

# Grantmaking by UK trusts and charities

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## Introduction

CAF (Charities Aid Foundation) and ACF (Association of Charitable Foundations) have worked in partnership to produce this briefing which offers information on the UK's independent grantmakers.

The aim of this paper is to provide the sector with statistics about non-governmental grantmakers in the UK and the nature and extent of their grantmaking. The data is drawn from statistics produced by CAF (primarily from Charity Trends 2006) and ACF's 2006 members' survey.

## About CAF (Charities Aid Foundation)

CAF is the not-for-profit organisation which is committed to effective giving, providing a range of specialist services to donors, businesses and charities in the UK and internationally. Our aim is to increase both the level and impact of giving and we strive to achieve this through all our activities, including working as an advocate for the charitable sector.

As well as producing Charity Trends, the most comprehensive analysis of the income and expenditure of the voluntary sector, CAF Research covers a wide range of topics, including trends in giving, the impact of the tax reliefs and the challenges of social enterprise in the charitable sector.

## About ACF (Association of Charitable Foundations)

ACF is the leading membership association for trusts and foundations in the UK with over 300 members ranging in size from small and local grantmakers to some of the world's largest foundations. In 2005 ACF members reported grant expenditure totalling £1.2 billion.

ACF regularly surveys its members in order to establish a picture of their activities and to provide a profile of the wider grantmaking sector. Although many ACF members feature in CAF's top 500 listing, there is a significant proportion of members that fall outside the data presented in Charity Trends. For example, 42% of ACF members give less than £150,000 per annum.

# Funding from charities, trusts and foundations

Government interest in contracting with charities to provide services is growing, and earned income within the voluntary and community sector is likely to increase. At the moment, over a third of sector income is from public bodies, but voluntary income (donations and grants) is still dominant over this, and funding from charities, trusts and other grantmakers continues to play a crucial role in the growth and development of a thriving civil society. In particular, trusts and foundations are uniquely placed to support innovative or risky ideas and are able to fund areas of the sector that lack popular or political support.

There are three main groups of charities that act as grantmakers in the UK:

## 1 Charitable trusts and foundations

Independent charitable trusts and foundations (these two terms will be used synonymously in this briefing) in the UK act in a variety of ways to support the voluntary and community sector. Grantmaking is the predominant activity for most foundations although some are exploring other ways of addressing the economic, social and environmental challenges of the 21st century. The majority of foundations in the UK do not engage in any operational activities, ie the provision of services or other direct support to beneficiaries.

## 2 Community foundations

Community foundations are charitable trusts that support local community causes. Their role is to manage donor funds and build endowments as well as make grants to charities and community groups, linking local donors with local needs.

## 3 Other charities

Some large operating charities, or operating fundraising charities (that is those that do provide direct services), also carry out grantmaking. This type of grantmaking often supports a charity's own programmes and projects and/or provides specific funding for their field of interest. Examples of such charities include the British Heart Foundation and Oxfam.

In addition, a major grantmaker to the voluntary and community sector is the Big Lottery Fund (BLF) which is not a charity. However, for simplicity, in the following text we include the BLF when referring to charitable grantmakers.

# Facts and figures on trusts and grantmaking charities

The estimated total number of trusts and foundations in the UK is 8,800. CAF monitors the top 500 trusts and grantmaking charities in Charity Trends (as ranked by their grantmaking expenditure); and their grantmaking of £2.7 billion represents about three-quarters of the value of all charitable grantmaking and 10% of the UK voluntary sector's income. The spending from trusts and grantmaking charities is:

- broadly comparable with central government spending which is £2.5 billion
- and nine times greater than the £0.3 billion of corporate cash donations

## Financial trends of the top 500 trusts and other charitable grantmakers

Financial year	Total income of the top 500 trusts (£ million)	Total grantmaking expenditure of the top 500 trusts (£ million)	Total assets of the top 500 trusts (£ million)
1994/95	915	746	13,222
1996/97	1,017	1,470	20,108
2001/02	2,837	2,045	29,492
2002/03	3,435	2,197	27,023
2003/04*	3,907	2,694	29,753
2004/05	4,526	2,728	33,347

Source: Charity Trends 2006

(\* In this year, the Big Lottery Fund's New Opportunities Fund is included in the analysis for the first time. This means that in 2003/04 there was considerable growth. Without its inclusion, there would have been a total income of £3,444 million and grantmaking of just £2,100 million)

## Spread of grantmaking expenditure by funding preference (where specified by the funder), 2004/05

The table presents the distribution of the causes that the top 500 charitable grantmakers list as preferred funding areas. By calculating the proportion of the total causes listed that each single cause accounts for, and by distributing the total 2004/05 grantmaking expenditure across these proportions, it is possible to estimate a value for grantmaking made to each cause in 2004/05.

