

## UNITED KINGDOM

### Community foundations

#### History

The UK community foundation movement emerged in the 1980s (although the first foundations were formed earlier: Dacorum Community Trust in 1976 and Community Foundation for Northern Ireland in 1979). The impetus came from the Charities Aid Foundation (CAF) and central government, who provided initial funding to six community foundations.

Rapid growth followed and there are now 56 community foundations throughout Scotland, Wales, Northern Ireland and most of England. About 95 percent of the UK population has access to a community foundation. By 2007, UK community foundations held around £200 million (approximately US\$ 395,000,000) in endowment and confirmed pledges, and in the year from April 2006 to March 2007 made grants of over £75 million (approximately US \$148,100,000), making the movement in aggregate one of the UK's largest grantmakers to the voluntary and community sector.

#### Recent highlights in our history

**2001-08.** Community foundations deliver the government's Local Network Fund, as part of a strategy to tackle child poverty

**2003.** Community Foundation Network is chosen to manage the Fair Share Trust programme, a £50 million investment from the Big Lottery Fund, to be spent over 10 years in the most disadvantaged areas of the UK that have not received their 'fair share' of lottery money.

**2004.** Community foundations start to work with the national charity Comic Relief to distribute Sport Relief funds throughout the UK

**2005.** The network starts to work in partnership with a leading private bank. An Esmée Fairbairn Foundation-funded endowment challenge programme (Time for Growth) is completed by ten community foundations, raising £19.5 million from the £1 million initial investment by the Esmée Fairbairn Foundation.

**2006.** With members, CFN establishes a Quality Accreditation programme for community foundations, with standards endorsed by the Charity Commission for England and Wales. CFN becomes a strategic partner to the Office of the Third Sector, part of the Cabinet Office.

**2007.** Community foundations are cited as examples of effective funders in an official review of the UK third sector. Forty-five community foundations achieve Quality Accreditation.

## Current situation: Facts and figures

Number of community foundations <b>formally established in total.</b>	56 + 1 steering committee
Number of community foundations established <b>in 2007.</b>	2 (Wakefield and Lancashire)
The number of community foundations <b>at early stages of development.</b>	1 steering committee and 2 newly-established foundations as above. Initial discussions in the few areas not yet covered are under way.
<b>Percentage</b> of country's <b>territory</b> covered by community foundations.	About 95%
<b>Percentage of population</b> that has access to a community foundation.	About 95%
<b>Total number of people</b> with access to a community foundation.	58 million
Is the <b>rate of</b> community foundation <b>formation</b> steady/increasing/decreasing? Explain why in the box below:	The UK has more or less reached saturation point.

CFN aims not to set up competing community foundations. Most of the UK is now covered. If anything, the depth of some community foundations is increasing as geographic funds are established within existing community foundations.

<b>Total sum of grants made</b> by community foundations in 2007	£75 million in for the fiscal year: April 2006 to March 2007 (approximately US \$ 148,000,000)
<b>Total number of grants</b> made in 2007.	16,400+
<b>Total sum of the income/donations</b> in 2007.	£91,700,000 (approximately US \$180,500,000)
<b>Single largest source of income</b> for community foundations	For endowment, the single largest source is individuals; for grant-making the single largest source is government funds
<b>Total sum of endowments</b> at the end of 2007.	About £160 million (approx. US \$315,000,000), with £40 million (approx. US \$79,000,000) in pledges
<b>Community foundation</b> with the <b>largest endowment</b> at the end of 2007 and <b>size of its endowment.</b>	Community Foundation serving Tyne & Wear and Northumberland with an endowment of £43.5

	million (approximately US \$85,700,000)
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Note: British pound/US dollar exchange as of 4 April 2008.

