DIVERSITY, EQUITY AND INCLUSION

ALSO IN THIS ISSUE

FOUNDATION GIVING TRENDS
Our annual update of giving, income and assets

COLLABORATING FOR CHANGE
One trust’s five-year mission to enrich people’s lives

ACF CONFERENCE 2019
The long view: funding on a finite planet

MIND THE GAP
The importance of evidence and data in guiding funders to target resources
EDITORIAL

Season’s greetings from 28 Commercial Street! Carol Mack welcomes you to this latest edition of Trust & Foundation News.

This edition of TFN comes to you from ACF’s brand new offices, which we share with London Funders, ACO – the benevolent funds association – and The Funding Network, together forming a vibrant ‘philanthropy hub’. Many of ACF’s events for members will be held next door in Toynbee Hall, the social purpose organisation which is also our new landlord. We look forward to seeing you here!

This has been a busy autumn, in which we published the first of our Stronger Foundations reports, focusing on Diversity, Equity and Inclusion (DEI). The report addresses one of the key questions facing foundations today: how can we ensure that DEI is at the heart of what we do and how we do it? The reaction from members so far indicates that the report is resonating with all kinds of foundations, including those for whom DEI is a relatively new consideration as well as those who are already demonstrating stronger practice. Our News Feature in this issue includes interviews with several members who share their experience of progressing DEI at their foundation. We hope these case studies, and our report, inspire everyone to take the next step in their deliberation and actions.

Last month it was brilliant to welcome over 300 of you to our annual conference focusing on climate change; one of the defining issues of our time. A key point that I heard from our many excellent speakers was that the climate crisis is not simply an environmental issue, but it is also a health issue, a community issue, a heritage issue, a human rights issue and most especially an issue for those working with young people. All of this means that being effective in the pursuit of social good will increasingly mean taking a climate lens to our work. Many of you are already grappling with what this means in practice – and these conversations are reflected in the articles featuring the highlights from the conference. Additional material, including videos and presentations, is also available on our website.

Wishing you all a wonderful Christmas holiday and all good things in 2020.

Carol Mack, ACF Chief Executive

NOTICEBOARD

PERSONNEL
Karen Everett is taking over as Chief Operating Officer at the Sainsbury Family Charitable Trusts.
Sarah Benioff has been appointed Director of Cripplegate Foundation and Islington Giving.
Ravi Gurumurthy has become Chief Executive of Nesta.
Celia McKeon is the new CEO of Joseph Rowntree Charitable Trust, having taken over from Nick Perks.

NAME CHANGE
Greater London Fund for the Blind has rebranded to become the Vision Foundation.

CHANGE OF ADDRESS
ACF has moved. Our new address is: Fourth Floor, 28 Commercial Street, London E1 6LS.

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WHAT DO DIVERSITY, EQUITY AND INCLUSION MEAN TO YOUR FOUNDATION?

Following the publication of ACF’s nine pillars of good practice in diversity, equity and inclusion (DEI), Laura McCaffrey asks members how those values translate into their work.

DENISE RAMSEY, DIRECTOR OF AWARDS, UNLTD

CHAIR, ACF STRONGER FOUNDATIONS DEI WORKING GROUP

GRANT-MAKING 2019: £3 MILLION

There are great ambitions regarding diversity, equity and inclusion, both within UnLtd and across the wider foundation sector. I have used my lived experience to shape my career, so for me it is a personal journey too.

When I was asked to chair the working group it was a huge opportunity for me to share, and also to learn from others across the sector, and to look at how we can come together to improve DEI practice across the board. There are lots of pockets of ambition of change, but in silos. We need to connect and learn together.

DEI encompasses huge rich dimensions – ethnicity, gender, age, sexual orientation, social and economic status, hidden disabilities, physical disabilities, faith. The barriers don’t exist in isolation within a single group. I am not only a woman who identifies as BAME, I also connect with an age, and faith. For example, take a gender diversity programme to increase the number of women in leadership. Often the outcome is only positive for a narrow group, those who are white, middle class, heterosexual, able-bodied. That is because we ignore how some women also benefit from power and privilege, and do not connect the inequalities around that and the dimensions.

One of the solutions is understanding the landscape. We need to ask where we are on DEI within our organisation – who is making decisions, do our teams and trustees reflect the beneficiaries? It’s questioning what we do both internally and externally. And we have to recognise that the challenging conversations needed to bring about transformative change can be really uncomfortable. Fear can often stop people from starting to address DEI issues.

I was really pleased that at UnLtd we had complete buy-in to improve our DEI practice – from the trustees, as well as executive and staff teams. We wanted to focus not just on outputs or beneficiaries but to examine governance, recruitment, our buildings, our impact streams. We created a diverse ‘champions’ group with our staff teams, social entrepreneurs and partners to look at the inclusion challenges and ensure we were tackling the most pressing issues within UnLtd. This has culminated in a five-year strategy to understand and embed DEI in our policy and practices, and to hold ourselves accountable to those we serve.

We looked at our data and connected with the thoughts and experiences of social entrepreneurs, staff and partners. Everyone within the organisation has had inclusion training and we have committed half the training budget to DEI. Our social entrepreneurs told us our application process seemed a barrier to some; we are redesigning our whole support offer as a result of this. With our HR team we are focusing on how we extend our reach via a diverse talent pool and how we make the recruitment experience more accessible.

Each year we give out around 450 awards (grants) and are dedicating 30% of them to leaders with lived experience. It’s a good starting point but we already know we want to stretch this.

And it’s not just who we give our awards to, it is how decisions are made. We have actively recruited leaders with lived experience onto our board and decision-making committees. As we go into 2020/21 we will also have social entrepreneurs on our awards panel.

We know that where we are at now in terms of DEI is a good starting point for us as an organisation. We will use the recommendations of the ACF working group report – the ‘nine pillars’ – to look at how it connects with our own commitment to DEI, our delivery and practice. I would encourage all foundations to use the pillars and also to reach out and connect more, and not be afraid of how big DEI feels.

www.unltd.org.uk

For details of the report and the nine pillars, see pages 30-31.

Denise Ramsey
Director of Awards, UnLtd
FOZIA IRFAN, CHIEF EXECUTIVE, BEDFORDSHIRE AND LUTON COMMUNITY FOUNDATION

MEMBER OF ACF STRONGER FOUNDATIONS DEI WORKING GROUP

GRANT-MAKING 2019: £1.2 MILLION

As a sector I think we have to recognise that universal programmes of funding do not reach people equally, and that we need to strive to be more equitable, transparent and representative. For me that is the most important lesson for foundations, and that single premise should be at the core of all that we do and how we do it. This involves understanding communities and tailor-making our processes to fit with their requirements, rather than the other way around.

I have studied DEI in the US and the UK. In a comparative sense, the UK is progressing quite slowly, whereas the US has been doing this work for a very long time. But there is a momentum building here, particularly in the last 12 months. There seems to be more self-awareness in the sector, more introspection and reflection on what our role is and whether we are doing the best that we can.

There is also a growing scrutiny on the foundation sector, our legitimacy and lack of accountability. We need to be a lot more articulate in expressing that foundations exist for public benefit and conveying what we do.

DEI work is all about making foundations much more effective, creating impact, and reaching communities, and how foundations translate that into practice. Quite often, you see DEI work siloed or viewed as just one aspect of what a foundation does. But every foundation can do something.

DEI work is all about making foundations much more effective, creating impact, and reaching communities, and how foundations translate that into practice.

DEI WORK IS ALL ABOUT MAKING FOUNDATIONS MUCH MORE EFFECTIVE, CREATING IMPACT, AND REACHING COMMUNITIES, AND HOW FOUNDATIONS TRANSLATE THAT INTO PRACTICE.

In my own foundation, we have adopted a very systematic way of looking at DEI across all our operations and the way that we work and have implemented a DEI framework. Over the last two years we have transitioned our board to being much more representative and diverse. We have also focused on decision-making and power, and all funding decisions are devolved to a panel recruited from people who live and work in the community. We recognise that it is they who hold the expertise, not us, and they should make the decisions.

I have also been talking about DEI a lot over the past year, blogging, presenting and talking to foundations. There is a real appetite to move from just talking about it to implementing DEI, and recognition that together we are stronger. This has led to setting up the DEI Coalition – a group of foundations who will work collaboratively to create a DEI framework for the whole sector. Such frameworks do exist in the US, and I imagine around 70% of their resources are translatable into the UK context with a little tweaking and refining.

Fifteen foundations have committed to this three-year project and my hope is that as a coalition, we can disseminate knowledge about what works well and what doesn’t and that will create a ripple effect throughout the sector. A lot of the foundations who have signed up are very high profile – the National Lottery Community Fund, BBC Children in Need, Lloyds Bank Foundation for England & Wales, for example. They are well respected and so symbolically for them to take part is a signal to all foundations that this is something really important.

The framework we will develop is not intended to be prescriptive; it’s not about saying there is only one way and this is it. It’s about each foundation working as a learning community to see how that framework translates to what they are doing. We want it to be relevant to all foundations, and I think the fact that you have different kinds of foundations taking part including community foundations brings an extra richness and depth of experience.

www.blcf.org.uk
Grant-Making 2019: £400,000

Too many of us in the sector are too complacent about all the inspiring causes we are funding, and how we are giving people a voice and empowering those who are facing barriers to succeed. Of course, these things are incredibly important and at the heart of what we do. What we are not very good at, though, is looking at how we ourselves are operating.

For example, are our services accessible to everyone? CareTech Foundation supports the care sector but a recent report from the Care Workers Charity highlighted that people in the sector just don’t know what help is available. That is because organisations, including grant-making foundations, have not looked closely enough at how they reach the intended audience. For example, a lot of people we aim to support do not have ready access to the internet or email accounts. We have to reach them in other ways.

One of our trustees, Mike Adams, heads up Purple, which campaigns to improve customer services for disabled people. He challenges us to see what we’re doing as a foundation to improve access to our services. The key thing we have pledged to do is to improve the accessibility of our website. We thought it was quite accessible already but realised what a difference can be made by one small non-expensive technical change – putting captions on our films. We are also trying to be really clear that while we do have an online application form, if this presents a difficulty for anyone, we’re happy to talk it through and fill in the form ourselves. It’s a tiny change at a marginal cost but can make such a difference.

So, there are practical steps that we can take to reach more people but we also need to look at how we operate as foundations. The current position on trustees is just awful. Good governance says you should not have the same individuals year after year. Two or three-year terms would enable new people to come in and allow a focus on more diverse and representative trustees. I accept that diversity of the trustee board in a family foundation can be more challenging – but it can be done.

That said, at CareTech Foundation we are very lucky to have good diversity on our board of trustees, achieved through focused recruitment to broaden representation and skills base.

We have also set up an Advisory Council to supplement the board, including more people with direct lived experience of care. On our big grant projects, we do everything we can to involve those for whom that project might be relevant, for example, staff within the CareTech business and their service users.

What I took directly from the Stronger Foundations DEI working group was that in the US it is very common to have a DEI statement and this fuelled our determination to develop our own, which is now on our website. So, as a team we are discussing what more we can do about DEI, how we track and measure it, and gather the data on who is applying for our funding and what their outcomes are. It is a journey, but part of that is saying ‘we take this seriously’.

I do detect a growing awareness of the issues in the wider sector but sometimes this comes without understanding the detail or the practical things of which those organisations are themselves culpable. So, it could be that at first glance trustee recruitment appears absolutely inclusive but dig deeper and you can see that the way the requirements are framed rules out huge swathes of people who could be brilliant. I would argue for unconscious bias training as an obvious starting point, which for us has engendered some really interesting discussions, some quite shocking.

Even in the working group there was some incredulity that we still need to be discussing some of these things. The language of simply talking about diversity, equity and inclusion has never been about a colour-blind approach; it is about helping any individual to access a service or improve their lives, being cognisant of their background and where they have come from and tailoring it to accordingly. It’s not good enough just to say ‘that’s equal’ and not question what equal really means – and it never has been.

It is great to see the development of the DEI Coalition but just signing up and adopting a DEI framework is not enough. I would like to see ACF continuing to push this agenda alongside the DEI Coalition and to question what is actually being done, year after year.
ABDOU SIDIBE, HEAD OF REGIONAL FUNDING – YORKSHIRE AND THE HUMBER, THE NATIONAL LOTTERY COMMUNITY FUND

GRANT-MAKING IN ENGLAND 2018-19: £367.4 MILLION

Growing up in France as a black man of Senegalese origin and a Muslim, I experienced discrimination first-hand. My first job in England was in Coventry, working in schools with refugee children who had French as a first language. That helped me to understand the issues around refugees and people seeking asylum as well as the level of discrimination they can face.

I have spent the last 15 years working in social justice and to reduce inequality, especially for people from different backgrounds. But even in my own career, the more I progressed the more I realised it was difficult to get into leadership roles when you are from BAMER (Black, Asian, Minority Ethnic, Refugee) background. In meetings I was one of the few – if not the only – black person in the room, which is still often the case. But now I have people looking up to me, recognising that they too could get this position, and I enjoy that informal mentoring role.

Two years ago when I joined, The National Lottery Community Fund was changing its strategy and developing a regional structure to empower communities. My role is to lead a team of 23 people working across the region. It is not just a case of making sure we fund the diverse organisations and communities. It is also recognising how reflective we are of these communities internally at all levels.

I welcome the ACF Stronger Foundations DEI report, and the fact that it shows that there are other foundations who want to work together to tackle the issue. Historically, our process was a lot more onerous and heavily reliant on writing. Groups where English is not the first language, BAMER or LGBT+ groups, or disabled people, have often experienced barriers, and might not have the confidence to come forward, or articulate what they would like to do. Our new way of working is much more relational, with my team more embedded in the community, more visible, so a lot more is done through conversations. Our application form only asks six questions, and working in this way we have been able to reach much smaller groups.

For example, when I first joined there was a group in Leeds led by a refugee who had never applied for lottery funding, partly because of how he thought funders see black communities in general, but also because he imagined larger organisations had a lot better chance of accessing funding. Our funding officer was able to go and see the impact of the work first-hand, talk to the beneficiaries, and articulate what he had seen. Now that group has three years of funding and stability, rather than having to seek out small grants here and there.

The regional structure, simplification of our processes, and building relationships have definitely been a huge improvement for us. There are still groups we’re not reaching, but the more diverse the team becomes, the better that will be. And diversity is not just about racial background or ability, it’s also about experience and knowledge. Decisions are made by the team as a whole and everyone brings a range of different views to help us build a local context. A community in Leeds will have different needs to a community in Rotherham, a different funding ecology, and local knowledge is an enormous benefit in recognising that.

We have also changed our assessment framework to reward organisations that work in a way that is more people-led, with people involved in the design, development and delivery of the project, and reflective of the community the organisation aims to serve.

The challenge is always around volumes, but the fact that we are reaching communities we weren’t reaching before is clearly a good sign. In London and the South East, some 40% of organisations currently being funded are new to us, so it shows the regional structure is working.

Diversity of causes and communities is also a priority. We fund a wide range of groups – young disabled people, older people, people facing homelessness, women and girls experiencing domestic violence, people with refugee and migration issues. But even within groups there is a wide diversity, which is why I’m never comfortable with labels. ‘BAMER’ can embrace so many different types of people, the term is not really that helpful. And the region of Yorkshire and Humber itself is incredibly diverse, with rural, urban and coastal communities facing very different issues.

But we are very aware that more still needs to be done. We are continually looking at different approaches. For example, we are part-funding the 2027 initiative to make the grant-making sector more inclusive of those of the working-class background, and host two people in placement as part of the team. Already I can see what richness they bring in terms of their background, experience, knowledge and skills.

We look forward to working with other funders to share experiences and challenges about how we improve the sector through the new DEI Coalition.

www.tnlcommunityfund.org.uk
Diversity, equity and inclusion have always been in the foundation’s values and thinking, but now the wider context in which we are operating has shifted, and we need to be more explicit, more visible about it. We want to speak more about DEI issues and also the power dynamic within funding relationships and how foundations can act, to quote Fozia Irfan, to ‘advance the common good’.

Our current strategy states that social justice underpins everything we do, based on concepts of human rights and equality, and that our mission is to help people overcome disadvantage and lack of opportunity so that they can realise their potential and lead creative and fulfilling lives. There are a series of values relating to that, but to date we have not framed them as a diversity, equity and inclusion agenda.

However, over the last 18 months or so, we have been exploring how to make all of that aspiration feel more authentic and tangible. My view is that DEI in our organisation is not ‘nice to have’ – it is a business imperative to ensure that foundations are credible and relevant. By signing up to the new DEI Coalition founded by Fozia, we hope to learn and become more systematic about DEI. As foundations in a position of power and influence, we have a responsibility to be more visible and more vocal in standing up for these principles and the opportunity to send a very powerful message.

We are now looking at decision-making and governance through a DEI lens, not just the board. Most of our decision-making is delegated to our advisory panels, which are diverse and more representative. Increasingly we are having a conversation with grantees about how beneficiaries who are potentially facing systemic disadvantage are at the heart of leading change and designing solutions to overcome inequality. That is now a specific question when organisations are applying for grants, and we want to see evidence that the organisations we are funding are thinking about that, and genuinely creating the structures that enable beneficiaries to be part of it.

This has come through in our work with young people and migration and integration in particular, but is increasingly applying across all of our programmes. One of the principles in our strategy is about giving people greater control over the decisions that shape their lives, and specifically helping people who are facing disadvantage to speak out and be heard, including by those who make policy or provide services. To that end we are funding more advocacy and lobbying work by backbone organisations supporting the field, because we recognise this as part of a response to questions of DEI.

We also need to consider DEI in our role as an employer. DEI actions include collecting diversity statistics to inform our HR policy development, and opening up the space for staff to participate more in planning and decision-making through structures like monthly staff meetings and bottom-up planning exercises. We have also started a DEI staff group.

For some time now we have sought to diversify our staff base. We have professional development budgets to invest in our people, and we are hosting a 2027 placement – a 12-month salaried role aiming to bring more working-class individuals into grant-making. We strive to make sure our people feel equipped for their roles and are representative of the sector in which we operate. We were early adopters of the 360Giving data transparency standards, and have a grantee/applicant survey with anonymised responses to monitor how we’re doing.

