



# Seizing the philanthropic prize

## The role of the UK government in growing philanthropy

Nicole Sykes  
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*PRO BONO ECONOMICS*

# Summary

Each year, members of the UK public voluntarily donate nearly £20 billion of their own funds to help make possible the work of tens of thousands of charities, employing hundreds of thousands of people and providing services, opportunities and stronger communities for millions across the country. This generosity has long been a part of British culture, and that has never been more evident than it was during the pandemic and the Ukraine crisis.

There is a clear and recognised need to steward how this money is both raised and spent to ensure it has the greatest possible impact, roles fulfilled to varying degrees by the Charity Commission and the Fundraising Regulator.

However, there is also a significant opportunity to grow this stream of funding towards public good. If the British population gave a similar share of their wealth to charity as the New Zealand or Canadian populations, this would generate an additional £5 billion in annual donations.

All sectors have a role to play in achieving this. The private sector is an important source of both cash and skills. The charity sector and its institutional funders have to innovate and adapt to changing trends in donor behaviour. And governments – both local and national, UK and devolved – have a number of powerful levers in their hands which they could utilise to grow charitable giving in the UK.

Governments can help to set the tone about philanthropy in the areas they're responsible for, directly and indirectly encouraging individuals to give. They can convene across sectors to unite organisations with a common purpose. They can actively partner with philanthropists, grant-makers and charities to leverage greater funding through match-giving schemes. And the UK government in particular can improve regulation, guidance, taxation and the measurement of philanthropy to make giving more effective and impactful.

# Summary

Action by the UK government to bolster giving across the country would not only support the charity sector, communities and beneficiaries, but also actively help the government to better achieve its goals.

Philanthropy and the UK government will never have perfectly aligned objectives, regardless of leadership or priorities at any given time. They both have their own functions to fulfil within society, with philanthropy often able to take greater risks, move more quickly and invest for the longer-term though at a smaller scale than government. But there are benefits to be had in both sides leveraging the strengths of the other, for example for government to harness learnings from the innovative programmes philanthropy funds, and for the philanthropy sector to have greater insight into government's direction to identify opportunities of its own. And there is a wealth of overlap between what both sectors are trying to achieve. Philanthropists and the charities they fund are working every day to improve employment outcomes, to boost education and skills, and to reduce inequalities in life expectancy – to name but a few.

But with only a third of a civil servant's time currently dedicated to philanthropy policy, alongside a small number of civil servants responsible for some relevant taxation, the UK government current does not have the **coordination, resource and expertise** needed to seize these opportunities.

Looking at how the UK government works with businesses and how the US government works with philanthropy can provide us with the building blocks by which to achieve more philanthropic investment and collaboration. These models tell us that government needs individuals in leadership positions who are able to translate between sectors and are accessible to both the rest of Whitehall and the philanthropy sector; individuals who draw on the knowledge of philanthropists either directly or by working closely with the sector. Those individuals needs to have a helicopter-view across government activity to identify practical opportunities, and to be trusted by the rest of government.

# Recommendations

## A Philanthropy Champion

The appointment of a senior civil servant with responsibility for driving forwards the UK's approach to philanthropy is essential. That civil servant needs to be visible to both the philanthropy sector and to the rest of Whitehall, in order to act as a gateway for both sides – to receive insights from philanthropy on the barriers to investment and to communicate to philanthropy the strongest opportunities the rest of government identifies. This individual also needs to have the resources and authority required to coordinate cross-government action on measurement, regulation and taxation of philanthropy in order to unlock its potential.

Were the government to appoint a Philanthropy Champion or equivalent, the philanthropy sector should respond constructively and actively. It has a responsibility to coordinate and provide opportunities for input and both sides should listen to and work with each other. Secondments should also be considered.

## A 'leveraging philanthropy' best practice drive

Philanthropy sector organisations and government should work in partnership to accelerate knowledge of philanthropy in the civil service, with a focus on how policymakers can leverage its expertise and resources through innovative financing models such as match-funding.

A best practice drive across Whitehall should be launched to increase understanding of the opportunities philanthropy presents – ideally led by the Cabinet Office Learning and Development team. Guidance and training on this topic should be embedded within civil service development as standard, and a bank of best practice examples grown over time and shared.

The philanthropy sector should actively support government in pursuing this. That might include convening 'lunch and learns' with philanthropists to exchange perspectives and collaborating on joint principles for what good partnership looks like.

# Background to this report

This report is the product of consultation with a range of experts, including public officials in the US and the UK, experts within the philanthropy sector, business leaders and philanthropists. It is part of a broader programme of work on philanthropy that Pro Bono Economics is undertaking for the Law Family Commission on Civil Society.

The contents of this report are arranged in four parts, examining:

1. The size of the philanthropic prize (pages 7-12)
2. The levers of philanthropy available to the UK government (pages 13-18)
3. US and UK models of cross-sector working (pages 19-44)
4. The way forward (pages 45-52)

This report focuses primarily on the UK government, as it is the administration with both the greatest complexity and the greatest potential to make a difference to philanthropy at scale. However, there are lessons and learnings within this report which can be applied at any level of government wishing to seize the philanthropic prize. For example, the Offices of Strategic Partnership mentioned in this report likely have a lot of applicability for England's Metro Mayors.

# Definitions in this report

Philanthropy is an umbrella term that describes voluntary action for public good. While people often think of ‘philanthropists’ as those who make large donations, anyone who donates their ‘time, talent or treasure’ is making a philanthropic gift. However, in this report, we focus specifically on monetary donations by individuals. This ranges from the small change given by the public to the large gifts made by major philanthropists.

For ease, we have used ‘philanthropy’ as shorthand to describe this range of giving. However, there are elements of the proposals within which skew more heavily towards ‘major donor philanthropy’ or giving by the wealthiest, and there are elements which skew more heavily towards increasing giving by the population overall.

By ‘philanthropy sector’, we mean philanthropists, foundations, grant-making trusts and umbrella organisations.

It is also important to note that philanthropy and private social investment are closely aligned. Philanthropists often engage in social investment as a mechanism to achieve their social impact goals. Many of the conclusions of this report are equally applicable to social investment. For simplicity, however, we refer to ‘philanthropy’ through this paper.

# The philanthropic prize



# The size of the philanthropic prize

In 2018-19, charities in the UK received £19.6 billion in individual philanthropy. This comprised public donations of £10.3 billion, income generated through fundraising of £5.6 billion, and legacies of £3.7 billion.<sup>1</sup> Private and family foundations give generous amounts in addition to this.

This is a substantial stream of spending by the public – equivalent to 2.1% of public spending or 5.5% of government departments' revenue spend,<sup>2</sup> or the pre-pandemic revenue of Marks & Spencer, Next and every Premier League football club combined.<sup>3</sup> And as the source of around 35% of charities' total income, philanthropy helps to make possible a huge amount of the £180 billion of social value Andy Haldane estimates the sector generates each year.<sup>4</sup>

However, the data suggests there is the potential to unlock even greater amounts of giving.

- The UK population is estimated to give 0.54% of national income to charity, which is significant. Yet the US, Canadian and New Zealand publics give a notably higher proportion. If the British population gave a similar share of their wealth to charity as the New Zealand or Canadian populations, this would generate an additional £5 billion in annual donations for charity.<sup>5</sup>
- Although charity income from public donations has increased overall, the numbers of people donating regularly have been steadily declining. Pro Bono Economics estimates that restoring the proportion of the public that gives regularly to 2000 levels could raise up to £1.4 billion a year for charities, while if the top 1% of earners in the UK who are donating below 1% of their income raised their giving to that level, it could also raise up to £1.4 billion.<sup>6</sup>

To grasp this opportunity, every sector needs to work together. The UK government has a major role to play.



