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Understanding Philanthropy: Exploring the Philanthropic Landscape in Britain

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Abstract

Philanthropy is the voluntary gift of resources from private wealth to promote charitable causes, projects or organizations. Based on original research and a review of the existing literature, the purpose of this paper is to provide a comprehensive overview of the philanthropic landscape in Britain and to explain how philanthropy serves as a force for good in society. It begins by introducing the types of actors operating in the philanthropic field; the often confusing array of donors, foundations and beneficiaries of different types and hues. It outlines the choices confronting philanthropists and the different organisations and tools that exist to facilitate, maximize and effectively utilize philanthropic giving. In the paper, you can also read about the motivations behind philanthropy and the wide range of causes philanthropists support. Philanthropy plays an important role in social innovation through the founding of new organisations and institutions. Large numbers of schools, libraries, hospitals, universities, churches, parks and gardens and community organizations have their roots in philanthropy. Tens of thousands of front-line charities, tackling deep-seated problems at home and abroad and improving the lives of millions of people, are sustained largely by the generosity of private individuals. Overall, the concise discussion of a complex topic makes this paper a valuable introductory guide for prospective philanthropists, third sector professionals, board members of charitable trusts and foundations, interested academics and anyone else interested in understanding how philanthropy works.

Keywords

Philanthropy, Entrepreneurial philanthropy, Philanthropic landscape, Philanthropic foundations, Social innovation

Introduction

Philanthropy is about giving time, money and resources to help others. It all sounds very simple, but the subject is far more complex and fascinating than meets the eye. People are not born philanthropic, they become philanthropic. Philanthropists can make good or bad choices. They can be more or less effective in their giving. Philanthropy can be immensely rewarding when good choices are made and desired outcomes result. A good strategy based on sound advice helps make philanthropy truly life enriching.

Read on if you want to learn more about [\(1\) what philanthropy is; \(2\) who are the philanthropists; \(3\) the choices philanthropists make; \(4\) the role played by philanthropic trusts and foundations; \(5\) who benefits from philanthropy; \(6\) the future of philanthropy; \(7\) references.](#)

What is philanthropy?

Philanthropy is the voluntary giving of resources by private individuals, couples, families or corporate bodies to promote charitable causes, projects or organizations, defined more succinctly by Payton and Moody (2008: 28) as “voluntary action for the public good.” The key word here is *voluntary*. A philanthropist is a person who chooses to support causes of no direct benefit to themselves or their families. Rather, philanthropists invest their time, money and other resources in causes they believe will benefit society more generally – locally, nationally or internationally.

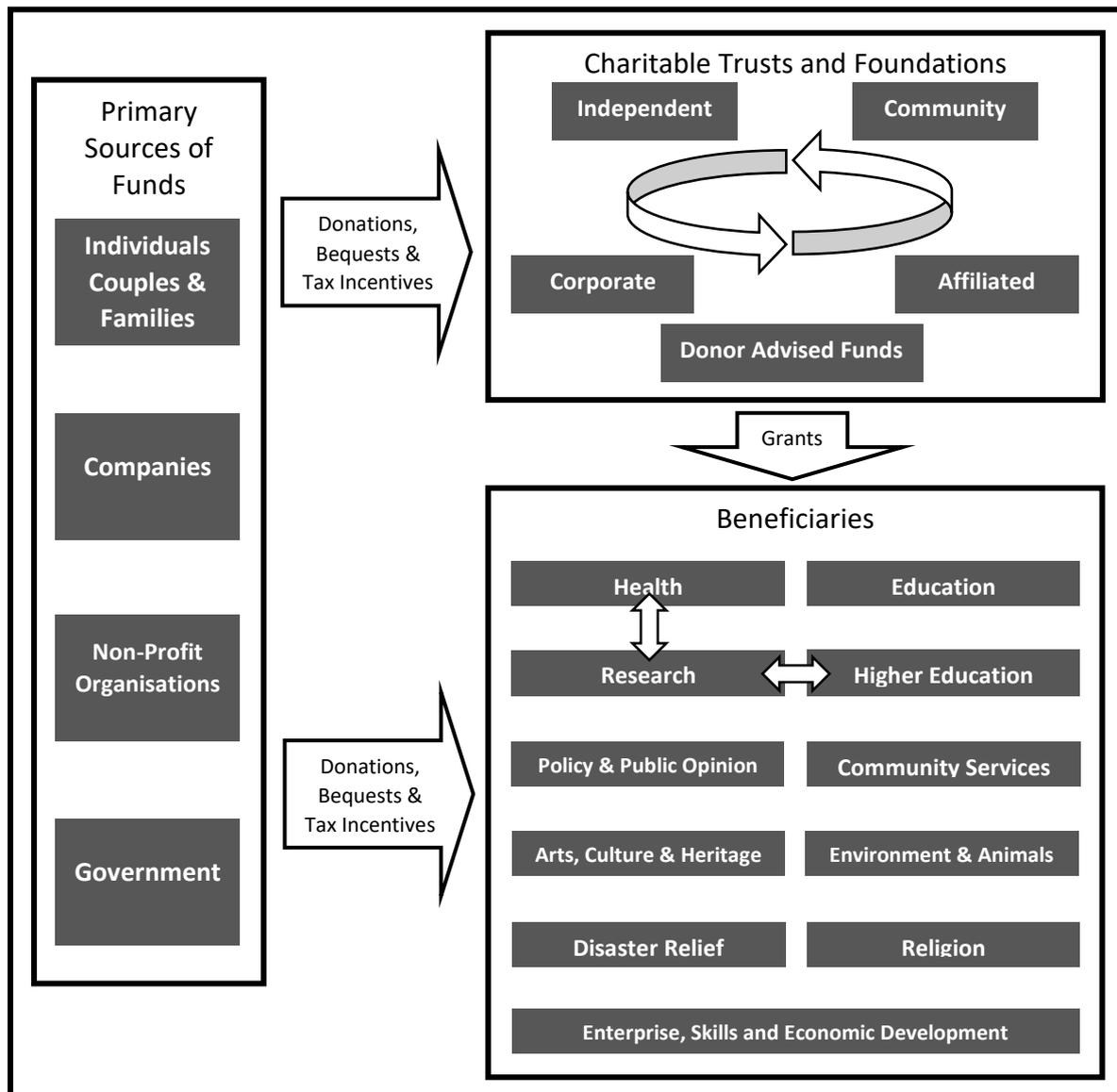
Philanthropists are driven first and foremost by tangible objectives, by belief in a cause that might change things for the better (Breeze & Lloyd, 2013). When someone supports a local food bank through a gift of goods or money, they intend to relieve the hunger of those less fortunate than themselves. When someone endows a university scholarship fund for students from disadvantaged backgrounds, they intend to create opportunities for educational advancement that otherwise would not exist (Xin Zhang, 2016 [2014]). When someone funds a programme to discover and distribute vaccines to protect children from common ailments in developing countries, they intend to prevent deadly epidemics and mass suffering (Gates, 2016 [2007]).

