



The Coutts Million Pound Donors Report

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

Written by Beth Breeze



Foreword

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

The Coutts Million Pound Donors Report documents the source, scale and distribution of large scale charitable donations in the UK. It is the first publication in an initiative to establish a longitudinal dataset that tracks trends in major giving within established and emerging sectors of philanthropy. It aims to provide donors, philanthropic advisors, fundraisers and policy makers with a robust evidence base from which to engage in debates over the social value of philanthropy and the means by which this might be promoted and enhanced.

This is also the first report to be published by University of Kent's Centre for the Study of Philanthropy, Humanitarianism and Social Justice (CPSJ). We are delighted to celebrate the launch of CPSJ with a publication that announces our commitment to apply the tools of social science to the task of understanding structures of charitable giving as well as the institutional processes and individual actions by which these take shape. We are very pleased to have the support of Coutts & Co in this endeavour.



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Mark Evans, Head of Family Business and Philanthropy, Coutts & Co

Andrew Carnegie is quoted as saying that "It is more difficult to give money away intelligently than it is to earn it in the first place." This is particularly true when it comes to gifts over £1 million. That is why we are delighted to be working with the University of Kent to raise awareness of the contribution of million pound donors to so many different causes. It is also why our focus at Coutts is on helping private clients create their own effective giving strategies.

We hope that the Coutts Million Pound Donor Report will help to promote UK philanthropy in a year of financial crisis. We also hope that it will encourage more donations of over £1 million. With that in mind, we are setting up a Coutts Million Pound Donor Club to give donors an opportunity to meet and exchange experience of giving at this level. Donors will also be able to use the Coutts Million Pound Donor Club to leverage money, time, expertise and ideas.

We would like to congratulate Beth Breeze and the University of Kent for their professionalism in conducting this important piece of research. We look forward to supporting more million pound donors in the years to come.



If you would like to find out more about any aspect of our comprehensive range of services for high net worth donors, we would be happy to hear from you. Please visit www.coutts.com/philanthropy, send an email to philanthropy@coutts.com or contact:

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Introduction

This report is the first attempt to collate and analyse data on UK charitable donations of £1 million or more. The aim is to assess the scale and impact of such gifts and to get a better understanding of who is making them and what causes they are supporting.

A number of reports now publish robust data on charitable giving that capture donations made by the vast majority of the population. Most notable are *The UK Civil Society Almanac* produced by the National Council for Voluntary Organisations (NCVO), *Charity Trends* published by CAF (Charities Aid Foundation) and the new *Charity Market Monitor* produced by Cass Business School. All these reports contain extremely useful and extensive information and analysis that are essential for understanding voluntary income to charities.

This report differs in that it focuses solely on the largest charitable donations: those worth £1 million or more. The difficulty of capturing data on such donations is widely accepted because general survey methods, however large the sample, are unlikely to 'catch' enough (probably any) millionaire givers. Whilst it is extremely helpful to know, for example, that the average donor gives around £29 each month¹, such figures do not cast much light on the presence and practices of major donors, especially as previous research indicates that their giving is both quantitatively and qualitatively different. A number of studies have shown that the richest decile of society has the greatest incidence of giving and the highest absolute value of donations yet, as a percentage of their wealth, they give at a lower rate than the poorest decile².

There is also a growing literature documenting the significance of a modern approach to giving by some rich donors called 'new philanthropy'.

Donors described as 'new philanthropists' tend to have entrepreneurially-created, rather than inherited, wealth; to support newly emerging causes, often connected to globalisation, such as climate change and global health problems; and to take new approaches to giving which incorporate business-like practices such as monitoring and measurable outcomes.

Aside from such broad-brush pictures, what is known about million pound donors? To start with the most basic point: in order to be able to make a donation of that size, the individual must, by definition, be a millionaire. This report is therefore concerned with the philanthropic acts of that tiny sliver of the population – less than 0.25% – who have the capacity to make million pound donations.

Who are these people and what resources do they have available for charitable gifts? The most recent data on wealth in the UK was gathered before the financial crisis of 2008, which will obviously affect the size of many fortunes. However, in April 2008, the Sunday Times Rich List described the wealth of the thousand richest people in Britain and identified 71 UK-based billionaires with a combined wealth of £206 billion; to make it onto the bottom of the Rich List required a personal fortune of £80 million.

Outside of the 'super-rich' is a further tier of very affluent people whose assets, salaries and bonuses make them a potential source of million pound donations. There are estimated to be around 120,000 people in the UK who have £1 million or more in disposable wealth³ and a further 300,000 people who are millionaires⁴ once illiquid assets, including property, are included. Last year over 4,000 people, primarily working in the City of London, received a bonus worth £1 million or more⁵, although obviously such incentive payments will be lower this year given the economic downturn.

Million pound donations also come from institutional donors, including charitable trusts and foundations and corporations. Whilst there are estimated to be c.8,800 charitable trusts and foundations in the UK⁶, less than 300 of them have assets worth £10 million or more⁷. A small number of foundations choose to 'spend out' their endowment and make donations from capital, but most distribute out of interest, therefore very few foundations have the capacity to make million pound donations. However, some foundations have endowments of sufficient size to make multiple million pound donations.

Aside from a few notable exceptions, the corporate sector in the UK does not have a tradition of making large charitable gifts. This is partly due to a widely held view that the company does not have the right to give away profits and that shareholders should make their own decisions about how to spend their dividends. However, other companies take the view that philanthropy can help to create a competitive advantage by enhancing reputation and attracting the best employees.

1 UK Giving 2007, NCVO & CAF, cited in UK Civil Society Almanac 2008. London: NCVO, p.55.

2 Two studies that report this finding are J. Banks & S. Tanner (1997) *The State of Donation: Household gifts to charity 1974-96*. The Institute for Fiscal Studies; and B. Breeze (2006) *Robin Hood in Reverse*. Centre for Civil Society working paper, London School of Economics.