# The US leads the world in seizing the philanthropic prize

In the US, 'Public-Philanthropic Partnerships' are growing, and operate in two main forms at every level of government.

## Federal-level Philanthropic Engagement Liaisons

The US government has over 40 'Federal Liaisons' – civil servants embedded in, for example, the Department of Transportation and the Department of the Interior. It is their responsibility to:

- facilitate information exchange between the department and the philanthropy sector;
- incubate projects which the philanthropy sector and the state collaborate on;
- train departmental staff in identifying opportunities to increase philanthropic engagement in community partnerships.

Under President Biden's administration, the model is being scaled up with the ambition that all federal departments will have a small team of liaisons in place to leverage the benefits of philanthropy.

## Local-level Offices of Strategic Partnership

A growing number of cities and states have Offices of Strategic Partnership, often embedded within their leadership teams – such as within the relevant Governor's Office. They operate quite variably depending on the needs of the state, but they work to establish partnerships and collaboration between the city or state and the philanthropy sector.

Some of the successes various offices have achieved include:

- Leveraging \$400m in New York;
- Brokering \$150m of investment in Michigan;
- Reforming how BIPOC-led organisations receive grant-funding in Boston;
- Raising \$23.5m in LA County for health and child welfare since beginning efforts in July 2021.

“It's in the government's best interest to know and develop these relationships. The philanthropy world is a multi-billion dollar game. It's in our best interest to know how that money is being spent and to know how to leverage that money. To be able to fill the gaps where philanthropy isn't and to avoid doubling what they're doing. Even if you take the funding out of the equation, it's in the best interest of everyone to know what's going on,” – US Federal Liaison

“The advantage of institutionalising a relationship is that you don't have to learn every time you do it. It used to be that every time you want to do a partnership between philanthropy and government, you start from scratch. Go through the steps. Make all the same mistakes. Learn different lessons. Now that we have an office where a lot of that knowledge from past experience is accumulated, we can accelerate and facilitate a number of partnerships all at one, much more effectively,” – Director of city-level Office of Strategic Partnerships

“Everything is about relationships, and we can do much more together than we can do alone,” – US Federal Liaison

# The UK has shown it has the potential to do the same

The UK currently works with the philanthropy sector on a programmatic basis – for example through match-funding schemes – and has had significant successes.

## University Matched Funding Scheme

Between 2008-11, the UK government ran a £200m match-funding scheme to incentivise giving to universities and to encourage fundraising professionalism within institutions. This included an extensive programme of capacity-building training in fundraising and a public information campaign.

### Key outcomes

- In England, donors gave £580m, which was matched by £143m from the UK government.
- Donor numbers to higher education accelerated at a time when charitable giving overall declined and higher education giving in North America fell.<sup>7</sup>
- Universities are now recognised as one of the most sophisticated fundraising sectors in the UK, and giving rates continue to rise.<sup>8</sup>

## Community First

The Community First programme had two parts: a Neighbourhood Match Fund (NMF) and an Endowment Match Challenge (EMC). The first component was a small grants programme focused on the most deprived wards – with funding awards made by local panels. The second component was undertaken in partnership with Community Foundations with the aim of helping them develop long-term endowments for their localities. Government gave 50p for every £1 the public donated.

### Key outcomes

- 18,055 projects receiving £94m in NMF funding.<sup>9</sup>
- Over 9,000 grants worth more than £23m made through EMC in first 5 years.<sup>10</sup>
- Endowments worth over £140m in 2017/18 providing long-term investment.
- Increased community organising, funding application and funding management skills in communities with high deprivation, with over 5m volunteering hours.

# What could that philanthropic prize achieve?

The public, charities and government all stand to gain from greater philanthropic investment in the UK. Were the British population to give a similar share of their wealth to charity as the New Zealand or Canadian populations, the £5bn in annual donations for charity generated would represent almost a 10% increase in charity sector income. This would increase the charity sector's capacity to deliver what the public most values it for: supporting vulnerable people, delivering valuable services, solving and preventing problems, and building resilient communities. But it would also help to bolster the charity sector's resilience, create jobs and volunteering opportunities, and ultimately contribute to both economic growth and wellbeing.

The government stands to benefit from a growth in philanthropy. The charity sector plays an important role in boosting living standards, spreading opportunity, restoring local pride, and in empowering communities – objectives charities and the government both share. Meanwhile philanthropic investment helps charities to innovate, to operate independently in a position of trust within communities, and to deliver long-term change not constrained by election timelines. And by improving measurement, guidance and regulation of philanthropy, government can play a role in ensuring the monies the public donate to charities are invested more effectively to achieve these goals.

But government can benefit even more directly than that. By working closely with the philanthropy sector, it can garner insights into how policies and approaches can be improved. Both sides can grow their understanding of solutions already operating on the ground which might be scaled or learned from, and avoid duplicating effort. And by more proactively looking to undertake more and better match programmes, government can also benefit from leveraging philanthropic funds which are aligned to its priorities – helping embed fundraising skills in communities and growing a culture of giving at the same time.

# Philanthropy: levers for growth



# Most modern governments have seen the potential of charitable giving and worked to move it forwards



# The UK government possesses a number of levers it could utilise to unleash greater philanthropy

## 1. Tone-setting

Leadership by the UK government helps set the national tone on philanthropy. An encouraging government which uses its platform to celebrate philanthropy sends strong signals to the potential donor community, as the giving behaviour of peers is a big factor in driving donations. The honours system plays a role here, as do the speeches politicians give about philanthropy and the way that government acts to promote the charitable sector's strengths.

## 2. Taxation and financial structures

A range of significant taxes currently have implications for charitable giving. These include Corporation Tax, Gift Aid and Inheritance Tax. The thresholds set for tax relief, the value of what charities receive, and the processes by which the tax system can be utilised by charities and donors are all powerful tools in the philanthropy toolbox. But there are also other tax reliefs and financial legal structures that the government could be actively exploring, such as Charitable Remainder Gifts which operate in the US, and existing taxes could work harder and be modernised.

## 3. Regulation and guidance

Regulation and guidance can play an important part in encouraging giving, from the Charity Commission's approach to trusts and foundations, to the Financial Conduct Authority's requirements for financial advisers. There is an international dimension to this, with the UK government possessing the power to potentially unlock more donations from abroad by reducing regulatory barriers. There is also a local dimension, with the UK government able to encourage local authorities to engage with philanthropy including through devolution deals.

# The UK government possesses a number of levers it could utilise to unleash greater philanthropy (part 2)

## 4. Convening

One of government's most powerful tools is its convening power. It can wield this power lightly, for example by acting as a steward for philanthropists looking to donate but not sure where to start, or very proactively as it chose to do in the case of the Academy programme. Government can also convene across sectors, for example by bringing the private and social sectors together to collaborate on issues such as new philanthropy products, or by helping interested philanthropists and innovative charities find each other to work around particular themes.

