



Family Foundation Giving Trends 2012

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All reasonable care has been taken to ensure the accuracy of the publication at the time of going to print. The publishers cannot accept responsibility for any errors or omissions.

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Dedication

We dedicate this report to Nigel Doughty (June 1957–February 2012), in recognition of his deep commitment to philanthropy and to strengthening voluntary activity, and in gratitude for his personal involvement in *Family Foundation Giving Trends 2011*.

Foreword

Five years on from the inception of Family Foundation Giving Trends, we are all in a very different place, with life much harder for those whom foundations support. Foundations themselves, whose financial resources are little match for the scale of potential needs, seek to identify appropriate ways in which they can remain effective. Yet to understand their present impact, and to be able to respond to the 'new normal', we need clear and current evidence about foundations' activities and the role that philanthropy plays in social wellbeing. And that was the foresight of the Pears Foundation: Trevor Pears understood the need for better evidence about foundations as a basis for a more effective contribution from them, as well as to encourage other potential donors to become engaged in foundation philanthropy. With his support, the Pears Foundation director, Charles Keidan, collaborated closely with CGAP to build a unique evidence base, through which Family Foundation Giving Trends has become a demonstration of a successful partnership between a family foundation and an academic centre on philanthropy. As Charles moves on from his role as director of the Pears Foundation, this is an opportune moment to acknowledge his innovative work in building philanthropy studies in the UK, and his commitment to both rigour of approach and knowledge-sharing.

Family Foundation Giving Trends now indicates key trends; provides respected benchmarking information for foundations; allows both researchers and those setting up or running family foundations to understand changes in the sector; and offers the possibility to look deeper into certain themes. To develop its value further, forthcoming research on endowed and corporate foundations will be added to provide a wider picture of the foundation sector, and through that a clearer picture of the substantial and positive contribution it makes to society. The aim is to establish an integrated consistent research database of even greater value to foundations themselves, and to researchers, philanthropists and policymakers. Foundations are eager for such information; Family Foundation Giving Trends provides the model for future research.

It is only from such research that we now know that since the beginning of the crisis, 80% of endowed foundations have maintained their levels of expenditure, and that 5% have increased these. That level of commitment needs to be matched across the philanthropy sector, as the *Give More* campaign is arguing, with more new donors, more giving, and hopefully too the establishment of new foundations whose progress we shall be able to follow through to the tenth anniversary of Family Foundation Giving Trends. That anniversary will surely look back to recognise that the foundation model provides a highly effective, sustainable and transparent way for engaging in philanthropy, where the clear intention is to make a lasting commitment to tackle the issues facing civil society.

David Emerson

Chief Executive, Association of Charitable Foundations

Findings in brief

Context of the report

Family Foundation Giving Trends 2012 is the fifth in a series of reports that annually updates the giving of the largest 100 family foundations in the UK, tracking trends and comparing them with their US counterparts. Giving through family foundations represents around 8% of all private giving in the UK.

This year's report is a special edition aimed at providing a more rounded picture of family foundation philanthropy. The regular updating of the annual league tables of giving is complemented by new research on the causes supported, the influences on decision-making in an uncertain environment, and family foundations' outlook for the future.

The research was carried out through extracting financial data from annual reports and websites on annual spending and the distribution of grants by cause, and an online survey of decision-making amongst the largest family foundations (40 responses, 45% response rate).

For this research, UK and US family foundations are defined as independent registered charitable trusts funded originally by family wealth, whether or not the founding family is still represented on the governing board.

Key financial results 2010/11

- The total giving of the largest 100 UK family foundations was £1.33 billion in 2010/11.
- The results presented a mixed picture of growth: while there was an overall real fall of 1.8% in giving, there was a substantial 6.2% real rise if the results of the giant Wellcome Trust are excluded from the group.
- The rise in giving bucked the trend for the value of family foundations' assets: these were worth £29.7 billion in 2010/11, representing a real annual fall of 3.5%.
- Although there were some signs of growth this year, the giving of the largest family foundations has not yet returned to pre-recession levels.
- Asset value in 2010/11 was still a real 14% lower than in 2006/07.

How family foundations spend their funds

- Top causes supported by family foundation philanthropy are health and biomedical research (56% of spending), education (11%), and arts and culture (10%); the picture is skewed towards health by the Wellcome Trust's spending.
- The value of funding to the top four causes is:
£740 million for health including Wellcome, £143 million excluding it;
£146 million to education;

£133 million to arts and culture;

£108 million to social welfare.

- Arts and culture has a priority amongst UK family foundations: it attracts a larger share of family foundation support in the UK than the US (18% in the UK excluding Wellcome, compared with 6%–13% across the US regions).
- Family foundation giving supports a wide range of causes, from the top four (above) to social justice and human rights (£37 million), philanthropy and civil society (£27 million), economic and social development (£13 million) and peace and conflict resolution (£6 million) at the bottom end of the range.
- Social welfare attracts support from the highest number of large foundations (74%), followed by informal education (56%) and health services and care (52%).
- Support ranges from a small number of very large grants in arts and culture to a large number of smaller grants in social welfare.

What influences family foundation decision-making in the current environment?

- Family foundations are experiencing the highest levels of uncertainty in the environment for philanthropy for several years.
- The biggest influence on recent spending decisions is reductions in public sector welfare expenditure.
- Over half of the survey respondents think there will be less funding from family foundations over the next few years.
- Over two fifths (43%) do not think the number of family foundations will increase over the next few years.
- Few family foundations are contemplating merger or spending down of assets, but over half think foundations will form more funding partnerships with other charitable foundations.
- A majority (65%) of family foundations think that a mandatory payout requirement, as in the US, would not be beneficial to funding levels.
- The influence of the social investment concept is mixed: a few family foundations are very influenced by the social investment concept as a funding option and 40% are moderately to slightly influenced, while half are not influenced by it.
- Independence remains very important to family foundations and most see their role as complementing public sector activities rather than being in partnership with the public sector.

While family foundations are strongly influenced by the visions of their founders, they are also responsive to a wide range of stakeholders, interests and influences in society. At a time of financial constraint, it may become increasingly hard to balance these interests.

Some challenging questions face philanthropy, including:

- What will happen if resources fail to keep pace with increasing demand?
- How can the maintenance of independence best be reconciled with more collaborative, partnership or shared working?
- How can responsiveness to needs arising in the current environment be reconciled with opportunities to innovate and work in new areas?
- What role will new approaches to working play in foundation funding in the future?

1 Introduction – giving through family foundations

1.1 Background to Family Foundation Giving Trends 2012

This is the fifth edition of Family Foundation Giving Trends, an annual series that updates and tracks trends in family giving through foundations, aiming to provide a key benchmark on its contribution and growth.¹ Giving through family foundations represents around 8% of all private giving in the UK.

What is a family foundation?

In this research family foundations in the UK and the US are defined as independent registered charitable trusts funded originally by private family wealth, whether or not the founding family is still represented on the governing board. Today's wealthy donors continue to reinvent foundations as a flexible vehicle for their giving, and new family foundations set up over the last two decades are numerous. They include, for example, the Waterloo Trust, set up by the owners of Admiral Insurance, which only entered this report series in 2007 and is now giving over £5 million; J K Rowling's Volant Trust; the Foyle Foundation, established from the legacy of the famous bookshop owner; Jack Petchey Foundation; Samworth Foundation; the Sutton Trust, set up by Peter Lampl to extend young people's opportunities to access the best higher education; and the richly endowed Children's Investment Fund Foundation, set up in 2002, which now has assets worth over £2 billion.

This year's special edition of Family Foundation Giving Trends

This year's report is a special edition. With ongoing pressure on the economy and government spending over the last months, the issue of how our wealthiest groups do, or could, make a philanthropic contribution to society has featured frequently in public debate and the media. To provide reliable data to inform these debates, it is vital to continue to add to our understanding of such philanthropy. For this fifth edition, therefore, we have enriched the series' now well-established mapping of family foundation giving by extending the research in three further important dimensions:

- How is family foundation funding spent?
- What is influencing decision-making in the current environment?
- An additional listing of more than 50 family foundations not in the top 100.

¹ See C Pharoah (2008) *Family Foundation Philanthropy 2008* Centre for Charity Effectiveness, Cass Business School; *Family Foundation Philanthropy 2009* Alliance Publishing Trust, London; *Family Foundation Giving 2010* and *Family Foundation Giving 2011* Alliance Publishing Trust, London.

1.2 Objectives and structure of the report

The main purpose of this research is to raise awareness of the financial and social contribution of UK family foundation giving and increase the transparency of philanthropy in society today. There are six key strands to this edition of the report:

- annual levels and growth in the giving of the largest 100 family foundations;
- longer-term trends in giving and assets;
- comparison of trends in the UK and US;
- a new additional listing of family foundations and their giving;
- a survey of amounts of funding by needs/topic area;
- a study of influences on family foundation decision-making.

1.3 Why focus on giving through family foundations?

New charitable family foundations have been emerging across the globe, within countries of very different political, fiscal and regulatory regimes, and evidence suggests that foundations are the most popular vehicle for philanthropic giving among the wealthiest European high net worth donors.² Family foundations are, of course, only one vehicle for family giving, but they are the focus of this research as the only area of major giving in the UK where we have access to consistent annual data. This can be extracted from the audited regulatory reports that foundations submit to the Charity Commission. (The strengths and weaknesses of this approach are explained more fully in Appendix 2.)

Review of other surveys and indices

Regular general population surveys such as *UK Giving*, published annually by the National Council for Voluntary Organisations (NCVO) and the Charities Aid Foundation (CAF), provide a valuable and consistent series of data, but lack a sufficiently robust sample of high earners. A survey of the very wealthy would be both difficult and expensive and, according to research commissioned by HMRC, may not even be feasible.³ Government data on charitable tax reliefs only give a single aggregate figure, and do not provide detail on tax reclaimed by gift size, or by earnings.

The *Sunday Times* Giving Index, in its annual Rich List, and the Coutts Million Pound Donor project⁴ also provide useful information, but they cannot provide an annual benchmark of giving as they combine data from one-off direct gifts, gifts into new or existing foundations to be spent later, gifts from foundation income derived from past gifted endowments, and, in some cases, pledges for the future.

Many individual examples of significant generosity can also be identified in the press, and from individual charities' reports. However, these do not amount to a consistent measure of major philanthropy, without which we cannot know how generous our society really is, whether giving is expanding or contracting under economic constraint, or what targets we might reasonably set for our giving. The Family Foundation Giving Trends series aims to set one benchmark.

² P Lomax (2007) *Advice needed. Philanthropy amongst ultra high net worth individuals and family offices in Europe* New Philanthropy Capital, London.

³ J Taylor, C Webb, D Camerson (2007) *Charitable Giving by Wealthy People* Ipsos Mori for HMRC. www.hmrc.gov.uk/research/report29-giving-by-wealthy.pdf

⁴ Coutts/CPHSJ (2011) *The Million Pound Donor Project 2011* Kent University.

1.4 Summary of the research methodology

Data	The research focuses mainly on the largest 100 charitable family foundations in the UK and US, for two reasons. First, this restriction makes the project feasible. There are no pre-existing databases of family foundations, and each foundation has to be individually identified using a number of criteria – a resource-intensive task. Second, the largest foundations provide a substantial sample of spending by value because of the skew towards a few very large family foundations in each country (see figures in Chapter 3). This year we have added a further list of smaller UK family foundations identified in the course of the last five years' research.
Timescale	In principle, only family foundations established in the latter part of the 19th century – a great era in the history of family foundations – and onwards are included. Going back further historically would have brought in foundations where the link with the founders is now very tenuous.
Sources⁵	The report is based almost entirely on secondary analysis of published charities' accounts data for the period 2006/07 to 2010/11.
Reporting year	Foundations adopt different 'year-end' months for their annual reporting, and the time taken to publish reports also varies considerably. This means that in a 'snapshot' study like this, which aims to compile the best data available at a certain point of time, charity accounts are not all standardised to the same year. Wherever it is felt that this influences findings, it is noted. While tables in the report are labelled 2006/07 to 2010/11 for convenience, in practice charity account years vary somewhat.
Financial indicator	While family foundations work in financial and non-financial ways, the research focus is on their charitable expenditure or 'spending' (also referred to as 'giving' or 'philanthropy' in this report). The figure includes grants to organisations and individuals, as well as any operating programmes. Previous research has shown that around 10% of the charitable expenditure of all foundations in general is dedicated to their own operating programmes. ⁶ Support and governance costs are excluded, where possible, so that UK data are comparable with available US data.
Definitions	Charitable family foundations are a type of charitable foundation, and have a centuries-old history, emerging within all the world's major cultures and regions. Generally they are independently governed institutions with large private assets, often in the form of permanent endowments, which they use to promote public benefit. They are private and funded principally by the personal gift of a family business or family member(s), often with the donor or family members having a position on their governing board.

⁵ Main sources of published data include the Charity Commission Register, England and Wales; *Top 3000 Charities*, CaritasData; Charity Market Monitor, CaritasData (2006, 2008, 2009, 2010 and 2011 editions); charities' own websites and reports; Foundation Center statistics. Detailed regulatory data on foundations are available in the US and UK, but the Office of the Scottish Charity Regulator (OSCR) publishes less detail, and there is no central register in Northern Ireland.

⁶ C Pharoah (2011) *Charity Market Monitor 2011* CaritasData, London.

2 Findings – UK family foundation giving, 2010/11

This chapter presents updated annual figures and analysis of UK family foundation giving.⁷

2.1 Headline results, 2010/11 – a mixed picture

Amount given	The largest 100 UK family foundations gave a total of £1.33 billion to charitable causes in 2010/11.
Annual giving trends	<p>Although there was an overall real annual fall of 1.8% in the total giving of the largest family foundations, there was a surprise substantial 6.2% rise if the results of the giant Wellcome Trust are excluded from this group.</p> <p>The charitable spending of the Wellcome Trust represents almost 45% of the top 100 as a whole, and its figures for charitable spending fell on the previous year.</p> <p>The unexpected rise recorded for the giving of the other family foundations was due to a significant annual uplift in giving among some of the largest family foundations. The giving of Gatsby, one of the Sainsbury Family Charitable Trusts, increased by almost £34 million; that of the Peter Moores Charitable Trust by £23 million; that of Esmée Fairbairn Foundation by £10 million; and that of Garfield Weston Foundation by £6.5 million.</p>
Value of assets	<p>The rise in giving bucked the trend in family foundations' asset values in 2011. The total net asset value of the top 100 was £29.7 billion in 2011, representing a real annual fall of 3.5%, or 1.04% if Wellcome is excluded.</p> <p>This year's rise in giving is probably explained by the time-lag factor in foundations' spending: it is likely to reflect the increase in the value of assets reported in 2010.</p> <p>'Lumpy' giving patterns are a regular feature of family foundation giving, reflecting highly individual funding patterns and decision-making amongst the major foundations. Gatsby, for example, received a new donation of over £15 million from its settlor Lord Sainsbury, and is spending out its assets. Peter Moores made an unusual large gift of £27 million to the Peter Moores Foundation for the maintenance and development of the Warwickshire art gallery Compton Verney, and Esmée Fairbairn saw increased investment income and made a number of special '50th birthday' gifts to celebrate its fiftieth anniversary.</p>

⁷ While every effort is made to achieve accurate data, it is not always possible to identify amounts given in any one year where the spending was to be spread over a number of years. It is not considered that this affects the findings in a material way.

Five largest family foundations 2010/11

The top five by charitable expenditure were Wellcome Trust, with slightly reduced annual spending (£596.9 million); Leverhulme Trust, with level spending (£51 million); Gatsby Charitable Foundation, with significantly increased spending (£69.5 million); Garfield Weston Foundation, whose spending increased (£40.6 million); and Esmée Fairbairn Foundation, with increased spending (£39.4 million). (See section 2.6 for the full table.)

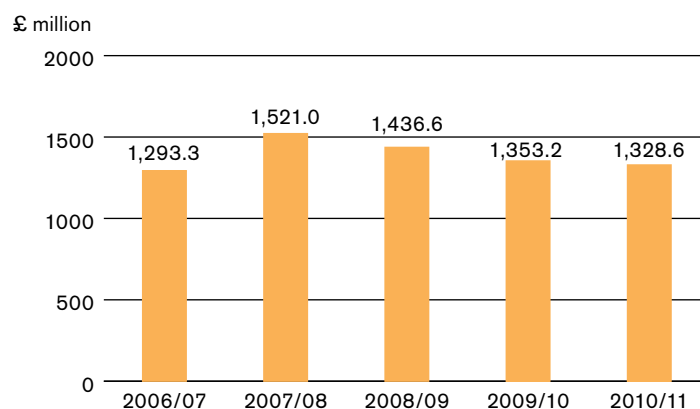
Figure 1
Five largest UK family foundations, 2010/11

	Charitable expenditure £m	
	2010/11	2009/10 (unadjusted)
Wellcome Trust	596.9	635.1
The Gatsby Charitable Foundation	69.5	35.7
The Leverhulme Trust	51.0	50.2
Garfield Weston Foundation	40.6	34.1
Esmée Fairbairn Foundation	39.4	29.4

Trends in giving 2006/07 to 2010/11 – a volatile picture

What are the longer-term trends in family foundation giving seen in the perspective of the last five years? How has giving been affected at a time of considerable financial turbulence and low economic growth? Over five years from 2006/07 to 2010/11, £6.9 billion was given, and, as Figure 2a indicates, annual levels fluctuated in response to economic volatility. After adjusting for inflation, the giving of the top 100 in 2011 is just higher than in 2006/07, but has not returned to the 2007/08 value, before the economic crisis broke.