Our trustees are profoundly engaged in this issue. Paul Hamlyn himself had a special interest in social justice and challenging prejudice, and opening things up to people, particularly young people. That belief and commitment has been part of the foundation since it was founded in 1987. As a family foundation, diversity and integration have been part of the framework underpin their work, this framework gives a path for people to walk along while being supported.

Moira Sinclair
Chief Executive, Paul Hamlyn Foundation

www.phf.org
For us, diversity, equity and inclusion are very much inter-linked, and how they affect each individual is very much dictated by where you are in society and your experience. Our focus is on challenging structures, policies and systems that inhibit access to opportunities or perpetuate inequality.

Awareness of DEI is ingrained in the trust. It informs our strategies, how we engage with projects and communities, how we assess grants. It recognises that those with the least power are often the most affected by poverty and inequality. We aim to build capacity in those communities.

We do a lot of campaigning and research, alongside direct funded work with a range of communities including refugees, women’s and deaf and disabled groups. As well as promoting equal opportunity and access to services, we are moving more and more towards using our assets – funding, investments, intellectual, along with our links, networks and alliances – to give people with lived experience of poverty, marginalisation and inequality a stronger voice to change systems and take a greater participative role in society. We may have some expertise, but it is the people who have lived within systems, structures, societies and communities that are disproportionately affected by poverty who are the experts and can bring a different perspective.

We recognise that as well as not having access to opportunities and services, some people and groups are excluded from democratic decisions on a personal and societal level – for example, deaf and disabled groups, people from LGBT+ communities, refugees etc. As part of our five-year funding strategy we are doing a lot of work to reach those groups most affected by poverty and involve them in trying to identify solutions to the issues they face.

FOR THOSE THAT ARE WARY, I CAN ONLY SAY THAT WE HAVE FOUND IT INCREDIBLY ENRICHING.

We are also moving towards encouraging co-production and co-design. For example, we funded work to establish a Commission of Enquiry into Social Security. We were able to involve people with experience of claiming Universal Credit and Disability Living Allowance, getting them to say what challenges and barriers they have faced, and also to focus on how to overcome them. This led to a call for solutions through social media and voluntary and community groups as to how the benefit system could be improved, which received over 1,000 responses.

What was very enriching is that the commissioners were trained by the London School of Economics to codify and identify trends from that immensely informative data. The themes will now feed into a civil society submission for a draft Green Paper on how to overcome them. This led to a call for solutions through social media and voluntary and community groups as to how the benefit system could be improved, which received over 1,000 responses.

The aim of our Strengthening Voices, Realising Rights programme co-funded with City Bridge Trust is to build the capacity of deaf and disabled people’s organisations (DDPOs). Evidence shows that this group is disproportionately affected by poverty and inequality – issues of housing, employment, welfare benefits, social care, even down to human rights and health. We want to strengthen their skills and capacity to deliver good quality services and advice, while involving deaf and disabled people in the funding decisions, design of the programme and as part of an advisory panel.

It is important that we as a trust live up to the values of DEI. For example, we regularly conduct diversity audits and trustees discussed DEI at their last away day. We are working to ensure that the voice of those we’re trying to help is represented on our board and our two grants committees. We recently held a recruitment drive where we invited people with direct experience of poverty and inequality to come to an open day. We were delighted that 28 candidates attended and we recruited four individuals who are now co-opted onto our grants committees.

Trusts and foundations are beginning to recognise the need for change, but it is very challenging and resource-intensive. It’s about breaking the traditional view among foundations and others that just having a user group is enough. We urge them to go further and share the power – giving individuals a say in how the organisation is governed, managed, and how funding priorities are set. It’s a bottom-up dynamic and a journey, and encouraging to see other foundations travelling in the same direction.

There is no right way to do it, we don’t have a good practice guide – it is more about creating space to have the conversation. For those that are wary, I can only say that we have found it incredibly enriching. While there is still much for us to learn, the journey so far has helped us define what we are and what we can do to tackle poverty. One area that we are keen to engage funders with is how we cost and pay for the skills, time and expertise of people with lived experience as advisors, researchers, campaigners and as integral agents of social change. This is something we are keen to progress in 2020.

www.trustforlondon.org.uk

Austin Taylor-Laybourn
Grants Manager, Trust for London
ACF PUBLISHES ANNUAL RESEARCH INTO FOUNDATION GIVING TRENDS

Results of the recently-published update on trends in foundation finances *Foundation Giving Trends 2019* indicate that many foundations maintained or grew their giving in 2017/18, but also reveal signs that future spending power may be more constrained.

Grant-making by the Top 300 foundations was worth £2.6 billion and grew by a real annual 9.9%, if the huge Wellcome Trust is excluded. Family and personal foundation giving grew by 4%, while corporate foundation giving increased by 2.2%. If the Wellcome Trust – whose overall spending is set to increase but whose grants fell in 2017/18 – is included, grant-making was worth £2.9 billion, but fell by 9%. However, potentially presaging a harsher and more uncertain financial climate, the reported income of the Top 300 fell slightly in real terms to £3.7 billion. The drop was due to voluntary income remaining virtually static.

There were a few notably large gifts into family and corporate foundations, but a majority of foundations had less voluntary income than last year. Significantly, the fall in income also reflected negative growth in investment income (-5.9%). While Top 300 net assets reached £67 billion in value in 2017/18, the annual rate of growth slowed for the second year running, and was just 1.8%. If the Wellcome Trust’s huge assets are excluded, net asset growth was negative, dropping to -1.1%.

For more details see pages 36-37.

IN MEMORIAM

ACF was saddened to hear that two members had suffered losses recently: James Hughes-Hallet CMG, chair of Esmée Fairbairn Foundation, and Pat Wolfston, founder of the ExPat Foundation.

James served as Chair of Esmée Fairbairn Foundation since 2013 and as a trustee for 14 years. He was an accomplished businessman with a passion for the arts, education and philanthropy, holding a number of roles including chairman of the Courtauld Institute and trustee of Dulwich Picture Gallery.

Pat founded the Expat Foundation in 2002 and through it she supported many small UK charities focused on helping elderly people, promoting the development and wellbeing of children and young people, and education and social transformation in Sub-Saharan Africa.

We send our condolences to both families and to their respective foundations. **EH**

AWARDS FOR COMMUNITY ENERGY INITIATIVES

ACF members Power to Change and Friends Provident Foundation were both recognised in the recent Community Energy Awards 2019.

Power to Change won the Community Energy Finance Award which recognises funders and advisers that have achieved the most impact through a range of financial support mechanisms, including grant-funding, debt finance, community shares, funding platforms or new funding models. Friends Provident Foundation was also highly commended in this category.

The awards, organised by Community Energy England and Community Energy Wales, and sponsored by Co-op Community Energy and the Greater London Authority, celebrate the most innovative and ground-breaking projects in the community energy sector, which is working to create a cleaner, greener energy system for the benefit of people over profit. **LM**
At Ruffer, our aim is to deliver positive returns, regardless of how financial markets perform.

As one of the most established investment managers in the UK charity sector, we serve more than 300 charities of all different shapes and sizes.

The Ruffer approach can be accessed either via a segregated account or a pooled fund. We can also tailor portfolios to meet each charity’s ethical policy objectives.

Ruffer LLP is authorised and regulated by the Financial Conduct Authority
IN BRIEF

PROGRESS 1000
ACF congratulates members named in the Evening Standard’s ‘Progress 1000’. The list, which recognises people changing London for the better, features: Dawn Austwick, Chief Executive of the National Lottery Community Fund; Dr Lynne Guyton, CEO of John Lyon’s Charity; Bharat Mehta CBE, CEO of Trust for London; Sir Trevor Pears, Executive Chair of Pears Foundation; and Guy Weston, Chairman of Garfield Weston Foundation. Read the list here: http://bit.ly/ES-P1000

LEARNING FROM YOUNG GRANT-MAKERS PROGRAMME
Islington Giving, an initiative led by Cripplegate Foundation, has published learning from its young grant-makers programme, in which a diverse group of 15 young people came together to make grants totalling £80,000. In its report Islington Giving discusses how the programme came about, how it worked in practice, and lessons learned throughout the pilot phase. Read the report and watch a video summary here: http://bit.ly/IG-YoungGM

SUPPORTING SMALLER CHARITIES
Charities Aid Foundation (CAF) has published findings from its resilience programme, which works with smaller charities to test how funders can assure their long-term survival. How funders can do more to support the resilience of small charities, the latest instalment of learning from the programme, has five recommendations for funders, which include building long-term relationships, showing confidence in small charities, and recognising the unseen and long-term benefits of working as partners. Find out more here: http://bit.ly/CAF-resilience

FRAMEWORK FOR PLACE
NPC has published a new guide for foundations looking to view their work through the lens of place. Our framework for place: a practical guide for funders, developed to share common characteristics identified by NPC in its work with funders, explores six pillars of place-based funding, and features case studies of place-based initiatives led by foundations, other charities and the public sector. Find out more here: http://bit.ly/NPC-Place

ACF RECOMMENDATIONS IN SELECT COMMITTEE REPORT
The Liaison Select Committee, which comprises chairs of all Westminster select committees in the Houses of Parliament, has published recommendations following an inquiry into the effectiveness and influence of select committees. ACF is pleased that the committee recommends acting upon our offer to facilitate better engagement with foundations, and explicitly recognises the value of foundations’ expertise. Read the report here: http://bit.ly/ACF-LiaisonInquiry and find out more about engagement with select committees on page 46.

NEW FUNDRAISING CODE
The new Code of Fundraising Practice has taken effect. The code sets the standards that apply to fundraising carried out by all charitable institutions and third-party fundraisers in the UK, and replaces the previous code, rulebooks and legal appendices. The code is relevant to foundations that carry out fundraising activities, and includes a section for charities fundraising from trusts and foundations. Access the code here: http://bit.ly/FR-Code

PHF REVIEW OF GRANT-MAKING
Paul Hamlyn Foundation has published a review of its UK grant-making in 2019. The review analyses themes and patterns in grants made since the launch of its strategy in 2015, highlighting emerging challenges, trends and the outcomes being pursued in its efforts to advance social justice. Read the review here: http://bit.ly/PHF-2019

LIVING WAGE PLACES TOOLKIT
Living Wage Foundation and Living Wage Scotland have launched a toolkit to tackle low pay by celebrating local action. The toolkit, supported by Carnegie UK Trust, sets out reasons for becoming a Living Wage Place, and a step by step model of how it might be achieved. Download the toolkit here: http://bit.ly/LWP-toolkit
After five years in Acorn House, ACF has moved office. Our new office is located at Fourth Floor, 28 Commercial Street, London E1 6LS.

We are tenants of Toynbee Hall, a community-focused institution and registered charity that may already be familiar to some members. We are pleased that once again we are supporting a social purpose organisation, as we did when residing at Acorn House with Terrence Higgins Trust and a number of other charities.

Being co-located at Toynbee Hall brings ACF access to its suite of meeting rooms, which we will make good use of for our meetings and events. There is also a beautiful café and soon there will be a garden open to the public.

Toynbee Hall is conveniently located near several public transport hubs: Aldgate and Aldgate East underground stations are under five minutes’ away, and Liverpool Street station is less than 10 minutes on foot. The area is also well served by buses and London Overground.

We will continue to reside alongside our current tenants, London Funders and the Association of Charitable Organisations. We are gaining a new tenant, with ACF member The Funding Network joining us in the new office.

We look forward to seeing you at our new office space soon!

EH

The ACF team has been working on a number of policy initiatives since the last issue of TFN. Emma Hutchins reports.

‘Turbulent’ is too often used to describe the political environment, but there are few more accurate words that capture recent developments. Since the last issue of TFN in July, we have had a new Prime Minister, another Brexit extension, and a general election. By the time this issue goes to press, who knows what we’ll have added to that list?

The general election has put pause to activity in a number of policy areas. Progress on the Domestic Abuse Bill and on serious youth violence depends on the priorities of any future administration, although there is cross-party interest in taking existing work forward.

Despite some activities being stalled, work on safeguarding in the voluntary sector has pressed ahead. The National Council for Voluntary Organisations (NCVO) has published a comprehensive resource for charities on safeguarding, including a section specifically for grant-makers which makes reference to ACF’s own Safeguarding for Foundations Framework. The work is part of an ongoing partnership with the government’s Office for Civil Society and the National Lottery Community Fund, and more is expected in the new year.


Finally, the Members’ Policy Forum reaches its first anniversary this month. Why not help us celebrate by signing up? You will receive monthly bulletins with all the latest policy news as well as invitations to specialist events. See page 46 for more information about its progress and impact so far.
MILESTONES

Here we feature just some of our significant activities since the last issue of Trust & Foundation News. We have...

• Held our annual conference on the theme of 'Funding on a finite planet' (see pages 16-27).
• Identified nine pillars of excellent practice in the first report emerging from the Stronger Foundations initiative – Diversity, equity and inclusion: the pillars of stronger foundation practice (see pages 30-31).
• Begun the second phase of the Stronger Foundations initiative, which involves a series of engagement events including in-depth exploration of good practice with members.
• Joined with other charity representative bodies to find ways to collaborate to improve diversity, equity and inclusion within the sector.
• Facilitated the launch of a new ACF 'next gen' members' network for people new to working philanthropy.
• Visited colleagues in the US to learn from the United Philanthropy Forum and the Council on Foundations.
• Collaborated with Northern Ireland Trusts Group to host our annual Northern Ireland conference (see page 53).

• Participated in an independent review of how charity accounting standards are developed.
• Connected with social impact investors in the North West at the SIIG’s roundtable in Manchester (see page 54).
• Learned about the specific challenges and opportunities facing members in special interest networks, including the Grant Funders Network, Foundations Forum, and Scottish Grant-makers.
• Travelled to Brussels to support our European counterparts in efforts to advocate for an enabling environment for philanthropy.
• Continued to support the work of the Beacon Collaborative, an initiative led by philanthropists to increase the level of giving by high net worth individuals in the UK.
• Engaged with the academic research community at the European Research Network on Philanthropy’s conference in Switzerland, and at the Voluntary Sector Studies Network conference in Birmingham. Eh

NOTICEBOARD

NEW MEMBERS

Full members
Alex Ferry Foundation
Exodus Travels Foundation
Fyrish Foundation
Halifax Foundation NI
KPMG Foundation

Associate members
Aesop Foundation
Bloom Foundation
BRE Trust
English UK Ltd
Global Fund for Women UK
John Lewis Foundation
National Federation of Roofing Contractors
Prateura Foundation
St George the Martyr Charity

Left: Miatta Fahnbulleh of the New Economics Foundation addresses a packed house at the ACF Conference 2019.
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LOOKING BACK OVER
30 YEARS OF HISTORY

As ACF celebrates its 30th anniversary, Chief Executive Carol Mack reflects on how the world has changed – for better and for worse – since ACF was founded, and at how the foundation sector has evolved and reacted in the face of dramatic change.

1989 – what a time to be alive! The Berlin Wall came down. The Cold War was pronounced over. It felt as if we had entered a bright new future, in which Europe was no longer divided. Followed in 1990 by the beginning of the end of apartheid in South Africa, it seemed then to me, as a young adult, as if anything really was possible.

Less publicly the seeds were being sown for what would be astonishing advances in technology – the first commercially available mobile phones were produced and Sir Tim Berners-Lee invented the internet. More ominously, 1989 was then the warmest year on record, and in China the Tiananmen Square protests did not follow the script of the Velvet Revolution.

1989 was of course also the year in which ACF was born, which means that at our December AGM we turn 30; an age traditionally seen as marking the change from youth to the beginning of mature adulthood. In thinking about ACF’s 30th anniversary, I have been reviewing some of our organisational records of those tumultuous times.

FOUNDATION FOCUS

What, then, were foundations thinking about in 1989?

Our archive shows that some of the questions that ACF members were asking included:

- How does charitable funding connect to the environment? *At that time the primary concerns were articulated as the greenhouse effect and global warming.*
- What is the role of foundations in Northern Ireland? *The Good Friday Agreement that brought an end to that violent period known as the Troubles was still nine long years away.*
- How can foundations relate to funding strategies being proposed for the public sector? *A terse file note indicated that statutory funders were ‘increasingly expecting agencies to supplement their funding from the charitable or corporate sector’.*
- And, how can ‘non-computerised’ foundations get advice on ‘programmes and hardware’?

All four questions continue to resonate today, albeit in different iterations:

- Should foundations continue to invest in companies that contribute to dangerous climate change? Or do they have a duty to invest their assets in a way that is compatible with a transition to a world that ‘only’ increases its temperature by 1.5°C?
- How can foundations support the diverse communities of Northern Ireland to overcome the divisions that remain long after the Troubles have formally ended?
- When and how might foundations respond to requests to fund work that was previously resourced by a shrinking public sector?
- How can foundations responsibly accelerate the opportunities that the digital revolution offers for achieving social good, while minimising the risk of harm? Given that foundations are often the source of funding for innovation, how can they develop the skills and expertise they will need if they are not to be a brake on progress?

AND NOW?

But in 2019 I also observe foundations asking themselves new questions, that are more searching and arguably more self-critical. Increasingly foundations are putting their own practice, and their very role, under the spotlight.

ACF is responding to this by providing opportunities for members to explore together and with others what it means to be an ambitious and effective foundation – most notably through our Stronger Foundations initiative. As your membership association we are there to support you, to help you to achieve your goals, and enable you to be your best selves. And all of us at ACF look forward to continuing to work with you in this common endeavour both in 2020 and for many decades to come.
ACF CONFERENCE 2019
THE LONG VIEW:
FUNDING ON A FINITE PLANET

ACF Chief Executive Carol Mack welcomed an audience of almost 400 delegates to this year’s conference by outlining why she believes that the changing climate is going to be one of the lenses through which we all have to view our work. Below is a slightly amended text of her speech.

It will not have escaped your notice that as we join together for conference, our country is preparing for an election like no other. This is a significant moment, and one that poses considerable uncertainty about the future.

As leaders within civil society, we have been grappling with political uncertainties for a long time now. Yet despite this, our latest Foundation Giving Trends research shows that funding levels have been robust, and many of you are offering thoughtful responses to the challenges of our time.

