

The Coutts Million Pound Donors Report 2009

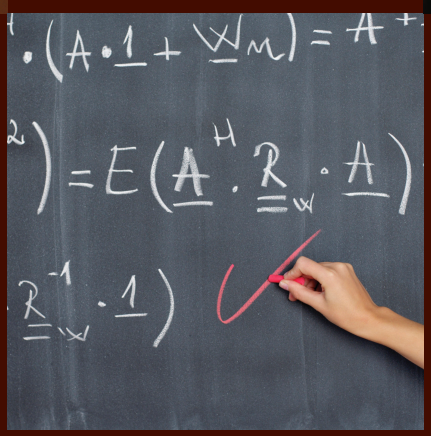
In association with the Centre for Philanthropy, Humanitarianism and Social Justice at the University of Kent

Written by Beth Breeze









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Centre for Philanthropy, Humanitarianism and Social Justice

Coutts

Foreword



By Dr Iain Wilkinson
Director of the Centre for the Study of Philanthropy, Humanitarianism and Social Justice at the University of Kent

The second Million Pound Donors Report provides evidence to confirm the patterns of giving and giving trends noted in the first report. It also provides some glimpses into the possible ways in which the global recession is re-shaping giving practices. In this context, the report continues in its bid to question the contrasting roles played by foundations, corporations and individuals in the overall distribution of funds as well as the priorities accorded to competing notions of charitable need.

The Centre for the study of Philanthropy, Humanitarianism and Social Justice is delighted to be working in partnership with Coutts & Co. Our aim is to provide reliable data and robust forms of analysis to facilitate initiatives to promote UK philanthropy.



By Mark Evans
Head of Wealth Institute, Coutts & Co

Welcome to the second edition of the Coutts Million Pound Donors Report. It's great to see that philanthropy is holding its own despite the recession. Funding aside, what stands out more than ever is the increasing importance of collaboration between high net worth donors and charities in making a difference.

As always, there are lessons to be learnt if we want philanthropy to grow exponentially. Donors need to be encouraged to share their ideas and experience in order to inspire others. Charities need to change the way they market to wealthy individuals by getting to know them first and by educating them about the causes they are looking to support. Bankers need to dare to introduce philanthropy into conversation with their clients and make it easier to give.

I hope you enjoy reading this report as much as I have and that you find the introduction of tips for donors and charities especially useful. I would like to congratulate Beth Breeze for the unique insights she provides. I would also like to thank Martin Smith, Ben Goldsmith, Jimi Heselden, Guy Readman, Clare Knapton James, Susan Wanless, and Mark Astarita for their leadership in contributing the case studies.



Introduction

This publication is the second edition of the Million Pound Donors Report. It describes and discusses 189 donations of at least £1 million that were made by UK donors or to UK charities in 2007/08, with a combined value of £1.4 billion. This report also assesses the scale and impact of such gifts, analyses trends in major giving at this level and presents case studies of both 'million pound donors' and 'million pound recipients', which provide insights into the experience of giving and receiving gifts on this scale.

The resilience of UK philanthropy

This report differs from other reports on UK charitable giving in that it focuses solely on the largest charitable donations: those worth £1 million or more. Donors capable of making gifts of this size are particularly important at the end of the first decade of the 21st century, when other sources of charity income - notably government funding - are expected to be sharply affected by the present economic crisis. Obviously, it is not just the public sector that has been hit by the recession: individual wealth has been severely affected. The Sunday Times Rich List 2009 reported a 37% fall in the collective wealth of the 1,000 richest people based in the UK; the Centre for Economics and Business Research noted a halving in the number of UK-based millionaires and a decline of 24% in the wealth of the average UK millionaire since 2007 [1]; and the 2009 Merrill Lynch Capgemini Survey reported that the global wealth of high net worth individuals fell by 19.5% between 2007 and 2008. Charitable donations have also declined during this period: Giving USA reports that America's charitable donations fell by 5.7% from 2007 to 2008; UK Giving 2009 found an 11% drop in charitable donations and this report finds a 13% decline in the value of million pound donations between 2006/07 and 2007/08. Despite the understandable tendency to view such statistics as bad news, it is important to bear in mind that the drop in wealth far exceeds any drop in giving, which demonstrates the resilience of philanthropy and the desire of donors to fulfill their pledges and sustain their giving during difficult times. It is also important to note there have been changes in how donors give, as well as in how much they give. This report actually finds an increase of over £100 million in the amount of money going directly to causes and beneficiaries, as - in a reversal from the first report - the larger part of million pound donations are being 'spent' rather than 'banked' in charitable trusts and foundations.

Focus on individual million pound donors

Million pound donations are made by individuals and by institutional donors, including charitable foundations and corporations. This report covers all three types of donor, but given the particular interest in the philanthropic decisions of wealthy people, additional data is presented in this year's report to illustrate the size and destination of their donations. Assuming most of these donors also made further donations worth less than £1 million, their value to the health of the charity sector becomes even more apparent.

We hope that these findings, and the accompanying case studies and discussion, will prove useful in shedding light and raising some useful questions about the nature, contribution and impact of million pound donors.

Building a culture of philanthropy

We were delighted that the first Coutts Million Pound Donors Report proved to be useful to charities, donors, fundraisers, philanthropic advisers, policy makers and all who care about encouraging major philanthropy in the UK. We hope this update will be of similar value and that its usefulness will enable us to expand the content in subsequent years and will encourage greater co-operation with future updates, to create a robust empirical evidence base on million pound donors.

[1] Number of millionaires in the UK falls from 489,000 in 2007 to 242,000 now: www.cebr.com/Resources/CEBR/May09millionaires27May2009.pdf

Findings

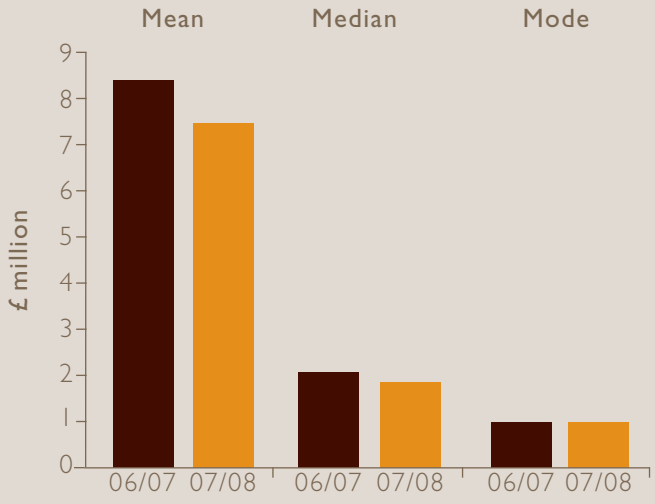
1. The number and value of million pound donations

189 charitable donations worth £1 million or more were identified in 2007/08 with a combined value of £1.405 billion. This is four fewer million pound donations than were identified in 2006/07 and represents a decrease in total value of £213 million (13%).