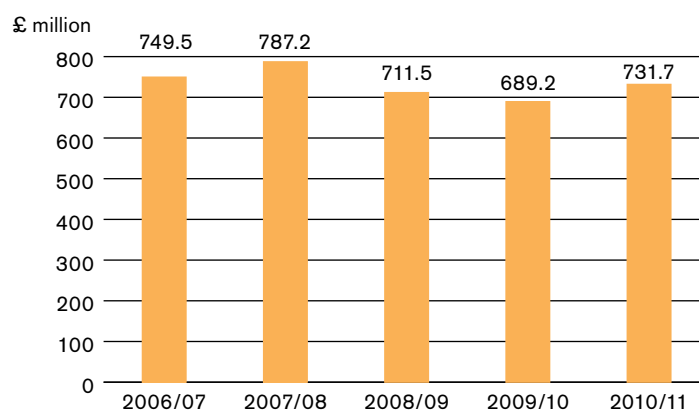
Figure 2a
Trends in giving by family foundations, 2006/07 to 2010/11 (adjusted for inflation)⁸



Turning to Figure 2b, which excludes Wellcome Trust, the growth seen in 2011 restores giving to a point higher than it was in 2008/09. This is encouraging, although falling asset values in 2011 again may see giving levels pegged next year. Anecdotally, few foundations and advisors appear to anticipate a growth in 2012, and some are expecting a fall.

⁸ Throughout this report, where adjustments have been made, figures for accounting years prior to 2010/11 have been inflated to October 2010 prices using the Office for National Statistics Retail Prices Index excluding mortgage interest payments (RPIX) for October of the respective year.

Figure 2b
Trends in giving by
family foundations,
excluding Wellcome
Trust, 2006/07 to
2010/11 (adjusted
for inflation)



2.2 Individual foundation growth trajectories

The aggregate figures over the long term shown in Figures 2a and 2b may create an impression of relative consistency in total foundation funding, which is actually somewhat misleading in relation to individual foundations. There is significant volatility in the finances of family foundations, partly reflecting changes in the wider social and economic environment, but more directly related to the changing personal circumstances, life histories and financial circumstances of their founders. For example, at any one point within the overall picture:

- new trusts are emerging (eg Waterloo Foundation), while others are spending down (eg Tubney Charitable Trust, which has now closed, and Bowland Charitable Trust, which is in the process);
- major transfers of assets between related foundations are taking place (eg Peter Moores);
- some have highly uneven spending patterns, making substantial capital grants in one year only to scale down radically the next (eg Martin Smith and Samworth Foundations, which made major gifts in 2008/09).

This is explored further in section 2.4, and the wider dynamics of family foundation giving are discussed in Chapter 5, which reports the findings of a new survey of decision-making.

Figure 3 identifies 15 foundations whose giving has doubled or more in five years, for reasons including receipt of legacies from the founders (eg Maurice Wohl Charitable Foundation, Dr Mortimer and Theresa Sackler Foundation), building up foundations' assets where recently established (eg ClIFF, Hintze Family Charitable Foundation), or gifts into existing foundations (eg Helen Hamlyn Trust).

The amount of new money still being put into family foundations indicates how far today's foundation resources represent fortunes made in recent years, and inevitably leads to speculation that the picture might look very different in another decade, if slow economic growth takes a toll.

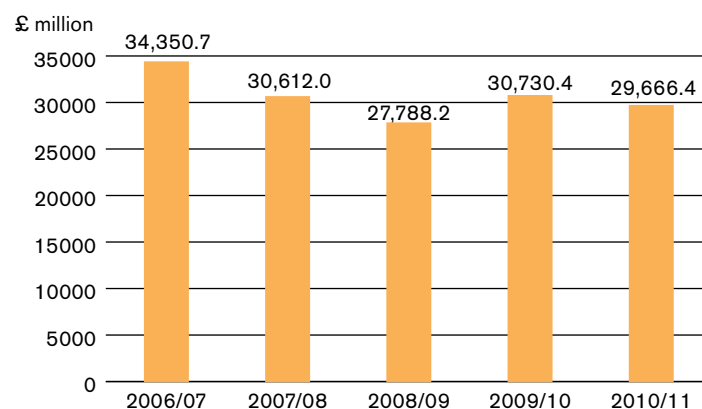
Figure 3
Top 15 family foundations by real growth in giving, 2006/07 to 2010/11

	<i>Giving £ million</i>	<i>Year end</i>	<i>% change 2006/07 to 2010/11</i>
Maurice Wohl Charitable Foundation	2.78	Apr 11	1,764.4
The Monument Trust	34.57	Apr 11	1,279.4
The Barclay Foundation	1.35	Dec 11	441.6
The Lempriere Pringle Charitable Trust	4.49	Dec 10	362.3
J Paul Getty Jnr General Charitable Trust	11.63	Dec 11	359.8
The Dr Mortimer and Theresa Sackler Foundation	6.87	Dec10	352.5
The Michael Uren Foundation	2.73	Apr 11	349.6
The Helen Hamlyn Trust	3.50	Mar 11	183.3
The Underwood Trust	2.63	Apr 11	171.3
The Children's Investment Fund Foundation	27.35	Aug 11	169.4
The Barrow Cadbury Trust	3.44	Jul 11	143.0
The Hintze Family Charitable Foundation	5.74	Dec 11	125.5
The Westminster Foundation	4.28	Dec 11	124.3
The Maurice and Hilda Laing Charitable Trust	3.36	Dec 11	105.8
The Gannochy Trust	6.53	May 10	104.0

2.3 Asset trends – drop in value, 2010/11

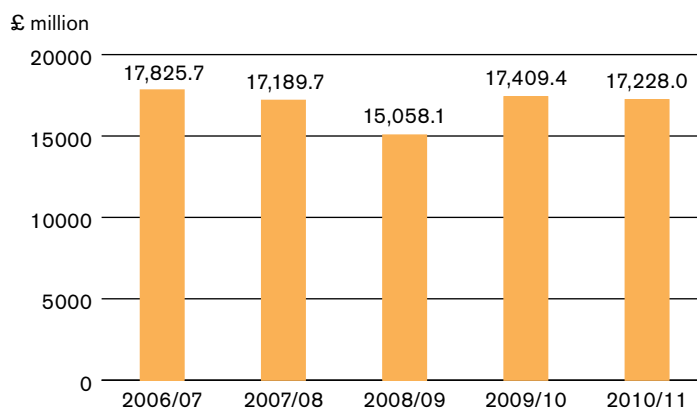
After an uplift in 2009/10, the aggregate value of assets disappointingly fell in 2010/11, by 3.5% where Wellcome is included, and by 1.04% if excluded. Looking at the five-year asset trends (Figure 4a), it can be seen that asset values in 2011 were a real 14% lower than in 2006/07. The lowest point came in 2008/09, as the full impact of the financial crisis hit the markets.

Figure 4a
Five-year trends in family foundation assets (adjusted)



Where the Wellcome Trust's asset figures are excluded (Figure 4b), aggregate value in 2010/11 actually outperformed the 2007/08 value.

Figure 4b
Five-year trends in family foundation assets, Wellcome Trust excluded



Family foundation assets are highly skewed towards a few large foundations. Figure 5 sets out the top 15 foundations by assets; the Wellcome Trust's assets are three times those of the next nearest foundation, Garfield Weston. Together these 15 foundations have £25 billion in assets, 84% of the total. The skew in assets sometimes leads to a misperception among some commentators and policymakers, who believe that the whole sector is asset-rich, and tend to regard foundation funds as a collective asset rather than a set of very disparate, often small, funds stretched over a very wide range of good causes.

Figure 5
Top 15 family foundations by net asset value, 2010/11

	<i>Year end</i>	<i>Net assets £ million</i>
Wellcome Trust	Sep 11	12,438.4
Garfield Weston Foundation	Apr 11	4,169.8
The Children's Investment Fund Foundation	Aug 11	2,072.0
The Leverhulme Trust	Dec 11	1,736.6
Esmée Fairbairn Foundation	Dec 11	776.1
The Wolfson Foundation	Apr 11	659.5
Paul Hamlyn Foundation	Mar 11	566.7
The Gatsby Charitable Foundation	Apr 11	415.5
The Robertson Trust	Apr 11	405.2
Khodorkovsky Foundation	Dec 11	277.2
The Tudor Trust	Mar 11	239.8
Joseph Rowntree Foundation	Dec 11	233.9
The Monument Trust	Apr 11	223.5
The Rank Foundation Limited	Dec 10	221.1
Nuffield Foundation	Dec 11	219.7

Within the aggregate picture, however, the assets of individual family foundations were also following their own separate growth trajectories. Figure 6 lists the family foundations whose assets were built up the most during the five-year period. As can be seen by comparing with Figure 5, the fastest-growing trusts are not necessarily the largest, or those whose assets have been growing fastest. The tables illustrate how family foundation resources are subject to considerable change over time.

Figure 6
Top 15 family
foundations by real
growth in assets,
2006/07 to 2010/11

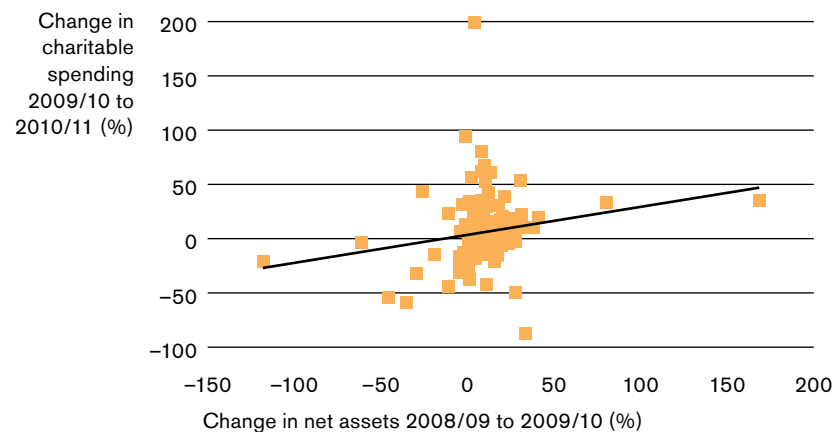
	<i>Assets £ million</i>	<i>Year end</i>	<i>% change 2006/07 to 2010/11</i>
The Hobson Charity Limited	22.70	Apr 11	2,475.8
The Lempriere Pringle Charitable Trust	25.43	Dec 10	589.3
The Dr Mortimer and Theresa Sackler Foundation	21.32	Dec 10	408.8
Maurice Wohl Charitable Foundation	82.11	Apr 11	304.1
Four Acre Trust	6.18	Mar 11	139.9
The Children's Investment Fund Foundation	2,071.95	Aug 11	124.7
The Zochonis Charitable Trust	170.86	Apr 11	69.9
The Prince of Wales's Charitable Foundation	10.46	Mar 11	63.5
Peter Harrison Foundation	53.16	May 11	50.4
The Monument Trust	223.50	Apr 11	47.4
A W Charitable Trust	80.68	Jun 11	43.0
The Robertson Trust	405.16	Apr 11	28.3
Pears Foundation	18.71	Mar 11	21.6
The Eranda Foundation	86.85	Apr 11	11.3
Volant Charitable Trust	51.21	Apr 11	8.4

2.4 Impact of changing asset values on spending patterns

With fluctuating asset values, family foundations have come under pressure to adjust their giving year-on-year. At the foundation level this appears to be true, however there is also evidence of a smoothing effect over time, with spending among foundations as a whole remaining relatively stable.

Figure 7 charts the relationship between changes in the asset values of individual foundations and their charitable spending. It illustrates vividly the positive relationship between changes in the net assets of a foundation in the previous year and changes in its charitable spending in the current year. Foundations that saw a fall in the value of their assets tended to reduce their spending. Likewise, where assets grew in the previous year, foundations generally increased their spending in the current year.

Figure 7
The effect of asset
values on charitable
spending⁹



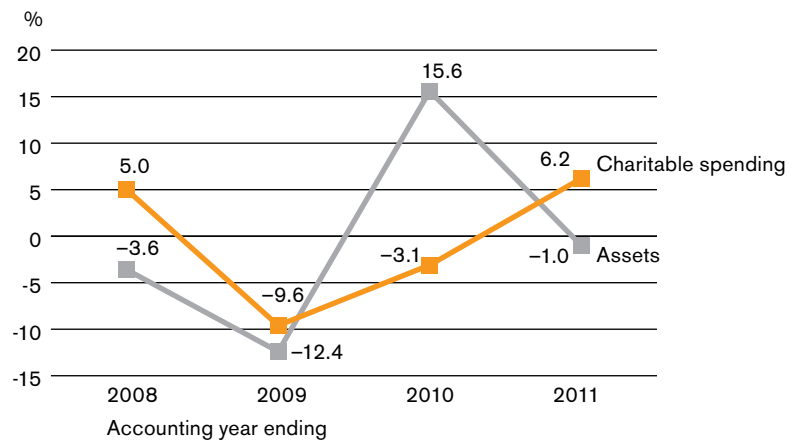
⁹ Six outlying foundations with year-on-year changes of above 200% (in absolute terms) are excluded from this graph.

This time-lag effect is not confined to recent years. Foundation decision-making has had to face considerable financial adjustments over the last five years, and an analysis of the patterns (excluding Wellcome Trust) provides insight into how foundations have responded.

Figure 8 shows:

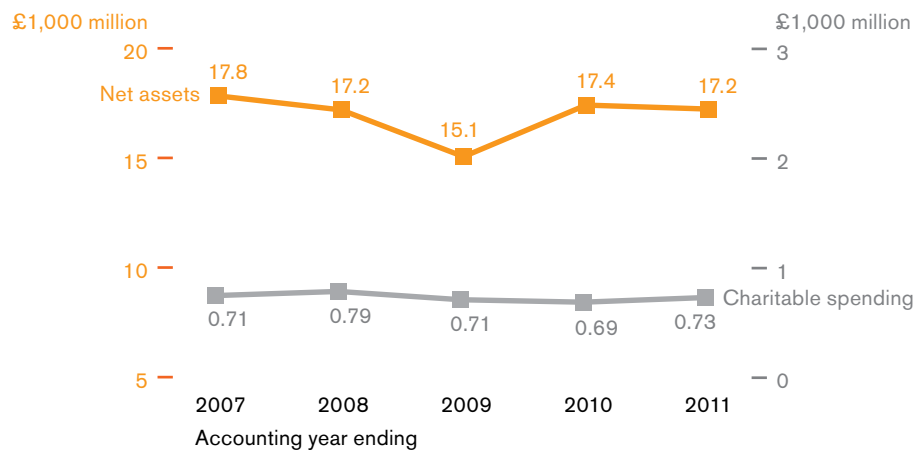
- after a rise between 2006/07 and 2007/08 of 5%, it appears the crisis had a marked impact on charitable spending in 2008/09, when it fell by 9.6%;
- spending fell again in 2009/10, after a further fall in asset values in 2008/09;
- spending rose in 2010/11 following the (short-lived) increase in asset values in 2009/10, suggesting that foundations were taking measures to pass on any increase in income to the sector as soon as possible.

Figure 8
Trends in assets and charitable spending, 2007/08 to 2010/11



The smoothing effect can be seen fairly clearly from the next graph, Figure 9, which compares the trend-lines for asset values and charitable expenditure. The spending trend-line is considerably flatter than that for asset value. This may be due to multi-year grant commitments.

Figure 9
Growth in assets and charitable spending compared, 2006/07 to 2010/11



2.5 Other family foundations

The data in this report do not provide a total account of all spending by family foundations in the UK. A number of family foundations not listed in the table – including the Calouste Gulbenkian Foundation (UK branch), the Oak Foundation, the Atlantic Philanthropies, the Edmond de Rothschild Foundations, the Adessium Foundation and the Kusuma Trust UK – have their headquarters or main office registered in other countries, but spend some of their resources in the UK.

Some major family foundation giving is carried out through intermediary donor organisations, and data are not available to include them in the table. This means that, for example, the funding of Arcadia, the conservation trust set up by Lisbet Rausing and managed through the Charities Aid Foundation, is not included.

A new listing of further family foundations whose giving is close to the lower end of the main family foundations table, or whose data were not accessed in sufficient time for inclusion in the main table, is included below. The value of giving by these trusts adds another £44 million to family foundation giving, and another £986 million to assets.

The results presented in this chapter suggest that there is little room for complacency about levels of family foundation giving. This means that promotional campaigns like Legacy10 and Give More¹⁰ have an important role. There is also a need to explore options for further policy development to maintain and stimulate giving in an ongoing environment of economic constraint.