The question of why some people become philanthropic and devote a significant proportion of their resources to helping others is not a simple one to answer because the inclination to act philanthropically varies considerably between individuals, cultures and nations (Pharoah, 2016). What can be said with confidence, however, is that most philanthropists are driven by the urge to give back and make a positive difference to communities that have nurtured them (Bekkers & Wiepking, 2010; Schervish, 2016 [2007]). These acts of generosity yield satisfactions and rewards that, while intangible, enrich the lives of the philanthropists themselves, encouraging them to become more generous as their personal philanthropic journeys unfold (Maclean, Harvey, Gordon & Shaw, 2015). Seeing the results of philanthropy – whether it be lives saved, the hungry fed, children educated, animals relieved of suffering, or one of many other positive outcomes – is intensely gratifying for the philanthropist. Philanthropy is a win-win, not a one-way street (Smith & Davidson, 2016).

Who are the philanthropists?

The starting point for philanthropy is possession of resources over and above what a would-be philanthropist deems necessary to meet their immediate needs. As shown in Figure 1, philanthropists may be people (individuals, couples or families) or corporate bodies like companies and non-profit organizations. Government is also an important actor within the philanthropic landscape, as regulator setting the rules of the philanthropic game and offering incentives for people and organizations to be philanthropic. Let’s take each in turn.

Figure 1: The Philanthropic Landscape



- [Individuals, couples and families](#) are the main primary source of philanthropic funds in Britain and in most other countries. Their incomes derive from multiple sources, most typically salaries, rents, interest on savings, dividends on shareholdings, profits from businesses owned, and capital gains on assets such as houses and other real property. As a rule, as you move up the income scale, the greater the potential for philanthropy possessed by an individual, couple or family (Breeze & Lloyd, 2013: 72-4). Business owners and others with large accumulations of assets, as opposed to regular employees, typically have the greatest potential for philanthropic giving. This is especially the case when they experience a liquidity event such as the sale of a business when an asset of previously uncertain value is turned into cash (Shaw, Gordon, Harvey & Maclean, 2013). Individuals, couples and families may choose not to donate money directly to good causes but to invest in a philanthropic trust or foundation, which “banks” the money, distributing grants in the future either from capital or the interest earned on “endowed” funds. The largest single donation made in the UK between 2007 and 2016, £470 million, was made in 2010 by Albert Gubay to the Albert Gubay Charitable Foundation (Coutts Institute, 2017).

