

# Scotland's Philanthropy Debate 2010

## Q&A

Panellists Lord Smith of Kelvin, patron of the Scottish Community Foundation; Sir Christopher Gent, chair of GlaxoSmithKline; Ann Gloag, business woman and philanthropist; Jim McColl, chief executive of Clyde Blowers and Anne Boyd, chair of the Scottish Community Foundation took questions from the audience on a variety of philanthropy orientated questions. The debate was ably hosted by journalist and broadcaster Sally Magnusson.


**Asked by David Thomson, Chief Investment Officer of VWM Wealth Management**  
**Given the public cuts in expenditure announced by the government, and the impact this will have on many charities across the country, what role do panel members see for philanthropists in the next few years?**

**Lord Smith:** "I see an increased role for philanthropists. I feel that the Government should provide a basic level of service, but philanthropists have to step in at times when the Government can't offer this, but only in the short term."

**Jim McColl:** "I think we need to see smarter thinking from philanthropists and charities to make sure that money is used effectively. I'd like to see more collaboration between charities and in some cases the amalgamation of charities that are working in similar fields. There are lots of charities working in the same locations offering similar or complementary services that are competing for the same funding."

Note: After some supplementary comments from the audience, the host asked Sir Christopher Gent whether it was a cop out for the Government to expect philanthropists to step in.

**Sir Christopher Gent:** "I don't think it's a cop out for the Government to rely on philanthropy. We are all part of the community, so we have a responsibility to contribute where we can. This applies to businesses too. The corporates should be taking more responsibility by supporting the communities they're working in, or investing in charitable initiatives akin to their businesses."



Note: After some supplementary comments from the audience, the host asked Anne Boyd for her thoughts on the funding of the third sector.

**Anne Boyd:** “Westminster’s proposed Big Society wants charities to step in and provide services, but the Government needs to commit to the third sector by offering contracts that guarantee long-term support and funding. I once heard Scotland described as a “graveyard for outstanding projects” because so many excellent projects fail due to lack of funding. I agree with Jim’s earlier sentiments about the streamlining of charities. I think in hard times like these, attention should be focused on the medium sized charities because they often run with a small but vital staff so they can’t scale back their operations like the larger charities.”


**Lord Smith:** “Many large organisations, even rivals, share back office operations because it’s an obvious way to save on resources. I think this is a sensible way for charities to run, and I believe that along with financial investment, the private sector can also give practical business guidance to charities on how to make their operations more efficient.”

**Asked by Alan McFarlane of the Ryvoan Trust**

**Charities try so hard to get people to give to their charity, using a range of marketing and promotional methods. But what motivates panel members to give the way they do?**

**Jim McColl:** “I choose to invest in young people living in areas of multiple deprivation who often don’t have role models. One of my key focuses is children in care. It costs £300,000 per year to look after a child in the care system, but despite this the prospects for a child in care are woeful. I think as a nation we should be ashamed of this, so I’m trying to make fundamental changes to the system. I want to help find better ways to help these children by making the system more efficient.”

**Ann Gloag:** “I have a strategy for my giving. I want to see value for money for all of the donations I make. I bought a Mercy Ship which travels around the world with a fully trained team of volunteer medics. I wish I had a formula to calculate the benefit of a ship that will sail for 30 years offering free surgery to people living in the world’s poorest countries. I think it would show true value for money.”



Note: After some supplementary comments from the audience, the host threw the question back to its asker, Alan McFarlane.

**Alan McFarlane:** "I like to fund things that are exciting and meeting a need. I come from a venture capitalist background, so I like to try new things and go where no one else has. Much like Jim wishing to invest in child care system to actually get that £300,000 per child per year to make a positive difference."

Note: After some supplementary comments from the audience, the host asked the panel about the importance of perpetuity and longevity of charities.


**Anne Gloag:** "I think that's important for charities to try to become self-sustaining. I built an orphanage in Nairobi that is in constant need of funding, so it also doubles as a wedding venue, the proceeds from which go back into the orphanage. And of course, every orphanage needs somewhere to educate its children so we also built a school. It's attended by the orphans and local middle class children whose parents pay for their tuition. Their fees are what pay for the school and its teachers. All of the classes are fully subscribed and there's now a waiting list."

**Asked by John Naylor , chair of the Office of the Scottish Charity Regulator**  
**What in your opinion are the most important recent developments in philanthropy and why?**

**Jim McColl:** "I think venture philanthropy is an exciting proposition. It encourages charities to think about goals and outcomes. Like venture capitalists, venture philanthropists set key performance indicators for the charities they're investing in to make sure that their meeting their goals."

**Anne Boyd:** "I agree. The most effective charities are the ones that operate like businesses. They have to have aims and a strategy for achieving them."

**Lord Smith:** I think that businesses are beginning to recognise that they have a responsibility to invest in the communities they're working in, and I think they're becoming more creative in how they do this. SSE is building wind farms across Scotland and we're working with the Scottish Community Foundation to make charitable investments in the communities affected by our work. We're committed to giving £400,000 per year to communities across Scotland for the next 25 years.



“Companies also have the muscle to help not-for-profit organisations to get better prices from suppliers. A large building company can easily tell its brick supplier that it’s in its best interests to help out a social housing project.”

**Sir Christopher:** “Companies should never underestimate the importance of staff as a resource. GSK encourages their staff to go on secondments to charitable organisations for three to six months. They take their specialist knowledge, be it in finance, marketing, or whatever to organisations that have limited staff resources to help them develop in these areas. More often than not, our people come back with a new perspective which is good for them and good for the company.”

**Asked by Alan Bain, chair of the American Scots Foundation based in New York**  
**Can any of the panellists see the launch of a US-style billionaire philanthropy club in the UK, and would any of them join it?**

**Jim McColl:** “Well I couldn’t possibly comment on being a billionaire, but I think a UK equivalent would be a great way to get like-minded people together to talk about philanthropy and look at how they could help make real and lasting change.”


**Sir Christopher:** “I think that more philanthropists work together than recognised, but there would be no harm in formalising a forum like the billionaire’s club to encourage more people to share experiences and make a difference. I’ve worked with the Gates Foundation on a number of occasions and it’s a great example of a well run and restrained organisation.”

**Asked by Mark Little from Barclays Wealth**

**The Scottish Government has tax-raising powers, and if Calman’s proposals to extend devolution in Scotland are implemented, what do panel members believe the Scottish government can do to encourage more people to give?**

**Anne Boyd:** “I would like to see a review of Gift Aid. The system is incredibly clunky and the levels of uptake are still surprisingly low.”

**Ann Gloag:** “You can currently donate shares, but it would be good to expand this to other possessions, for example land.”



**Jim McColl:** "I think Scotland should reduce the top tax rate from 50% to 40% to encourage wealth to Scotland."

**Final funny asked by Richard Lockhart from Adam & Company**

**Earlier this week Lee Westwood became the world's number one golfer. What competitive endeavour would the panel like to be ranked number one in?**

**Sir Christopher:** "World's best parent."

**Ann Gloag:** "Number one negotiator making peace pacts for the UN."

**Lord Smith:** "I don't want to be number one at anything because the only way is down from there... even if it's the Tiger Woods way!"

**Anne Boyd:** "I would like to succeed as the person who best promoted the community foundation model."

**Jim McColl:** "After a recent team building day, I decided that I would like to be world number one at performing standing backflips!"