Year	Number of donations worth £1m+	Total value of donations worth £1m+
2006/07	193	£1.618 billion
2007/08	189	£1.405 billion

2. The average size of million pound donations

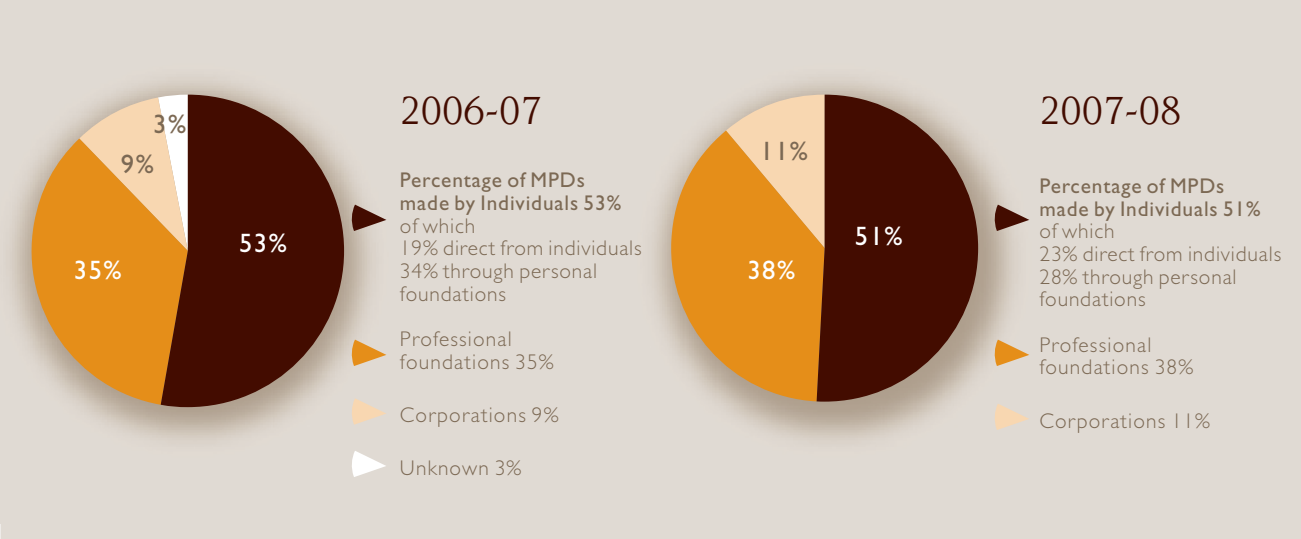
The average (mean) value of a Million Pound Donation (MPD) in 2007/08 was £7.4 million, down from £8.4 million in 2006/07. However, as the mean value is strongly affected by the presence of a handful of large donations it is helpful to look at other ways of measuring 'average' donations: the median (middle size of donation) is down slightly from £2 million to £1.9 million and the mode (most frequent size of donation) remains the same as last year, at £1 million.



3. The source of million pound donations

As some donors made more than one donation worth £1 million or more, a total of 102 different million pound donors were identified.

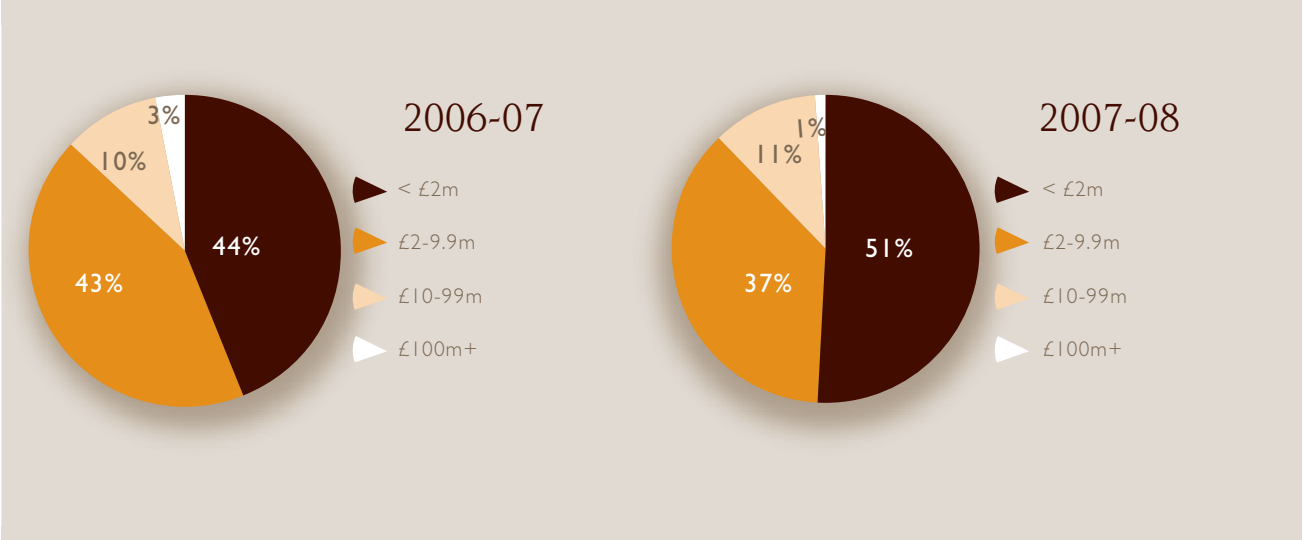
- Half (51%) of the million pound donations were made by individuals, who either gave directly or through their personal trust or foundation.
- A third of donations (38%) came from professional foundations, defined as those where the founding settlor is no longer alive to direct the flow of grants.
- Only one in ten (11%) of donations worth £1 million or more came from corporations.



4. The value of million pound donations

The number of million pound donors has dropped by 6% - from 109 in 2006/07 to 102 in 2007/08 - but the value of their donations has dropped by 13%. This means that the number of donors willing to commit £1million or more has remained remarkably robust, but the value of their donations has been dented.

In 2007/08, over half (51%) of million pound donations were for less than £2 million and only 2 (1%) were for £100 million or more, both of which involved money being 'banked' in personal foundations rather than 'spent' directly on front-line charitable activity.



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

In a reversal from 2006/07, the largest part of the total value of million pound donations (58%) went directly to causes and beneficiaries, whilst 42% was 'banked' in tax-efficient charitable trusts and foundations for distribution at a later date.

Year	Amount 'banked' in foundations	Amount 'spent' directly on charitable beneficiaries
2006/07	£913m (56%)	£705m (44%)
2007/08	£597m (42%)	£808m (58%)

The reasons behind this reversal and the implications for this shift towards 'spending' rather than 'banking' are analysed in the Discussion section of this report.

6. The recipients of million pound donations

153 organisations were recipients of million pound donations, including 131 operating charities and 22 charitable foundations; the vast majority received only one donation worth £1 million or more.

Number of million pound gifts received	Number of organisations receiving this number of million pound donations in each year	
	2006/07	2007/08
1	141	133
2	11	12
3	4	4
4	1	2
5	0	0
6	1	2
7	1	0

7. The distribution of all million pound donations

Of those donations that went directly to causes and beneficiaries, the most popular destination was once again Higher Education institutions, which received 56 donations worth £1 million or more (up from 45 in 2006/07) accounting for 39% of the total value of distributed million pound donations. Two factors are important for understanding this finding: firstly, it is affected by the existence of a small number of very large foundations that focus their support on universities, notably the Wellcome Trust and the Wolfson Foundation; and secondly, as Joanna Motion of the Council for the Advancement and Support of Education (CASE) explains, Higher Education is an attractive cause for many million pound donations because,

"Many donors believe that education transforms lives and makes everything else possible, so scholarships for bright students and for those from tough backgrounds are a result of their desire to make a difference. Donors also see universities as the places where we have the best chance of tackling the big challenges facing society - whether it's a School of Environmental Sciences working on water shortage or a research lab closing in on a vaccine for malaria or a Department of Social Work targeting child abuse. Major impact of that sort attracts imaginative philanthropists. Thirdly, many universities are philanthropy-friendly institutions. They are robust, here for the long haul and used to managing large and complex projects. A new generation of academic leadership, supported by professional development staff, is open to working in partnership with ambitious philanthropists to deliver outcomes that are strategically aligned for both parties."