- **Companies**, besides generating income for their owners, may choose to spend money on philanthropic causes such as supporting charities within the locales in which they operate. This is known as corporate philanthropy and is frequently resisted by shareholders as an inappropriate use of surplus funds, which according to the prevailing doctrine of shareholder value should be re-invested or paid out as dividends (Friedman, 2016 [1970]). Nonetheless, many companies remain philanthropic, often reflecting the values of influential shareholders or partners and their identification with a particular city or region, and acting in the belief that behaving philanthropically might increase long-term profitability (Dunfee, 2016 [2011]; Moran & Branigan, 2016). Donations of a million pounds or more made by UK companies have risen sharply from £50 million in 2008 to £512 million in 2017 (Coutts Institute, 2017). Again, as with individuals, couples and families, donations from companies may be made directly to beneficiaries or to a foundation, typically a corporate foundation tied to the company itself, or into a designated fund at a community foundation.
- **Non-profit organizations** may also generate financial surpluses that might be distributed to philanthropic causes. Indeed, some organizations are set up specifically to generate philanthropic funds. Comic Relief is a prominent example (Comic Relief, 2018).
- **Government** in Britain is the fourth source of philanthropic funds. This is because government incentivizes philanthropy through its gift aid scheme and other tax reliefs. When a UK taxpayer makes a philanthropic gift to a registered charity, the charity is able to claim a premium on the amount given equivalent to the basic rate of income tax. Donors who are higher rate taxpayers are further incentivized through a tax rebate equivalent to the difference between the higher and basic rates of tax. The cost of gift aid to the UK taxpayer in 2016/17 was £2.736 billion (Office of National Statistics, 2017).

Few countries have a more conducive environment for philanthropy than the UK (Davies, 2015). With an enterprising, open economy, the opportunity exists for individuals, couples, families, companies and non-profits to thrive and prosper. There are many wealthy people with high incomes resident in the country. The *Coutts Million Dollar Donor Report 2017* based on research by the Centre for Philanthropy at the University of Kent shows the total value of million dollar plus gifts made in the UK rising steadily from £1.365 billion in 2006/07 to £1,826 billion in 2016 (Coutts Institute, 2017), interrupted by a downturn in 2010/11 to £1.233 billion following the global financial crisis. At the same time, there is evident need to support people living at the lower end of the scales of income and wealth with evident health, social, employment and educational problems (Dorling, 2011; Hutton, 2015). Philanthropy offers a means for those with surplus resources to provide a helping hand for those less fortunate than themselves (Nickson, 2017). The government, through gift aid and other tax breaks, is highly supportive of philanthropy (Davies, 2015: 109-118).

What choices do philanthropists make?

The fundamental philanthropic urge is to make the world a better place (Bekkers & Wiepking, 2010). Philanthropists accept a duty of care for others that extends beyond family and friends. For such altruistic people, the goal, the source of satisfaction, is to be a force for good, to make a positive difference by giving back to society (Schervish, 2016 [2007]). This laudable ambition, however, needs to be channelled if it is to be realized in practice (Fiennes, 2012). Many philanthropists begin by passively writing checks in support of good causes. They soon become dissatisfied as they cannot readily see what they have achieved. Even the wealthiest philanthropists come to realize that

satisfaction stems from a focus on causes that matter to them, and seeing how their contribution really makes a difference (Rockefeller, 2016 [1908]). Philanthropists must, therefore, not only decide how much to give and for what purpose but how best to give in their personal circumstances (Fiennes, 2012). As Mohan and Breeze (2016) observe, “giving decisions are complex”, involving an interrelated series of difficult choices.

- **What cause(s) to support?** There is an almost limitless supply of good causes, in health, schools, higher education, communities, culture, the environment, religion, economic development and disaster relief (Mohan & Breeze, 2016: 19-42). Most philanthropists begin close to home because they can see the need and have direct experience of local charitable organizations. If your child has been treated for a life-threatening condition at a local hospital, or if a relative has died at peace in a local hospice, for example, the impulse is to support the hospital or hospice in question to help others in similar situations. Likewise, giving to support valued institutions like churches, schools, universities, museums and art galleries, is motivated by the donor wanting others to benefit from what the institution provides.

However, not all philanthropic giving is motivated in this way (Fiennes, 2012: 15-21). Some philanthropists are drawn to more remote or less immediate causes because they want to tackle the root causes of deep-seated problems at home or abroad (Gates, 2016 [2007]). Problems stemming from poverty, drug abuse, crime, disease, famine, warfare and environmental degradation fall into this category. In favouring these causes, philanthropists generally invest in organizations that champion convincing solutions (Fiennes, 2012: 38-54). The need here is to know precisely how philanthropic giving makes a difference to the cause and how outcomes are measurably improved (Von Schnurbein, 2016).

