
CASE STUDY

Harvey McGrath

Born and schooled in Belfast, *Harvey McGrath* went on to study geography at Cambridge in 1971. He has had a long and distinguished career in the international financial services industry and is the former chair of Prudential plc, the London Development Agency, London First and Man Group plc. His current roles include Deputy Chair of the Mayor of London's Enterprise Panel, Chair of Governors of Birkbeck College and Chair of [Big Society Capital](#). Harvey is an active philanthropist and social investor and his role as a leading City philanthropist has been recognised in a Beacon Award.

Q: What motivated or prompted you to become a philanthropist?

I come from a background which wasn't particularly advantaged and grew up with the sense that if I had the capacity to help others then I would want to do so. I grew up in Belfast, Northern Ireland, benefited from a state education and was lucky enough to get into Cambridge University, which transformed the way I looked at the world. So that's why education is a recurring theme in my giving. It is an incredibly powerful means of changing life opportunities, and indeed communities. My giving really springs from those early years growing up in Belfast.

Q: Do you remember what your first major donation was?

I came to work in London in the 70s, went to New York in 1979 and worked in New York until 1990. It was when I came back to London that I became more active and structured in my philanthropy, although I did support a number of New York-based organisations while I was there, such as [March of Dimes](#), a charity which was set up to help polio victims. I had a good friend and colleague who had polio and was a big supporter of the organisation, so I was happy to support it.

When I moved back to London working in the City led me to support organisations that were active in the East End such as the [East London Business Alliance](#), which I chaired. The disparities in outcomes as you moved east across London were very striking.

Q: You have played a key role in helping to grow the infrastructure for philanthropy. How did that come about?

I found that there was a lot of activity in similar areas – overlapping initiatives, initiatives which were often addressing the same type of problem from a different vantage point – and the notion of an evidence-based evaluation of outcomes, of what works, was needed and relevant. These issues led a group of us to establish [New Philanthropy Capital](#) (NPC) with a focus on charitable effectiveness. For me, the idea of trying to both individually be a more effective giver and at the same time help raise the game across the sector resonated strongly with me. Drawing on my business background I have always tried to find ways in which you can get leverage and NPC provided that.

Q: In addition to supporting NPC, you have also given directly to other organisations. What has been the focus of this?

Education has been an important theme. For example, we have supported the Integrated Education movement in Northern Ireland (www.ief.org.uk/) where, despite much progress at the political level, there is still a deep community divide. If you put children together from both communities [Protestant and Catholic] and educate them together to respect both traditions then what you end up with is a teenager who has a much more constructive view of society as a whole. I am convinced that this is a key way in which to build and strengthen civil society. However, the state won't fund a new school until it has demonstrated that it is viable, so funding has to be found to help start-up schools.

We have also helped fund an advocacy campaign to drive policy change and raise the profile of the issue. We have shown that parents from both communities strongly support more integrated education for their children.

I support and chair [The Prince's Teaching Institute](http://www.study.cam.ac.uk/undergraduate/access/) which works to improve the standards of subject-based teaching in state schools in England and Wales. I have also funded Cambridge's widening participation programme (www.study.cam.ac.uk/undergraduate/access/) which focuses on improving access to high-quality education.

Q: How did you get involved with social investment?

Through NPC I met John Kingston of [Venturesome](http://www.venturesome.com/) who came up with the novel idea that you could lend money to charities and that if you did it on a considered basis in a portfolio, the loss ratio would be relatively low. Rather than giving a pound away once, you could make that pound work five, six, seven, eight times. I became a funder of a pool of loans that Venturesome would make, which in turn led me to come across [Bridges Ventures](http://www.bridgesventures.com/). I then became an investor in one of their funds, which provide equity to social enterprises and businesses that have explicit social impact, as well as financial objectives. That is what ultimately led me to take on the role as Chair at [Big Society Capital](http://www.bigsocietycapital.com/). It was through Bridges that I met Ronald Cohen and became aware of the work that he and others were doing to build the social investment market in the UK.