Cause	Distribution of funding preferences %	Grants (estimated) £ million
Social Care	18	489
Health	17	452
Education	10	273
Arts and Culture	8	230
Environment	6	166
International	5	150
Faith-based	5	134
Other/general	31	836
Grand total	100	2,728

Source: *Charity Trends 2006*

## Community foundations

This table shows the trend in grantmaking of the Community Foundations that were actively grantmaking in each year. There were 48 active Community Foundations in 2004/05.

Financial year	Grants (£ million)
2001/02	30
2002/03	29
2003/04	53
2004/05	57

Source: *Charity Trends 2006 (data originally supplied by the Community Foundation Network)*

## Top 10 charitable grantmakers, 2004/05

This table shows that the top ten grantmakers account for over half of the top 500's grantmaking expenditure, which indicates that in the UK there are a small number of very large trusts and other charitable grantmakers. The table includes trusts and grantmaking charities that offer services.

Charity Name	Grantmaking expenditure (£ million)
Big Lottery Fund (The)/ New Opportunities Fund	508
Wellcome Trust (The)	344
Big Lottery Fund (The)/ Community Fund	182
Cancer Research UK	96
British Heart Foundation	84
Comic Relief	54
Macmillan Cancer Relief	49
Football Foundation (The)	45
Christian Aid	39
Gatsby Charitable Foundation (The)	38
Top 10 total	1,439
Top 500 total	2,728

Source: *Charity Trends 2006*

## Staffing and resources of grantmaking trusts

Whilst the larger trusts may employ a number of paid staff, many operate with extremely limited resources – often relying on one or two part-time paid employees, or voluntary work by trustees. Over three-quarters of ACF members' staff work full-time, 15% are part-time employees who work less than two days per week, while 8% are part-time employees who work two days or more.

### Staffing

This table compares the number of staff employed by ACF members according to their grantmaking expenditure.

Annual level of grantmaking	Full-time staff	Part time ≤ 2 days	Part-time > 2 days	Total paid staff	Average number of paid staff per trust	Lowest number of paid staff in range
Less than £500,000	65	34	22	121	2	0
£500,000 - £1,999,999	79	18	23	120	4	0
Over £2,000,000	225	34	40	299	12*	2

ACF Member Survey 2006

(\*One organisation with over 400 staff has been excluded from these figures for the purpose of calculating averages)

## Grant application approvals

Although increasing numbers of grantmaking trusts and foundations now make their grant application guidelines available online and in various directories, ACF members report that they continue to receive large numbers of ineligible applications (ie an application which does not fall within the criteria set by the grantmaker). For those trusts with few or no staff resources this inevitably diverts attention away from grantmaking.

The latest ACF survey notes, for example, that eligible applications received by members fell significantly in 2006 (compared with data collected in 2004) from 78% to 57%, although the proportion of eligible applications that were approved for funding increased – from 46% to 70%.

This table compares the success rates of applications received by trusts according to their grantmaking expenditure.

Annual level of grantmaking	Number of responses	Number of applications received	Number of eligible applications	Eligible as a % of number received	Approved as a % of number eligible	Approved as a % of number received
Less than £500,000	82	19,709	11,121	56%	75%	42%
£500,000 - £1,999,999	31	27,273	12,023	44%	85%	37%
Over £2,000,000	25	55,894	35,847	64%	63%	40%
Total	138	102,876	58,991	57%	70%	40%

*ACF Member Survey 2006*

## Further useful sources of information

Title	Available from:
ACF website	<a href="http://www.acf.org.uk">www.acf.org.uk</a>
CAF website	<a href="http://www.cafonline.org/research">www.cafonline.org/research</a>
Charity Trends 2006	<a href="http://www.caritasdata.co.uk/home/charityprod.html">www.caritasdata.co.uk/home/charityprod.html</a>
Community Foundation Network	<a href="http://www.communityfoundations.org.uk">www.communityfoundations.org.uk</a>
DSC (Directory of Social Change)	<a href="http://www.dsc.org.uk">www.dsc.org.uk</a>
Top 3,000 charities: the guide to UK charities	<a href="http://www.caritasdata.co.uk/home/charityprod.html">www.caritasdata.co.uk/home/charityprod.html</a>

This briefing was compiled and written by:  
Liz Goodey  
Head of Research, CAF  
and  
Tessa Hall  
Information and Communications Officer, ACF

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Association of Charitable Foundations, Central House, 14 Upper Woburn Place, London WC1H 0AE  
T: 020 7255 4499 F: 020 7255 4496 W: [www.acf.org.uk](http://www.acf.org.uk) E: [acf@acf.org.uk](mailto:acf@acf.org.uk)

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limited by guarantee. Company registration number: 5190466. *Registered charity number: 1105412.*

Charities Aid Foundation, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4TA UK  
T: 01732 520 000 F: 01732 520 001 W: [www.cafonline.org](http://www.cafonline.org) E: [enquiries@cafonline.org](mailto:enquiries@cafonline.org)

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