### Complete list of community foundations

Year	Name of community foundation	Website
1976	Dacorum Community Trust	<a href="http://www.dctrust.org.uk">www.dctrust.org.uk</a>
1979	Community Foundation for Northern Ireland	<a href="http://www.communityfoundationni.org">www.communityfoundationni.org</a>
1985	Berkshire Community Foundation	<a href="http://www.berkshirecommunityfoundation.org.uk">www.berkshirecommunityfoundation.org.uk</a>
1986	South Yorkshire Community Foundation	<a href="http://www.sycf.org">www.sycf.org</a>
1987	Milton Keynes Community Foundation	<a href="http://www.mkcommunityfoundation.co.uk">www.mkcommunityfoundation.co.uk</a>
1987	Quartet Community Foundation	<a href="http://www.quartetcf.org.uk">www.quartetcf.org.uk</a>
1987	The Community Foundation in Wales	<a href="http://www.cfiw.org.uk">www.cfiw.org.uk</a>
1988	Community Foundation serving Tyne & Wear and Northumberland	<a href="http://www.communityfoundation.org.uk">www.communityfoundation.org.uk</a>
1988	Hertfordshire Community Foundation	<a href="http://www.hertscf.org.uk">www.hertscf.org.uk</a>
1988	North West London Community Foundation	<a href="http://www.nwlcommunityfoundation.org.uk">www.nwlcommunityfoundation.org.uk</a>
1988	Tees Valley Community Foundation	<a href="http://www.teesvalleyfoundation.org">www.teesvalleyfoundation.org</a>
1989	Community Foundation for Greater Manchester	<a href="http://www.communityfoundation.co.uk">www.communityfoundation.co.uk</a>
1990	St Katharine & Shadwell Trust	<a href="http://www.skst.org">www.skst.org</a>
1990	Stevenage Community Trust	<a href="http://www.stevenagecommunitytrust.org">www.stevenagecommunitytrust.org</a>
1991	Community Foundation for Calderdale	<a href="http://www.cffc.co.uk">www.cffc.co.uk</a>
1991	Community Foundation for Shropshire & Telford	<a href="http://www.cfsat.org.uk">www.cfsat.org.uk</a>
1991	Community Foundation for Wiltshire & Swindon	<a href="http://www.wscf.org.uk">www.wscf.org.uk</a>
1991	London North East Community Foundation	<a href="http://www.lnecf.org.uk">www.lnecf.org.uk</a>
1992	Gloucestershire Community Foundation	<a href="http://www.gloucestershirecommunityfoundation.co.uk">www.gloucestershirecommunityfoundation.co.uk</a>
1995	Capital Community Foundation	<a href="http://www.capitalcf.org.uk">www.capitalcf.org.uk</a>
1995	County Durham Foundation	<a href="http://www.countydurhamfoundation.co.uk">www.countydurhamfoundation.co.uk</a>
1995	Heart of England Community Foundation	<a href="http://www.heartofenglandcf.co.uk">www.heartofenglandcf.co.uk</a>
1995	Oxfordshire Community Foundation	<a href="http://www.oxfordshire.org">www.oxfordshire.org</a>
1995	The Birmingham Foundation	<a href="http://www.bhamfoundation.co.uk">www.bhamfoundation.co.uk</a>
1995	The Craven Trust	<a href="http://www.craventrust.org.uk">www.craventrust.org.uk</a>
1995	The Fermanagh Trust	<a href="http://www.fermanaghtrust.org">www.fermanaghtrust.org</a>
1996	Derbyshire Community Foundation	<a href="http://www.derbyshirecommunityfoundation.co.uk">www.derbyshirecommunityfoundation.co.uk</a>
1996	Devon Community Foundation	<a href="http://www.devoncf.com">www.devoncf.com</a>
1996	Essex Community Foundation	<a href="http://www.essexcommunityfoundation.org.uk">www.essexcommunityfoundation.org.uk</a>
1996	Solihull Community Foundation	<a href="http://www.solihullcf.org">www.solihullcf.org</a>
1996	The Scottish Community Foundation	<a href="http://www.scottishcf.org">www.scottishcf.org</a>
1997	Community Foundation for Merseyside	<a href="http://www.cfmerseyside.org.uk">www.cfmerseyside.org.uk</a>
1997	Cumbria Community Foundation	<a href="http://www.cumbriafoundation.org">www.cumbriafoundation.org</a>
1997	Nottinghamshire Community Foundation	<a href="http://www.nottscf.org.uk">www.nottscf.org.uk</a>
1997	Thames Community Foundation	<a href="http://www.thamescommunityfoundation.org.uk">www.thamescommunityfoundation.org.uk</a>
1998	The Buckinghamshire Foundation	<a href="http://www.thebucksfoundation.org.uk">www.thebucksfoundation.org.uk</a>

