

Beyond the act of giving

A conversation
with James Wilcox

When should a family's office become a Family Office?



James Wilcox is Head of Private Offices at Floreat, an independent financial services group that advises on substantial wealth and provides private office services. In his thirty plus years of experience, James has managed some of the most complex issues faced by ultra-high net worth individuals and their families.

James leads on philanthropy and is therefore particularly focused on structuring legacy programmes for clients. He also serves on the boards of several charities and has previously served as a trustee for St. Paul's Cathedral and a development board member for the Woolf Institute at Cambridge. He currently chairs AmazoniAlerta and is actively involved with his local church.

Philanthropy or impact?

Philanthropy relates to the act of donating money, resources, or time to support charitable causes or organisations, whereas impact is quite different, according to James. "Impact focuses on the measurable outcomes and long-term sustainable change achieved by giving. Impact goes beyond the act of giving to create something meaningful. When people talk these days about philanthropy and impact, the thing that they want to measure is the sustainability of their impacts," he says.

Giving is simply donating money to a cause. Impact is investing in an entity whose mission is to effect positive change. The key difference is that with impact investing, the investor looks to gain a return on their investment.

An evolving journey

"My experience is that people genuinely want to do something good," says James who explains that frequently people have a broad-brush approach to giving. "Why do they do that?" he asks, "because they are kind-hearted and generous. We try to get them to focus so that instead of giving to lots of different charities, we recommend and suggest that clients and families aim to support no more than five or six, or less in some cases" he explains.

When a family first looks at philanthropy, they need to define what they want to do, their mission, their values, and their area of interest. "In my experience, that is usually led by the principal, with the involvement of the children coming at a later stage. Another vital aspect is getting the right structure. We ask the families at the beginning what specific charities they want to support, or if they want to create their own charitable foundation. These are fundamental questions that families need to address at the very beginning."

Supporting the family's vision

Research is key, according to James. "If a family has a vision and they want to do something that supports their vision, we undertake the relevant research to understand the subject and what support can be provided. What does that support include? Is it social issues or initiatives, and who do they want to involve? What sort of strategy and what sort of network? It all comes back to this first, and a very important point which frames the question for a lot of families, namely do they want to support a specific charity, or do they want their own charitable foundation? Most of our clients and families end up creating their own foundations, because they want to shape the legacy and the mission of the charity/foundation. We have set-up several foundations since I joined Floreat."

"By way of example one is a Swiss foundation that is focused on the ocean. It's specific and has very clearly defined objectives. Another family wanted to look at education for children from 5-18 years old and how to assist children who are not in private education. Their focus is very much on education, learning skills, well-being, including nutrition and mental health," James recounts.

One recent example of a charity that reflects this area of interest is a network of state-of-the-art youth centres across the UK. These nationwide centres are a place of safety for young teenagers to meet after school. It not only allows them to learn new skills and meet friends, but also takes young children and teenagers in urban areas off the streets, giving them a safe place to play sports, study, or get a decent meal. "It is really a way of creating modern youth clubs which can meet the demands of younger children and teenagers."

Not all philanthropy is focused on the home nations of the UK or Switzerland. "We have previously dealt with a UK-based family who grew up in the Middle East and they created a concept of making football pitches next to refugee camps in the Middle East."



How do you measure success?

An important feature of giving and impact is that there is usually a written donation agreement, together with a questionnaire, which addresses the aims and objectives of the philanthropic activities. "I think such documents should be added-in as part of any framework. Within the donation agreement it should state shorter-term (1-3 year) grant-making objectives. By and large, most charities now look at a three-year programme, however more recently, following COVID, charities and foundations are looking at five-year programmes, and for example, looking at supporting food banks. In the case of another charity, the trustees stipulate as part of the donation agreement that the charity must provide a six-monthly report on how the money is being spent and what they have achieved.

"Furthermore, the trustees endeavour to attend site visits to assess the impact and results of this expenditure. We try to do at least one annual site visit for each charity that we support as part of our measuring the impact and the effect the donation has had. The foundation and trustees want to see tangible results," says James.

When does legacy become important?

"Everyone is different, however by and large, the charities that we set up are for people in their fifties and sixties and occasionally older."

Engaging the next generation

"In my experience, parents in their fifties or sixties do talk to their children about their philanthropy, however the children are typically in their teens or early twenties, and it can often be at a point of their life where they have less interest in these sorts of things," James believes; there are of course exceptions. "We have gone through some cataclysmic times following Brexit, COVID, Ukraine, global instability, and more recently conflicts in the Middle East. However young people's focus remains as you would expect on their schooling, university, their jobs, and careers."



The UK Giving Report 2023 from the Charities Aid Foundation, the largest study of giving behaviour in the UK, found that while people in the UK gave £12.7bn to charity in 2022, a £2bn increase compared to 2021, giving has still not recovered to pre-pandemic levels. It found that although donations spiked in early 2022, in response to the war against Ukraine, the cost-of-living crisis and the impact of inflation has held back the value of the public's generosity overall. The result is that some charitable activity remains suppressed from the pandemic.

Many families stepped-up during COVID: "One British family made meals for the NHS. They own a very large restaurant chain, and they turned their clubs and restaurants into canteens supplying food daily to NHS workers, firemen and policemen etc.," explains James. "That hasn't been continued because people have gone back to running their businesses, but I think COVID highlighted some areas for our foundations and families to focus on, and there seems to be three recurring areas of interest which feature in our conversations: food banks, mental health and climate change," he outlines.