3 S. Lansley (2006) *Rich Britain*. London: Politico's, p.6

4 *Hiscox Wealth Review 2008*, p.4

5 According to figures published by the Centre for Economic and Business Research

Whilst data on million pound donors has been sketchy, the recent boom in wealth creation has been accompanied by a heightened interest in philanthropy. If wealth creation falters as a result of the current financial turmoil, this focus on wealth distribution may also diminish. However, in recent years the media has given increasing amounts of space to cover philanthropic activities. According to figures compiled by New Philanthropy Capital the number of media articles about philanthropy has more than doubled in the last five years, from 1,774 in 2003 to 3,693 so far in 2008⁶. Profiles of celebrity philanthropists are increasingly commonplace in both print and broadcast media, and millionaire givers have become a familiar presence on television, notably on Channel 4's programme *Secret Millionaire*. But this increased level of interest in philanthropic activity and growing prominence of individual philanthropists has not been accompanied by much robust information on the quantity of giving and the destination of the biggest gifts.

This report is a first attempt to plug that significant gap in our knowledge about voluntary income to charities. It describes and discusses 193 donations of at least £1 million that were made in 2006/07, with a combined value of £1.618 billion.

We have included universities in this study because they attract a significant number of million pound donations, which is likely to grow further as a result of government's attempt to stimulate private support for this sector through a 'matched funding' scheme launched in 2008. However, universities are not included in the definition of 'general charities', so million pound donations categorised as 'Higher Education', worth a total of £296.5 million, must be removed from the global figure in order to calculate the impact of this size of donation on the UK charity sector.

The total income of general charities in 2006/07 was £31 billion⁷, which includes grants and contracts from government, income from trading and investments and other sources. The significance of million pound donors to the sector is therefore clear, as less than 200 donations contributed almost 5% of general charity income. 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 the findings, discussion and accompanying case studies will prove useful in shedding light on this corner of charitable giving and will raise some useful questions about the nature, contribution and impact of million pound donors. Unfortunately we cannot guarantee that our data is comprehensive as not all charities are willing to share information on their largest donations and some donors prefer to make donations anonymously. We have also omitted donations paid in instalments across a number of years that cumulatively add up to £1 million or more, which also depresses the real figure.

We hope this first report will prove useful to charities, donors, fundraisers, philanthropic advisers, policy makers and all who care about encouraging major philanthropy in the UK, and that its usefulness will enable us to expand the content in future years and will encourage greater co-operation with future updates to create even more robust empirical evidence about million pound donors.

6 According to the Association of Charitable Foundations

7 *Charity Trends 2007*. London: CAF/Caritas Data, lists 277 charitable trusts and foundations that have assets of £10 million or more

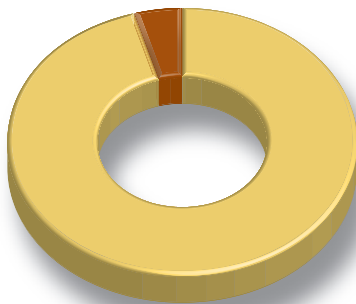
8 *Giving Insights*, Summer 2008, NPC, p.6

9 *UK Civil Society Almanac 2008*. Op cit, p.2

Findings

1. 193 charitable donations of £1 million or more were identified in 2006/07, with a combined value of £1.618 billion. Once donations to Higher Education Institutions are removed from this global figure, we find that million pound donations with a collective value of £1.322 billion, accounted for almost 5% of the total income of general charities, which was £31 billion in that year.

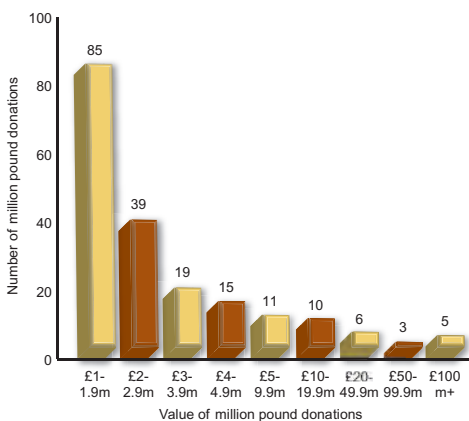
Figure 1: Million pound donations as a percentage of total general charity income



4.3% Contribution of million pound donors
 95.7% Total income of general charities in 2006/07

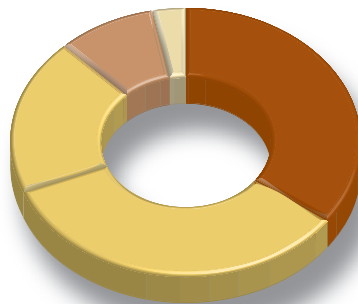
2. The most common size of million pound donations is between £1 and 2 million; 85 gifts of this size were identified, of which 37 were for exactly £1 million. Two thirds (64%) of donations were for under £3 million, a quarter (23%) were worth between £3 and £9.9 million and one in eight (12%) were for £10 million or more.

Figure 2: The size of million pound donations



3. As some donors made more than one donation of £1 million or more, a total of 109 different 'million pound donors' were identified. Half (53%) of the million pound donations were made by individuals, who either gave directly or – more commonly – through their personal trust or foundation. A third of donations (35%) came from professional foundations, defined as those where the founding settlor is no longer alive to direct the flow of grants. Less than one in ten (9%) of donations worth £1 million or more came from corporations.