1999	Bedfordshire and Luton Community Foundation	<a href="http://www.blcf.org.uk">www.blcf.org.uk</a>
1999	Leicestershire, Leicester & Rutland Community Foundation	
2000	Community Foundation For Bournemouth, Dorset and Poole	<a href="http://www.localgiving4dorset.org.uk">www.localgiving4dorset.org.uk</a>
2000	York and North Yorkshire Community Foundation	<a href="http://www.ynycf.org.uk">www.ynycf.org.uk</a>
2001	Community Foundation for Hampshire and the Isle of Wight	<a href="http://www.hantscf.org.uk">www.hantscf.org.uk</a>
2001	Herefordshire Community Foundation	
2001	Kent Community Foundation	<a href="http://www.kentcf.org.uk">www.kentcf.org.uk</a>
2001	Northamptonshire Community Foundation	<a href="http://www.ncf.uk.com">www.ncf.uk.com</a>
2001	Staffordshire Community Foundation	
2001	Worcestershire Community Foundation	
2002	Lincolnshire Community Foundation	<a href="http://www.lincolnshirecf.org">www.lincolnshirecf.org</a>
2002	Somerset Community Foundation	<a href="http://www.somersetcf.org.uk">www.somersetcf.org.uk</a>
2003	Cambridgeshire Community Foundation	<a href="http://www.cambsf.org.uk">www.cambsf.org.uk</a>
2003	The Cornwall Community Foundation	<a href="http://www.cornwallfoundation.com">www.cornwallfoundation.com</a>
2003	The Suffolk Foundation	<a href="http://www.suffolkfoundation.org.uk">www.suffolkfoundation.org.uk</a>
2004	Norfolk Community Foundation	<a href="http://www.norfolkfoundation.com">www.norfolkfoundation.com</a>
2004	Sussex Community Foundation	<a href="http://www.sussexgiving.org.uk">www.sussexgiving.org.uk</a>
2005	Community Foundation for Leeds	<a href="http://www.leedscommunityfoundation.org.uk">www.leedscommunityfoundation.org.uk</a>
2005	Surrey Community Foundation	<a href="http://www.surreycommunityfoundation.org.uk">www.surreycommunityfoundation.org.uk</a>
2007	Wakefield Community Foundation	<a href="http://communityfoundationwakefield.co.uk">communityfoundationwakefield.co.uk</a>

For a complete list and map, and links to individual sites, go to [www.communityfoundations.org.uk](http://www.communityfoundations.org.uk) choose "About community foundations>Finding UK community foundations"

## Community foundation staffing

Nearly all UK community foundations are run by professional staff. In order to qualify for full membership of CFN, community foundations are required to have at least one paid staff member. Average staff size is 8 employees, covering all the main functions – grantmaking, fund development, administration and marketing. All community foundations are governed by a board of trustees. Board members serve in a voluntary capacity – about 8-20 members per foundation.

## Community foundation income

### Income

#### **Endowment income 2006-07**

Individuals/families	42%
Dormant trusts/takeovers	18%
Charitable trusts	17%
Statutory sources	10%
Companies	7%
Other	6%

#### **Revenue income 2006-07**

Statutory	65%
Charitable trusts	15%
Other	8%
Companies	7%
Individuals/families	5%

### Purposes

Income received covers grantmaking, endowment, core costs and research costs. There are approximately 1,350 funds held at foundations, including restricted and unrestricted, flow-through and endowment funds. About 240 new funds were established in 2006-07, worth on average about £55,000 (US \$108,500) each.

### Permanent funds/Sustainability

Endowment building is the primary objective of all community foundations. March 2007 saw a 13 percent increase in endowment funds from previous year – the fourth successive year of double figure growth rates for the network as a whole. However, individual foundations vary in their ability to become sustainable.

The end of some large government flow-through programmes in 2008 means that many smaller community foundations have had to focus for the first time on investing in fund development activity and marketing. The recently-introduced Quality Accreditation programme helps community foundations prepare for this.

## **Environment for philanthropy**

### Local attitudes

Philanthropy in the UK has recently received a welcome boost with the announcement of government plans for a £50 million (approximately US \$98,750,000) challenge fund to promote local charitable giving, by enabling philanthropists to more than triple the value of their donations. We hope that many community foundations will be bidding to take part in this programme, as earlier fund development challenges have often been a catalyst to increased growth.

This programme reflects a renewed interest in high level philanthropy at a time when levels of charitable giving appear to be stalling (UK Giving 2007, NCVO/CAF). More specifically, it derives from proposals first submitted by CFN as part of a major government review of the Third Sector and draws on the experiences gained by community foundations.

Recent press/media attention on philanthropy is increasing as market for philanthropy advice starts to develop.

### Legal and tax environment

The current government actively promotes giving for all donors. But has a broad-based ‘democratic’ approach and has not looked at key incentives for High Net Worth Individuals and Ultra High Net Worth Individuals – who are the most likely to be network donors. Improved tax incentives were created in 2000 and broadened in 2002, covering gift aid, payroll giving and gifts of shares.