¹⁰ Legacy10 is a campaign to promote uptake of new inheritance tax reliefs for giving introduced by the government in 2011. Give More was set up by Trevor Pears to encourage people to commit to more giving or volunteering. www.givemore.org.uk/blog/give-campaign-previews-london/

2.6 Table of the largest 100 UK family foundations (by giving), 2006/7 to 2010/11

Name	2010/11 (or previous)			2009/10 (or previous)			
	Charitable exp £m	Net assets £m	Fiscal year	Rank	Charitable exp £m	Net assets £m	Fiscal year
1 Wellcome Trust	596.9	12438.4	Sep 11	1	635.1	12740.5	Sep 10
2 The Gatsby Charitable Foundation	69.5	415.5	Apr 11	3	35.7	460.8	Apr 10
3 The Leverhulme Trust	51.0	1736.6	Dec 11	2	50.2	1587.5	Dec 10
4 Garfield Weston Foundation	40.6	4169.8	Apr 11	4	34.1	4085.8	Apr 10
5 Esmée Fairbairn Foundation	39.4	776.1	Dec 11	6	29.4	852.3	Dec 10
6 The Monument Trust	34.6	223.5	Apr 11	5	32.0	236.9	Apr 10
7 The Wolfson Foundation	30.1	659.5	Apr 11	7	28.2	652.8	Apr 10
8 The Peter Moores Charitable Trust	27.4	19.7	Apr 11	38	4.3	46.1	Apr 10
9 The Children's Investment Fund Foundation	27.3	2072.0	Aug 11	8	27.9	1768.1	Aug 10
10 The Sigrid Rausing Trust	21.3	7.9	Dec 10	9	22.2	11.7	Dec 09
11 The Tudor Trust	18.5	239.8	Mar 11	12	17.5	245.6	Mar 10
12 Paul Hamlyn Foundation	15.6	566.7	Mar 11	11	18.5	548.3	Mar 10
13 The Atlantic Charitable Trust	13.7	15.2	Dec 11	10	20.0	28.1	Dec 10
14 Christian Vision	11.7	201.2	Dec 10	14	16.4	188.7	Dec 09
15 J Paul Getty Jnr General Charitable Trust	11.6	30.9	Dec 11	16	9.5	43.1	Dec 10
16 The Robertson Trust	11.3	405.2	Apr 11	17	9.4	364.1	Apr 10
17 The Tubney Charitable Trust	11.3	9.8	Mar 11	18	7.9	20.7	Mar 10
18 Nuffield Foundation	9.2	219.7	Dec 11	15	9.6	232.4	Dec 10
19 Khodorkovsky Foundation	8.7	277.2	Dec 11	21	7.1	311.7	Dec 10
20 Pears Foundation	7.7	18.7	Mar 11	19	7.2	14.5	Mar 10
21 The Rank Foundation Limited	7.7	221.1	Dec 10	22	6.7	217.9	Dec 09
22 The Charles Wolfson Charitable Trust	7.1	147.6	Apr 11	37	4.4	137.6	Apr 10
23 The Linbury Trust	7.1	155.7	Apr 11	29	5.2	151.3	Apr 10
24 The Dr Mortimer and Theresa Sackler Foundation	6.9	21.3	Dec 10	75	2.3	11.5	Dec 09
25 Keren Association Limited	6.8	20.3	Mar 11	23	6.5	15.5	Mar 10
26 The Gannochy Trust	6.5	119.7	May 10	43	4.2	107.1	May 09
27 The Rhodes Trust	6.2	118.9	Jun 11	26	5.9	111.9	Jun 10
28 The Hintze Family Charitable Foundation	5.7	2.0	Dec 11	41	4.3	2.7	Dec 10
29 The Waterloo Foundation	5.5	121.4	Dec 10	27	5.8	110.1	Dec 09
30 The Foyle Foundation	5.4	74.1	Jun 10	30	5.0	73.0	Jun 09
31 The Jack Petchey Foundation	5.3	-0.7	Dec 11	31	5.0	0.1	Dec 10
32 The Joseph Rowntree Charitable Trust	5.2	145.7	Dec 11	28	5.8	166.2	Dec 10
33 Joseph Rowntree Foundation	5.1	233.9	Dec 11	35	4.6	260.1	Dec 10
34 Mayfair Charities Ltd	5.1	51.5	Mar 11	24	6.0	51.0	Mar 10
35 The Headley Trust	5.1	67.2	Dec 11	58	3.0	76.4	Dec 10
36 The Prince of Wales's Charitable Foundation	4.7	10.5	Mar 11	25	6.0	-0.5	Mar 10
37 Stewards Company Ltd	4.6	128.3	Jun 11	44	4.1	117.6	Jun 10
38 The John Ellerman Foundation	4.5	118.0	Mar 11	42	4.2	116.8	Mar 10
39 The Lempriere Pringle Charitable Trust	4.5	25.4	Dec 10	49	3.4	8.7	Dec 09
40 De Haan Charitable Trust	4.3	54.6	Apr 11	63	2.8	50.5	Apr 10
41 The Clore Duffield Foundation	4.3	80.7	Dec 10	32	4.9	75.0	Dec 09
42 The Westminster Foundation	4.3	34.2	Dec 11	33	4.8	37.8	Dec 10
43 The Eranda Foundation	4.2	86.8	Apr 11	39	4.3	83.2	Apr 10
44 Kay Kendall Leukaemia Fund	4.1	38.7	Apr 11	20	7.2	40.1	Apr 10
45 Henry Moore Foundation	4.1	97.6	Mar 11	50	3.4	97.4	Mar 10
46 The Sir Jules Thorn Charitable Trust	4.1	99.5	Dec 11	56	3.1	106.4	Dec 10
47 A W Charitable Trust	4.0	80.7	Jun 11	46	3.7	73.3	Jun 10
48 The Hobson Charity Limited	3.8	22.7	Apr 11	72	2.3	14.9	Apr 10
49 The Sobell Foundation	3.8	63.5	Apr 11	55	3.2	62.7	Apr 10
50 The 29th May 1961 Charitable Trust	3.7	101.5	Apr 11	47	3.7	99.2	Apr 10

2008/09 (or previous)				2007/08 (or previous)				2006/07 (or previous)			
Rank	Charitable exp £m	Net assets £m	Fiscal year	Rank	Charitable exp £m	Net assets £m	Fiscal year	Rank	Charitable exp £m	Net assets £m	Fiscal year
1	680.6	11949.0	Sep 09	1	657.8	12031.7	Sep 08	1	472.7	14364.8	Sep 07
3	50.0	465.9	Apr 09	7	30.8	464.7	Apr 08	2	117.2	380.4	Apr 07
2	53.9	1574.8	Dec 09	3	45.1	1256.1	Dec 08	3	40.4	1532.4	Dec 07
7	25.3	2894.8	Apr 09	2	51.7	3720.6	Apr 08	4	39.5	3688.3	Apr 07
8	23.5	795.7	Dec 09	9	21.5	724.8	Dec 08	6	23.3	937.8	Dec 07
5	35.2	207.6	Apr 09	12	16.3	215.1	Apr 08	63	2.5	131.8	Apr 07
4	39.2	560.9	Apr 09	4	33.8	638.5	Apr 08	5	35.5	678.0	Apr 07
20	6.9	45.4	Apr 09	34	5.8	55.4	Apr 08	7	19.7	59.0	Apr 07
10	23.1	1440.2	Aug 09	5	33.5	1555.1	Aug 08	14	10.2	801.7	Aug 07
6	28.8	30.2	Dec 08	11	17.0	60.3	Dec 07	11	14.5	70.1	Dec 06
11	16.8	204.8	Mar 09	10	19.7	273.2	Mar 08	9	17.2	307.1	Mar 07
12	13.4	466.3	Mar 09	15	14.5	513.5	Mar 08	8	19.1	548.5	Mar 07
9	23.4	39.8	Dec 09	14	14.8	58.7	Dec 08	12	12.6	66.1	Dec 07
13	13.2	187.5	Dec 08	16	13.3	200.3	Dec 07	10	15.9	187.0	Dec 06
42	4.4	48.4	Dec 09	59	3.0	44.4	Dec 08	62	2.5	57.2	Dec 07
15	9.6	340.4	Apr 09	22	8.1	320.5	Apr 08	16	8.1	274.5	Apr 07
45	3.9	28.0	Mar 09	24	7.4	29.4	Mar 08	24	5.6	36.1	Mar 07
17	8.3	205.9	Dec 09	21	9.5	191.8	Dec 08	15	9.9	254.7	Dec 07
22	6.6	301.5	Dec 09	17	10.6	292.2	Dec 08	19	6.7	315.1	Dec 07
23	6.5	15.1	Mar 09	31	6.1	13.9	Mar 08	36	4.4	13.4	Mar 07
19	7.4	189.5	Dec 08	30	6.1	243.7	Dec 07	30	4.9	241.8	Dec 06
41	4.4	127.3	Apr 09	25	7.1	152.9	Apr 08	21	6.3	160.2	Apr 07
24	5.9	140.2	Apr 09	36	5.5	159.4	Apr 08	39	3.9	219.9	Apr 07
89	1.8	11.0	Dec 08	89	1.8	5.0	Dec 07	86	1.5	3.6	Dec 06
21	6.8	15.1	Mar 09	27	6.5	19.3	Mar 08	26	5.5	17.8	Mar 07
25	5.8	104.4	May 08	26	6.8	136.3	May 07	49	3.2	104.4	May 06
29	5.2	103.7	Jun 09	37	5.3	141.4	Jun 08	33	4.5	155.3	Jun 07
97	1.5	1.0	Dec 09	42	4.4	1.5	Dec 08	61	2.5	2.0	Dec 07
35	4.8	95.1	Dec 08	93	1.6	107.3	Dec 07	N/A	N/A	N/A	N/A
26	5.6	68.5	Jun 08	33	5.9	81.4	Jun 07	29	5.0	77.0	Jun 06
58	3.0	-0.0	Dec 09	13	15.7	-2.4	Dec 08	13	12.4	5.1	Dec 07
31	5.2	150.7	Dec 09	32	6.0	117.0	Dec 08	32	4.6	191.1	Dec 07
27	5.6	235.8	Dec 09	51	3.5	201.7	Dec 08	28	5.4	269.8	Dec 07
16	8.6	51.0	Mar 09	23	7.8	65.7	Mar 08	20	6.5	83.4	Mar 07
81	2.3	69.5	Dec 09	63	2.9	61.5	Dec 08	35	4.4	78.9	Dec 07
18	7.9	2.5	Mar 09	8	22.8	2.1	Mar 08	44	3.4	5.6	Mar 07
30	5.2	104.5	Jun 09	29	6.1	121.1	Jun 08	25	5.6	131.8	Jun 07
43	4.3	92.9	Mar 09	41	4.4	110.2	Mar 08	37	4.3	116.5	Mar 07
85	2.0	7.4	Dec 08	92	1.7	5.3	Dec 07	94	1.0	3.2	Dec 06
14	11.5	45.8	Apr 09	18	10.5	58.3	Apr 08	17	7.0	63.5	Apr 07
36	4.7	76.8	Dec 08	39	4.8	83.3	Dec 07	22	6.0	68.8	Dec 06
74	2.4	35.8	Dec 09	95	1.5	30.9	Dec 08	76	1.9	38.0	Dec 07
52	3.2	82.2	Apr 09	35	5.7	87.0	Apr 08	67	2.3	67.8	Apr 07
32	5.0	36.2	Apr 09	85	2.0	50.1	Apr 08	70	2.3	57.6	Apr 07
33	5.0	81.0	Mar 09	38	4.9	101.0	Mar 08	27	5.4	108.0	Mar 07
80	2.3	96.8	Dec 09	55	3.1	79.9	Dec 08	66	2.4	107.6	Dec 07
49	3.6	61.7	Jun 09	45	4.1	54.5	Jun 08	71	2.2	49.0	Jun 07
47	3.7	0.1	Mar 09	47	4.1	0.6	Mar 08	40	3.7	0.8	Mar 07
73	2.4	49.1	Apr 09	43	4.2	59.4	Apr 08	55	2.8	63.7	Apr 07
39	4.6	82.7	Apr 09	50	3.7	82.7	Apr 08	38	4.0	113.0	Apr 07

Name	2010/11 (or previous)			2009/10 (or previous)			
	Charitable exp £m	Net assets £m	Fiscal year	Rank	Charitable exp £m	Net assets £m	Fiscal year
51 Rachel Charitable Trust	3.6	5.9	Jun 11	57	3.1	3.5	Jun 10
52 The Zochonis Charitable Trust	3.5	170.9	Apr 11	67	2.6	137.7	Apr 10
53 The Helen Hamlyn Trust	3.5	3.1	Mar 11	86	1.9	4.6	Mar 10
54 The Barrow Cadbury Trust	3.4	77.7	Jul 11	48	3.6	73.6	Jul 10
55 The Maurice and Hilda Laing Charitable Trust	3.4	36.4	Dec 11	70	2.5	34.0	Dec 10
56 Peter Harrison Foundation	3.0	53.2	May 11	85	2.0	39.4	May 10
57 The Wates Foundation	3.0	18.1	Mar 11	51	3.4	20.4	Mar 10
58 The Gosling Foundation Limited	2.9	94.5	Mar 11	87	1.9	91.2	Mar 10
59 Peter De Haan Charitable Trust	2.9	16.6	Apr 11	89	1.8	18.5	Apr 10
60 Buttle UK	2.9	42.8	Mar 11	59	3.0	40.9	Mar 10
61 The Ernest Cook Trust	2.8	86.4	Mar 11	66	2.8	84.8	Mar 10
62 The Dulverton Trust	2.8	76.0	Mar 11	65	2.8	74.5	Mar 10
63 M & R Gross Charities Limited	2.8	23.8	Mar 11	52	3.3	22.2	Mar 10
64 Maurice Wohl Charitable Foundation	2.8	82.1	Apr 11	54	3.2	80.8	Apr 10
65 The Allan and Nesta Ferguson Charitable Trust	2.8	24.3	Dec 11	60	3.0	28.5	Dec 10
66 The Childwick Trust	2.8	71.3	Apr 11	62	2.9	69.1	Apr 10
67 The Michael Uren Foundation	2.7	67.2	Apr 11	100	0.9	60.1	Apr 10
68 The Baily Thomas Charitable Fund	2.6	74.3	Sep 11	40	4.3	72.7	Sep 10
69 The Underwood Trust	2.6	30.1	Apr 11	34	4.7	32.2	Apr 10
70 Lancaster Foundation	2.6	49.6	Mar 11	74	2.3	50.1	Mar 10
71 The Dunhill Medical Trust	2.5	99.1	Mar 11	68	2.6	95.4	Mar 10
72 Bernard Sunley Charitable Foundation	2.5	85.3	Mar 11	76	2.3	80.8	Mar 10
73 The Pilgrim Trust	2.5	53.5	Dec 11	61	2.9	56.6	Dec 10
74 The Rufford Foundation	2.5	63.8	Apr 11	71	2.4	63.4	Apr 10
75 Eveson Charitable Trust	2.4	62.3	Mar 11	82	2.0	60.5	Mar 10
76 C H K Charities Limited	2.3	78.5	Jan 11	83	2.0	69.8	Jan 10
77 The Saïd Foundation	2.2	53.1	Aug 11	13	17.4	36.6	Aug 10
78 Jerusalem Trust	2.2	77.9	Dec 11	69	2.5	84.5	Dec 10
79 Hadley Trust	2.2	85.3	Mar 11	80	2.0	75.6	Mar 10
80 The Rothschild Foundation (Europe)	2.2	75.3	Dec 10	77	2.2	67.1	Dec 09
81 A M Qattan Foundation	2.1	2.8	Mar 11	95	1.6	3.6	Mar 10
82 Volant Charitable Trust	2.0	51.2	Apr 11	45	4.0	49.1	Apr 10
83 The Joseph Rank Trust	2.0	71.1	Dec 11	91	1.8	75.3	Dec 10
84 The Raphael Freshwater Memorial Association Ltd	2.0	31.7	Mar 11	36	4.4	32.1	Mar 10
85 P F Charitable Trust	2.0	95.5	Mar 11	73	2.3	92.2	Mar 10
86 Samuel Sebba Charitable Trust	1.9	56.4	Apr 11	64	2.8	39.9	Apr 10
87 The Hugh Fraser Foundation	1.9	57.3	Mar 11	94	1.6	54.4	Mar 10
88 The Paul Mellon Centre for Studies in British Art	1.8	1.6	Jun 11	78	2.1	1.4	Jun 10
89 The Beit Trust	1.8	69.7	Dec 11	90	1.8	75.2	Dec 10
90 The Beatrice Laing Trust	1.7	45.2	Apr 11	98	1.2	41.0	Apr 10
91 The Wolfson Family Charitable Trust	1.7	31.2	Mar 11	96	1.4	31.2	Mar 10
92 The Albert Hunt Trust	1.7	46.8	Apr 11	97	1.4	44.7	Apr 10
93 Cosmon (Belz) Limited	1.7	0.9	Mar 11	84	2.0	0.7	Mar 10
94 Shlomo Memorial Fund Limited	1.6	41.2	Sep 11	79	2.1	36.3	Sep 10
95 The Peacock Charitable Trust	1.6	41.2	Apr 11	92	1.7	40.7	Apr 10
96 Four Acre Trust	1.5	6.2	Mar 11	81	2.0	6.1	Mar 10
97 The Kirby Laing Foundation	1.4	46.8	Dec 10	88	1.9	41.9	Dec 09
98 The Rayne Foundation	1.4	62.4	Nov 11	99	1.1	58.6	Nov 10
99 Vardy Foundation	1.4	23.1	Apr 11	93	1.6	22.0	Apr 10
100 The Barclay Foundation	1.4	0.1	Dec 11	53	3.3	0.1	Dec 10

