



# FOUNDATION GIVING TRENDS UPDATE 2020



# CONTENTS

<b>Introduction</b>	2
<b>Key findings</b>	3
<ul style="list-style-type: none"><li>• Trends in grant-making</li><li>• Family and corporate foundations</li><li>• Total spending</li><li>• Assets</li></ul>	
<b>Key trends and drivers of change</b>	4
<b>Grant making</b>	7
<b>Total spending</b>	9
<ul style="list-style-type: none"><li>• Direct charitable expenditure</li></ul>	
<b>Income</b>	11
<ul style="list-style-type: none"><li>• Investment income</li><li>• Voluntary income</li><li>• Total income</li></ul>	
<b>Assets</b>	13
<ul style="list-style-type: none"><li>• Key investment and assets figures</li><li>• Social investment</li></ul>	
<b>Family and corporate foundations</b>	15
<ul style="list-style-type: none"><li>• Family foundation giving</li><li>• Corporate foundation giving</li></ul>	
<b>Methodology</b>	19
<ul style="list-style-type: none"><li>• What is a charitable foundation?</li><li>• The top 300</li><li>• Foundation grant-making universe</li><li>• Compiling the data</li><li>• Skew in the data</li><li>• Disclaimer</li></ul>	

# INTRODUCTION

The *Foundation Giving Trends* series presents annual research and analysis on trends in the giving, spending, income and assets of philanthropically-funded foundations. It tracks the contribution of foundations to public benefit, while building transparency and an up-to-date evidence platform for practitioners, policymakers and researchers. This report provides an update for 2018/19.

We map the financial landscape in three ways, tracking annual change in the finances of:

- the Top 300 foundations, representing around 90%<sup>1</sup> of the value of giving by philanthropically-funded foundations
- the Top 150 family foundations
- the Top 50 corporate foundations.

Many of the Top 300 are family or corporate foundations and are also included in the Top 300, family and corporate analyses.

Foundations are selected and ranked for the tables by the value of their annual giving. To obtain an accurate measure of the trends experienced by foundations, their financial results are benchmarked against their own historic performance, and not against the results of previous years' tables. Family business foundations fall into either the family or corporate tables, depending on preference, and are noted.

*Foundation Giving Trends Update 2020* is a change to our usual style of reporting. As world events have largely eclipsed what came before, we have decided to present the results for the Top 300 foundation giving 2018/19 as an interim update rather than as a full report (without the usual full table of top 300 foundations).

This is intended to give readers an overview of what was happening in the independent foundation giving world in the year prior to the Covid-19 pandemic; to provide context and backdrop to that monumental event with all the changes it has brought.

While it is difficult now to look back on the pre-Covid world with clarity, it is sure that uncertainty was already high in many areas. Last year's report presaged this with wise words from **Esmée Fairbairn Foundation** commenting that "*2019 looks set to be a difficult and uncertain year.*"<sup>2</sup> Little could they, or we, know what lay ahead.

Looking back now, we know that foundations were directly affected by many aspects of the pandemic, including on the value of their funds, the huge difficulties experienced by their grantees in delivering services and projects, or even surviving financially, the consequences for beneficiaries, and the need to change the terms of multiple grants and contracts. A full report on the reaction of the Top 300 foundations to the beginning of the Covid-19 pandemic will be published in the usual full edition of *Foundation Giving Trends 2021* in December.

---

<sup>1</sup> The Charity Commission for England & Wales provides figures for charities that make grants as part of operating activity, but does not identify the number of UK foundations whose predominant/sole activity is grant-making. In *Charity Trends 1997* (CAF) an estimate of approximately 10,000 such foundations was compiled, with the giving of the Top 300 foundations representing around 90% of the total. No more recent survey is available.

<sup>2</sup> Esmée Fairbairn Foundation *Annual Report & Accounts 2018*

# KEY FINDINGS

## Trends in grant-making

In the year before the global Covid-19 pandemic hit, grant-making by the Top 300 foundations in 2018/19 showed solid growth of 5.6% excluding the giant Wellcome Trust. With Wellcome Trust total grant making reached £3.45 billion (growing by a real terms 22.8%).

## Family and corporate foundations

Giving by family and personal foundations grew by 0.9% excluding Wellcome Trust (or 33% with Wellcome Trust), while corporate foundation giving increased by 12.5%.

## Total spending

Total Top 300 spending in 2018/19 was £4.77 billion, a real terms 14% growth if Wellcome Trust is included. This includes a small share of around £500 million (10%) which is devoted to a wide range of direct programmes which foundations run.

## Assets

Top 300 net assets reached £70.25 billion in value in 2018/19. However, the annual rate of growth remained the same as last year at just 0.8%, or 0.1% when Wellcome Trust's huge assets are excluded.

## Income

Total reported income grew by 1.2% in real terms to £3.9 billion, reflecting further negative growth in investment income (-11.5%) but positive growth of 6.5% in voluntary income.

# KEY TRENDS AND DRIVERS OF CHANGE

*Pre-pandemic, foundations were already beginning to face major funding challenges*

In the year before the global Covid-19 pandemic *Foundation Giving Trends Update 2020* shows the Top 300 foundations were already beginning to face major funding challenges in meeting increasing need.

Grant-making in 2018/19 showed strong growth of 5.7%, excluding the giant Wellcome Trust. With Wellcome Trust (whose spending patterns bounced back up from the previous year) total grant making reached £3.5 billion (growing by a real-terms 23.2%).

This growth in grant-making, however, was, once again on the back of very low (near zero) growth in assets, mainly due to low growth in the value of investments. Total Top 300 net assets reached a record £70.3 billion in 2018/19, but the annual rate of growth remained the same as the previous year at just 0.8%, or 0.2% excluding Wellcome Trust's huge assets.

Investment income growth was negative for the second year in a row; and although voluntary income increased robustly this was largely due to one-off gifts at a small number of foundations rather than being across the boards. While total income grew by 1.2% overall, spending increased by 4.8% (excluding Wellcome Trust), and assets pretty much stood still.

