The Foundation as a Political Actor: The Case of the Joseph Rowntree Charitable Trust

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Abstract

This paper examines the influence of the Joseph Rowntree Charitable Trust (JRCT) on the movement for democratic reform in the UK, drawing on a study of the impact of Trust grants to three beneficiaries. The paper demonstrates that charitable foundations can exercise political influence, particularly when a political party is looking for new ideas, like the Labour Party in the early to mid 1990s. Consequently, when studying influences on public policy, researchers should take heed of the anonymous benefactors supporting think tanks and pressure groups working openly in the political arena.

Keywords: JRCT, Trust, democratic, influence, political, reform, Labour

4995 words without title page and abstract.
Introduction
There has been plentiful research on how think tanks and pressure groups exercise influence on public policy. Little attention has been paid, however, to the funding of these organisations and whether benefactors, such as charitable foundations, influence their beneficiaries and consequently government. Drawing on an evaluation of the Joseph Rowntree Charitable Trust (JRCT), this paper examines the role of the Trust in supporting NGOs campaigning for democratic reform. It considers three beneficiaries of Trust funding: the Campaign for Freedom of Information, the campaign for incorporation of the European Convention on Human Rights into UK law and the Democratic Audit.

These cases suggest that by investing a comparatively small sum of money in the right place at the right time, the JRCT influenced public debate, notably when Labour was open to reforming ideas in the early to mid 1990s. It enhanced the capacities of grant holders, helped them push issues up the political agenda and enabled them to influence legislation. It is argued, therefore, that JRCT is an important political actor, and when studying political influence scholars should heed the role of the charitable foundation.

The Literature on Charitable Foundations
Little has been written about charitable foundations in the UK. Such as it is, the literature, notably by Diana Leat, is prescriptive and geared towards helping foundations determine their goals and devise effective procedures for grant making. Leat developed a typology of three grant making styles. *Gift-givers* are benefactors. They lack clear priorities and are not concerned with grant outcomes. *Investors*, on
the other hand, research their options. They are calculating risk-takers willing to tolerate failure. *Collaborative entrepreneurs* are like investors, but more proactive. Where investors play the market, collaborative entrepreneurs manipulate it. If capacity does not exist to fulfil a role, they work with organisations to create it. Here, the foundation works in partnership with the grant holder and may be involved in managing the project.¹ Organisations funded by the JRCT fall into all these categories. However, Leat’s typology is not sensitive to the different objectives that a Trust may pursue or how and when it might influence public policy.

In a recent report published by the JRCT’s sister Trust, the non-charitable Joseph Rowntree Reform Trust, Anheier and Leat argue that charitable foundations could play a much bolder role in promoting social change.² According to recent estimates, only 3% of foundation grants fund law, advocacy and civil society projects. This paper demonstrates that at least one charitable foundation, the JRCT, is promoting social change and consequently that foundations should not escape scrutiny as a source of political influence.

**The Joseph Rowntree Charitable Trust**

On 11th July 1988, The Times reported a speech by Robin Guthrie, then Head of the Charity Commission, warning charities against supporting left wing causes. The article said that the Government had an informal list of culprits who were testing the limits of charity law, including the Rowntree trusts. The JRCT’s interest in democratic reform had crystallised the year before Guthrie’s broadside following the Labour Party’s third successive election defeat to Margaret Thatcher. It prompted a senior Trustee to draft a balance sheet listing Tory encroachments into the
democratic system including: emasculation of local government, politicisation of the
senior civil service, suppression and distortion of official information and the growing
exercise of patronage through Quangos. He argued that safeguards against the
abuse of power had been undermined in a system the Trust increasingly regarded as
an ‘elective dictatorship’. Consequently, it launched a funding programme, some
£150,000 in 1990, to support democratic reform. Charities cannot engage in political
campaigns or fund political parties, but can fund the research they use. The JRCT
therefore decided to support projects seeking to explain the causes of democratic
decline, outline possible remedies and disseminate findings widely. By 2001, it had
spent some £5 million on these goals.