The second most popular cause to benefit from million pound donations were charities working in the Arts and Culture field, which attracted 24 donations worth £1 million or more, with a total value of £240 million. This finding highlights a key difference between wealthy and non-wealthy givers, as Liz Goodey, head of research at CAF (Charities Aid Foundation) points out:

"It is interesting to see that arts organisations are so popular amongst the wealthiest donors, when UK Giving found only 1% of the general public's donations go to support the arts."

However, it is important to note that this figure includes one exceptional donation of just under £100 million, as a result of Anthony d'Offay's decision to sell his art collection to the Tate and National Galleries of Scotland at cost price, rather than their current valuation.

The next most popular cause was International Aid and Development, which received 13% of the value of 'spent' million pound donations, worth a total of £105 million. The rising attraction of this sector is evident, as these figures show a marked increase from last year's 15 donations worth collectively £81 million, despite the overall fall in major donations; this finding is also highlighted in the Red Cross case study.

No other charitable sub-sector received more than 10% of these largest gifts, including Health charities, which was the second most popular destination last year and attracted 14% of donations worth £1 million or more in 2006/07.

It is important to note that the range of donations within each sub-sectors varies greatly, for example universities receive donations ranging from £1 million to £49 million, whilst sums placed in foundations range from £1 million to £320 million. As only 189 donations are spread across 11 categories, one or two very large sums can have a disproportionate effect on the data and give a misleading impression that changes in broader trends of support are occurring. So this data should be read with care, and on the understanding that firm conclusions about trends regarding the popularity of different causes cannot be drawn until we have data covering a longer time period.

The distribution of all million pound donations

Charitable sub-sector	Number of million pound donations to this sub-sector (£m)	Mean value of million pound donations to this sub-sector (£m)	Median value of million pound donations to this sub-sector (£m)	Percentage of total number of million pound donations	Total value of million pound donations to this sub-sector (£m)	Percentage of total value of million pound donations going to this sub-sector	Percentage of total value of 'spent' donations going to this sub-sector
Foundations	22	27	3.5	12	596.9	42	-
Higher Education	56	5.6	2	30	313.8	22	39
Arts & Culture	24	10	1.6	13	239.1	17	29
International Aid & Development	17	6.2	2.1	9	105.3	8	13
Health	21	2.2	1.4	11	46.6	3	6
Human Services & Welfare	14	1.9	1.2	7	26.0	2	3
Education *(not universities)*	10	2.4	1.8	5	24.3	2	3
Religious organisations & causes	6	3	1.3	3	17.7	1.5	2
Environment & Animals	9	1.7	1.5	4	15.5	1	2
Overseas (outside UK, not development)	6	2.6	2	4	15.5	1	2
Other public service benefit	4	1.3	1.2	1.5	5.0	0.5	1
All	189	7.4	1.9	100	1.405	100	100

8. The distribution of million pound donations made by individuals

As a result of feedback from the first edition of the Million Pound Donors Report, we are aware there is a particular interest in the philanthropic activities of individuals. Therefore, in this year's report we have extracted all the data on the 96 donations made by individuals - either by direct donations or through personal foundations - and re-analysed the distribution of these donations.

Arts and Culture is found to be the most popular destination for million pound donations made by individual donors. As explained earlier, the dominance of this cause is due to one unusually large donation made by an individual donor. Dr Ana Gaio, who has studied individual giving to the arts[2], comments on this finding,

"Million pound donations to arts and cultural organisations are normally given for capital projects, such as constructing buildings or acquiring works of art, rather than for general operating costs. They are therefore spent on visible assets which often bear or acknowledge the name of the donor and help to contribute to their legacy which can extend the impact of the gift. By contrast, the arts are one of the least popular causes for charitable giving within the general population, which might well be a consequence of the arts not being amongst the most popular forms of recreation. However, smaller donations from those who attend arts events have steadily increased in the last five years or so and this suggests that some form of personal experience or connection might be a factor in activating giving."

Removing those million pound donations made by foundations and corporations also results in Higher Education dropping to become the second most popular cause, although as Joanna Motion from CASE notes,

"We are going to see even more significant giving to higher education in the next few years, encouraged by the government's Matched Funding scheme now operating in England and Wales and by high profile campaigns such as the £1 billion plus targets that Oxford and Cambridge are aiming for."

[2] Ana Gaio (2009) *Local Pride: Individual Giving to the Arts in England, a study into donor motivation.* Arts & Business/City University London

The distribution of million pound donations made by individuals

Charitable sub-sector	Number of million pound donations	Mean value of MPDs to this sub-sector (£m)	Median value of MPDs to this sub-sector (£m)	% of the number of MPDs made by individuals	Value of MPDs to this sub-sector (£m)	% of total value of MPDs	% of total value of 'spent' donations
Foundations	13	41.3	4.4	14	537.1	54	N/A
Arts & Culture	19	12	1.5	20	228.6	22.9	49.4
Higher Education	22	4.6	2	23	100.6	10	21.7
International Aid & Development	10	7.5	2.1	10	74.9	7.5	16.2
Health	12	1.5	1	13	18.5	1.8	4
Education *(not universities)*	7	1.5	1.9	7	13.5	1.4	2.9
Human Services & Welfare	8	1.6	1	8	13.0	1.3	2.8
Religious organisations & causes	1	7.5	7.5	1	7.5	0.7	1.6
Environment & Animals	1	2.5	2.5	1	2.5	0.3	0.5
Other public service benefit	2	1.2	1.2	2	2.4	0.24	0.5
Overseas *(outside UK, not development)*	1	1	1	1	1	0.1	0.2
All	96	-	-	100%	999	100%	100

Case Study: Martin Smith

Martin Smith is an investment banker who has recently founded Beaumont Partners, an Oxford based financial advisory firm. He and his family have a range of philanthropic interests.

"Leverage has been central to the three biggest donations that I have made, which are £1 million each to the English National Opera (ENO) and the Science Museum, and £10 million to found the Smith School of Enterprise and the Environment at Oxford University.

As a major donor, you are very concerned to make sure you've chosen the right projects, that you're working with the right people and that your objectives are going to be achieved. Of course, the more money that's involved the more the mind is concentrated and of course my relationship with each organisation is different.

In the case of the £1 million donations, neither organisation came to ask for the gift as I was already very involved as chairman of ENO and deputy chairman of the Science Museum; my decision was entirely to do with wanting to make a serious and worthwhile contribution to those organisations.

I was chairman of ENO during the £43 million restoration of the London Coliseum, and felt that I had to lead from the front. I knew the restoration had the potential to totally transform ENO from being housed in a building that was increasingly shabby and not fit for purpose to being in a building that could have a powerful, positive impact on the company. My donation encouraged others to contribute, so enabling the restoration of the Coliseum to succeed, which itself was a precondition to restoring the fortunes of ENO.

I think the Science Museum is an incredibly important organisation; it plays a major role in the scientific life of our society and does a great job of communicating about science, especially with young people. After spending some time there in my role as a governor, I realised it was going to become more and more dependent on private sector support as government funding became increasingly constrained. So my family and I decided to help the museum by creating a new facility aimed at helping them raise more money from other sources. We ended up funding a new, elegant space, which they kindly called the Smith Centre, to host debates on major science-related issues of the day. These events are attended by scientists, politicians, businessmen and philanthropists with the objective of creating a group of patrons who will provide the support required by the Museum to continue inspiring and engaging audiences. This is what I mean by leverage, in the sense that by making a £1 million donation we hope to have a truly transformational effect on that organisation.