## 5. Leveraging funding

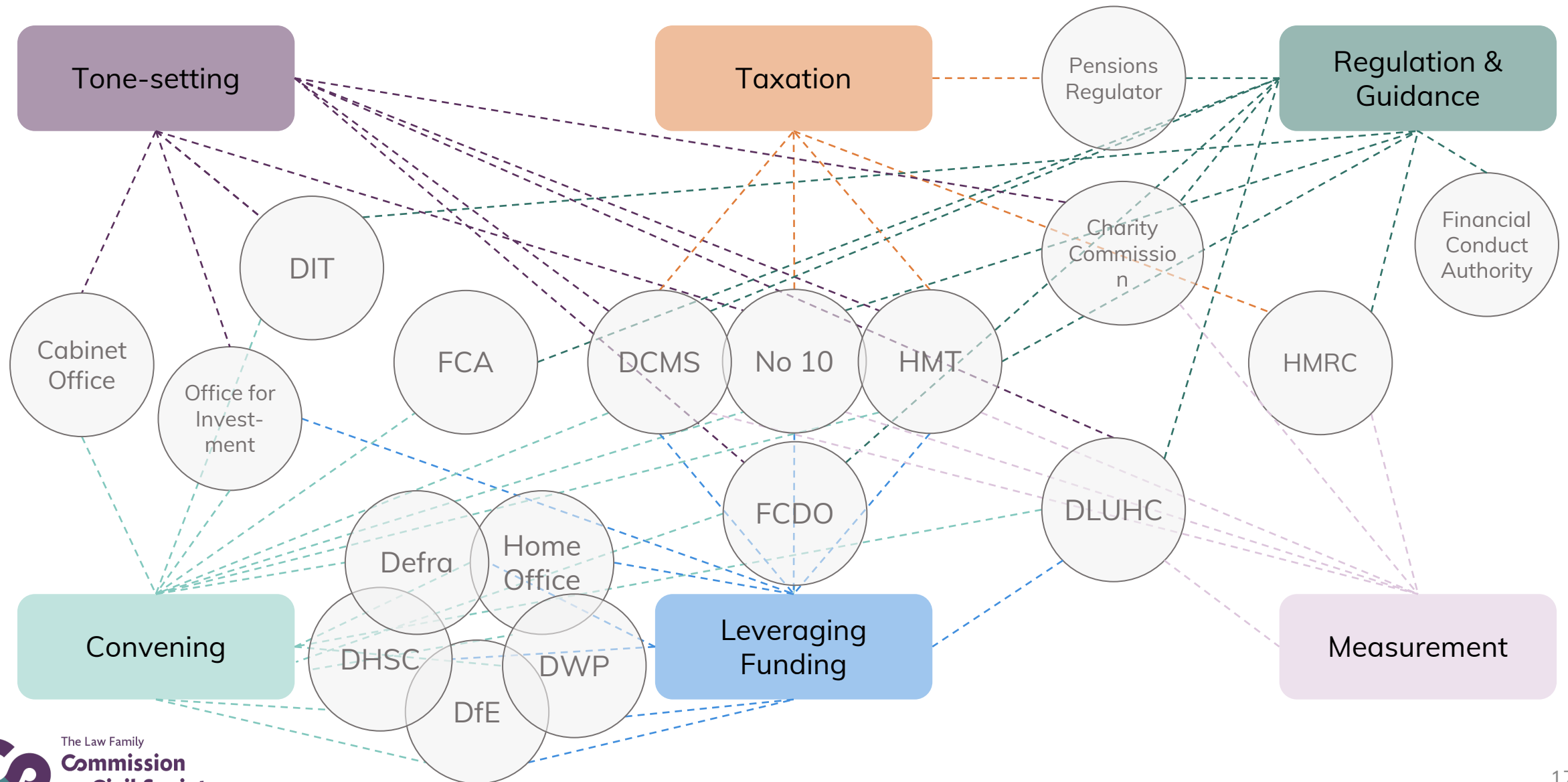
Beyond taxation, the government has a number of financial mechanisms which it can utilise to incentivise greater giving. This includes match-funding schemes which are one of the most impactful ways in which donations can be encouraged, combining the power of giving and government action to grow the funds available and pool expertise. Government also has the ability to support the funding of effective infrastructure to encourage philanthropy, including at a local level or on particular policy issues.

## 6. Measurement

With influence across statistical organisations such as the ONS, holders of data such as the financial services sector, HMRC and the Charity Commission, as well as the charity sector itself, government has the power to increase the quality and availability of data which can help to guide effective decisions by philanthropists. This would help to ensure that the supply of philanthropic money is better channelled and can make the most difference.



# The levers to act on philanthropy are cross-government



# Cross-government coordination, resource and expertise are essential if government is to better use its philanthropy levers

A **coherent and joined-up approach to philanthropy** across departments is key to the government having an impact in this vital area, as the levers of philanthropy are widespread across Whitehall. Number 10, the Department for Culture, Media and Sport (DCMS), and HM Treasury are evidentially the most crucial actors at the heart of progressing any government action on philanthropy, but they are not lone actors.

The Department for Levelling Up, Housing and Communities (DLUHC), HMRC and regulators such as the Charity Commission and Financial Conduct Authority have key roles in tone-setting, funding, measuring and enabling philanthropy through good regulation. The Department for International Trade (DIT), the Foreign and Commonwealth Development Office (FCDO) and the Office of Investment have substantial international convening power. And many departments stand to benefit from greater use of philanthropy e.g. through match-funding.

To coordinate and advance work on philanthropy, some **dedicated resource** is needed – particularly within the departments of DCMS, HMT, DHLUC and HMRC which have major, multi-faceted roles to play. At present, civil service resource dedicated to this is almost non-existent.

And perhaps even more crucial is a wider spread of **expertise**. Civil servants at home and abroad need to know how to talk to potential international investors about social investment and philanthropy. Finance teams in departments such as health and education need to have confidence in how to get the most out of philanthropy when setting up new programmes. And all departments need a better idea of the government's position on philanthropy, to be able to direct potential funders and ideas to where they can have greatest impact.

Achieving coordination, resource and expertise: What would work?



# Learning from and analysing what works

The UK government works alongside business to drive up private sector investment in a range of ways. Much like philanthropy, the levers to achieve this sit across departments and working in partnership with organisations beyond Whitehall is essential. There is a lot that can be learned from the way that the government works in partnership with the business community on their shared goals.

Meanwhile, the US has a number of nationwide, state-wide, county-wide and city-wide mechanisms by which it facilitates partnership between the state and the philanthropy sector. These also offer important lessons.

We have examined six different models of cross-sector working in order to explore the role government can have in unlocking the philanthropic prize. We do not by any means look at every model of cross-sector working, as there are differences in scale between private and philanthropic investment, and there are very different starting points in resource already dedicated to growing each sector. Instead, we look at the most realistic models available.



# Learning from what works: Match Programmes

The UK government has undertaken a number of funding programmes which have looked to directly unlock the philanthropic prize through match funding. Sometimes, this has involved matching donations from the public raised by individual charities and cultural organisations. In other instances, this has involved matching funds raised by intermediary organisations like Community Foundations and other relevant grant-makers.

These kinds of programmes look to take advantage of the fact that match funding schemes are one of the most effective ways of encouraging public generosity. Studies suggest that matched donations are, on average, 2.5 times higher than unmatched donations,<sup>11</sup> and that the offer of match funding increases the probability that those solicited then go on to donate.<sup>12</sup> And although match funding schemes risk displacing giving from other issues, evidence suggests well-designed incentives can address this.<sup>13</sup> For example, a Big Give survey reported that over one-third of respondents said they only gave to a matched funded appeal because of the matching contribution, and that match funding is the most likely factor to encourage people to give more.

**However, there is not a coordinated approach to leveraging philanthropic investment in this way.**

This is too substantial an opportunity to miss out on. Match programmes can be successful not only at increasing funds in the first instance, but at bringing communities into decision-making processes; at developing better approaches to policy through partnerships; at capacity-building and skills development which allows fundraisers to increase organisational sustainability in the longer-term; and even at building endowments for investment over decades. But these benefits are only available if match programmes are well-run and truly collaborative.

# Learning from what works: Match Programmes



## Community First

**Management:** Administered by the Community Development Foundation.

**Funding:** Joint government and public.

Focused on:

- Building long-term endowments for Community Foundation;
- Delivering local buy-in and fundraising skills for a small grants programme in deprived areas.