Historically, Quakerism has been closely associated with the Liberal cause and
Joseph, Seebohm and Arnold Rowntree, founding members of the JRCT in 1904,
were all Quakers active in Liberal Party politics. Some trustees and Trust officers
are still politically active, mainly but not exclusively in the Liberal Democrats. The
priority accorded by that Party to democratic reform has clearly influenced the
direction of the Trust. As illustrated below, the democracy movement is a tight-knit
network of individuals, active across the complex of NGOs working for reform. The
JRCT and other Rowntree Trusts are, in turn, well networked with these NGOs and
reformist political circles. This networking does not imply an improper relationship
between Trust and grantee. But it clarifies common ground and gives the Trust a
political insider’s view about where it might effectively invest.
Methodology

The paper draws on research commissioned by the JRCT itself, one element in which was this study of the impact of its democracy programme. The research was undertaken in the year to September 2001. It focuses on three major beneficiaries of Trust grants; the Campaign for Freedom of Information, the campaign by several NGOs for incorporation of the European Convention on Human Rights into UK law and the Democratic Audit. In commissioning this research, the Trust sought an objective study to inform future spending priorities – it had no interest in hagiography. Nevertheless, Sherrington warns that think tanks and pressure groups naturally inflate their achievements. They have an obvious interest in convincing benefactors that they are making a difference. Caution is exercised in drawing conclusions from information provided by interested parties, not least because political influence is hard to gauge with the best evidence. Stone argues for a broad conception of influence, suggesting that think tanks are more likely to help change the climate of opinion than convince political elites to adopt any course of action. This broad definition of influence is helpful in determining how far JRCT support increased the capacity for influence over public policy by the three campaigns discussed below.

The Campaign for Freedom of Information

The Campaign for Freedom of Information (CFI) combines the characteristics of pressure group and think-tank, bombarding politicians and the media with research and testing the limits of access to information under relevant provisions in the UK. It campaigns on a case-by-case basis for the release of information, but its top priority has been the battle for a Freedom of Information Act.
The Trust began funding the Campaign in 1989 and has contributed more than 50% of its income since, over £500,000. According to a Trust report, it is ‘probably the most effective lobby organisation with which we have been associated, achieving a series of pieces of legislation even during the inauspicious Tory years’. Measures such as the 1984 Data Protection Act, upon which it is viewed as having had some influence, persuaded the Trust that the Campaign was worth investing in. The JRCT has not sought to direct it; rather it wanted to strengthen an organisation already doing good work, but which could do more with extra resources. Here, it plays Leat’s gift-giver role.

The early 1990s saw gradual progress for the Campaign. For example, it drafted a Freedom of Information Bill introduced in 1991 by the Liberal MP Archie Kirkwood, then a Trustee of the Joseph Rowntree Reform Trust. It was unsuccessful, but the campaign gained momentum when the Tories introduced a voluntary a Code of Practice on access to information in 1994. The Code was viewed by the Campaign as a limited step forward. Nevertheless, it claimed in correspondence to the Trust that progress could be attributed to the added leverage generated by Trust funding. Such claims must be seen in the context of an organisation wanting to impress its benefactor, but the Campaign did succeed in generating cross-party support for freedom of information on an issue-by-issue basis. For example, it played a key role in generating support within the Conservative Party among libertarians like Teddy Taylor and others like Margaret Thatcher who had no interest in freedom of information as such, but saw attacking secrecy as a Trojan horse in her struggle against the public sector. The 1985 Local Government (Access to Information) Act,
which obliged local authorities to conduct most of their decision making in public, was one outcome. The opening of a space for policy change and the added capacity purchased by JRCT funds gave the campaign momentum in the difficult Tory years.

The Labour Party adopted the cause of freedom of information in the 1970s. In 1992, Roy Hattersley, then Shadow Home Secretary, promised that a Freedom Information Act would be the first piece of Home Office legislation if Labour won the election that year. By 1996 Tony Blair was making a strong case for legislation on behalf of the government in waiting. As the 1997 election approached, the Campaign became increasingly optimistic. But there was a prescient note of caution in correspondence to the Trust, warning that Government enthusiasm would probably diminish as it came to rely on secrecy to protect itself from criticism.

After the 1997 election, the Cabinet Office led by David Clark published a White Paper, *Your Right to Know*, based on the earlier failed bills. Two key commitments were an enforceable ‘substantial harm’ test – a predisposition toward disclosure of information unless substantial harm would be done to the public interest; and the creation of an Information Commissioner empowered to order the disclosure of some categories of information.