Gift Aid means that charities benefit from claiming back the tax donors have paid on income they donate (and high-earning donors pay reduced tax on these gifts as well). Payroll giving reduces employees' tax bills. Gifts of company shares can provide donors with very generous tax incentives and legacies help reduce inheritance tax. These benefits apply to all registered charities including community foundations, but there are no specific incentives for community foundations.

#### Changing attitudes and the national or local environment

- We are a strategic partner to the Office of the Third Sector, so government looks favourably on the network.
- The financial services/wealth management field needs to be encouraged to be more active in raising the issue of philanthropy with clients.
- Government could look specifically at incentives for High Net Worth Individuals and Ultra High Net Worth Individuals, such as lifetime legacies.

### **Community foundation activity and impact**

**Example 1. A remarkable success story for a new community foundation.** Leeds Community Foundation, one of the smallest and newest UK foundations, in March 2008 secured a £10 million (approximately US \$20,000,000) donation through its profile-raising work with Professional Adviser networks. Local Yorkshire entrepreneur, Jimi Heselden, the owner/director of Hesco Bastion, a Leeds-based manufacturing company has set up a “donor-directed” fund, with the Leeds Community Foundation to benefit causes throughout Yorkshire. He has always given generously, particularly to local hospitals, hospices and children's charities. He says, “I have worked hard all my life and have established a very successful company. I feel that I really ought to be putting something back and one way I can do this is by supporting local charities.” The Leeds Community Foundation will help Mr Heselden identify worthwhile projects in the local area, and ensure the money makes a real difference to the local community.

To ensure the donation the Leeds Community Foundation had to act quickly. The Foundation's Chief Executive, Sally-Anne Greenfield says, “We received a call from Jimi saying he wanted to set up a Fund, but that we had to move quickly. Within seven days the Fund was established and had already made its first donation, and we are now working to continue to make donations to causes in which he and his family are interested.”

**Example 2. South Yorkshire Flood Relief Disaster Fund.** In June 2007, parts of north and central England were hit by a series of devastating floods, the worst in the UK for decades. Sheffield in South Yorkshire was one of the worst affected places and even though the foundation's offices and staff were themselves affected, the South Yorkshire Community Foundation immediately set up a flood disaster relief fund in conjunction with the four local authorities, a local radio station and Yorkshire Bank. The fund has raised over £1.3 million, all in donations from individuals, companies and trusts – including nearly half a million pounds from the British Red Cross's national appeal fund. The grants team aimed to distribute the bulk of the fund before Christmas 2007, and met that deadline, making over 2,700 payments to individuals and families affected by the floods.

Over £700,000 has been paid out so far to individuals and families throughout South Yorkshire. Not a penny of the fund has come from statutory sources – it has all been donations from the general public, businesses and trusts. £62,000 has been paid out so far to community groups and charities that have been affected by the floods, who have been supporting the flood victims, or who are proposing to do something to support the flood victims.

Donations received have been spent in accordance with the donors' wishes; some funds arrived with specific instructions to be spent in a particular locality, and these have been honoured. Others were earmarked specifically for community groups and not individuals and families – and vice versa. Thirty percent of the British Red Cross donation must be spent on community groups and charities supporting the flood relief and recovery efforts.

All of this has presented a unique challenge to the Flood Fund Team to satisfy the needs of donors and at the same time to offer a fair and equitable distribution to all victims.

**Example 3. Merseyside Young Transformers.** The Merseyside Young Transformers Programme was launched by the Community Foundation for Merseyside in partnership with Merseyside Police in November 2007. The aim of the programme is to create a united purpose – businesses, individuals and organisations coming together to raise money that supports communities as they tackle gang culture and gun crime in Merseyside. The programme is about supporting young people and providing real opportunities that move them away from gang culture and potentially gun crime – one of the key social issues in Merseyside.

The pilot phase of the project will see small grants of up to £2000 made available in selected areas of Merseyside to provide activities that transform young peoples' futures. Priority for grants will be given to projects that: help engage with young people who are 'at risk' of becoming involved in crime and anti-social behaviour; offer activities aimed at stopping gang related violence; reduce crime and anti-social behaviour; protect young people from becoming victims; build relationships between the police and young people; or provide support to the victims of gun crime and their families.

**Example 4. Community Foundation for Northern Ireland Endowment Challenge**

The Community Foundation for Northern Ireland exceeded its Challenge Fund target, more than doubling its endowment to £6 million (approximately US \$11,810,000) during the three year period, 2004-2007. This achievement was celebrated with a reception hosted by its patron, Baroness Mary Goudie, in London.

