



# Philanthropy and the Public Sector

MORGEN THOMAS LTD

FUNDRAISING CONSULTANCY & PROJECT MANAGEMENT

BRIEFING NOTES

# TO GIVE AND RECEIVE

by *Alan Edwards and Robin Thomas*

A wide range of British public services could gain from the philanthropic approach that flourishes in the US and Canada. What is it about us British and asking for money? Most of us would rather stick pins in our eyes than seek a donation or support for a charity.

In North America there is no such reticence. Philanthropy has long been part of the fabric of public service institutions. This is particularly true of high net worth individuals: on average Americans earning in excess of \$150,000 a year give eight times as much to voluntary sector organisations as their British counterparts.

Transatlantic experience shows that many of these donors will have been directly asked to give and that most of these causes could be considered partnerships with or complementary to public services. In 2009, Americans donated more than \$300bn to causes allied to the public sector such as education, hospitals and social services.

It might be argued that the US, with its lower taxation burden, expects and wishes less of the state in the provision of public services – and private philanthropy flourishes as a result. However, the giving statistics are equally compelling in Canada, which has a far more activist state and higher taxation rates. Donations by individuals in Canada to ‘public service allied’ causes amounted to more than C\$10bn.

An industry has been created in North America to help public sector bodies maximise their potential to generate donations. In the past ten years, a similar industry has started to develop in the UK. Using this to unlock major donor funding could enable us to add tremendous value to public services.

Philanthropy is not new to UK public services. Many of us have supported fundraising for our local hospital, including centres such as Guys and St Thomas’s and Great Ormond Street Children’s Hospital. In 2008 these hospitals raised £75m between them.

Education has also enjoyed tremendous success with major donor involvement in universities and academies.

In contrast, local government has undertaken relatively little fundraising to support its services. One exception was the new Library of Birmingham. The Library of Birmingham Development Trust, an independent charity, raised funds to complement the city council’s investment in library services, with trustees drawn from community leaders who have a commitment to culture and learning.

Central to the success of the trust was the recruitment of influential donors willing not only to provide funds but also to give of their time, using their knowledge of and leverage in the community to help the Library fulfil its objectives.

This is not the jumble sale approach to fundraising. The trust was designed in response to the ideas of voluntary leaders.

Such a vehicle could well be used for other services in local authorities.

While the new Library of Birmingham is an iconic building, there was as much enthusiasm from donors to be a part of an innovative way of designing and providing a public service and a new way of engaging with the council as there was for the specifics of the building itself. The model demonstrated the community's recognition that the public purse is not bottomless and that a public service can be made even better through direct private investment.

This is, however, balanced by the expectation that the government will continue to invest in public service provision and in supporting civil society.

Clearly such an approach is not appropriate to all public services. But there are many examples where it could make a huge difference.

A number of commentators have suggested that 'philanthropy cannot replace state funding'. We agree. But philanthropy can provide a much bigger slice of funding for public services than the UK has so far enjoyed.

As Keith Bradshaw, Chairman of the Library of Birmingham Trust said in his speech to Council leaders and the Prime Minister:

*"Public service is not necessarily the same as public sector."*

The public sector should take a fresh look at its role in the largely uncharted waters of private philanthropy and consider the new ways in which services might not only be provided but better resourced as well.

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