We could have dedicated this whole conference to Brexit or the political outlook. But, as important as these events are for our country, they are not taking place in a vacuum. They coincide with a moment of even greater global significance. A climate crisis is brewing that will affect all nations and all people, unless urgent concerted action is taken. It threatens many people’s lives directly and the quality of all our lives, within only a few decades. And it is expected to have the greatest impact on those who are marginalised in our society.

We had enormous interest from ACF members in attending this conference, with dozens of colleagues on a waiting list. For me, this confirms that this is the right time for us to take a broader, global view. It is time for us to consider why the changing climate is going to be one of the lenses through which we all have to view our work and I’d like to help you start thinking about this today.

CLIMATE CHANGE

So, to begin, what do we mean by climate change, and why has it now taken on the mantle of a full-blown climate ‘crisis’? Many of us started our careers before climate change was widely recognised as the pressing concern it is today. I feel a little embarrassed to say that I started my own career in the oil and gas sector. I wanted to share this with you, because I want to surface that many of us feel enmeshed in this issue. To some extent, all of us living in industrialised nations are implicated in climate change.

I think it is better to recognise this up front, rather than avoid it. It is ok to acknowledge that our awareness has grown over time. If we haven’t taken action in the past, this doesn’t mean we can’t act now.

One reason we are all better informed today is the overwhelming global scientific consensus that has been established. The work of the UN’s Intergovernmental Panel on Climate Change has been critical in this. This group of scientists from around the world has spent the last 30 years reviewing and narrating the evidence on climate change.

And, if we pause just for a moment to consider their key findings, it may be helpful to focus all of our minds on the enormity of the issue at hand. Put very simply, global warming is caused by greenhouse gases, like carbon dioxide. The graph opposite shows the level of carbon dioxide in our atmosphere over the past 800,000 years. We often say foundations have a long time horizon – but nothing like this! It is clear that over the past 100 years or so we have broken a long-established pattern and begun moving dramatically off the scale. The scientists’ best estimate is that the planet’s average temperature has already risen by more than 1°C since pre-industrial times, as a result. The correlation with that graph is astounding.

OUR THANKS
The conference would not be possible without the generous support of ACF’s Official Partners:
On current forecasts, the scientists expect the temperature to rise half as much again by some point between the 2030s and 2050s. So our planet will be 1.5°C warmer by the time a child born today can expect to start secondary school. And though these temperature rises sound like small numbers, the consequences are not small. We are already seeing the start of this on the news: heatwaves, melting glaciers, rising sea levels, increased flooding, wildfires, crop failures, water scarcity – the list goes on. These impacts have long been predicted, but we can increasingly see for ourselves what they mean, and what the implications are for our human species living on this unique planet.

**AFFECTING THE MOST VULNERABLE**

Not only are the consequences not small, they are not evenly distributed. By and large, the people that have been the biggest contributors to climate change are not the ones who are most adversely affected by it. Those who are most impacted tend to be the most vulnerable in our society.

In 2015, world leaders stated their ambition to limit global warming to 2°C by the end of the century. But at this 2°C level, the consequences of climate change are dire, with hundreds of millions more people directly affected. It is a sign of how far down this path we have already travelled that this is considered an acceptable goal – the least worst outcome that is plausible now.

But even this is beginning to look extremely challenging. The scientists say that without swift action, we are more likely on a path to a rise of 3°C or more by the end of the century. That’s when a baby born today will be 81 years old. These changes are expected to take effect within the lifetimes of our children and grandchildren. So it is perhaps no wonder that so many of them are going on strike or lying down in our streets. It is deeply disturbing.

**WHY IT IS RELEVANT FOR INDIVIDUAL FOUNDATIONS**

For some foundations, this may seem clear-cut: we cannot go on assuming business as usual. Yet, I know that some are asking whether the climate crisis is a legitimate consideration for their foundation in the here and now, given its specific charitable objectives and time horizons.

The first and most important thing to consider is charity law. The law says that charity trustees can use their discretion in determining how best to achieve their charitable objectives and time horizons. The first and most important thing to consider is charity law. The law says that charity trustees can use their discretion in determining how best to achieve their charitable objectives and time horizons. Most of them were set down many years ago – some pre-date the industrial revolution! They were not formed with the climate crisis in mind.

But now that we are aware of the scale and scope of climate change, it is surely possible for trustees to consider its impact upon their charitable objectives, whatever those may be. Because the climate crisis raises important questions for all foundations, whatever their area of interest.

For example, as already alluded to, there are clear links between poverty, inequality, human rights and climate change. But let’s take some other examples:

For foundations that fund in a particular place, some of your questions might be: Who will be most vulnerable to extremes of weather in my patch? What are the specific risks in my area – coastal erosion, deforestation, flooding? What are the opportunities in terms of the built environment, conservation, developing renewable energy projects? How can I help my community to have its voice on climate change heard? How can I build a coalition for positive environmental and social action? Foundations are already asking themselves these questions. And some are already taking action – like the Cumbria Community Foundation response to unprecedented flooding in that county.

Foundations who are concerned about health are asking about the overlaps between climate change and tackling health inequalities – severe weather events affect older and more vulnerable people, for example, or impact on mental health. And given that these are increasing in frequency, what more could we do to boost the resilience of people and the health systems that support them?

For funders of the arts, museums and heritage, there is a growing awareness of the challenge that climate change poses to physical artefacts, the natural environment and intangible cultural heritage. How can we preserve what we hold dear in the light of unprecedented change? What role can the arts play in moving the discourse away from individual resignation and toward one of collective resolve?

In short, it is possible for any foundation to make a legitimate connection to their charitable objectives.

**WHAT DOES THAT MEAN IN PRACTICE?**

At a minimum, maybe it means doing no harm. It might mean thinking about making your own operations greener and supporting grantees to reduce their carbon footprint. But many foundations are going much further. They are asking how they can shift more of their funding, their investments, and use all of their assets to help tackle the climate crisis.

Wherever you lie on that spectrum, I think it is possible for all foundations to use climate as one of the lenses they bring to thinking about their work. In fact, I’d go further and say, given the...
scientific forecasts, it is highly advisable for all to consider what it will mean for their beneficiaries now and in the future. Because to be fair to the future, we need to change now.

**WIDER IMPLICATIONS**

Beyond our individual foundations, I believe the climate crisis has implications for the foundation sector as a whole. Probably the biggest story in global philanthropy in the last year was the debate waged after the fire in Notre Dame Cathedral in Paris. Wealthy donors stepped forward pledging to rebuild the cathedral. At first, their gifts attracted praise, but this soon turned to criticism. In Paris, where homeless people are sleeping under its famous bridges, where is the urgency from philanthropy? When fires rage in the Amazon, where is the urgency? As Greta Thunberg said, where is the ‘Cathedral Thinking’ when it comes to the climate crisis?

The best available data suggests that only a small fraction of philanthropic funding in the UK is currently focused on climate change. Given the twin trends of growing climate awareness and falling trust in many institutions, it seems inevitable that institutional philanthropy will face more scrutiny over its choices in the coming years.

If the world faces an imminent climate crisis, do foundations have their heads in the sand? Are we ignoring the 68 billion elephants in the room – our £68 billion of endowments, a significant portion of which is invested in a financial system that is harming our environment and exacerbating inequality? Have we really thought about what it means to fund on a finite planet?

These are incredibly challenging questions for the foundation sector. Yet I believe that we are already equipped with some of the answers. One of the most celebrated hallmarks of foundations is that they are able to take a long-term view. Many exist because their predecessors did this. They acted to ensure these organisations continued to meet the needs of future generations, as well as present ones.

Yet the facts about climate change may urge us to reconsider how we do this. What does it mean to exist ‘in perpetuity’, if we know that inaction now could render the future unbearable? If we know that harm is being done now that cannot be undone in the future?

IF WE PREVARICATE, OR FAIL TO LISTEN TO THE URGENT CONCERNS OF YOUNG PEOPLE HERE AND ACROSS THE WORLD, I FEAR WE COULD FIND Ourselves ON THE WRONG SIDE OF HISTORY WHEN IT COMES TO THE CLIMATE CRISIS.

Another way of looking at the gift of longevity, is that we also have the freedom to change our horizons, to consider taking more action in the here and now to preserve the future. In the light of what we now know, I think this is something that all boards could at least be considering. We have the opportunity to change our horizons. We can think again about what the long term means.

Foundations are also well-known for supporting pluralism – they fund many different causes, different interventions and approaches. They can take risks. They can support minority viewpoints – remember that’s what environmentalism once was? – and multiple strands of innovation. But with a more imminent climate crisis in mind, will a thousand flowers always be able to bloom?

A less well-celebrated feature of foundations is our freedom to collaborate and to coordinate, where we choose to. Taken together, our limited resources may have greater impact. Pluralism has its merits, but in the face of the climate crisis, so does collective action. So we have the opportunity to pull together, not just play our own part.

Finally, what I think many of us would say is the greatest strength of foundations is their independence. Foundations have always had the freedom to make their own choices and to complement their actions with their voices where appropriate.

Yet as we look through a climate lens, I can’t help but wonder if our independence can also be an easy way out. Our lack of direct accountability to those we serve – especially the generations to come – has sometimes enabled us to stay below the parapet, when we ought to have taken the lead and been the first over it.

As foundations, we have the opportunity to look again at how we use all of our resources in the light of this climate challenge. To think about the privilege of our independence and what we are doing with it. To think about how we can use our voices, and lift up others’ voices, at this critical time.

Does our independence and ability to take both short and long-term risks, actually give us unique advantages in addressing these concerns?

**TAKE ACTION**

It is always the case that, as Chief Executive of ACF, I want to champion foundations. I want foundations to be the best enablers we can be of social good
I want foundations to be seen in our best light, and I want us to be in a position to welcome public scrutiny. And I have spent the first three years of my tenure in this role focusing on how we can equip and support foundations to do this, most recently through our Stronger Foundations initiative, which many members are involved with, and which is examining what it means to be an ambitious and effective foundation [http://bit.ly/Stronger-Foundations](http://bit.ly/Stronger-Foundations).

Increasingly, being effective in the pursuit of social good will mean taking a climate lens to our work. At ACF we believe that the climate crisis is real, it is serious, and all foundations should be intentional about their response; whether this is in setting strategies, discussing investments, or future funding plans. Because if we prevaricate, or fail to listen to the urgent concerns of young people here and across the world, I fear we could find ourselves on the wrong side of history when it comes to the climate crisis.

I know many funders are already having these conversations and I sincerely hope that our conference adds positively to that discussion. As your membership association, ACF is committed to holding and protecting the space to enable you to come together and share with your peers. Because regardless of the challenges we face, I strongly believe we meet them best when we meet them together. So I would like to end with an opportunity for those who are inspired to take action.

I am very pleased to announce the launch of a new Funder Commitment on Climate Change, developed by members of ACF. It provides a clear statement for all foundations who are ready to sign up and take action, and a guide for those who are willing to make a start and looking for some direction. At ACF, we fully support this commitment. Over the next few months we will work with those who have spearheaded this effort, to inform members about it, and to build the community of practice around it.

Like all change, it starts with people and with leadership. Leadership doesn’t always have to come from the top – I hope it will come from all of you here today.

For more details of the Funder Commitment on Climate Change see pages 28-29.

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**TEMPERATURE CHECK**

Throughout the day, members had lots of opportunities to engage with the theme of the conference, including answering a series of questions in the plenary session by ‘digi-voting’, led by panel chair Florence Miller. We wanted to hear members’ thoughts about what they were hearing and their current thinking on the issue. Below are the results.

### Which is the most pressing external issue facing you as a foundation?

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declining levels of trust</td>
<td>1%</td>
</tr>
<tr>
<td>Economic uncertainty</td>
<td>13%</td>
</tr>
<tr>
<td>The climate crisis</td>
<td>14%</td>
</tr>
<tr>
<td>Government policy</td>
<td>15%</td>
</tr>
<tr>
<td>Level of societal need</td>
<td>55%</td>
</tr>
<tr>
<td>Technological change</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Taking action on the climate crisis, choose one that most closely fits your position.

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have a clear plan of what we are doing in response to the climate crisis and are putting it into action</td>
<td>18%</td>
</tr>
<tr>
<td>We are starting to have conversations about the climate crisis and are looking to create an action plan</td>
<td>39%</td>
</tr>
<tr>
<td>I know what I want my foundation to do about the climate crisis but I can’t get agreement from my board/peers to take it forward</td>
<td>14%</td>
</tr>
<tr>
<td>I feel overwhelmed by the enormity of the issue and don’t know where to start</td>
<td>4%</td>
</tr>
<tr>
<td>We have so many pressing priorities, it is hard to see how to bring the climate crisis into our strategy</td>
<td>26%</td>
</tr>
</tbody>
</table>

### Which tool offers the greatest opportunity for foundations to address the climate crisis?

<table>
<thead>
<tr>
<th>Tool</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant-making</td>
<td>30%</td>
</tr>
<tr>
<td>Our investments</td>
<td>46%</td>
</tr>
<tr>
<td>Advocacy/leverage</td>
<td>11%</td>
</tr>
<tr>
<td>Convening power</td>
<td>11%</td>
</tr>
<tr>
<td>Other</td>
<td>2%</td>
</tr>
</tbody>
</table>

### Within your role in your foundation, what is the first action you might take on the climate crisis?

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will take it to my board for discussion</td>
<td>28%</td>
</tr>
<tr>
<td>I will encourage those we fund to take action</td>
<td>13%</td>
</tr>
<tr>
<td>I will add to the agenda of meetings I organise – internally or externally</td>
<td>25%</td>
</tr>
<tr>
<td>I will talk to other trustees about it</td>
<td>11%</td>
</tr>
<tr>
<td>Something else</td>
<td>24%</td>
</tr>
</tbody>
</table>
The first speaker Kumi Naidoo, Secretary-General of Amnesty International, urged delegates to consider the crucial links between climate change and human rights – rights to land, rights to water, migration. “It is a terrible, terrible injustice that the people that live the lowest consumptive lifestyles are the ones that are facing the first and most brutal impacts of climate change.”

Looking ahead, he argued that the challenge wasn’t so much about saving the planet as saving humanity. Already, he had met Pacific islanders worried about their own survival. He pointed to young protestors on our own streets and the unacceptable burden that our inaction is placing on them. “The struggle to avert catastrophic climate change is nothing more or nothing less than making a commitment that we want to protect our children and their children’s futures.”

Kumi welcomed the new Funder Commitment on Climate Change and specifically urged funders to move quickly to divest from the fossil fuels: “You either engage in courageous creative philanthropy or you engage in what I call fool-anthropy, where we kid ourselves that we are actually addressing the root causes and the systemic reasons behind the injustice that we face.”

Next up, Miatta Fahnbulleh, Chief Executive of NEF (New Economics Foundation), described climate change as a symptom of a broken economy. It is the same extractive economic model that is harming our environment and driving working families to food banks.

She agreed with Kumi that funders could help by moving from ‘dirty’ investments towards cleaner, greener ones. She also felt funders could do more to move the debate: “It won’t happen unless the growing movement continues to apply pressure for radical change. Bridging divides from left to right, from old to young, forcing our politics to confront the scale of the challenge we face and to step up in response, changing the very system in turn. Here there is a critical role for you to play as funders of civil society – to think about funding activities that are designed to change the system and how it is shaping people’s lives. Rather than, though important as it is, funding activities that provide a temporary alleviation to the negative consequences of the system but not fundamentally looking to change it.”

The third speaker, Majandra Rodriguez Acha, Co-Executive Director of FRIDA, The Young Feminist Fund, shared her insights from the grassroots activists and movements that she works with in Peru and globally. These groups, she said, are on the frontlines of the climate crisis, but they are also at the frontline of impact and change. They know best what their communities need and are often the ones putting their lives on the line.

Funders can help by compensating activists fairly and keeping bureaucracy to a minimum. To enable change at the grassroots, funders need to consider how they can “redistribute not just the resources, but also the power that comes along with those resources?”. She described FRIDA Fund’s participative grant-making model as one example.

During the Q&A, the panellists responded to further questions about how funders could prioritise their limited resources. Kumi argued that all funders could look at ‘climatising’ their work. He also identified that most philanthropic funding is directed towards ‘micro’ level projects with a short-term duration, and suggested funders consider more ‘macro’ interventions at the governance and policy level, which take longer.

Miatta agreed that there was a need to draw frontline expertise into national policy. One of the ways NEF has been doing this is by involving activists in its lobbying work.

She also made a plea for funders to think again about their funding approaches: “The funding model at the moment forces competition amongst organisations... if the funding changes I think the appetite to change the business model will be there.”

Majandra said that we should try to shift away from a narrative of scarcity to one of abundance. We need to think more about the assets that communities already have. The solutions are known. We now need to work with communities to make them a reality.
CULTIVATING LONG TERMISM

As our horizons get ever closer we take decisions based on short-term aims and too often ignore long-term consequences. In this popular, participatory and highly engaging session, delegates were encouraged to access long-term thinking by reflecting first on a personal, individual level before making the connection to their professional lives.

In a first for an ACF break-out session, the delegates were taken on a reflective, almost spiritual, journey in order to access long-term thinking. Founder of The Comms Lab Ella Saltmarshe encouraged each delegate to develop a strong sense of intergenerational empathy by taking us on an individual journey into the past and the future. With eyes closed, delegates were asked to bring to mind an individual close to them from the generation of their grandparents. Once the connection had been established, we accompanied our loved one into the past, to their ninth birthday, and took note of the world as it was at that time. Back in the present we said our goodbyes and identified the youngest person close to us. We accompanied them into the future, right up to their 90th birthday, and tried to imagine what the world would be like then. What could we see out of the window? And what would this young person thank you for?

This time-travelling was not an easy thing to do. In the discussion it became clear that travelling into the future is much harder than visiting the past. As for identifying what our legacy would be, that was nigh-on impossible for quite a few of us. However, the 150 to 180 years we travelled in that first part of the session did undoubtedly make us feel much more connected to our own ancestors and to the next generation.

Having questioned how we can be good ancestors at an individual level, Ella then encouraged us to reflect on what such longer-term thinking means for us as funders. We divided into groups to: a) share the tools and strategies we already use to think and act in the long term, and b) consider how our funding might be different if it was based on long-term principles.