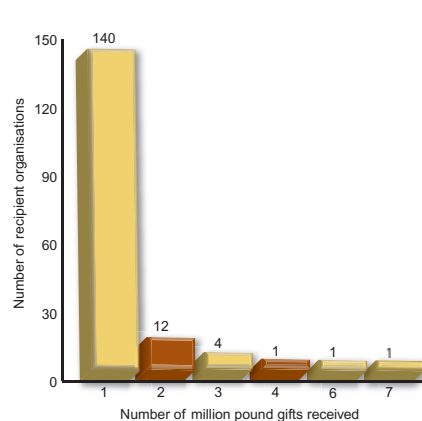
Figure 3: The source of million pound donations



53% Individuals (combined foundations & direct)
 34% Personal Foundations
 19% Direct Individual donations
 35% Professional Foundations
 9% Corporations
 3% Other / Unknown

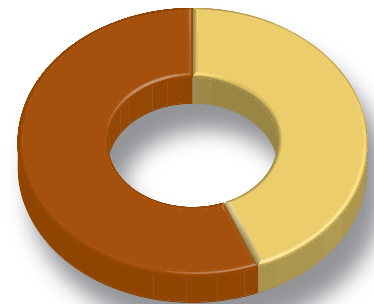
4. 159 organisations were recipients of million pound donations, including 138 operating charities and 21 charitable foundations. Three-quarters (73%) of recipients received just one million pound donation and only 7 organisations (4%) received more than two donations of that size.

Figure 4: The recipients of million pound donations



5. The largest part of the total value of million pound donations (56%) did not go directly to causes and beneficiaries, but were 'banked' in tax-efficient charitable trusts and foundations, for distribution at a later date. £913 million was set aside into charitable foundations and trusts and £705 million was 'spent' by being given directly to operating charities and beneficiaries.

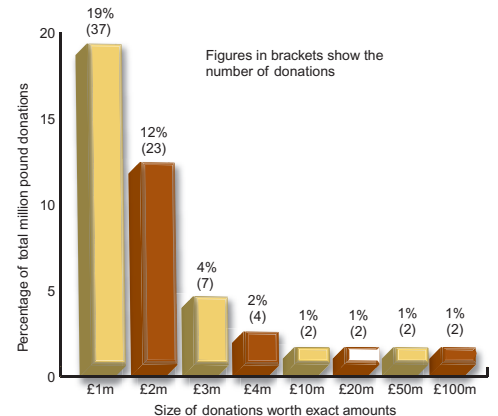
Figure 5: The percentage of million pound donations that are 'banked' and 'spent'



56% 'Banked' in foundations
 44% 'Spent' directly on causes

6. There was a prevalence of donations for exactly £1 million and other 'rounded' figures. One in five (19%) of the million pound donations were for exactly £1 million and one in eight (12%) were for exactly £2 million. In total, 79 donations (41%) were for a 'rounded' figure.

Figure 6: The prevalence of million pound donations for exact amounts



7. Of those donations that went directly to causes and beneficiaries, the most popular destination by far was Higher Education, which received 45 donations worth a million pounds or more, accounting for 42% of the total value of 'spent' or distributed million pound donations.

The next most popular causes were Health charities, which received 13.8% of the value of 'spent' million pound donations, and International Development charities which received 11.5% of the value of 'spent' million pound donations. No other charitable subsector received more than 10% of the value of 'spent' million pound donations.

Whilst charities categorised as Human Services and Welfare were one of the most common beneficiaries of million pound gifts (22), the donations they received had a lower average value than donations to many other causes including Health, Arts & Culture and Religious causes, which therefore all received a larger share of the collective value of million pound donations.

The spread of the donations within each subsector varies greatly. For example the million pound donations to International Aid and Development ranged from £1m to £54m whilst the million pound donations to Education ranged from £1m to £4.7m. The presence of one or two very large donations is indicated in those cases where the mean value greatly exceeds the median.

The five donations to foundations worth £100 million or more are the most significant case where a handful of donations affects both the scale of the overall sum and the mean donation to one subsector.

Figure 7: The distribution of million pound donations

Charitable subsector	Number of million pound donations	Mean value of million pound donations (£ million)	Median value of million pound donations (£ million)	Percentage of the number of million pound donations	Value of million pound donations (£ million)	Percentage of total value of million pound donations	Percentage of total value of 'spent' donations
Foundations	21	43.5	4.5	10.9	913.3	56.4	-
Higher Education	45	6.6	3.1	23.3	296.5	18.3	42.1
Health	22	4.4	3.0	11.4	96.9	6.0	13.8
International Aid & Development	15	5.7	1.6	7.8	81.3	5.0	11.5
Arts & Culture	22	2.6	2.0	11.4	57.8	3.6	8.2
Religious organisations & causes	10	4.4	1.7	5.2	44.0	2.7	6.2
Human Services & Welfare	22	1.8	1.5	11.4	39.9	2.5	5.7
Education (not universities)	16	1.9	1.5	8.3	30.2	1.9	4.3
Environment & Animals	5	5.2	1.6	2.6	25.9	1.6	3.7
Other public service benefit	11	1.8	1.7	5.7	17.8	1.1	2.5
Overseas (outside UK, not development)	4	3.6	3.4	2.0	14.4	0.9	2.0
All	193	8.4	2.0	100	1,618	100	100

Discussion

The findings underline the importance of major donations to the health of the UK charity sector whilst also generating important questions about the scale, source and distribution of million pound donations. This discussion explores each of these themes in turn.

The scale of million pound donations

How big are million pound donations?

Whilst a million pounds is, by definition, a big gift, there is a large difference between a donation of £1m and a donation of £100m. The average (mean) size of all million pound donations is £8.4m, and the average size of gifts 'spent' rather than 'banked' is £4.1m. As the mean is distorted by a small handful of extremely large gifts such as the 24 donations of £10 million or more, it is more useful to refer to the median or the mode to identify the average size of donation. In both the case of all million pound donations, and the case of all 'spent' million pound donations, the median (middle) gift, is £2 million and the mode (most frequent), is £1 million.