2008/09 (or previous)				2007/08 (or previous)				2006/07 (or previous)			
Rank	Charitable exp £m	Net assets £m	Fiscal year	Rank	Charitable exp £m	Net assets £m	Fiscal year	Rank	Charitable exp £m	Net assets £m	Fiscal year
62	2.8	3.4	Jun 09	53	3.2	11.4	Jun 08	54	2.9	8.6	Jun 07
82	2.2	76.3	Apr 09	84	2.1	92.3	Apr 08	78	1.9	87.4	Apr 07
37	4.7	4.3	Mar 09	56	3.1	5.9	Mar 08	90	1.2	5.0	Mar 07
55	3.1	59.6	Jul 09	71	2.4	80.2	Jul 08	89	1.4	83.2	Jul 07
91	1.7	33.7	Dec 09	82	2.2	31.7	Dec 08	83	1.6	35.4	Dec 07
34	4.9	30.2	May 09	68	2.6	30.3	May 08	81	1.8	30.7	May 07
59	3.0	20.1	Mar 09	64	2.9	32.3	Apr 08	65	2.4	35.3	Apr 07
61	2.8	17.6	Mar 09	86	1.9	92.4	Mar 08	51	3.1	94.6	Mar 07
64	2.7	16.3	Apr 09	87	1.9	23.3	Apr 08	60	2.6	24.5	Apr 07
57	3.1	34.2	Mar 09	60	3.0	45.5	Mar 08	58	2.8	48.3	Mar 07
51	3.3	75.8	Mar 09	52	3.3	82.2	Mar 08	59	2.7	82.8	Mar 07
50	3.4	58.5	Mar 09	65	2.9	79.7	Mar 08	52	3.0	86.6	Mar 07
54	3.2	27.0	Mar 09	54	3.1	26.0	Mar 08	50	3.2	24.8	Mar 07
71	2.5	72.0	Apr 09	20	9.8	63.8	Apr 08	98	0.1	17.7	Apr 07
48	3.7	26.2	Dec 09	49	3.8	23.3	Dec 08	43	3.5	39.5	Dec 07
65	2.6	57.7	Apr 09	61	3.0	68.9	Apr 08	53	2.9	73.6	Apr 07
72	2.5	40.6	Apr 09	79	2.2	56.3	Apr 08	96	0.6	65.0	Apr 07
38	4.7	72.0	Sep 09	46	4.1	71.0	Sep 08	31	4.6	87.8	Sep 07
86	1.9	36.1	Apr 09	96	1.2	34.8	Apr 08	95	1.0	34.7	Apr 07
84	2.2	50.5	Mar 09	44	4.2	50.7	Mar 08	57	2.8	53.4	Mar 07
56	3.1	74.6	Mar 09	58	3.1	86.1	Mar 08	48	3.2	89.6	Mar 07
70	2.5	58.5	Mar 09	80	2.2	76.0	Mar 08	77	1.9	84.6	Mar 07
76	2.4	53.2	Dec 09	76	2.3	47.5	Dec 08	41	3.6	61.9	Dec 07
28	5.3	60.8	Apr 09	6	31.5	64.8	Apr 08	23	5.9	93.1	Apr 07
78	2.3	50.8	Mar 09	70	2.5	71.8	Mar 08	73	2.2	74.1	Apr 07
94	1.6	59.4	Jan 09	77	2.3	71.2	Jan 08	75	2.1	71.9	Jan 07
67	2.6	27.3	Aug 09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
66	2.6	76.3	Dec 09	75	2.3	67.1	Dec 08	79	1.9	85.3	Dec 07
83	2.2	62.2	Mar 09	73	2.3	69.4	Mar 08	72	2.2	69.2	Mar 07
44	4.0	60.2	Dec 08	48	3.9	72.2	Dec 06	42	3.5	68.2	Dec 07
98	1.4	3.7	Mar 09	97	1.2	2.8	Mar 08	92	1.1	3.0	Mar 07
46	3.7	38.4	Apr 09	40	4.5	49.0	Apr 08	64	2.5	41.1	Apr 07
75	2.4	69.2	Dec 09	78	2.2	61.9	Dec 08	68	2.3	78.1	Dec 07
53	3.2	58.9	Mar 09	83	2.1	38.5	Mar 08	46	3.2	47.8	Mar 07
60	2.9	80.2	Mar 09	67	2.7	100.0	Mar 08	34	4.5	101.4	Mar 07
63	2.7	41.8	Apr 09	69	2.5	56.3	Apr 08	47	3.2	54.9	Apr 07
96	1.5	42.3	Mar 09	98	1.1	51.9	Mar 08	88	1.4	52.1	Mar 07
79	2.3	1.7	Jun 09	90	1.8	1.5	Jun 08	87	1.5	1.3	Jun 07
92	1.7	70.1	Dec 09	88	1.8	57.5	Dec 08	80	1.8	73.0	Dec 07
100	1.0	33.8	Apr 09	99	1.0	41.2	Apr 08	93	1.0	40.4	Jan 07
87	1.8	28.5	Mar 09	19	10.5	28.6	Mar 08	45	3.3	37.7	Feb 07
95	1.6	34.1	Apr 09	94	1.6	44.5	Apr 08	91	1.1	45.1	Mar 07
40	4.5	0.8	Mar 09	28	6.3	0.7	Mar 08	18	7.0	0.8	Apr 07
68	2.6	31.4	Sep 09	57	3.1	35.2	Sep 08	56	2.8	41.5	May 07
88	1.8	34.0	Apr 09	91	1.7	39.1	Apr 08	82	1.7	41.3	Jun 07
69	2.5	6.3	Mar 09	72	2.3	9.7	Mar 08	74	2.2	2.2	Jul 07
90	1.7	43.9	Dec 08	66	2.8	55.5	Dec 07	84	1.6	57.5	Aug 06
99	1.4	52.8	Nov 09	81	2.2	39.2	Nov 08	69	2.3	63.1	Sep 07
93	1.7	22.5	Apr 09	62	3.0	20.6	Apr 08	85	1.6	22.7	Oct 07
77	2.4	0.1	Dec 09	74	2.3	0.0	Dec 08	97	0.3	0.2	Nov 07

2.7 Additional UK family foundations, 2010/11

	<i>Year End</i>	<i>Giving £m</i>	<i>Net Assets £m</i>
The Roddick Foundation	Mar 11	1.924	22.98
The Carnegie UK Trust	Dec 10	1.636	32.86
The Peter Cruddas Foundation	Mar 10	1.546	2.37
The Wood Family Trust	Mar 11	1.461	45.197
The Parthenon Trust	Dec 10	1.363	-0.131
The Harold Hyam Wingate Foundation	Apr 11	1.340	9.26
Mrs L D Rope Third Charitable Settlement	Apr 11	1.323	52.59
John James Bristol Foundation	Sep 11	1.277	48.50
The Charles Hayward Foundation	Dec 11	1.275	49.32
Reuben Foundation	Dec 10	1.270	66.26
The F Glenister Woodger Trust	Apr 11	1.256	32.36
True Colours Trust	Apr 11	1.237	10.40
The William Leech Foundation Trust	Mar 11	1.195	27.07
The Ashden Charitable Trust	Apr 11	1.173	29.00
The Archie Sherman Charitable Trust	Apr 11	1.092	20.09
The James Dyson Foundation	Mar 11	1.092	1.40
The Sir James Knott Trust	Mar 11	1.073	40.07
The Maurice Hatter Foundation	Apr 11	1.058	5.34
R L Glasspool Charity Trust	Mar 11	1.045	31.02
The R and S Cohen Foundation	Dec 10	1.002	8.05
Teresa Rosenbaum Golden Charitable Trust	Mar 11	1.000	35.50
The Bowland Charitable Trust	Dec 10	0.981	9.30
Samworth Foundation	Apr 11	0.949	11.38
The Sir James Reckitt Charity	Dec 10	0.925	27.65
The Sutton Trust	Dec 10	0.867	0.89
The Bowland Charitable Trust	Dec 10	0.865	9.30
Sir Halley Stewart Trust	Mar 11	0.849	24.30
The Percy Bilton Charity	Mar 11	0.819	19.63
The H D H Wills 1965 Charitable Trust	Mar 11	0.818	55.99
John Moores Foundation	Apr 11	0.783	24.00
The Jane Hodge Foundation	Oct 10	0.751	27.74
John Marshall's Charity	Dec 11	0.749	16.37
Donald Forrester Trust	Apr 11	0.745	7.96
The Bluston Charitable Settlement	Apr 11	0.742	8.65
The Allen Lane Foundation	Mar 11	0.725	16.73
Catherine Cookson Charitable Trust	Apr 11	0.702	24.29
John and Lucille Van Geest Foundation	Mar 11	0.669	33.22
The Mary Kinross Charitable Trust	Mar 11	0.586	28.44
Kennedy Leigh Charitable Trust	Mar 11	0.559	17.79
The Jerwood Charitable Foundation	Dec 10	0.444	27.02
A S Hornby Educational Trust	Mar 11	0.405	5.50
The Alan and Babette Sainsbury Charitable Fund	Apr 11	0.304	13.63
The Clara E Burgess Charity	Oct 10	0.277	10.59
The Alan Edward Higgs Charity	Apr 11	0.236	19.12
The Manoukian Charitable Foundation	Dec 11	0.202	0.04
The Vernon Ellis Foundation	Apr 11	0.168	1.80
The Francis C Scott Charitable Trust	Dec 10	0.065	28.14
The Three Guineas Trust	Apr 11	0.044	14.66
The Hunter Foundation	Mar 10	1.800	2.70
The David & Elaine Potter Charitable Foundation	Dec 10	-0.320	21.84

3

UK and US comparison – family foundation giving 2010/11

International comparison helps to put the findings about UK family foundations in context and understand trends. Previous research in this series established that the US is the only other country publishing standardised annual data on family foundation spending, and this chapter briefly compares US and UK family foundation giving.¹¹

Family foundations occupy a large place in the giving landscape of the US. The scale of their giving, as in the UK, has grown partly through existing foundations whose endowments have seen increases in value not necessarily anticipated by their founders when they were set up, and partly through new gifts attracted through innovative and flexible vehicles for giving.¹² Many new family foundations have been created in recent decades in the US, and between 2002 and 2012 the number grew from over 29,000 to 39,000; the value of their giving has grown by one-third in real terms.¹³

Data on the top 100 US family foundations were once again supplied for this report by the US Foundation Center, and a table of these foundations, ranked by their giving, is set out at the end of this section.¹⁴ Although both US and UK tables provide updated figures for each foundation on last year's report, the UK table contains a higher proportion of accounts for 2011 than the US table does. Where this affects the interpretation of comparative results, this is noted.

3.1 Comparing the UK with the US

There are now 38,671 family foundations in the US¹⁵, one third created after 2000. Sadly we do not have equivalent data on the creation of new UK foundations although, as the tables in the last chapter bear witness, many new UK family foundations have been emerging around this period. While there are no figures for family foundations in the UK, estimates suggest that there are around 10,000 general foundations in total.¹⁶ In spite of these major differences of scale between the UK and the US, however, it is useful to compare trends in the value of giving and funds in the two countries, both of which have suffered severe economic turbulence over the last few years.

¹¹ C Pharoah and C Keidan *Family Foundation Giving 2009* Alliance Publishing Trust, London.

¹² www.ncfp.org/topics/creating_a_family_philanthropy

¹³ See figures in Foundation Center (2012) *FC Stats – Grantmaker* http://foundationcenter.org/findfunders/statistics/gm_agg.html

¹⁴ A few foundations included last year do not appear here as updated figures were not available at the time of publication: some very large ones are still included to avoid a gap that would distort trends.

¹⁵ Foundation Center (2012) *Key Facts on Family Foundations*.

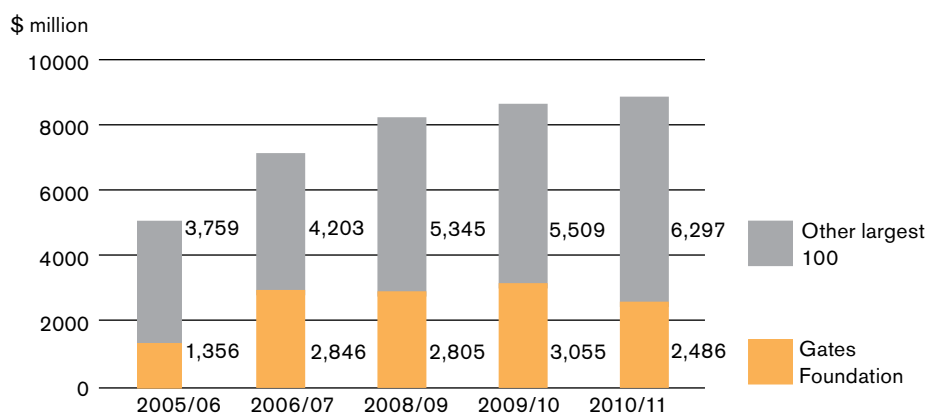
¹⁶ Although the Charity Commission Register provides information on charities that make grants as part of their operating activity, there is no data on the number of UK foundations whose principal activity is grantmaking. Using figures compiled in *Charity Trends 1997* by Cathy Pharoah and published by CAF, it is estimated there are approximately 10,000 such foundations. No more recent surveys are available.

3.2 Levels of giving and of assets, 2010/11

The top 100 family foundations gave \$8.8 billion in 2010/11. (It should be noted that the US table in this report contains some 2011 accounts, though the majority are 2010). Unsurprisingly, given the comparative scale of the US and the UK populations and economies, giving by the largest 100 US family foundations is currently worth around four times that in the UK.

This is partly because of the presence of the uniquely large Bill and Melinda Gates Foundation in the US table. The story of recent US giving has been dominated by the Gates Foundation, whose giving in 2010/11 represented 28% of the total for the largest 100 US foundations. Its share fell in this year, as can be seen in Figure 10, which shows the value of the separate contributions of Gates as well as the totals for the top 100 over the last five years.

Figure 10
Trends in giving of Gates and of other top 100 family foundations (unadjusted)



* **Note** There is a two-year gap in this data series between 2006/07 and 2008/09

While the total giving of the top 100 US family foundations has continued to grow since 2005/06, it is reported that all family foundation giving has not yet returned to its pre-recession peak of \$21.1 billion in 2008.¹⁷ This finding is consistent with the picture found for the UK, which also shows that family foundation giving in 2011 has not returned to pre-recession levels.

3.3 Family foundation giving as percentage of GDP, UK and US

How much does family foundation giving represent in terms of the wider economy? In the UK its value as a percentage of GDP stayed at the same 0.09% level as last year, and in the US it stayed at the same 0.06%.¹⁸ This static picture suggests that the value of family foundation giving continues to be directly linked to trends in the wider economy.

¹⁷ Foundation Center (2012) *Key Facts on Family Foundations*.

¹⁸ GDP data extracted from World Bank, World Development Indicators <http://search.worldbank.org/data?qterm=GDP&language=EN>

¹⁹ Currency converted using OANDA <http://www.oanda.com/currency/historical-rates/>

Figure 11**Giving as a percentage of GDP, 2010/11**

	<i>UK £ billion</i>	<i>US \$ billion</i>
Total giving, 100 largest family foundations	1.329	8.783
GDP 2011	1,517 ¹⁹	15,094
Giving, 100 largest family foundations, as % GDP	0.09%	0.06%

3.4 Annual change in UK and US giving and assets

Giving

From the results set out in Figure 12 it can be seen that while the giving of the largest 100 family foundations fell in 2011 by 1.8%, the most recent data for their US counterparts show a rise of 1.6%. This finding of a small growth for the US is consistent with the US Foundation Center report that all family foundation giving grew by just over 1% in 2010.

The seeming contrast with trends in the UK disappears when the Wellcome Trust is excluded from the UK figures. Without Wellcome, the giving of other top UK family foundations actually shows a rise of 6%, reflecting the uplift in the asset values of the previous year.

Assets

With evidence in the previous section of a time-lagged relationship between asset values and giving, what do the most recent trends in assets suggest might happen to giving next year? A different picture emerges for each of the two countries. US figures show a robust real rise of 8% in the value of the assets of the top 100 family foundations, while figures for the UK show a fall of 3.5%. The most likely explanation for this is that the UK data contain a very high proportion of 2011 accounts, and reflect much weaker economic growth in 2011. The value of assets in the US accounts still reflects the economic uplift seen in 2010.