My relationship with Oxford University was quite different because the institution that we wanted to fund didn't exist. We started by talking to the Chancellor and Vice-Chancellor and proposing the creation of a new faculty aimed at relating environmental research and teaching to the corporate sector and to government. Now that the Smith School of Enterprise and the Environment is up and running, I have monthly meetings with the director; we are still at an early stage so the dialogue and reporting are active and continuous. Obviously we are keen to know how the money is being spent, especially as what we're funding at Oxford is intangible, in the sense that there are no bricks and mortar as with the other big gifts I've made. We are providing the working capital to get the School going, so I get regular reports and am keen to learn how it will become a self-sustaining model.

In the case of ENO and the Science Museum, where I was already on the board, I was dealing in the first instance with fellow board members and then with their development teams on a day-to-day basis. As chair of ENO I was closely in touch with how the refurbishment was going, but once it was completed I didn't expect to receive further reports. We still have periodic interactions with the Science Museum but they are not especially regular or highly structured. We meet for updates to talk about how the efforts to get the patrons' programme are going but there is no detailed reporting requirement because the money is now spent and it's a question of them getting on with it.

It's an incredible privilege to be in a position to do things like this, as a result of having some success in business and having a family who feel it is right to spend money in this way rather than expecting it all to be handed on to them. I've had an entrepreneurial career and I'm used to getting involved in projects by investing time and effort as well as money. In all these cases it wasn't just a case of signing a cheque but of being personally involved as a family, because we prefer to make a contribution that's about more than just money."

Case Study: Jimi Heselden

Jimi Heselden, 60, founded HESCO Bastion Ltd, based in his home town of Leeds, which manufactures Concertainer units, one of the UK's most successful defence exports.

"I'm a self-made entrepreneur and I believe that if someone makes it in business they should donate something to charities and people in need. I know that other big givers often have a strong theory behind their giving but mine is quite simple. I have made some money and think I ought to give something back to the people and places that are significant in my life.

I was born and brought up in Halton, one of the most deprived parts of Leeds and my company, HESCO Bastion Ltd, is based in South Leeds, so I feel a very strong connection to those parts of that city. I'm interested in giving other people a chance to get on in life, I regularly give to hospices and health appeals and I really enjoy supporting local projects where quite modest donations can have a big impact.

I've been giving substantial sums of money to charity ever since I set up my business in 1990 with the amount depending on how much profit I made each year. 2007-8 was an exceptional year for the business and I wanted to find a way to make sure that I could continue to support local charities, even if my business was not as profitable in future years. So in mid-January 2008 I met Sally-Anne Greenfield, Chief Executive of the Leeds Community Foundation, to talk about setting up a personal fund within the foundation that would enable me to 'bank' some of that profit and distribute it over the years ahead.

When I make a decision I like to act fast, so within 4 days of that first meeting I made an initial donation of £10 million and we began to accept grant applications immediately. In the first 12 months I gave away £2.5 million, so I decided to top up the fund with a further donation of £3 million in February 2009. I'm told this is the largest individual donation that has been made to a community foundation in the UK and Sally-Anne says it has been helpful in boosting the credibility of the Leeds Community Foundation as other donors now know they can handle and process substantial sums of money. But what's most important to me is knowing that so far I've been able to help out 61 good projects in parts of Leeds that mean something to me, and knowing that the money I've got banked in the Community Foundation means I can carry on giving something back by supporting many more local projects in the future."

Discussion

The recession has been the most important issue facing the charity sector during 2009. A great deal of time and resources have been invested in trying to ascertain the true scale of the impact and the most appropriate ways for both charities and donors to respond to this economic crisis. A dominant theme has centred on the widespread assumption that a 'double whammy' of declining donations and increased demand for charity services, will wreak havoc on UK charities. Yet this pessimism has been countered by a series of high profile fundraising successes - including record-breaking years for Children in Need, Comic Relief and the London Marathon - as well as a narrative that has emerged from within the world of major philanthropy that insists the panic pervading the sector is not mirrored within the donor community, that pledges will be honoured and that wealthy people retain the capacity and the desire to make their philanthropic contribution. As Jessica Sklair, director for research at the Institute for Philanthropy notes,

"Considering the severity of the recession, we might have expected the drop in the number of donors making gifts worth £1 million or more, and the drop in the value of their donations, to be much greater. So it is actually quite a positive finding, given the present circumstances. It would suggest that many of these philanthropists are truly committed to the causes they support, and are trying to maintain a commitment, even if at a lower level."

The figures in this report show that philanthropy has been remarkably resilient, with only a slight drop in the number of donors willing to make million pound donations (a 6% drop from 109 donors in 2006/07 to 102 in 2007/08). Goodey from CAF reflects on the similarities of the recessionary impact on general and major philanthropy:

"These findings echo what we found in our UK Giving survey. Both pieces of research find that people's hearts are still in giving and they don't want to stop, even if they can't give quite as much as usual during the recession."

Yet the recession has had an impact beyond the amounts of money involved: changes have focused on 'how' as well as 'how much'. Three non-monetary yet recession-related impacts were identified in this research:

1. **More spending on today's needs instead of 'banking' donations for future beneficiaries.**

2. **A rise in anonymous and lower profile giving.**

3. **Making large donations in instalments rather than as a single donation.**

1. Shift from 'banking' to 'spending' million pound donations

As shown in *Finding 5*, UK philanthropists capable of donating £1 million or more have responded to the urgency of the current economic crisis by giving a higher proportion of their donations to operational charities, and decreasing the percentage that is 'banked' for future distribution. As a consequence, the amount of money that million pound donors have made available for spending directly on recipients in the past year has actually increased by over £100 million (from £705 million in 2006/07 to £808 million in 2007/08), despite the drop in the overall amount of philanthropic spending. The increased flow of funds to operational charities is encouraging. It would suggest that these donors are aware of the increased demands being made on charitable services at the same time that the capital available for philanthropic use is going down. As Goodey from CAF notes,

"The biggest donors are very switched on, and understand that demand for charitable services has gone up and that there's a need to put money directly into services - plus they know that saving or investing their money won't generate a lot of interest during this period - so I'm not surprised to see that more donations are being spent rather than banked in foundations".

The shift from 'banked' to 'spent' money mirrors another shift in the philanthropy sector, from the traditional model of setting up foundations that exist in perpetuity, to establishing foundations with limited life-spans. This phenomenon has been well documented in the US[3], where debates on 'spending out' (as the latter option is known) have gained momentum during the recession because they enable a larger and faster flow of money to reach good causes. Sklair, from the Institute for Philanthropy, points out that the increased flow of funds to front-line activity may be a consequence of global debates that are occurring within the philanthropy sector:

"This finding relates to wider discussions that are currently taking place regarding the merits of spending out versus endowment models. We don't advocate one approach over the other, but we do believe it's important that this debate takes place to raise awareness around how best to use charitable funds so they have the most effective impact."

The question of whether a foundation should exist forever (in perpetuity) by building up an endowment and distributing only the interest, or should 'spend down' by distributing both capital and interest within a set time-period, has also gained increased attention in the UK, largely due to Lord David Sainsbury's decision to give away the full value of his Gatsby Foundation during his lifetime. However some donors believe that the perpetuity model remains appropriate for some philanthropic purposes, such as protecting the environment or supporting an orchestra, and perpetuity remains the norm, as a result of donors' wish to have a long-term impact on the community and a desire for family engagement across generations.

One vehicle for 'banking' charitable donations that is growing in popularity is the community foundation model, as Stephen Hammersley, chief executive of the Community Foundation Network explains:

"There are now at least ten community foundations across the UK that are working with donors who have made donations worth £1 million or more. I think this development is partly due to the existence of matching funds from government, which incentivises donors and prompts community foundations to be more proactive in reaching out to potential donors. But it's also in a curious way a result of the recession because there is greater awareness of need on one's doorstep, which has actually increased over the past year or so, for example as unemployment rises. I would be surprised if this trend is reversed post-recession because local giving is very engaging. Donors who give through community foundations can visit the projects they support and get a real sense of the difference they are making."