As figure 2 shows (page 3) the most common size of a million pound donation was between £1 - £2 million, and two-thirds (64%) were for under £3 million.

All five of the biggest donations, worth £100 million or more, were 'banked' in foundations for later distribution. Therefore donations spent directly on causes and beneficiaries tend towards the lower end of the million pound scale.

However, Sheila Hooper, Marketing and private client director at CAF (Charities Aid Foundation) says her experience shows that donors often increase the size of their gifts over time.

"We find that when people make their first million pound gift they are amazed at the emotional wealth it generates. They often say it is the best money they have ever spent, and they will do it again – and even give more – so long as the charity succeeds in developing a good relationship with them. They expect a personal service and want to know how their money is spent, but equally they consider themselves a friend and a supporter and won't abandon a cause they care about, despite the current financial crisis"

The prevalence of donations for exactly £1 million and other 'rounded' figures

As figure 6 shows (page 3), one in five (19%) of the million pound donations are for exactly £1 million and one in eight (12%) are for exactly £2 million. In total, 79 donations (41%) are for a 'rounded' figure.

These figures probably include some donations that have been rounded up or down by charities in their press releases, or by journalists in their reports. This finding is also affected by the '£2m' price tag attached to becoming a sponsor of a City Academy. But the prevalence of such rounded figures indicates that the idea of "a million pounds" or a multiple of a million, has a cultural resonance that influences the amount given, irrespective of whether the cause requires a less-rounded sum.

A number of sector experts agree that the figure of £1 million appears to hold some symbolic value in addition to its economic value to the recipient charity.

Stephen Hammersley, chief executive of the Community Foundation Network notes,

"There is something about a round number, often of £1 million, that fits people's perceptions of what constitutes a big or 'statement donation' that will get a public profile and make the donor feel psychologically that they've made a significant donation"

However, one million pound donor offers a more pragmatic explanation:

"There are two reasons that people give an exact sum, either people have contributed to a campaign that is structured in a way to ask, for example, for one gift of £5m and 5 gifts of £1m, and so on. Or they are doing it for status: to be included and named in the top tier of benefactors to an institution requires giving more than £999,999!"

The Million Pound ceiling?

A potential consequence of the symbolic value of a gift of £1 million, is that donors may be getting 'stuck' at a lower level than they can afford to give. Whilst the receipt of a £1 million donation is clearly greatly appreciated by charities, it may be that – however unintentionally – fundraisers have erected a 'million pound ceiling' as a high-point beyond which most donors are not encouraged to stretch. If so, how can such donors be encouraged to 'trade up' and give more than £1 million? And, recalling the presence of 71 billionaires in the UK, for those few that can afford it, how can charities persuade donors to move from £10m to £100m?

Any artificial ceiling on gifts may, in part, be an artefact of major donor fundraising methods. As Theresa Lloyd, philanthropic adviser and author of *Why Rich People Give* notes,

“Usually people give what they are asked to give, and most of the wealthiest people are just not asked to give a sum that they could afford, and might give if asked in the right way.”

But the million pound ceiling is also the result of factors outside the control of fundraisers. In the time period covered by this report, only 16 operating charities had an annual income over £100 million¹⁰ and just 353 had total income of over £10 million¹¹. The generally low level of charity turnovers may be suppressing the levels of giving. As Lloyd adds,

“The size of donations is not only related to the donor’s wealth, it’s also affected by the size of the recipient charity. Even if they can afford it, no one will give £1 million to an organisation with a £50,000 or even £1 million annual turnover, since they would be concerned about the capacity to cope.”

This factor may be exacerbated by an apparent preference amongst major donors for supporting small and medium sized charities, as discussed by John Stone in his case study on this page.

If the size of major gifts is being suppressed, that should be good news for the charity sector because it indicates the potential to increase major donations. Charities can take steps to encourage donors to break through the million pound ceiling and give at a level that more accurately reflects their capacity and desire to give. Martin Brookes, chief executive of New Philanthropy Capital, believes charities can help donors gain the desire and confidence to increase the size of their major gifts. He says,

“If a donor is going to give more money, he or she needs to feel engaged and inspired. And the best way to make any donor feel engaged is to help them understand how they can make a real impact in their chosen area. They need to know what the most pressing needs are within an issue, and where funding gaps lie. And once they have given, they need to be shown what their funding has achieved.”

The Cumulative Million Pound Donors

Some donors who have given a million pounds or more will be missing from our data because the money is being transferred over a number of years rather than paid in a lump sum. For example, a donor making five annual gifts of £200,000 would fall below our radar. There are advantages to staggering donations in this way: donors may prefer an extended engagement with the recipient rather than writing one very large cheque and charities may appreciate the security of promised future funding. As Maya Prabhu, senior philanthropy adviser at Coutts & Co notes,

“The amount of a donor’s gift often depends on the impact they are trying to have, the total amount of money that is needed for a particular cause, and how well they know the charity. Some donors prefer to agree certain milestones and fund over time rather than gift a lump sum.”

In future updates of this publication we hope to cast our net wider to capture and report on the incidence, size and distribution of million pound donations made over an extended period of time.

Million Pound donor John Stone

John Stone, a self-made entrepreneur in the financial services industry established the Stone Family Foundation in 2005 into which he has so far transferred £30 million. The Foundation has distributed around £2 million to date.

“I made far more money than I ever expected to make and take the view that we wouldn’t do our children any favours by leaving it all to them. 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. We developed some criteria for our giving: we wanted to give hand-ups, not hand-outs; we were more inclined to support developing countries where there’s no welfare state and our money can achieve more; and we decided to focus on three areas: children, clean water and microfinance. We don’t want to start our own charities, we’d rather support others doing good work than re-invent the wheel. We’d also rather support smaller organisations as I can relate to their entrepreneurial outlook and it’s easier to get involved with them than with bigger, more bureaucratic charities. But our initial ‘pilot portfolio’ of ten projects includes investments in organisations that are small, medium and large, because we decided to experience being involved in all types of charities.