The Campaign welcomed these proposals, which it had helped develop. However, they proved to be the zenith of New Labour’s radicalism. Clark was sacked and responsibility for freedom of information transferred to Jack Straw’s Home Office, which published a much weaker Bill in May 1999. In a submission to the Public Administration Committee, the Campaign described it as an ‘astonishing retreat from
the Government’s own White Paper, published only 17 months ago’. Instead of a substantial harm test for non-disclosure, the Bill proposed a watered down ‘prejudice’ test. It also exempted vast arenas of Government from even this mild non-disclosure test. The proposals for an Information Commissioner were also watered down and the post-holder would not be able order the disclosure of any information. The effect, claimed the Campaign, was that the Government would actually be able to withhold some information it was expected to disclose under the Code of Practice.

Having enjoyed influence over Labour’s thinking about freedom of information until responsibility passed into Straw’s hands, the Campaign was now engaged in a defensive campaign. It continued to produce briefings to Parliament during the passage of the Bill, aiding those fighting for concessions. It is possible, though not certain, that such minor concessions as Straw eventually made were influenced by this effort. The Freedom of Information Act gained Royal Assent in 2000, but in a further retreat lamented by the Campaign, the Government then delayed implementation until 2005. As the Campaign’s influence declined during this period, arguably the return on the Trust’s investment diminished too.

However, the Act may yet prove effective. The CFI will test and monitor the legislation, pushing it to its limits. While the Government may have broken the spirit of its commitment, intended boundaries for access to information could be breached by a strong campaign. Furthermore, working with the Campaign, the Scottish Parliament has adopted a bolder Freedom of Information Act, based on the ‘substantial prejudice’ test in New Labour’s White Paper and it has also established a strong Information Commission.
In 1999, Jack Straw praised the Director of the CFI stating that without him the Bill would not have happened at all. The Campaign, in turn, argued that without both financial and moral support from the JRCT it would have been much less effective. To suggest that without the JRCT there would be no freedom of information legislation would be wrong, particularly now it is an EU obligation. However, it strengthened the Campaign at critical moments, providing it with the resources needed to inspire New Labour’s White Paper in 1997. Trust support purchased little influence, however, in the ebb tide of New Labour’s radicalism. Nevertheless, the Campaign could have a vital role in testing the legislation when it is finally implemented and building a culture in which people exercise their rights. Unsurprisingly, it sees continued Trust support as vital for this effort.

**The Human Rights Act**

JRCT support for human rights work evolved within the democracy programme, becoming a formal sub-set of it only in 1998, the year of the Act. In the early years the Trust did not see human rights as a problem for the UK. However, perceptions changed with its growing concern that rights had been ‘eroded by the imposition of Thatcherite conviction politics on a constitutional system used to consensual politics’.

After a year of the democracy programme, it gave grants for other purposes to three organisations, which happened to be promoting a Bill of Rights in the UK: the Democratic Audit, the Institute for Public Policy Research (IPPR) and the Civil Liberties Trust. Thus, the Trust found itself, co-incidentally, funding many of the activists promoting UK human rights legislation and in due course recognised that it
had acquired a stake in their work. Unlike the wider democracy field, the JRCT did not make the running with human rights; it jumped on a bandwagon late in the day.

The Labour Party committed itself to adopting the European Convention on Human Rights in 1993. Hitherto, it had objected to human rights legislation, believing that it would entail giving a power of veto over parliamentary legislation to unelected judges. In 1996, it published a consultation document making preliminary proposals for incorporation of the European Convention into UK law. It also identified the need for a Human Rights Commission to enforce the legislation, a proposal championed by IPPR, which was developing a model for the UK. In Government, it published a Human Rights Bill in October 1997 and the Act gained Royal Assent in 1998.