- **Whom to give to?** This second question is intimately related to the first. Let’s say you have become aware that the opportunities for young people to learn musical instruments at school are shrinking and you want to help reverse the trend. In this case, your basic choice is to find one or more schools that, with your support, could provide access to instruments and tuition for interested children, or alternatively to work with an organization that is already tackling the problem and could expand its activities with your support. The choice is between giving directly to a beneficiary or indirectly through an intermediating charitable organization. Both routes require research and due diligence to ensure that your gift will be well spent (Fiennes, 2012: 55-87). In some cases, the direct route is feasible because there is ample publicly available information on organizations within the field. Large, well-established institutions like universities are a case in point. This is rarely the case, however, for front-line charities operating in more challenging environments. Then, for most donors, in most cases, the attractions of working through an intermediary are compelling. This is because the intermediary has specialist knowledge, experience, and a wealth of relationships that are valuable and because your gift may be pooled with others to good effect. These are the principles underpinning big national charities like Children in Need and the British Heart Foundation. They are also the principles underpinning Community Foundations across the country, effectively connecting donors with good causes while reducing the risk of fraud (Harrow, Jung & Phillips, 2016). Only when philanthropists have very large resources at their disposal is it practical and effective to build an independent philanthropic organization that works directly with beneficiaries (Fiennes, 2012: 111-172).
- **What to give?** Philanthropic gifts, augmented by gift aid, can be made in cash, stocks and shares or real property (Scharf & Smith, 2012). Cash is most common. Shares are often gifted

by business owners to establish foundations. Real property is gifted when items of furniture or clothing are donated to a charity shop or when a painting is donated to an art gallery. Land and buildings may be given to universities or other institutions as a source of rental income.

- **When to give?** Philanthropists may choose to donate while living, after their death, or both. The rewards and satisfactions are greater for in-life giving, but prudence often dictates retaining control of assets while alive (Davies, 2015: 139-43). In this case, your philanthropy takes the form of an estate gift or legacy. As with in-life giving, making an estate gift is incentivized by the government, in this case by granting relief from estate duty.
- **How to give?** Different philanthropists have different time horizons. Those with substantial means and who seek to benefit many generations to come make gifts to endowment (Calabrese & Ely, 2017). To endow means to provide resources that will yield a stream of income in the future. In medieval times this meant granting land or other property to a charitable foundation from which rents could be harvested (Jordan, 1959: 22-25). This still happens on rare occasions, but nowadays the norm is to gift cash or shares in a company that might be invested to provide a regular, if variable, income. Nearly all long-lived charitable organizations, including trusts and foundations, owe their continued existence to endowments. It is through endowment income that the past nourishes the present and lives on in the future.

The alternative temporal orientation is to favour giving to support good causes in the here and now. When philanthropists see problems in need of immediate attention, as in the case of famine relief, they designate gifts for spending in the near future. As with endowments, this can be done by attaching restrictions to a gift, increasing donor control, or making the gift unrestricted, to be used as the beneficiary sees fit (Ostrander, 2007). Restrictions tend to be unproblematic for near immediate spending but can give rise to problems when the purpose of an endowment becomes obsolete. Andrew Carnegie wisely overcame this problem by granting the future trustees of the Carnegie Corporation of New York the discretion to devise new policies and principles as circumstances changed (Harvey, Maclean, Gordon & Shaw, 2011).

What is the role of philanthropic trusts and foundations?

Charitable trusts and foundations are established to manage the charitable spending of philanthropists within the parameters set down in their memorandum and articles of incorporation (Leat, 2016). In England and Wales, they are registered with the Charity Commission and must report annually on their activities in a standard format, allowing for public scrutiny to help ensure they remain true to their charitable purpose. The Nuffield Trust (charity number 209169), for example, states its objective as “to promote, carry out or advance any charitable objects and in particular the prevention or relief of sickness and the advancement of health of the people of the United Kingdom, in particular through the promotion of improvements in quality of healthcare and health policy” (Charity Commission, 2018). This statement of purpose is indicative rather than prescriptive and has allowed the Nuffield Trust to move with the times while remaining true to the intentions of its founder, the motor car manufacturer and philanthropist William Morris (1877 – 1963), the 1st Viscount Nuffield. The Trust describes itself as an “independent health think tank” that conducts research and makes policy recommendations in support of the National Health Service (NHS). It is a highly respected organization that initially played a significant role in the formation of NHS and has since continued to

help it keep pace with the times. Of its £4 million income for 2016/17, £2.4 million was investment income from an endowment valued at £85.5 million on 30th September 2017 (Nuffield Trust, 2018). This is a success story attributable in good measure to the foresight and generosity of Viscount Nuffield, as a philanthropist who wanted the UK population as a whole, not the few who could afford it, to benefit from a first-class healthcare system.

The Nuffield Trust is an example of an independent endowed foundation serving a specific charitable purpose. There are other types and considerable variation within types (Anheier & Daly, 2007; Jung, Harrow & Leat, 2018). However, for our purposes, most trusts and foundations can be classified as falling within one of five generic types. Trusts and Foundations within each category support the charitable sector not only by making grants to favoured charities, but also, in many cases, by proactively driving social change, partnering with others to increase impact, and having a catalytic effect by championing innovative causes (Fleishman, 2016 [2007]).