Government gave 50p for every £1 the public donated to help Community Foundations develop long-term endowments. These are still distributing funds today and were worth over £140m in 2017/18. The Neighbourhood Match Fund delivered over 9,000 grants worth more than £23m in its first 7 years, with those grants focused on the most deprived wards. This scheme was mostly focused on **leveraging funds** and **tone-setting**.



## UK Aid Match

**Management:** Administered through UK Aid.

**Funding:** Joint government and public.

Focused on:

- Allowing the British public greater say over aid;
- Supporting charities to demonstrate and communicate the impact of their work;
- Providing funding for charities which work with the poorest in developing countries and share the government's objectives in those nations.

The government matches donations £1 for £1 for a curated number of international development projects, **leveraging funding**. As of 2020, 64 organisations from across the UK have run UK Aid Match projects in 38 countries helping around 25m people.<sup>14</sup> In addition, Aid Match was used to support the recent Ukraine DEC appeal which reached its £25m limit in record time.

# Learning from what works: Match Programmes



## Social Innovation Fund

**Management:** Administered through a federal agency.

**Funding:** Joint government, public and foundation.

Focused on:

- Combining public and private resources to grow promising community-based solutions;
- Providing technical support to grant-makers;
- Creating networks that foster social innovation to improve the lives of the poorest.

The government **leverages funds** by making grants to foundations, which match the funds dollar-for-dollar and hold open competitions to identify the most promising non-profits delivering economic opportunities, healthy futures and youth development in low-income communities. Within 2 years, \$95m in federal funds had been awarded and \$250m in additional private funds.<sup>15</sup>



## Winter Flood Recovery

**Management:** Administered by DCLG and Community Foundations in affected areas.

**Funding:** Joint government, corporate and public.

Focused on:

- Helping communities to recover from major flooding in the North of England and Scotland;
- **Raising funds** rapidly and delivering them swiftly to people on the ground who needed them most.

The UK's Community Foundations in affected areas rapidly came together to launch a Winter Flood Recovery Appeal, while the UK government pledged first £2m, then an additional £1m, then a total of £8.4m to charities and community groups during the crisis after the need increased and the success was clear. The Community Foundations alone raised £14.6m.

# Analysing what works: Match Programmes

## Strengths of the model

- **Proven success.** Despite operating at variable scales and for different lengths of time, successful match programmes have a proven track record of leveraging funds for important shared priorities, with both sides multiplying their investments through collaboration.
- **Community-level investment.** Match programmes can allow for the distribution of small grants to grassroots organisations which would find it difficult to benefit from government funds in normal circumstances.
- **Multiplier effects.** Money from both government and philanthropy works harder and goes further.
- **Incentivised giving.** There is strong evidence that new money is generated by match giving schemes which neither the government nor philanthropically-funded organisations would have raised themselves.
- **Capacity building.** The best-designed match programmes incorporate an element of capacity building into them, whether as part of direct funding to organisations which are managing the programmes or by commissioning an experienced partner to help upskill the organisations involved. These can have long-term benefits in terms of the sustainability of the sector in question, putting it in a stronger position to raise funds independently into the future.
- **Donor base.** Depending on the design of the scheme in question, match programmes can incentivise giving from a very broad donor base, including high net worth individuals, the mass market, and business.



# Analysing what works: Match Programmes

## Weaknesses of the model

- **Under-utilisation.** At present, match programmes are under-utilised within government, leading to missed opportunities to leverage philanthropy's skills and funding even where objectives of both are very strongly aligned.
- **Scope.** Match programmes alone can provide insight into other elements of philanthropy that require improvement, but realistically are very focused and are likely to lead to no real change to how philanthropy is regulated, measured or taxed – although they may play a role in tone-setting.
- **Expertise.** Currently, there is very limited expertise within the civil service on how to run match programmes effectively. This can lead to some badly designed schemes, and is also a major factor in the under-utilisation of such programmes. With greater expertise in the civil service, philanthropy and government could both have greater impact through match programmes.
- **Variability.** As a result of the under-utilisation of match programmes and the lack of expertise, match programmes which have been offered are very variable in terms of timescales, structure and lead departments, which means there's a lack of predictability and comparable learnings. This can be rectified.
- **Burden.** When match programmes are badly designed (and often if they do not incorporate provision for capacity building) they can be burdensome to administer – for both government and intermediary organisations. This can be rectified.

# Learning from what works: Envoys

The UK government has a long history of utilising the expertise of external actors such as parliamentarians and business leaders to champion the UK abroad. From formal programmes such as the Business Ambassadors and Trade Envoy schemes, to more informal delegations to markets abroad, the government has seen the benefits of enabling others to extoll the benefits of investing in the UK. These individuals can be harnessed to make a strong personal case for the UK. Their relationships in markets abroad can also be used to open doors that Embassies might find difficult to open alone.

**There is no equivalent of these for philanthropic investment in the UK.**

During Gordon Brown's tenure as Prime Minister, philanthropist Dame Stephanie Shirley was appointed the UK's Ambassador for Giving and Philanthropy – perhaps the closest to a philanthropy envoy this country has had. However, the role did not survive the 2010 General Election a year later. There has not been an equivalent since.

Reflecting on the appointment, Dame Shirley described her achievements as:

“We promoted philanthropy as an activity to be enjoyed and celebrated and urged media outlets to report on philanthropists as individuals whose generosity should be examined as to its success, intention and impact, rather than solely as people whose wealth should be coveted. I delivered some 40 speeches throughout the country to promote this view. We persuaded philanthropists who'd never before discussed their giving publicly to speak up on camera. And when other countries expressed interest, our movement began to grow, initially within the Commonwealth, and then eventually worldwide.”<sup>16</sup>

# Learning from what works: Envoys



## Trade Envoys

**Location:** External – 37 Lords and MPs.  
**Staffing:** A civil servant secretariat in DIT.  
**Funding:** Unpaid, voluntary roles.

Focused on:

- engaging with a respective markets where there are trade and investment opportunities;
- helping UK businesses take advantage of trade opportunities abroad;
- promoting the UK as a destination of choice for inward investment.

In operations since 2012, the Prime Minister's Trade Envoy network looks to leverage the skills of the UK's parliamentarians to bolster trade between the UK and the rest of the world, mostly through **convening** and **tone-setting**. A number of trade envoys have responsibility for multiple countries, so that 77 markets are covered.



## Business Ambassadors

No longer active

**Location:** External – business CEOs.  
**Staffing:** A small civil servant secretariat in the Department for International Trade.  
**Funding:** None.

Focused on:

- advocating for the UK abroad;
- promoting the UK's excellence, economy, business environment and its reputation for international trade and inward investment.

Business Ambassadors were leading private-sector CEOs appointed by the PM, usually managing very large businesses. They led trade delegations, attended Ministerial meetings, hosted high-level visitors, and met key businesses abroad. They mostly focused on **convening, tone-setting** and **leveraging funding** but had a direct line to those changing **regulation, guidance** and **tax**.

# Analysing what works: Envoys

## Strengths of the model

- **Lived experience.** Individuals are selected because of their expertise within markets and/or within sectors, which brings significant advantages.
- **Shared networks.** As personal relationships play a major role in international investment, all actors involved in the envoy model are able to grow their networks.
- **Trust.** The strongest relationships are those which are built on trust. One of the indirect benefits of the envoy model is how it enhances trust between government and the private sector and practically demonstrates the real shared interests that both sides have.

## Weaknesses of the model

- **Geography.** Envoy-style models are, as a rule, international in nature. Encouraging international philanthropy and the UK as a place to make philanthropic investment is important, but an envoy model alone would be limiting if it does not also focus on domestic philanthropy.
- **Powers.** Envoys have no formal powers. As such, they can play only a limited part in delivering change.
- **Scope.** An envoy-style model alone would have only very limited input into how philanthropy is regulated, measured, taxed or leveraged.
- **Resource.** As voluntary roles undertaken by busy parliamentarians or CEOs, delivering systemic changes is not something envoys can deliver and they may only be available for time-limited trips and as figure-heads.
- **Scale.** Envoys have an important role in identifying and helping to seize opportunities. But these can be very small-scale in nature, in the realms of securing individual partnerships or investments.