Arguably, there were two main reasons for Labour’s change of heart: the search for new ideas after a generation in opposition and the emergence of a legislative model that did not accord a power of veto to judges. Several Trust beneficiaries interviewed for this study held the view that when a party is in opposition for many years it has to look for new mechanisms to hold Government to account. After its fourth successive election defeat in 1992, many in the Labour Party, including Tony Blair, came to believe that legislation to promote human rights was necessary to keep an increasingly arrogant Tory Government in check. There may have been an element of principle in the conversion, but self-interest was probably a factor too. Hence, the Labour Party was open to influence on human rights after 1992 and grant holders argued that NGOs and individuals with an inside track played a key role in winning the Party round. Their hand, they argued, was greatly strengthened by JRCT support. Trust grant holders worked together on promoting human rights
legislation. One explained how, encouraged by the Trust - playing Leat’s investor and collaborative entrepreneur roles - they caucused and determined which organisation should lead on each issue. Several Trust grant-holders; Liberty, IPPR, Charter 88, JUSTICE and the Human Rights Incorporation Project combined into a Bill of Rights Consortium in 1997 to lobby the Government. All were later invited by Jack Straw to join the Human Rights Taskforce (see below).

Connecting Trust funding to political influence is complicated in this instance by the evolving relationship between key individuals and organisations. As a networking Trust, the JRCT funds projects as much because of the abilities of individuals as the organisations they belong to. If it thinks an individual is effective, it will fund her as she moves from post to post. Its support for Francesca Klug, a key player in the campaign throughout much of the 1990s, is illustrative. Klug was, in sequence, Director of the Civil Liberties Trust, Research Fellow in the Human Rights Centre at Essex University (home of the Democratic Audit), and Academic Coordinator at the Human Rights Incorporation Project, later the Human Rights Act Research Unit. At Essex, she developed human rights indicators used by the Democratic Audit. During her time at the Civil Liberties Trust, she said, the Trust made the organisation think through its purposes and goals, leading it to adopt a clearer focus on human rights work. Out of this process came her paper *A People’s Charter: Liberty’s Bill of Rights*, which later formed the basis of her contribution to Labour’s human rights legislation. Klug worked with successive Home Secretaries to devise an acceptable method for the UK to adopt the European Convention on Human Rights. She moved to Kings College in 1996 to work on the Human Rights Incorporation Project. On the
Advisory Committee to this project sat representatives from Liberty, the Constitution Unit and JUSTICE, all JRCT grant holders.

Klug’s particular contribution to the Human Rights Act was to develop a hybrid of the New Zealand and Canadian models. In New Zealand, when they conflict ordinary legislation trumps human rights law. In Canada, on the other hand, the judiciary can strike down legislation conflicting with human rights law. This model is not acceptable for the UK because of the constitutional doctrine of parliamentary sovereignty, whereas the New Zealand model lacks teeth. The key principles in the hybrid model are the judicial ‘declaration of incompatibility’ and the ministerial ‘statement of compatibility’. Judges are required, where possible, to interpret UK legislation in ways compatible with the Act. If they cannot, they make a declaration of incompatibility forcing Ministers either to amend the legislation, or state publicly that they will not. Either way, the status of the legislation is clear. On introducing new legislation, Ministers are expected to inform parliament in a statement of compatibility whether it conforms to the Act. Parliament can then consider it knowing whether it complies but without any obligation to defer to it. Klug depended on Trust funding for much of the time she was working on the hybrid model, which made human rights legislation politically acceptable for the Labour Party.

The Trust funded NGOs were very happy with the Act. One described it as a ‘sincere gesture by a new government yet fully to shake off its opposition mind-set’. For Beetham, Ngan and Weir, in an interim report of the Democratic Audit, it is the single greatest reform since New Labour came to power, ‘strengthening the legal protection of civil and political rights against both legislation and public decision-
making’. But at the same time, they caution that ‘civil liberties are never entirely safe from government action’. The most serious legal curtailment of human rights since the Act was the Government’s derogation from Article 5 of the European Convention to allow internment of non-UK citizens without trial after 9/11 under the 2001 Anti-Terrorism Crime and Security Act. This measure is troubling because it is precisely when states are tempted to crack down, that legislation is a necessary protective measure. Its commitment to human rights tested, the Government put its interpretation of national security needs before the civil liberties of those most in need of them in the current climate – alleged Islamic terrorists. This case demonstrates that legislation is only a first step. Effective enforcement is crucial, particularly when the reforming commitment of a new Government has faded.

