Submission to '*Debate'* section of Public Money and Management

Thou Shallst Have Impact, Total Impact – a Cabinet Office intervention in philanthropic foundations' decisionmaking?

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Philanthropic foundations have famously been described as large amounts of money completely surrounded by people who want some (MacDonald,1956). As such, it is unsurprising that the last few years have seen an increasing governmental interest in and focus on foundations. Given foundations' outward appeal and mythic properties (Jung and Harrow 2015a), as well as wider debates around foundations' future roles and responsibilities (Robert Bosch Stiftung 2014), it thus seems timely that the UK's Cabinet Office has recently published a working paper on 'How foundations are using Total Impact approaches to achieve their charitable missions' (Cabinet Office 2014a).

Aimed at foundation staff, trustees, and professionals within and beyond the foundation field, the paper purports to highlight 'latest practice' in the area and outline 'crucial steps' required from foundations seeking to achieve Total Impact (Cabinet Office 2014a:4). Total Impact is perceived as a foundation considering 'all the different ways they [sic.] can achieve impact, and focuses resources on areas that have the maximum impact' (Cabinet Office 2014a:4). As part of this, the paper points towards an assessment tool that the Cabinet Office has been working on, aimed at framing foundations' conversations 'with their investment managers and advisors (ibid.: 29). Given the Cabinet Office's remits, such as providing governmental support, ascertaining the smooth running of government, and ensuring the effective development, coordination and implementation of policy (Cabinet Office 2015), the content of this working paper raises important questions about government's expectations of and agenda for philanthropic foundations.

Impact? Total Impact!

In modern times, the explicit focus on conducting effective philanthropy goes at least back to Andrew Carnegie. Disenchanted with 'indiscriminate charity' (Carnegie 1901:16), Carnegie argued that a philanthropist has a duty to 'cease giving to objects that are not clearly proved to his satisfaction to be deserving' (ibid. 22) and he set out the principles of what has become known as 'scientific' or 'strategic' philanthropy. In line with this, there has been a plethora of scholars and authors following this idea(l) (e.g. Frumkin 2006; Goldberg 2009) and there is global recognition that doing good 'poorly' is no longer acceptable (Strickhouser and Wright 2014). So, while the illustrative and instructive content of the Cabinet Office's working paper directed towards foundations' commitment for and action to ensure 'moving resources to where they will have the biggest impact' (Cabinet Office 2014a: foreword) is intriguing, neither advocacy of, nor prescriptions for, foundations' incorporating impact assessment into reviews of mission accomplishment are new (see Lawrence and Mukai 2011; Clark et al. 2014; Salamon 2014; OECD 2014). Indeed, the paper itself points out that while 'some of the terminology is new, many foundations have been following something similar to a Total Impact strategy for some time' (Cabinet Office 2014a:31). So, while one could argue that this then might be old wine in a new bottle, in a kinder way, one could perceive the working paper as a further and at best incremental contribution to the already accumulating knowledge and understanding in the area. What is far more concerning though is the normative and political undercurrent implicit throughout the paper.

Evidence? What evidence?

From wider national and international debates and activities around impact measurement it is clear that this is a contentious, emotive and difficult arena, frequently driven by positivist worldviews and neoliberal agendas. As such, the sample on which the working paper's argument is constructed is intriguing. Of the fourteen contributors listed, half represent investment funds or investment consultants, six are UK foundations or trusts ,and one is a US foundation .Furthermore, as the paper acknowledges, all UK –based foundations are members of the Social Impact Investing Group. This is a group of foundations and trusts that are 'engaged in, or interested in engaging with, the social investment market' (Cabinet Office 2014:8). As such, the paper's focus on impact appears to come with strong conceptual and political underpinnings. It goes hand-in-hand with the 'financialisation' of philanthropy (see Thuemler 2015 forthcoming) and the wider conceptual shift from 'charitable communitarianism' towards 'mercantile individualism' that influences both to whom, and how, resources are allocated (Moran 2008:3).

Leaving aside that historic and contemporary lessons alert us to take heed when invocating social investment and social finance approaches (see Nickel and Eikenberry 2009; Brealey 2013; Mader 2013), the paper also conflates Total Impact with innovation and transparency. This especially prominent when reference is being made to the separately published Total impact tool, developed by the Cabinet Office to help foundations answer the question 'What mix of investment, grants and other capital deployment will generate the highest total social impact?' (Cabinet Office 2014a:29). First of all, commentary on the Tool appears tentative. Intended to be used for 'framing' foundation/investment adviser conversations, the authors 'hope you will take this [Tool] in the spirit it is intended: we are not ourselves experts in this are and we appreciate that the tool simplifies complex questions' (Cabinet Office 2014b:NP).

Notwithstanding this caution, even its studied air of facilitation, the working paper states that those foundations 'building on' the Total Impact approach to their charitable missions' achievement are those that try to be 'as progressive as they can be' (Cabinet Office 2014a:6). As part of this, and based on the conversations around the working paper, an even more sweeping public benefit claim is being made: that the Total Impact focus 'is also a means of strengthening the charitable sector as a whole and driving reform in the financial and business sector' (Cabinet Office 2014a:20).

Reflections

Close consideration of the content of the Cabinet Office's working paper suggests that it may be seen as far more than a further incremental hook upon which to hang helpful technical discussion around foundations' strategic choices. Whilst it may sound disingenuous, even ungenerous, to ask 'Total Impact for whom?', it is important to recognise that government themselves may have a very central interest in maximising foundations' more immediate achievements, a trend that runs through philanthropy's history (Jung and Harrow 2015b forthcoming). The singularity and independence which currently marks out philanthropic foundations as a civil society institution ensures that foundations generally will choose both their own approach and their own pace to ideas.

Yet, to do so and approach Total Impact with caution, lack of enthusiasm or to reject it altogether might, in the light of the working paper's normative stance, be taken automatically as non-reformist and certainly as non-progressive. Considering the current UK government's previous if fleeting brush with envisioning the regulation of foundations' spending through annual distribution quotas as a percentage of their assets (Pharoah and Harrow 2010; HM Government 2011), the question arises as to whether this new platform for debate is a sign of an alternative, more subtle, but in the longer run more influential, approach to directing foundations to where government would like them most?

This working paper then has the flavour of a proxy intervention, hinting at oversight and potentially regulation for foundations. Its *en passant* indication that choosing the Total Impact route is also to increase foundations' transparency (Cabinet Office 2014:7) appears to be a strong indication that the Cabinet Office's interest is in foundations' accountability first and foremost, notwithstanding that transparency forms only a proportion of the organisational accountability matrix (Harrow 2015 forthcoming). How the Cabinet Office itself came to be the conduit for this debate, rather than the existing and influential relevant organisation membership bodies, such as the Association of Charitable Foundations (ACF), with its own published credible contributions on this topic (see ACF 2013; Jeffery and Jenkins 2013), is a governance question in its own right. It will therefore be important to see who responds to the working paper's invitation, and how – and to ascertain why.

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