The slowdown in the growth of the value of foundations' investments has been attributed to factors such as uncertainty in the markets caused by Britain leaving the European Union; trade disputes between the US and China; and a slowdown caused by China's efforts to reduce its debt by deleveraging, which has had a knock-on effect on other major world economies.<sup>3</sup>

In reaction to this environment, some foundations changed tactics somewhat with their investments, modifying the risks taken in their portfolios. The Paul Hamlyn Foundation, for example, declared itself *"very much in wealth protection mode"*, having moderated the investment posture to *"a more conservative footing"* – a move which they freely admit *"looked a bit premature"* at the time, but *"feels less so now. The exact timing in this business is never easy."*<sup>4</sup>

This was a sentiment echoed by **Wellcome Trust**: *"The macro environment is increasingly challenging, which has created volatility in financial markets... We recognise that the cycle [of gains] is extended, and that the portfolio is likely to face more challenging times ahead."*<sup>5</sup>

Further challenges were posed by difficult funding priorities in a complex and changing world. New developments in global politics are causing concern for many in the sector, and beyond, over *"the future of the liberal international order"*.<sup>6</sup> The **Sigrid Rausing Trust**, which supports a large number of charities working in the field of human rights, including women's rights, LGBTI rights, and projects tackling xenophobia and intolerance, commented that: *"Human rights defenders are increasingly at risk in many countries of the world."*<sup>7</sup> The **A B**

<sup>3</sup> Paul Hamlyn Foundation *Trustees' Report and Financial Statements 2018/19*.

<sup>4</sup> Paul Hamlyn Foundation *Trustees' Report and Financial Statements 2018/19*.

<sup>5</sup> Wellcome Trust *Annual Report and Financial Statements 2019*.

<sup>6</sup> *'The Road Ahead'* NCVO, January 2019.

<sup>7</sup> <https://www.sigrid-rausing-trust.org/Grantees/Programmes/Xenophobia-and-Intolerance>

**Charitable Trust**, whose funding covers human rights, migrants, refugees and asylum seekers inter alia, responded by increasing funding: *“Many charities working in these fields find it increasingly hard to raise funds, at a time when needs on the ground are escalating. In response, during the year the Bonavero family decided in principle to scale up their giving over the next three years to reach the level of £5 million in 2021/22.”*<sup>8</sup>

At the same time, a global environmental catastrophe was unfolding, and there was a renewed focus on climate change and how funders can create movement in this space. As **Esmée Fairbairn Foundation** commented: *“During 2019, the realities of climate change became unavoidable and the foundation sector is now engaging with it in a way it has not done so before.”* **Esmée Fairbairn Foundation** joined forces with thirteen other funders to sign the *Funder Commitment on Climate Change*, pledging to consider how their investments, operations and funding programmes can contribute to a *“fair and lasting transition to a post-carbon society”*.<sup>9</sup> Seven of the fourteen funders appear in the Top 300, **Arcadia**, **The Friends Provident Foundation**, **Barrow Cadbury Trust**, **Lankelly Chase Foundation**, **The Joseph Rowntree Charitable Trust** and **The Paul Hamlyn Foundation**.

This realignment of focus is echoed in other foundations. For example, **The AKO Foundation**: *“The AKO Foundation Trustees have become increasingly concerned by the effect of the changing climate on current and future generations and on global biodiversity. While acknowledging that they might have done so earlier, in 2019 they initiated what is becoming a third principal strand of grant-making, under the category heading ‘Climate’.”* While **The Children’s Investment Foundation Fund (CIFF)** decided on a slightly different tack: *“on climate change we launched a new approach aimed at tackling the unsustainable global financing of the fossil fuel industry... as we seek with our grantees the redeployment of public and private capital away from high-carbon energy, infrastructure and industry”* This effort was backed by \$112 million grant-funding for climate change-related projects in 2019 – the highest proportion of any of CIFF’s grant payment sectors.

Expectations of foundation funding for a struggling third sector continued to rise in 2018/19, particularly in counterpoint to a reduction of direct government funding and a reduction in income from the general public; alongside continued calls for greater dispersal of assets.<sup>10</sup> The already unfavourable economic situation in the UK meant that charities were expecting *“continued demand for their services and support, as the individuals and communities they serve will struggle to make ends meet”*.<sup>11</sup>

Many foundations have responded to this in recent years by providing more core funding rather than project funding. For example, **The Generation Foundation** offers: *“Capacity Building Grants, in which unrestricted grants are provided to organisations that align to our strategic priorities and which could benefit from the freedom to innovate afforded by unrestricted core funding.”* **Lloyd’s Bank Foundation for England and Wales**, which has been supporting smaller charities announced in 2019: *“We relaunched our grants programme*

---

<sup>8</sup> The A B Charitable Trust *Accounts 30<sup>th</sup> April 2019*.

<sup>9</sup> *‘Fourteen foundation sign pledge to tackle climate change’*, Civil Society News, 06 November 2019. The Funder Commitment on Climate Change now has 77 signatories (as at 29 September 2021).

<sup>10</sup> *‘Charities income from public down for first time since 2009, says NCVO report’*, Civil Society News, 19 June 2019. It should be noted that the NCVO report was looking at accounts from 2016/17.

<sup>11</sup> *‘The Road Ahead’* NCVO, January 2019.

*with a simpler more flexible and transparent approach, funding small but vital charities for longer with larger grants that can be entirely used for core costs.”*

**Lloyd’s Bank Foundation for England and Wales** also celebrated five years of Funder Plus in 2018/19, *“providing additional developmental support to strengthen charities”*. Their report evaluating this work demonstrates the added value many foundations aim to bring to their grant-making, allowing them and others to learn from their successes and failures in building capacity in charities. Another funder who has offered added value is **Paul Hamlyn Foundation**: *“Our offer... is increasingly mixed with evaluation and learning packages; support for individuals to increase their skills and potential for development; convenings to exchange practice with others in the field... We continue to contribute to a more pioneering philanthropic sector by playing our part to improve wider practice. This year we contributed to the Association of Charitable Foundation’s Stronger Foundations work.”*<sup>12</sup>

Over two-fifths (41%) of the Top 300 increased their level of grant-making in 2018/19 even though their income, assets or both were down this year. This is a lower proportion than in the previous year, suggesting that uncertainty and weak asset growth were beginning to materially affect some foundations’ spending. The increased level of grant-making demonstrates the huge importance of endowments and charitable assets to maintaining sustainable funding to the sector as a whole. It is also possible that some foundations may be dipping into their most liquid assets to support their spending.

In *Foundation Giving Trends 2019* it was noted that while foundations have some degree of flexibility in their spending, extended falls in income or assets may have serious implications for foundations’ work now and into the future. This year, the year before the global pandemic, that sentiment seems more pointed than ever. As The Paul Hamlyn Foundation observed: *“We have written before in our reports of the need to prepare ourselves for harder times ahead.”*<sup>13</sup>

Based on the evidence in this report, it would be difficult to say how strong the overall position of the Top 300 foundations was going into the maelstrom of 2019/20. While total assets are now worth more than £70 billion, strongly-maintained aggregate levels of grant-making over the last few years have become more dependent on voluntary than investment income.