After the Act gained Royal Assent, a Taskforce was established to support implementation. Government departments appeared before it to explain what measures they would take to ensure effective implementation. Representatives of five Trust funded organisations were invited to join: the Human Rights Act Research Unit, JUSTICE, IPPR, Liberty and Charter 88. According to Jack Straw, speaking in the House of Commons, the appointments were made because of the valuable contributions each made to the legislation. The grant holders said they had worked together effectively on the Taskforce but once it was wound up they continued to argue that the battle for hearts and minds in government had not been won. They insisted that a Human Rights Commission was critical for the enforcement of the Act and building a human rights culture throughout Government, business and civil society. The parliamentary Joint Committee on Human Rights, charged with considering the matter, reported in 2003 arguing that a Commission was needed to
promote human rights, make individuals conscious of their rights and help them to assert them. The report acknowledges its debt to JRCT grantees, the Constitution Unit, IPPR and JUSTICE, which developed model commissions and provided expert advice. The Government may now have conceded the case and will establish a Commission for Equality and Human Rights, merging the existing commissions for racial equality, disability rights and equal opportunities with added support for human rights. How strong this body will be with respect to human rights remains to be seen but Trust grant holders are represented on the taskforce advising the Government on implementation.

Opinions varied about the impact of Trust funding on the campaign for human rights legislation. Some respondents believed that there might not now be a Human Rights Act otherwise, while others thought it had helped generate a ground swell of opinion in a climate where legislation would have happened anyway. Others pointed to a more general role for the Trust in encouraging collaboration between the NGOs, maximising both the impact of their work and the value of its investment.

As with freedom of information, Trust funding has enhanced work that individuals and NGOs were already doing. However, there are three differences. One is that it has been more hands-on, a ‘collaborative entrepreneur’, encouraging organisations to cooperate and carve out individual areas of expertise. A second difference is that it did not give conscious support to human rights work until the late 1990s and any impact earlier grants may have had was simply fortuitous. Nevertheless, it played an enabling role in supporting individuals and organisations, which skilfully exploited the political space within the Labour Party to bring about a distinctive Human Rights Act.
The third difference is that the Government’s legislative model was developed by a Trust grantee who enjoyed the confidence of ministers. However, this too seems to have been fortuitous for the Trust except that it had a good insider’s view about where to invest.

The Democratic Audit

The Democratic Audit differs from the projects discussed above in being commissioned by the Trust itself in 1990, a radical case of collaborative entrepreneurship. The original idea for the Audit is credited to Lord Trevor Smith, a Trustee on the Joseph Rowntree Reform Trust and a Liberal Democrat Peer. The goal was to create a rigorous mechanism to determine whether Britain is becoming more or less democratic. The project was awarded to Essex University under the leadership of Stuart Weir, a former editor of New Statesman and leading reform activist. Some 20% of the Trust’s democracy funding since 1990 had been allocated to this project by 2001, totalling close to £1 million. The Trust itself participated in the strategic management of the project. The Democratic Audit produced two volumes establishing a baseline for the audit of UK democracy. The third volume, published in 2002, assesses democratic change in the Blair era to date.\(^8\) Calculating the influence of such a project is difficult. However, findings such as that by Beetham, Ngan and Weir that the Government ‘does not trust in the people, nor in the democratic reforms that might more nearly make them the masters’ could influence public debate, if skilfully publicised.

The audit of British democracy is only part of the Democratic Audit’s work and, arguably, it has had more influence in illuminating dark corners of the British polity,
notably through its work on Quangos. This work was the initiative of the project director and a departure from the Trust’s original brief. However, it has had an undeniable media and political impact. The Audit found that the number of Quangos increased dramatically under the Tories and it estimated that they cost the public £46.6 billion in 1993, a rise of 24% since 1979. It fed this research to the media, putting pressure on the Government to provide explanations. The Tory sleaze factor, which was gathering momentum in the early 1990s, combined with an opposition party eager to drive the final nail into the Major Government’s coffin and created fertile ground for those wanting to bring Quangos under public scrutiny. The work of the Democratic Audit gained sustained interest from the press and the Labour Party. For example, on 22nd May 1994, *The Guardian* reported Michael Meacher, then Shadow Spokesperson for the Citizens’ Charter, promising that Labour would abolish many Quangos and restore powers to elected bodies.