It will be interesting to observe whether the shift away from 'banking' to 'spending' donations is reversed once the recession is over, and we will follow this trend in future editions of this report.

[3] See, for example, *Perpetuity or Limited Lifespan: How Do Family Foundations Decide?* by Loren Renz and David Wolcheck, published in April 2009 by The Foundation Center in cooperation with the Council on Foundations, and available online at http://foundationcenter.org/gainknowledge/research/pdf/perpetuity2009.pdf

Case Study: Ben Goldsmith

Ben Goldsmith, 29, is a financier and environmentalist. He founded WHEB Ventures Limited, a venture capital fund that invests in clean technologies, and supports a range of environmental causes through his family foundation.

"My late Uncle, Edward (Teddy) Goldsmith, spent his life spreading the message that the destruction of the natural environment in the blind pursuit of economic growth would ultimately yield disastrous consequences for mankind. His brother, my late father, Sir James Goldsmith - an industrialist for most of his life - began to share this view towards the end of his life and became a significant funder of campaigning and advocacy work around key environmental issues, largely in the UK and in Europe, via the Goldsmith Foundation.

After my father's death in 1997 that foundation became the JMG Foundation, funded on an annual basis to the tune of around $2.5 million by its Advisory Board, comprising several members of our family, including my Uncle Teddy. The board includes my brother, Zac Goldsmith, who is now advising the Conservative Party on environmental policy, as well as standing as a prospective parliamentary candidate for Richmond Park. Jon Cracknell, hired in 1990 by my father to manage his philanthropic activities, remains the full-time Director of the JMG Foundation.

The Foundation's grantmaking is focused on no more than three specific issues at any one time, and we tend to stick with a campaign for an extended period of time, ideally to a successful conclusion! We have tried to stay close to my late father's motto of 'funding the unfundable'. In other words, when we have made the decision to focus on a particular issue, such as the need to develop more sustainable, less environmentally damaging agriculture systems, we seek out strategic gaps in funding and direct money there. This may involve supporting those pieces of work that are either too boring or too cutting edge for the appetites of other funders - meeting the costs of core operations could fit the former category, while out-and-out campaigning work would fall into the latter.

In 2002 we made the decision to launch a dedicated programme on climate change. Our aim was to identify a way to leverage the maximum possible reduction in greenhouse gas emissions in Europe using the budget available. After research in which we considered a range of carbon-intensive sectors, we decided to back the nascent campaign to introduce fuel economy standards in Europe, requiring the car industry to manufacture cleaner cars. Between 2005 and 2008 we supported groups working on the detail of fuel efficiency legislation within Brussels, groups raising public and political support for these new laws around Europe, and groups working to counter vigorous opposition from automakers. We and other funders helped coordinate these different moving parts, and in December 2008 the EU signed off its first legally binding targets for fuel economy.

We take a collaborative approach to grant-making, often working with like-minded foundations on particular issues. In 2003 we launched the Environmental Funders' Network (www.greenfunders.org), bringing together trusts and foundations in the UK with an environmental remit. The EFN now comprises more than 70 funding organisations with a combined annual budget of more than £50 million. The network has fostered collaboration on issues including climate change, biodiversity loss and deforestation.

My interest in and passion for the work of our foundation does not stem so much from a desire to 'do good', but from the anger that I feel at the lack of leadership and action amongst our policy-makers in tackling these issues, and from a deep-seated wish to help bring about change in the right direction."

Case Study: Guy Readman

Guy Readman, 70, founded Tor Coatings Limited in 1976, which manufactures paints and coatings that have been used on palaces, Big Ben and the Tyne Bridge. He was made North East Businessman of the Year in 1996. His philanthropy is focused on the North East of England where he lives and where his business is based.

"My philanthropy began in 1987 when I heard about the chance to get a donation double-matched. I put £25,000 into an endowment as a result of a challenge issued by the American Community Foundation movement, who offered to add £2 million to any prospective Community Foundation in this country that could raise £1 million. I became aware of this through my then position as President of the Tyne & Wear Chamber of Commerce and I could afford to do it because I had just sold my business.

I bought back and later once more sold my company, Tor Coatings, in 1989 and 1996 respectively and thereafter no longer had to go to work every day. I therefore looked around to find something different and worthwhile to do with my new freedom. I decided to create a more substantial charitable foundation with the intention of giving away around £100,000 to £150,000 each year. The Foundation is called the Readman Foundation and from its inception I chose to make this a part of the Tyne & Wear Community Foundation who administer it for me. That was thirteen years ago and over that time I've given away in excess of £1.3 million.

I've concentrated my grants on the cause that gives me the most satisfaction: helping young people who have the potential to do really well. Indeed the strap line of the Readman Foundation is "To help young people to help themselves". Unlike most charities I'm willing to make grants to individual young people whose families do not have the wherewithal to sufficiently fund the realisation of the special talents of their sons or daughters. Over the years I've helped many young people with such talents to excel in areas such as sport, athletics, ballet, music and martial arts.

There was a time when I pulled right back from giving to organisations working with young people in need, when a lot of government money flooded into the type of organisations that I'd been supporting and I worried that it didn't matter whether or not I gave, because it would get funded anyway. I was casting around for ideas on what else I could do with my money when I heard about the Newcastle Royal Grammar School which was launching a fundraising campaign to finance bursaries for young people whose families could not dream of paying for their childrens' education. Another philanthropist offered to match my donations so between us we agreed to fund bursaries for six talented sixth form pupils each year. I think it's a terrific scheme because it ensures that deserving pupils get the benefit of an education that their parents couldn't possibly afford to pay for. It rings all the bells that I wanted to ring because it helps individuals - in every instance it has to my knowledge transformed the prospects of those young people - and over the years it will bring wider benefits to the North East.

I also fund projects that are recommended to me by the Community Foundation for Tyne & Wear and Northumberland, where my Foundation is based. They suggest projects that are really good and include some which can be a bit edgy - like funding a project that liaises between the travelling community and local schools so that the children are more likely to consistently attend school, or a project where the long-term unemployed renovate old bicycles that are found and supplied by the police, amongst others. Among these people are often those on the edge of society and not everybody would choose to support them.

I'm also involved in a project called Choysez which helps young people who are on the verge of being excluded from school. Together with the Community Foundation and three other funders we established this organisation in 2001 with a view to it becoming self funding after three years. Although the consortium which was appointed to run Choysez was very good it showed little ability to make the project self-funding as had been hoped. So I became Chairman in order to help them work out how to become more commercial and sustainable. From being 100% dependent on charitable donations we now cover some 80% of £400,000 overhead costs from the individual schools whose young people we work with.

I quite often visit projects that I'm planning to help and I like to keep in touch with the individuals I've given grants to, like a boy who was a promising dancer and is now attending a prestigious ballet school in Switzerland - just like Billy Elliot! Over the years I've gained quite a bit of experience of grant-making, I've got a feel for it now and I still get a great deal of satisfaction out of helping so many young people."

2. Anonymous and low-profile giving

A rise in anonymous and low profile giving has been noted on both sides of the Atlantic. In the UK, we identified four anonymous gifts in 2007/08, up from two in 2006/07 plus a greater number of million pound donations were made in a low-profile manner without fanfare, if not in total secrecy. In the US, the Center on Philanthropy at Indiana University reports a tripling of such gifts[4].