The group discussions highlighted big differences in the interpretation of long term – is it 5, 15, 50 or 90 years? Taking a long-term view does require the funder to have a sense of their own destiny. Are they spending out or will they still be active in 30 years’ time? For some funders, giving multi-year grants means taking a long-term view, for others it is funding the same issue over time. Regulatory requirements and the mindsets of trustees were identified as barriers to developing and practising a long-term perspective. The SORP 2015 requirement to report on impact creates the impression that public benefit must be created in the short term. The relatively brief trustee roles encouraged by the charity regulators (three times three years) also encourage a short-term mindset as trustees like to see the impact of their own efforts within their period of tenure.

Overall, it was a really interesting session, and one that was of relevance to all funders, regardless of size or areas of interest. Thank you Nicola Pollock, Director of the John Ellerman Foundation, and Ella Saltmarshe for taking us on this journey.

Daniela Lloyd-Williams, Manager, JA Clark Charitable Trust
CLIMATE JUSTICE – LISTENING TO YOUNG PEOPLE

Organised by The Blagrave Trust, this session highlighted what it means to be a funder led by activists in the field, and provided an opportunity to hear from two young climate activists. To start, Director Jo Wells outlined the change the trust had consciously made from being youth-focused to being youth-led. She emphasised the importance of listening, often a ‘missing ingredient’ when foundations are developing programmes. While the trust did not originally have climate on its agenda, this has now become a priority because young people have pushed climate justice to the forefront.

Policy manager Philippa Knott then moderated a discussion with Jake Woodier from the UK Student Climate Network and Daze Aghaji from Extinction Rebellion Youth. Both emphasised that youth activism on climate justice has become so strong because young people are frustrated with inaction by policy leaders and by older generations in general. They described a sense of urgency and fear that solutions will not be identified and agreed before it’s too late, unless they put pressure on those in power. The generation that these activists represent grew up during a time of austerity and feel estranged from politics and mainstream NGOs, which they view as not ambitious enough and too concerned with public opinion to truly challenge the status quo. They are also angry about the environmental destruction that previous generations have wrought and left for them to address. They see the current economic and political system as broken, not only because of the environmental damage it has resulted in but because it perpetuates racism, sexism, classism, and other forms of inequality. These issues are all interconnected and driven by the underlying structures of our society.

Despite this anger, however, they have a positive vision for the future and for the world in which they would like to live. They are seeking to build that world by modelling a different type of society in their interactions with one another. Daze, in particular, described a sense of community and support among activists, a place where they could be themselves and be accepted for whoever they may be. Both acknowledged that there have been challenges, particularly around media representation, with journalists gravitating towards white, middle-class activists, but they are nonetheless trying to build a platform that values solidarity and equality. These activists take care of each other and remind one another to take care of themselves and to share the burdensome tasks among the group rather than forcing individuals to burn themselves out. These movements also seek to be inclusive of young people from all parts of the country, though they may be facing different issues; while in London air pollution is a key focus, in some rural areas flooding is a greater concern.

When asked about what they would do if they had more financial support, Jake and Daze agreed that physical meeting spaces are important. Although much of their organising happens through digital platforms like WhatsApp, Signal and Zoom, there is a value in coming together as a group to meet, strategise, and support one another. They would also like to offer more immersive training for young activists, to provide greater mental health support, and better equip their media teams. Extinction Rebellion also has a longer-term ambition to ‘decolonise education’, embedding more teaching about climate and indigenous cultures in the curriculum, for example.

While not all foundations are currently equipped to support such social movements, these young activists undoubtedly sparked some critical reflection among funders in the room.

Julie Broome, Director, Ariadne
‘WE CAN’T FUND RIOTS’: DOES PHILANTHROPY KILL MOVEMENTS?

The rather provocatively titled session was moderated with liveliness and humour by Danielle Walker Palmour, Director of Friends Provident Foundation. The focus was on movement-building and how networks and foundations might work to aid their success, effectively asking and answering the question posed.

Daniel Vockins, Director of the New Economy Organisers Network (NEON) began the discussion by defining what a movement is and outlining the characteristics of a successful one. NEON works to build the power of movements for social and economic justice through its 650-strong network of organisers from across the civil society spectrum. He noted that movements are not made up of single groups or individuals ‘doing good’, rather they are numerous and working towards addressing a shared problem, using diverse visions, tactics, and theories of change.

In sharing the characteristics of success, he emphasised that movements are made up of a number of campaigns, with varied cultural, legislative and internal movement legacies to bring, and many different approaches.

An effective live campaign NEON undertook on behalf of parents of children and others who suffer from cystic fibrosis provided an excellent example of the power of movements. NEON supports parents in developing leadership and additional skills to address the problem, helping to frame the issue of a pharmaceutical company charging unacceptably high prices for a vital drug. Daniel demonstrated how NEON was able to use its network and apply its understanding of movement-building to achieve success.

There was further elaboration on movement-building and its reliance on ‘above and below ground’ aspects that work in concert with each other. Campaigns can be seen as set-piece battles with spokespeople, stories and institutions working above-ground. These are fuelled by the below-ground roots of common values/principles, a unifying narrative, shared strategy, strong leaders, active liberation and capacity.

NEON’s programmes to help movements in their efforts include a Spokesperson Network that offers 24/7 booking support for activists; monthly coaching for group and movement leaders; training for campaigners across a movement; and a press officer network to train on the use of media.

In outlining the do’s and don’ts for movement-building, Daniel had specific advice for foundations on how to support rather than ‘kill’ a movement. Good support includes rapid response funding, possibly by a pool of funders, core funding, funding anchor institutions and applying movement-building criteria. He encouraged funders not to call for detailed reporting or excessive organisational requirements, or be too focused on a single issue. Attempts to strategise and direct the field from the foundation vantage point are an unwelcome intervention – grantees need to maintain their independence. In fact, this advice for foundations would sound welcome to any grantee in any field.

Daniel emphasised NEON’s theory of change in its short-term focus on media hits and stronger campaigns coupled with more connections and improved skills. In the longer term, system change, led by a connected community, is built on deep relationships, and alignment with a new group of movements/institutions with shared characteristics.

Romy Kraemer, Managing Director of the Guerrilla Foundation, spoke from the funder’s point of view, discussing how her foundation funds activism and supports social movements. She was quick to lightly explain that the foundation’s name refers to its work helping activists and grassroots movements to build resistance. This contributes to transformations toward a more democratic society, not actual guerrilla movements. The foundation’s work stands in direct contradiction to the title of the session as it works to be flexible, lead by example, and be part of an ecosystem that encourages grantees to work with boldness, independence and clarity.

The foundation was among the first funders of Extinction Rebellion, and views its grant-making work through a systems change lens. Romy emphasised the importance of cross-movement collaboration and intersectionality. Guerrilla supports creative action to push back against systems of patriarchy and power.

Another Guerrilla cause, Fearless Cities, a global municipalist movement begun in 2017, works to encourage grassroots work, both catalytic and creative, using tactics such as advocacy, research, political campaigning, occupations and strikes.

The funders in attendance were encouraged to insert a positive vision or narrative into their work and support initiatives that contribute to this vision. In promoting the next system, we should ask the question: What do we want to see next in the world?

Angela Seay, Chair of Trustees, Polden-Puckham Charitable Foundation
IT’S PEOPLE NOT CLIMATE: HOW CLIMATE CHANGE CAN CHANGE YOUR FOUNDATION’S MISSION

Florence Miller (Environmental Funders Network), Eva Rehse (Global Greengrants Fund), Tom Lorber (Children’s Investment Fund Foundation) and Richard Elliott (Pickwell Fund) brought us together to look at how foundations can bring climate change to our work in response to the climate crisis.

Chair Florence started by posing a question to delegates: ‘How concerned are you about climate change?’ 72% reported they are very concerned and 28% are concerned – but in terms of seeing the connection between their mission and climate change, the majority (70%) are either somewhat clear, unclear or see no connection. This seemed to be the main challenge facing foundation delegates in this session – how could they individually best respond to such a huge and complex issue, while staying true to their own mission and priorities? Fortunately, our presenters were there to shine a light on what matters most is not just who you fund but how you fund.

Their advice on how other foundations can make this important shift in their funding strategy is to explore opportunities across a range of themes and areas, as there are many points of intersectionality. You have to find something that fits with your area of interest – for example, tying climate change with the principles of social justice. From air quality projects in the UK through to solar panels for remote communities in Kenya – our workshop gave insights on a range of opportunities that empower local communities to deliver their own climate solutions. Richard encouraged delegates to use the Sustainable Development Goals (SDGs) in defining funding priorities as many – not just SDG 13 – relate to climate action and are widely recognised.

By the end of the session, when the question was repeated, 93% of delegates could see a connection between their mission and climate change, so the workshop clearly made a huge difference in how we could start to see ways to embed climate change in our work.

Hannah Clay, Head of Grant Programmes, Sussex Community Foundation
BUILDING COMMUNITIES, DEVELOPING PROSPERITY, SUSTAINING THE ENVIRONMENT

Chaired by Louisa Hooper from the Calouste Gulbenkian Foundation (UK Branch), this break-out session focused on how the environment is essential to the wellbeing of people, and how they interact.

The first speaker was Sue Ranger from the Marine Conservation Society, who began her presentation by separating the room into groups to discuss and record things they have in common. After some lively discussion each group was able to find at least three things they each had in common, unearthing deeper issues than how they like their coffee! Given the theme of the day, it was not surprising that many of these issues centred on climate change. Sue then showed the room two wordclouds and further discussion ensued about the differences and similarities between the two. Only one word really stood out in both – the word ‘change’.

She revealed that the clouds were formed by taking the mission statements of the charities attending the conference and those of a number of wildlife charities. It was interesting, though not surprising, to see that the words in each cloud differed. However, it was very powerful that both types of charities focus on making change, they just do it in different ways. What if these charities were to work together to affect change? How much greater would the impact be?

Sue continued by explaining how the ocean is crucial to sustaining our environment; people are linked to the ocean and their behaviour affects the functioning of global natural systems, just as these natural systems influence human behaviour and experience.

As was the common thread throughout the day, Sue stressed that climate change is systematic – we do not need to ‘save the planet’ as it exists independently of people. But the reverse is not true – people are not independent of the planet. People use its resources, but do not allow time for these resources to replenish. Should people become extinct the planet will live on and become plentiful again.

What people need to do is to take action now to create a movement that will affect major change and save our environment for future generations. In any matter pertaining to system change or tackling climate change, there will always be differences in the way people value and interact with their environment – only by finding common ground can people create movements to help bring those changes to fruition.

Sue gave the example of the Marine Conservation Society working with coastal communities and the Eastern IFCA (Inshore Fisheries and Conservation Authority) to produce a report, which it is hoped will inform government of what really matters to these coastal towns and people and so create momentum to promote change. This is evidence that by taking the time and really listening to peoples’ views on why the environment matters, holistic change can be enabled, which will create system change.

Fernanda Balata from NEF (New Economics Foundation) was next to present. As we know we are living in a world of multiple crises such as homelessness, poverty, financial crises, natural disasters and war. There are many individuals and groups working in these areas but significant change is not yet happening. Major systematic action must be taken to get to, and affect, the root of the issues and create systematic change. Therefore, we must understand the system and how it works. It currently has limited human interaction, but that is what is needed to enable people to work together to affect change – individual action cannot penetrate deep enough to affect the root causes of the issues.

Our world is built on an economy that is not fair, nor evenly distributed. The economy has become more valuable than human life, where people and nature are seen as inputs to drive economic growth. It has become a common enemy for people and nature which divides them, when in truth people and nature should, and can, live in harmony. We need to work together to rectify this.

Rebecca Ray, Grants Officer, Wates Family Charities
ENGAGING LIVED EXPERIENCE THROUGHOUT THE GRANT-MAKING CYCLE

On entering the conference room for this break-out session, the following sentence was prominently projected onto the screen at the front: ‘Co-production throughout the grant-making cycle; shifting power and control’. This was the revised title of the workshop, with the original somewhat forlornly depicted with a thick red cross though it! I am sure the change was not planned and of course linked to a well-developed rationale (more of that later), but as a way of engaging your audience, many before they’d even sat down, it was a masterclass!

This impactful start then led into the workshop, which was both informative and challenging, facilitated by Tania Bronstein (Chair of the session), Programme Manager at Trust for London (TL), Grants Advisory Panel member Eleanor Lisney, and Tara Flood, TL Trustee and also a Grants Advisory Panel member. Tania leads the ‘Strengthening Voices Realising Rights’ programme at TL, an initiative that aims to bolster the capacity of Deaf and Disabled People’s Organisations (DDPOs) to champion deaf and disabled people’s rights. The Grants Advisory Panel (GAP) of deaf and disabled people with experience of activism has informed the initiative in its entirety – from setting the strategy through to programmatic approach, procedures, and all the way to making funding decisions.

No summary can of course do justice to a 75-minute break-out session, where we heard details of extensive work being undertaken, but the following points stood out for me:

- The workshop title was changed to emphasise that co-production aims to shift power and control. It was felt that the previous heading, referring to ‘lived experience’, had a sense of ‘othering’ people and putting people in a box and was a meaningless way to describe marginalised and underserved groups. Even fish have ‘lived experience’.
- The work achieved so far through GAP and TL has led to £1 million in grants so far to bolster the capacity of DDPOs; around £280,000 invested in skills and learning; and contributed to inclusive funding practice and co-production. The initiative is led by deaf and disabled people on the GAP, with members going on site with TL staff, assessing grant applications, and advising on the terms of reference for approaches to capacity building and evaluation.
- Challenges experienced to date include:
  - Letting go of power – it is hard for funders to do this, but important they note their own background of privilege and how this impacts on those who may be excluded or disadvantaged.
  - There is no ‘text book’ on the right way to do co-production.
  - Things take longer, particularly discussions (but that’s okay and decisions have been made through consensus) – co-production takes both money and time.
  - Attracting new GAP members has been difficult and they need to work out why. They also noted that the GAP is not representative (and is not intended to be) – so does the process so far miss out people or groups in the community?
  - Work is ongoing to see if the services funded have actually led to better outcomes.
- What is the overall direction to this work? Is there a ceiling to what can be achieved as the trustees of foundations ultimately have legal and financial responsibilities?

The session concluded with small group work, based around sharing experience of where our own organisations are in terms of their approach to co-production and specific ways to take forward that agenda. Feedback highlighted that to do this authentically requires a commitment of time and money, and that staff within foundations have to learn new skills and adopt an approach that is consistent with the principles of co-production. The question was also posed as to whether the excellent approach outlined by Tania, Eleanor and Tara could lead to transferable processes and grant forms that other foundations could use or build on.

The session certainly gave me plenty to think about and challenged and developed some of my pre-workshop thinking – just what is needed from a conference in my view. One of the key reflections for me that I will take away and try to act on is that people who have experienced the issues are uniquely equipped to recognise promising practice and approaches.

If any of the above has whetted your appetite, then do look at the detailed slides from the session on the ACF website, as they contain valuable additional material.

Paul Wishart, Programme Officer, Oak Foundation
INVESTMENT AND MISSION: ADDRESSING JUSTICE THROUGH INVESTMENT

The core theme throughout the session was the tension that exists between justice and the power of investments. There was recognition that investments can do good but also be extractive at the cost of others. The session also explored the dynamics that create and sustain power structures that can cause harm.

Jen Hooke of Thirty Percy opened the session by checking the comfort levels of the audience when they heard the words investment and justice in the same sentence.

Nick Robins of the Grantham Research Institute at the London School of Economics introduced the concept of ‘just transition’, a framework developed by the trade union movement to encompass a range of social interventions needed to secure workers’ rights and livelihoods when economies are shifting to sustainable production, primarily avoiding climate change and protecting biodiversity. He also spoke of how we ensure that we use just transition to tackle some of the issues by addressing inequality, planning and thinking about power.

Nick highlighted some of the steps that trusts and foundations can take by stewarding their assets to mitigate such considerations:

- Commit – review and update investment policy making clear statements.
- Engage – with fund managers, not necessarily with the companies.
- Allocate – careful selection of asset class.
- Advocate.
- Listen – to the affected communities.

Ellen Quigley from the Centre for the Study of Existential Risk at the University of Cambridge stressed the importance of announcement when divesting. She explained that if we don’t contribute to the divestment movement by making a big announcement, we have done nothing to make impact on the world.

There were discussions and questions from the audience noting that we are in an emergency and do need to take action now, and asking how trusts and foundations can drive and accelerate green transition in UK.

Actions identified included:

- Collectively think of designing a fund structure to address the issue of climate change.
- Have common voice, and a collaborative approach so fund managers will have to listen.
- Organise collective engagements getting fund managers to agree to do things.
- Look at how we govern ourselves – trustees are often not involved enough in investment discussions. Think about getting a diverse board and reviewing the governance process.
- Challenge investment companies about engagement through evidence and listen deeply to the answers.

The session ended with a recognition that trusts and foundations are hugely under-resourced in terms of knowledge and understanding of investment compared to grant-making. Many foundations include the need to address justice and fairness through their grant-making as a matter of course, but they do not bring their concerns on justice into how they construct their investment portfolios. Therefore, it is clear that there is a need to invest in staff who are specifically tasked with this responsibility. Moreover, trusts and foundations should also be reflecting this issue within their own strategies to ensure that it is embedded within all activities and policies.

Navjyot Johal, Resources Director, Cripplegate Foundation and Islington Giving
Nick Perks reports on this latest initiative, launched at ACF’s annual conference, to encourage all foundations to consider climate change in everything that they do.

Be honest, you may be bit tired of talk about climate change. We’ve been talking a long time. Nothing much seems to progress.

In principle you can see that climate change is a really important issue, but you know it is not the only important issue. What about inequality, poverty, education, human rights, mental illness? These are huge global challenges too, and at least there you can see something concrete you and your foundation might be able to fix.

And, on top of all that, climate change can be hard to get your head around. You know the science is settled, but it is often presented in pretty confusing ways. Climate activists either seem to guilt-trip anyone who looks fondly at a beefburger, or to be immersed in deep technical discussions about various forms of self-build housing. You’ll keep on switching off lights because it feels the right thing to do, but frankly…

So here is the good news.