# Learning from what works: Liaisons and Advisers

The UK government has a range of liaisons and advisers who specialise in cross-sectoral partnerships between government and business. From the top of 10 Downing Street which has had an array of Chief Business Advisers and dedicated special advisors throughout the years, to individual departments which have specialist stakeholder engagement teams. A large pharmaceutical company, for example, has multiple civil servants acting as ‘account managers’ in the Office for Life Sciences, the Department for Health and Social Care, and the Department for International Trade.

These civil servants play important roles primarily in **convening** and **setting the tone** for the relationship as the point of primary contact with businesses. They help Ministers understand the views of businesses and help businesses understand the views of Ministers, acting as translators to strengthen relationships and find commonalities. And by helping businesses to navigate the rest of government, they also have a role in helping source policy solutions to deliver better **taxation, regulation and guidance**.

**There is no equivalent of these for philanthropy in the UK government.**

Over the last three years, there have been a number of new state-level and county-level Philanthropy Liaisons (or equivalent) appointed in the US. In addition to **convening** and leading the way on engagement between state government and philanthropy, they also play a significant role in **leveraging funding**, proactively working to identify opportunities where philanthropy and government have shared interests.

# Learning from what works: Liaisons and Advisers



## Head of Business Relations

**Location:** Internal, senior adviser position embedded within Downing Street.

**Staffing:** Working within a small team of civil servants and special advisers.

**Funding:** Publicly funded.

Focused on:

- improving the relationship between business and government;
- enabling better communication between business and government on key issues;
- unlocking parts of Whitehall for business.

Through regularly gathering large groups of leading private-sector CEOs, sharing intelligence and providing opportunities for them to input and raise concerns, the Prime Minister's Head of Business Relations is a major player in **convening** and **setting the tone** with businesses – as well as passing on input on **regulation and guidance**.



## North Carolina Philanthropy Liaison

**Location:** Quasi-governmental office within the Office of State Budget & Management.

**Staffing:** Individual only.

**Funding:** Grant funded by three foundations.

Focused on:

- improving the interaction between state government and philanthropy;
- educating philanthropy and government about each other;
- encouraging collaboration.

For example through identifying mutual learning opportunities and hosting educational workshops for state agencies on best practice for engaging with philanthropy, the new North Carolina Philanthropy Liaison is focused on **convening** and **leveraging funding** from philanthropy.

# Learning from what works: Liaisons and Advisers



## VCSE Crown Representative

**Location:** External.

**Staffing:** Individual only, 2 days a week.

**Funding:** Publicly funded.

Focused on:

- enabling the social sector to work as suppliers to the public sector;
- reducing barriers to the social sector;
- encouraging the utilisation of the Social Value Act.

Crown Representatives were created in 2011, and the VCSE Crown Representative helps to encourage good **guidance and regulation** as well as utilisation of that guidance and regulation by the social sector. She has an important **convening role**, acting as a trusted link between the social sector and government to improve matters on the specific issues around public procurement.



## Stakeholder Engagement Teams

**Location:** Internal, embedded in department such as BEIS.

**Staffing:** A small team of mid-junior civil servants.

**Funding:** Publicly funded.

Focused on:

- ensuring strong links between businesses and government;
- helping companies to navigate Whitehall;
- maintaining conversation and insight sharing with businesses.

Working closely with Ministerial teams and leaned on heavily in times of crisis or significant policy change, civil service Stakeholder Engagement Teams such as those in BEIS play an important role in **convening, tone-setting** and in managing conversations around **regulation and guidance**.

# Analysing what works: Liaisons and Advisers

## Strengths of the model

- **Accessibility and visibility.** Having a well-known, relatively easily contactable individual or team acting as the 'front door' to government is a huge advantage, especially when civil service staff turnover is high.
- **Helicopter-view.** There is a significant benefit in having individuals that have both the helicopter-view of government, and of the private or philanthropy sector. It allows for an important understanding of the biggest challenges and opportunities, and can be a good resource for Ministers needing high-level briefing.
- **Translation.** Despite sharing many common objectives, different sectors often use different language to communicate. Liaisons and advisers can help both sides navigate and overcome those differences.
- **Crisis management.** In a crisis or in the event of a significant policy development, liaisons and advisers truly come into their own. As the owners of the contact-book, they are very well placed to quickly coordinate action.
- **Integration.** These roles are well-embedded within the civil service, often with very good links into Ministerial Private Offices or indeed leaders' offices, which is a significant advantage – narrowing the chain information has to go through to reach those in power.

## Weaknesses of the model

- **Scope.** A philanthropy liaison or advisor in the model of those examined here is likely to only have access to two or three of the levers of philanthropy rather than the full set.
- **Applicability.** Philanthropy in the UK is shaped very differently to either the private sector or philanthropy in the US. It is smaller, more dispersed, and less coherently organised than either, which means adaptations would have to be made to the role.



# Learning from what works: Commissioners

The UK government has a range of independent arms-length Commissioner Offices focused on particular areas which fulfil an incredible variety of functions, and range from 7-person teams to £40m organisations.

Recently created Commissioners have focused on specific social issues such as supporting victims of crime, slavery or domestic abuse. These are areas where independence is incredibly important to create trust with people affected by particular issues. These Commissioners have been created by pieces of legislation. Their objectives tend to be champions, the voice of a particular group, to research and promote best practice, and to make recommendations to government about areas to improve.

However, previously created Commissioners have had even more diverse functions, including:

- providing practical, independent advice to small businesses on late payments;
- reviewing the use of investigatory powers by public authorities such as intelligence agencies and police;
- upholding information rights, promoting openness by public bodies and data privacy for individuals.

The main traits that Commissioners and the organisations they lead have in common are their independence, the importance of trust to their running, and their statutory footing. They also tend to have advisory groups that help steer their work. They are also usually funded by public money.

**There is no equivalent of these for philanthropy in the UK.**

# Learning from what works: Commissioners



## UK Small Business Commissioner

**Location:** Independent public body, appointed by government.

**Staffing:** A team of 7 civil servants.

**Funding:** Publicly funded.

Focused on:

- tackling late payment and unfavourable payment practices in the private sector;
- providing advice and information to small businesses;
- sign-posting small businesses to resources.

This role operates as a practical service and provider of tools and advice to small businesses struggling with late payments. Supported by an external Committee, the Commissioner has a strong voice in **regulation and guidance** as a result of insights gathered.



## UK Domestic Abuse Commissioner

**Location:** Independent public body.

**Staffing:** A small team of civil servants.

**Funding:** Publicly funded - £1m per annum.

Focused on:

- developing policy to ensure a robust and inclusive response to domestic abuse by the government;
- researching to ensure a robust evidence base on domestic abuse;
- providing insight with regional practice teams.

Established as part of the Domestic Abuse Bill, the Commissioner is an independent voice who raises awareness and holds agencies and government to account. The Commissioner has a broad role including **tone-setting, convening, regulation and guidance** and **measurement**.