- **Independent foundations** are governed by their trustees under the terms of their founding constitution or variations agreed with the regulator. Independent foundations are often the philanthropic vehicle of choice for the wealthiest individuals, couples and families (Leat, 2016). In the UK, the largest of these is the Wellcome Trust, which predominantly funds medical research. It spent £1.134 billion on charitable activities in 2016/17 and had investments worth £26.2 billion on 30th September 2017 (Wellcome Trust, 2017).
- **Community foundations** are vehicles through which local area philanthropists manage their charitable giving (Harrow, Jung & Phillips, 2013). Community foundations make grants to front-line charities from the funds established by individuals, couples and families, which are more or less restricted and subject to guidance from donors. They accumulate unrestricted endowments from estate gifts and donors who see value in allowing the trustees to decide how money is best spent. Community foundations also serve as agents for independent foundations seeking to effectively distribute funds at the grass-roots level. The largest community foundation in Britain is that serving Tyne & Wear and Northumberland (charity number 700510), which in 2016-17 had an income of £10.9 million and long-term investments worth £78.3 million on 31 March 2017 (CFTWN, 2017).
- **Corporate foundations** secure income from the private sector companies to which they are tied, either receiving a prescribed share of profits or ad hoc payments more loosely related to earnings (Moran & Branigan, 2016). Their governance and philanthropic spending reflect the priorities of the parent organization. In the case of Northern Rock, for example, the foundation received 5 per cent of pre-tax profits before the bank collapsed in 2007. At its peak in 2006, the foundation made grants of £27.3 million, distributing in total £225 million between its launch in 1998 and closure in 2014 (Robinson, 2015).
- **Affiliated trusts, funds and foundations** are established to raise and manage funds in support of single institutions such as hospitals, museums, concert halls, theatres, schools and universities. There are many examples in the North East. In the university sector, for example, Newcastle University benefits from a development trust with long-term investments worth £57.4 million on 31 March 2017 (Newcastle University, 2017) in addition to having its own endowed funds.
- **Donor Advised Funds (DAFs)** have been the staple product offering of community foundations for many decades, but more recently new players have entered the market. A DAF is a charitable account established by a donor with a non-profit entity for which the donor pays an annual fee for advisory and fund management services. The big advantage for the

donor is that gift aid can be claimed immediately on paying into the account. In the UK, the leading provider is the Charities Aid Foundation (CAF) whose DAF accounts are called CAF charitable trusts. In the year ended 30 April 2017, private clients donated £284 million to CAF and granted out £177 million to charities (Charities Aid Foundation, 2017: 8).

Because they manage historically accumulated funds, trusts and foundations are a major source of funding for the charitable sector in the UK. It is a telling statistic that over the ten years down to the end of 2016, trusts and foundations were the sources of over half of the million pound plus gifts made in the UK, £7.67 billion (51.6%) of a total value of £14.85 billion (Coutts Institute, 2017). In this way, the past continues to give to the present and the future. The Henry Smith Charity, for example, founded by a wealthy London merchant in 1628, made grants totalling more than £30 million in 2017 and has an endowment of more than £1 billion (Henry Smith, 2018).

Each of the five main types of philanthropic trusts and foundations has a distinctive role to play within the philanthropic landscape. Independent foundations appeal to philanthropic individuals, couples and families that wish to exercise close control over their giving (Leat, 2016). Control, however, can come at a cost with respect to *effectiveness* if the foundation is too small to do sufficient research and due diligence to ensure its money is well spent. It is in this respect the community foundations score well (Jung, Harrow & Phillips, 2013). They typically have close links with front-line charities and pool their knowledge across funds, securing economies of scale and scope. Alternative provider DAFs offer a half-way house. The donor is in control but may be advised by the account provider. In the case of CAF charitable trusts (i.e. DAF accounts), a higher level of service can be purchased for a higher fee. Companies face a similar choice as private individuals. It is only worth setting up a corporate foundation when justified by a high level of spend, otherwise, a donor-advised fund at a community foundation or a CAF charitable trust are better alternatives.

Who benefits from philanthropy?

The market for philanthropy, as Mohan and Breeze (2016: 67-90) point out, is imperfect because the supply of funds from donors is not always responsive to changing demands. Since donors feel strong attachments to particular causes, other less popular causes may secure a smaller share of the philanthropic cake than might be justified by any objective assessment of need. In the longer term, however, this situation is unlikely to persist as social entrepreneurs strive to raise awareness of neglected issues. Lags and imperfections apart, donors small and large, are drawn to support charitable organizations perceived to do the most good with the resources gifted to them, and which deliver commensurate satisfactions and rewards to them as donors. In what follows we address five important questions.