In the longer-term, the impact of the pandemic could potentially affect both voluntary and investment income streams. We know now that foundations have been highly responsive to immediate sector needs arising from the pandemic and rapidly put support programmes in place. Further research will be needed to assess any impact on foundation funding in the longer-term, and how this influences their decision-making and ways of working in the future. *Foundation Giving Trends 2021* is due out at the end of this year and will hope to answer some of these questions.<sup>14</sup>

---

<sup>12</sup> Paul Hamlyn Foundation *Trustees’ Report and Financial Statements 2018/19*. Find out more about ACF’s Stronger Foundations programme at: <https://www.acf.org.uk>

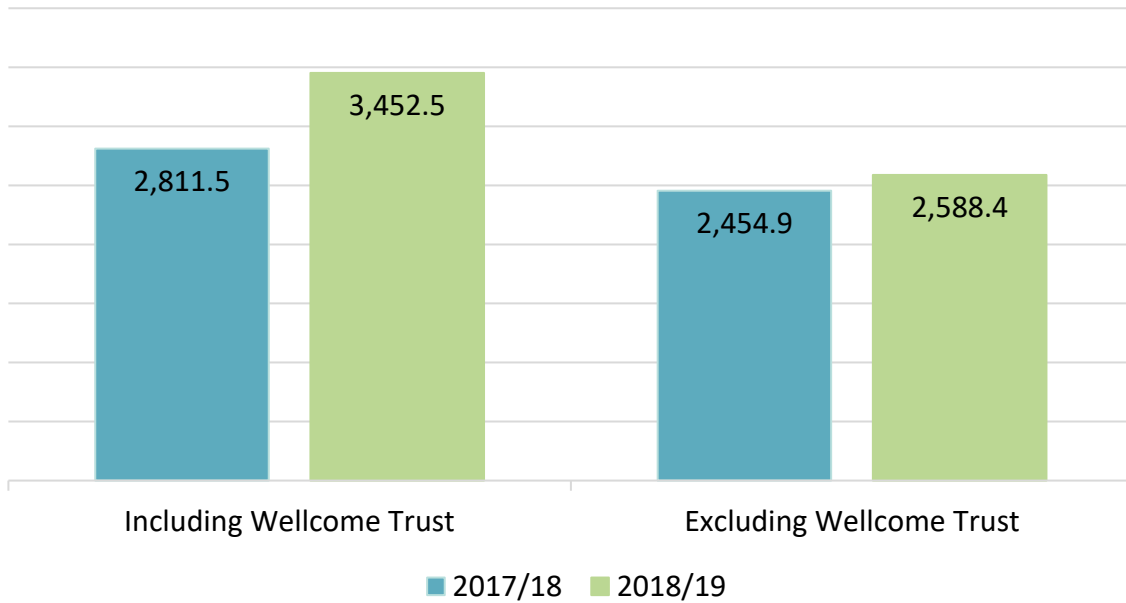
<sup>13</sup> Paul Hamlyn Foundation *Trustees’ Report and Financial Statements 2018/19*.

<sup>14</sup> ACF have also carried out a member survey: *“RISING TO THE CHALLENGE CHARITABLE FOUNDATIONS’ RESPONSES TO CORONAVIRUS AND THEIR FORECAST FOR THE FUTURE”* available at [www.acf.org.uk](http://www.acf.org.uk)

# GRANT-MAKING

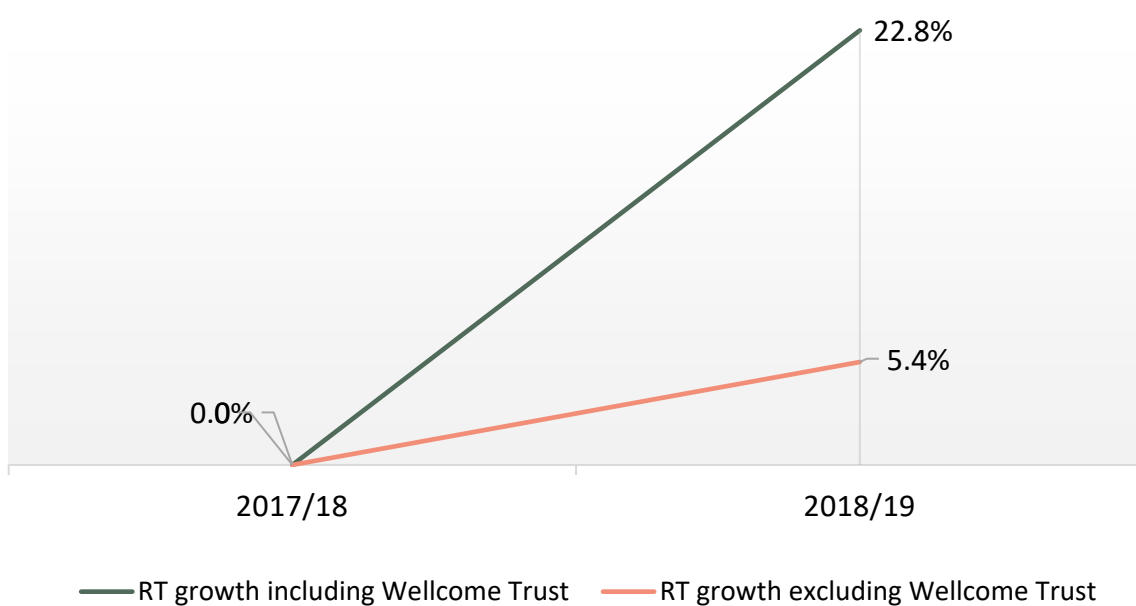
A strong pre-pandemic year for grant-making

Annual trends in value of grants (£ million) including and excluding Wellcome Trust, 2017-2018/19



*\*Figures adjusted to Quarter 4 2018 using the CPI Index (Office of National Statistics) here and throughout the report*

Real annual growth in value of grants (%) including and excluding Wellcome Trust, 2017/18-2018/19





Grant-making by the Top 300 foundations in 2018/19 is a picture of healthy growth (both with and without the outlier Wellcome Trust whose spending was down last year).

Grants were worth £3.45 billion and grew by a real annual 23% including Wellcome Trust. Without Wellcome, grants were £2.59 billion and grew by 5.4%.

Wellcome Trust's overall charitable spending topped the £1 billion mark in 2018/19. A significant milestone for this giant funder of health innovation, in line with their stated expectation of an average annual spend of around £1 billion.<sup>15</sup> As noted in last year's edition, the growth in **Wellcome Trust's** grants largely reflects the timing of significant commitments, as well as some significant one-off commitments (e.g. £50 million committed in 2018/19 to the Whole Genome Sequencing project at the UK Biobank).

Just over half (56%) of foundations saw a real-terms increase in their grant-making (although this is fewer than the proportion seen over the last few years (two-thirds)).