We have enjoyed a wonderful time travelling extensively in Africa and Asia visiting our first ten projects. We are now deciding which we should support further as a result of seeing their work first-hand and meeting their staff on the ground.

Parking the money in the foundation didn’t give me any particular satisfaction - that just involved moving money from one bank account into another. The satisfaction comes from meeting beneficiaries whose lives have been transformed as a result of our involvement.”

¹⁰ *Charity Trends 2007*. Op cit

¹¹ *UK Civil Society Almanac 2008*. Op cit, p.23

The Source of Million Pound Donations

Who gives million pound donations?

As figure 3 Shows (page 3) the main source of million pound donations is individuals (53%), followed by professional charitable foundations (35%) then corporations (9%). The largest donations, worth £100 million or more, were all made by individuals placing money into foundations for later distribution. Six corporations also 'banked' money into corporate foundations.

Donors making multiple million pound donations are primarily professional charitable foundations, however a handful of individual donors also made more than one donation worth a million pounds or more.

Anonymous giving

We do not know the identity of every million pound donor as some were made under conditions of anonymity. Some critics view anonymous giving as an attempt to evade accountability and believe anonymous giving deprives the charity sector of much-needed role models that could inspire similar gifts from their peers. However, others note that anonymity can be driven by entirely honourable reasons, including religious beliefs, and a concern to avoid unwelcome attention, unsolicited appeals and personal danger. Anonymous giving may be more prevalent in some sub-sectors than others. For example, donors to International Development charities may be acutely aware of the gap between their own wealth and the poverty of the people they are seeking to help, and feel it is more appropriate to give discreetly to such causes.

High profile million pound donors

At the opposite extreme to anonymous giving is high profile giving. Some major philanthropists are very happy to discuss their giving, usually because they wish to draw attention to a favoured cause or to promote the benefits of philanthropic activity and believe this will encourage their peers to follow suit.

The willingness of a handful of donors to 'go public' is obviously helpful to those trying to encourage large donations, but it carries a risk that the views of such donors are interpreted as representative of all major philanthropists. This risk is exacerbated by the fact that high profile givers are a small group. An analysis of all print media coverage of philanthropy and philanthropists in 2006¹² found that 10% of articles focused on one named philanthropist were about the same individual: Sir Tom Hunter. Adding in coverage of just four further philanthropists accounted for a quarter of all media coverage of named donors.

But more major donors may become willing to raise their heads above the philanthropic parapet, according to Susan Mackenzie, director of Philanthropy UK, who says,

"New donors, especially, are often reluctant to speak publicly about their giving. But as they gain experience, and 'find their feet', they become more confident and willing to share their own experiences and learning to help others."

Donor motivation and the case of the poisoned silver spoon

There are many reasons behind philanthropic acts, perhaps as many reasons as there are donors and gifts. Research based on interviews with 76 rich donors identified five main motivations: belief in the cause; being a catalyst for change; self-actualisation or personal development; feelings of duty and responsibility; and the enjoyment of relationships with charity staff, beneficiaries and other donors¹³. A growing number of major donors have begun to describe a further motivation for their giving: the desire to avoid burdening their children with an excessive inheritance.

Warren Buffett famously said he wished to leave his children enough so they can do anything, but not enough so they will do nothing. Rich UK donors have echoed this sentiment and wealth advisers report that concerns about the impact of handing on fortunes to the next generation are increasingly being raised in the context of placing funds into charitable foundations. An added consequence of this solution is that children can be appointed as trustees, creating opportunities to bring the family together to discuss the distribution of grants.

Million Pound donor Jamie Cooper-Hohn

Jamie Cooper-Hohn is chief executive of the Children's Investment Fund Foundation (CIFF). She and her husband Chris Hohn have put over £800 million into CIFF, which makes grants to partners that can demonstrably improve the lives of children living in poverty in developing countries.

"I'm happy to talk about our experiences as big donors because we're hoping to make an impact as a foundation and one way of doing that is to be visible to other potential major donors.

When we give million pound grants, it is definitely an investment and not a gift. We want to know what the organisation will do in a really big and meaningful way that it wouldn't have done otherwise. We're also looking for a philosophical alignment with the organisations that receive funds.

We go into our grants with enormous optimism. We take big bets with substantial risks but it is the potential for making a quantum leap in terms of impact for children that feels so exhilarating.

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.

My experience is that ninety percent of the time donors have a preference for a cause because they relate to it, such as the educational institutions they attended or a health charity as a result of a relationship with a certain disease. Do most people personally relate to international development issues? No. So the level of support for that area amongst the wealthy is actually quite high.

People making the largest donations seem to have different preferences to the general public. I have been shown data that suggests animal and historical preservation charities are very popular in the UK; it's interesting to see those areas of giving are, according to your research, not mirrored by the biggest donors!"

12 B.Breeze (2009 forthcoming) *More than Money: the meaning and purpose of philanthropy in contemporary UK society*. Unpublished doctoral thesis.

13 T. Lloyd (2004) *Why Rich People Give*. London: Philanthropy UK/Association of Charitable Foundations.

Million pound donor Alec Reed

Alec Reed CBE, put £5 million into the Reed Foundation in 1985 and has founded and supported a range of charitable organisations.

"I've been a volunteer all my working life, but after using some of the proceeds of selling a company to set up the Reed Foundation, I had to think seriously about how to give money away for the first time.

I believe it's better for donors to separate the decision about how much money to spend on charitable giving, from the enjoyable act of giving to charity.