3.5 Conclusions from the UK/US comparison

The US and UK comparison reveals that family foundation giving in both countries has a broadly similar 'shape', dominated by one uniquely large foundation, and a small number of other very large foundations whose presence skews the overall figures. This skew sometimes leads commentators to view the whole family foundation sector as very large, although in practice the vast majority of family foundations are quite small.

Both countries have seen the private wealth earned over the last few decades lead to the growth of new family foundations.

The annual trends in giving and assets appear to reflect trends in the wider economies of the two countries, with a rise or fall in assets in one year reflected in foundation giving the following year.

The proportion of GDP represented by family foundations is of a similar order, though it is higher in the UK than in the US, where corporate foundations are a larger part of the picture.

Figure 12 Annual trends in giving and assets, UK and US family foundations, 2010/11²⁰

	UK £ million			US \$ million		
	2009/10 (adjusted)	2010/11	Real change	2009/10 (adjusted)	2010/11	Real change
Giving of the largest 100 family foundations	1,353	1,329	-1.8%	8,641	8,783	1.64%
Assets of the largest 100 family foundations	30,730.4	29,666.4	-3.5%	105,893	114,463	8%
Family foundations as % of all foundation giving (estimate) ²⁰	83%	74%		15%	17%	

3.6 Family foundations in other countries

Many foundation directories for different countries and regions have been published, and these are usefully summarised by the US Foundation Center.²¹

As noted above, however, few published data are available on family foundation giving in other countries comparable to the US and UK studies, although there are many strong traditions of giving through family foundations.

The European Foundation Centre (EFC) compiled data on foundations in 15 European countries in 2008, although varying definitions of foundation were used depending on practice within different countries. Many are operating rather than grantmaking, and type of foundation is not identified in the data.²²

More comparative research on the spending of family foundations in European countries could make a valuable contribution to an understanding of European philanthropy.

The lack of mandatory reporting requirements means that the ability to obtain and publish relevant other European data is limited. Social democratic traditions have led to a stronger political emphasis on public redistribution of wealth, and less interest in institutions such as private foundations. In the US, by contrast, there is a strong culture in which major philanthropy is expected, publicly acknowledged and celebrated. It also has the highest level of charitable tax reliefs.

Sweden

The EFC Foremap study of research funding by foundations provides data on grantmaking foundations in Sweden, where it is estimated that there are around 9,500.²³ Swedish foundations have a spending requirement of 80% of earned income over a 5-year period in order to remain exempt from tax.

Germany

A previous report in this series, carried out with European research partners, tried to provide a comparison of the largest 100 family foundations in the UK, Germany, Italy and

²⁰ Pharoah et al (2011) *Family Foundation Giving Trends 2011*, Alliance Publishing Trust, London.

²¹ <http://foundationcenter.org/getstarted/topical/international.html>

²² www.efc.be/NewsKnowledge/Pages/FoundationsInTheEU/ComparativeMapOfFoundationSectorEU.aspx

²³ EFC (2009) *Understanding European Research Foundations: Findings from the Foremap Project* Alliance Publishing Trust, London.

the US.²⁴ Considerably more information was available in Germany than in Italy. The giving of the largest 100 German family foundations was estimated at €725 million for 2008, equal to 42% of the UK figure.

- Italy** It was estimated that the total giving of 90 family foundations in Italy was around €90 million, through they were not necessarily the largest.
- Spain** A study in Spain has identified 55 family foundations related to family business activities, the majority created by family members from one family, and not by the business.²⁵ It was not possible to collect financial data but the researchers concluded that, unusually for Spain, family foundations generally had an international outlook, and were committed to entrepreneurship and collective action.
- Switzerland** It has recently been estimated that there are 12,715 grantmaking foundations in Switzerland, though there are no specific data for family foundations. Swiss foundations are reported to have assets of CHF 70 billion.²⁶ It is possible that Switzerland has a large family foundation sector, with many of those foundations operating in more than one country.
- Other** A report highlighting patterns in family philanthropy in Asia was published last year, which shows that while there are some long-standing family foundations, stronger interest in creating a foundation vehicle for family giving is just beginning to emerge. Corporate foundation giving vehicles play an important role in family business philanthropy.²⁷

²⁴ C Pharoah (2009) *Family Foundation Philanthropy 2009* Alliance Publishing Trust, London.

²⁵ M Rey, N Puig (2010) *Understanding the organised philanthropic activity of entrepreneurial families* Business History Conference 2010, Spain.

²⁶ B Eckhardt, D Jakob and G von Schnurbein (2012) *Der Schweizer StiftungsReport 2012* CEPS, University of Zurich, Swiss Foundations. <http://www.swissfoundations.ch/de/der-schweizer-stiftungsreport>

²⁷ *UBS-INSEAD Study on Family Philanthropy in Asia* UBS Philanthropy Services/INSEAD, 2011.

3.7 Table of largest 100 US family foundations, 2010/11

	<i>Foundation</i>	<i>Total Giving\$*</i>	<i>Assets \$</i>	<i>Fiscal Date</i>
1	Bill & Melinda Gates Foundation	2,486,342,209	37,430,150,458	Dec 10
2	Walton Family Foundation, Inc.	1,479,636,053	1,282,168,113	Dec 10
3	The David and Lucile Packard Foundation	262,445,606	6,100,637,478	Dec 10
4	Gordon and Betty Moore Foundation	249,165,846	5,585,288,763	Dec 10
5	The Susan Thompson Buffett Foundation	247,394,595	2,584,393,426	Dec 10
6	Lilly Endowment Inc.	210,332,045	5,184,625,647	Dec 10
7	Foundation to Promote Open Society	210,255,130	2,817,446,416	Dec 10
8	The Simons Foundation	132,374,789	1,862,188,781	Dec 10
9	Eli & Edythe Broad Foundation	120,741,276	1,689,096,798	Dec 10
10	The Bloomberg Family Foundation, Inc.	107,989,685	2,734,103,737	Dec 10
11	Conrad N. Hilton Foundation	99,070,768	2,140,385,894	Dec 10
12	The McKnight Foundation	96,686,000	2,014,523,000	Dec 10
13	The Michael and Susan Dell Foundation	93,673,023	934,701,114	Dec 10
14	Robertson Foundation	88,905,745	874,038,503	Nov 10
15	The John Merck Fund	86,353,415	85,277,156	Dec 10
16	Richard King Mellon Foundation	85,869,711	2,018,377,846	Dec 10
17	The Sherwood Foundation	82,016,449	161,103,598	Dec 10
18	The William Penn Foundation	81,719,258	3,987,087,217	Dec 10
19	Howard G. Buffett Foundation	75,833,873	226,205,520	Dec 10
20	Annenberg Foundation	74,728,193	1,718,656,943	Jun 11
21	John Templeton Foundation	66,160,261	1,939,387,570	Dec 10
22	Tosa Foundation	65,826,351	549,604,936	Dec 10
23	The Heinz Endowments	57,724,243	1,470,209,104	Dec 10
24	Richard O. Jacobson Foundation, Inc.	56,057,510	5,027,006	Oct 11
25	Bernard Osher Foundation	53,659,196	104,840,671	Dec 10
26	Druckenmiller Foundation	53,493,186	852,353,119	Nov 11
27	The Richard and Helen DeVos Foundation	52,596,202	97,213,210	Dec 10
28	W. M. Keck Foundation	52,177,993	1,022,800,000	Dec 11
29	The Robert W. Wilson Charitable Trust	50,080,724	51,298,341	Dec 10
30	Turner Global Foundation, Inc.	50,000,000	179,302,406	Dec 10
31	The Brown Foundation, Inc.	49,970,108	1,115,833,756	Jun 11
32	NoVo Foundation	49,221,448	255,335,455	Dec 10
33	Barr Foundation	46,957,501	1,134,513,133	Dec 10
34	The Anschutz Foundation	42,806,002	1,133,090,471	Nov 10
35	The Oak Foundation U.S.A.	42,716,398	175,587,612	Dec 10
36	The J. E. and L. E. Mabee Foundation, Inc.	41,487,485	768,175,002	Aug 11
37	The Edna McConnell Clark Foundation	41,015,839	831,854,466	Sep 11
38	Wayne & Gladys Valley Foundation	40,897,055	506,478,375	Sep 11
39	The Marcus Foundation, Inc.	40,430,393	136,565,122	Dec 10
40	Richard and Rhoda Goldman Fund	39,848,325	286,842,100	Dec 10
41	Surdna Foundation, Inc.	38,369,542	867,363,679	Jun 11
42	The Ahmanson Foundation	37,272,350	938,736,097	Oct 11
43	Charles and Lynn Schusterman Family Foundation	36,722,715	69,086,964	Dec 10
44	The Marisla Foundation	36,529,000	66,491,719	Dec 10
45	Steven A. and Alexandra M. Cohen Foundation	34,991,379	2,606,062	Dec 10
46	S.D. Bechtel, Jr. Foundation	33,290,043	270,196,380	Dec 10
47	O'Donnell Foundation	32,954,172	113,774,646	Nov 09
48	The Moody Foundation	32,592,016	1,175,095,528	Dec 10
49	Longwood Foundation, Inc.	32,381,780	516,022,605	Sep 11
50	Knight Foundation	29,810,234	104,421,980	Dec 09
51	Leon Levy Foundation	29,762,232	505,161,387	Dec 10
52	Arthur S. DeMoss Foundation	29,019,048	214,230,613	Dec 10
53	Ann and Robert H. Lurie Foundation	28,745,000	6,199,676	Dec 10

	<i>Foundation</i>	<i>Total Giving\$*</i>	<i>Assets \$</i>	<i>Fiscal Date</i>
54	Hall Family Foundation	28,665,526	816,078,893	Dec 10
55	J. A. & Kathryn Albertson Foundation, Inc.	28,585,656	586,286,375	Dec 10
56	The Rees-Jones Foundation	27,466,250	324,917,887	Dec 10
57	Edward C. Johnson Fund	27,135,468	401,644,407	Dec 10
58	Ann and Bill Swindells Charitable Trust	27,082,786	76,421,855	Dec 10
59	Laura and John Arnold Foundation	26,072,522	711,626,515	Dec 10
60	Hess Foundation, Inc.	25,860,265	667,248,817	Nov 10
61	The William and Sue Gross Family Foundation	25,806,887	329,912,352	Dec 10
62	Evelyn and Walter Haas, Jr. Fund	25,151,215	484,856,814	Dec 10
63	The Carson Family Charitable Trust	24,713,576	4,443,333	Dec 10
64	The Pershing Square Foundation	24,566,414	85,552,602	Sep 11
65	George S. and Dolores Dore Eccles Foundation	23,731,582	395,439,032	Dec 09
66	Arie and Ida Crown Memorial	22,895,293	470,489,043	Dec 10
67	Klarman Family Foundation	22,624,512	286,011,583	Dec 10
68	The Nathan Cummings Foundation	22,206,359	428,687,478	Dec 10
69	The Sorenson Legacy Foundation	21,827,533	540,414,148	Dec 10
70	Circle of Service Foundation	21,715,637	483,788,998	Dec 10
71	The Meadows Foundation, Inc.	21,662,218	720,435,662	Dec 10
72	Polk Bros. Foundation, Inc.	21,609,658	364,246,273	Aug 11
73	The Wyncote Foundation	21,479,747	539,479,428	Dec 10
74	The George Gund Foundation	21,340,106	422,297,409	Dec 11
75	The Ford Family Foundation	21,177,115	745,185,712	Dec 10
76	The Wyss Foundation	21,147,628	129,668,905	Dec 10
77	Windgate Charitable Foundation, Inc.	20,992,049	90,821,442	Dec 10
78	The Manton Foundation	20,891,677	527,045,325	Dec 10
79	Omidyar Network Fund, Inc.	20,615,982	271,603,906	Dec 10
80	Mathile Family Foundation	20,086,768	275,708,048	Nov 10
81	F. M. Kirby Foundation, Inc.	20,050,453	388,601,761	Dec 11
82	McCune Foundation	19,635,510	398,611,673	Sep 10
83	The Monteforte Foundation, Inc.	19,579,046	27,264,818	Aug 11
84	The Robert Kravis and Kimberly Kravis Foundation	18,454,820	14,971,637	Nov 10
85	Smith Richardson Foundation, Inc.	18,353,795	471,098,816	Dec 10
86	The J. Willard and Alice S. Marriott Foundation	18,159,709	403,342,137	Dec 11
87	The Grainger Foundation Inc.	18,037,746	170,193,291	Dec 10
88	Park Foundation, Inc.	17,879,796	315,477,212	Dec 10
89	The Goizueta Foundation	17,335,463	548,269,105	Dec 10
90	S & G Foundation, Inc.	16,880,299	346,200,319	Jun 10
91	Adelson Family Foundation	16,813,105	49,142	Dec 10
92	Gates Family Foundation	16,781,121	352,093,649	Dec 11
93	Carl and Eloise Pohlad Family Foundation	16,724,195	105,947,961	Dec 10
94	Robert H. Smith Family Foundation	16,667,520	8,362,108	Nov 10
95	Singh Family Foundation	16,544,455	7,615,107	Oct 10
96	Rasmuson Foundation	16,416,225	484,048,015	Dec 10
97	The Lerner Foundation	16,321,543	10,523,556	Dec 11
98	The Gottesman Fund	16,255,781	279,198,082	Aug 11
99	Larry Robbins Foundation	16,086,348	38,933,073	Dec 10
100	The Tabasgo Foundation	16,060,026	15,245,628	Dec 10

Source: The Foundation Center, 2012. Based on a subset of family foundations identified by the Foundation Center using subjective and objective criteria. Sources of data for private and community foundations include IRS information returns (Form 990-PF), foundation reports, and information reported to the Foundation Center on annual surveys of foundations with assets of at least \$100,000 or giving of \$50,000 or more.

* Includes grants, scholarships, and employee matching gifts; excludes set-asides, loans, PRIs, and program expenses.

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4

What causes are supported by UK family foundations?

4.1 The value of an analysis of grants and spending

How family foundations allocate their funding is an under-researched question in the UK. While various directories indicate what individual foundations are willing to fund, or details of previous spending,²⁸ these data are not compiled into a collective picture. However, as social expectations of philanthropy grow, and government policy increasingly aims to encourage giving, such data are vital to inform future decision-making and create a robust evidence base. This is particularly important at a time of economic constraint, when there is going to be increasing competition for funds and when foundations will be faced with funding gaps that arise directly from government spending reductions. Some hard choices and decisions will have to be made. It is now fairly clear from this research series that family foundation giving is in itself affected by the economic climate, and does not have a linear growth trend.

Is the distribution of family foundation spending in the UK, for example, similar to that in the US? A recent study shows that health received the highest amount of US family foundation funding overall in 2010,²⁹ followed by education and then human services.³⁰ In three out of the four major geographic regions, however, the top priority was education. Is this the pattern of grant distribution that we would expect or even like to see in the UK? This chapter reports the results of a new survey and analysis of grant distribution and charitable spending specifically carried out for this year's report on family foundation giving.

4.2 How spending was analysed

Sources of data

Many individual annual reports provide a wealth of detail on foundation spending, including grants listings and/or breakdown of grants and other spending by category. These provided the main source of data for this section. Where little detail was given, best estimates of spending allocations were made from the narrative text in annual reports, websites and other documentation.

Sample of foundations

The sample for the analysis was the charitable spending of the largest 100 family foundations in 2010/11. There are a few minor discrepancies between the table published in the report and the sample available at the time of the analysis.

²⁸ See, for example, *The Guide to the Major Trusts 2012/2013* DSC London/ Liverpool.

²⁹ Based on all grants of \$10,000 or more awarded by 605 larger family foundations.

³⁰ Human services includes crime, justice, legal services, employment, food, housing, disaster, youth development and human services-multipurpose <http://foundationcenter.org/gainknowledge/grantsclass/>

Classification of grants and other charitable expenditure

Individual foundations classify grants in different ways and vary in the detail they provide on their spending. As the sample was relatively small, a single classification system was needed, which balanced a top-level approach with allowing for sufficient detail to be useful. For the purposes of this research, a classification system of charitable causes was specially adapted from a standard model used in international comparative research by the Charity Commission and many other research projects.³¹ In practice, there was a high degree of overlap between the classification developed for the research and the categories used in annual reports. In a few instances, grants and spending data in annual reports were reclassified to maintain consistency, and some grants lists had to be classified. In classifying the work of foundations, attention was paid to their overall aims and contribution, whether through grants, specialised internal foundation expertise, operating programmes and 'grants plus' capacity-building support. It is important to be aware, however, that objectives and causes can be classified in different ways, and yield somewhat different results. For example, heritage grants may be about the environment or conservation per se, and grants to groups such as ex-offenders could have a social welfare or a social justice emphasis.