Largest real increases in amount of spending on grants included **Wellcome Trust** (+£507 million); **Comic Relief** (+£36.6 million) following a much lower grant spend in 2017/18 as they paused to review and launch a new social change strategy; **Gatsby Charitable Foundation**, which is spending out (+29.3 million); **Arcadia** (+£18.1 million) including a \$20 million grant to the Wildlife Conservation Society to ensure long-term conservation through a portfolio of protected nature strongholds; and **The Saïd Foundation** (+£15.8 million) including £15 million funding for the Saïd Business School foundation's redevelopment of the Osney Power Station into a world class executive education facility.

The Top 300 saw 19 new additions this year, including the **Aberdeen Foundation** (44), the Issa brothers' **Issa Foundation** (68), the **Alexander Mosley Charitable Trust** (114), and the high-flying **Stelios Philanthropic Foundation** (126).

This year also saw the loss of a handful of large foundations which have been mainstays of the Top 300 for many years. These included **BHP Billiton Sustainable Communities** (which transferred its funding to the US foundation), **Monument Trust** and **H B Allen** (the latter both spend outs).

A number of foundations posted lower grant making, including **Esmée Fairbairn Foundation** which, after two years of high grant making, spent slightly less in 2018/19 in preparation for their new strategy.

The average real terms increase in the value of grant making this year among the Top 300 foundations was £2.3 million (excluding Wellcome Trust), while the average decrease was £1.9 million.

Total grants made by Top 300 foundations were worth £3.45 billion in 2018/19

---

<sup>15</sup> Wellcome Trust *Annual Report and Financial Statements 2019*.

# TOTAL SPENDING

*Total foundation spending reached higher levels in 2018/19*

Total spending by the Top 300 foundations in 2018/19 was £4.77 billion, growing by a robust 14% in real-terms including Wellcome Trust. If Wellcome Trust is excluded, total spending grew by 1.6%.

The large growth in the total spending figure was largely driven by the increase in grant-making from £2.8 billion to £3.45 billion including a strong climb from Wellcome Trust. But even without Wellcome Trust, grant making and total spending grew in 2018/19.

Type of Spending	2017/18	2018/19	Annual adjusted change	Annual adjusted change
	Including Wellcome Trust (£ million)	Including Wellcome Trust (£ million)	Including Wellcome Trust 2017/18-2018/19 (%)	Excluding Wellcome Trust 2017/18-2018/19 (%)
Grants	2,811.5	3,452.5	<b>22.8%</b>	<b>5.4%</b>
Other charitable spending	458.1	495.1	<b>8.1%</b>	<b>6.8%</b>
Support & Governance	274.8	293.8	<b>6.9%</b>	<b>8.2%</b>
Investment management	234.9	203.8	<b>-13.3%</b>	<b>-17.2%</b>
Total*	4,186.3	4,772.3	<b>14.0%</b>	<b>1.6%</b>

*\*This total includes a small amount of miscellaneous spending not itemised in the table*

## Direct charitable expenditure

Spending on direct charitable activities such as policy, research and direct services or programmes also increased in 2018/19 to £495 million. Its share of total expenditure, however, has remained very similar to previous years at around 10%.

While over half (54%) of foundations in this year's Top 300 did not have any charitable spending other than grants, for some foundations spending on their own programmes represents an alternative or complementary way of pursuing mission.

This is particularly true of **Wellcome Trust**, whose charitable spending – for example, its genome research programme – was over £225 million in 2019. Meanwhile **Alzheimer's**

**Research UK's** information and advocacy work forms a vital part of their function to raise awareness of dementia. For example, in 2019 the foundation distributed more than 260,000 free health information booklets, helping people to understand the diseases that cause dementia and how they can reduce their risk.<sup>16</sup>

Overall investment management costs reported for 2018/19 fell by 13.3% to £204 million. These costs, which represent 0.3% of the total value of investments overall, vary from foundation to foundation and year to year, with investment managers often receiving payment by results. The SORP (FRS102) charity accounting rules allow these costs to be subsumed under fundraising expenditure and some foundations now include investment management within their support costs, so the figures given here are likely to be an underestimate. Such expenditure is vital to enabling foundations to maximise the financial, ethical and social impact of their assets and the value of their charitable spending.

We combine support and governance costs here since not all foundations record governance costs separately. Together they totalled £294 million, representing about 6% of spending, slightly less than the previous year. The increase in support and governance costs is consistent with the increase in spending, particularly grant-making.

All support costs, including investment management, underpin foundations' grant-making and other charitable expenditure, which together account for the vast majority (81%) of their total spending.

Foundations' grant-making and other charitable expenditure accounts for 81% of their total spending.

---

<sup>16</sup> Alzheimer's Research UK *Annual Report and Financial Statements 2019*

# INCOME

*Income reported from investments fell again, and harder, in 2018/19*

Type of Income	2017/18 (£ million)	2018/19 (£ million)	Annual Adjusted Change (%) 2017/18-2018/19
Voluntary	1,896.5	2,015.7	<b>6.3%</b>
Investment	1,521.0	1,345.8	<b>-11.5%</b>
Total*	3,865.5	3,906.8	<b>1.1%</b>

*\* This total includes a small amount of miscellaneous income from trading and other sales, transfers etc not itemised in the table*

In spite of larger falls in investment income this year, total income grew by 1.1% in 2018/19 to 3.9 billion.

## Investment income

The investment assets of foundations, often donated by founders as permanent or expendable endowments, are a key source of foundations' independent and sustainable income. The value of foundation investments fluctuates broadly in line with general market conditions, in turn affecting their income from investments.

The uncertainty previously expressed by some foundations about the stability of investment growth, and the potential impact on income, has once again proved well founded.

Reported investment income reached £1.35 billion in 2018/19, an annual fall of 11.5%, and dropping investment income back to levels last seen in 2015/16. This drop came on the back of extremely low or negative growth in the value of investments (see Assets).

## Voluntary income

While voluntary income grew by a robust 6.3% in 2018/19 to just over £2 billion, the voluntary income of the Top 300 (from donations from individuals, legacies, companies, other foundations, and fundraising) tends to be more volatile than its investment income. Increases are often due to large one-off gifts, such as in the case of the long-established **Jordan Charitable Foundation** which received over £48 million from the estates of the original founders in 2018. New foundations also tend to donate large start up gifts either to create or build an endowment. Such is the case for the **Issa Foundation**, registered in 2016, and this year receiving donations of over £25 million from billionaire brothers Zuber and Mohsin Issa in 2019 to add to the over £30 million so far donated over the last four years. **Arcadia's** voluntary income was also up by £25.3 million in 2018.