Firstly, the talk has moved on. The public now overwhelmingly recognises that climate change is an issue that will affect us and future generations, and a solid majority already agree that climate change needs to be addressed with a high, or extremely high, level of urgency. There is an international agreement in place to address climate change. Coal, the most dangerous fossil fuel, used to play a central role in providing energy in the UK and it’s now on the way out. More change is on the way, driven by technology, commercial opportunities, climate activism and public pressure.

Secondly, you don’t have to stop working on your primary mission to play a leading role in addressing climate change. Climate change is a health issue, an equality issue, an educational issue, an economic issue, a cultural issue, a scientific issue, a security issue and a local community issue, as well as an environmental issue. It’s about joining the dots, and recognising that sustainability goes together with good health, with rights, with human flourishing. Integrating climate change into our planning and programmes makes our work more relevant and increases public benefit. Conversely, ignoring the growing economic, social, environmental and equity impacts of climate change will make our working increasingly inappropriate and ineffective.

Thirdly, many of us working on climate change know that it is not enough to present the threat (vital though that is). We also need to give people solutions, share learning, and support each other to make bold changes – whether in public policy, or in organisational practice.

It is in this spirit that a group of foundations have developed and launched the Funder Commitment on Climate Change. Coming out of discussions at the Woburn Place Collaborative – a network of ACF members funding in the field of social justice – this is a high-level framework to help us to learn and to take meaningful action across our programmes, investments and
operations. It is designed to be relevant and accessible to any foundation, and contains six elements:

1. **Educate and learn**
   We will make opportunities for our trustees, staff and stakeholders to learn more about the key causes and solutions of climate change.

2. **Commit resources**
   We will commit resources to accelerate work that addresses the causes and impacts of climate change. (If our governing document or other factors make it difficult to directly fund such work, we will find other ways to contribute, or consider how such barriers might be overcome).

3. **Integrate**
   Within all our existing programmes, priorities and processes, we will seek opportunities to contribute to a fair and lasting transition to a post-carbon society, and to support adaptation to climate change impacts.

4. **Steward our investments for a post-carbon future**
   We will recognise climate change as a high-level risk to our investments, and therefore to our mission. We will proactively address the risks and opportunities of a transition to a post-carbon economy in our investment strategy and its implementation, recognising that our decisions can contribute to this transition being achieved.

5. **Decarbonise our operations**
   We will take ambitious action to minimise the carbon footprint of our own operations.

6. **Report on progress**
   We will report annually on our progress against the five goals listed above. We will continue to develop our practice, to learn from others, and to share our learning.

**FOUNDING FOUNDATIONS**

Fifteen foundations came forward as founding signatories of the Funder Commitment. The group includes both larger and smaller foundations, working across a range of issues including community development, the arts, economics, migration, young people and addressing multiple disadvantage.

At the ACF conference, *Funding on a finite planet*, the Funder Commitment struck a chord with delegates, and there was not even standing room at the packed lunchtime launch. Caroline Mason of the Esmée Fairbairn Foundation, Danielle Walker Palmour of Friends Provident Foundation, and Matt Leach of Local Trust – representing three very different organisations – spoke about why their foundations have all signed the Funder Commitment.

One theme in the subsequent Q&A was the role of trustee boards. The Funder Commitment is a whole organisation commitment, and so trustee buy-in is vital. Several founding signatories have found the Funder Commitment a useful focus for board discussion, and then a platform for positive action.

Since the launch, more foundations have signed the Funder Commitment, and there has also been interest from overseas in replicating or extending this initiative.

It was clear from the ACF conference as a whole that addressing climate change is no longer a niche topic for nerdy discussion. It is now a major contextual and moral challenge for all foundations in pursuing their charitable mission. There is an opportunity for all foundations to step up and play their part in shaping a positive future.

For a full list of signatories, and details of how to sign up, visit [https://fundercommitmentclimatechange.org](https://fundercommitmentclimatechange.org)

ACF is organising workshops for members who are interested in exploring next steps on climate change. See page 40 for details.

Nick Perks is a freelance consultant, and a trustee of the Joffe Charitable Trust. He is currently co-ordinating the Funder Commitment on Climate Change.
NINE PILLARS OF GOOD FOUNDATION PRACTICE IN DIVERSITY, EQUITY AND INCLUSION

In October, ACF launched the first report of the Stronger Foundations initiative. The report seeks to address one of the key questions facing foundations today: how can we ensure that diversity, equity and inclusion are at the heart of what we do? Carol Mack reports.

Why is this such an important question for foundations? At their best, foundations enable civil society to thrive in all of its rich plurality. They can take a long-term view, act independently, champion novel ideas or less popular causes, preserve that which is at risk, and provide funding for social needs or public goods that are not yet met by markets or government. And yet. We live in an unjust and imperfect world. Unless foundations are also conscientious about the ways in which they work, we can risk perpetuating injustices and undermining the social good that we all seek to do.

At our last strategic review, ACF members asked us to take a stronger lead in identifying excellence and offering challenge to support foundations to develop their practice. Improving diversity, equity and inclusion (DEI) in the foundation sector is a critical aspect of this. In fact, I would go further. If we put DEI first – as this ACF initiative and issue of TFN has done – it will ensure that the right people are in the driving seat and able to inform all of the other decisions that foundations need to make: about their strategy, their investments, their funding practices, their engagement and transparency, and their learning and impact (all of which are issues that our Stronger Foundations initiative is examining, and on which we will report in due course).

1. Invests time and resources in understanding and defining diversity, equity and inclusion
2. Produces and reviews strategies that will implement DEI practices
3. Collects, tracks and publishes DEI data on its own practices and performance
4. Has a diverse trustee board and staff team, both in terms of demographics and experience
5. Reflects and implements DEI practices in its funding activities
6. Expresses its DEI commitment, policies and practices publicly
7. Makes itself accountable to those it serves and supports
8. Uses its own power to advocate for and advance DEI practices
9. Collaborates with others to promote and implement DEI practices
DIVERSE WORKING GROUP

In developing this first report, we have drawn on the insights, experience and expertise of a diverse working group drawn from ACF’s membership, as well as four expert reviewers, and evidence and practice from the UK and abroad. We are very grateful for all of their contributions to date and we welcome others, as we will continue to build on this area of our work in future.

We are confident that this report will be relevant for all foundations, including family foundations, those with few or no paid staff, those for whom DEI is a relatively new consideration, and those who are already pursuing excellent practice in this area. The recommendations are built around nine pillars of good practice; we are confident that there will be scope for all foundations to continue developing.

ACF itself will seek to do so too. We have published our own DEI statement, setting out the steps that we are taking ourselves, such as through our recruitment processes and working practices. It includes a commitment to publish new information about the diversity of our board and staff. We are also considering what additional support we can offer or facilitate for our members and would welcome your views on this.

Beyond the publication of this report, we will seek to engage with our whole membership on this and the other strands of the Stronger Foundations initiative. As we say in the report, this is the start of a conversation, not the final word. But it’s also a time for action, and we hope that this report gives foundations plenty of inspiration to plan their next steps.

We would like to hear from you if you have ideas or feedback for us on any aspect of this work – please email policy@acf.org.uk and/or engage with us on Twitter @ACFoundations.

“ACF’s report not only sets out some clear challenges for independent foundations, but highlights issues that up until now people have been reluctant to talk about.”

Expert reviewer Joy Warmington, CEO of Brap

“There is no person in any charitable foundation who can come across this report and read it in its entirety and feel as though there is not something they could do to change.”

Expert reviewer Kenny Imafidon, Director of ClearView Research

“Take the time and effort to build real and meaningful relationships with the communities you want to support, with the explicit aim of opening your organisation up and actively sharing power.”

Expert reviewer Tracey Lazard, CEO of Inclusion London

“Although this report, I feel, is a moral, philosophical and practical call for change for foundations, it is also a message to those organisations and communities who are the most marginalised, that your knowledge and expertise is invaluable and built on the legacies of those who have struggled the hardest.”

Expert reviewer Raheel Mohammed, CEO of Maslaha
A shift is taking place in the UK funding world – learning is emerging as a key element of contemporary grant-making. Through our recent review, we explored the insights and practices that help organisations learn, and asked what funders can do to ensure that learning is supported and not hindered. We hope our findings are useful for others working in trusts and foundations, particularly within evaluation or learning roles.

**DRIVING THE SHIFT**

Fundamentally there seems to be a greater willingness among funders to question their own approach, challenge their biases and reflect on the counterfactual. This arises from a recognition that current accountability frameworks constrain funded organisations into proving their success rather than learning from the times when things don’t turn out as expected. And things often don’t turn out as expected, not because organisations have ‘failed’, but because these are complex, uncertain and ever-changing environments.

In these circumstances, success depends on the ability to adapt, and brings a new emphasis on continuous learning and a recognition of the need to embrace ongoing adaptation. In traditional grant-making, by the time the evaluation report is delivered, it’s too late, and the driver behind much data and information is the funder report rather than the learning that can be gleaned from it.

**CONTINUOUS LEARNING**

The review reinforced much of what we already know about organisational change – it depends on leadership and culture, it takes a range of everyday practices to make aspiration a reality, and it requires resources. A number of insights emerged that specifically apply to making the shift to continuous learning in grant-making organisations:

- **Leadership that shows curiosity and incentivises learning** If learning is a priority, things change when senior management are curious and incentivise their team. It is most effective when organisations are clear about what questions motivate them and are embedded in strategy and practice.

- **Provoking reflection** Creating space for honest reflection and appraisal is important, as is embracing organisational norms and behaviours that build learning habits into daily routines and knowing what your organisation wants to learn about.

- **Acquiring new skills and capacity** There is no single way to learn: it may need a team, a dedicated individual, or be shared across an organisation. Everyone is responsible for their own learning and needs time and space, at decision points, throughout the organisation and the year.

"At Comic Relief, we place a strong focus on monitoring, evaluation and learning in the work we fund and in our own practice. With the launch of our new strategy in 2018, this was re-emphasised in our ambition to be a truly learning-led organisation and fund organisations that are similarly committed to continuous learning and improvement. To inform our thinking, we commissioned IVAR to see what other funders are doing around this. We have taken a useful note of caution from the resulting report – these things take time! To do this right, and to get where we want to be, we are going to have to be patient, strategic and collaborative both internally and externally and we look forward to working with other funders and funded organisations on this exciting journey."

Jake Grout-Smith, Evaluation and Learning Lead, Comic Relief

**USING AND DRIVING LEARNING AS A GRANT-MAKER**

Eliza Buckley at the Institute for Voluntary Action Research (IVAR) shares insights from its review of learning commissioned by Comic Relief, which looked at what and how funders learn from their work, how they use that learning to improve, and how they encourage and support a focus on ongoing learning in their relationships with grantees.
same issues as funders – organisational leadership and culture, internal capacity and capability, and what processes will support learning – as well as having to deal with the dynamics created by resource dependency.

**Leadership and culture** Funders can boost capacity through funding, but they can’t control culture. Faced with survival, ‘learning can feel like a luxury’ at hard-pressed organisations where information is often held by those ‘doing the job’ who don’t have time to record their findings. Funders can help by resourcing the collection of information and data, ensuring there is capacity to reflect and make use of it, and by actively demonstrating the value of this.

**Power dynamics** When ‘learning’ becomes another thing that grant-holders must demonstrate, it may create tension. To prevent this funders should be clear about whether the ‘learning’ benefits themselves or the funded organisation. Are they genuinely concerned about the organisation’s learning or just the funded project and ‘proving’ success? In a market where many organisations are trying to stand out by offering a model that ‘works’, it can be difficult to share with a funder that things have not turned out as expected, even when that leads to learning.

**Offering support** As well as acknowledging that real learning requires resources and time, funders need to be realistic about the length of grants designed to support learning. This is particularly important if the focus is on organisational capacity to learn rather than individual project learning. However, the most significant shift is recognising that grant-holders may need to change direction during the grant period.

**Reframing relationships and accountability** If the shift from demonstrating outcomes to continuously adapting to change is a key driver for learning, then current monitoring, evaluation and reporting systems need to be reimagined. Accountability means holding organisations accountable not just for how the money is spent, but also for learning from their work. Once learning is established, funders need to rethink the meaning and measures of ‘success’ that lie at the heart of current accountability frameworks by asking how things went and what learning took place. While high-level outcomes may remain constant, other indicators and methods change as the intervention is delivered.

Putting that into practice isn’t easy and places further emphasis on the importance of relationships and individual circumstances. Relationships that focus on learning can be more intense and may not always be possible or appropriate. Funders must also be prepared to be held accountable for using any information gathered for the purposes of improvement.

**Mutuality** Accountability in the context of learning raises the mutual nature of the grant-holder/grant-maker relationship in a new way. When both are learning, there is a greater recognition of equality in the relationship. Review participants noted that, given the risk of power imbalances distorting grantee learning, it is important to discover and build on grantees’ own learning needs, and find areas where learning interests coincide, particularly around benefits for beneficiaries.

You can’t make people learn This is true for both foundations and those they fund.

**MOVE TO BEING TRUSTED PARTNERS**

There is a shift among funders from purchasing results to becoming backers of trusted partners who are motivated to improve their own practice. We found that much of the way this is done is still in development. However, if this adjustment, from proving to improving, signals part of a wider change, then it is likely to bring an evolution in funders’ own skills, as they share power with, and are held accountable by, those closest to the action. This has an impact on funders’ decisions, not just about the funded organisations but the people they recruit as grant managers and trustees, and how they talk about themselves to stakeholders, regulatory bodies and the public.

We’ll continue to track and feed back changes, but we suspect that, over time, this might mean turning the current model on its head.
Parochialism, populism and protectionism have re-emerged as potent forces in the UK, US, Europe and elsewhere. Yet, in an increasingly complex world, with many problems and their solutions inherently global, what do we know about foundations’ ways of working internationally? Programme Officer Jess Loring of Calouste Gulbenkian Foundation (UK Branch) and philanthropy consultant Diana Leat report on the foundation’s recent research.

**WORKING INTERNATIONALLY:**
**WHAT IT MEANS IN PRACTICE**

Some foundations are very explicitly focused on local issues but most of the larger foundations profess interest in issues that transcend national boundaries. Our research found that there’s no blueprint to working internationally but there is increased awareness of the need – the focus on supporting climate action is an example – and different approaches can be instructive.

The research was conducted in 2019 by the foundation and the European Foundation Centre (EFC). It targeted foundations, predominantly operating in one or more European countries, to identify approaches to working cross-border. The findings of a survey were explored further in more discursive telephone interviews with nine foundations involved in international working. Twenty-one organisations responded to the survey. Respondents were strongly concentrated in Europe, reflecting the survey pool of organisations in the EFC network.

Four of the 21 respondents do not work internationally but one of those is planning to do so in future. Seven of the 17 respondents who describe themselves as working internationally have offices in more than one country, and eight have an office in only one country but make grants in other countries. A further two respondents do not fund in other countries but see themselves as working internationally in other ways (for example, international competitions, prizes, convening etc).

All but one organisation consider working internationally to be important. Indeed, for 11 of the 17 organisations that work internationally, it is part of their mandate. In contrast, two of the organisations that do not work internationally are prevented from doing so by their mandate.

The second strongest motivation is impacting more beneficiaries, and the third is ‘to be close to the ground’. For some, international working is their core purpose; for others working internationally is a means of achieving their purpose. Other reasons why cross-country working is considered important vary. For some it is part of their mission and is ‘baked in’ to the foundation. For others it is an active choice (stimulated by donor interests in some cases). Reasons for importance include:

- The need to live together as neighbours in an increasingly globalised commercial world and to support co-operation between cultures.
- The need to protect the decreasing space for civil society, to support civil society in promoting change and in holding increasingly powerful global corporations to account.
- Protecting and promoting the benefits of the European Union.
- To counter the tendency of government by national boundaries to miss opportunities for cross-country collaboration and learning.
- The global nature of many issues.

**DEFINITIONS**

It is clear from the survey that ‘international working’ has different meanings and motivations and is organised in very different ways. The telephone interviews reveal a range of difficulties in exploring international working by foundations, including definition. The term ‘international working’ covers a range of ways of working. It may mean:

- Giving grants and overseeing programmes in one or more states other than that in which the foundation is registered, on the same continent or on different continents.
Networking with foundations and other organisations in countries other than that in which the foundation is registered.
- Taking an active part in creating cross-country coalitions, networks, convening, study tours etc to create cross-border dialogue.
- Supporting NGOs focused on influencing policy at an international level.

**PROBING DEEPER**

The telephone interviews reveal a range of difficulties in exploring international working by foundations.

Use of the terms ‘offices’ and ‘branches’ is problematic. A foundation may have representatives in other countries for example through ‘delegations’, through a corporate presence (a bank perhaps), through family members and/or trustees, or through ‘partners’ or grantees. Whether these are ‘offices’ is questionable.

There is a general desire to keep staff numbers small. The cost of different structures is seen as a matter of balance, and some suggest that there is no ideal structure for working across countries – it depends on what you are doing and the wider environment.

Structure and power need to be distinguished; for example, while management of day-to-day operations may be devolved, strategy tends to be centrally decided by the home office (although in some cases representatives in other countries may make suggestions).

**SELECTION**

Countries in which a foundation works may be chosen for historical, donor, family or corporate reasons – or in some cases because that is where learning/sharing is considered potentially most useful. Some countries or continents may be specifically excluded (for instance on the grounds that they are already well covered by others). Respondents generally see no limit on issues for international working in theory, even if in practice the focus of the foundation’s cross-country work tends to be relatively narrow.

**THERE’S NO BLUEPRINT TO WORKING INTERNATIONALLY BUT THERE IS INCREASED AWARENESS OF THE NEED.**

**BREXIT**

All respondents – including those with programmes in the UK – expect Brexit to have little direct impact on their foundation’s work. The ‘Brexit effect’ is more widely viewed as indicative of the rise of populism (in Europe, the US and elsewhere), which in itself is a matter of considerable direct and indirect concern.

Those surveyed feel that this is a critical moment in the development of Europe and question whether foundations could do more to mitigate the effects of the trend in some countries toward a more inward-looking focus.

**OBSTACLES AND CHALLENGES**

Unsurprisingly perhaps, the most commonly mentioned obstacle or challenge to working internationally is different regulatory regimes. Different languages and cultures were also cited as a challenge; employing local people who are culturally sensitive is felt to be valuable. History could also be an obstacle or challenge if that involves a relationship with colonial roots.