# Analysing what works: Commissioners

## Strengths of the model

- **Scope.** The flexibility of the role of Commissioners allows them to set their own strategy, within the scope of what is set out in their founding legislation. A philanthropic equivalent would likely be able to provide leadership on all six levers of philanthropy, able to **convene, set the tone**, recommend improvements to **guidance, regulation, tax and measurement**, as well as act as a home for best practice on **leveraging funding**.
- **Accountability.** Although there is variability, many Commissioners are required by legislation to report regularly on their progress, and to provide updates on their strategy and achievements. This creates an important level of democratic accountability over otherwise independent public bodies.
- **Profile.** Unlike civil servants operating directly within departments, Commissioners are public figures. This allows them to be much more accessible by interested stakeholders, but also to act as a spokesperson within the media and important forums to help raise the profile of the issues they work upon.
- **Leadership.** Many Commissioners revolve around a strong, dynamic, experienced leadership figure. Evidence from various partnership models operating in the US has highlighted the crucial importance of such an empowered, motivated leadership figure in driving forwards progress.
- **Impartiality and authority.** Part of the strength of the Commissioners comes from the fact that they are publicly funded but impartial. This creates a level of trust in these independent organisations, and when these individuals speak they have authority.
- **Statutory footing.** As Commissioners and their offices are set up by legislation passed through parliament, they are more likely to have longevity and last beyond individual Ministers and individual governments.
- **External input.** Most Commissioners operate an advisory group with external actors to bolster their work.

# Analysing what works: Commissioners

## Weaknesses of the model

- **Requirement for legislation.** While Commissioners and their offices having a statutory footing does increase the likelihood of longevity, they have also been produced as the result of broader primary legislation which takes months if not years to draft and to pass through parliament. This is a very resource-intensive process.
- **Distance from the centre.** Independence has its strengths, but these Commissioners do report that they can find themselves at a significant distance from the heart of government. The recommendations of independent groups can be ignored more easily than recommendations from trusted internal teams, and operating outside of the structures of government can lead to difficulties in progressing policy change.
- **Bureaucracy.** Organisations which operate at arms-length from government departments often raise concerns that they are bound by two lots of bureaucracy when it comes to decision-making: their own stringent processes as an independent organisation, and then the processes applied by the departments.

# Learning from what works: Offices of Strategic Partnerships

Over the last twenty years, Offices of Strategic Partnerships have gradually sprung up in different parts of the US, both at the state level and at city level. These offices provide the infrastructure for fostering partnerships between philanthropy – particularly foundations – and government at various levels. They usually represent a government leader’s personal ambitions to leverage the strengths of philanthropy, and are focused on practically facilitating partnerships on issues such ranging from sustainability initiatives to education reform.

The Center on Philanthropy & Public Policy at the University of Southern California describes them as:

“These offices are at their core relationship brokers. They match interested and relevant partners from philanthropy and other sectors with the appropriate decision-makers in government where there is potential value from working together. They serve as a resource for partnerships, making meaningful connections among the sectors, and stimulating information sharing between them. The offices do not devise or manage initiatives or projects. Instead, at the state and local level, they catalyze and facilitate them. And, at the federal level, they enable greater alignment between the public and private sectors.”<sup>17</sup>

**There is no equivalent of these for philanthropy in the UK government.**

Perhaps the closest comparable model that the UK has to this is the Directorate of Civil Society and Youth (formerly the Office of Civil Society), within DCMS. However, this Directorate focuses on much broader civil society issues. It employs only a single civil servant with responsibility for philanthropy, and philanthropy makes up less than a third of their role.

# Learning from what works: Offices of Strategic Partnerships



## Michigan Office of Foundation Liaison

**Location:** Quasi-governmental, in the Governor's Office.  
**Staffing:** 2 members of staff.  
**Funding:** Funded by a consortium of foundations.

Focused on:

- identifying and brokering innovative funding partnerships;
- supporting strategic collaborations between the state and foundations.

The longest established office, it claims to have brokered more than \$150m in foundation investment. It focuses on **convening**, acting as a trusted source of data for policy and **regulation**, and on **leveraging funding** on issues such as chronic absence in schools, providing mental health resources, and improving childcare.



## Los Angeles Centre for Strategic Partnerships

**Location:** External, seated in the County Chief Executive's Office.  
**Staffing:** 6 members of staff and 6 consultants.  
**Funding:** Funded by both county and philanthropy.

Focused on:

- inspiring and supporting cross-sector collaborations;
- providing connections, support and technical assistance to help 'grow collaborative muscle'.

Starting originally as a 3-year pilot, the Centre was expanded in 2019 and given a greater remit as a result of its success. It focuses on **leveraging funding** and **convening** on 'Joint Initiatives' – challenges which the County has difficulty fixing alone, or philanthropists identify in communities which need cross-sector solutions.

# Learning from what works: Offices of Strategic Partnerships



## New York Office of Strategic Partnerships

Possibly no longer active (between Mayors)

**Location:** Quasi-governmental.

**Staffing:** Unclear.

**Funding:** Publicly funded.

Focused on:

- coordinating and overseeing the priorities and strategies of city-affiliated non-profits;
- bringing greater collaboration, efficiency and alignment to public-private partnerships.

Claiming to have helped **leverage funds** worth \$400m, the office focuses on advancing specific funds such as the Fund for Public Health, the NYC Police Foundation and the Aging in New York Fund. It **convenes** businesses as well as philanthropists, to help maximise the amount of private capital involved.



## Denver Office of Nonprofit Engagement

**Location:** A division of the Agency for Human Rights & Community Partnerships.

**Staffing:** A small team of civil servants.

**Funding:** Publicly funded.

Focused on:

- serving as liaison between the city and non-profit sector;
- increasing the capacity and sustainability of the non-profit sector.

Though its original focus was philanthropy, the office's remit was widened to include delivering training and workshops for nonprofits, **convening** nonprofits to deliver targeted programmes, improving internal contracting processes, **regulation and guidance**, and assisting nonprofits to **leverage funding**.

# Analysing what works: Offices of Strategic Partnerships

## Strengths of the model

- **Proven success.** Despite operating at variable scales and for different lengths of time, successful offices have a proven track record of leveraging funds for important shared priorities, with both sides multiplying their investments through collaboration – sometimes by very significant amounts in the hundreds of millions.
- **Focus.** Most, though not all, of the offices have a laser focus on philanthropy, which allows them to make an impact with a small team.
- **Cross-sector support.** Successful offices clearly have strong buy-in from both the philanthropy sector and the state, as well as the private sector. This is clearly enhanced where offices are part-funded by philanthropy, where there is real investment from the sector in making the model work.
- **Integration.** The way that the OSPs operate right in the heart of leaders' offices allows them to seek systems-based improvements to sectors on both sides, with conferred authority and support from the very top.
- **External input.** Most OSPs operate an advisory group with the philanthropy sector to bolster their work.

## Weaknesses of the model

- **Longevity.** A number of offices have struggled to last beyond a single administration. Those that are perceived as being part of the personal legacy of a particular leader appear to be particularly vulnerable to this.
- **Transferability.** These are a US-only phenomenon at present, and are therefore untested in the UK at present. Yet the ability of these models to operate at city as well as state level indicates that they might have potential to thrive at Metro Mayor level as well as have applicability at national level.

Detailed research into what makes Offices of Strategic Partnerships successful can be [found here](#).



# Learning from what works: Integrated activity

The US federal government is currently undertaking a determined effort to work closely and strategically with philanthropy across the country. Building on learnings from the Obama administration, these efforts are housed in small units of Philanthropy Liaisons embedded in each government department. The US government currently has over 40 'Federal Liaisons' in place, across the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Service, Homeland Security, Housing and Urban Development (HUD), Interior, State, Transportation and Veterans Affairs, as well as the Corporation for National and Community Service, the Environmental Protection Agency and the National Science Foundation. This number increased rapidly over 2021.

While these liaisons focus on practical objectives like advancing partnerships between government and philanthropists on homelessness, they also have a research and analysis role, and feed their learnings back into government to improve how philanthropy works.