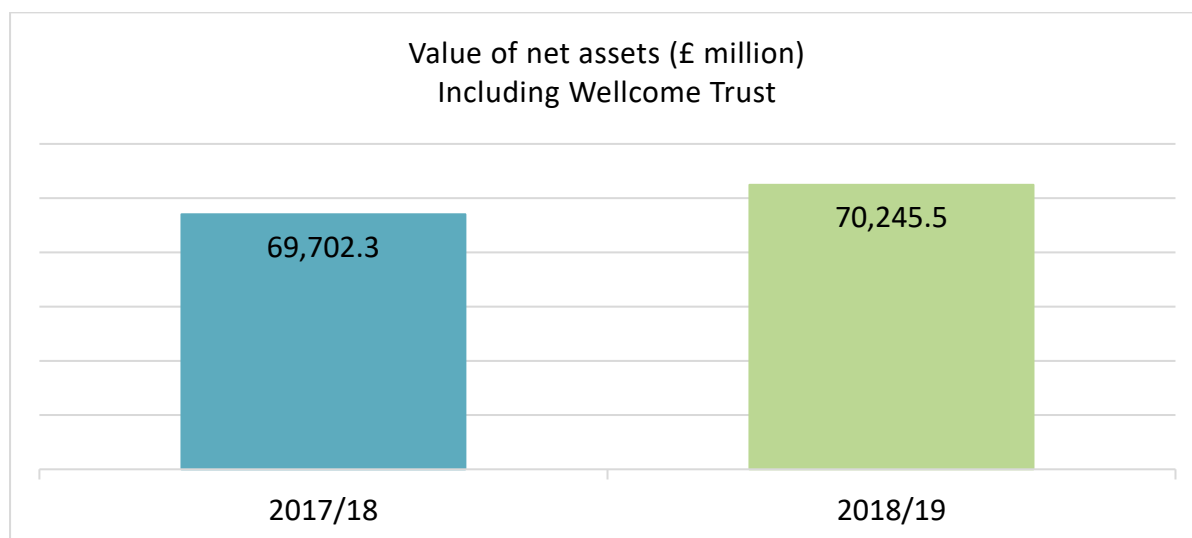
## **Total income**

Across the boards, just half (49%) of the Top 300 foundations experienced real-terms growth in their total income, totalling £3.9 billion in 2018/19.

Top 300 foundations reported total annual income of £3.9 billion, a real increase of 1.1%

# ASSETS

Assets achieve high point of £70 billion but growth rate remains low



Despite reaching an all-time high of £70.25 billion (£45.1 billion when Wellcome Trust is excluded), the slowdown in the annual growth rate of assets among the top foundations seen over the last couple of years has continued in 2018/19.

Assets grew by just 0.8% in real terms including Wellcome Trust, or 0.1% if the trust is excluded.

Background factors were the ongoing market volatility and uncertainty arising from Brexit, the tensions in global trading relationships, and higher rates of inflation in the UK.

The ownership of assets is highly skewed. The top six foundations by asset value (all with assets of over £1 billion) accounted for over three-fifths (64%) of Top 300 assets. The largest of these, Wellcome Trust, has £25.2 billion – over one third (36%) of the total of the Top 300.

In a further reflection of the negative asset growth figure (excluding Wellcome Trust), results show a majority of foundations (59%) reporting a drop in real net asset value in 2018/19 – the same proportion as the previous year.

Type of Asset	2017/18 (£ million)	2018/19 (£ million)	Annual adjusted change (%)
Total investments*	70,576.7	71,572.6	<b>1.4%</b>
PRI	79.2	85.2	<b>7.5%</b>
Net assets	69,702.3	70,245.5	<b>0.8%</b>

\*Including Wellcome Trust

## Key investment and asset figures

The collective value of the investments of the Top 300 in 2018/19 is £71.6 billion, a growth of 1.4% from the previous year.

If Wellcome Trust is excluded, growth of investments fell by 0.04%. Although Wellcome Trust has the largest investment portfolio in the Top 300 it too has been hit by external political turbulence and a slowing in the global economy in 2018/19, and experienced lower returns of 6.9% in Sterling (2018: 13.4%).<sup>17</sup>

This continues a pattern of a slowdown in the growth of investments which are such an important underpinning of foundations' assets, out of which to grant fund. The slowdown in the growth of the value of foundations' investments has been attributed to factors such as uncertainty in the markets caused by Britain leaving the European Union; trade disputes between the US and China; and a slowdown caused by China's efforts to reduce its debt by deleveraging, which has had a knock-on effect on other major world economies.<sup>18</sup>

Four-fifths (80%) of the Top 300 foundations hold investment assets of one sort or another to back their grant funding programmes in the longer term. Investments range from just £1,000 to £29 billion (Wellcome Trust).

The majority of investments held by the Top 300 are listed (57% by value), but unlisted investments are also significant (34% by value) with some big foundation investments wholly or in part held in privately-owned or unlisted companies (for example, by The Robertson Trust).

The other substantial component is investment in private equity.

## Social investment

For this interim report we are not reporting a full rundown of social investment figures, and the Programme Related Investment (PRI) figures reported do not include other figures we usually report in the narrative. Nevertheless, the uptick in the PRI figures reported here is positive. We will provide a full report on SRI in the 2021 edition of Foundation Giving Trends.

---

<sup>17</sup> Wellcome Trust *Annual Report and Financial Statements 2019*.

<sup>18</sup> Paul Hamlyn Foundation *Trustees' Report and Financial Statements 2018/19*.

# FAMILY AND CORPORATE FOUNDATIONS

*Investment income falls as a share of total family foundation income in 2018/19*

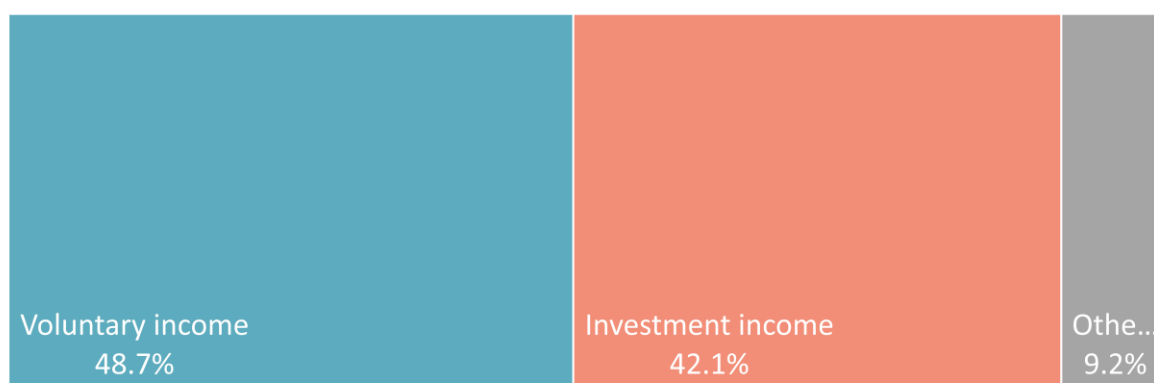
## Family foundation giving

This is the twelfth annual report on family foundations in the UK, and tracks the trends for the largest 150 family foundations by giving. ‘Family foundation’ (or trust) is a commonly-used but not technical term for foundations funded principally by the personal gift of an individual donor, family or family business<sup>24</sup> (see glossary for full definition).