Twelve top-level categories were used, with only education and health further sub-divided: they are set out below, and some examples are provided, though these are not exclusive:

- Arts & culture (*museums, national arts/culture facilities and some specialised ones eg for young people*);
- Economic/social development (*public infrastructure, housing, empowerment of specific groups such as poor, elderly, women*);
- Education (*higher, including bursaries*); Education (*informal*); Education (*primary/secondary*);
- Environment & conservation (*churches, historic buildings, natural environment, bio-diversity*);
- Health (*prevention*); Health (*research*); Health (*services & care*);
- Peace & conflict resolution (eg Israel and Middle East, N Ireland);
- Philanthropy & civil society (*sector capacity, research and policy, family and community safety and values*);
- Religion & promotion of faith (*missionary, advancement of faith, religious education*);
- Social justice & human rights (*democracy, equality, legal and human rights, tackling discrimination and human trafficking*);
- Social welfare (*disadvantaged groups, drugs and alcohol, community facilities, financial exclusion*);
- Training & skill development (*leadership, citizenship, professional development*);
- Other (*mainly where no detail provided*).

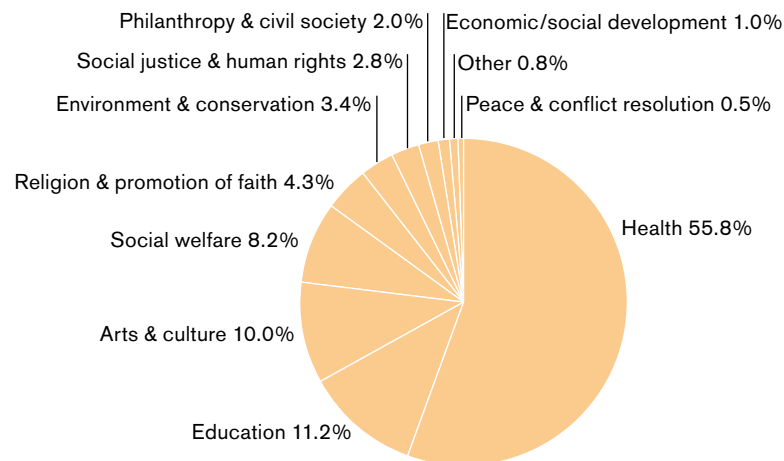
4.3 The picture of family foundation spending

Grants to the value of £1.3 billion were analysed. As in the US, the picture of charitable spending by the largest family foundations in the UK appears to be dominated by health

³¹ See for example, L Salamon et al (1999) *Global Civil Society*, Johns Hopkins University; J Vincent and C Pharoah (2000) *Patterns of Independent Grant-making in the UK*, CAF; Pharoah et al (2011), *Global Grant-making*, Nuffield Foundation 2011.

and biomedical causes and research, which represent 56%. (See Figure 13.) However, as noted elsewhere in this report, this picture emerges because the huge Wellcome Trust skews the figures.

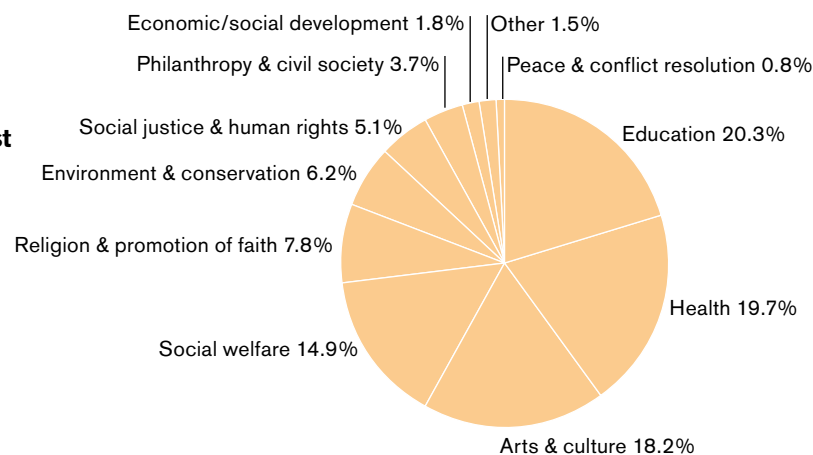
Figure 13
Top-level distribution
of grants (%) in the UK,
by causal area



When figures for Wellcome are excluded, a very different picture emerges, as shown in Figure 14. Education emerges as the top spending area at 20.3%, closely followed by health at 19.7% and arts & culture at 18%. It is interesting, however, that even excluding Wellcome's data, health and biomedical causes and research remain a high priority in the UK.

The pre-eminence of education in the UK also follows the pattern in the US, where education is the top priority for the largest family foundations in the northeast, midwest and south.

Figure 14
Top-level distribution
of grants (%) in the UK,
excluding Wellcome Trust



4.4 Arts and culture spending

The evidence suggests that arts and culture are a particularly high priority for UK family foundations. For example, compared with 18% in the UK, arts and culture spending by large US family foundations ranges from 6% to 13% across the four US regions.³² The

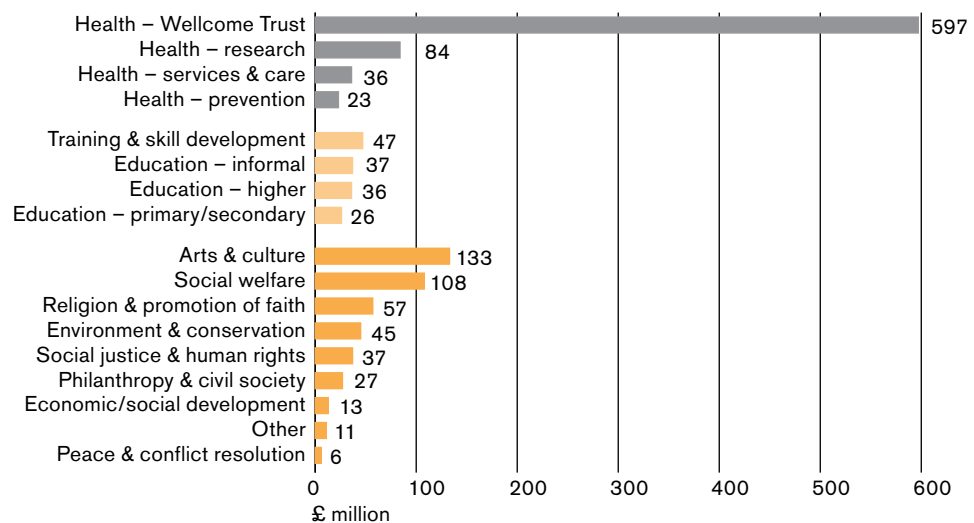
³² Foundation Center (2012) *Key Facts on Family Foundations*.

Foundation Center also notes that amongst US family foundations, arts and culture have a lower level of priority than amongst foundations generally.

While we do not have comparative figures for family and other foundations in the UK, there are indications in other research that arts and culture may be a higher priority for family foundations than for foundations generally. For example, a new report has estimated that trusts and foundations in total gave £170 million to arts and culture in the UK,³³ a figure that has increased compared to the previous year. The results reported in Figure 15 show that family foundations in the UK gave around £133 million to arts and culture in 2010/11, which would represent more than three-quarters of all foundation support to this area (78%). Other evidence comes from an earlier and unique analysis of grants by all foundations in the UK,³⁴ which showed that, after excluding Wellcome, giving to arts and culture represented just 12% of grant spending.

Because support for arts and culture often comes in the form of major capital investments, it is important to be aware that spending in any one year can be influenced by a major grant such as, for example, the Peter Moores gift to Compton Verney in 2010/11. The research estimated that at least five foundations made total investments of £10 million or more in arts and culture, while other individual fields appeared at most to have attracted just two.

Figure 15
Detailed distribution
of grants in the UK
by value



4.5 Patterns in spending by cause

As Figure 15 above shows, even after excluding Wellcome, health and biomedical research still attracted the third highest amount of funding at £84 million. (See also Figure 23, where all causes are ranked by spending.) Much of this work is carried out within the UK's research and higher education institutes, so when such funding is seen together with other support for higher education, family foundations are shown to be key investors in the development of education and research in the UK (£120 million altogether, to which Wellcome's £597 million should also be added).

³³ Arts&Business (2012) *Private Investment in Culture 10/11*.

³⁴ J Vincent and C Pharoah (2000) *Patterns of Independent Grant-making in the UK* CAF, West Malling.

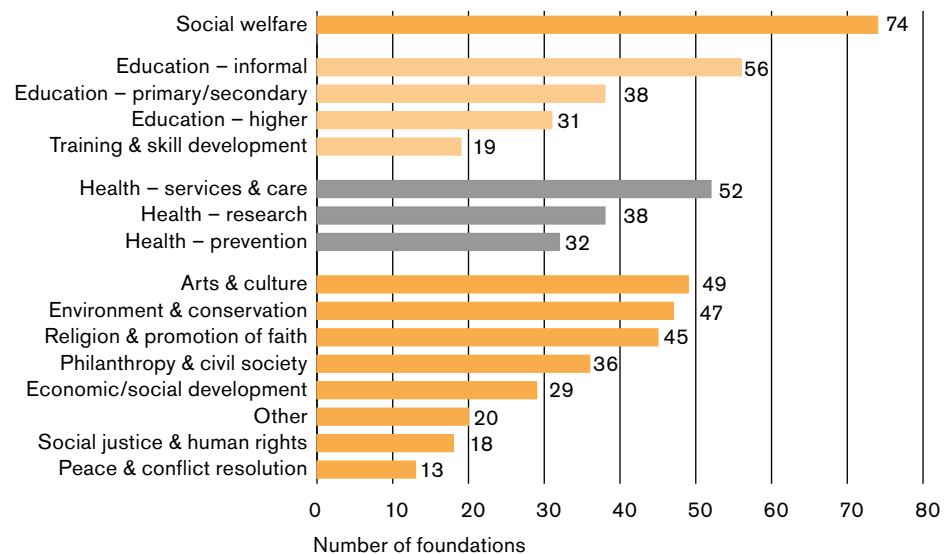
The second highest area of support is social welfare at £108 million. The research results show how the pattern of funding varies considerably by causal area, as has been found in previous research.³⁵ Social welfare attracts support from by far the highest number of foundations (74). While almost three quarters of the largest family foundations support social welfare, grants are considerably smaller than in arts and culture or health research. This reflects a distributed pattern of funding, with a focus on niche, small-scale and local projects.

Informal (ie community and project-based) education attracts funding from more than half of the largest family foundations, though total support is only worth £37 million. The reason for this is that while higher education attracts a small number of high and national-level grants, informal education is largely carried out at the small-scale local level. Not surprisingly, primary and secondary education initiatives follow a similar pattern to informal ones. These varying patterns of support within the field of education illustrate the usefulness of subdividing it by focus area.

Almost a fifth (18) of the large family foundations support causes in the area of social justice and human rights.

The pattern of funding distribution shows family foundations working in a very diverse range of causes. While some areas attract particularly high levels of funding, similar amounts are dedicated across many others (for example, philanthropy, religion, environment, health prevention). More research would be needed to explore the reasons for this distribution. It could, for example, be explained by either crowding out or crowding in, where one family foundation supports an area because others do, or avoids an area because others are funding it. The final section of this report looks in greater depth at some of the factors that are influencing decision-making.

Figure 16
Number of foundations supporting different causal areas



³⁵ J Vincent and C Pharoah (2000) *Patterns of Independent Grant-making in the UK*, CAF, London.

5 Influences on spending decisions in the current environment, and the future outlook

5.1 The context for a survey of decision-making

The collective financial impact on causes of the many individual funding decisions of family foundations was analysed in the previous chapter. The spending profile revealed by the results was quite distinct, with a wide spread of funding to a diverse range of causes, within which there is some convergence around certain major areas including health, education, welfare and the arts. These attract particularly high numbers of funders and amounts of funding. The report now turns to the individual decision-making that underlies this pattern. A better understanding of the internal organisational or external environmental factors that influence spending decisions, and the relative effects of these, will help frame future philanthropic expectations and policies. In particular, how are funding decisions responding to change in the current environment for philanthropy, and what is family foundations' outlook on future levels of funding? This final section of the report describes the findings of a survey which aimed to understand what might shape current and future philanthropic choices.

5.2 Details of the survey

With the help of the Association of Charitable Foundations (ACF), all of its members, both family foundations and others, were invited to complete a questionnaire online. Non-member family foundations that have appeared in the Family Foundation Giving Trends reports were also contacted. The questionnaire was designed by CGAP, with advice from ACF and other academic and foundation colleagues.

The survey was run in September and October 2012 with responses from 40 family foundations, representing a response rate of 45%. This chapter reports the findings on the 40 family foundations. A future report will cover the results for all foundations who completed the survey. The issues explored in the survey were:

- Extent of uncertainty in the current funding environment
- Effect of public sector funding and policy on decision-making
- Effect of other factors on decision-making
- Extent of change in spending patterns
- Financial outlook
- Whether strategic or operational change was being planned
- Likelihood of more partnership funding approaches
- What causes might attract more or less funding in the future

5.3 Profile of the sample and respondents

Income	The sample represented all sizes of charity, from the largest to the smallest income bands as set out in the Charity Commission's charity analysis. ³⁶ Although a relatively small sample, it was biased towards larger organisations. Eight had incomes over £10 million, and four had incomes over £5 million. Just 14% had incomes below £1 million. This means that the sample represented a large amount of family foundation spending by value.
Staff resources	Reflecting the large incomes of the respondent organisations, almost a third of the foundations had five or more full-time staff (30%). Thirteen of those sampled, however, had no full-time staff.
Investments	Almost three-quarters of those sampled (73%) derived over half of their charitable expenditure from investment income.
Memberships	Membership of ACF was high (88%). This partly reflects the focus on larger foundations, and also that many foundations were contacted through an ACF member mailing. After this, the highest numbers of memberships were of bodies representing charity finance and law (20%), and sector infrastructure (20%).

5.4 Findings – environment of uncertainty and change

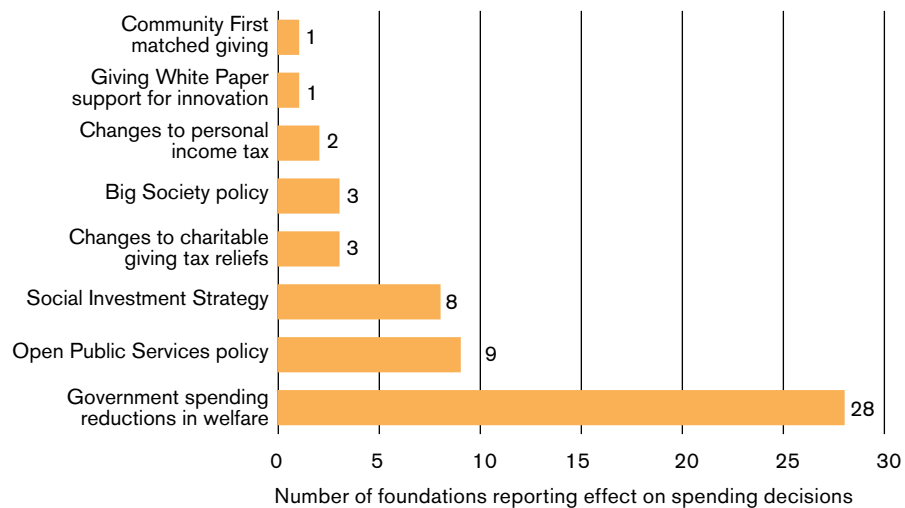
Most family foundations believe they are currently working in a funding environment of increased change and volatility. The majority (28, or 70%) think the current financial environment for decision-making is more uncertain than it was five years ago. Just nine thought there was less or no change in uncertainty. How has this strong sense of change in the funding environment been translated into decision-making on the ground?

Recent spending decisions

Foundations were asked whether recent spending decisions had been affected by certain changes. Results are shown in Figure 17.

³⁶ Charity Commission (September 2012) *Facts and Figures*. http://www.charity-commission.gov.uk/about_us/about_charities/factfigures.aspx

Figure 17
Foundations' response to changes in the giving environment



As the graph shows, reductions in government spending were given as the reason for a recent change in spending decisions by a sizeable majority of respondents (28, or 70%). The Open Public Services policy had influenced the decision-making of 9 (23%), and the Social Investment Strategy had influenced 8 (20%). Changes to tax reliefs, the Giving White Paper's emphasis on innovation in giving, and Big Society concepts appeared to have had little effect.

General funding strategy

Although the current changes in the giving environment were said by many respondents to have influenced recent spending decisions, the results in Figure 18 show that this did not apply in the same way to general funding patterns or strategy. These result more from what might be termed key 'internal' influences. Historic funding patterns were reported to have had a lot of influence on today's strategy by 25 respondents (63%), and the founder's values and wishes by over half (21, or 53%).

Figure 18
Influences on general funding patterns and strategy

<i>Influence on spending patterns/strategy</i>	<i>None</i>	<i>A little/moderate</i>	<i>A lot</i>
Current financial market trends	8	22	9
Current government spending priorities	6	28	5
Emerging needs of fundseekers	2	22	15
Areas highlighted in media/research	13	27	0
Learning from other foundations	7	30	3
Recent strategic review influence	12	14	14
Own previous funding initiatives	4	22	13
Own historic funding patterns	0	15	25
Founder values and wishes	5	14	21
Alternatives (eg social investment)	20	16	4

Other internal factors said to have a lot of influence on strategy were recent internal reviews (14, or 35%) and previous funding initiatives (13, or 33%). The requests of the charities that fundraise were also said to have a lot of influence (by 15, or 38%): some might think of

these more as an 'external' influence, but it is important to remember that they are very often a response to foundations' own previously stated priorities.