**There is no current equivalent of these for philanthropy in the UK.**

The UK has some specific ways of coordinating with the charity sector which are well-integrated into the work of the civil service. The Civil Society and Youth Directorate (previously the Office for Civil Society) is very active in its engagement with the sector on specific topics, and the Minister for Civil Society meets quarterly with representatives from charity sector umbrella bodies. Similarly, HMRC holds formal engagement several times a year with charities on taxation. However, there are not specific forums that focus on growing or leveraging philanthropy.

Previous UK governments have had teams dedicated to developing policy on growing philanthropy and giving.

# Learning from what works: Integrated activity



## International and Philanthropic Affairs Division at HUD

**Location:** Internal, within a department.

**Staffing:** A small team of 6 civil servants.

**Funding:** Publicly funded.

Focused on:

- creating and strengthening partnerships;
- conducting analysis on how philanthropy can help the department complete its goals.

By facilitating information exchange into and out of the department, incubating projects, and training over 300 departmental staff in identifying opportunities to increase philanthropic engagement in community partnerships, the International and Philanthropic Affairs Division has a broad role **convening, tone-setting, changing regulation and guidance, improving measurement and leveraging funding.**



## Charity Tax Group

**Location:** Joint internal-external working group.

**Staffing:** Civil servant team as secretariat.

**Funding:** No significant funding line.

Focused on:

- providing a forum by which HMRC and representatives of charity customers can constructively discuss tax issues;
- sharing expertise.

Several times a year, the HMRC Charities Policy Team **convenes** representatives and experts from the charity sector, including several large charities and representative bodies. This allows for effective dialogue on **taxation**, with one of the major benefits being the development of a trusted relationship between government and the charity sector. It works on a range of issues like scams, probate and tax reliefs.

# Analysing what works: Integrated activity

## Strengths of the model

- **Internal awareness.** Department-led activity is necessarily integrated. With teams which are set up to undertake internal outreach and coordination, part of the core business is to know where philanthropy is applicable across different areas of work.
- **Trust of government.** By being totally embedded, decision-makers in government are close to the work which goes on in this model and more likely to rate it as up to standard.
- **Scope of potential impact.** The total integration involved in this model can mean greater access to **all** six levers of philanthropy, able to **convene, set the tone within departments**, recommend improvements to **guidance, regulation, tax and measurement**, as well as act as a home for best practice on **leveraging funding**.

## Weaknesses of the model

- **Invisibility.** It can be harder for external actors to maintain awareness of activity being undertaken within this model than within specifically external-facing or externally-funded models. This can create distance from the philanthropy community.
- **Lack of focus.** In some departmental-led models, civil servants involved in the work are stretched and may have philanthropy as only one of their objectives to achieve, leading to a dilution of focus.
- **Need for coordination.** Activity that's integrated into individual departments requires a level of coordination in order to share learnings, develop joint skills and avoid duplication of effort and silos. In the US model listed here, that coordination is provided by the Council of Foundations. If transferred into the UK model, the Cabinet Office may play a role here.

# Summary of models' strengths and weaknesses

	Match programmes	Envoys	Liaisons and advisers	Commissioners	Offices of Strategic Partnership	Integrated activity
Primary Levers	<ul style="list-style-type: none"> <li>Leveraging funding</li> <li>Tone-setting</li> </ul>	<ul style="list-style-type: none"> <li>Convening</li> <li>Tone-setting</li> </ul>	<ul style="list-style-type: none"> <li>Taxation</li> <li>Convening</li> <li>Tone-setting</li> <li>Regulation and guidance</li> </ul>	<ul style="list-style-type: none"> <li>Convening</li> <li>Regulation and guidance</li> <li>Measurement</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging funding</li> <li>Convening</li> <li>Tone-setting</li> <li>Regulation and guidance</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging funding</li> <li>Taxation</li> <li>Convening</li> <li>Regulation and guidance</li> <li>Measurement</li> </ul>
Key Strengths	Proven success, community-level investment, multiplier effects, capacity building, donor base	Lived experience, shared networks, trust	Accessibility and visibility, helicopter-view, translation, crisis management, integration	Scope, accountability, profile, leadership, impartiality and authority, statutory footing, external input	Proven success, focus, cross-sector support, integration, external input	Internal awareness, trust of government, scope of potential impact
Key Weaknesses	Under-utilisation, scope, expertise, variability, burden	Geography, powers, scope, resource, scale	Scope, applicability	Requirement for legislation, distance from centre, bureaucracy	Longevity, transferability	Invisibility, lack of focus, need for coordination

# The way forward



# The model(s) we need

There is no model which currently exists either in the UK or in the US that, if fully copy and pasted for philanthropy in the UK, would allow all of the levers of philanthropy to be seized. A specialist approach is needed to take account of both the UK government's unique circumstances and the nature of philanthropy the UK. However, the building blocks of a model that would be successful are there to be reached for.

In particular, those building blocks include:

The practicality of programmes

The lived knowledge of Envoys

The translation role and accessibility of Liaisons and Advisers

The scope, profile and leadership of Commissioners

The cross-sector support and focus of Offices of Strategic Partnership

The internal awareness and coordination of integrated activity

Realistically, no single model can offer all of these element at the same time. Therefore, two solutions are needed for the UK government to be able to play its role in unlocking the philanthropic prize.

# Recommendation 1: A Philanthropy Champion

The appointment of a senior civil servant with responsibility for driving forwards the UK's approach to philanthropy is essential. That civil servant needs to be visible to both the philanthropy sector and to the rest of Whitehall, in order to act as a gateway for both sides – to receive insights from philanthropy on the barriers to investment and to communicate to philanthropy the strongest opportunities the rest of Whitehall identifies. This individual also needs to have the impetus and power invested in them to coordinate cross-Whitehall action on measurement, regulation, guidance and taxation of philanthropy in order to unlock its potential.

It is important that this is a civil service role – embedded within the UK government – rather than an external individual in something of an Envoy or Representative role, because of the nature of the changes to systems needed which can only be carried out by those inside government. This civil servant should, however, be supplemented by external expertise directly from the philanthropy sector, for example through secondments from the philanthropy sector or through a philanthropy sector council or advisory group, as is common throughout departments.

Indeed, were the government to appoint a Philanthropy Champion or equivalent, it is vital that the philanthropy sector respond constructively and actively. The networks which exist in the sector have a responsibility to coordinate and provide opportunities for input and for both sides to listen to and work with each other on the solutions needed to unlock the philanthropy prize.

## Recommendation 2: A ‘leveraging philanthropy’ best practice drive

Philanthropy sector organisations and government should work in partnership to accelerate knowledge of philanthropy in the civil service, with a focus on how policymakers can leverage its expertise and resources through innovative financing models such as match funding. This is essential to allowing the government to seize the opportunities which exist through philanthropy, but also to ensure that when it does so, it maximizes the benefits for all involved. Badly-managed match funding programmes can be off-putting for charities, corporate donors, individual donors, foundations and for the civil servants involved.

A best practice drive across Whitehall should be launched to enhance understanding of the opportunities philanthropy presents – ideally led by the Cabinet Office Learning and Development team. Guidance and training on this topic should be embedded within civil service development as standard, and a bank of best practice examples grown over time and shared. The focus of this drive should be on upskilling at scale across the civil service, something which can be accomplished by a small team pushing from the centre. However, other models might be effective over time, such as those adopted by the US Federal government has adopted an approach of a small team in each department training their colleagues, coordinated by a foundation to encourage cross-departmental work.

The philanthropy sector should actively support government in pursuing this. That might include convening ‘lunch and learns’ with philanthropists to exchange perspectives, as takes place in many departments with business leaders and other experts. It could also take the lead on collaborating to develop joint principles for what good partnerships between philanthropy and government looks like, so that all match funding programmes and similar deliver the greatest benefits for both government, charities, and society as a whole.



