



Cass Business School
CITY UNIVERSITY LONDON

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Value of charitable trusts falls 10 percent due to recession

Grant-making by trusts is a hidden "time bomb"

New analysis of the impact of the recession on charity fundraising shows 41 percent of the top 300 charitable trusts saw a fall in the value of their grant-making in 2008 and, overall, their net asset value fell by 10 percent. This is likely to have a negative effect on grant-making this year.

Professor Cathy Pharoah, Co-Director of the ESRC Centre for Charitable Giving and Philanthropy at Cass Business School, London, analysed the annual financial data of the UK's largest fundraising charities, the major charitable trust donors and major corporate donors who support them, for *Charity Market Monitor 2009*. This report shows that a significant reduction in donations underlies 'surface' figures which might indicate growth in fundraising income.

Her results indicate grant-making by the major charitable trusts has been maintained as a result of gifts and endowments received over the last decade, but this is a hidden 'time bomb'. A new wave of wealthy donors who have recently been giving to charitable trusts through major 'one-off' capital gifts and endowments out of wealth acquired during the 1980s and 1990s may not be sustained in post-recession years. Some of the new giving will help to sustain grant-making for the foreseeable future, however, this does not reflect trust finances across the board, where the effects of the recession are more apparent.

Professor Pharoah comments: "Such falls reflect declines in the real value of the net assets and investments amongst the top 300 trusts; this is clear evidence of the toll the recession is taking."

Other findings include:

- A general reduction in donations underlies the small growth in fundraising income to the largest 300 fundraising charities, reflecting the deepening recession. Underlying this low growth rate of 0.9%, almost two-fifths (37%) experienced a reduction in fundraising income from the previous year. A small number of the largest charities continue in a dominant position – the fundraising income of the top ten grew by 2.3% compared with the average 0.9% for the largest 300 as a whole, and accounted for well over one-quarter of top-300 income.
- Corporate giving was up in 2007 -2008 achieving a small increase of £258 million in combined cash and in-kind giving.
- Grant-making trusts and foundations showed almost no increase in their aggregate investment income.

Despite this, Professor Cathy Pharoah, says: "Charities are in a good position to establish priorities in beneficiaries' needs, and to communicate these to individual and major donors so that they continue to regard their charitable gifts as an important investment in society at a time of need. There is plenty of evidence that approaching donors in the right way during the recession can certainly boost giving."

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Notes to editors

Methodology of the report

The data in Charity Market Monitor 2009 aims for consistency in the year of reporting, but in practice charities' and companies' annual accounts are published at different times of the year. This means that the data which is reported may be drawn from the 2007 and 2008 calendar years, the 2007/08 accounting year, or the most recent accounts available at the time of publication.

About *Charity Market Monitor 2009*

Charity Market Monitor 2009 is a collaboration between academics at Cass's ESRC Research Centre for Charitable Giving and Philanthropy and CaritasData. Through analysis of the finances of the UK's major fundraising charities and causes (provided by CaritasData), *CMM* provides up-to-date annual perspectives on the funds they raise. *CMM* gives the most comprehensive overview of fundraisers, grant-makers, public funding and corporate donors respectively.

Professor Cathy Pharaoh, author of *CMM*, worked in the charity sector for several years before becoming Co-Director of the ESRC Research Centre for Charitable Giving and Philanthropy at Cass.

About the ESRC Centre for Charitable Giving and Philanthropy at Cass Business School

The ESRC Research Centre for Charitable Giving and Philanthropy at Cass provides crucial evidence which charities can use to develop giving in the UK, and which the Government can also use to ensure their policies are most effective in helping charities give all that they can to society. The Centre is funded by the Office of the Third Sector in the Cabinet Office, the Economic and Social Research Council, the Scottish Government and the Carnegie UK Trust. Together they provide a total of £2.2million over 5 years.

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