Being confident about the quality of local knowledge is considered very important and usually depends on the creation and maintenance of local networks, which requires time and effort. Respondents agree that working across borders demands different skills to UK working – but no-one has yet developed special training programmes.

Other obstacles and challenges are the shrinking space for civil society in some countries, the economic and political climate of populism and austerity, and the growing difficulties in sending and receiving money (for the donor and the grantee) across borders.

Finally, for some the difficulty is to persuade the trustee board that working ‘out of country or region’ can still be of domestic benefit.

**SHARING LEARNING**

EFC and other foundation networks are considered the most important avenues for sharing and learning. Interviewees are keen to share more but note the time required to assess and document and then to share material, as well as finding a balance between sharing and spending too much time in meetings or conferences. Some point out that sharing experience can be done by the grantee in addition to or rather than by the foundation.

One person highlights the value of hosting an exchange between foundations across borders, as well as opportunities to develop global digital platforms for sharing knowledge within and across sectors. There is a plea for better aggregate data on foundations and international working.

**CONCLUSION**

Approaches to international working, what it means and how it is governed and managed is an under-researched issue. At the same time, it appears to be a subject of growing concern to many foundations as they observe wider global trends in increasingly inter-dependent and yet fractured societies.

To complement existing work, the Calouste Gulbenkian Foundation (UK Branch) is scoping new activity which has the potential for impact for those in greatest need within and beyond the UK. Calouste Gulbenkian himself spent his life collaborating across the world. He would have been bewildered by the current resurgent nationalism and concerned by the growing threat to the natural world he so loved. The UK Branch is prioritising support for climate action in its inquiry as to where it can act in its quest to fulfil the founder’s wishes to benefit ‘all humanity’. Further announcements will be made in due course.

www.gulbenkian.pt/uk-branch
Professor Cathy Pharoah and Dr Catherine Walker report on how current uncertainties and complexities in the funding environment are influencing giving, income and assets in the Top 300 foundations.

Foundations are increasingly making spending and investment decisions in a climate characterised by financial uncertainty and social and environmental complexity. Results of the recently-published Foundation Giving Trends annual update on trends in the finances of some of the largest foundations indicates that though many were able to maintain or even grow their giving in 2017/18, future spending power may be more constrained. This context is prompting many foundations to widen their sights beyond the financial value of their grants pipeline, and consider how they can use all their financial and non-financial resources and assets in the round to maximise their impact. This article outlines key research results for 2017/18, discusses both financial and non-financial aspects of resources, and highlights specific trends in family and corporate foundation sub-sectors.

By focusing on general grant-making foundations funded predominantly from independent philanthropic rather than governmental sources, the long-running Foundation Giving Trends series is uniquely able to benchmark the philanthropic contribution made to society by wealthy individuals, families and companies (past and present) through their foundations. Such foundations made grants of £2.9 billion in 2017/18, providing a substantial 14% of all private giving (though equal to just 0.4-0.5% of government spending). Regardless of their funding source, however, foundations can also bring many non-financial resources to action for public good, and their particular value as a bridge into civil society was noted in a recent report by the European Commission which states: “Foundations are rooted in society… and derive their legitimacy from the many contacts with the ‘capillaries’ in society that enable them to function as eyes and ears… They possess extensive knowledge and expertise, and many are locally-based, a direct part of democracy and civic involvement.”

Flexible ways of using resources to respond in positive ways to the impact of the harsher and more uncertain financial climate noted in 2018 annual reports include:
- Maintaining current spending.
- Using all the foundation’s resources.
- Managing resources in new ways.
- Strengthening the sector.
- Responding to emerging needs.

Considerable flexing in spending decisions can be seen in the varying relationships between income, assets and spending in individual foundations:
- Almost two-thirds of foundations in the Top 300 (193) made a real increase in grants, though the majority of these (146) also experienced a fall in income, assets, or both.
- The other 47 foundations who increased their grants (16%) also saw an increase in both assets and income.
- 16 foundations whose income and assets were both up had lower grant-making.

Beyond Grant-Making

Foundations also use the resources at their disposal to fulfil their mission in ways other than grant-making. Although
the research was not able to assess levels of impact or ethical investing related to mission, it found that around 11% of Top 300 foundations are engaged in social investments of different kinds. This was worth £146 million in 2017/18, equal to 17% of their grants spending. In addition, direct charitable expenditure – spending on foundations’ own operating programmes such as facilities, training, research, policy and advocacy – was worth £389 million in 2017/18, a substantial 9% of foundations’ total spending.

It is salutary to look at the resources of foundations with few or no long-term financial assets. The research finds that around one-third of grants by value are made by this group. While long-term sustainability might seem less assured, the special assets of these foundations can include, for example, the long-standing financial and other commitment of living founders, individual donors and companies, who may also contribute their knowledge, expertise and influencing powers. Moreover, annually renewed funding can be a route for bringing fresh approaches.

Looking at annual change in family and corporate foundations provides a window into how different kinds of funding commitment and founder engagement can influence what foundations achieve. Family foundations account for just over half (53%) of the total giving of the Top 300 (including Wellcome Trust), while corporate foundations account for 9%. In 2017/18 just over half of the family foundations, and over 90% of the corporate foundations, received voluntary income, usually from new donations and legacies.

NEW FOUNDATIONS

This year saw a welcome influx of new foundations to the report, for example, Sir Christopher Hohn’s new giving vehicle, the CH Foundation, which came in at number 76 with grant-making of £8.6 million in 2018. This included $10 million (£7.4 million) to the Rwanda Stunting Prevention and Reduction Project to combat chronic malnutrition. Hohn has donated around £14.7 million to the foundation over the last four years. Paul Marshall and Ian Wace, who run the Marshall Wace Hedge Fund, have both recently made major gifts into and out of their foundations (both new to the report), mainly for education – The Sequoia Trust and Jagclif Charitable Trust.

A final example shows one founder’s determination to make a significant difference to an entire geographical area. Jonathan Ruffer’s foundation, Lempriere Pringle 2015, increased its grant-making significantly in 2018 to £46.2 million (from £11.3 million), following another big gift from the founder. The bulk of these grants went to regeneration projects in Bishop Auckland and surrounding County Durham, parts of which are among the poorest in the country.

As foundations address the change and challenges of an increasingly uncertain and complex environment, the evidence of this year’s Foundation Giving Trends underlines how their freedom to work in multiple ways and multiplicity of assets are key resources.
COLLABORATING FOR CHANGE

The Queen Elizabeth Diamond Jubilee Trust, established in 2012 to mark Her Majesty The Queen’s Diamond Jubilee, set out with a mission to enrich people’s lives in every Commonwealth country in just five years. Chief Executive Dr Astrid Bonfield CBE reports on what the trust achieved.

We may have had a short time frame in which to make impact but we were clear from the outset that we wanted to achieve it at scale.

In honour of The Queen’s lifetime of service to the people of the Commonwealth, the trust focused its efforts on two themes: avoidable blindness – a staggering four out of five people are blind as a result of causes that can be prevented or treated – and youth leadership. We committed to an approach that was informed by and sensitive to the national context, supporting governments’ strategies and health systems to build in sustainability. We wanted to deliver a series of initiatives through partnerships and collaborations, to enable timely action to meet challenges and capitalise on opportunities.

A report from PricewaterhouseCoopers published in 2017 found that through the trust’s £80 million five-year strategic Avoidable Blindness Programme, we and our partners achieved a return of £12 for each £1 we invested, with averted lost productivity by affected individuals and their carers of more than £300 million. In human terms, our initiatives also delivered clear results – for example, eight million people are now free of risk of trachoma in Malawi, where the disease is no longer a public health problem.

LEARNING FROM OUR WORK

We could not have achieved these results without the expertise and tireless commitment of our many partners, and in our closing months, we asked the Institute for Voluntary Action Research (IVAR) to review the programme to see if there was learning from our work that could be of benefit to others working to bring about systemic change.

IVAR identified a set of hallmarks, extracted below from its full report, that were fundamental to the successful collaborative effort that we shaped. They said: Ambitious targets were grounded and achievable, but still challenging. Built on proven methodology, expert advice and the experience of effective NGOs

WE ADOPTED TWO COMPLEMENTARY APPROACHES – THE DIPLOMATIC AND THE QUIETLY DISRUPTIVE – SET AGAINST THE BACKDROP OF THE TICKING CLOCK.

and partners, the trust brought focused funding and the momentum of a short timeframe, to galvanise the sector. The starkness of its ambition, and relentless focus on achieving it, paid real dividends. Collaboration The strengths of the sector were studied and assessed, and the trust sought to build and add to capacity. It recognised the importance of harnessing and empowering ‘brilliant and highly committed’ people. It supported the creation of interconnecting networks that show great potential to continue as a method of sharing and learning.

Sustainability With a short timespan for programme delivery, the trust thought about closure from the beginning. Whether working with government health systems or helping to create an attractive environment for others to ‘finish the work’ or take on the next big challenge, sustainability was fundamental and built into all initiatives and ways of working.

Leverage The trust understood the leverage of a large financial contribution and its impact on programme delivery. For example, this enabled its Collaborative Trachoma Initiative to play a stronger hand in negotiating terms of engagement with other funders and gave the trust a presence at international donor forums.

Risk taking By recognising the importance of using its freedom as an independent foundation to take risks, and creating a level of assurance around the deliverability of its largest initiative, the trust could invest when it saw real potential, enabling a new idea to grow from proof of concept to effective delivery.

Relationships After funding decisions, the primary focus was shared accountability for common goals rather than detailed reporting on activities and outputs. The trust looked at how best to use its assets and influence to help advance the collective effort, with value delivered through deep but focused engagement and the quality of the different kinds of relationships held.

Emotional resonance The ethos behind the trust undoubtedly played an important role in attracting support at all levels and encouraging people to give of their best. It also acted as a powerful reminder that
striving to achieve a social goal is, in large part, an act of empathy and imagination, as well as reason. Having a powerful emotional resonance can be a strong source of commitment.

**SHIFTING POWER, PACE AND PURPOSE**

The trust set out to be catalytic – to ‘shift the dial’ on avoidable blindness for the longer term. We adopted two complementary approaches – the diplomatic and the quietly disruptive – set against the backdrop of the ticking clock. A five-year time horizon serves as a powerful reminder of the need for urgent action. Yet, sustainability is absolutely key and we have always had our sights firmly fixed on the long term.

Delivering sustainable programmes in a limited timeframe is of course not without its challenges. When assessing our approach, IVAR identified areas of learning relevant to foundations. These included:

**Develop a strategic focus**

- Understand and agree the foundation’s own organisational needs and expectations to identify an objective that fits its scale, aspirations and risk level.
- Recognise and accept the importance of complete organisational alignment behind the agreed strategy; ‘achieving strategic focus involves giving up everything else’.
- Introduce fresh eyes to make a big difference, provided they respect others’ efforts and have an active interest in learning from practitioners and authoritative experts, as well as offering challenge and assets to support a new sense of new momentum.
- Recognise that building genuine credibility as a contributor ‘beyond the money’ takes time and effort.

**Effective, trust-based partnerships**

- Choose partners carefully and be clear about the assets each has – trust skills, experience and judgement and be mutually accountable for progress and performance.
- Understand that much of the funding system drives behaviours that stand in the way of good partnerships and address this openly. Also understand that some organisations, and especially government donors, have unmoveable rules and bottom lines. Work together to find solutions and compromises.
- Recognise the importance of words matching deeds and make sure they support a partnership approach.
- Get the formal partnership structures right, particularly areas such as general communications and brand building where agendas may diverge.
- Think about the role communications can play in supporting successful outcomes and the priority that this will be given. Ensure that resources and expertise match these aspirations.
- Invest in relationships by engaging regularly, understanding and sharing opportunities and constraints, discussing challenges and working together to find solutions.

With our programmes now complete, the trust will close as planned in 2020. Nonetheless, our mission will live on in each person we have had the privilege to help and through those we have equipped to continue changing lives for years to come.

We all know that climate change is serious, and action is required. But what is the role of foundations, including those who do not have an environmental remit? What are the opportunities for action across grants, investments and operations? What are the most effective approaches, what learning can we share, and what help and support do we need?

Following the 2019 ACF Conference, *The long view: funding on a finite planet*, and the launch of the Funder Commitment on Climate Change, this workshop is for foundation staff or trustees who are interested in exploring next steps. Whether you are an experienced sustainability lead, or brand new to the issue and wondering where to start, we want you to be part of this conversation.

This will be an intensive workshop that aims to:
- Be an opportunity to share views and foundation responses to the challenge of climate change.
- Raise awareness and understanding of the Funder Commitment on Climate Change.
- Gather information on what tools, resources, support or networks ACF members want and need in implementing (or thinking about implementing) the Funder Commitment.

How grant applications are assessed can depend enormously on the size of the foundation, as well as on the mission and operational models adopted. There is no magic formula, but there are some key principles which underpin good practice, focusing on two important questions:
- How do we ensure the assessment process is fair and balanced?
- What information do you need to make a considered judgement?

This course will:
- Provide an overview of the core principles of good practice in assessing grant applications.
- Explore the challenges and dilemmas of different assessing approaches.
- Enable you to share information, ideas, challenges and possible solutions when assessing grant applications.
- Draw on the experiences both of the facilitator and participants, with a mixture of presentation and small group-based discussions and exercises.

Will interest:
This course is for those who assess grant applications and want to explore the underlying principles, the challenges involved and to learn from different approaches.
**What is your role and what does it involve?**
I am a grants manager working at the Paul Hamlyn Foundation (PHF). I mainly focus on our ‘Investing in Young People’ strategic priority, but from time to time I get involved in other areas of our work such as the arts, supporting individuals, and some of our one off ‘special initiatives’. The biggest part of my job is working with organisations seeking funding: from assessing applications, to managing the relationship where funding has been approved, through to reviewing their final report at the end of the grant. Alongside this I help to coordinate our additional non-financial assistance offer, including activities such as our convening events, which bring together organisations we have funded. I also try to keep up to date with the latest policy and practice developments, and build relationships across the third sector and with other funders.

**How long have you been in your job and what was your previous role?**
I’ve been here for just over three years. Prior to that I worked in the youth sector, most recently as a development manager at The Foyer Federation, a charity that works on behalf of young people experiencing homelessness. That was a particularly meaningful role for me, as I lived in a foyer for about 18 months when I was a teenager.

**What are some of the challenges of your role?**
One of the main challenges I have faced has been how I bring together my lived and learned experience of social justice issues to make a meaningful contribution in my current role. I have had to learn how to integrate into the grant-making sector, and be an effective grant manager, while maintaining my own voice and authenticity. I’m very lucky as the team here values the insights I have gained from my past experiences as an asset, but it has still taken time to learn how and when to usefully draw on these experiences. Overall, though, I have enjoyed the challenge, and I think the organisations I work with appreciate having a grants manager who has worked in, and benefited from, services like theirs.

**What working achievement or initiative are you most proud of?**
Within PHF, I am especially proud of the work that we do on the Youth Fund, which provides core funding for youth organisations that want to grow their impact. We consistently get feedback about how valuable this core support is. The organisations we support also tell us that they appreciate our flexible and relational approach.

Externally, I am a part of the Lived Experience Movement (www.lexmovement.org), which brings together experienced charity professionals with first-hand experience of social justice issues. Led by the brilliant Baljeet Sandhu, we helped to produce a report looking at the challenges that people with lived experience face when trying to take up leadership roles in the social sector.

**What is your desk like, what is on it?**
The top of my desk is currently pretty tidy, as I have just been out of the office for a week at a training course. Underneath, however, is a different matter. It’s currently home to quite an assortment of items, including a box full of toothbrushes that colleagues have dropped off as part of an office recycling scheme I run.

**Outside of work, how do you relax?**
I love reading, writing, hiking, and hanging out with my husband and two cats (Dizzee and Rascal). Sometimes I embark on overambitious cooking projects.

**What was the last book you read?**
I particularly enjoy books that let you escape reality – my favourite genres are fantasy or sci-fi. I have just finished *Shadow of Night* by Deborah Harkness. It’s about a witch who travels back in time to Shakespearean England, accompanied by her vampire husband!

**If you could pick one word that best sums up your job, what would it be?**
Meaningful.
ASSESSING THE LIQUIDITY PROFILE OF ENDOWMENTS

Oliver Shale, Senior Investment Associate at Ruffer LLP, highlights the importance of trustee awareness of liquidity of investments.

Defining the concept of liquidity is no easy task. Even the regulatory institutions who monitor it have had trouble pinning down a definition that cuts through the complexity. Liquidity, as they define it, covers a variety of metrics, including the speed, cost and volume of a transaction. For the charity trustee, the notion is simpler; liquidity describes the degree to which an asset can be quickly bought and sold in the market at an expected price. In other words, the ease of converting an asset to cash.

LIQUIDITY PROFILES FOR DIFFERENT ASSET CLASSES

Liquidity conditions can vary across different asset classes. Equities and government bonds form the cornerstone of a balanced charitable portfolio and in general, both are considered to be liquid assets. In pursuit of diversified returns, investors have looked beyond these conventional asset classes. Balanced portfolios often contain some combination of currencies, commodities, corporate debt, real estate and hedge fund exposure. With the exception of currencies, these assets tend to be more illiquid when compared to government bonds or equities. Where the instruments being traded are bespoke or heterogeneous, matching supply and demand can be more difficult. Real estate and private markets are the epitome of this.

Even within asset classes, liquidity profiles are not uniform. Within equity markets, companies with large market capitalisations in developed markets tend to be more frequently traded than their smaller counterparts in developing markets. Similarly, within fixed income markets the size and creditworthiness of the issuer can impact a bond’s liquidity.

Illiquidity is not necessarily a bad thing. Many assets are expected to be illiquid and a trustee would be comfortable not being able to redeem their cash quickly. Real estate is a principal example of this. No one is too surprised when a property takes some time to sell. In principle, illiquid assets should come with an embedded ‘illiquidity premium’, a higher potential return to compensate investors for ‘locking up’ their funds. The issue often comes when there is a ‘liquidity mismatch’. This can be either when an investor believes an asset has greater liquidity than it actually has (meaning it takes longer to realise the cash proceeds from a sale than would be usually expected) or if illiquid assets are held in a vehicle that offers more liquidity than the underlying holdings (such as corporate bonds held within a mutual fund – more on this later).