By deciding how much you want to give away as a lump sum or annually, and ring-fencing it in a foundation, you can elevate the satisfaction you get from giving, not to mention making it easier to make the gift. Once you've done that, you can continue your research and decide which good causes you wish to support. I call this 'Disneyland Giving': theme park visitors pay once at the gate and are then free to enjoy the rides. I'm still enjoying giving away money I 'spent' on charity 20 years ago.

People can be reluctant to publicly make large donations for fear of the charity letters and requests that follow. I have always believed that most people prefer to buy than be sold to – a concept frequently applied in retail but almost unheard of in the charity world. I recently set up theBigGive.org.uk to help donors enjoy the process of shopping for a charity without the sales pitch.

I am attracted to 'entrepreneurial giving' and have invested in setting up six new charitable ventures, including Womankind Worldwide and Ethiopiaid; I've also given substantial donations to some existing charities. I prefer to largely back my own interests because I can be a better supporter if the work has my interest as well as my money."

The Distribution of Million Pound Donations

Who gets million pound donations?

Only a tiny fraction of the charity sector benefits from million pound donations. There are over 160,000 registered charities but, as some charities received more than one donation of £1 million or more, just 159 different charities are known to be recipients of such gifts in 2006/07.

As shown in figure 4 (page 3) in the findings, the vast majority of recipients (140) received just one million pound donation and the largest quantity received by any one charity was seven gifts of that size.

The distribution of million pound donations across causes is uneven, as shown in figure 7 (page 4). Excluding money 'banked' in foundations, Higher Education (universities and colleges) gets almost half the gifts (42%) although these are mostly from large professional foundations such as the Wellcome Trust, rather than from individuals. The next most popular cause is Health, including charities that provide health care and undertake medical research, which received 13.8% of the value of million pound donations, and then International Development charities which received 11.6%. No other charitable sub-sector receives more than 10% of these largest gifts.

However, the institutional setting of the organisation that receives the donation may not accurately reflect the purpose of the gift. For example, whilst the higher education sector receives almost half of the value of all million pound donations, the actual purpose to which these donations are put includes awards for poor students attending a university and research to develop drugs for diseases that affect the poorest countries. The impact of such funding may more accurately be described, respectively, as welfare and international development even if the donation passes through the financial accounts of a higher education institution.

Million pound recipient Canterbury Cathedral

Heather Gambrell, UK Fundraising Director at the Save Canterbury Cathedral Appeal.

"We received a £3 million donation from the Garfield Weston Foundation. We heard the news the day before the launch of our appeal in October 2006, so it came at a very opportune time!

A gift of that size does more than bring us closer to our appeal target of £50 million, it helps to open doors to other high-value donors that we need to reach. In particular, it sends out a reassuring message to potential donors that our governance is good, and that they can have confidence in our trustees to manage their money well.

In the current climate, when the value of many people's assets has dropped substantially, they naturally want to know that any wealth they transfer to a charity will be well looked after.

There's no doubt at all that being on the receiving end of a multi-million pound donation gave an enormous boost to everyone involved in the appeal, especially to our staff and volunteers. It was overwhelming and lifted our spirits to see that many noughts."

Million pound recipient National Trust

Gill Raikes, director of fundraising at the National Trust.

“We receive one or two donations each year of £1 million or more, and these large gifts are essential to our efforts to protect hundreds of historic buildings, 700 miles of coastline and over a quarter of a million hectares of countryside.

No two major donors are the same, they are individuals with their own unique reasons for choosing to support our work. But we have found that people who support us at this level often share two characteristics: they want to be involved in the project they are supporting and they have a preference to do so anonymously because they don't want to shout about it.

Most donors giving a million pounds or more have an intimate relationship with a specific building or piece of the landscape rather than with the National Trust itself, so their donations are often ring-fenced for a specific part of the Trust's work. For example the Welsh-born actor Sir Anthony Hopkins donated £1 million in 1998 to help us buy and protect Wales' highest mountain, Snowdon.

We can't predict or budget for million pound donations, but we do rely on them, especially when we need to raise a large sum of money in a short space of time. Despite the current credit crunch, we need to raise £3 million by the end of 2008 to buy Seaton Delaval Hall in Northumberland; lots of smaller donations do add up but we need bigger gifts to reach the target in time.”

'Banked' versus 'Spent' donations

One of the most interesting findings of this report, as shown in figure 5 (page 3) is that over half of the total value (56%) of million pound donations made in 2006/07 were not distributed to a specific charity or cause, but were placed in charitable trusts and foundations for later distribution. This situation could result from major donors demonstrating a careful approach to giving, by earmarking funds in a tax-effective vehicle and taking sufficient time to ensure they are spent wisely once they have time to focus on distribution and put strategies in place. Major donors may also choose to distribute funds through a foundation in order to create an institutional legacy. But donations could remain 'banked' rather than 'spent' as a result of difficulties encountered in the administration of funds. This may be due to a failure on the part of potential recipients in communicating their needs or providing a sufficiently robust case for expenditure. It may also be due to the absence or limitations of the infrastructural means for the administration of funds. But inefficiency on the part of foundations could also be a factor, such that accumulated funds represent a form of hoarding, with money stagnating and taking a long time to reach ultimate beneficiaries, despite the immediate receipt of tax breaks.

Stephen Hammersley, chief executive of the Community Foundation Network takes the former view,

“Donors who park money in foundations may not really know what they want to do with it yet. People come into money and know they want to do some good with it but are not sure exactly what. Putting it in a foundation can be a temporary solution that enables them to begin their philanthropy whilst giving them time to develop a strategy”

Million pound recipient The Community Foundation for Wiltshire and Swindon

Rosemary Macdonald, chief executive of the Community Foundation for Wiltshire and Swindon.

