

Solved: the mystery of the money chest

How David Bell sits on the charity bankrolling his own campaign



Well connected: Sir David Bell

ONE of the mysteries surrounding the Media Standards Trust (which spawned Hacked Off) has been how it finances itself.

Today, the Mail can reveal that over the past seven years, the Trust has received £440,000 from a body called the Esmee Fairbairn Foundation — one of the largest independent grant-giving charitable trusts in the UK.

A study of how it operates provides a tantalising glimpse of how Letchish lobby groups can infiltrate such bodies to finance their own often ideological causes.

The Foundation was established in 1961 by City financier Ian Fairbairn, an Old Etonian Great War veteran, rowing Olympian and progressive capitalist who made his fortune at M&G Investments by pioneering the unit trust industry.

Named after his late wife Esmee, who had been killed in an air raid in 1944 and had earlier helped form the Citizens Advice Bureaux, the Foundation's current website says of its original aims:

'Ian's initial intention was two-fold: to protect M&G from hostile takeover, and to raise the level of people's financial understanding. However, the founding trust deed was broadly drafted, to allow for the funding of any charitable activity approved by Trustees.'

The early Foundation was run on an ad-hoc basis but its scale and nature changed dramatically in 1999 when Prudential bought M&G, creating a windfall of £625 million.

It was the time of New Labour and the Third Way, and this was reflected in the people running the Foundation. In 2003 Jeremy Hardie, a FTSE-100 figure and classic Blair-era big businessman, became its chairman. A champagne socialist, he had twice stood as an SDP parliamentary candidate before joining the Labour Party.

Mr Hardie was succeeded in 2007 by the current chairman and even more eminent SDP-turned-New Labour figure, Viscount Chandos.

Tom Chandos, who was given a life peerage by New Labour, is also a director and former chairman of the Social Market Foundation which was regarded in some quarters as another Blairite think-tank.

Another chairman was Lord Lipsey, the New Labour peer who would later become a member of the Media Standards Trust's 'independent' review panel's critical report on the Press Complaints Commission.

The current SMF chairman is journalist Mary Ann Sieghart, self-regarding liberal commentator and an outspoken critic of popular journalism. Her brother is William Sieghart who, along with Lib Dem peer Baroness Linklater, is a trustee of the Esmee Fairbairn Foundation under Chandos's chairmanship.

What a small world. Even smaller when Sir David Bell and his Media Standards Trust (MST) are taken into account.

Mention of a £150,000 MST grant appears in the 'Education and Learning' sector of the Esmee Fairbairn Foundation's 2009 accounts report.

Its use is explained thus: 'Towards core costs over three years to raise awareness about news standards.'

Asked by the Mail why it had made such a generous donation to the MST, the Foundation declined to answer.

There is a twist. Official records show that in 2011 Sir David Bell was appointed a trustee of the Esmee Fairbairn Foundation, the very charity which was funding the MST, the body which he had founded and which then spawned Hacked Off.

Why choose Sir David? The

Foundation spokesman would only say when asked: 'He was appointed following a competitive recruitment process.'

In the summer of 2011, Sir David was also appointed as an assessor to the Leveson Inquiry and as a result he resigned as chairman and trustee of the MST, presumably because there was a conflict of interest.

But one might also wonder at his ability to make a disinterested judgment on the Foundation's funding of the MST.

When asked, the Esmee Fairbairn Foundation revealed that Sir David

baby, the MST Of the £440,000 the Foundation has given to the MST, some £220,000 was awarded since he came on board.

But the Foundation was not the MST's largest backer in its pivotal early years. The accounts for 2008 show that it received £150,000 that year alone from the Pearson Foundation charity.

The Pearson Foundation is inextricably linked with its funder, the Pearson Group, which also owns the Financial Times.

Until 2009 Sir David Bell was chairman of the Financial Times and a director of Pearson. Today he is chairman of the Pearson Foundation. Again, we are reminded of what a small world it is.

Records also show that Marjorie Scardino — the CEO of Pearson Group since 1997 (remember that Julia Middleton dinner in 2005 at Pearson HQ) — and her husband Albert, an MST trustee and sometime Guardian journalist, made a £5,000 'personal donation' to the MST that year.

They have another significant link to the Media Standards Trust.

In 2007, the MST along with another body received a \$350,000 grant from the MacArthur Foundation 'to develop plans for authenticating news on the web'.

So what is the MacArthur Foundation and why its largesse towards the MST?

In fact it is a U.S. trust based on the legacy of the founder of a Chicago insurance firm, who died in the Seventies.

Very well-endowed, the foundation has made a number of grants in the UK and around the world since it was founded — many of them to academic bodies.

But as far as the MST is concerned, one is drawn to the fact that until this June the Chair of

He rides one of Britain's most lucrative cash cows

joined its own board on January 1, 2011, some half a year before he left the MST.

The Charity Commission — chaired until July 2012 by MST Review Panel Member Dame Suzi Leather — told the Mail that there was no conflict of interest in this arrangement. As long as both bodies are aware of the arrangement it does not matter, the rules say.

Whatever the ethical niceties, Sir David Bell is now riding one of the UK's most lucrative charitable cash cows, which continues to bestow nourishment on his own

Budget and Compensation Committee' for the MacArthur Foundation is none other than Sir David Bell's colleague, Pearson CEO Marjorie Scardino. She is now chairman of the Foundation's board of directors.

Quite what Esmee Fairbairn would make of it all is another matter.

FOOTNOTE: For many years, the Fairbairn Foundation has also

financially backed the Julia Middleton/Geoff Mulgan/Ian Hargreaves created Blairite think-tank Demos. In 1997, when Middleton and Hargreaves were still listed as associates, and Mulgan as Director, the Demos website recorded: 'We gratefully acknowledge the support of the Esmee Fairbairn Foundation.'

The foundation accounts for 2011 show a £197,000 donation to Demos in that year alone.