Foundation endowments often enjoy long-term investment time horizons. This means that in some portions of the portfolio, endowments should be able to take advantage of the illiquidity premium. However, there are likely to be periodic drawdowns to fund the charity’s spending requirements. As such, maintaining the ability to make regular cash drawdowns from a portfolio is key.

DRAWDOWNS CAN ALTER LIQUIDITY PROFILE

As a charity draws down from its portfolio, the asset allocation can, over time, become distorted due to the natural liquidity differences across assets. Individual drawdowns may feel small in comparison to the size of the portfolio, and in the short term they are met from assets that can be sold quickly – typically equities and bonds. Cumulatively, the drawdowns can have a significant impact as the liquid assets form a smaller proportion of the portfolio. Conversely, the weighting towards assets with a longer trading cycle will steadily increase. This has implications for future performance and the ability to make future redemptions.

LIQUIDITY SINCE THE GREAT FINANCIAL CRISIS

Over the current market cycle, liquidity has developed into a fundamental driver of asset prices. A decade of extraordinarily loose monetary policy, in the form of ultra-low interest rates and central bank quantitative easing, has contributed to an impression of limitless liquidity in financial markets. The US central bank alone has added almost $4 trillion of liquidity into the market since the Financial Crisis. The impact this policy regime has had on the real economy is fiercely debated. In the financial system, it is clear that the continual loosening of financial conditions and injection of liquidity has helped to drive asset prices to all-time highs. As interest rates have fallen, investors have searched far and wide for a sufficient return and willing buyers have been in abundance.

The flow of liquidity has so far been decidedly one way, but long periods of
market stability can ultimately breed instability. What happens if the flows start to reverse? What if markets start to struggle and people look to redeem their holdings rather than continuously add? To look at this more closely, we focus on credit markets and the widespread holding of corporate credit in mutual funds.

Corporates have exploited the low interest rate environment by issuing a significant amount of debt. The bonds have been happily gobbled up by mutual and exchange-traded funds (ETFs) on behalf of their yield-hungry investors. These funds offer investors weekly, or even daily, trading opportunities. However, the underlying corporate bonds are not as easily traded, not least because stricter regulations since the financial crisis have meant that commercial banks can no longer be relied on to provide liquidity in this market. There is an inherent mismatch between the trading of the pooled funds and that of the underlying corporate bonds. So far this has not been an issue as, for years now, these funds have only seen net inflows of investor cash. The steady issuance of corporate debt has been met by a healthy stream of demand. But when investors do need to rush for the door these ostensibly liquid fund structures may be unable to meet redemptions as they struggle to sell the corporate debt they hold. As this accelerates, funds can be ‘gated’, meaning investors are unable to sell their holdings. In this environment, fear can spread quickly and the analogy of a run on a bank is appropriate.

In this scenario investors, unable to realise cash from corporate bond funds, may turn to the next most liquid asset – equities. Stress in the corporate credit market can cause contagion in the equity market. Selling pressure on equities can depress prices further, causing investors to become more fearful and putting further pressure on prices. It is easy to see how a liquidity mismatch in corporate credit can have a profound negative feedback loop, impacting more asset classes and hurting even those investors who do not have direct exposure to corporate credit.

MONITORING LIQUIDITY

How should a trustee approach this complicated environment when thinking about their endowment portfolio?

The first principle is to regularly assess the investment time horizon that the endowment can afford. Where there is no intention to make drawdowns then the portfolio can perhaps benefit from the return premium offered when committing funds for longer periods. Conversely, if a withdrawal of capital coincides with a distinct absence of liquidity, this combination can leave no choice but to sell assets on unfavourable terms.

Secondly, if redemptions are needed, above and beyond the available income, capital drawdowns are required. In this instance the portfolio must be rebalanced, to prevent the gradual overweighting of illiquid assets. Trustees should regularly monitor the liquidity profile of the endowment; how quickly can investment funds be redeemed, what liquidity assumptions are the investment managers making; how could these change in a more difficult environment?

Thirdly, it is important to be aware of the underlying asset allocation of the portfolio. Knowledge that the collection of funds within the portfolio all have regular trading opportunities with short settlement periods offers comfort that the endowment is quickly realisable. This is true most of the time. What is important however, is the assets that are held within these pooled funds, to which the endowment has indirect exposure. As redemptions mount, it is these assets that must be sold to meet them, and liquid assets can be realised more readily. In the right environment, say after a period of underperformance, redemptions can overwhelm a fund that holds illiquid assets. It is a short step from having a steady stream of demand to once again becoming a forced seller.

Charities and their trustees should not necessarily shun illiquidity, but they should understand the issues and the potentially damaging consequences it can have to an endowment. By understanding the risks, trustees can make informed decisions as to the appropriate level of illiquidity for the endowment and thereafter ask appropriate questions to ensure that the overall portfolio’s liquidity is duly monitored.

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TO BOOK A PLACE VISIT www.acf.org.uk
There can be no doubt that evidence and data can guide funders to target their resources as effectively as possible. Ligia Teixeira, CEO of the Centre for Homelessness Impact (CHI), outlines what CHI is doing to promote research in the homelessness sector.

There are two types of issue in the world: those for which there is reliable research about evidence effectiveness and those for which there is not. Both scenarios present unique opportunities for funders. Our sector is chronically under-researched when it comes to knowing what works to prevent homelessness, and there is little reliable evidence to demonstrate what interventions have a positive effect.

CHI was created by Crisis and the Glasgow Homelessness Network with philanthropic funding. Our aim is to improve the lives of those experiencing homelessness by ensuring that policy, practice and funding decisions are underpinned by robust evidence.

Our Evidence Gap Maps clearly show where research is lacking and therefore which areas of research need to be filled. Where gaps exist, funders can offer much-needed opportunities to fill them. We have worked with a wide range of stakeholders to co-create a research agenda that can be used to help prioritise which gaps to fill first.

**OPPORTUNITIES FOR FUNDERS**

Where we do have the relevant data and evidence, the opportunities for funders are three-fold. First, to say we have reliable evidence about an intervention means that several different studies support the same conclusion. In order to use those studies effectively, we need to synthesise what they say. Synthesis requires funding. Once synthesis has been achieved, our reliable evidence needs to be disseminated through publications, press and events. Without dissemination, evidence is useless, and it will not be used. Finally, in order for evidence to be used, practitioners must be able to put it to use. Funding the dissemination of evidence and upskilling practitioners are both effective uses of capital to drive lasting change.

To this end, CHI is currently working on a What Works Community pilot, helping three local authorities to explore a common theme through the perspective of behavioural economics, person-centred design and smart data science. Our intention is to provide a variety of ways to support data and evidence to be applied in practice, by instilling an appreciation of data and evidence and skills for its use among policy-makers and practitioners. Although these may seem like straightforward steps, psychologically at least, evidence can also be a source of frustration to funders. Evidence can show us what works in a given situation, but by default that means it also shows us what doesn’t. It can be a challenge for some funders to discover that initiatives they have supported have proven ineffective, but we believe that adopting an evidence-based approach to funding means embracing experimentation and learning from failure.

**EMBRACING EXPERIMENTATION AND RISK**

Over the last decade, we believe that some funders have lost their appetite for experimentation and risk, even as they publicise their desire to drive large-scale change. In many cases, existing approaches are proving insufficient to truly crack the intractable social problems facing our society.

When the solutions to large, complex issues are still unknown, experimentation is key. This way of working opens an exciting path for funders and organisations to work with greater efficiency, better address complex social issues like homelessness, and make greater impact within their communities.
MEMBERS’ POLICY FORUM: ONE YEAR ON

In December 2018 ACF launched a new initiative which aimed to increase opportunities for foundations to engage in policy work. Emma Hutchins takes a whistle-stop tour of how the Members’ Policy Forum has evolved and the impact it has had in 2019.

Foundations influencing policy is not a new idea. Some of the most significant policy interventions over the last century have had foundation involvement, for example, the introduction of integrated education in Northern Ireland and the establishment of the Freedom of Information Act.

Influencing policy has long been core to ACF’s objectives too as we advocate for an enabling environment for foundations.

And so in pursuit of our own mission to support foundations to be ambitious and effective in using all their resources, and in recognition of growing member interest in developing their own policy work, we created the Members’ Policy Forum.

The MPF launched with three aims: to increase the foundation sector’s influence and impact with policy-makers; to raise the profile of the foundation sector with government as a key audience for consultation; and to facilitate members’ involvement in ACF’s policy work. It is also a source of learning and information for members, regardless of their current level of involvement in policy.

JANUARY-MARCH

Almost 200 individuals from ACF members of all shapes and sizes had signed up within a month of the initiative’s launch; the overwhelming response and variety of policy interests gave vast scope for the MPF’s programme to be developed.

The first of the MPF’s monthly bulletins was distributed, packed with information about the latest policy developments and opportunities to get involved.

The inaugural event was a conversation with Lori Villarosa, founder of the US-based Philanthropic Initiative for Racial Equity. Amid discussions within the foundation sector and in government on tackling racial inequity in the UK, Lori discussed how to apply a racial justice lens to grant-making.

Bringing together foundations and officials from the Home Office, we explored the policy landscape for preventing child sexual exploitation. The discussion was fruitful and one senior official said it was the first time in 10 years he’d engaged with foundations, and he was keen to do so again.

And in anticipation of the UK’s withdrawal from the EU, we convened a session in March to explore how foundations might engage with the EU post-Brexit, attended by government officials and foundations from across the UK and Europe. Far from stepping back from the EU, it was evident among those in the room that foundations needed to be more vocal and more present than ever at the European level.

APRIL-JUNE

An inquiry into the effectiveness and influence of select committees in Westminster’s Houses of Parliament, led by the Liaison Select Committee, posed a series of opportunities for the MPF.

ACF submitted written evidence and engaged with parliamentary officials to urge select committees to seek active input from foundations as a valuable source of evidence and expertise. This call was adopted by the committee’s final recommendations to government – a major coup for ACF.

In addition, we organised a session on how and why foundations might engage with select committees. After a rich discussion, which one attendee commented was the best ACF event he had attended, we developed a toolkit to capture the tips and support unearthed in the session. You can download it here: http://bit.ly/ACF-selectcommittee

JULY-SEPTEMBER

A new Prime Minister saw a new Minister for Civil Society as Baroness Diana Barran took up the mantle from her predecessor Mims Davies MP. Baroness Barran has an extensive background in the charity sector, having served as Chair of The Henry Smith Charity and trustee of Comic Relief and The Royal Foundation, as well as founding domestic abuse charity SafeLives.

ACF welcomed the new minister and subsequently followed up in sector roundtables, showcasing the MPF and the valuable work of foundations.

OCTOBER-DECEMBER

With a general election and another Brexit deadline looming, ACF continued its ongoing engagement with the Office for Civil Society and the Department for Exiting the EU. We shared resources through the MPF bulletins and collated helpful resources for foundations to prepare for possible outcomes.

2020 AND BEYOND

Plans are already developing for the MPF in 2020. We’ll kick off with a session on new finance model Social Bridging Finance (see page 56 for event details) and will continue to provide regular bulletins with all the latest policy information, resources and opportunities.

The collective impact of the MPF’s programme has already been significant. One foundation CEO described it as “a step-change in the foundation sector’s influence and impact”. The reception from foundations and policy-makers alike has proven the value in having this conduit for action and dialogue. The variety of issues covered reflects the pluralism of foundations in their approaches and interests – a strength of the sector to be celebrated.

We look forward to working alongside members in 2020 and beyond to support, connect, inspire and advocate for foundations interested in influencing policy at any level, and welcome your feedback on how we’re doing.

To sign up to the Members’ Policy Forum or offer feedback, please email policy@acf.org.uk
The written investment policy is an essential document for charity investors and a legal requirement for charities that have appointed a discretionary investment manager. Although the trustees are not able to delegate the preparation of the investment policy to the manager, they should take advice on its content.

Your written investment policy should contain the following information:

- **Introduction**
  - general financial background, investment powers
- **Investment objectives**
  - return expectations
- **Risk**
  - key investment risks
- **Liquidity**
  - cash flow requirements
- **Time horizon**
  - investment asset time horizon
- **Responsible investment**
  - aligning with your organisations aims
- **Governance**
  - decision making, delegated authority, monitoring

We are offering all ACF members a complimentary investment policy health check.

Please get in touch with kate.rogers@cazenovecapital.com to arrange your consultation.

Find more guidance here: cazenevecharities.com/investment-policy-guide

Past performance is not a guide to future performance. You should remember that investors may not get back the amount originally invested as the value of investments, and the income from them can go down as well as up and is not guaranteed.

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INTEGRATING SUSTAINABLE THEMES AND BELIEFS INTO INVESTMENT STRATEGIES

Mercer Investment Analyst Leonard Niesel looks at the different approaches available to foundations.

With increasing global focus on sustainability and climate change, investor interest in the integration of sustainable investment solutions has grown. This is illustrated by the number of UN Principles for Responsible Investment (UNPRI) signatories, which grew by 21% in 2018, as well as the size of assets focused on environmental, social and corporate governance (ESG) globally, which grew by 34% between 2016 and 2018.

Through working with institutions at the forefront of responsible investing, such as charities and university endowments, Mercer has gained direct insights into the challenges posed by the implementation of sustainable investments and carbon-free portfolio approaches.

Although a number of sustainable investment funds are available in the equity space, integrating sustainable themes throughout a client’s investment portfolios remains challenging. This is particularly difficult for investors with diversified portfolios whose investments are in comparatively underdeveloped asset classes, such as fixed income and private equity.

REASONS FOR INTEGRATION — RISK MITIGATION AND OPPORTUNITIES

Sustainable investing goes beyond simply integrating ESG issues with the intent of mitigating risk. Rather, it seeks to capture opportunities created by changes in the global economy, including the transition to a low-carbon economy. In this scenario, many such opportunities are likely to arise, from new water infrastructure to waste management and related technologies.

Sustainable investing also includes engagement and stewardship, which can help investors form a better understanding of portfolio companies while setting investor expectations and driving positive change. Earlier this year, for example, under shareholder pressure, Shell announced that it would reduce its carbon emissions and also link executive pay to these emission targets. There is therefore scope for investors to influence companies to adopt better governance structures and move away from practices considered harmful.

HOW TO INTEGRATE SUSTAINABLE INVESTMENTS

Broadly speaking, we recognise that there are three main methods of implementing ESG into investment approaches: screening, integration and investment.

OVERALL, THERE IS AN EVER-GROWING NUMBER OF INDICES, PROVIDERS AND APPROACHES (BOTH ACTIVE AND PASSIVE) THAT CAN BE USED TO IMPLEMENT SUSTAINABLE EQUITY INVESTING.

Exclusionary screening is a common approach to ESG investing and simply means avoiding exposure to companies that fail to meet an investor’s specific ESG criteria. Such approaches are usually concerned with activities that investors disapprove of for moral or ethical reasons. The main drawback to this approach is that the ability to engage and drive change using voting rights and shareholder action is significantly reduced.

A second method is to integrate sustainable investing into the investment approach, typically by investing only in companies that meet a specified upper level of ESG criteria. This is usually referred to as ‘positive screening’ and can be complemented by stewardship and engagement.

Finally, investors may choose to pursue thematic or impact investing. The former refers to investing with a certain ESG factor – such as climate change or financial inclusion – in mind, and the latter involves investing in companies and sectors that can generate positive impact alongside financial returns.

Under a sustainable investing approach, we would expect elements of all three methods to be used to some degree. Screening can still be applied to weed out poorly performing companies, while integration and an element of impact investing can be applied to benefit from top-performing sustainable companies.

SUSTAINABLE INVESTING AND ASSET CLASSES

The difficulty for investors lies in integrating a sustainable investment approach across the whole portfolio. Although there have been significant positive developments in some
asset classes, others are relatively underdeveloped, creating challenges for integration as demonstrated by Mercer’s ESG ratings by asset class (see above), where we have rated more than 4,400 strategies. For example, while just over 20% of equity managers receive ESG1 or ESG2 ratings, less than 10% manage to do so in the fixed income space. This is even starker for hedge funds, where fewer than 5% of managers receive these ratings.

**EQUITIES**

Consider the equity sector, where the implementation of sustainability into portfolios is relatively well-established. Some managers may use negative and/or positive screening, whereas others may look for best-in-class and impact investment approaches. Overall, there is an ever-growing number of indices, providers and approaches (both active and passive) that can be used to implement sustainable equity investing.

Engagement in the asset class is relatively straightforward, and the best managers in this space have exhibited strong track records of influencing positive change with underlying investee companies. Investors can work with portfolio companies to adopt initiatives that will enhance value and, if unsuccessful, can collaborate with other investors for greater influence.

A wide range of funds and approaches in the equity space exist, allowing for tailoring to investor preferences.

**FIXED INCOME**

Although a lot of progress has been made in the equities space, comparatively, fixed income funds are underdeveloped from a sustainability perspective. However, sustainability arguably has a greater role in the fixed income sector than for equities. With fixed income, investors actually provide companies with capital, and less sustainable sectors are highly dependent on credit. For instance, a 2014 paper by EY showed that only a minority of funding for oil and gas companies was derived from equities, with the majority coming from debt.

Equities have progressed further than fixed income markets because integration of ESG factors is much more straightforward, the equity universe is smaller and liquidity is higher. Further, ESG risk is more difficult to quantify and attribute for bonds, with investor perception that credit risk and inflation risk play far more important roles than sustainability.

A further difficulty with implementing an ESG approach for credit funds, particularly high-yield bonds, is that a large percentage of high-yield issuers have low ESG ratings. If these firms are screened out, the result may be poorer diversification and concentration of risk. Fortunately, there are signs that integration is picking up, and funds integrating sustainability are slowly becoming available. Indeed, Mercer has assigned an ‘A’ rating (our top research rating) to a number of strategies within this space over the past 12 months.