In 2018/19 total Top 150 family foundation giving grew by just 0.9% in real-terms excluding Wellcome Trust. With Wellcome Trust, giving grew by 33.2% to £2.1 billion. Family foundation giving accounted for 60% of the total giving by the Top 300 foundations in 2018/19.

The very small growth in overall grants by family foundations excluding Wellcome Trust (0.9%) belies the usual amount of ups and downs in the table: Large real-terms increases in grant-making of over £10 million were posted by **Arcadia**, **Gatsby Charitable Foundation**, including £4.5 million to Gatsby Africa to accelerate inclusive and resilient economic growth in East Africa; The **Saïd Foundation**, The **Sigrid Rausing Trust** and **Paul Hamlyn Foundation**, including a £4m gift to the children’s charity, Coram, in 2019 to establish the Hamlyn Endowment for the Rights and Voices of Children – the largest gift in Coram’s history<sup>19</sup>. The loss of two large family foundations is also notable this year – The **H B Allen Charitable Trust** and **Monument Trust** – which together granted nearly £50 million in 2017/18. Monument Trust was a major arts and heritage funder, and many organisations in the arts and culture sector will be anxious to see if this funding is replaced in future by other funders.

Income breakdown of top 150 family foundations, 2018/19\*



*\*Excluding Wellcome Trust  
\*\* Including Statutory income*

With investment income falling sharply over the last two years, the balance of income sources to the Top 150 family foundations is shifting. A few years ago (2016/17) we reported that investment income overall accounted for 57% of income to the Top 150 (excluding Wellcome Trust). In 2018/19 that proportion has shifted to less than half (42%).

<sup>19</sup> <https://www.thirdsector.co.uk/coram-receives-largest-gift-near-300-year-history/finance/article/1582717>



Two-thirds of the family foundations in this year's report received voluntary income, often gifts from living donors. This represented around one-half (49%) of the total income of the Top 150 family foundations (without Wellcome Trust) in 2018/19.

Although of increased importance to total income, voluntary income to the Top 150 family foundations increased in 2018/19 by a modest 2.6% in real terms to £730 million. This is reflected in the fact that just over half (57%) of family foundations with voluntary income experienced an increase. Amongst these, several increased their voluntary income by a substantial amount. **Arcadia, Issa Foundation, The Jones 1986 Charitable Trust, The David and Claudia Harding Foundation, Dunard Fund, Saïd Foundation, Karlsson Jativa Foundation and the Sigrid Rausing Trust** all increased their voluntary income by over £10 million in real-terms. Of these, three were new to our tables: **Issa Foundation** is the giving vehicle of brothers Zuber & Mohsin Issa, British entrepreneurs who have recently acquired both Asda and Leon; The **Jones 1986 Charitable Trust**, which received more than £25 million from the estate of Philip Locke Jones, Former Chairman of Jones Stroud, who died in 2015; and the **Karlsson Jativa Foundation**, which funds the advancement of the art of music around the world.

The significance of foundations' shifting incomes was underlined by **Lempriere Pringle 2015** which experienced a large fall in voluntary income in 2019 necessitating a decrease in grant making, but took a rather philosophical view on this: *"As the year progresses, it looks as though the income available to LP 2015 will be significantly diminished in the coming year. Is this a bad thing? I do not think so. For nearly a decade, our beneficiaries have been able to rely on income, and now that it is no longer an inevitability, each must come to terms with what that means. Will they do less? Will they seek out other sources of income? Are they regretful, or frustrated - or indifferent? Life is a kaleidoscope, and we see that our changing circumstances are the catalyst for change in others."*<sup>20</sup>

Despite a fall in the overall investment income of the Top 150 family foundations of 11.8% in 2018/19, which included the small percentage falls in investment income reported by **Wellcome Trust** (-0.1% worth £40.8 million in real-terms) and The **Children's Investment Fund Foundation (CIFF)** (-3.3% worth £129 million in real-terms), this was not seen across the board. Over half (58%) of family foundations experienced a real-terms increase in investment income.

The overall fall in investment income outweighed the gains in voluntary income for family foundations, leaving total income in a position of real-terms negative growth this year at -1.5% including Wellcome Trust (or -1.1% if Wellcome Trust is excluded).

Reflecting low investment growth, net assets of the Top 150 family foundations grew by just 1.2% this year in real terms to £57 billion.

Total Top 150 family foundation giving grew by just 0.9%

---

<sup>20</sup> Lempriere Pringle 2015 *Trustees' Report and Financial Statements 2019*.

## Corporate foundation giving

This report focuses on the Top 50 corporate foundations (by giving). ‘Corporate foundation’ is a common but not technical term for charitable foundations set up by businesses with funding from endowments, annual covenants, or gifts. (See glossary for full definition).

UK corporate foundations currently contribute around 7% of the total giving of the Top 300 foundations (the comparable figure in the US is 9.6%)<sup>21</sup>. Companies also donate to good causes directly (estimated at around £0.5 billion in 2018/19).

Giving by the Top 50 reached £230 million in 2018/19, a strong real terms growth of 12.5%.

There were strong increases in grant-making at the top of the table, with two foundations increasing their grant funding by around £5 million each, which represented a significant real-terms increase of around one-quarter for both organisations. The grant-making of **Goldman Sachs Gives (UK)** in 2019 included £2.8 million to Greenhouse Sports Limited which aims to change young lives through sport; while for **Lloyds Bank Foundation for England and Wales** 2019 was the first full year of a new five-year strategy, *Reaching Further*, aiming to make core cost grants of up to £100,000 over three years to 250 new charities (with the option to extend for a further three years). **GambleAware**, primarily funded by regulatory settlements from the gambling industry, increased its grant-funding by two-thirds in 2019, including over £1.5 million for Citizens Advice Gambling Support Service.