Q: In practical terms, have you approached your philanthropy and your social investment differently?

The common denominator is having a focus on outcomes to underpin both effective philanthropy and social investment.

Of course, only some charities and social enterprises can take on repayable funding. Social investment is arguably more effective when coupled with grant-making, depending on the stage of development of the charity and the nature of the intervention being funded. But although it's not universally applicable, social investment is a potentially powerful piece of the puzzle.

Q: How do you think the social investment market will develop?

I think that the market is in an interesting phase of development. At this stage, the issue is less a lack of funds to be invested and more about a lack of investable opportunities. This is perhaps not surprising given the early stage the market is at. I think a lot of focus and effort is going into improving the supply of investable opportunities – the [Big Lottery Fund](#) and the Cabinet Office funding for investment readiness, for example, are very necessary and very helpful, as is building the capabilities of the market through the efforts of [Big Society Capital](#) and organisations like [Social Finance](#).

I think at some point there will be a much more readily accessible supply of investible propositions. We will then see more funds flow in from not just high-net worth individuals and family offices [who were the early adopters] but from the financial markets more broadly.

Q: Is there a particular donation or social investment you made and are particularly pleased and excited about?

I would have to say that I am particularly pleased with NPC because of the cumulative impact the organisation has had on the sector. When I reflect on its influence in the context of the broader market, a lot has and continues to be achieved.

At the other end of the spectrum, there is a project called [Piano Man](#), which is built around a very talented pianist called Richard Meyrick. Richard came from a family background where, despite his evident talent, there was no encouragement for him to play, so he was ‘discovered’ quite late. Nevertheless, he went on to the [Royal College of Music](#) and to perform on the international circuit.

Richard always had this idea that he would want to go back into schools around the country to find people like him – talented youngsters, who might not otherwise get the support to grow that talent. So when I was at Man Group we funded him to do just that. When the Man commitment ended, we personally continued to support the project, which has progressed and grown. While this is smaller scale than NPC, changing the lives of these talented young people is very rewarding.

On the education theme, another important project for me has been [icould](#), which is aimed at 12-18 year olds. This is a web-based resource to provide a sense both of the possibilities and the realities of what you might do when you leave school. The absence of broader information, advice and guidance provided by schools around work means there is a vacuum which icould seeks to help fill, in a medium that is familiar to young people. It currently gets over 125,000 hits a month.

Q: What are your plans for developing your philanthropy or social investment for the future?

I don’t anticipate any major change of direction. Education will remain a big part, but not to the exclusion of other issues. We have supported some projects which aren’t in the UK, but we are still fairly heavily UK-centric. And probably that will remain the case, at least in the near term.

Q: What has been your biggest lesson learned?

I think learning to say no. Being prepared to say no and explain why is important, It is relatively easy to simply become a 'chequebook philanthropist', which isn't very satisfying.

Q: If you were to give advice to someone that was at the beginning of their philanthropy journey, what advice would that be?

I think you have to follow your instinct and what you care about. You need to have some passion around an issue or set of issues. That is by far the most important thing. Second, I think it is important to ask yourself 'what happens if I give?'. And that isn't to be hard-nosed or business-like for its own sake – I think it's the right thing to do. My experience suggests that when you do that, the recipient benefits as it can improve practice.

Q: What advice would you give to a philanthropist that was looking to incorporate an element of social investment to achieve their goals?

I think you need to explore the business model of the organisation that you are looking at. Not all organisations will be suitable for repayable funding, which is the essence of what social investment is about.

Q: What do you think needs to be done to grow and strengthen philanthropy in the UK?

I think there is still quite a long way to go in the measurement of effectiveness as a means of driving better outcomes from the sector. There are 160,000 registered charities in the UK, and the reporting requirements are relatively nominal. The stability of the top 10 or 12 national brand name charities is quite remarkable. This suggests that there is room for some sort of sharper, more effective mechanisms to address effectiveness and delivery. And this, I think, would encourage more people to give.

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