As noted in the first Million Pound Donors Report, some critics view anonymous giving as an attempt to evade accountability and others are concerned that it deprives society of much-needed role models that could inspire similar gifts from peers. It has also been noted that a desire for anonymity can be driven by honourable motives, including modesty and religious beliefs as well as a concern to avoid unwelcome attention, unsolicited appeals and personal danger resulting from attention being drawn to the existence of wealth. However, during a recession, donors may be inclined to give more quietly for three further reasons:

- Donors' belief that it is not appropriate to make ostentatious displays of wealth during a recession, given the difficulties being experienced by fellow citizens.
- A desire not to offend charities that have been cut out of philanthropic portfolios by making them aware the donor can still afford to support other organisations with big gifts.
- A reluctance to reveal identities to recipients that the donor does not intend to support in the long-term, but feels the need to support during the recession.

Despite these understandable motives for giving anonymously or in a low-profile fashion, there are many good reasons for donors to consider 'going public' about their giving, including:

- The need for role models to encourage others who have the capacity to make major gifts. Philanthropy is an area of life that is strongly affected by social norms, so it is crucial that donors are visible if we are to create a 'culture of giving'.
- The opportunity to highlight causes that donors are passionate about. Co-operating with publicity around donations increases the chance that others will become aware of the projects they support and may lead to opportunities for collaboration with fellow donors and ultimately greater support for that cause.
- Drawing attention to the role that philanthropy can play in preparing children to manage the responsibilities of wealth.

As Maya Prabhu of Coutts notes,

"Many clients quietly express to us that they see family philanthropy as a key way to embody their core values and prepare their children to inherit. Sharing their experience will benefit others in a similar situation."

Martin Brooks, chief executive of New Philanthropy Capital, comments on the rise of lower-profile philanthropy and links it to wider public opinion about wealthy philanthropists:

"I think it is tempting to decry the wealthy as mean, ungrateful for their luck and good fortune (albeit frequently mixed with genuine talent). That is the wrong reaction. We need to celebrate those donors who do give generously, and even more so, those who are willing to talk about this publicly. We need to encourage more wealthy donors, not pour scorn on them as some people do."

In most cases, publicising donations creates benefits for the charity sector, donors and their families that outweigh the perceived advantages of anonymous giving. It is therefore hoped that the incidence of anonymous and low profile giving will not increase in coming years, while clearly recognising it is a matter of personal choice.

[4] 'Anonymous giving gains in popularity as the recession deepens', Chronicle of Philanthropy, 30/04/09.

3. Giving in instalments: below the tip of the major donor iceberg

This report focuses on donations worth £1 million or more that were made by UK donors, or given to UK charities, during the calendar year of 2007/08. However, in the course of collecting this data it became apparent that there are two other types of million pound donations that are not captured by this definition:

1. Donors who give away more than £1 million within one calendar year, but to a range of charities rather than to a single recipient.
2. Donors whose support for a charity amounts to over £1 million when donations made in a number of years are viewed collectively.

It is extremely difficult to collect information on any type of private philanthropic gift, as modesty and desire for privacy mean that some donations are not publicly announced, and charities have no obligation to report receipt of voluntary income with anything but a global figure. Information on million pound donations that are distributed widely amongst a range of charities or spread over a number of years, is even more difficult to capture. Yet such donations are clearly an important source of income and these donors, by virtue of their long-term commitment, often provide more than just a significant financial contribution. A charity director explains the importance of this type of donation:

"We recently received a commitment worth over £2 million that is spread over five years: receiving it in instalments has created an opportunity to work 'shoulder to shoulder' with the strategic partner concerned. It helped us to develop our strategy over the five-year period. The funding has been practically important, for instance, in helping us strengthen our reserves. However, more importantly, the ongoing close strategic engagement has provided opportunities for learning and 'lifting our sights' to achieve ambitious aspirations."

Despite the difficulties in capturing comprehensive data on million pound donations made to a recipient charity in instalments, the information we received from a number of large charities and wealth advisers leads us to estimate that they are likely to constitute at least an equivalent number to those making donations of a million pounds to a single charity within one calendar year. Furthermore, we estimate that the number of donors who distribute donations to multiple recipients that are collectively worth £1 million or more in any given year, is likely to be double the sample captured by our tighter criteria. Therefore, the 189 donations described in this report are the 'tip of the iceberg' as there are many more significant donors who are effectively making million pound donations. It may be difficult to capture their names but as they have such an important impact on the UK charity sector, we will continue to explore methods for capturing the full lifetime value of these major donors.

Finally, it is important to underline that this report captures major financial donations but does not attempt to quantify the non-financial contributions made by many major, committed donors who are passionate about the causes they support. As Sklair from the Institute for Philanthropy observes,

"It's important to remember that philanthropy is about more than just financial donations. One impact of the recession is that donors are thinking about what other resources they can offer to charities, including their expertise, their contacts and their ability to work as an advocate for the causes they care about."

The case studies contained in this report underline the point that major donors usually give much more than money, as they contain examples of donors who serve on trustee boards, are engaged in strategic development and participate in the life of the projects that they fund.

Case Study: TreeHouse

TreeHouse was founded in 1997 by parents of children with autism and is now a national charity for autism education. Claire Knapton James is the charity's senior fundraiser:

"In 2005 we launched an appeal to raise £11.5 million to build a national centre for autism education, which includes a day school for children with autism aged 3-19 and a headquarters for TreeHouse's national work. It was a very ambitious target for what was then a rather small charity and we really didn't know if we could pull it off.

We got off to a good start with a £5m loan from Futurebuilders, which enabled us to cut out the usual private phase of a large capital appeal and move straight into the public phase. Securing that investment from Futurebuilders proved that we could present a viable business case and that we had the financial and administrative capacity to deal with major sums of money.

The Pears Foundation was one of the earliest contributors to our appeal, but we did not know from the start that they would become a 'million pound donor'. A year after our appeal was launched, they invested £252,000. We asked them for capital support for our new building but they also suggested providing support for our policy work, which is incredibly difficult to raise funds for. TreeHouse is more than a school, and Pears understood that we couldn't achieve our aim of helping all children with autism wherever they live in the country without also carrying out advocacy and campaigning work. Pears is a model donor in that they understand that we need money for more than just bricks and mortar.

As the Pears family and their foundation staff got to know us better and became more inspired by what we were trying to do, they agreed to add further donations. In all they made six donations, which were collectively worth £1.2 million. But it wasn't a pre-arranged plan of instalments, it was more a case of Pears becoming increasingly committed to our vision.

We did eventually name the building after the Pears Foundation but that was more about our desire to recognise the role of our lead donor than any request on their part for public acknowledgement. Being public about the fact we have received such generous support does help to spread awareness amongst other potential donors but it can also have the opposite effect, where other donors think "they've got a big supporter so we'll take our money elsewhere".

Receiving £1.2 million helped us make good progress towards our goal in more ways than one. Two or three other donors had been unsure about our ability to reach our target so they gave us half of what we asked them for and said "come back to us when you're nearer your goal". The Pears donation meant we were able to redeem the other half of those pledges.

The Pears Foundation is an inventive donor who want to maximise their impact. At one stage they gave us a 'challenge donation' of £250,000, which they would only pay once we had found another donor to match it. This was a great incentive to redouble our efforts and find another donor whose investment was really worth half a million to us, because we couldn't access the challenge grant without matching it.

The impact of Pears' support for TreeHouse was not just financial. As each tranche of their donation came in there was great excitement across the organisation and our confidence rose. We were trying to raise a lot of money

and they helped us believe that we could really do it. Naturally, our trustees were nervous about our ability to raise such a huge sum and having a donor who gave over £1 million also helped to convince them that the dream was achievable.

We have now reached our goal and built the centre, but we believe it is very important to stay closely in touch with all of our supporters, including the Pears Foundation. They will attend the official opening in October 2009 and we keep them updated on developments within TreeHouse and in the wider autism world.