Climate change matters

"I don't think we can have a conversation about philanthropy without talking about climate change," says James. "It is such a key part of the next generation. Many of the next generation families – actually, I would say, all of them – have a family member that raises with us the issue of climate change, sustainability, and impact. There are usually one or more members of the family who are really, really committed and driven by it, much more than in my generation."

"We also work with a charity called AmazoniAlerta, which started out as an app to support the indigenous peoples and tribes of the Amazon in Brazil to report illegal logging and illegal activities but has now morphed into a small group of forest rangers, who provide support to the indigenous communities and locals, to stop the illegal activities," explains James. "While this links to climate change, it also looks at what can we do to support fundamental human rights. Through a well-known, leading hedge fund - who kindly supported an event recently and made a very generous donation - we're going to educate young indigenous people through a Brazilian university so they can become human rights lawyers to protect their own heritage, the Amazon".

Redefining the family brand image

"I think everyone is very careful about their philanthropic giving which is why I always come back to the importance of having a structure and framework at the beginning. If you have a registered English charity, a Scottish charity, or a Swiss Foundation, then a bit like in your business life, you're protecting your legacy and brand with a framework that can then deliver the mission and the values," says James.



Success from synergy

Families should consider getting involved with philanthropy that supports existing business, according to James. “It sometimes comes down to the sector in which the family made their money, whether it’s industrial, real estate, or manufacturing, and then look to support related areas,” he explains. “If they’ve made money in finance, then they often look to support education. Each family is different in terms of what they want to achieve as a mission. We try to encourage them to limit their areas of activity because otherwise it’s too broad brush. There needs to be a focus,” he insists. “For example, we’ve dealt with families who wanted to support certain cancer care centres, which have a particular role with cancer patients and is something that sadly affects most, if not all, people we speak to.”

Turning concept into reality

In establishing the framework and structure, James highlights the importance of incorporating an annual budget and business plan for charities and foundations.

“For example, with two of our charities we have an annual budget and there is an endowment, so the trustees know that each calendar year they have a budget and amount of money to give away. If we take a smaller charity, we focus on five or six areas that we want to support and then enter into the donation agreements mentioned earlier from one to three years, depending on what’s relevant.”

Is outsourcing an option?

There are two options, according to James. “You can set-up your own charity, let’s say, registered in England and Wales. That has become more difficult in recent times and that takes roughly six to nine months. I would advise employing a law firm to undertake that activity for you and then you will need trustees and a framework to support good governance. I would also recommend creating a website, so that people know who you are and the aims of the charity,” he suggests.

Measurement best practice

“As the foundations evolve and grow, we have seen one charity create an endowment, with a separate investment committee that looks at the returns that the amount that has been endowed achieves, which impacts on the charity’s budget. Different people have different roles and responsibilities,” says James, “so the investment committee for the endowment fund, is different from the trustees of the registered charity so that there is no conflict. This is important because the trustees need to understand what they can spend each year and donate to specific charities. In some cases, the trustees only spend a proportion of the annual income generated from the endowment. So, they are not dissipating the capital, they are merely spending the income.”

Outside of the financials, measuring impact is more subjective and harder to track. “During COVID we supported an app that sent a daily activity to single mums. It was developed by a London-based charity who supported a smaller organisation. We thought this was a brilliant idea because single mums were stressed, stuck at home trying to manage children, and this app gave them daily suggestions of what to do, activities, or things that were free; designed to improve child development through increasing positive parent-child interactions,” explains James. “For me that was a really wonderful project and had a big impact on the day-to-day lives and mental health of single mums,” he states.

Are families doing more post COVID?

There’s an increased awareness of need, according to James and he gives an example: “In one of the charities, we’ve moved on to look at reading and writing, because we think that one thing that seems to have slipped during the pandemic is education. People in our generation happily attended school, however the children have been learning online during this time and there is a noticeable gap in their education and their experiences. That’s something that no-one expected coming out of COVID,” he explains.

“The families we work with are really looking to foster the disadvantaged youth and help to develop them and shape their lives with access to other facilities such as the modern-day youth clubs, by way of example. If you’re taking children off the streets, giving them other things to do, helping to educate them, then you are stopping that slide into crime,” he adds.

What are the best structures to support giving?

“Each case is different,” says James. “If you look at the cost structure of the charity, are you raising money just to support operations? How much of the pound you give goes directly to beneficiaries or has an impact? What’s the amount that’s lost in the structure?” he asks.

“I think it depends on each subject, each passion and each area,” he adds.

James highlights the importance of churches on the philanthropic landscape.

For example, his local church hosts a musical concert and recital for people suffering from dementia and Alzheimer’s, along with their carers and family. “It has become a popular community event”.



Do’s and don’ts

What should families do to ensure that their philanthropic activities are successful for them and their designated causes?

1. Budget.
2. Select the charities that you want to support - focus your efforts.
3. Follow through. There’s no point in giving the budget and supporting them if you don’t follow through.
4. Reviewing impact of donations and whether the charity is in line with your aims.

What should families avoid when they’re sitting down to define their philanthropic initiatives, or redesigning or revisiting them and making sure that they’re successful?

1. Don’t ignore what you’ve done –follow through and always evaluate what you’ve done.
2. Don’t give without creating a process to evaluate the impact of your giving.
3. Don’t underestimate the impact your giving has on your chosen charities and your responsibilities to them.
4. Be aware that this is a responsibility. If you start giving and you start supporting a charity, then you have a responsibility. That’s why we define it by one-, two-, or three-year donation agreements, because they’re relying on your support.



Start the conversation

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