# Moving forward: the first considerations – resource

The evidence from across the models examined within this report is that, in the UK system, the most impactful cross-sector partnerships require some integrated civil service resource. But at a time of substantial pressure on civil service resources, after over a decade of fluctuating civil service numbers, all actors should be mindful of how to make the most of any resource allocated to increasing philanthropic investment. There are three core considerations.

**Scale** - Evidence from the US models of philanthropic engagement shows that small teams can have a very substantial impact if they have two things in place: laser focus and connection to leadership. This means that whatever resource is dedicated to boosting philanthropic investment should be focused exclusively on philanthropic investment, and have close links into Ministerial private offices. This is particularly important in terms of the Philanthropy Champion role as individual envoy and liaison roles have suffered due to a lack of administrative capacity, so resourcing should not be allowed to undermine ambition.

**Placement** - Given the wide range of philanthropic levers available across Whitehall, a Philanthropy Champion could be placed in one of a large number of departments or bodies. The crucial element is connection and collaboration: a Philanthropy Champion can only be effective if it coordinates with other departments which possess the levers that they do not. Meanwhile, a 'leveraging philanthropy' drive is most likely to be effective if led by the Cabinet Office, but HM Treasury may also have interest in facilitating greater knowledge on the subject.

**Scope** - Given the overlap between impact investment, social investment and philanthropy, an early decision should be made as to whether a Philanthropy Champion and/or 'leveraging philanthropy' drive should also be extended to impact investing and social investment. The sector is likely to be supportive in either case.

# Moving forward: the first considerations – collaboration

To be successful in working together to unlock philanthropic investment, both sectors need to act with care. While they may share many goals, both sectors have particular sensitivities, particular ways of working, and different ways of speaking about similar things. Examples of these are laid out in the table below.

## The different worlds of philanthropy and government

Philanthropy	Government
We have a certain amount of flexibility about timing	We have to adhere to annual budget cycles and/or spending review periods
We see this as a long-term commitment	An election, leadership change or reshuffle can change everything
This initiative is a top priority	This initiative is one of hundreds of responsibilities
We can be selective about what we focus on	We do not have a lot of flexibility in setting priorities
We don't pick up the tab for defunded services	We can't fund this anymore but philanthropy could pick it up
Government is mysterious	Philanthropy is mysterious

Adapted from GrantCraft, [Working with Government](#), 2010

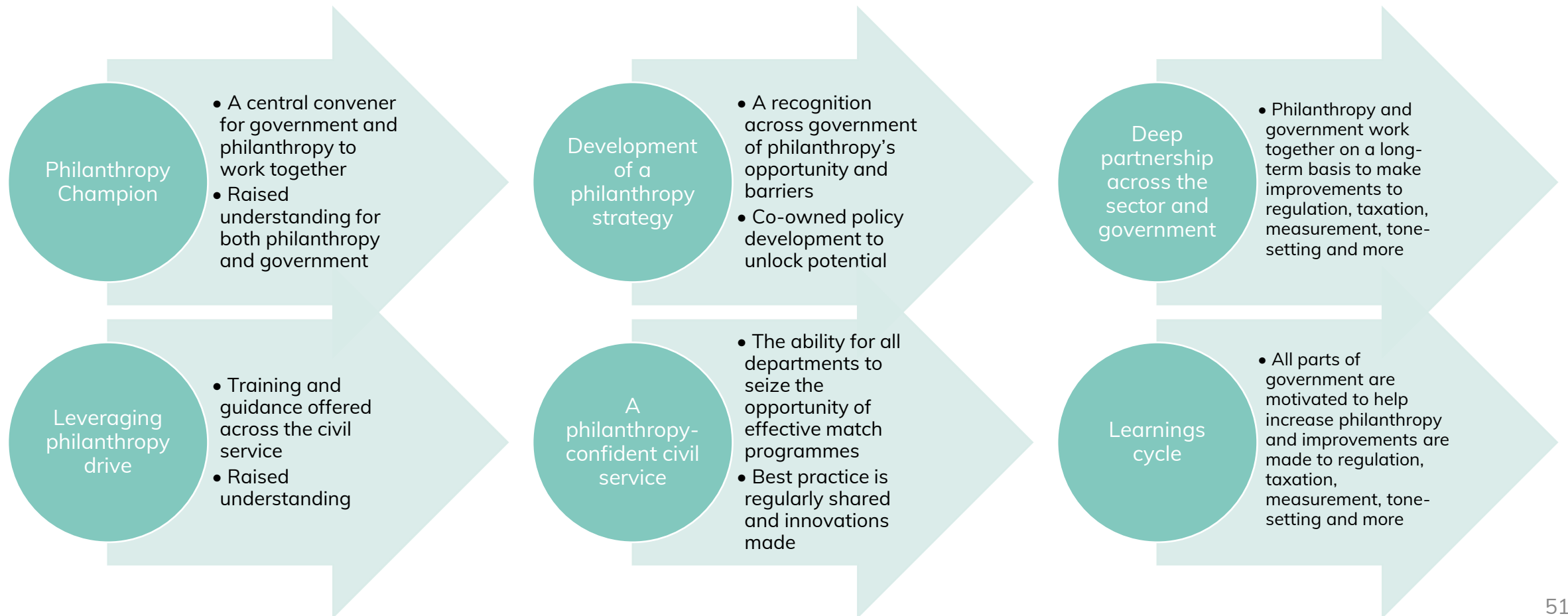
A lack of understanding about these sensitivities can lead to misunderstandings and culture clash souring potentially productive partnerships.

The first priority of any individual or team appointed by government to help unlock the philanthropic prize should be to deepen their understanding of philanthropy, approaching the sector with an open mind and a listening ear.

The first priority of the philanthropy sector, should any such individual or team be appointed, should be to facilitate as much valuable engagement as possible between those appointees and the philanthropy sector, including with foundations of various sizes, donors of different levels of means, and charities.

# Moving forward: the long-term goal

The philanthropic prize on offer is a substantial one. And while government is far from the only actor with responsibility for seizing that prize, it has the potential to be a major one. The appointment of a Philanthropy Champion and 'leveraging philanthropy' drive amongst the civil service are not ends in themselves. They are enzymes in this process. It is what they can achieve and help to catalyse that matters. Some of that vision is laid out below.



# Conclusion

Working together, government and philanthropy can be a powerful force for good with each multiplying the impact of the other. This is already evident at multiple levels across the US, from the City of Boston to the Department of Defense. In the UK, the opportunity to unlock philanthropy's potential is substantial: if the British population gave a similar share of their wealth to charity as the New Zealand or Canadian populations, this would generate an additional £5 billion in annual donations for charity. This would represent almost a 10% increase in sector income.

If the UK government is to play its full role in unlocking philanthropy's potential, greater **coordination, resource and expertise** is needed within Whitehall. A thorough review of the different forms of cross-sector working between the UK government and business, and of the ways in which the US state and philanthropy works, suggests that government needs individuals in leadership positions who are able to translate between sectors and are accessible to both the rest of Whitehall and the philanthropy sector; individuals who draw on the knowledge of philanthropists either directly or by working closely with the sector. Those individuals need to have a helicopter-view across government activity to identify practical opportunities, and to be trusted by the rest of government.

To achieve this, two things are needed initially. The first is a Philanthropy Champion: a senior civil servant with resources at their disposal and access to a diverse committee of philanthropists, experts and funders to act as a convener between philanthropy and government. The second is a 'leveraging philanthropy' drive across Whitehall, to build a philanthropy-confident civil service with the skills and tools required to run effective match programmes.

These two elements are fundamental if the UK government is to utilise its full range of levers available to unlock philanthropy – to ensure it is well regulated, that taxation operates effectively, that philanthropy is properly measured and championed, that funding is leveraged well and that both sides collaborate to the benefit of the UK.

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