- **Which causes receive most support?** According to the Charities Aid Foundation report CAF UK Giving 2018, the total amount given to charity in 2017 was £10.3 billion, mostly in the form of cash but with donations of goods also popular. The CAF report is based on a survey of 12,000 people, 88% of whom contributed to charity, and is scaled up to make estimates of charitable giving for the population as a whole. In terms of percentages of the total amount estimated to have been given, using the categories of beneficiary shown in Figure 1, community services (for children, youth, the disabled, elderly people, the homeless and refugees) ranks first at 22%, religious organizations second at 19%, health (hospitals, hospices and mental health) third at 14%, animals and the environment fourth at 13%, disaster relief

(overseas) fifth at 12%, medical research sixth at 8% , with other beneficiaries sharing the remaining 12%. Major donors have conspicuously different perspectives from the population as a whole. The Coutts Institute (2017) findings are based on a database of million pound plus gifts made over ten years ending in 2017. In this period, gifts to beneficiaries (i.e. excluding donations to trusts and foundations) from all sources amounted to £9.693 billion or £969 million per year on average. Higher education (including research funding) is the most favoured cause with 49.4% of the total. This is accounted for in large measure by large grants for medical research from trusts and foundations. Overseas and international causes attracted 16.5%; arts, culture and heritage 10.5%; health 7.4%; community services 5.6%; religious organizations 3.4%; education 2.7%; the environment 1.5%; and other causes the remaining 3.0%. Overall, major donors have a stronger preference than the general public to support prestigious secular institutions like universities and organizations in the arts, culture and heritage sector.

- [How does philanthropy contribute to social innovation?](#) Viewed through the lens of history, the contribution of philanthropy to British society is at its greatest when ushering in important social innovations. The typical pattern is for wealthy philanthropists and social activists to come up with a new scheme or model that addresses a pressing social need like schooling for the urban poor. When a new institutional model proves itself, it spreads progressively from place to place as civic leaders emulate what is happening elsewhere. Hospitals and institutions of higher education in the eighteenth, nineteenth and twentieth centuries are prominent examples (Davies, 2015). Often these new institutions, large numbers of which have survived, were founded by subscriptions from the many, not the few. The most compelling recent example is the hospice movement that swept across Britain after 1945. In almost all cases the original philanthropic endowments used to launch these new philanthropic ventures have proved inadequate to maintain them. The resulting shortfall in income has been bridged variously by charging fees, winning contracts or public sector subvention.
- [What leads major donors to support capital and endowment campaigns?](#) As we have seen, major donors are involved in endowing charitable trusts and foundations and in supporting prestigious institutions like universities, museums, art galleries and performing arts venues. Of the total of £14.85 billion donated in million dollars plus gifts in the decade ending in 2017, £5.16 billion (34.7%) went to trusts and foundations, £4.79 billion (32.3%) to higher education, and £1.04 billion to the arts, culture and heritage (7.0%). In total, £10.99 billion (74%) of the accumulated value of the 2,416 donations of £1 million or more made over the period went to these three types of institution. Operating through trusts and foundations enables the philanthropist to exercise a high degree of control over their donations. Giving to universities and leading cultural institutions, often in support of capital and endowment campaigns, confers enduring rewards relating to status, including the attachment of donor or donor-nominated names to buildings, institutes, professorships and scholarships (Ostrower, 2016 [1995]).
- [How important is philanthropy in sustaining the day-to-day activities of non-profit organizations?](#) There are tens of thousands of third sector organizations (TSOs) in Britain. In the North of England (North West, Yorkshire and Humberside, North East and Cumbria), their number was estimated at 28,300 in 2016, employing 233,000 people, with a salary bill of £4.75 billion (Chapman & Hunter, 2017). Many are micro-organizations with an annual income of £50,000 or less, others small organizations with an annual income of between £50,001 and £250,000. A minority are larger organizations with an income of £250,001 plus. Income derives variously from grants from trusts and foundations, contracts, earned income, investment income, in-kind support, gifts and donations, subscriptions and

borrowing. Grants from trusts and foundations are the largest source of income for 38.5% of all TSOs and most important for 51.6% of small organizations (Chapman & Hunter, 2017). When in-year donations and endowment income are added to grant income to compute philanthropic income (PI), philanthropy is confirmed as essential to the continued existence of a rich and vibrant third sector. In the North East, when all non-profits are considered, the universities of Newcastle and Durham had two of the largest PIs in the region at £31.4 million and £13.4 million respectively in 2016. However, because universities enjoy large amounts of income from other sources, PI constituted just 6.6% and 4.0% of total income (TI) in 2016 at Newcastle and Durham respectively. In the same year, at the other end of the PI dependency range, are religious organizations like the Catholic Diocese of Hexham and Newcastle (PI = 69.6% of TI of £11.6 million) and the Gateshead Talmudical College (PI = 99.6% of TI of £2.3 million). For the largest 100 non-profit organizations in the North East, the average PI dependency ratio was 37.2% in 2016.