“In 2007, the community foundation for Wiltshire and Swindon received a legacy of £2.2 million from a local couple, Brian and Marie Shuker, to be used for supporting young people in our community to attend higher education.

It was the largest gift we have ever received and has given us an opportunity to develop a whole new side of our organisation. The legacy is part cash and part property, so we have also had to develop new skills in managing a property portfolio.

One benefit of such a large gift is that we've been able to use the interest straight away and start offering help to local students without having to wait for an endowment to build up.

But the biggest benefit has been the huge boost to our credibility and positioning. We are now recognised as a safe place to put a significant amount of money and we feel we're more likely to receive similar large sums in future.

A further unexpected consequence is that the Shuker's advisor, who handled their will, has been so impressed with the process of dealing with us and seeing the difference the money has made, that he is happy to talk to others about how they can make or refer similar donations”

Million Pound recipient Save the Children

Caroline Underwood is Director of Philanthropy and Partnerships at Save the Children, which receives million pound donations from individuals and corporations.

“Gifts of a million pounds or more are transformational. They help Save the Children to start and build new programmes and to maximise the number of children that we can reach. But million pound donors don’t come out of the blue. Donations of that size only come from carefully built long-term relationships from supporters who are closely involved in our work. The biggest donations come as a result of discussions that can last two or three years. Given the length of time it can take from first contact to making the donation, it is important that the donor’s relationship is with the senior leadership of the charity, and not just with an individual fundraiser, although they are of course key.

Our major donors have a direct relationship with staff that work in the field, not just with our team in the development office. They need to see the work, even if just on a DVD, to understand how important it is. We also try to engage donors’ families, for example some bring their children on visits to projects.

In my experience, people with the capacity to make very large gifts often begin by making smaller donations to ‘test’ how effectively their money is used and how well the charity looks after them. If they have a good experience then million pound donations might follow. Having said that, mid-value gifts, say of £100,000, can make a huge difference too.

We try to make sure that the donor’s experience includes personal touches and anecdotal reporting, as well as formal processes and reports. For example we might show major donors press releases or tell them stories of individual children who have been reached through our projects to help them to make connections with beneficiaries. Because it is the difference they can make to the lives of the children we work with that ultimately inspires million pound donors.”

Factors that affect million pound recipients: contacts, credibility, sociability and asking

A number of factors that affect the likelihood of receiving million pound donations were identified as a result of discussing the findings of this research with a range of experts, including philanthropic advisers, fundraisers and donors.

The ‘contacts’ factor

People give to charities they are familiar with and of which they have personal experience. In the US it is well documented that universities and hospitals benefit from the high incidence of donations from, respectively, alumni and former patients. Other causes are less likely to have personal connections to wealthy individuals, especially International Development organisations and Welfare charities that operate in poor communities in the UK. The difference between charities that are ‘contact-rich’ and those that are ‘contact-poor’ is therefore a factor affecting their ability to appeal for donations from the richest sections of society.

The ‘credibility factor’

Once an organisation receives its first million pound donation and proves itself capable of handling a donation on that scale, it gains a lot of credibility and is well positioned to receive further donations of that size. But if a charity needs to receive a gift of this size before it can ‘prove’ itself, it does raise the classic ‘chicken and egg’ question of how to attract the first donation of that size.

The ‘sociability factor’

One explanation for the success of cultural and arts organisations in attracting major donors is that they offer a unique form of benefit. Support for institutions such as opera houses and art galleries can be integrated into the social lives of donors in a way that, for example, support for welfare organisations cannot. In particular, donors who are retired and seeking to share their philanthropic activity with their spouse, may find that the opportunity to attend ‘first nights’ and concerts together is an attractive part of the experience of being a major donor.

Collaborative types of philanthropy, such as giving circles and funding networks also offer social opportunities to network with like-minded peers, to share experiences and learning. This is an especially valuable benefit for new donors, who typically don’t have an existing network of experienced givers that they can easily access. The importance of the sociability factor creates a challenge for fundraisers working in all types of charities to be creative in finding ways to involve donors in their cause and to introduce them to fellow philanthropists in a convivial and unpressured setting.

The ‘asking factor’

With rare exceptions, donors only give a million pounds or more if they are asked to do so. To this extent, million pound donations depend upon the ‘demand’ of charities, as much as the ‘supply’ of donors. Some organisations and causes, notably arts and cultural institutions, hospitals and universities may be better at asking for larger sums of money because they have made greater investments in this funding stream.

Conclusions

This report documents all that we have been able to learn about million pound donations made in the UK in 2006/07. We identified 193 donations of this size, made by 109 different donors and received by 159 different organisations. The typical million pound donation was worth between £1-2 million, and one in five were for exactly £1 million. The five donations worth £100 million or more were all 'banked' into foundations for later distribution, rather than 'spent' on operating charities. In total 56% of the value of million pound donations, totalling £913 million, was 'banked'. Of the £705 million that was 'spent', the largest share (42%) went to universities and the only other two charitable sub-sectors that received more than 10% of the total value of million pound donations were International Development and Health charities.

This report also discusses some of the themes that emerge from these findings including the apparent existence of a 'million pound ceiling', the presence of both anonymous and high profile giving, distributive impacts that favour Higher Education and factors that influence charities' ability to attract million pound donations, including being 'contact-rich', having organisational credibility, being able to offer activities that can integrate into donors' social lives and more sophisticated major donor fundraising efforts.

This conclusion reflects on how these themes might change in the year to come.

The financial crisis of 2008 is likely to affect the confidence, if not the actual capacity, of donors to make million pound donations.

Charities will need to work harder, and more creatively, to ensure that supporters remain loyal, and even increase their donations, in order to meet the likely increase in demand for services that will occur in parallel with decreases in funding from other sources, including investment income and corporate supporters.