The Foundation embarked on its ambitious fund development strategy in 2004 to celebrate its 25th anniversary. In recognition of this milestone in the Foundation's history, the British Government pledged a £3 million challenge grant to consolidate the endowment base of the Foundation. This challenge grant was offered on condition that the Community Foundation matched the amount of money pledged on a 1:1 basis. An independent charitable donor, Atlantic Philanthropies, committed £2 million and a further £1.4 million was raised from other private sources – more than matching the Challenge Grant and doubling the Foundation's endowment.

This substantial boost to the foundation's endowment will go to underpin its work in peace building, community infrastructure, social inclusion, social justice and active citizenship as set out in its 'Driving Social Change' strategy. The community foundation received further endorsement when its director, Avila Kilmurray, was profiled in a new book by Prime Minister Gordon Brown, entitled *Britain's Everyday Heroes*.

## **Current challenges and future developments**

### Major challenges facing community foundations

- Profile raising at a national level
- Positioning in philanthropic market place vis-à-vis other philanthropic intermediary advisers
- Board and trustee vision and engagement in community foundation affairs
- Developments in information technology

### Areas for future community foundations development

- Social networking sites
- Philanthropy advisory capability (extending current donor service offering) and philanthropy education
- Leadership initiatives in the community

## **International links**

- Participating in WINGS-CF
- Ten countries around the world represented at last UK community foundation conference
- Community Foundation for Northern Ireland is a leading light of 'Foundations for Peace' and has also helped set up a YouthBank initiative in the Balkans
- Community Foundation Network has hosted visitors from Korea, Germany, Bulgaria and Australia
- Transatlantic Community Foundation Network members have taken part in international exchange visits both as visitors and hosts.

## **Support Organization: Community Foundation Network**

### **History and purpose**

Established in 1992, Community Foundation Network (CFN) is the national association connecting all UK community foundations. It represents UK community foundations at a national and international level; negotiates and manages national grantmaking and funding opportunities for members; offers focused, responsive and relevant services to help growth and sustainability, and provides individual support to foundations throughout the network.

### **Structure and organization**

CFN is a membership organisation, governed by a board drawn from staff and trustees of its member organisations. Membership is open to all community foundations who meet specific membership criteria. Associate status is granted to those which are striving to meet all the criteria. Affiliates are organisations that support the community foundation movement, but don't carry out the functions of a community foundation.

CFN currently employs 10 staff covering a variety of roles, including management of the Fair Share Trust programme. Main sources of funding are charitable trusts and UK government funding. About 10 percent of income is from membership fees.

### **Recent accomplishments**

- Quality Accreditation programme: A set of 20 standards covering all aspects of community foundation work, endorsed by the Charity Commission of England and Wales. Forty-five community foundations are now quality accredited.
- Fair Share Trust: Successful roll-out of the Fair Share Trust programme, a £50 million (approximately US \$ 98,500,000) investment from the Big Lottery Fund, to be spent over 10 years in the most disadvantaged areas of the UK that have not received their 'fair share' of lottery money. Stephen Dunmore, outgoing chief executive of the Big Lottery Fund praised the programme for its community development approach and the way it has engaged communities in decision-making.
- Partnership with Coutts & Co., a major private bank: Our first such partnership at a national level.

### **Current challenges/future developments**

#### **Office of the Third Sector Endowment Challenge.**

The UK government has established a £50 million fund (US \$99 million), designed to give philanthropists an incentive to support small community projects by more than trebling the value of their donations. CFN believes the endowment challenge has the potential to “completely transform local charitable giving”. The £50 million endowment challenge will be used to create a direct cash incentive for private philanthropists to build up large cash funds on behalf of communities.

Under the rules proposed for the scheme, which runs until March 2011, higher rate taxpayers could see their net gifts increase by up to 333 percent, as every £1 they donate at their higher rate of gift aid will be topped up with up to £1 of government money. This means local communities could benefit from as much as £150 million in endowment (US \$296 million). The income from these funds will then be managed by organisations such as community foundations to provide sustainable financial support to local community initiatives.

The endowment challenge scheme is part of a new £130 million Grassroots Grants programme, which also comprises a £80 million three-year small grants scheme. The government first announced plans for the Grassroots Grants scheme in July 2007 in the Third Sector Review, after small organisations told them of their problems accessing small pots of money.

### **Additional resources**

See the Community Foundation Network website: [www.communityfoundations.org.uk](http://www.communityfoundations.org.uk)

Also attached are the CFN Stat Accounts and the CFN Directors Report (please see Annexes 7 and 8).

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