropy.

Her doctoral thesis explores the social meaning of philanthropy in contemporary UK society. She has also written research reports including a study of philanthropic fundraising in universities across the European Union, an inquiry into family business philanthropy, a study of charity asset management, and a report on the impact of efforts to encourage giving amongst schoolchildren.

Beth is a member of the Editorial Board of Philanthropy UK and a member of the president's advisory council at NCVO. She has served as a trustee for the Cardinal Hume Centre and a mentor for the Kent Refugee Action Network, and she continues to provide voluntary fundraising support to a range of charities.

She frequently speaks at voluntary sector events around the country and has contributed to discussions on philanthropy and charitable giving in a range of print and broadcast media.

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The University of Kent

The University of Kent was established at Canterbury in 1965. Known as the UK's European University, it has almost 20,000 students studying at its campuses or centres in Canterbury, Medway, Brussels and Paris. It is a major educational, economic and cultural force in Kent and the Southeast, supporting innovation and enterprise across the region.

The Centre for the Study of Philanthropy, Humanitarianism and Social Justice

The Centre for the Study of Philanthropy, Humanitarianism and Social Justice (CPHSJ) is an independent research centre with close links to others in the field. In particular, it works with the ESRC Centre for Charitable Giving and Philanthropy which is co-ordinated by Cass Business School at City University and funded by the Economic and Social Research Council, the Office of the Third Sector, the Carnegie UK Trust and the Scottish Government. The broader aims of CPHSJ include the promotion of research dedicated to the study of philanthropic motivations, social patterns of giving, the distribution of donations and analyses of the impact of philanthropy and humanitarianism on social policy and political processes.

Coutts & Co has developed this report in association with Beth Breeze from the University of Kent. However, organisations noted in the report are not endorsed by Coutts & Co and the report does not constitute recommendations for funding or investment. Any risk associated with supporting organisations in this report are the donor's own. Coutts & Co does not receive a commission or payment in any form, cash or kind, from any organisations noted in this report. Donors should seek independent tax advice regarding the tax effectiveness of their donation. The document contains references to third party websites. The views and opinions expressed in these websites are those of the website authors and are not necessarily shared by Coutts.

Endnotes

1 UK Giving is an annual report published by CAF(Charities Aid Foundation) and NCVO.The 2010 edition, which contains data on 2009/10 is available online at www.ncvo-vol.org.uk/sites/default/files/101216_UKGivingReport_FINAL_with_hyperlinks.pdf
2 The Million Dollar Donation data is available online at www.milliondollarlist.org
3 The American data is compiled on a calendar-year basis,
4 This data is collected and published by the Chronicle for Philanthropy http://philanthropy.com/section/Philanthropy-400/237/
5 Capgemini and Merrill Lynch Global Wealth Management (2011) World Wealth Report. Available online at www.ml.com/media/114235.pdf
6 For example, see 'Private equity firms prepare to ride flotation wave', The Guardian 6/12/09
7 These comments appear in the F&C 'News in Brief', published in May 2011
8 These remarks were made in June 2010 by Christiian Marriott, Director at Barclays Private Equity (BPE), and appear on the BPE website http://is.gd/annCJ9
9 Lifetime legacies involve tax breaks for donations of assets that are irrevocably committed to charity but in which the donor retains some benefit for a set period of time, for example until their death.

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