As a result of their partnership with TreeHouse, the Pears Foundation has become a leading investor in the wider autism education sector. They are also now funding the Centre for Research into Autism and Education at the Institute of Education.

I speak to senior staff at the Foundation on a regular basis and our relationship has now developed to such a strong level that we think of them as a partner and it's perfectly possible they will come to us with ideas for funding rather than just waiting for us to make further requests.

By making such a significant donation, the Pears Foundation has enabled TreeHouse to build a permanent home after many years of operating out of portacabins. They have helped us to grow from a small charity to a medium-sized charity. Receiving a million pound donation has taken TreeHouse to the next level."

Conclusions

This report documents all that we have been able to learn about million pound donations made in the UK in 2007/08. We identified 189 donations of this size, made by 102 different donors and received by 153 different organisations. The introduction to this report noted that the drop in wealth experienced by the UK rich has been documented as being between 24-37%, yet the collective value of million pound donations fell by 13% and the number of donors (including individuals, foundations and corporations) willing to give at this level only dropped by 6%. Given the far greater falls in wealth that have occurred during the past year, philanthropy has proved to be remarkably robust in the face of the economic crisis.

However, the recession was found to have had a wider effect on major giving than just the amount of monies that have been transferred from private wealth to the public benefit.

Firstly, philanthropists capable of making donations worth £1 million or more were found to have responded to the urgency of the current economic crisis by giving a higher proportion of their donations to operational charities, and decreasing the percentage that is 'banked' for future distribution. As a consequence, the amount of money that million pound donors have made available for spending directly on recipients has actually increased by over £100 million (from £705 million in 2006/07 to £808 million in 2007/08), despite the drop in the overall amount of philanthropic spending in the most recent year. Whilst this impacts upon the 'in perpetuity' model and may have consequence for future beneficiaries, it is evidence that major donors are adapting their giving in response to changing circumstances and adopting what has been described as a 'counter-cyclical' model of funding, ensuring more money flows to good causes during periods of economic difficulty.

Secondly, there has been an increase in anonymous and low-profile giving, which we attribute to a number of factors including a reluctance to make ostentatious displays of wealth during a recession given the difficulties being experienced by fellow citizens; a desire not to offend charities that have been dropped by donors who continue to support other organisations; and a reluctance to reveal identities to recipients that may not receive long-term support once the recession is over. We further noted that there are many good reasons for donors to consider 'going public' about their giving, including the ongoing need for role models to encourage others who have the capacity to make major gifts; the opportunity to highlight causes that donors are passionate about and to encourage collaboration amongst fellow donors who share that passion; and the role that a public life as a philanthropist can play in preparing the children of the wealthy to manage the responsibilities that come with a large inheritance.

Thirdly, we noted the importance of donors who contribute £1 million or more, but spread their gift over multiple years or multiple causes. Whilst it is currently impossible to locate data on the scale and impact of donors who give away more than £1 million within one calendar year to a range of charities, or data on donors whose charity exceeds £1 million, we believe that including these donations would greatly increase the pool of million pound donors.

This report concludes by noting some of the future issues facing major donors and those who seek their support:

Firstly, the impact of the recession is likely to reverberate for some time to come. Cuts to public sector funding will take place regardless of which political party wins the next general election and government support for charitable organisations, in terms of both grants and contracts, will not be immune from these cuts. The ability of major givers to continue meeting gaps in funding, and their willingness to stretch their donations beyond the levels they have grown comfortable with (such as the notional ceiling of £1 million), will be a significant factor in UK charities' success in riding out the long tail of the economic storm.

Secondly, as a general election will occur in 2010, there are likely to be a number of policy developments that affect the future context for major donations. Whilst all the mainstream political parties continue to hold a pro-philanthropy position, are committed to building a culture of giving in the UK and emphasise the importance of voluntary contributions to strengthening the fabric of society, the finer detail of their policy proposals remain

unclear. It will be important to ensure that all the party manifestos back up the plethora of warm words with supportive legislation and that philanthropy continues to be taken seriously at the heart of government in the next parliament, whoever is in power.

We hope that this second report on the incidence, scale and distribution of million pound donations will prove useful in helping potential donors to consider which charitable causes are most in need of their support and to reflect on the respective benefits of setting funds aside in foundations versus setting their money to work immediately in operating charities. We also hope it will help fundraisers to develop their relationships with people who have the capacity to make million pound donations by giving insights into the experience of donors who have the capacity to make the biggest gifts. We also hope that this report will prove useful to policymakers developing new initiatives to encourage major philanthropy, for example new incentives may be needed to encourage donors to stretch their giving beyond current levels, to re-direct some of their donations to neglected charitable sub-sectors and to reconsider the merits of making donations that are available for immediate use versus placing funds into giving vehicles that exist in perpetuity.

The findings and discussion point to the need for further work in the following areas:

We will continue to update this report on an annual basis to create a robust longitudinal study that enables trends in million pound donations to be tracked over time.

Secondly, we will continue to explore ways to capture data on giving million pound gifts in instalments and to gain a greater understanding of the 'lifetime value' of major donors.

Thirdly, we will build on our engagement with million pound donors as it is essential to understand their perspective if we hope to better understand why people voluntarily choose to use some of their private wealth to promote the public good, and to encourage more people with the means to do likewise.

We hope this report continues to fill an important gap in our collective knowledge about major donations and that it stimulates useful discussions. We would appreciate feedback from any readers - be they donors, fundraisers, policy makers or others involved in philanthropy - and we promise to take on board all comments so that future editions of this report can be even more comprehensive and useful to all who care about encouraging a culture of giving in the UK.

Case Study: The British Red Cross

The British Red Cross is part of the humanitarian International Red Cross Movement, which has been helping people in crisis around the world since 1863. Mark Astarita is Director of Fundraising:

"In recent years we have received one or more donations worth £1 million plus, usually from either a foundation or an individual but occasionally from a company; and we have more than a handful of donors who have given much more than £1 million across a number of years. That said they still are pretty rare to find and wonderful to get.

No two major donors are alike, but one thing they have in common is that donations of this size are always restricted and earmarked for spending on a particular aspect of our work rather than for general costs. There is sometimes a compromise between what the donor wants to fund and what the organisation wants to do, which can involve challenges. These donors make it possible for us to do things that we wouldn't otherwise have considered and every now and then do something really amazing in double quick time because the scale of the support raises our game.

For example, we have an individual donor who is donating £5 million over four years for our work in South Africa. He had not been to that part of South Africa before we took him to see our work in that part of the world, yet he completely got it on that first visit. He said to us: "How could you scale up tenfold and how much would it cost?", which is far more than we ever even considered. His family trust's donation has enabled us to fund a massive, gold-standard and really quite revolutionary project that is transforming our HIV/Aids programming in that area. The size of his donation has stretched us and raised the aspirations and ambitions of our front-line programme staff. The donor now visits two or three times a year and feels 100% passionately good about doing it because he can see the difference his money is making and is involved in the project direction.

That donor is interested in having the power to make a difference, but I think that's the main motive for all our supporters, whatever size donation they make. I don't understand why some cynics say it's all about tax breaks, because however generous the tax relief is, it still costs the donor something, and in all my time as a fundraiser I have never, ever come across a donor who even mentions tax as an issue.

Relationships with people who donate £1m or more often don't start off that big, they get bigger as a consequence of developing relationships with staff and increased engagement with the projects. Often they come to us first for an emergency appeal. These donors of course value access to the boss; they want to see and hear from the charity leadership on a regular basis, but that's understandable and as there's not that many of them, we can deliver on that and are happy to do so.