There is a general perception that engagement with companies is difficult, since bonds don’t have voting rights, access to management is limited and there is a lack of structured engagement processes. Despite these challenges, it is increasingly apparent that there may be scope for active input into ESG issues, particularly for issuers that frequently raise capital. Another avenue for engagement exists for fund managers who also hold shares in companies issuing debt. For some investors, divesting from debt could be far more meaningful than divesting from equities.

**PRIVATE EQUITY**

Since investors in private equity are actually providing firms with capital, ESG considerations are arguably more important than with public equities (where shares are only raised by the company periodically). In addition, private infrastructure assets are also likely be a key part of the transition to a more sustainable economy. However, due to fewer reporting obligations and less transparency, integration actually isn’t that straightforward. If ESG is integrated, this is typically because the fund covers certain sustainability themes, such as climate change. This can be an issue for smaller institutional investors that seek a diversified private equity portfolio and may find minimum lot sizes prohibitive.

**WHERE WE ARE NOW**

Although challenges still exist in identifying the best managers, sustainable investing is no longer exclusive to equity funds, and investors now have access to funds across a variety of asset classes, allowing the integration of sustainability across the whole portfolio. At Mercer, we have developed a number of products that aim to deliver on both the financial and ESG goals of our clients.

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“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.”
– Franklin D. Roosevelt
More than 380 organisations across the UK are proud to be ACF members and part of our community. Here is a reminder of what we do and the benefits you receive as an ACF member.

**NETWORKING AND PROFESSIONAL DEVELOPMENT**

We bring foundations together, providing a protected space – in person and online – for trustees and foundation professionals to meet colleagues and peers. Members receive discounted fees for our professional development sessions, investment seminars and annual conference, as well as exclusive access to member-led peer networks and an annual reception for foundation Chairs.

**RESEARCH, INFORMATION AND GUIDANCE**

We provide guidance and practical advice and share inspirational stories and sector news through our monthly newsletter Funders’ News and of course Trust & Foundation News. We provide briefings on topical policy and regulatory issues and members also receive free copies of our research and practice publications.

**MAKING YOUR LIFE EASIER**

We offer a range of practical services, such as an online jobs board, as well as individualised support from our staff team.

**POLICY AND ADVOCACY**

We work towards increased public understanding of the work and role of UK trusts and foundations, and the development of an enabling policy and operating environment. We consult members to voice their perspectives and to have greater collective influence on legislation and decision-makers.

“Through ACF membership we have particularly valued the opportunity to expand our learning opportunities by attending the professional development courses and networking events to learn much more about the sector.”

Longleigh Foundation

“As a brand new corporate foundation we joined ACF to broaden our understanding of key issues faced by grant-giving charities, share best practice and develop our network. The events, networking and advice we’ve received from ACF have been hugely valuable – we are very much looking forward to a long and fruitful relationship with ACF.”

UPP Foundation

**CONTACT US**

If you have any questions about your membership please contact Natasha Robinson, Senior Membership Manager at ACF, nrobinson@acf.org.uk

**RECOMMEND US**

Do you know a new foundation looking to develop its network in the sector or an organisation keen to expand its knowledge? They can contact us at membership@acf.org.uk to find out more about joining and becoming part of our community.
Sian Williams and Jessica Loring report on how the idea for a ‘next gen’ network came from their own experiences of working in the foundation sector. Following a survey to test demand for such a grouping, a new ACF network has been born.

As officer-level team members at the Calouste Gulbenkian Foundation (UK Branch), we feel that many sector events are targeted towards senior professionals, meaning that some foundation staff are missing out on opportunities to learn and develop their skills and networks.

Currently, there are some fantastic networks and initiatives in the sector promoting collaboration, building connections, and working to increase the ambition and effectiveness of philanthropy, such as Grant Funders’ Network, Ten Years’ Time, and the Grant Givers’ Movement. However, we feel there is a gap for a group that is specifically aimed at those who are early in their career or new to philanthropy and that is open to all roles – from grant administration and finance to communications and policy. We believe that such a network would provide an exciting opportunity to create new conditions within the sector and deepen our collective knowledge.

TESTING THE WATERS

After discussing our plans with ACF, it was agreed that we would circulate a short survey to see if there was an appetite for such a grouping. We were delighted that so many foundation staff took the time to share their views on what would be most valuable to them. There were several requests for the survey data to be shared, so this article provides an overview of the feedback and our proposed next steps.

The survey aimed to establish what activities and support such a network could offer, and what the level of demand might be. Responses express a strong appetite across the board for skills development sessions, work shadowing opportunities, informative issue-based sessions and talks from senior foundation staff. Of course, this demand is not necessarily limited to those early in their career or new to philanthropy.

The survey was circulated widely via the ACF membership and social media, so respondents were self-selecting. Overall, we received 88 responses. Age-wise, the majority of respondents were aged 25-35 (59%), the next biggest group were those aged 36 or above (32%), followed by 18-24 year olds (9%). There was a fairly equal mix of responses from ‘senior’ (manager level and above) and ‘junior’ professionals. Most respondents have worked in the foundation sector for less than three years, although some have prior experience in the charity world.

FRAMING THE NETWORK

One key question we hoped to answer through the survey was ‘who is the target audience for the network?’. We suggested possibilities of an ‘under 35s’ or a ‘new to philanthropy’ framing. Responses highlight that age may not be a good selector in philanthropy. Instead, the survey indicates different levels of demand for three possible networks: new to philanthropy (open to any age or career level); career development (open to any age or career level); or early-level career in the philanthropy sector (targeted at more junior roles such as interns, assistants and officers).

Based on the survey responses and our own positions, it is this third framing that we plan to take forward. Feedback suggests that there may be something common to the experiences and needs of individuals in non-management positions that could be well supported by an ACF network, to allow for collaboration and co-learning.

NEXT STEPS

Some respondents expressed an interest in running sessions and there were also calls for events not to be restricted to London. We envisage that there will be opportunities to link up with regional funder forums across the UK and we would welcome co-design of future events.

Our aim is to hold the first ACF ‘next gen’ network meeting in Spring 2020. We are keen to have further input and collaborate as these plans develop. Please get in touch if you would like to discuss our plans or get involved: swilliams@gulbenkian.org.uk.
GOOD RECIPE
POOR COOKING CONDITIONS

James Magowan, ACF’s Northern Ireland Development Officer, reflects on the ACF/Northern Ireland Trusts Group conference.

A recipe for excellence:
- Established by radical visionaries.
- With secured endowment and crowdfunding income.
- Involved its community in governance and decisions.
- Used its power to influence politicians and even a war.

This was a description of the Belfast Charitable Society from 1752, which hosted the ACF/NI Trusts Group conference in October. Some 267 years later, the need to consider how to apply excellence continues, in what became and remains, an extra-ordinary part of the UK. Representatives from 21 foundations, based in, or with an interest in funding in Northern Ireland, gathered to consider challenges relating to funding there, and to share experience and best practices.

UNIQUE CONDITIONS

Former ministerial adviser, long-time voluntary sector board member, and businessman, Damian McAteer, helped prompt discussion on the unique conditions in Northern Ireland, offering his perspective in an interview with Paula Reynolds, Chief Executive of the Belfast Charitable Society.

The backdrop to the discussion on the socio-economic and political context was dominated by Brexit. A primary concern was the general anxiety not only arising from uncertainty about the implications of Brexit, whatever the outcome, but caused also by the severe set-back in community relations already experienced and the prospect of the dark days of the past and conflict re-emerging. The Good Friday Agreement, although far from perfect, kept a lid on things and provided a means by which British and Irish identities were accommodated.

While the devolved administration has never functioned effectively, and has been dissolved for over 1,000 days, there has been general acceptance of a ‘peaceful co-existence’. Although falling far short of the ‘shared future’ envisaged in the peace process, this has provided stability and a degree of normalisation.

However, old wounds were re-opened by the 2016 referendum, with little thought at the time given to the Irish border problem which became the deal-breaker. What a difference 10 votes in Westminster made. Almost 30 years ago Peter Brooke, then Secretary of State for Northern Ireland, declared Britain had no “selfish, strategic or economic interest in Northern Ireland”; this paved the way for ceasefires and the Good Friday Agreement. When 10 DUP votes became critical, and post referendum, the language of the government shifted to ‘safeguarding our precious union’. The referendum result, and this political volte-face on Northern Ireland has, as elsewhere in UK, created deep societal divisions. In Northern Ireland these are defined largely along lines of community identity.

The warnings of social and economic destabilisation and resurgence of violence were cited by some as part of ‘project fear’ – quite rightly so, as both are very fearful prospects. Now we face a ‘no-win’ situation, not only in relation to how the Irish border issue will be resolved, but also to the potential paramilitary reaction. A hard border will invite a nationalist/republican backlash, and no border, a unionist/loyalist one. The Northern Ireland peace process once held up as a model, sadly now is considered by some a case study in self-destruction.

FACILITATING CIVIC ENGAGEMENT

Damian reflected on the failure of the devolved administration to work with foundations and the charitable sector. He highlighted the need for a new covenant with government. Participants responded by noting that foundations had already acted, in the absence of government, to support new ways of facilitating civic engagement, in particular, involving individuals rather than organisations in new forms of participatory democracy.

The policy analysis vacuum is being filled in part by the establishment of Pivotal, a public policy think-tank supported by the Community Foundation for Northern Ireland and the Joseph Rowntree Charitable Trust, amongst others. This could help draw learning from the evidence and experience from initiatives such as Embedding Well-being and The Enabling State, supported by Carnegie UK Trust.

In a separate practical session, National Lottery Heritage Fund and the Fermanagh Trust shared experiences on funding practices and transparency. With reference to learning so far from the ACF Stronger Foundations initiative, participants considered successes and challenges, and explored barriers they needed to overcome and actions they could take when funding in Northern Ireland.

However, even if we get the recipe right for excellence in the 21st century, we have to be conscious that the oven we are working with in Northern Ireland is far from reliable.
During October, the Social Impact Investors Group (SIIG), a network convened by ACF, hosted a learning session on Grants and Social Impact Investing. Rachel Garner reports.

We invited three foundations: Access – The Foundation for Social Investment, Comic Relief, and City Bridge Trust, to talk about their experiences with social impact investing (SII), and the core lessons learned. SII is repayable finance for social enterprises and charities that provides financial return while creating a positive social impact.

Foundations are acutely aware of the increasing demands on their funding. While grant-making is an essential tool for dispersing foundation funding to voluntary sector organisations (VSOs), many foundations are exploring whether SII can be an additional tool to provide long-term sustainable funding.

**THE RIGHT TOOL IN THE TOOLKIT?**

Identifying whether social impact investment is the right tool takes time, engagement, and collaboration. Below are some of the barriers and solutions to deciding whether repayable finance is right as identified by our speakers:

- **Reliable income streams**
  Access – The Foundation for Social Investment is a 10-year spend-down foundation with the goal of building the social investment market and helping make it more accessible to voluntary sector organisations (VSOs). Director of Programmes Neil Berry says the foundation has identified that “the barrier for most organisations is not that they don’t understand what social investment is, but that they are not yet ready for investment – they don’t have reliable income streams”.

- **Confidence**
  In a forthcoming report by Comic Relief, 65% of VSO respondents see SII as an important tool for the future but cite lack of confidence in taking on repayable finance as a key barrier. Amir Rizwan says: “there is a culture change required – from both the funders and fundees.” The change he is calling for is an understanding that this is a move towards long-term sustainability in the sector, away from the sometimes hand-to-mouth effect of grants, and that SII is just one tool, not a replacement for grants.

- **Engagement**
  Tim from City Bridge Trust discussed needing to find the right decision-maker within an organisation to encourage them to explore taking on SII, otherwise “there is the potential for the message to be missed or to reach the wrong audience”. Additionally, he says there is a depth of engagement required: “Grant funding can involve more straightforward transactions. In the social investment space there is a bigger need for ongoing consultation and conversation between foundation and VSO.”

**“Our response to the fact that there was going to be a shrink in grant funding available to the sector was – let’s look at every resource we have available, let’s establish a social `investment fund.’”**

Tim Wilson, Funding Director & Social Investment Fund Manager, City Bridge Trust

Using its Enterprise Development Programme, Access is now working towards helping organisations to understand and explore enterprise models where they can both support beneficiaries and develop more resilient income streams.

**“If there were large profits to be made, there would already be actors. This is about engaging those who are excluded from the mainstream.”**

Thomas Lawson, Chief Executive, Turn2Us

**IN CONCLUSION**

Many social impact investments focus on providing long-term patient capital to tackle entrenched social issues and economic exclusion. It is not a quick-fix solution, but by supporting VSOs that can generate an income stream to explore taking on SII, foundations could help them to achieve increased financial stability.

Rachel Garner is Senior Partnerships and Programmes Officer at ACF, working with our Official Partners and with members on investment learning. To sign up to the SIIG update contact rachel@acf.org.uk

“Social investment is not relevant for all organisations. It has to be part of the toolkit of options – it is part of a funding mix.”

Amir Rizwan, Senior Advisor – Social Investment & Innovation, Comic Relief

**Part of the solution to this is foundations engaging with internal staff members to ensure that all SII programmes and grant-funded development programmes for SII are designed to meet the needs of VSOs rather than fit into any specific model.**
SELECTING A NEW GRANT MANAGEMENT SYSTEM
14 JANUARY 2020
TOYNBEE HALL, LONDON 10AM-4PM
£40 members £100 non-members
Presenters Libby Hare and David Membrey, Adapta Consulting
There are many suppliers and software packages available to the charitable sector, designed for managing relationships with supporters, grantees/partners, members and others. This seminar will include:
• A brief overview of what systems are available that meet the complex needs of the grant funder.
• Good practice on selecting the best software and suppliers.
• Tips on how to ensure a smooth implementation process.

CLIMATE CHANGE: WHAT NEXT?
17 JANUARY 2020
TOYNBEE HALL, LONDON 12.30-4.30PM
£40 members £100 non-members
Presenter Nick Perks, independent consultant
We all know that climate change is serious, and action is required. But what is the role of foundations, including those who do not have an environmental remit? This will be an intensive workshop that aims to:
• Be an opportunity to share views and foundation responses to the challenge of climate change.
• Raise awareness and understanding of the Funder Commitment on Climate Change.

READING APPLICANTS’ ACCOUNTS
JANUARY 2020 & MARCH 2020
DATES TBC
TOYNBEE HALL, LONDON 10AM-4PM
£140 members £300 non-members
Presenter Sayer Vincent
This essential and popular one-day introductory course gives grant-makers an understanding of applicants’ statutory accounts and the legal and accounting framework of which they are a part. You will leave this session understanding:
• Accounting principles and terminology.
• Balance sheets, income and expenditure accounts, and the relationship between them.
• Key indicators and warning signs in applicants’ accounts.

ASSESSING GRANT APPLICATIONS
11 FEBRUARY 2020
TOYNBEE HALL, LONDON 11AM-3.30PM
£140 members £300 non-members
Presenter Emma Beeston, independent consultant
How grant applications are assessed can depend enormously on the size and mission of the foundation and its operational models.
This course will:
• Provide an overview of the core principles of good practice in assessing grant applications.
• Explore the challenges and dilemmas of different assessing approaches.
• Enable you to share information, ideas, challenges and possible solutions when assessing grant applications.

GRANT-MAKING AND THE LAW
05 MARCH 2020
TOYNBEE HALL, LONDON 2-4.30PM
£40 members £100 non-members
Presenter Elizabeth Jones, Farrer & Co
A charity law expert will give a broad overview of the law as it affects grant-making, covering topics including:
• Is a grant a gift, trust or contract? The difference and the pitfalls.
• Standards of care in grant-making – what does the law require?
• Standard terms all funders should know.

SAFEGUARDING AND DUE DILIGENCE
05 MAY 2020
TOYNBEE HALL, LONDON 1-4PM
£40 members £100 non-members
Chair Emma Hutchins, ACF
Conducting robust due diligence assessments of applicants is a central part of the work of foundations, and safeguarding is a core part of this process. Using ACF’s Safeguarding for foundations framework, this session will help you think through your approach to safeguarding.
We will look at each stage in the grant-making cycle, as well as considering foundations’ internal safeguarding responsibilities.
EVENTS

BOOKING YOUR PLACE

All events are open for booking at www.acf.org.uk unless otherwise stated. For booking enquiries contact acf@acf.org.uk or 020 7255 4499.

NETWORKS & OTHER EVENTS

SIIG: IMPACT MEASUREMENT IN SOCIAL INVESTMENT
27 JANUARY 2020
VENUE TBC 10AM-1PM
Free members
Speakers Abi Rotheroe, Project Snowball, Philipp Essi, Big Society Capital

SMALLER FUNDERS’ NETWORK
27 JANUARY 2020
TOYNBEE HALL, LONDON 12.30-3PM
£20 members
Convenors Rachel Oglethorpe, Peter Minet Trust and Daniela Lloyd-Williams, J A Clark Charitable Trust

SOCIAL BRIDGING FINANCE MEMBERS’ POLICY FORUM
29 JANUARY 2020
TOYNBEE HALL, LONDON 10AM-12PM
Free members
Speaker Kenneth Ferguson, Director, The Robertson Trust
Many funders are seeking to use their resources to encourage innovation as well as long-term sustainability for prevention and early intervention services. It is this ambition that led The Robertson Trust to develop a new finance model, Social Bridging Finance. SBF brings together a partnership of the public sector, charities, and funders, and enables grant funding from philanthropic sources to support and de-risk the initial demonstration phase of an evidence-based service. If the intervention proves successful, statutory partners are contractually obligated to maintain the service beyond the initial grant funding. We will find out how the model works, how it has been implemented to date, and the impact it has had in the fields of education, health and social care.

CHILDREN AND YOUNG PEOPLE NETWORK
18 FEBRUARY 2020
TOYNBEE HALL, LONDON 12.30-3PM
£20 members
Convenors Tessa Hibbert, Blagrave Trust and Helen Kersley, Cripplegate Foundation

CORPORATE FOUNDATIONS NETWORK
25 MARCH 2020
TOYNBEE HALL, LONDON 12.30-3PM
£20 members
Convenor Rebecca Bowden, Heathrow Communities Trust

MENTAL HEALTH NETWORK
21 APRIL 2020
TOYNBEE HALL, LONDON 12.30-3PM
£20 members
Convenor Kate Bradford, Zurich Community Trust

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