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Wealthy seek charity help

By Alice Ross  
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Wealthy families who give money to charity find it hard to work out whether their funds are being used effectively, with many complaining that they do not get enough advice, according to a fundraising consultancy.

In a study published this week, New Philanthropy Capital has revealed that budding philanthropists want more advice on measuring the performance of charities, educating the next generation on donating, and setting up charitable trusts.

Some complained of the "tortuous administration" and the fear of being "actively pursued by charities" if they made a donation.

To produce the study, the consultancy questioned 44 family offices – which are usually highly secretive – on how they gave to charity. A third said they needed more advice on how to monitor the performance of charities over time. Others wanted more ongoing advice on trusts. While acknowledging that private banks and wealth advisers are getting better at helping people to set up tax-efficient ways of giving, family offices found that advice following the start-up stage was hard to come by.

"Advice is certainly not as good as it could be," says Plum Lomax at New Philanthropy Capital. "It's at the beginning of the cycle where most advice is concentrated. What's not really happening is towards the end of the cycle – is it giving them what they want to get out of it? And that needs a lot more help."

New Philanthropy Capital offers to monitor the charities that wealthy families support at a typical cost of £800 a day.

But some philanthropists prefer to take a hands-on approach to giving. Emma-Jane Weider, partner at law firm Maurice Tumor Gardner, says some of her clients prefer to set goals for a charity that they donate to – for example, by demanding that they match contributions from other sources, or that targets are met on time if a property is being built.

Steve Rosenbaum, a third-generation philanthropist whose family trust, Rosetrees Trust, was set up in 1987, says he and his family try to visit the projects they support to see how their money is being used. Their trust donates to medical research projects, including a current study into whether fish oil can be used to delay the onset of Alzheimer's disease.

"We like to be involved," he says. "We do a site visit at least once a year and it's very exciting."

However, others are happy to do some initial research and then let the charity get on with it. Weider says that some clients choose to check up on a charity in advance, looking at its administration costs and working out how much goes to the end beneficiaries.

Would-be givers are able to download reports of charities' accounts and statements from the Charity Commission website, or GuideStar, another online tool.

Wealthy givers often prefer to give in a structured manner, Weider notes. As many have made their money as entrepreneurs, they can have little patience for organisations that are not run efficiently.

"They do see their role as making sure the return is maximised, or they think they can influence the behaviour of the charity by structuring it in a more formal way," says Weider.

Her firm recently asked clients what they thought were the most important causes to fund in the next decade. Health came out top, followed by education and sport, poverty and the environment.

Some prefer to donate to local charities, where they can see the effect of their donation at first hand. Stephen Hammersley, chief executive of Community Foundations, argues that donating locally can solve the problem of a lack of transparency in giving.

"When you give through a community foundation, your money ends up in the hands of local organisations," he points out. "While the feedback isn't analytical, normally the donor does get the opportunity to visit the people using their money, so their understanding of what's being achieved is much more profound."

Community foundations are registered charities with trustees who agree with donors how their money will be spent. Last year, they invested in 26,000 projects in the UK, including setting up sports clubs and mental health projects.

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