There were 3 new additions to the corporate table in 2018/19: The **Generation Foundation** – established by Generation Investment Management LLP - advocates for a more sustainable economic system that is aligned with a low-carbon, prosperous, healthy, safe and fair society, in 2018 £1.2 million was granted to Greyston, a charitable organisation that focuses on reducing crime, recidivism and poverty including its trademarked model ‘Open Hiring’ which aims to help excluded groups more easily participate in the economy; The **Quilter Foundation** – established by Quilter PLC wealth management (formerly Old Mutual Wealth) – primarily supports young people to fulfil their potential and in 2018 launched a campaign to support young carers, granting over £700 thousand to this cause; lastly, The **Daiwa Anglo-Japanese Foundation** - established with a benefaction from *Daiwa Securities Co Ltd* in 1988 – principally funds scholarships for British students to study in Japan, but also offers small grants to support Anglo-Japanese arts and cultural exchange.

Nevertheless, it is interesting to note that there are fewer corporate foundations in the upper echelons of the Top 300 foundations these days. In 2018/19 there were 4 corporate foundations in the first 50, compared with 7 in 2015/16. This is largely due to the winding up, or moving elsewhere, of a number of large corporate foundations such as **Northern Rock**, and **BHP Billiton Sustainable Communities**.

Voluntary income for the Top 50 corporate foundations grew robustly in 2018/19 by a real-terms 6.7% to £206 million. The increase was, however, mainly driven by a few foundations (most notably The **Steve Morgan Foundation**, **Lloyds Bank Foundation for England and Wales**, **GambleAware** and, new to the tables, **Quilter Foundation**).

---

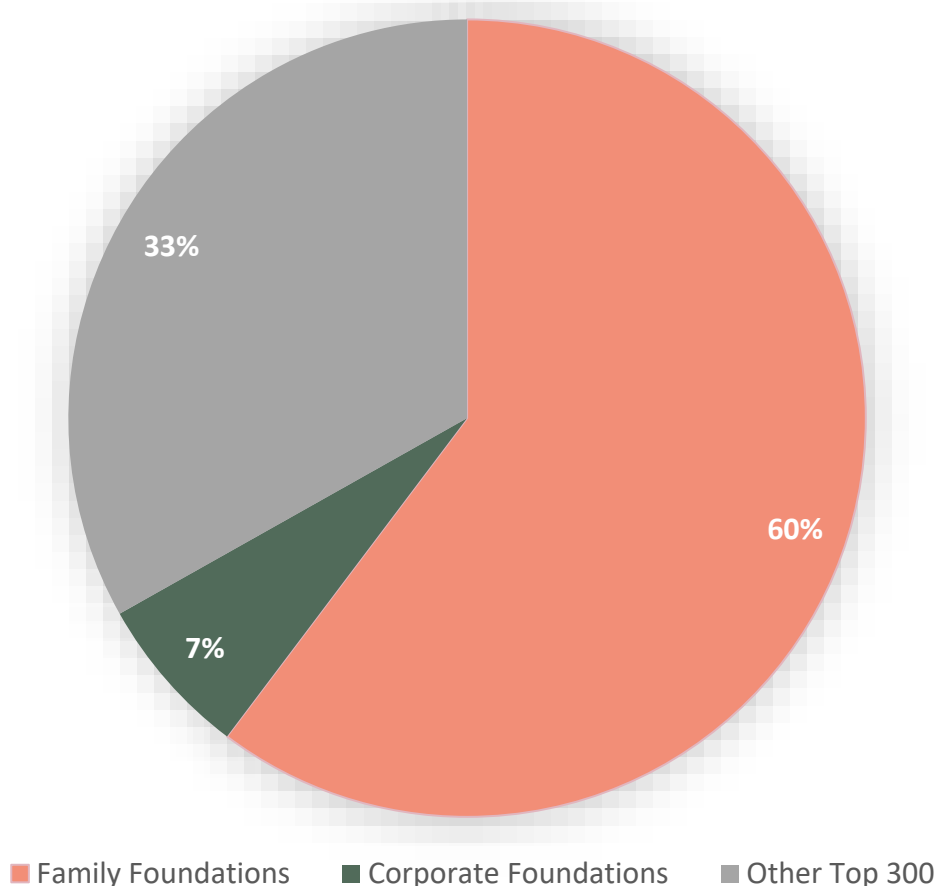
<sup>21</sup> Candid US Foundation Centre Guidestar FACTS on FOUNDATIONS 2020. Based on most recent IRS filing in the December 2019 IRS BMF.

For the Top 50 corporate foundations the proportion of gifts into foundations is generally higher since most corporate foundations are not endowed; in 2018/19, voluntary income represented over four-fifths (80%) of total income (2017/18: 65%).

In spite of higher grant-making, total income to the Top 50 fell, however, largely due to a drop in income to **Lloyd's Register Foundation** in 2018 from its trading subsidiary Lloyd's Register Group (£43.9 million in 2017) which decided to reinvest profits to secure long-term growth, in the knowledge that the Foundation held sufficient funds to continue its immediate grant-making<sup>22</sup>.

Tracking the philanthropic contribution from foundations is becoming ever more complex as a number of funders increasingly combine partner funds from government with their own funding in innovative ways. This is particularly true of corporate foundations. Since this report focuses primarily on philanthropic spending, a few foundations that have featured in the table in previous years are no longer eligible for inclusion. We continue to monitor this situation closely.

### Share of giving by foundation type



<sup>22</sup> Haysmacintyre / Charity Finance 250 Index: Income falls by 81 per cent at Lloyd's Register Foundation as trading group cuts funding. Civil Society, 27 June 2019.

# METHODOLOGY

*With independent and sustainable resources foundations can adopt both diverse approaches and partnerships*

## What is a charitable foundation?

In the UK the terms 'foundation' or 'trust' are used interchangeably to describe charities with private, independent and sustainable income that fulfil their charitable goals mainly by funding and supporting individuals or other organisations.

There is a broad spectrum of foundations. For example, the Association of Charitable Foundations (ACF) has over 380 members including many large independent foundations; local and community trusts; family and corporate foundations; and those who primarily raise money for their grantmaking from the public.

Although grant-making is the primary activity for many ACF members, many also carry out other activities, such as research, policy and influencing work, running programmes, and social investment. Foundations are not restricted to funding charities – many support universities, research, education, individuals or even public and private sector bodies to deliver mission-related goals. Independent charitable foundations offer an efficient, agile, transparent and intentional way to dedicate Resources irrevocably to public benefit. The collective annual spending power of the Top 300 philanthropically-funded foundations is relatively small compared to the state, equal to around 0.4% of UK government expenditure, but foundations punch above their weight. Their independence means they can take risks, back marginalised causes, work with diverse partners, meet immediate needs, evade the short-termism of political cycles and support long-term solutions.