- **What do donors get out of philanthropy?** The ethical philosopher, Peter Singer, holds that in order to lead a fully ethical life, people with surplus funds, after satisfying all reasonable personal or family needs, should donate the excess to good causes (Singer, 2009, 2015). Following utilitarian principles, he reasons that if all lives are of equal value, then it is unethical to hoard or conspicuously consume such funds when giving them away might save or markedly improve the lives of others. The principal satisfaction from philanthropy, it follows, comes from living a more ethically complete life. Singer is credited with influencing the thinking of Bill Gates and other mega-wealthy signatories of the Giving Pledge who commit themselves to give away most of their fortunes in their own lifetime (Giving Pledge, 2018). Singer's success in raising the profile of philanthropy stems from recognition of the fundamental truth that even the most committed hedonist must reach a point when consuming more or accumulating more delivers negligible personal satisfaction. The point of negligible satisfaction will be much lower for some people than for others, of course, but the general rule holds true. As Richard Branson states in his profile on the Giving Pledge website, "Stuff" really is not what brings happiness. Family, friends, good health and the satisfaction that comes from making a positive difference are what really matters." Here Branson states a conclusion reached by nearly all the 184 pledgers (as of 23 August 2018): that being philanthropic brings with it a bundle of satisfactions and rewards of far greater value than the cash foregone. Doing good, caring for others, for present and future generations, speaks of selflessness, creating a fresh sense of purpose and a more positive social identity, legitimating the possession of great wealth (Maclean, Harvey & Chia, 2012). When good results follow and are experienced at first hand, the satisfactions of generosity are intensified, life for the philanthropist becomes more satisfying through the creation of positive psychological capital (Luthans, Luthans & Luthans, 2004; Smith & Davidson, 2016 [2014]). Entry into philanthropic circles broadens the mind and brings a wealth of new learning and social satisfactions. So powerful and rewarding are such satisfactions that they enable the philanthropist to achieve a new level of self-fulfilment, which may not have been experienced prior to becoming philanthropic (Maclean, Harvey, Gordon & Shaw, 2015). At the highest levels, major donors are lauded for their generosity and rewarded handsomely through the gift of symbolic honours such as awards, prizes, state honours and honorary degrees (Shaw, Gordon, Harvey & Maclean, 2011).

What is the future of philanthropy in Britain?

We live today in an age of global inequalities. Over the past four decades, inequalities of income and wealth have grown progressively in most of the world's countries, developed and developing while, paradoxically, inequalities between countries have decreased (Piketty, 2014). In short, almost

everywhere, the rich have become richer and the poor relatively poorer. Differences in incomes and wealth are mirrored in differences in education, health and wellbeing as those at the top enjoy more learning, longer lives and greater happiness (Dorling, 2011). Governments struggling to pay the bills have been unable to counteract these trends. This is the harsh reality against which we must consider the future of philanthropy.

As governments have hit the financial buffers, they have found it hard to meet all the competing financial demands placed upon them. A new age of philanthropy, of much higher levels of private giving for the public good, thus offers one possible means of offsetting the socially divisive effects of rising levels of inequality (Callahan, 2017). Large pools of wealth in private hands, it is observed, creates the potential for a new age of philanthropy in which philanthropists spearhead efforts to meet the challenges confronting the modern world – especially those of poverty, health epidemics, educational disadvantage and environmental degradation (Dietlin, 2009). Many wealthy people around the world have already responded to this call to arms, pushing philanthropy into new fields on an unprecedented scale with unprecedented levels of ambition (Bishop & Green, 2008). The work of the Bill and Melinda Gates Foundation, in striving to eradicate diseases like malaria and polio, is emblematic of a much wider social movement of super-wealthy entrepreneurs to combat poverty and other manifestations of injustice prevalent in both developed and developing countries (Gates, 2018). The doctrine of entrepreneurial philanthropy, first articulated by Andrew Carnegie in what became known as *The Gospel of Wealth* (1889), is argued to matter more now than ever before because it offers the potential to mitigate the worst excesses of ‘winner takes all’ capitalism (Acs, 2013). In recycling large fortunes in their own lifetimes, philanthropic entrepreneurs bring capital and expertise to bear in tackling deep-seated social problems; helping disadvantaged others help themselves while – potentially at least – arresting the politics of envy and healing social divisions (Harvey, Maclean, Gordon & Shaw, 2011).

The efforts of super-wealthy individuals like Bill and Melinda Gates (Gates, 2018) and Chan and Mark Zuckerberg (Chan Zuckerberg Initiative, 2018) are matched more locally by a host of other people addressing grass-root challenges of poverty, poor health, educational failure and environmental degradation. Not all these local heroes are wealthy. Some are, but many are not, and give instead of their time, talent and imagination as volunteers. There is something powerful and perhaps even more hopeful in this. Local and regional philanthropic efforts, rooted in communities, have the virtue of on-the-ground understanding of what is wrong and what is needed. It is by people taking charge locally that many transformative initiatives take hold and flourish (Nickson, 2017). In the North East, as elsewhere in Britain, it was through local initiatives that illiteracy was conquered, hospitals created, and epidemics tamed, and green spaces created for ordinary people to enjoy. A combination of philanthropy and social enterprise, rooted in communities, inspired by social solidarity and civic pride, promises to deliver great things in the future as it did in the past (Maclean, Harvey and Gordon, 2013).

