

Philanthropy Strategy Launched

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The Department of Culture, Media and Sport announced its new Philanthropy Strategy on Wednesday as well as the publication of two key reports on developing charitable endowments in the UK. While the plans unveiled by Jeremy Hunt MP do not create any immediate changes to the legal or tax treatment of donations to charities, they do indicate a major review of the area.

Philanthropy Review

In his speech on Wednesday, the Secretary of State for Culture, Olympics, Media and Sport, Jeremy Hunt, announced a major cross-government review of philanthropy, to culminate in spring 2011. Details were not given of the review, but it was emphasised that the review is aimed at identifying ways to grow and improve the culture of giving in the UK and harness its potential.

Matched funding and incentivising giving

The centrepiece of the launch was the announcement of a new matched-funding scheme that will leverage public money with private to support organisations, in particular in building up endowments. This will be vital to long-term survival and success in a climate of funding cuts. A total of £160 million is to be released into the arts sector through this scheme when public and private funds are considered together.

It is hoped that the Government's review will also take fully into account the range of interesting proposals beyond this matched-funding pot, however, including tax reliefs for gifts of art and lifetime legacies.

Legacy Giving

One key element of the new strategy is to promote and increase planned giving, including legacy giving. There is a stated ambition for the UK to become the first country in which it is the norm for 10 per cent or more of one's property to be left to charity.

The Government also appears to be interested in lifetime giving. It is hoped that this will translate into a serious consideration of 'lifetime legacies', which provide tax incentives for individuals to set aside funds for charities during their lifetimes while retaining the security of having some access to the income.

We have worked over the last few years with the European Association of Philanthropy and Giving (EAPG), the Charity Tax Group and others on lifetime legacies proposals. These arrangements have been a mainstay of US fundraising and particularly endowment fundraising for years and should be seriously considered in the review.

Endowments

Hunt's speech recognised that it took a century to build up substantial US charitable endowments but thought that this could be the UK's century to do so, saying: *"In a hundred years' time I want people to look back and say that the multi-billion pound endowments owned by our national cultural institutions put their first roots in the ground in 2010."*

The Government's goal of encouraging US-style endowments here in the UK should be applauded, even if endowments running into the hundreds of millions will not be built up for decades. However, it will take more than building up the fundraising capacity of charities to achieve the sort of cultural shift the Government has in mind.

Corporate Philanthropy

Entrepreneurial companies are often keen to support charities not only financially, but also in terms of in-kind support and assistance, sharing technical and business know-how. Part of the DCMS Philanthropy Strategy is to designate 2011 as the year of corporate philanthropy. We hope that this will be more than just a name and that the Government will come forward quickly with concrete proposals for incentives to encourage and enable businesses to support charitable causes financially and in-kind.

Technology and digital giving

The role of technology is definitely of key importance in encouraging giving and it is great to see this included as a focus in the DCMS Philanthropy Strategy. The potential to maximise existing giving opportunities, such as the use of gift aid, through online systems is significant and it is hoped that the Government takes steps to enable existing giving and tax relief schemes to take full advantage of what technology has to offer.

Culture shift

There was also considerable emphasis on encouraging a culture of giving, and in particular that the UK has lessons to learn from the US in this regard. There is to be a focus on incentivising and recognising donors properly and of fostering a culture of local giving and civic pride. Mention was also made of the role of charity trustees in supporting their charities financially as well as with their time. Overall, Hunt considered the UK to be half way between the philanthropic culture of the US and the public-funding culture of continental Europe. Whether this new Philanthropy Strategy will nudge us towards the former will remain to be seen.

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