What impact did this campaign have on the Labour Party in government? It is arguable that again, it backtracked on its commitments. For example, the Cabinet Office had claimed that from early 1998, details of all public appointments to national and regional public bodies would be available on the Internet. However, a Democratic Audit report found that only 54% were actually listed on the website. The government then appointed a ‘webmaster’ to redress the situation. The Democratic Audit has proved adept at this kind of monitoring work and, arguably, has forced greater transparency on the Government. However, little progress has been made in reducing the number of Quangos or making them more accountable. The Government claimed in 2001 that it had reduced Quangos by 10% since 1997. The Democratic Audit countered, however, that the number of Quangos had not
declined and that New Labour established many new ones on coming to power. Another important piece of work published by the Audit *Ruling by Taskforce* pointed to the creation of 318 taskforces in 1997-1998, institutions that are not included in Quango statistics.10

After the 1997 election the Government issued a consultation paper putting forward proposals to improve transparency and accountability. When the parliamentary Public Administration Committee (PAC) set up an inquiry, research by the Audit revealing the extent of the Quango State caught its attention. The PAC accepted that the Commissioner for Public Appointments should take over responsibility for Quangos, but the Government disagreed. At the same time, the PAC rejected more radical Audit proposals for elections to Quangos and accountability to local authorities.

It then published a second report examining the complex issue of how to map government and the organisations carrying out functions on its behalf. The report listed all the bodies defined as Quangos, drawing on *Ruling by Taskforce* to establish the number of Government taskforces and arguing that they should be categorised as Quangos. The report also uses Democratic Audit criteria to determine how far the Government has introduced accountability and openness into the way Quangos operate. It concludes that much remains to be done and there should be an urgent government review of the principles of appointed governance in the United Kingdom.
In short, the Democratic Audit added impetus to a debate. It influenced the climate of opinion concerning Quangos through an effective strategy of research and media dissemination. It has also made influential contributions to the work of the PAC, although this did not translate into influence over government. Having commissioned the Democratic Audit it is arguable that the Trust itself had a direct impact on the exposure of the Quango state. On account of this initiative, we now have a good idea of the number of Quangos and the proportion of public spending for which they account. As with human rights, however, the impact of Trust support in this arena is somewhat fortuitous because although it commissioned the Audit, it did not do so with this objective in mind. Again, a wise investment generated unexpected results.

Conclusion

Three findings emerge from this study. First, it demonstrates that a charitable trust can pursue political goals and undertake grant making in the political arena. The JRCT must be seen as a political actor, working at the boundaries of charity law. Second, while noting the difficulties in attributing political influence, it suggests that as a political actor, the JRCT has made a difference. It joined a growing bandwagon, invested wisely and reaped results; some unexpected and others rather tarnished after seven years of New Labour in government. Stone notes that few think tanks in Britain can afford the in-house research and administrative capacity needed to win them public attention. It is with this capacity that the JRCT furnishes its beneficiaries. As such, it has empowered them in their struggle to get noticed by political elites, sometimes with important results. Third, the study reveals that timing is important. When a political party in opposition is undergoing an ideological crisis,
actors putting forward new ideas may have a greater impact than at other times. In the case of Labour, the 1992 General Election defeat opened a policy space that players advancing a democratic reform agenda helped to fill. Their capacity was enhanced by support from the JRCT and arguably the return on its investment was high at that time. However, the study also shows that their influence on policy declined when New Labour in government lost its reforming zeal and the return on investment by the JRCT therefore declined with it.

The JRCT cannot be credited with spotting a window of opportunity for reform in the late 1980s. When the democracy programme was established its goal was to curb perceived Thatcherite excesses. The Trust did not anticipate a reforming Labour government ten years later, nor did it dream of the precipitous decline in Tory party fortunes. If its choice of beneficiaries was wise and its foresight lay in its ability to back winners, the timing of the democracy programme and some of its positive outcomes were serendipitous; more a principled investment in the talents of individuals and organisations than a hunch about the future. Nevertheless, the work of the JRCT demonstrates that when studying influence on public policy, researchers should heed the anonymous benefactors who support campaigns working openly in the political arena.

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Notes

7. Straw in *HANSARD debates for 21st October 1998*. HMSO.
11. Stone, note 5.