While internal factors have a strong influence on funding strategy, Figure 18 also shows that in reality many different factors influence the way family foundations develop their funding strategy, though with more variable impact. Learning from other foundations had 'a little' or 'moderate' influence on three quarters of the sample. Other factors influencing a substantial proportion of the sample were new issues highlighted through media and research, and the public sector's own funding priorities. As one respondent said:

'Our grant-giving is all about changing government spending and policy, to encourage sustainable . . . policies . . . we never step in where government withdraws funds on social issues.'

Half of the sample said that the Social Investment Strategy had no influence on their approach to funding. This was the item receiving the highest number of negative responses (20 foundations, or 50%). A minority (4), however, said it had a lot of influence on their strategy. One respondent's comment may reflect the position of many foundations at the present moment:

'Social investment is being considered as an interesting new area, but not yet mature enough for us to participate.'

The somewhat lukewarm response to social investment amongst family foundations suggests they are still far from persuaded of their particular role in the development of the social investment market.

These findings reveal that rather than taking place in a closed context, much family foundation decision-making about spending takes place in a complex multi-stakeholder environment, and is also responsive to immediate change in the external environment. Exploring what underlies the variability of response to different influences was not within the remit of this research, which aimed principally to establish the extent to which decision-making is influenced by different factors. Understanding variability is an important area for future UK research.

Changes in spending patterns

Overall, half of the sample (20) felt that there had been 'marked' changes in the foundations' spending strategy in the last three to four years, although for six of these change had only affected part of their programme. The strongest drivers of these changes were reported as being the effect of the general economic climate on need (9), a decrease in the foundation's funding (9) or an organisational review (9). For one respondent, change resulted from one major project that restricts funding for other categories.

For those who said there had been no significant change, reasons included:

'... (We are) still funding areas that the state underfunds.'

'We feel that continuity is important and social funding is insufficiently developed for us to explore.'

'Most of our funding for beneficiaries is long term.'

'(We have) a long-term commitment to long-term change.'

'(Our) founder's values remain the same.'

5.5 Findings – the financial outlook

For both donors and those seeking financial support, the financial outlook is one of the most pressing concerns in the current environment. A number of questions were asked about the future for family foundation funding.

Amount of funding

Three quarters of the respondents had a positive outlook about their own foundation's position, saying that its funding would not change over the next three to four years (20, or 50%), or would grow (10, or 25%). As the results in Figure 19 reveal, however, views about the foundation sector more generally were less positive: over half (23, or 58%) said there would be less funding, fewer people said there would be no change (15, or 38%) and just two foundations thought it would increase.

Figure 19

Outlook on the likely financial situation over next 3 to 4 years

	<i>Own foundation</i>	<i>Foundation sector</i>
More funding will be available	10	2
Less funding will be available	10	23
There will be no/ little change	20	15
<i>Number of respondents</i>	<i>40</i>	<i>40</i>

Possible reasons for this division of outlook for the respondent's own foundation and the foundation sector generally could be:

- the sample had many large foundations which may feel more robust than smaller ones; there was evidence in the survey that most of the foundations with an income of <£500k per annum thought less funding would be available;
- that respondents' views were coloured by general worries and fears in the current sector climate.

There was indeed some ground for optimism in the evidence presented in Chapter 2 where we saw that there was growth in the charitable spending of the largest foundations in 2010/11. Unfortunately there is little published empirical evidence on the smaller foundations.

Number of foundations

Just seven foundations thought the number of family foundations would increase, while 13 said they didn't know. Over half of the sample (23, or 58%) said they didn't know whether giving through foundations would become less attractive to future donors than alternative ways of giving. The degree of uncertainty illustrates the value of research on trends in philanthropic giving, so that public sector and other funders have a clearer picture on which to base their thinking and decisions.

5.6 Findings – strategic change

Own foundation

As a further indicator of change, family foundations were asked whether they were planning strategic change themselves over the next ten years, and whether the foundation sector more generally would need to make strategic change. The results for the foundation sector generally are set out in Figure 20. The high level of responses in the ‘don’t know’ column shows how difficult it is to envisage future scenarios, though there were some clear responses in certain categories, as discussed below.

Figure 20
Views on the need for future strategic change in sector

<i>Will there be a need in the foundation sector for any of the following?</i>	<i>Yes</i>	<i>No</i>	<i>Don't know</i>
More mergers with related foundations	10	13	17
Spending out endowment/capital	17	13	10
Building the funding base	13	10	17
Major funding partnerships with government	7	19	14
Major funding partnerships with other foundations	21	8	11
Establishment of a minimum payout level	5	26	9

Merger, collaboration and partnership

Only one respondent said their own foundation was planning a merger, though Figure 20 shows that a quarter of the respondents thought there would be a need for this in the sector more generally. Only three respondents said they were planning to spend out over the next few years, but a substantial 17 (43%) thought there would be more spend-outs within the sector. Just five respondents said they were planning to build their funding base, but 13 (33%) said they thought other foundations would need to do this. Only one foundation selected the option of funding partnerships with public sector bodies, while seven thought other foundations would need to do this. The only area where there was a strong similarity between what respondents thought their own and other foundations would need was to plan more funding partnerships with other foundations. This strong split between views about the need for strategic change in their own foundations, and the foundation sector more generally, mirrors the split reported over the financial outlook. These splits may be related to the size characteristics of the sample, as noted above, with the large foundations anticipating that the smaller ones will come under pressure to change strategy. It is also possible that respondents underestimated the potential challenge of such change for other organisations, because they were not seriously considering it themselves.

Payout

On the issue of a mandatory minimum payout level for foundations, similar to the US model, a strong majority of 65% (26) said they disagreed that the sector would need this. One respondent said:

‘Minimum payout level will reduce Trustees’ autonomy and have the effect of reducing endowments.’

Views on this issue were not totally unanimous. Nine respondents (23%) said they did not know, and five (13%) felt the sector would need it.

Leadership

Family foundations regard the charities who seek support from them as key stakeholders (see Figure 18), so their views on how their relationship with charities might change are important. Only a quarter of the respondents thought foundations would need to provide more sector leadership, but half of the respondents thought they would need to provide more support and advocacy for sector independence. This may be related to perceptions of the effect of growing contractual relationships with the public sector. Thirteen foundations (33%) thought that there would be no need for change in this area. The single largest change envisaged was the need to invest more in the financial sustainability of operating charities and social enterprise, a view held by 25 respondents (63%).

These findings show how family foundations are concerned about operating charities' future independence and their financial sustainability. Approaches such as more foundation leadership or social investment are not generally regarded as solutions to these issues. Family foundations may like to work in more individual ways to strengthen organisations' capacity, and there would be value in further knowledge-sharing in this area.

5.7 Findings – external relationships

Public sector

As noted above, just one family foundation envisaged more funding partnerships with government as having a role in how they would work going forward, but how are foundation activities likely to relate to a changing public sector in the foreseeable future? Will they increasingly complement, share, influence or work independently of public sector activities? Different family foundations currently work in all of these ways – some believing, for example, that public sector partnerships are the only way to bring social change to scale.

Overall the answers to this question underline the ongoing importance attached to foundation independence. Many respondents felt this question did not apply to them. Most saw the relationship as one of complementarity (27, or 68%), and half thought there would be no change; seven said their work would become increasingly complementary.

The majority did not see themselves as sharing public sector activities, but nine thought there would be little change in the level of sharing. The biggest single group of respondents (27, or 68%) thought their activities would continue to develop independently of the public sector, in the same way as now. Eleven (28%) thought they would work more independently, while nine (23%) thought foundations will influence public sector delivery more.

Figure 21	<i>How will the relationship change?</i>	<i>More</i>	<i>Less</i>	<i>Same</i>	<i>N/A*</i>
Views on how foundation relationships with the public sector might change in the future	Complement public sector activities	7	1	20	11
	Share public sector activities	0	2	9	27
	Aim to influence the delivery of public services	9	1	13	14
	Activities will develop independently of public-sector activities	11	1	27	0
	The foundation will fund independent or community-led schools, hospitals, etc	0	1	16	17

* 'Don't know' answers have been excluded from the table as there were very few, except for the last item where there were 6

Charitable and other non-governmental funders

Perhaps surprisingly, views on future working relationships with other charitable funders were remarkably similar to those on working with the public sector. Most respondents (27, or 68%) still saw the funding relationship as one of complementarity, and thought that there would be no change in this. Nine thought complementarity with other charitable funders will increase.

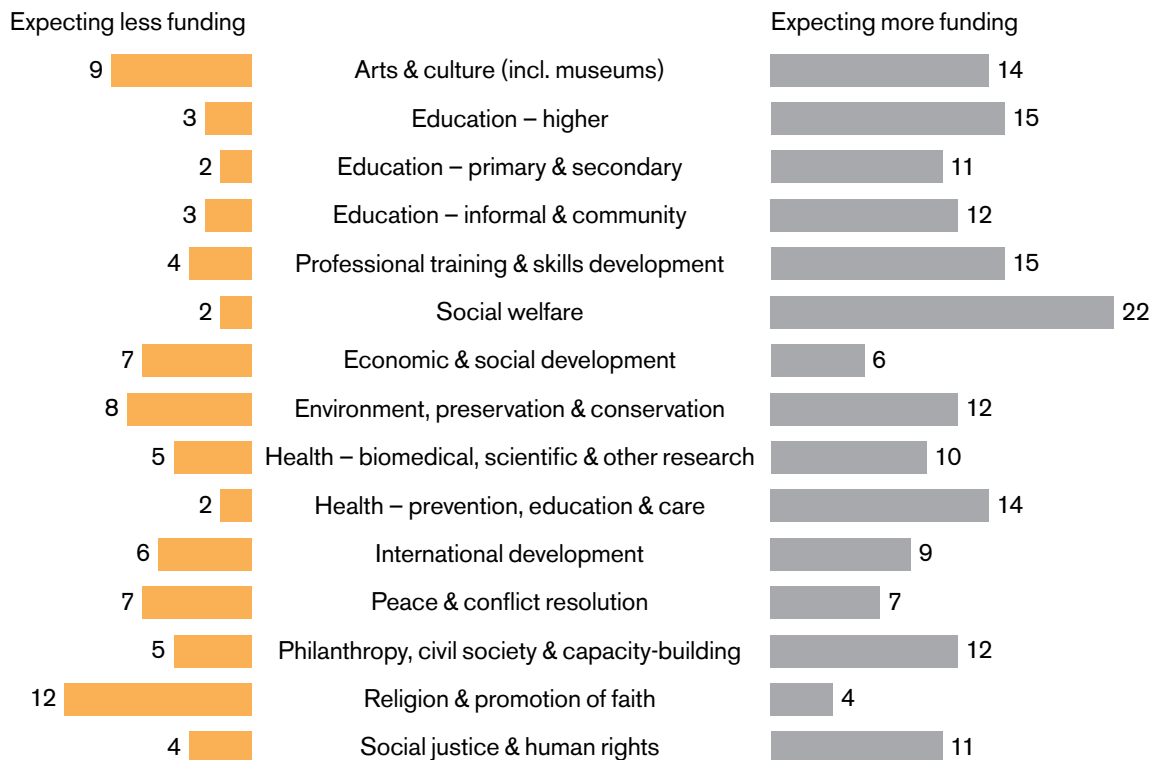
There is more willingness to work closely with other charitable funders than with the public sector. Twenty-six respondents (65%) saw their relationship with other charitable funders as one of sharing, and almost one-third of these thought sharing would increase.

Sharing was not, however, seen to involve a loss of independence. Quite a large group (25, or 63%) thought their activities would continue to develop independently of other charitable funders, and in the same ways as before. Views amongst the rest were divided, with six saying they would become more independent, and five saying less independent. Only eight thought that their level of sector influencing would increase.

5.8 Findings – change in future funding priorities

One of the key issues for charities, policymakers and beneficiaries is how funding to particular causes might change. Respondents were asked whether, considering current patterns of demand, they thought there would be change in the amount of funding to various causes. They were offered the cause classification developed for the grants analysis (see Chapter 4), so that results could be linked back to this. Figure 22 sets out the number of foundations that thought there would be a change in funding to each cause.

Figure 22 Numbers expecting increase or decrease in funding, by cause



Social welfare

Social welfare is the area that the highest number of respondents think will attract increased funding (22, or 55%). This probably reflects concerns both about the impact of public sector spending reductions, and increased need in a time of economic constraint.

Higher education and professional skills and training

The next two causes most likely to be seen as attracting increased funding are higher education and professional skills and training (15, or 38%). The findings on higher education are likely to be related to changes in the funding to universities, and the higher profile of university fundraising.³⁷ Foundations have always been major investors in young people, and their concern about funding to higher education as well as to training opportunities shows the importance they attach to young people's opportunities.

As can be seen from Figure 23 below, the three areas of social welfare, higher education and professional skills are third, sixth and tenth in terms of family foundations' current spending, so there would need to be a shift in priority if these causes were to receive more. (Note that Figure 22 excludes those who thought funding in the various areas would stay the same or did not know.)

Arts and culture, and health prevention

These two causes attracted the next highest number of respondents expecting an increase (14 respondents each, or 35%). At the detailed level of cause breakdown, arts and culture is the single largest spending area for family foundations, after excluding the Wellcome Trust. Any increased allocation to these areas would go with the grain of current spending trends. However, views were not unanimous, and nine foundations thought there would be less funding for arts and culture in the future, presumably as other areas became more important.

An increase in the amount of support to health prevention activities would involve a more strategic shift, as it currently has relatively low priority. Only two respondents thought there would be less funding to this area.

Social justice

Eleven family foundations thought that social justice would receive increased funding, while just four thought it would receive less. It is ranked ninth in terms of spending and is another area that would need to be given a higher priority if it were to get more support from family foundations.

Peace and conflict resolution

This was the only cause attracting equal numbers of respondents who thought there would be an increase or decrease. The response may reflect a fairly even difference of view in the foundation sector about whether this area is appropriate for their giving.

Religion and the promotion of faith

Finally, the only cause where more foundations envisaged a decrease than an increase was religion and the promotion of faith, but in practice it is unlikely that family foundations that support this would disinvest in it.

³⁷ HEFCE (September 2012) *Review of Philanthropy in UK Higher Education: 2012 status report and challenges for the next decade*. <http://www.hefce.ac.uk/pubs/rereports/year/2012/philanthropyreview/>

The results of this section show how family foundations can see demand growing in a number of important areas, and feel the need to meet it. Overall, however, as can be seen in Figure 22, the spread of anticipated increases was greater than the spread of decreases. It is not clear how these increases could be achieved, unless they were accompanied by equivalent cuts, or there were a considerable growth in philanthropy or a release of assets. One option might be to make some disinvestments in a few areas to allow for multiple small increases in others.

These somewhat contradictory results illustrate that spending cuts are very difficult to contemplate, particularly when, as one respondent noted, '*... (we are) ... still funding areas that the state underfunds*'. The evidence suggests that donors and funders are going to face very hard choices if demand grows much more quickly than resources. One response to this is to think about ways of using available resources as effectively as possible, as reflected in a remark from one respondent, which others would probably endorse:

'Collaboration, proactive grantmaking and "Grants Plus" should all enable us to increase the impact of our funding.'

Figure 23
Annual family
foundation spending
by cause

	£ million	Rank by amount
Health – Wellcome Trust	597	1
Arts & culture	133	2
Social welfare	108	3
Health – research	84	4
Religion & promotion of faith	57	5
Training & skill development	47	6
Environment & conservation	45	7
Education – informal	37	8
Social justice & human rights	37	9
Education – higher	36	10
Health – services & care	36	11
Philanthropy & civil society	27	12
Education – primary/secondary	26	13
Health – prevention	23	14
Economic/social development	13	15
Other	11	16
Peace & conflict resolution	6	17

5.9 Overview of the survey findings

This is the first UK survey with a specific focus on decision-making by UK family foundations. The findings highlight how various internal and external factors are having an impact on spending decisions in the current environment. Results should be treated

cautiously because in some areas the numbers are small, but some distinct points can be identified from the response to the survey.³⁸

Firstly, the results demonstrate that spending decisions are based on a quite complex mix of internal and external influences. Individual family foundations balance these in different ways. The survey findings show that the founders' vision and values, and historic funding patterns, are strong influences on current funding strategy. Decision-making is also influenced by immediate changes in the external funding environment as well as many other external factors – new opportunities presented through the activities of other foundations, new issues raised in the press, and new funding options such as social investment. Again the way in which, and the extent to which, family foundations respond to different influences varies amongst foundations. There was a general sense, however, that they are grappling with greater uncertainty in the funding environment. The issues of public sector spending reductions and the new public service contract market for the voluntary sector contracts for public welfare in particular are viewed as having an impact on their own funding choices. This is partly because, as the research also showed, most respondents regard the needs and demands arising among beneficiaries and charities as one of the important influences on their own spending priorities.