The continued interest and intervention of government is likely to push philanthropy closer to centre stage, not least in the areas of Welfare and Education. Both the current government and opposition parties are keen to develop policies that will encourage the transfer of funds from private wealth to the public good.

The growing role and influence of philanthropic advisers is likely to positively affect the confidence of potential donors to make significant gifts, because there is anecdotal evidence to suggest that lack of information and confusion about 'where to start' is holding back potential donors who have both the capacity and the inclination to make major donations.

Having produced this first account of the incidence, scale and distribution of million pound donations, we hope it will help potential donors to reflect on their capacity to give, the prioritization of areas of charitable need and the respective benefits of setting funds aside in foundations versus putting 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, especially in terms of the level of their 'asks' or requests for donations. This outline of the contours of million pound donations may also prove useful for those developing new initiatives to encourage major philanthropy.

For example new incentives may be needed to help donors break through the million pound ceiling, to promote giving to causes currently neglected by the richest givers and to encourage foundations to distribute their assets at an appropriate rate.

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

Firstly, the need to update this report at regular intervals to create a robust longitudinal study that enables trends in million pound donors to be tracked over time.

Secondly, the desirability of extending the scope of this study to include million pound donations that are paid in instalments over a number of years.

Thirdly, the need to engage with more million pound donors to better understand their experience and to incorporate their perspective on the ideas raised in this report. The proposed 'Coutts Million Pound Donor club' will be one avenue for such engagement.

We hope this report begins to fill an important gap in our collective knowledge about major donations and that it stimulates useful discussions. One sign of its success will be if donors and recipients are more willing to contribute information about the incidence of million pound donations, so that future editions of this report are even more comprehensive and useful to all who care about encouraging a culture of giving in the UK.

How to make a Million Pound Donation

There is a growing body of support available to people interested in making substantial charitable contributions, including advisory departments within private banks, independent philanthropic consultants and charitable organisations that provide training and information to support donors.

One comprehensive source of information is *A Guide to Giving*, which is sponsored by Coutts & Co. and produced by Philanthropy UK. The editor, Susan Mackenzie, says,

"Million pound 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."

The Coutts Philanthropy Handbook is another useful resource, which encourages potential major donors to create a personalised giving strategy involving five steps:

1. Understand the causes that you want to support
2. Set your objectives
3. Set up a giving vehicle, such as a charity account or private family charitable trust
4. Establish criteria for selecting the charities you want to fund
5. Monitor and learn from the experience of giving.

As Mark Evans, Head of Family Business and Philanthropy at Coutts & Co says,

"Giving is a very personal act. Creating a giving strategy is all about getting the right balance between what matters to you, and what the sector or charity needs. On the one hand you need to understand what you want to achieve, how involved you want to be and the target of your giving. On the other hand you need to understand the charity's objectives, how they think they can best use your money and how much involvement you can have without blowing them off course".

The development of advisory services reflects the increasing maturity of the UK philanthropic sector. Since the year 2000, a number of organisations have been established in the UK to provide education, training and advice for donors and potential donors, including New Philanthropy Capital, the Institute for Philanthropy and Philanthropy UK. The wider availability of support for donors is also expected to raise the incidence and level of 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"

The Coutts Philanthropy Handbook is available directly from Coutts & Co, see contact details below the foreword.

A Guide to Giving is freely available online at www.philanthropyuk.org/AGuidetoGiving

Further useful resources:

New Philanthropy Capital
www.philanthropycapital.org
Philanthropy UK www.philanthropyuk.org
Institute for Philanthropy
www.instituteforphilanthropy.org
Association of Charitable Foundations
www.acf.org.uk
Community Foundation Network
www.communityfoundations.org.uk
Charities Aid Foundation www.cafonline.org

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 2006/07, which is the last financial year for which accounts are available. 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 2006 to 31st December 2007.

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 vast majority of the donations included in this report have been paid in full to recipient charities. We have included a small number of formal pledges that will be realised in coming years, including promised legacies, when such donations are formally recognised by the charities to which they are pledged and incorporated into the financial planning of those organisations. 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 aware 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. We have therefore tried to be clear when we are

referring to all million pound donations (both 'banked' and 'spent'), and when the calculations and analysis refer only to donations that have been 'spent' on causes and beneficiaries.

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

Any effort to analyse the size and nature of large charitable donations is only as good as the data on which it is based. I am therefore extremely grateful to a number of people who helped to make our dataset as robust as possible.

Kayleigh Newby worked diligently to identify major donations mentioned in the media and described in the annual reports and accounts of grant-making and grant-receiving charities. A number of organisations helped to supplement this information with the permission of their major donors; thanks especially to the Community Foundation Network. 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, Megan Pacey, the RNLI, the British

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This project benefitted enormously from the 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. Their intellectual generosity is greatly appreciated, not least because it enables our findings to be available for cross-national comparison.

Finally, without the support of Professor Chris Hale, the initial seedcorn funding approved by Professor Keith Mander at the University of Kent and subsequent full sponsorship from Coutts bank, arranged by Mark Evans, we could not have completed this work.

The Coutts Million Pounds Donors Report is the first attempt to collate and analyse data on charitable donations worth £1 million or more. It describes and discusses 193 gifts of this size that were made in the UK in 2006/07.

The aim of this report is to assess the scale and impact of such gifts, to get a better understanding of who is making them and to identify which causes they are supporting.

Case studies of both 'million pound donors' and 'million pound recipients' are used to illustrate the experience of giving and receiving large-scale charitable donations.

The findings are contextualised within a number of important factors, including the financial crisis of 2008, the rise in philanthropic advisory services and the enthusiasm of all mainstream political parties for encouraging the transfer of funds from private wealth to public benefit.

This report should prove useful to donors, fundraisers, charity leaders, policymakers and all interested in encouraging philanthropy in the UK.

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