It's obviously hugely valuable to have supporters who can afford to make gifts of this size but it's also nice to have donors that are very engaged in our projects and who get excited about getting involved in our programming. Really big donations resonate across a charity and make a big noise elsewhere. For example, the donation for our work in South Africa represented a massive increase in our international non-emergency programming and required a lot of effort by people across the organisation and around the world to make it happen. But bigger charities do have the capacity to absorb such increases in income, to rise to the challenges they involve and get behind it.

Big donors understandably need reassurance that their money will be wisely spent as promised. It is a lot of money and we have no right to just expect people to give without a thorough due diligence process. It is critical they have

trust in the charity's leadership and front-line staff and believe that we can deliver on promises made about how the money will be spent.

The more big donors you have the more complicated it gets. For example if you offer naming rights to the donor making the biggest donation there's a risk that others who were planning to put up substantial sums will withdraw. There is no such thing as equal treatment between major donors because they all want different things. In my experience, big corporate donors have a lot of people they want to involve and keep happy in the company whilst charitable trusts have a lot of formal reporting requirements unlike companies or individuals. By and large it's individuals that need the lightest touch because it's all about personal relationships and trust, but the process of approaching individuals for support is the most convoluted because there's no official process and the route to them may involve peer to peer asking. There is no magic wand but boy it feels great getting a million in one hit and the difference you can make should and does make me glow for ages. I will never forget the big ones!

Donors are affected by the ups and downs of the economy but our supporters have honoured their pledges despite the recession, although in some cases they have paid in instalments instead of in one go. It's also important to remember that we are still spending money today that we raised some years ago, so gifts made before the recession are still out there doing great good and having a massive impact on people's lives. International work is particularly appealing to some major donors because the 'bang for the buck' is immense; they can do such a lot of good and get a lot back for what is not a lot of money, relative to their wealth.

I think we will see a continued move towards more individuals giving larger gifts during their lifetimes. I often say we sell heaven on earth and ours is guaranteed, but unfortunately giving substantial sums is still not a norm amongst the seriously wealthy in the UK. With some honourable exceptions, most big gifts are not actually that big in relation to the donor's wealth and most rich Brits are not stretching themselves by giving away a lot. It is early days for major donor fundraising in this country and, in general, Brits still remain unbelievably shy about being philanthropic."

How to make a million pound donation

In the course of undertaking this research we asked the donors and charities 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 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."

Case Study: The University of Kent

The University of Kent was founded in 1965. It now has over 18,000 students on 3 campuses in Canterbury, Medway and Brussels. Susan Wanless is the University's Director of Music:

"Sir James Colyer-Fergusson was a friend and supporter of the University of Kent from the1980s until his death in 2004. His family seat was Ightham Mote, a 14th century moated manor house near Sevenoaks, and his mother was a professional opera singer whose musical talents he inherited; so it is perhaps not surprising that his twin philanthropic passions were the county of Kent and the arts.

In 1996 Sir James gave the University £162,000: £52,000 of which was towards the refurbishment of the Gulbenkian theatre on campus, and £110,000 to support the musical life of the University. The only conditions for the music endowment were that we provided annual accounts to the trustees of his charitable foundation, and that the University should hold a major annual classical concert to be called 'The Colyer-Fergusson Concert'.

Sir James's generosity had an immediate impact on the cultural life of the University. It enabled me to be far more adventurous in my programming and removed the element of financial insecurity which invariably accompanies creative projects. As well as holding the major choral and orchestral concert in Canterbury Cathedral each year which bears his name, the endowment also allows us to buy instruments for students and fund many other projects such as tours abroad. We also established the Colyer-Fergusson Music Prize which is awarded every year to a student who has made an outstanding contribution to organising music on campus.

Sir James was a wonderfully kind and gentle man who took a great personal interest in our music-making, attending concerts whenever he could. When sadly he died in 2004, we learnt that he had bequeathed to the University of Kent one-sixth of the residue of his estate, with a specific request that the bequest be used to support music. This resulted in a further gift of £1 million.

We were very lucky that the new chair of The Colyer-Fergusson Charitable Trust was Sir James's cousin, Jonathan Monckton. He also became actively involved in the musical life of the University, regularly attending the Cathedral concerts and presenting the Colyer-Fergusson Music Prize each year. Jonathan clearly appreciated the University's immense pride in being associated with Sir James and our genuine desire to keep his name alive.

Over the past few years I have developed a good friendship with Jonathan and on many occasions I shared my deep frustrations with him about the lack of a purpose-built music building at the University. The high quality of our music-making is achieved despite grim practice facilities scattered all over the campus! The Deputy Vice-Chancellor, Professor Keith Mander felt equally passionately about this project, and in November 2008 we planned an open lecture and dinner to announce our intention to raise the funds for a new music building on campus. With hindsight, our invitation to Jonathan Monckton to attend this event (and our offer to arrange a car to collect him from London) was highly providential. As we walked across campus to the dinner he said to me, "How much do you need?"; he didn't flinch when I suggested seven million pounds but simply said, "ok, send me a note". Professor Mander and I immediately submitted a comprehensive application to the next board meeting of the Colyer-Fergusson Charitable Trust. The Trustees considered the application in great detail, and also met representatives of the University to discuss the terms and scope of the deal. Having been reassured that the University was an organisation that had the capacity to deliver their proposal to an agreed schedule, by February 2009, just 12 weeks after launching the appeal, the Trust sent a letter suggesting a gift of £4.5 million. We will reach our final target for the building with Sir James's bequest, matched funding from the Higher Education Funding Council and other donations.

My relationships with Sir James, Jonathan Monckton and the Colyer-Fergusson Charitable Trust have evolved over the past 13 years. I have been so lucky to have such enthusiastic and committed benefactors, and it has always been a delight to involve them in all our musical projects and events.

Music occupies a unique position at the University, with hundreds of students, staff and the local community taking a voluntary part in a wide range of extra-curricular music activities. Students can apply for music scholarships whilst studying for their degree, and our statistics show that good musicians invariably make good students and then good employees. Ever since I came to Kent in 1987 the one thing that has always held us back from developing music making still further both within the University and across the community, were the inflexible, *ad hoc* facilities. Thanks to the generosity of the Colyer-Fergusson Charitable Trust, we can, at last, build our music centre. Successive generations of students will be able to walk into the Colyer-Fergusson Building to make music in Sir James's honour and I cannot wait to open the doors in 2012!"

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 2007/08, 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 2007 to 31st December 2008.

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. The donations included in this report have been paid in full to recipient charities. We do not include aspirational statements about sums that donors hope to eventually distribute during their lifetime.

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

The efforts of a number of people ensured that our data collection was robust, and that our analysis was as thorough as possible. The biggest thanks is 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 those mentioned in the media. A number of organisations helped to supplement this information, thanks especially to the Community Foundation Network and CAF (Charities Aid Foundation). The Institute of Fundraising endorsed our research and encouraged their member charities to help supply further examples of million pound donations, we are especially grateful to Caroline Howe, Lindsay Boswell and Louise Richards in this respect. Thanks also to Brian Gielty of DG Publishing for valuable help in accessing data published in the JM Finn Charity Performance Guide.
We are grateful to the donors and recipients who agreed to appear as case studies in this report: Mark Astarita, Ben Goldsmith, Jimi Heselden, Claire Knapton James, Professor Keith Mander, Guy Readman, Martin Smith and Sue Wanless. Thanks also to those who provided expert comments and feedback on earlier drafts of this report: Martin Brooks, Ana Gaio, Liz Goodey, Stephen Hammersley, Joanna Motion, Jessie Sklair and Ian Williams.

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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 annual updates of this report. Our aim is to create a longitudinal dataset that will be of increasing use to all those 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.

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