A further source of uncertainty is the volatility in market trends, which for some is affecting their level of income in a marked way. It is striking that while most of the family foundations in the survey are relatively optimistic about their own financial outlook, they are much more pessimistic about the foundation sector as a whole. Many believe that the amount of family foundation funding will fall over the next few years. Some think that more foundations will need to consider strategic change in their funding approach, such as spending down their capital or creating partnership funding options. Several said they had made significant changes to their funding strategy recently – evidence that the changes in the current environment are having a material impact.

In spite of some of the pressures and demands of the funding environment, family foundations continue to prize independence highly. Most do not envisage that they will work any less independently in the future than they do today. Few want to work in partnership with the public sector. They are more open to funding partnerships with other charitable funders, but at the same time do not expect the amount of shared work to increase.

Most of the respondents believe that funding priorities will change over the next few years, with areas such as social welfare clearly becoming more important, though there was less consensus around which areas might be disinvested. One of the big challenges that emerged from the results is that a 'compass' to guide philanthropic choices and priorities over the next few years did not emerge with any clarity. Although there are anxieties about future funding, overall the extent of funding increase that was envisaged exceeded the decrease.

³⁸ A report on the findings for the survey sample as a whole, which includes non-family as well as family foundations, and compares the two groups, will be published next spring.

6

Concluding points and messages

This fifth report in the Family Foundation Giving Trends series is a special edition aimed at providing a more rounded picture of family foundation philanthropy. It has looked at amounts given, causes supported, influences on spending decisions and financial outlook at an uncertain time. Pulling together the findings from these different strands, it seems that some challenging issues lie ahead for family foundations and those hoping to see major philanthropy play an increasing role in social wellbeing.

The trends in family foundation giving tracked over the last five years show that although its growth has outperformed other private giving,³⁹ its overall growth is strongly related to market trends. Its value has still not returned to pre-recession levels although, as the results in Chapter 2 show, there was a sizeable increase in giving among many foundations in 2010/11. It is, however, currently a relatively fixed pot.

The analysis of grants in Chapter 4 revealed that overall family foundation philanthropy is spread over a wide and diverse range of causes, but also that it makes major national-level investments in causes such as health, education, welfare and the arts. These attract particularly high numbers of funders and large amounts of investment. Given this diversity, it is not surprising that the study of decision-making demonstrated that spending decisions are based on a complex mix of internal and external influences, which individual philanthropists balance in different ways. The founders' visions and values are strong influences on current decision-making, as are historic funding patterns, but so also are immediate changes in the external funding environment and many other external factors such as new opportunities. Particularly influential are the needs and demands that arise amongst the beneficiaries and charities that seek support.

To this 'mix' of influences must be added the principles and values that are important to family foundations, and which provide the key characteristics of their philanthropy. These include the ability to provide consistency and ongoing commitment in important or challenging social areas, as well as to be responsive to new and emerging needs. The research in Chapter 2 showed how family foundations try to smooth out volatility in their funding, maintaining continuity as far as possible in their programme funding and protecting beneficiaries. The increases in this year's giving demonstrate how some family foundations have promptly passed on gains from the previous year's uplift in asset values to their beneficiaries. There is also abounding evidence of the importance of the principle of independence, whether from public sector or other charitable funders. The independence of vision and action that family foundations can bring to social wellbeing is highly prized.

Family foundations' spending decisions are responsive to a wide range of stakeholders, interests and influences in their environment. There are indications in the research that at a time of relative financial constraint, the multiple influences on family foundation

³⁹ C Pharoah and C Keidan (2011) *Family Foundation Giving Trends 2011* Alliance Publishing Trust, London.

decision-making may become increasingly difficult to balance. Higher levels of uncertainty in the current environment than five years ago have been acknowledged, along with fears that less funding will be available, and that there is some need for future change in the way foundations operate. The research, however, found that some issues – such as the reconciliation of competing funding needs – remain unresolved, and that others attracted a variation in response that it would be difficult to resolve. These issues give rise to a number of questions, including:

- What will happen if resources fail to keep pace with increasing demand?
- How can the maintenance of independence best be reconciled with more collaborative, partnership or shared working?
- How can responsiveness to needs arising in the current environment be reconciled with opportunities to work in new areas?
- What role will new ways of working play in foundation funding in the future?
- Should family foundations and philanthropists provide more sector leadership and influence, or seek to support it?

Donors, advisers, foundation professionals and charities need to address these if they are to play a stronger role in shaping future family foundation philanthropy and its impact. What steer should we give new donors as we increasingly look to grow philanthropy and ensure that it becomes increasingly effective in fulfilling its potential to deliver social benefit?

Appendix 1

Historical background, scale and scope of charitable foundations today

Concept of foundations All registered charities in the UK – whatever their name (eg ‘foundation’), funding source or activities – have the same legal character, that of the ‘charitable trust’. They represent donations made in perpetuity for charitable purposes which, rooted in common law traditions, were defined in the 1601 Charitable Uses Act, and have since been modified but never fundamentally changed. UK foundations do not have a distinct legal identity or constitution, and are subject to the same public benefit tests, governance and accounting requirements and Charity Commission regulation as all other charities.

Although the term ‘foundation’ tends to be used in the UK for charities with endowments and whose principal activity is grantmaking, many of the earliest foundations in the UK were operating, not grantmaking – such as the almshouses that date from the 10th century. Examples that are both grantmaking and operating are the large medical research foundations and charities. The Carnegie UK Trust is an endowed trust which is entirely operating today.

US foundations began to be formed in the early 20th century, on the back of wealth made during the industrial revolution. Andrew Carnegie’s philanthropic activities were highly influential. In 1917, tax deductions for charitable contributions were established. US law places more constraints on foundations than are seen in the UK, the most significant being the Tax Reform Act of 1969, which imposed mandatory annual payout rates on private foundations that made grants.

European foundations have different and specific legal structures, and are part of a civil law in which legal categories of foundations and their assets have not distinguished sharply between public and private sectors. Nonetheless, research carried out by the European Foundation Centre across 15 European countries found that the large majority of foundations were established by an individual from his/her personal wealth, or by the joint initiative of several individuals – 73% of foundations in Belgium and 46% in France in 2001 respectively. Individuals have accounted for 65% of foundations’ founders in Germany since the 1950s.

Development of foundation philanthropy in the UK

Nineteenth-century philanthropists began to focus on the problems of society as opposed to individuals, and the era of ‘scientific philanthropy’ saw concepts of ‘charitable handouts’ abandoned in favour of major investments in programmes enabling self-improvement, addressing the root causes of poverty and the social impact of urbanisation and industrialisation. The philanthropy of the great UK social reformers such as Robert Owen, Joseph Rowntree and Barrow Cadbury (like Ernst Abbe of the Carl Zeiss Foundation in Germany) aimed to improve the welfare and working and living conditions of their employees. Their charitable foundations were established to protect or take forward this

work. For example, in 1900 a trust was established to maintain the model Bourneville village created by Cadbury, with ownership of the estate and 313 houses invested in the trustees.

As in other countries, the emergence of the major charitable foundations in the UK is linked to issues of corporate succession planning. Henry Wellcome's will created the Wellcome Trust, which owned the Wellcome Foundation Limited, the huge drug company that he had built up; the process of separation began formally in 1986 when the courts amended the will to allow the foundation to become a public limited company and float its shares. The Wellcome Trust increasingly diversified its shareholding and during the 1980s and 1990s built up the investment portfolio that funds its charitable work today. To protect the trustees, the Wellcome Trust Ltd was created as sole trustee of the trust, and the trustees became governors responsible for the trust, but without liability for its assets.

A modern example of a close relationship between personal, business and philanthropic activities is the Children's Investment Fund Foundation (CIFF), set up by Chris and Jamie Cooper-Hohn, who have transferred into CIFF a large portion of the assets acquired through TCI, the hedge-fund firm he established in 2003; these assets were then largely reinvested in TCI, to generate funding for the foundation.

Successive waves of immigration into the UK have also driven the growth of family foundation philanthropy in the UK, as successful community figures established foundations to help their compatriots, often with a mix of social welfare and faith-based objects. Grantmaking foundations established by and for the Jewish community have particularly helped to shape the UK family foundation world. Many of these have a local focus on areas where Jewish people have settled, such as east London. An increasing number of large charitable foundations are being established in the UK by the Muslim community, as well as Hindu and Buddhist foundations.

Scale and scope

US There were more than 76,000 US foundations in 2010. Their assets were worth \$590 billion, and the total value of their giving was almost \$45.7 billion.⁴⁰

UK It has been estimated that there are around 10,000 UK foundations whose main purpose is grantmaking.⁴¹ The total 2009/10 giving of the largest 500 of these, who account for the vast majority of giving through foundations, was £3.1 billion. The assets of the largest 500 are worth around £37 billion.⁴²

Continental Europe

Fewer data are available on continental Europe's foundations, but estimates suggest that there are around 80,000–90,000 grantmaking foundations in Western Europe, and 110,000–130,000 if Central and Eastern Europe are included.⁴³ The EFC's top 50 foundations across 13 countries (Belgium, Estonia, Finland, France, Germany, Hungary,

⁴⁰ Foundation Center (2011) *Foundation Growth and Giving Estimates* 2011 Edition, <http://foundationcenter.org/gainknowledge/research/nationaltrends.html>

⁴¹ Although it is possible to get figures from the Charity Commission Register on the number of charities that make grants as part of their operating activity, there are no figures for the number of UK foundations whose principal activity is grantmaking. Using figures first compiled in *Charity Trends 1997*, by Cathy Pharoah and published by CAF, it is estimated that there are approximately 10,000 such foundations today. No more recent surveys are available.

⁴² C Pharoah (2011) *Charity Market Monitor 2011* CaritasData. London.

⁴³ H Anheier (2001) *Foundations in Europe: A Comparative perspective* Civil Society Working Paper 18.

Italy, Luxembourg, Slovenia, Slovakia, Spain, Sweden, and the UK) represent a pool of assets of €88 billion, which accounts for 37% of the total assets of foundations in these countries.

Family foundations

The US Foundation Center⁴⁴ reports continuing growth in the numbers of family foundations in the US, reaching more than 38,000 in 2009, with total giving of \$20 billion. The UK too has seen the establishment of many new charitable family foundations, though there are no data on this; their names bear witness to the philanthropy of the modern era, including Sainsbury, Foyle, Paul Hamlyn, Peter De Haan, Hunter, Volant, Shirley, Sutton, Vardy and Pears, among others. The Charity Commission reported that 60 new family foundations were set up in 2006 alone.

⁴⁴ Foundation Center (2011) *Key facts on family foundations* <http://foundationcenter.org/gainknowledge/research/nationaltrends.html>

Appendix 2

Definitional note

This note sets out the standard definitions used in carrying out the research. A fuller account of working criteria for use in selecting and preparing comparative international data within the European context is set out in a previous publication.⁴⁵

Definition of foundations

Although varying considerably in origins and purpose, the defining features of a charitable foundation as an institution are taken as:

- a non-membership-based organisation;
- institutionally detached from government/ public agencies in terms of autonomy;
- a non-profit-distributing entity;
- a self-governing entity;
- accepted as serving a charitable public purpose.

Charitable family foundations

A broad research classification commonly used in the US and Europe identifies foundations into several types according to the nature of their funding, governance and operation, as set out below:

Figure 24

Types of foundations

<i>Type of foundation</i>	<i>Type of funding</i>
Public	Mainly funded from government sources
Private/ independent	Independent funding from individual, family or family business
Corporate	Funded by a company to carry out its giving
Community	A community 'pot' funded from a number of sources
Operating	Funded by endowments or by fundraising for running their own programmes as distinct from making grants to others

Charitable family foundations are in the category of private/ independent foundations. A good approach for identifying family foundations is that of the Foundation Center in New York, which uses a number of objective and subjective criteria to help identify a family foundation, including:

- independent foundations which have a 'family' or 'families' in their name, or a living donor whose surname matches the foundation name, or
- at least two foundation surnames that match a living or deceased donor's name, or
- any independent foundations that self-identify as family foundations on annual Foundation Center surveys.

⁴⁵ Cathy Pharoah et al (2009) *Family Foundation Philanthropy 2009* Alliance Publishing Trust, London.

More recently such typology has been challenged by the European Foundation Centre (EFC), which states that 'Unfortunately, no single typology can fit all the types of foundation in Europe. There are too many differences and hybrids, and the trend is increasing.'⁴⁶ It notes that any typology will result in 'some degree of distortion'. The EFC argues that it is as important, if not more important, to understand foundations by their comparative impact as by the origins of their funding.

⁴⁶ J Warne *Effect* Autumn 2007 edition, European Foundation Centre.



About CGAP

The ESRC Centre for Charitable Giving and Philanthropy (CGAP) is the first academic centre in the UK dedicated to research on charitable giving and philanthropy. It aims to develop charitable giving and philanthropy through building an evidence base and bringing researchers and practitioners together to share knowledge and expertise. CGAP is funded by the ESRC; the Office for Civil Society, Cabinet Office; the Scottish Government and Carnegie UK Trust. CGAP is a consortium of institutions and is based on a 'hub and spokes' model, with each spoke leading on one of three research strands.

- **CGAP Hub** Based at Cass Business School, the Hub coordinates CGAP and its dissemination, knowledge transfer and stakeholder engagement activities, in partnership with NCVO.
- **CGAP Spoke 1** Based at the University of Strathclyde Business School, Spoke 1's focus is on individual and business giving, with a major research programme on entrepreneurial philanthropy.
- **CGAP Spoke 2** Based at the University of Kent and the University of Southampton, Spoke 2 has a number of research programmes on the theme of social redistribution and charitable activity.
- **CGAP Spoke 3** Based at Cass Business School and the University of Edinburgh Business School, Spoke 3 focuses on the institutions of giving including foundations, household giving and government.

For further information on CGAP, visit www.cgap.org.uk

About CaritasData

The data on the top 100 family foundations analysed in *Family Foundation Giving Trends 2012* is drawn from the continually updated CaritasData charity database. The database contains detailed financial and non-financial information on the largest charities in the UK, as ranked by income, expenditure and funds, tracked over a number of years by an experienced team of analysts. CaritasData products include Charity Financials (www.charityfinancials.co.uk), an online benchmarking tool providing detailed financial information about the top 7,000 charities (including schools and universities) in the UK.



About Pears Foundation

Pears Foundation is a British family foundation rooted in Jewish values. Its work is concerned with positive identity and citizenship.

The foundation has built a partnership with CGAP to provide reliable, accessible and transparent data to inform public debate about the role of philanthropy in society and encourage increased and more strategic giving. Similarly, the Pears Business Schools Partnership, a collaboration between Cranfield School of Management, London Business School, Saïd Business School and Pears Foundation, aims to promote sustainable and responsible business in society by engaging and inspiring the next generation of business leaders.

For further information, please see www.pearsfoundation.org.uk

About UBS

UBS provides investment services to over 300 UK charities and was ranked as the second largest fund manager to grantmakers and eighth to fundraisers (*Caritas Charity Market Monitor* 2011). UBS has a varied client base ranging from large national charities and foundations to smaller trusts; over 30% of its clients have some form of ethical restriction.

UBS has an experienced charity team, the principals of which have on average 25 years' experience in the industry. They offer a highly personalised service that can be tailored to a charity's specific needs and that will draw on the worldwide resources of UBS. Many of UBS's products and services, both discretionary and advisory, have been specifically designed for charities. They offer portfolio management that caters for any ethical restrictions and meet socially responsible investment criteria.

UBS retains the additional support of the independent charity consultant Professor Paul Palmer of the Cass Business School.

For more information please contact David Rowe, managing director, +44-20-7568 7738, david.rowe@ubs.com



This is the fifth annual Family Foundation Giving Trends report, the leading source of information on major philanthropy in the UK. This is a special edition. Produced collaboratively by a foundation and academic team, it includes not only an update on the top UK family foundation donors, but also new insights into their decision-making and their outlook for the future in a difficult economic climate.

The report reveals the significant support for the arts, education, science and social welfare in the UK today made by our major family foundations such as Garfield Weston, Children's Investment Fund, Esmée Fairbairn, Wolfson, Nuffield and many others. But foundations face increasingly hard spending choices in the current economic climate. How will they respond to gaps in welfare spending that emerge as public sector budgets reduce, or juggle priorities amidst competing demands for support? Will new opportunities for giving such as social investment play an increasing part in philanthropy? The report provides insights into how foundations themselves see the shape of future giving.

An additional table of smaller and newer family foundations is included in the report for the first time this year. These bear witness to the generosity of successful entrepreneurs of modern times, and include familiar names such as Roddick, Dyson, Cohen and Moores. It is hoped that such names and examples will inspire many others to give.

The report provides significant evidence of how the family foundation continues to flourish as a flexible, effective and sustainable way of contributing to our public wellbeing. However, future healthy growth in such philanthropy will depend on creating the right environment. The report explores how much family foundations prize independence and freedom to follow their own values and choices. It provides a wake-up call to government, policymakers and others that they need to respect and protect the role of private action for public good.

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