## The top 300

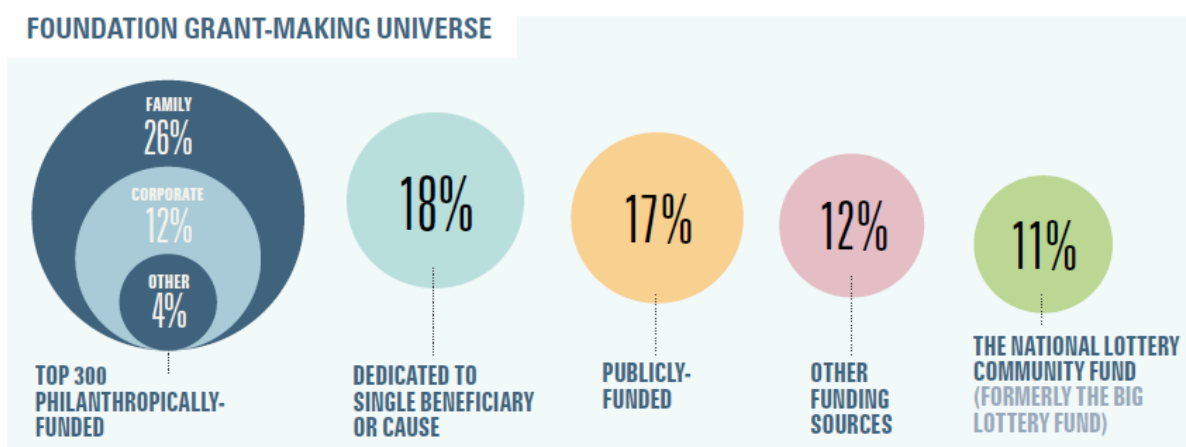
Our Top 300 foundations are registered charities, and defined as charitable grant-makers that:

- derive income from almost entirely private, philanthropic sources (including endowments)
- devote more than half of their charitable spending to making grants
- are principally grant-making and not operating or providing direct services
- are set up with a principal purpose of making grants to unrelated organisations or individuals, and do not support a single institution/ beneficiary or cause
- are largest by value of grants.

The composition of the Top 300 table is remarkably stable. A 'churn' of about 11% per year is concentrated at the lower end, with negligible impact on results.

## Foundation grant-making universe

The Top 300 philanthropically-funded foundations contribute two-fifths (42%) of the total amount of grant spending carried out through all charitable foundations, as the graphic below illustrates<sup>23</sup>. It also shows estimates of how the other three-fifths is contributed by charitable foundations that are publicly or member-funded, operating/service-providing, or established to support a single institution/beneficiary or cause. The National Lottery Community Fund (formerly the Big Lottery Fund) is not in the Top 300, for example, as its funding results from a government mandate although derived from the public purchase of lottery tickets. It is listed individually because of its scale.



## Compiling the data

Reaching a comprehensive figure for private giving by all methods in the UK involves combining data from various sources, collected by different methodologies and at different times. This means that any estimate has some gaps and discontinuities.

Key figures in this report are drawn from:

- financial figures in annual reports and accounts and foundation websites
- search of literature, including press reports
- tax and estates data, general public and ‘high net worth’ giving surveys, and other research.

Foundation accounts are published at different times of the year, and the data used to track annual trends may relate to financial or calendar years. This, coupled with the time taken to carry out the research, inevitably reduces the sensitivity of aggregated annual results to short-term fluctuations in inflation and the coherence of the ‘annual’ snapshot.

However, the consistency of the research methodology year-on-year allows for confidence in its ability to monitor annual change.

All figures for prior years are adjusted to Quarter 4 2018 prices using the CPI Index (Office of National Statistics).

<sup>23</sup> Pharoah C, Jenkins R, Goddard K (2015). *Giving Trends, Top 300 Foundation Grant-makers 2015 report*, ACF/CGAP@Cass/Pears Foundation

## Skew in the data

Estimates of foundation assets and spending are heavily skewed by **Wellcome Trust**, due to its massive assets and spending. A shift in its finances can affect the data disproportionately and, as can be seen in this year's results, the large reduction in its 2018 spending has had a significant effect on lowering topline totals and growth rates for the Top 300 as a whole. All trends in the report are tested for any skewing effect Wellcome Trust or others may have, and these are discussed.

It is also worth noting that there are some other foundations with group structures and/or multiple functions, whose assets are extensive because they encompass large businesses or other activities as well as an element of charitable grant-making. The most notable examples are **Bridge House Estates** and **Garfield Weston Foundation**.

## Disclaimer

Selecting foundations for inclusion in this report, and classifying them as privately-funded, family, family business or corporate for the purposes of this report involves an element of judgement, based on the – often partial – evidence available. The classifications are indicative only, to help research and not formal definitions. We are keen to promote the quality of our information, and encourage foundations to get in touch if they would like to comment on it. Several foundations have already provided invaluable help. In preparing this report, we have used the best data available to us at the time of publication and while all reasonable efforts have been made to ensure accuracy, we cannot guarantee this.

## AUTHORS

**Catherine Walker**, Director, The Researchery

**Cathy Pharoah**, Visiting Professor of Charity Funding, CGAP, Bayes Business School, City, University of London

## ORGANISATIONS

The Association of Charitable Foundations (ACF) is the membership organisation for foundations and grant-making charities in the UK. [acf.org.uk](https://www.acf.org.uk)

The Researchery is an independent consultancy providing the evidence base for a more informed, effective and impactful voluntary sector. [theresearchery.com](https://www.theresearchery.com)

The Centre for Charitable Giving and Philanthropy (CGAP) at Bayes Business School, City, University of London is a UK academic centre dedicated to research on charitable giving and philanthropy. [cgap.org.uk](https://www.cgap.org.uk)

Pears Foundation is an independent, British family foundation rooted in Jewish values. Its work is concerned with understanding, engagement and wellbeing. [pearsfoundation.org.uk](https://www.pearsfoundation.org.uk)

## ACKNOWLEDGEMENTS

Special thanks to **Sir Trevor Pears CMG**, Executive Chair, Pears Foundation.

This edition has been produced in association with the Centre for Charitable Giving and Philanthropy at **Bayes Business School**.

**Charity Financials** provided the charities' financial data.

Thanks go to **Richard Hebditch**, director of external affairs at ACF, and **Joanna Pienkowska**, senior policy and engagement officer at ACF, for their input into the report and its design.

This report is published by the Association of Charitable Foundations (ACF).

Registered Office: 28 Commercial Street, London, E1 6LS

Telephone: **020 7255 4499**

Email: [acf@acf.org.uk](mailto:acf@acf.org.uk)

Website: [acf.org.uk](https://www.acf.org.uk)

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying or otherwise, without the prior permission of ACF. The Association of Charitable Foundations is a company limited by guarantee registered in England and Wales. Company registration No 5190466. Registered charity No 1105412.