So, what is the role of philanthropy in Britain in the new age of inequality? Already, as we have seen, large numbers of people and organizations are beneficiaries of philanthropy. We believe, however, that the potential exists for much higher levels of philanthropic giving and a much-expanded voluntary sector energised by enterprising philanthropists (Feldman & Graddy-Reed, 2014). It is because large pools of private wealth already exist that, with a higher level of philanthropic commitment by people

of means, we might unleash a new social revolution. The past achievements of philanthropy, in social welfare, health, education, culture and the environment, depended crucially on the coming together of philanthropic means and social innovations to create new, valued and enduring institutions. What is needed in Britain today, if philanthropy is to realize its full potential, is for a renewed union of voluntary giving and social activism (Nickson, 2017).

The good news is that Britain already has the traditions, capacity and organizational infrastructure needed to make a new age of philanthropy possible. We might think of the following as *strategic assets* that if supported by more philanthropically minded people and higher levels of giving might help solve many of the challenges we currently face.

- **A long philanthropic tradition.** Philanthropy has played a central role in British life since medieval times. In the North East, for example, the Sherburn House Charity near Durham, which cares for the elderly, has been in continuous existence since its endowment by Bishop Hugh du Puiset in 1181. The enduring legacy of philanthropy – manifest in our beautiful religious buildings, cultural institutions, schools, universities, hospitals, parks and gardens – provides a constant reminder of the importance of philanthropic initiatives in helping make the world a better place. There has been a constant connection since medieval times between entrepreneurship, wealth and philanthropy (Davies, 2015). Many of those who have made money in business know that their good fortune owes much to those who came before them and the supportive institutions they created. The impulse to give back is reinforced whenever we consult the past, and in Britain, the past, distant or recent, has set the bar high. It serves as reference and inspiration for today.
- **Range of vehicles for philanthropic giving.** One consequence of our deep philanthropic heritage is that giving is made easy and less risky because of the existence of proven charities and reputable trusts and foundations. Millions of people donate each year to Children in Need, Comic Relief and Sport Relief because they have confidence that their money will be well spent. Others give to long-standing medical research foundations like Cancer Research UK and the British Heart Foundation knowing that discovering effective treatments for debilitating diseases is challenging, but confident that their money will make a difference. Those who wish to support local causes likewise have the support of community foundations that now operate in all parts of the UK and are understood to be knowledgeable, efficient and effective. Having such a high number of trusts and foundations – whether independent, community, corporate or DAF – engaged in tackling difficult social challenges is undoubtedly a source of national strength.
- **Strong institutions.** Philanthropy has been instrumental in the founding and growth of many of Britain's most valued educational, cultural, medical and religious institutions. In the university sector, for example, philanthropy has helped create world-class capabilities in research. Here, Britain has achieved a powerful competitive advantage that philanthropists might help sustain through investment in research scholarships, facilities, professorships and the establishment of new research institutes and programmes. Likewise, in the cultural sector, from museums and art galleries through to the performing arts, Britain has institutions that are a source of national competitive advantage that might benefit from higher levels of philanthropic support.
- **Dynamic non-profit sector.** The non-profit sector is composed of tens of thousands of voluntary organizations and social enterprises. Many of these now provide services once provided by local authorities or central government. Some contract with the government to provide services at arm's length and many others raise part of the income through charging

users for services. The great strength of the sector is its responsiveness to need, powering, for example, the hospice movement in recent decades, and providing services for marginalized social groups like refugees and former prisoners. The large contribution made by volunteers lends weight and value to many third sector organizations (Chapman & Hunter, 2017). Philanthropy, as we have seen, has for long played a role in maintaining and revitalizing the sector. But there is a tremendous opportunity to do more. Increased funding could help the best organizations with the most potential to grow and serve more people. This is the path currently being taken by ambitious charities like OnSide Youth Zones (2018), Safe Families for Children (2018), ARK Schools (2018) and The Indigo Trust (2018).

- **Government backing.** The advent of the welfare state for some decades curtailed the role of philanthropy and third sector organizations in British society (Davies, 2015). That trend has more recently been reversed, partly due to financial constraints and partly due to the recognition that a flourishing third sector might bring a higher level of innovation and responsiveness to local needs and conditions. This is acknowledged and supported by the sizeable tax advantages that charities and philanthropists continue to enjoy, despite attempts to reform the gift aid system (Maclean and Harvey, 2016). There is doubtless more that government could do to extend its support for philanthropy, such as better funding for the Charity Commission and devising a strategy for effective cooperation between government and third sector organizations (Breeze & Lloyd, 2013), but its continuing role in underpinning the sector through generous fiscal support is to be welcomed.

More important than government to the future of philanthropy in Britain is the willingness of people to engage directly in the pursuit of economic and social renewal. Philanthropy does its best work when the economy is buoyant and enterprising companies grow and flourish, creating the wealth needed to fund philanthropic ventures. When people come together to confront the challenges we face, honouring the roles played by all parties – civic leaders, governments, volunteers and philanthropists – the conditions exist to make a real difference. Philanthropy should be celebrated for the good it has done in the past, what it is delivering today, and what it promises for the future.

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